



Town of Orleans
Finance Committee
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ORLEANS TOWN CLERK

'23 APR 10 10:17AM

MEETING MINUTES

Wednesday, March 15, 2023 – 5:30 pm

This was a hybrid meeting of the Finance Committee held jointly with the Select Board in the Nauset Room at Town Hall, with remote participation also provided by Zoom technology. Real-time public access was provided by Orleans Channel 18 on the Town website and cable television.

A meeting of the Orleans Select Board was held on Wednesday, March 15, 2023. Present were Select Board Vice Chairman Michael Herman and Board members Kevin Galligan, Mark Mathison and Meff Runyon. Board Chair Andrea Reed participated remotely. Interim Town Manager Charlie Sumner and Finance Director Cathy Doane were also present.

Other meeting participants included COA Director Judi Wilson; Anita Rogers, Chair of the COA Board of Trustees; Fire Chief Geoff Deering; Deputy Fire Chief Tim Gula; and Town Counsel Mike Ford. Peggy O'Sullivan from Media Operations provided technical support for this meeting.

Joint Public Hearing with the Finance Committee on the FY24 Operating Budget:

Select Board Vice Chairman Michael Herman read the official notice for the Public Hearing.

The Finance Committee meeting was called to order at 5:38 pm by Finance Committee Chairman Nick Athanassiou. Also attending, and thus constituting a quorum were Committee Clerk Elaine Baird and Committee members Lynn Bruneau, Constance Kremer and Ed Mahoney. Alissa Magnotta participated remotely. Tim Counihan, Chris Kanaga and Peter O'Meara were absent.

Mr. Sumner began with a brief presentation that outlined the key components of the FY24 Budget:

- Budget Policy Goals
- Revenue Components (Property Taxes, Non-Property Taxes, Enterprise Funds and Local Receipts)
- Non-School Expenditures and School Expenditures - both limited to 3.5% increases overall for salaries and fringe benefits and general expenses but not debt
- Enterprise Funds - similar guidelines with expenses supported by fees and by the operating budget if needed
- Revenue Highlights (property tax levy increase and tax rate increase)
- Expense Highlights and Department Highlights
- Enterprise Fund Highlights
- Next Steps (estimated deficit to date; Budget to be adopted by 3/29/23)

Ms. Baird noted that there are several Town departments that have Trust and gift funds, including the Library, the Council on Aging, and the Conservation Commission. These funds are being used differently and the policies regarding their use are not clear. The COA recently had to use their own funds to replace a dishwasher and previously used Trust funds for interior painting at the COA - a Town-owned building. The Library has used Trust funds to repair their elevator. Conservation Commission gifts are used strictly for maintaining conservation properties; however,

each year, the Town Administrator's office pulls \$10k from those funds. She asked Mr. Sumner if there was a Town policy on the use of department Trust/gift funds.

Mr. Sumner said that donors can specify where or how they would like donations to be used. Ms. Doane said that gifts fall under a specific MA GL statute and agreed to provide a copy of the statute to Judi Wilson, COA Director, who was unfamiliar with the statute.

Ms. Wilson said that, as a Department Head, it was unclear to her how funds were to be used and asked for further guidance from Ms. Doane and Mr. Sumner. Mr. Sumner said that he would look to other towns for examples and get back to the Select Board and Finance Committee with further information.

Mr. Mathison said that facility maintenance and upkeep should be covered by the Town and that those costs should not come out of special funds that the COA has; he agreed that there should be clearer guidelines on the use of special funds. Mr. Mathison asked if there were any Town reports issued on the special revenue and trust accounts; Ms. Doane said that the "Special Revenue and Trust Account Summary" report is prepared monthly. The information is also printed in the Annual Town Report. There was further discussion.

Ms. Kremer asked about the Orleans' share of the NRHS Building Project debt service and how accurate the estimates are now; Ms. Doane said that she met with the School and Project representatives on Monday and that the current numbers reflect the funding needed to rollover the current BAN in the Fall. The project would be bonded at a later date.

