

Date: June 18, 2018

Date Minutes Approved: July 23, 2018

TOWN CLERK

2018 JUL 24 AM 10:46

BOARD OF SELECTMEN

(Joint meeting with Finance Committee, Fiscal Advisory and School Committee)

DUXBURY, MASS.

Present: Theodore J. Flynn, Chair; and David Madigan, Clerk

Absent: Shawn Dahlen, Vice Chair

Staff: René Read, Town Manager; John Q. Adams, Finance Director; and Nancy O'Connor, Executive Assistant

Members of the Finance Committee, Fiscal Advisory, School Committee and Dr. John Antonucci, Superintendent, were also in attendance.

CONVENED IN OPEN SESSION –

I. CALL TO ORDER The meeting was called to order at approximately 7:00pm

II. OPEN FORUM

Mr. Larry Dullea, 6 East Pine Road, asked if the DPW could put a new sign (possibly stating – Access Closed Until Further Notice/No Trespassing) on the damaged seawall stairs, which access the beach. Mr. Flynn asked Ms. O'Connor to please look into.

III. NEW BUSINESS

Discussion on municipal finance and the budget process.

Mr. John Q. Adams, Finance Director, provided a Power Point presentation regarding the budget process within proposition 2 ½. He began his presentation by discussing the following terms - Tax Levy, Levy Limit, Override, Debt Exclusion, Free Cash, and Cherry Sheet and how they impact the Municipal Budget. Mr. Adams is our new Finance Director. He has 8 years' experience auditing municipalities and over 20 years' experience as a Town Accountant serving the towns of Carver and North Attleboro. He provided an overview of the municipal budget process leading up to determining what resources the Town has available to provide Education, Public Safety, and other municipal service delivery to its residents.

Mr. Adams continued to discuss levy ceiling statistics. In 2016, six communities hit the ceiling (three in Hampden County, one each in Berkshire, Bristol, and Worcester Counties). Twelve communities were approaching the levy ceiling (two in Hampden County, three in Franklin, one each in Middlesex, Norfolk, and Worcester Counties). The difference between the levy limit and the levy ceiling is called "override capacity". Throughout the presentation Mr. Adams provided pie charts that use data specific to the Town of Duxbury for the Fiscal Year 2018.

Mr. Adams explained the following classifications:

- New Growth is a permanent change in the Tax Levy Limit and is calculated by taking the property value by Jan 1, and multiplying by the prior year's tax rate.

- Debt Exclusions are temporary. When the debt is paid off the over-ride goes away. The over-ride is reduced over time because of declining interest payments.

His presentation provided a more visual understanding of the difference between the Levy Limit and Tax Levy. During the budget process all of these items are known with the exception of New Growth. New Growth can be estimated by analyzing permit activity, but it is not known until September, long after the Budget process is over and been approved by the voters. As such, New Growth in excess of the estimate would be excess levy capacity.

Property taxes generated through a debt exclusion are “assigned” specifically to pay the debt service of the capital item(s) approved by the voters. Since the property tax levy contains a significant amount of debt exclusions (in excess of \$7.3M in 2018) it is wise to do revenue comparisons with other towns on the levy limit and not the full tax levy. Also when determining departmental expenditures as a % of Revenue you can’t include debt exclusions because it would be unlawful to be used for that purpose. New Growth, some are under the impression that higher assessment values yield a higher levy just like new growth rather than redistribution of the tax limit. In 2014 Tax Exempt Debt (by Debt Exclusion) were issued for FD, PD, Crematory, and HS/MS. Because of the size of the HS/MS the last of the debt was issued in FY 2018. Slide 26 of Mr. Adams’ presentation shows projected debt service out to 2026 where you can see the declining Exempt debt after 2018.

