



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
Gregory Plunkett
Lillian Woo
Joseph Mladinich

Staff Liaison:

Mark Milne

Councilor Liaison:

John T. Norman

MEETING MINUTES

09.26.16

7:00 PM

Growth Management Conference Room

CFAC Members Present: Joseph Mladinich, Lillian Woo, Cynthia Crossman, John Schoenherr, and Ralph Krau

CFAC Members Absent: Robert Ciolek, and Gregory Plunkett

Councilors Present:

Staff Present: Mark Milne, Director of Finance, Nathan Empey, Finance/Budget Analyst

1. Call to Order

John Schoenherr called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room of Town Hall.

2. Act on Minutes

The following minutes were approved by unanimous vote:

08.22.2016

3. New Business

Mark Milne reviewed the Act to Modernize Municipal Finance and Government with committee members. This act seeks to overhaul many finance and administrative related laws between state and local governments. The act will overhaul many laws that are either obsolete or require updating. These changes are expected to increase local government independence from state oversight. Changes within the act will take effect Nov 7th of this year. It is anticipated local governments will receive a summarization of the act to provide guidance, so that local governments are compliant with changes to the laws.

Some of the laws reviewed at the meeting that may influence the Town of Barnstable are:

- **Municipal Procurement** changes include increasing dollar thresholds for “horizontal” construction that require less-than-full competitive for bidding from \$10k to \$50k. However, local governments must make public notification of the contract. This includes posting to the states COMMBUYS system, which may require more work for local governments to upload bid proposals to the site. The town is waiting on guidance from the state on potentially streamlining this process. This new threshold also parallels both horizontal and vertical public work construction projects for ease.
- **Other Post-Employment Benefits (OPEB)** changes now broadly define to include any political subdivision of the Common Wealth that could establish an OPEB trust fund. Any establishment of an OPEB trust fund must be in compliance with Governmental Accounting Standards Board (GASB) and Internal Revenue Services (IRS) for financial reporting purposes.
- **Stabilization Funds** allow local governments to create funds with voter approval for specific purposes such as, water quality initiatives and municipal facility maintenance. The original law placed a cap on the amount of monies a government could appropriate to these funds. The amount of monies appropriated could not exceed in aggregate 10% of a communities equalization value. This cap has now been removed.
- **Single Overlay** previously the town had to create several accounts to estimate tax abatements and exemptions. This was cumbersome and inefficient. The modified law now allows for a single account as well as removes any necessary annual legislative body approval to appropriate surplus funds at year-end.
- **Revolving Funds** changes include removing department per fund and aggregate fund caps. Before the changes, these funds required annual Town Council approval to authorize expenditures. This annual requirement was due to the limitations with the caps, which placed a ceiling on total expenditures in aggregate of all revolving funds at 1% of the amount raised by taxation by the town. In addition, no additional revolving funds could be created if the total outstanding aggregate of revolving funds exceeded 10% of the amount raised by taxation by the town. These changes are expected to have little impact to the town’s revolving funds.
- **Debt Purposes** changes to the law have consolidated dozens of debt authorization projects terms. For example, Chapter 44 Municipal Finance Section 7 & 8 purposes of borrowing money within the debt limit has been modified to authorization bonds durations up to 30 years for large public works constructions projects. In previous cases, some facility projects could only authorize bond durations of 20 years. In addition, towns can now borrow for private road repairs. Moreover, outstanding projects with excess balances after completion can apply up to \$50k towards debt payments. Previously these excess balances required Town Council appropriation, and could only be allocated to new or existing projects.

- Bond Premium changes allow local governments a choice on how to treat bond premiums. Bond premiums can now be either applied to the debt issuance or placed in a separate fund for capital projects. The dollar threshold has also been changed from \$1k to \$50k.
- Retired Health Cost Sharing law will be eliminated. Previously local governments would bill each other for a retired employee's years of service. Many employees worked for multiple local governments throughout their career, but tended to work the latter years and retire in communities with more favorable healthcare benefits. This required these local governments with more favorable benefits to bill other communities that received the majority of the employees' years of service to cover retired healthcare cost. This change will have minimal effect on Barnstable because it contributes the state minimum to healthcare benefits.
- Year End Transfers changes will eliminate a cap of 3% for transfers between departments. This will provide more flexibility for communities.
- Revenue Cash Investment law changes allow the town treasure to invest funds in certificates of deposit for up to 3 years from the current 1-year requirement.
- Rental Revolving Fund towns can now create revolving funds for proceeds received from non-school leased properties. The revolving fund receipts received are to be used for the upkeep of those properties.
- Special Education Reserve Fund a school district may establish a reserve fund for unanticipated or unbudgeted costs associated with special education. This reserve fund may not exceed 2% of the annual net school spending of the school district. Special education can cost the town \$100k per student.
- Ten Year BANs changes allows for 10-year bond anticipation notes from the current 5 year.
- Snow and Ice Removal changes eliminate the need for prior approval by Town Council. This approval now resides directly with the Town Administrator.
- Insurance/Restitution Funds changes to the law eliminate the requirement for insurance reimbursement to be deposited into the general fund and then appropriated. Originally, it was required for Town Council approval to expend funds received through insurance claims to fix what was broken. This could be time consuming to wait for a council meeting to appropriate these funds. The threshold has also been increased from \$20k to \$150k.
- Residential Tax Exemptions change to the law allows communities to increase the tax exemptions from 20% to 35%. Barnstable currently has a 20% residential exemption. This law will affect communities with large secondary homeowners, which are more likely to adopt the residential exemption.
- Senior Citizen Property Tax Work-Off Program allows seniors to work off outstanding taxes. The town has implemented this program with little success as the type of work that can be done is limited and there are union implications to consider. There are also personal incomes and assets thresholds to be considered that may impede a senior from entering into the program.

Mark Milne had noted some of these changes would create efficiencies and consistency in local government by streamlining the state oversight process. Many of these laws were obsolete or needed updating. Changes to the laws will create more independence and flexibility at the local level.

Mark Milne briefly reviewed a past collaboration project conducted in fiscal 2015, which the town contracted with the Umass Collins Center to create meaningful performance measures working with the police department and public works. The outcome of the project appeared to be more of a data analytical exercise with no meaningful performance measures. The contract was not renewed. Mark stated that the Town Manager did not want any performance measurement project to turn into an academic exercise. Mark suggested that to take a

voluntary approach for seeking performance measurements and those departments that participate and provide meaningful performance measurements will have a better chance of receiving funds in the future. The finance department is currently creating suggested performance measures to help departments get the ball rolling. Some of these suggestions come from examples utilized by other communities. Mark Milne noted a citizens survey can be a good effectiveness performance measurement tool however, it can be costly to implement. Barnstable conducted citizen surveys 4 to 5 years ago. Mark Milne noted maybe putting monies in the budget with Town Council support to conduct a survey.

4. Other matters not reasonably anticipated by the chair

Ralph Krau noted Allen Fullerton has been nominated to fill one of the vacant positions on the committee.

5. Discussion of topics for the next meeting

The next meeting is October 11, 2016. Potential topics for discussion at the next meeting include possibly meeting with the new school superintendent, review internal finances and certified free cash, FY 2018 budget calendar, and creating subcommittees for operating and capital budget reviews.

6. Adjournment

List of documents handed out

1. 08.22.16 Draft Minutes
2. BarnStat Police Department
3. An Act to Modernize Municipal Finance and Government