

TOWN OF TRURO
TRURO SELECT BOARD JOINT WORK SESSION WITH TRURO FINANCE COMMITTEE
MEETING MINUTES
November 10, 2020
Remote Meeting

Select Board Members Present: Chair-Robert Weinstein, Vice Chair-Kristen Reed, Clerk-Susan Areson, Janet Worthington, Stephanie Rein

Others Present: Acting Town Manager-Jamie Calise, Assistant Town Manager-Kelly Clark, Town Accountant-Trudi Brazil, DPW Director-Jarrold Cabral

Assistant Town Manager Clark read off the instructions on how people can call in to provide comment and also provided the URL for people who wished to view or participate.

Finance Committee Members Present: Chair-Robert Panessiti, Richard Wood, Steve Roderick

Chair Weinstein and Chair Panessiti called the meeting to order at 3:00pm.

Chair Weinstein stated that this meeting was to formally begin the budget process discussion. He noted that the Town is operating under a different circumstance from last year due to COVID. They are meeting virtually, and Town Hall has been closed to the public.

Finance Committee Chair Panessiti thinks they need to look at the demographic shift that's occurring in Truro as a result of COVID. How much is temporary and how much may be permanent? What are we currently delivering for services, and what may we be expected to provide for services? He feels that speaking with Department Heads to determine what kind of calls they are getting, what people are asking for, and what they are seeing in their departments, will help to plan accordingly. Finance Committee Chair Panessiti also thinks it's important, in looking at revenue, to remember that 70+ percent of the Town's budget comes from residential property tax. The Town has been fairly insulated to the effects of COVID as it primarily hit the commercial base. It's his understanding, as forecasted, that room taxes are ahead of schedule and that needs to be looked at relative to normal years. Good weather helped with fees as well. If we had a rainy summer, that would impact roughly 3.5 million dollars of service fees in the budget.

Member Worthington wished to point out that Steve Roderick was the newest member of the Finance Committee, and she welcomed him.

Town Accountant Brazil has not done a "deep-dive" into all of the types of revenue the Town receives, but she specifically looked at areas where estimates were reduced in order to not project any kind of revenue deficit at the year's end as they went about setting the FY21 tax rate. She looked at the hotel/motel tax, which came in significantly higher for the period June-September than anyone anticipated. The first bills for the FY21 motor vehicles tax won't be issued until sometime in January. In terms of the meals tax, her estimate was around \$25,000, and what was received was in excess of that. She feels it's worth noting that a reduction was seen in the receipt reserved revenue from beach collections and the only area which was down was daily passes (usually collected at Head of the Meadow and Corn Hill beaches). The decision was made this year to not sell daily passes to reserve the space, and keep the space, around people as much as possible. With no summer recreation program,

there were no receipts. Pamet Harbor ran roughly within margins as it does traditionally. Finance Committee Chair Panessiti asked if the Recreation revenues were offset by the fees, to which Town Accountant Brazil explained that with a part of the summer program (traditionally called "the morning program"), the receipts are taken into a receipt reserved account and they are used to offset the cost of the program in the subsequent year. This year, the Town would have used revenues received in the prior year, but it cannot do that because we didn't have the program. Moving forward, those revenues will be left available for future use. Most of the programs that are run through the Recreation program itself will not be revenue generating this year.

Member Areson asked if the cost of the beach stickers cover the cost of running the beach program for the summer or are we running a deficit? Town Accountant Brazil does not have that analysis done yet. Member Areson then asked when we would know about the Airbnb money? Town Accountant Brazil believes that is part of the short-term rental tax which was received through the Commonwealth.

Finance Committee member Wood asked about the amount received through short-term rental tax. Town Accountant Brazil stated that they based the tax rate on estimated local receipt of \$250,000 for short-term rental. Short-term rental is broken down into two categories; short-term rental and the traditional lodging hotel/motel. The traditional lodging hotel/motel for this June – September came in at \$163,345. The short-term rental for the same time period came in at \$455,656.45. Finance Committee Chair reminded the group that while these numbers are great; they need to figure out what the process will be for planning the budget for next year through June 30, 2022.