Ms. Bruneau asked Ms. Doane to clarify similar information for the sewer project - the current payments for debt service. She noted that the Wastewater Management Advisory Committee is planning to publish more complete information on sewer project costs and financing before Town Meeting, outlining the costs and timing of each phase of the effort. Ms. Doane said that, for the sewer project, betterments (payments due from property owners within the sewered areas) will go into effect in FY25 - approximately 18 months after the completion of the Downtown project.

Mr. Mahoney noted that the Finance Committee's letter to the Select Board in November 2022 had suggested a mid-term review of the Town's Enterprise Funds and operations to ensure on-going viability. Based on Fin Comm's FY24 budget reviews, Fin Comm recommends "sun-setting" the Mooring Operations and Rock Harbor Boat Basin Enterprise Funds (EFs) at 6/30/24 - the end of the required 3-year "term" of these EFs. For both of these EFs, there is a mis-alignment between those paying the fees and those benefitting from the "facilities". Further, there is no expectation the fees will ever cover the true cost of these operations, including debt service.

Separately, Mr. Mahoney suggested that a Pay-As-You-Throw program should be reconsidered, updating the Town's research with more/newer data on strategies, success stories, lessons learned as well as any near misses or failures.

Mr. Athanassiou discussed the need for succession planning, with 5+ key senior positions likely to be open in the next 3-5 years due to retirements. He also discussed the need for strategic planning as it relates to hiring and HR management and the need for strategic planning in general, to tie together all of the Town's initiatives and map the needs with the financial needs and the Town's ability to pay for those needs.

Ms. Bruneau asked for confirmation about several financial concerns - are the Fringe Benefits and Pensions for EFs included with the rest of the Town departments in the 3/15/23 Financial Plan (yes). Ten+ Warrant Articles in the current draft Warrant Index will need 3/4 votes at Town Meeting as they weren't included in last year's CIP and to date there has been very little information available about most of these proposed Articles. Are all of the draft Warrant Articles included somewhere in the current Financial Plan? Mr. Sumner noted that he is working on the draft Warrant Articles. Not all of the proposed Warrant Articles are in the Financial Plan and thus the tax rate has not been updated.

Both the \$2.4M for the 44 Main Street/Old Fire House renovation and the \$3M design funding for the new Fire Station have been postponed to Fall Town Meeting.

In the FY23/Special Town Meeting list, the \$130k for the Beach EF needs Town Meeting approval to move the funding from the Beach Balance Fund to the operating fund.

Ms. Doane continued to support the need to capture further "Free Cash" for the Town's Stabilization Fund. She believes that the rating agency (Standard & Poor's) would be concerned if the Town's Stabilization Fund dropped below the maximum recommended level.

Mr. Mahoney spoke to the increased cost of property taxes, housing, and living in Orleans, and that it appears it will only get more expensive. He feels that the Town is not promoting middle-class families and seniors who want to live in town. Ms. Doane said that the only way to lower the tax rate would be to increase user fees. Mr. Mahoney disagreed with Ms. Doane and there was further discussion. Ms. Reed offered to sit with members of the Fin Comm to better understand the issues/concerns and work together on this issue.

Adjourn

Motion to adjourn by Ms. Bruneau and seconded by Ms. Kremer. The vote was 6-0-0 with Mmes. Baird, Bruneau, Kremer and Magnotta and Messrs. Athanassiou and Mahoney all voting "aye" by roll call. The joint meeting adjourned at 7:01pm.

Respectfully submitted,

Courtney Butler, Secretary

The documents listed below are all in the Finance Committee Drop Box except as noted:

1. March 15, 2023 Finance Committee meeting agenda
2. FY24 Operating Budget presentation document (Select Board meeting packet for 3/15/23)
3. LB FY24 Budget Questions

The minutes for the March 15, 2023 Finance Committee meeting were reviewed and approved at the March 23, 2023 meeting. **Motion to approve by Mr. Counihan; second by Ms. Baird. The vote was 6-0 with Mmes. Baird and Bruneau and Messrs. Counihan, Kanaga, Mahoney and O'Meara all voting "aye" by roll-call.**