

An Open Letter to the Voters of Harwich
From the Finance Committee

April, 2009

Your town Finance Committee has prepared this handout to better inform you about certain articles you will be asked to vote on at both the Annual Town Meeting (ATM) beginning on May 4, 2009, and at the Special Town Meeting (STM) beginning on May 5, 2009.

The articles selected for comment are those that in the Finance Committee's opinion

- May be difficult to understand from the warrant's language or complexity
- Have been voted by the Finance Committee to indefinitely postpone. (IPP) is the only negative motion available to the Fincom indicating it does not support the article—a "no" vote
- Finance Committee voted "No Recommendation Pending Further Information"
- Were not unanimously voted by the Finance Committee.

Text in italics are lifted verbatim from the ATM and STM warrant. Some of the longer articles have been abridged, but page references are given to the printed warrant.

You will hear the term "Free Cash" and "Available Funds":

“Free Cash” is money that is accumulated from previous years. The amount of free cash a town has available to spend is made up of tax payments received by the town in excess of the amount that was expected to be received, unspent amounts in budget line-items, and free cash left over from previous years. There are no restrictions on how it can be spent.

“Available Funds” is technically a broader category that includes free cash but also includes other funds that the town has obtained from its financial operations and from collecting taxes. There are statutory restrictions on how different types of Available Funds can be spent.

At Town Meeting the two terms are often used simply to mean funds that are currently available to be spent by the Town Meeting voters.

We hope you will find this useful in your deliberations and encourage feedback from you. Please email the Fincom vice chair, Linda Cebula at maccebula1@verizon.net

Respectfully submitted,

Harwich Finance Committee: Dana DeCosta, Chair; Linda Cebula, Vice-Chair;
Richard Larios; Skip Patterson; Pete Watson; Brian Widegren

**PAGE NUMBERS AFTER ARTICLE TITLE ARE PAGE NUMBERS IN THE PRINTED
WARRANT**

FUND THE ROAD MAINTENANCE PROGRAM—Page 16

ARTICLE 7. *To see if the Town will vote to raise and appropriate, borrow and/or transfer from available funds in accordance with Chapter 44 of the M.G.L. or any other authorizing authority, the sum of \$750,000 to fund the “Road Maintenance Program” and Phase II Stormwater Compliance, as requested in the Capital Plan for FY 2010. The appropriation authorized by this vote shall not take effect until the Town votes to exempt from the limitation on total taxes imposed by M.G.L. c.59, § 21C (proposition 2 ½) the amounts required to pay the principal of and the interest on any borrowing authorized under this article, and to act fully thereon. By request of the DPW Director. Estimated Cost: \$750,000.*

This article is requesting a transfer of \$750,000 from proposition 2 ½ exempt bonds. This amount will likely be amended to a lesser amount (\$125,000) at Town Meeting.

PROs:

- Historically there have been significant appropriations for road maintenance as evidenced by the excellent condition of the Harwich roads. This request is to continue funding a long term maintenance program.

CONs:

- First, the article as stated is incorrect. The Capital Plan for FY 2010 requested \$125,000 not \$750,000
- Secondly, the economic climate has dramatically worsened since issuance of the Capital Plan making even that lesser amount an inappropriate use of scarce funds
- Thirdly, as of this writing, there is a balance in the road maintenance fund of \$220,000 plus an additional \$526,000 has been received from the State under chapter 90 funding. There exists sufficient money to react to any significant road maintenance problem.

RECOMMENDATION;

THE FINANCE COMMITTEE RECOMMENDS INDEFINITE POSTPONEMENT OF THIS ARTICLE: VOTE 4-1 WITH 1 ABSTENTION.

Fincom recommends amending any motion to accept and adopt with:

“Move to amend the motion to accept and adopt with move to Indefinitely Postpone”

Should the amended motion pass, there will be no ballot question asking to raise the money through a proposition 2 ½ exemption, saving the taxpayers money.