Chair Weinstein wished to direct the conversation for both the Finance Committee and the Select Board to what the group thinks would be most productive way to pursue the budget process since they have historical examples of what's been done. Do they follow that traditional path, or should they amend/realign their procedures given certain unknowns? He thinks it would be helpful to find out from various Department Heads what areas of the Town's services may be impacted and have perhaps been stressed by the fact that we do have more people here during the shoulder season. There are departments where services have been seriously curtailed due to the pandemic. He acknowledged that the Assistant Recreation Director position is open, and he wonders how, going forward, that may impact the budget one way or another. Is that a full-time position that needs to be re-staffed? Member Areson stated that the Town has a lot of critical openings in town government right now. People are filling in, some on a temporary basis. She thinks it's probably up to Department Heads, the Interim Town Manager and the incoming Town Manager to take a hard look at services and make suggestions to the Select Board and Finance Committee as to whether there may be efficiencies or whether we need to hire more people. She feels this is a good time to look at the structural organization of the departments.

Member Worthington thinks what Member Areson is saying is important. For the conversation to go anywhere, they need to know from Department Heads, Fire Chief, and Police Chief if there's been an increase in calls. They need to hear from the DPW Director as to what more has happened. Once they have that information, they can use that as a starting point.

Finance Chair Panessiti once again reminded people that there is a policy in place that states that any Department Head that is going to fill a position through attrition needs to demonstrate the need for that position. Part of the justification for hiring is to find out what services they've been providing and what services do they anticipate providing based on the calls they are receiving and what the community is asking for. Member Areson pointed out that some of the people the Town is missing are Department Heads and interims are in place.

While Member Reed feels it's important to talk about people, she asked if there were fees that the Town absorbs (such as credit card fees) that perhaps could be extended to the card user?

Member Worthington would feel better going into the budget task force meetings having had this general discussion beforehand, as a group, with some information from the Department Heads. Finance Committee Chair Panessiti agrees with Member Worthington. He thinks the most important thing they can do today is to come up with some questions that they want answered and communicate those to the Department Heads. It's going to be very difficult to forecast what will be needed in a budget two years from now.

Member Areson would like to hear from Interim Town Manager Calise because discussions have been had around the budget and process. What discussions has he had with Department Heads about what they need to do and what they need to be looking at? Interim Town Manager Calise stated that all Department Heads received their budget worksheet last week with instructions to have it completed by November 20th. He summarized what they were told to look at, along with the specific charge to maintain services we currently have. He continued the discussion by using the Police Department as an example, and spoke about call volume, increases in domestic related calls, etc. Interim Town Manager Calise said that there are a whole host of issues which are intertwined and he's asking the Department Heads to address those.

Member Worthington would like to get a firm number from the school as to whether there have been more students enrolled or not. She'd also like to know how many part-time residents have become full-time residents and may or may not benefit from the residential tax exemption. Town Accountant Brazil said that she had asked about the school enrollment and enrollment has remained consistent. Finance Committee Chair Panessiti noted that the residential tax exemption has a net-zero effect on the budget.

Chair Weinstein agreed with Member Areson in that the Town has numerous openings (for example: Clerk/Treasurer's office, Town Planner). He's noticed a lot of work happening in town and wonders how stressed the Building Department and Health Department are. Once the Select Board has the information in hand which is due back from Department Heads by November 20th, that will better inform their procedures going forward.

Finance Committee Chair Panessiti states they need to have a solid understanding and a lengthy discussion about the fact that the Town has all these open positions. They are paying very high salaries for leadership positions, and a lot of that has to do with the housing issue. If most of the revenue source is derived from property taxes and people can't afford to live in Town, those positions will not be filled, businesses will close, and we will more dependent on property tax revenue. It's something they need to look at and be conscious of. As a broader question, aside from Cloverleaf, what are we doing to encourage and keep people in Town to create a workforce?

