



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Cynthia Crossman
Ralph Krau
Lillian Woo
Joseph Mladinich
Allen Fullerton
Hector Guenther

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

07.16.18

6:00 PM

Planning & Development Conference Room

Roll Call:

- CFAC Members Present: John Schoenherr, Hector Guenther, Robert Ciolek, Allen Fullerton, Ralph Krau, Lillian Woo, and Joseph Mladinich
- CFAC Members Absent: Cynthia Crossman
- Councilors Present: Paula Schnepf
- Staff Present: Mark Milne, Director of Finance, Nathan Empey, Budget Analyst
- Other Present: None

Call to Order:

John Schoenherr called the CFAC meeting to order at 6:00 PM in the Growth Management Conference Room of Town Hall.

Act on Minutes:

The following minutes were approved by unanimous vote:

06.25.18

Old Business:

Reviewed and approved the Financial Overview Report. Hector G. asked how is the property tax allocation on page 3 calculated? Mark M. responded the allocation is calculated using assumptions that allocate fixed cost and non-property tax revenues to departments. From this, property taxes are then allocated based on this net cost difference.

Committee approved unanimously the final version of the Financial Overview Report. The report will go out to the printers.

Committee reviewed and approved the CFAC Policies & Procedures. Joseph M. asked should the sentence under section 7 be changed to reflect the summer meeting schedule? Ralph K. responded there's no need to change the sentence, and that all committees have the same summer schedule. John S. also noted the language in the next sentence supports a flexible meeting schedule.

Hector G. asked should we add an approval date to the document?

Committee approved unanimously the final version of the Policies & Procedures document

New Business:

Mark M. reviewed the FY18 Budget preliminary results with the committee. Mark M. noted these numbers could change slightly, and that we are still waiting on bank statements.

Mark M. noted revenues exceed FY18 budget by \$2,180,000 largely due to motor excise tax and building permits. Hector G. asked what could this be attributed to? Mark M. responded people are purchasing newer cars. Motor Excise Tax can be hard to predict, and that our population size isn't changing, but we're working on a motor excise tax analysis. Paula S. asked have we taken the same conservative approach in the FY19 budget? Mark M. responded we have taken a conservative approach, which can create excess revenues to add to reserves. Mark M. if the revenues continue strong, we may increase these budget revenue line items in FY20. Mark M. noted that car warranties have helped consumers to hold onto cars longer, and that we can see a significant drop in revenues if people hold onto cars longer. John S. do we track building permits between commercial and residential? Mark M. responded this data is included in the most recent bond issue report. The number of permits and dollar value continues to increase. The excess revenue of \$2,180,000 is only 1.4% of the revenue budget.

Joseph M. asked what does intergovernmental revenue include? Mark M. responded all state aid. Paula S. commented that the Massachusetts governor is expected to increase state aid. Mark M. noted the State budget is anticipated to have a \$1 billion surplus in FY18, and that half of the surplus will go to the state rainy day fund. The other half will be used for school safety initiatives as well as target certain issues. Mark M. noted this is not something we can depend on a reoccurring basis.

Mark M. noted every department had a favorable budget variance in the general fund. The law requires that departments spend within budget and that only snow & ice removal cost can deficit spend. Mark M. noted we need to get the Snow & Ice removal costs budget up to \$1.3 million. Hector G. asked how do you fund the short fall? Mark M. responded through reserves. Ralph K. asked why not increase the snow & ice removal budget now? Mark M. responded it's better to do it overtime, so not to impact department budgets. Mark M. noted the increased level in service for snow & ice removal has seen a corresponding increase in costs. Hector G. asked it's by law departments cannot exceed budget? Mark M. responded departments could exceed budget through a supplemental appropriation. Paula S. asked do these budget numbers include the supplemental appropriations? Mark M. responded the only supplemental appropriation was for \$60,000 in sand nourishment for Sandy Neck through DPW's budget.

Mark M. noted every Enterprise Fund had exceeded its revenue budget with the exception of golf, which didn't exceed budget because of bad weather. Hector G. asked why Water Supply excess revenue was so high? Mark M. responded this was a result of a bond premium and reimbursements from Barnstable County. Joseph M. commented the Airport exceeded budget. Mark M. responded the airport has cut its budget down correspondingly with revenue, but this excess revenue will allow the airport to replenish reserves.

All Enterprise Funds expenditures showed a favorable variance. Golf had a favorable variance of \$174,000. John S. asked was it a result of changes in staffing? Mark M. noted due to bad weather temporary staff were affected.

Matters not reasonably anticipated by the chair:

Paula S. noted that marijuana is a prime topic of discussion. Ralph K. asked does Town Council plan on voting or discussing at the next meeting. Paula S. noted marijuana is legal at the state, but town's have the ability to zone marijuana facilities, control the number of establishments, or band it entirely. Paula S. noted there is a moratorium in place until December 31st, if Town Council does not make a decision by then it is a free-for-all for marijuana business establishments. Bob C. asked has there been any additional analysis on revenue and cost impact by legalizing marijuana establishments in Barnstable? Paula S. commented that there are host agreements the town can enter into with these establishments. Mark M. responded that we looked at a similar town in Colorado, and that with the allowed 3% sale tax, it's estimated Barnstable could generate \$400,000 in revenue. Paula S. noted a lot of towns on Cape Cod have a ban on marijuana establishments, so maybe Barnstable has an economic opportunity as the only player. Bob C. suggested Town Council could ask CFAC to conduct an analysis. Paula S. noted this is a very polarized issue, and that CFAC could offer an unbiased opinion. Ralph K. noted this research could be extensive, and that Town Council would need to request an extension on the moratorium into January. John S. noted that if Town Council puts a ban in place, they could always reverse the decision in the future. Paula S. commented it is possible to change the language and lift the ban. Mark M. noted maybe put a ban in place for 3 years and watch how other communities in the state are being impacted.

Discussion of topics for the next meeting:

Next meeting topics include further discussion on the legalization of marijuana establishment in Barnstable.

Adjournment:

CFAC's next meeting will be Monday August 20, 2018 at 6:00pm.

List of documents handed out

1. 6.25.18 minutes
2. Drafted FY19 CFAC Financial Overview Report
3. Drafted CFAC Policies & Procedures
4. FY18 Budget preliminary results