REFURBISHING OF 1993 E-ONE AERIAL LADDER TRUCK—Page 16

ARTICLE 8. *To see if the Town will vote to raise and appropriate, borrow and/or transfer from available funds a sufficient sum of money to fund the maintenance and refurbishing of the Harwich Fire Department’s 1993 E-One Hurricane, Aerial Ladder Truck . The appropriation authorized by this vote shall not take effect until the Town votes to exempt from the limitation on total taxes imposed by M.G.L. c.59, § 21C (proposition 2 ½) the amounts required to pay the principal of and the interest on any borrowing authorized under this article, and to act fully thereon. By request of the Fire Chief. Estimated Cost: \$200,000.*

This article asks the voters to authorize the Town to raise \$200,000 from a proposition 2 ½ exempt bond to refurbish the ladder truck.

PROs

- Meets ISO (Insurance Services Organization) minimum safety standards based on Harwich demographics
- Provides firefighters who may require “horizontal reach” ,which aerial ladder trucks provide for residential and commercial applications

CONs:

- Only two(2) commercial buildings with vertical requirements for aerial ladder truck
- Under the current economic circumstances, this maintenance might better be postponed

RECOMMENDATION:

THE FINANCE COMMITTEE RECOMMENDS THIS ARTICLE BE INDEFINITELY POSTPONED. VOTE: YES-4, NO-1.

Fincom recommends amending any motion to accept and adopt with:

“Move to amend the motion to accept and adopt with move to indefinitely postpone...”

Should the amended motion pass, the taxpayers will not have to borrow proposition 2 ½ exempt money to fund this postponable refurbishment.

If the amended motion does not carry, the question will be put on the ballot at the next election.

Finance Committee Comment on Community Preservation Committee Articles

The Finance Committee voted to postpone several of these articles that are included in this Town Meeting Warrant. We would like to explain these actions to the community.

Articles 17 through 31 ask for appropriations from the Community Preservation Act (CPA) funds that are managed by the Town's Community Preservation Committee (CPC). No CPA funds, by law, can be spent for maintenance, so all CPA projects that create a need for maintenance must be funded from the Town's available funds which puts significant continued pressure on the Town's scarce resources.

While the CPC through the CPA has done some great services for the town, the sustainability of the program is questionable as the State continues to reduce the amount of matching funds. At its outset, the Town of Harwich voted to accept the CPA and levy a surtax of 3% on all real estate tax bills in Harwich (as voted in the Annual Town Meeting of 2005). In FY2009 that amounted to approximately \$900,000. The state originally matched that surtax dollar for dollar (100%) but in FY2009 it was only a 70% match and for 2010 the match is anticipated to be no more than 29%. Matches in fiscal years subsequent to 2010 are expected to fall further or disappear altogether as pressures on the state budget continue to increase.

The old Land Bank was rolled into the CPA and in combination, \$10,350,000 of bonds were issued to acquire land, beginning in September, 2000. These were 20 and 15 year bonds that are callable beginning in 2011. If they were all retired on the call date, the taxpayers would save \$1.3 million in interest. The annual current debt service on these bonds (interest plus principal) amounts to nearly \$860,000, or practically all of the funds raised through the 3% surtax. As the state match approaches zero, the funds for the CPA program will be mostly consumed by the debt service until 2013 when the debt service begins to decline as the bonds approach maturity. All CPA funds must first be applied to this debt service with the remaining amount available to fund certain kinds of projects, including land acquisition, as defined by the CPA.

Particularly in light of the current economic situation and in light of the reducing state matching funds, it may be prudent to rethink the uses of the CPA surtax so that the outstanding old Land Bank debt may be repaid sooner. Retiring the debt earlier will result in a cash savings of the interest (\$1.3 million) and will result in increased funds available to the Town through the CPC for additional CPA projects. Additionally, there are several CPA projects that are in the early phases of a multi-phase project. If additional funds are not made available through the retirement of existing debt, then these projects are in jeopardy of not being completed.

It further may be wise to move to freeze all previously voted funds (but not yet spent) until they are reconfirmed, or not, at the next Special or Annual Town Meeting. Such funds currently amount to approximately \$1.5 million.

Therefore, we propose the following:

- Establish a fund to pay off the remaining indebtedness

Apply all CPA money above current debt service and above the mandated requirements to this account. Review all expenditures approved for CPC projects but not yet spent for possible allocation to this account by vote at a Special or Annual Town Meeting

Finance Committee is commenting on only one of the several CPC articles as an example of its deliberations on these articles.