Mr. Adams continued his discussion regarding:

- State Owned Land – To reimburse communities for forgone tax revenues due to certain types of tax-exempt state-owned land. *Reimbursement* formula is based on property value and the latest 3 year state wide average tax rate.
- Veteran’s Benefits - *Reimbursement* 75% of a municipalities costs for veterans and their dependents. Reimbursements are paid in the year after the costs are incurred.
- Exemptions - *Reimbursement* for property tax exemptions granted to qualifying veterans, blind persons, surviving spouses, and elderly persons. The reimbursement for each type is specified by statute.
- Charter School *Reimbursement* reimburses sending districts for the student tuition and the capital facilities tuition component they pay to the Commonwealth.
- Timing of State Aid: Governors Budget known in January; House Budget known in April; Senate Budget known in May; Final Conference Committee is provided in June.
- MV Excise Tax is the Single Largest source of Revenue generated under Local Receipts. MV Excise Tax Commitment comes from the State RMV to cities and Towns in February. Our Revenue Estimates made in October of 2019 for Fiscal Year 2020 won’t be known until February 2020 – 16 Months in advance. Therefore, because it is the last known revenue source to be able to project, it is the toughest to react to if there is a shortfall. (3 months left in FY).

The Town of Duxbury’s “Financial Management Policies & Objectives” state - Revenue deficits will be avoided at all costs. To avoid any potential for such a deficit, estimates for local receipts (i.e.

inspection fees, investment income, departmental user fees) generally will not exceed 85% of the prior year's actual collections without firm evidence that revenues are achievable.

Duxbury cannot afford to be aggressive in forecasting revenues because:

1. We don't have a fall town meeting to re-balance the budget (if we have overestimated revenues). Budget must be balanced by DOR standards before the tax rate is set in December.
2. Furthermore, the Department of Revenue will not allow municipalities to estimate more than 100% of the last complete year's recurring revenues without firm evidence of rate increases, etc.
3. We rely on Revenue Surpluses to fund our Capital Plan \$1M to \$1.3M each Year.

In FY 2017 there were additional revenue sources to the General Fund:

1. Percy Walker Pool was removed from being an Enterprise Fund and Revenues went to the General Fund beginning in 2018.
 2. Net Metering Credits of \$50K budgeted in 2018. (Bottom Line would be 3.7% Increase.)
- RRFA means "Receipts Reserved for Appropriation" - Meaning that these receipts can be collected and placed in a special fund, but to use them you must appropriate at them at a Town Meeting.
 - Waterways Improvement: Maintenance, dredging, cleaning and improvement of harbors, inland water, and great ponds in the commonwealth. The public access thereto, breakwaters, retaining walls, Piers, wharves and moorings thereof, law enforcement and fire protection.
 - Ambulance Receipts can only be used to defray the cost, including maturing debt and interest, of purchasing, hiring, maintaining, and operating ambulances (These monies can't be used to fund the DPW or Police Department).
 - Free Cash cannot be certified until the Fiscal Year's books are closed. Duxbury has typically estimated revenue conservative in order to generate enough free cash to support its Capital Improvement Plan. Duxbury has to generate \$1.3M to fund its Capital Plan.

Discussions continued with regard to splitting Town Meeting into two sessions: one in the fall and one in the spring or having Town Meeting later in the spring. Dr. Antonucci felt that a later town meeting would be the best benefit for the school. Mrs. Sullivan replied that this has been brought up before, but people don't want to come back in May. Mr. Read said that he would meet with Dr. Antonucci and Mr. Adams to look into this.

For more detailed information, please see the Power Point presentation filed with the Board of Selectmen records.

Discussion and review pertaining to Bond Anticipation Notes (BAN).

Mr. Madigan read the Vote of The Board of Selectmen as follows: I, the Clerk of the Board of Selectmen of the Town of Duxbury, Massachusetts, certify that at a meeting of the board held June 18, 2018, of which meeting all members of the board were duly notified and at which a quorum was

present, the following votes were unanimously passed, all of which appear upon the official record of the board in my custody:

Voted: to approve the sale of a \$4,850,600 3.00 percent General Obligation Bond Anticipation Note (the "Note") of the Town dated June 25, 2018, and payable April 18, 2019, to TD Securities (USA) LLC at par and accrued interest plus a premium of \$51,125.32.

Further Voted: that in connection with the marketing and sale of the Notes, the preparation and distribution of a Notice of Sale and Preliminary Official Statement dated June 5, 2018, and a final Official Statement dated June 12, 2018, each in such form as may be approved by the Town Treasurer, be and hereby are ratified, confirmed, approved and adopted.