In response to an earlier inquiry by Member Worthington, Town Accountant Brazil, via Temporary Town Clerk Joseph, stated that registered voters as of March 3rd, 2020 totaled 1,894. As of November 3rd, 2020, the number stood at 2,032, an increase of 138 registered voters.

Another item Chair Weinstein doesn't want to lose sight of is a part of the revenue stream that is not generated from property taxes. Even though it's a smaller portion, we should be creative as people put demands on various services. Would the fees that are being charged sustain the operation of a given department? As activity in the real estate market has increased, that has increased the necessity for

inspectional services. When a property sells there is a whole chain of events and activities in various departments that are impacted. He feels the Board should broadly look at whether these activities can be sustained and the Board should review whether user fees should be increased.

Member Areson thinks they should be looking at regionalization (although she feels it's more of a Town Manager item). Finance Committee Chair Panessiti agrees. A few years ago an intensive study was done of the fee structure in Town. It went through the Finance Committee and the Select Board and there were some stark inefficiencies in some fee structures and programming. The community cannot support some of these programs as they have in the past. He suggested asking Department Heads to look at the fees associated with their programs and bring with them recommendations or justifications of the fees they are currently charging.

Town Accountant Brazil does not have a problem with relooking at fees but she reminded the group that they've always considered the fact that many of the fees are paid by local people and they have to be sensitive to what service is being purchased, what other expenses go along with that service, and be mindful of what the impact will be on the people paying for that service.

Finance Committee Member Roderick asked if Truro has looked into charging to do the Title V inspection review. There are communities which charge \$50-\$100 to do that. Those fees could be wrapped into the sale of a house where hopefully people are making money. As for credit card fees, he opposes passing that fee along to the card user. Some of the people charging are trying to finance their lives on credit cards.

Finance Committee Member Wood would like to see, before sitting down with the first group of Department Heads, a one to two-page narrative that explains the major points that Department Heads want to get across to support their eventual budget request. The narrative would include: justification, COVID-related impacts, staffing, and decreases in services or staffing that they think they could get away with for this year and the next.

Finance Committee Chair Panessiti agrees with what Town Accountant Brazil said. We used to be a community that was 60% second homeowners and 40% year-rounders and now the last stat he saw was approximately 75% second homeowners. Perhaps that shifted a bit because of COVID and a demographic change, but that doesn't change the needs of the community. As they craft the budget, they need to be responsive to folks in the community that are working and have been here for a long time. You can't have a vibrant community if you don't have a vibrant year-round group of folks.

Member Worthington asked if they could get a narrative as Finance Committee Member Wood suggested as she thinks it will be helpful.

Interim Town Manager Calise will send an email out to Department Heads asking them to note any prospective increase or decrease in staffing, future outlook at the macro level, efficiencies to services provided, what are their needs/expenses, etc.

Finance Committee Chair Panessiti suggested being careful since the Town is missing some Department Head folks and people are filling in. Also, for newer Department Heads this could be very intimidating. It's important to get the wheels spinning and to reach out to Department Heads and let them know there are resources, and help, for them.

Assistant Town Manager Clark suggested not asking for the Department Heads to return this narrative on November 20th, but instead proposed turning them in a little later. Member Areson stated that as long as they could get something along those lines even 5 days before the Budget Task Force meetings it will save time at those meetings.

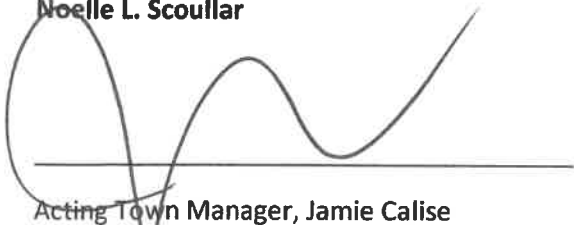
Member Areson made a motion to adjourn at 4:10pm.

Member Reed seconded.

So voted; 5-0-0, motion carries.



**Respectfully Submitted,
Noelle L. Scoullar**



Acting Town Manager, Jamie Calise

Under the Authority of the Truro Select Board