Further Voted: that the Town Treasurer and the Board of Selectmen be, and hereby are, authorized to execute and deliver a significant events disclosure undertaking in compliance with SEC Rule 15c2-12 in such form as may be approved by bond counsel to the Town, which undertaking shall be incorporated by reference in the Notes for the benefit of the holders of the Notes from time to time.

Further Voted: that we authorize and direct the Treasurer to establish post issuance federal tax compliance procedures in such form as the Treasurer and bond counsel deem sufficient, or if such procedures are currently in place, to review and update said procedures, in order to monitor and maintain the tax-exempt status of the Notes.

Further Voted: that each member of the Board of Selectmen, the Town Clerk and the Town Treasurer be and hereby are, authorized to take any and all such actions, and execute and deliver such certificates, receipts or other documents as may be determined by them, or any of them, to be necessary or convenient to carry into effect the provisions of the foregoing votes.

I further certify that the votes were taken at a meeting open to the public, that no vote was taken by secret ballot, that a notice stating the place, date, time and agenda for the meeting (which agenda included the adoption of the above votes) was filed with the Town Clerk and a copy thereof posted in a manner conspicuously visible to the public at all hours in or on the municipal building that the office of the Town Clerk is located or, if applicable, in accordance with an alternative method of notice prescribed or approved by the Attorney General as set forth in 940 CMR 29.03(2)(b), at least 48 hours, not including Saturdays, Sundays and legal holidays, prior to the time of the meeting and remained so posted at the time of the meeting, that no deliberations or decision in connection with the sale of the Notes were taken in executive session, all in accordance with G.L. c.30A, §§18-25 as amended.

Mr. Madigan moved that the Board of Selectmen execute all bond documents related to the sale of \$4,850,600 General Obligation Bond Anticipation Note of the Town dated June 25, 2018.

Seconded by Mr. Flynn. Vote: 2:0:0

III TOWN MANAGER'S REPORT

Plover update: As of June 14, 2018, there are 23 plover pairs on Duxbury Beach. It is important to understand that additional plovers may continue to arrive to the beach. Plovers are still considered a Threatened Species (the level just below Endangered) by Federal and State Fish and Wildlife, and their protection is mandated by both State and Federal laws.

Beach Access:

As mandated when restrictions occur, the maximum ORV limits may be reduced (below 250 Resident and 250 Non-Resident max ORVs allowed when no restrictions are in place) on the front beach to maintain compliance with the Duxbury Beach Management and Conservation Plan, and to maintain public safety and order.

Currently, only the First Crossover is available for ORV access with an ORV capacity of approximately 290 total vehicles (145 residents and 145 Non-Residents). Further, it appears as though on/around June 21st it is likely that further restrictions will be in place with only the first crossover ORV open and a capacity of approximately 100 total vehicles (50 Resident and 50 Non-Resident) will be available.

IV MINUTES *None*

V ANNOUNCEMENTS

1. Senior Center Addition Groundbreaking

The Senior Center Addition Groundbreaking Ceremony is scheduled for Wednesday, June 27, 2018 at 9:30 a.m. at the Senior Center, 10 Mayflower Street.

2. GATRA Proposed Fare Increases

The GATRA Advisory Board will be holding a series of Public Hearings regarding proposed fare increases for GATRA services. The nearest Public Hearing will be held on Wednesday, June 27 from 4-6:30 PM at the Plymouth Town Hall, 26 Court Street, Plymouth, MA. (A complete list of all the public hearing dates and locations is posted in the Town News.) If you cannot attend, please send your feedback to GATRA:

- by email to: customercomments@gatra.org
- by phone to: 800-483-2500
- by mail to: 10 Oak Street, Taunton, MA

3. Next Selectmen's Meeting is on: Monday, June 25, 2018.

XI ADJOURNMENT

At approximately 9:00pm, Mr. Madigan moved that the Board adjourn.

Seconded by Mr. Flynn.

Vote: 2:0:0

Minutes submitted by Nancy O'Connor

LIST OF DOCUMENTS (documents are kept in the Board of Selectmen files)

- 1) Agenda*
- 2) Power Point Presentation – Budgeting within Prop 2 ½*
- 3) School Committee Proposed Budget Items*
- 4) Bond Anticipation Note (BAN) vote*
- 5) Announcements*