FUND CONSTRUCTION OF MULTI-PURPOSE RECREATION FIELDS—Page 19

ARTICLE 17. *To see if the Town will vote to transfer from Community Preservation Act funds (Recreation) a sum of money for initial site preparation and initial construction of multi-purpose recreation fields behind the Harwich Community Center. This is the final phase of this project, and to act fully thereon. By request of the Community Preservation Committee and the Recreation and Youth Commission. Estimated Cost: \$266,000.*

This article is requesting a transfer of \$266,000 from CPA funds (Recreation) to construct multi-purpose recreation fields behind the Community Center. The Town already has at least 12 fields (schools and Park and Rec) that in FY08 cost the Town about \$71,000 to maintain. They are for soccer, field hockey, and baseball. There are also several fields at the Tech School.

PROs:

- Provides more manicured and maintained acreage for recreation for town residents and visitors

CONs:

- No proven need for additional facilities based on utilization rates of existing recreation fields
- On-going maintenance costs out of the Town's budget
- On-going supervision costs (police, etc.)
- Money would be better allocated to land bank debt retirement

RECOMMENDATION:

THE FINANCE COMMITTEE RECOMMENDS THIS ARTICLE BE INDEFINITELY POSTPONED. VOTE: YES-5, NO-0.

Fincom recommends amending any motion to accept and adopt with:

“Move to amend the motion to accept and adopt with move to transfer \$266,000 from CPA funds (Recreation) to a sinking fund for use in retiring land bank debt.”

Should the amended motion pass, the Town's budget would not be further burdened with the ongoing upkeep and maintenance costs and this money would hasten the day when the 3% surtax could be rescinded.

LARGE SCALE WIND GENERATION—Page 27

ARTICLE 34. *To see if the Town will vote to amend the Zoning By-law by moving the current Regulations For Wind Energy Systems to Section XIX and adding a new Section XX – Large Scale Wind Generation and to act fully thereon. By request of the Planning Board.*

This article is requesting that the voters approve regulations to create the process for the possible building of wind towers in the Town of Harwich. Note that this by-law would not grant outright permission to build a wind tower. It merely establishes the route for the review of specific plans for a wind tower. This by-law does not grant any automatic ability to build a wind tower.

PROs:

- Establish the procedures and regulations for the creation of a wind tower
- Wind generated electricity would lessen our reliance on fossil fuels
- Wind generated electricity would decrease utility costs for Harwich

CONs:

- Cumbersome to read, difficult to understand
- May be few if any feasible sites in Harwich
- Noise and sight issues

RECOMMENDATION:

While the printed Warrant states that the Finance Committee will make its recommendation at Town Meeting, the Finance Committee has since voted to approve and adopt this by-law by a vote of Yes 4, No 1.

Should the motion pass, the Town of Harwich will have the procedures and regulations for the review and possible granting of a permit to build a wind tower.

AMEND SECTION VII – SIGN REGULATIONS—Page 36

ARTICLE 35. *To see if the Town will vote to amend the Harwich Zoning By-law by deleting Section VII (Sign Regulations) and substituting a new Section VII (Sign Regulations) as set forth below, and to act fully thereon.*

Note that this article has been revised and the new version will be offered on the floor of Town Meeting. The changes are not substantive from what was printed in the Warrant.

PROs:

- Expands and clarifies definition(s) concerning signs
- Attempts to be more specific as to the regulations concerning signs
- Creates 3 specific areas in Harwich for the placement of a temporary sign
- Creates a procedure to gain approval for the placement of a temporary sign

CONs:

- Has no area in Harwich Port for the display of temporary signs
- How will the merchants of Harwich Port easily advise the summer guests to activities such as Art In The park or Music in The Port?
- Detrimental to the highly active and very visible Harwich Port merchants

RECOMMENDATION:

While the printed Warrant states that the Finance Committee will make its recommendation at Town Meeting, the Finance Committee has since voted to indefinitely postpone by a vote of Yes 4 No 2 the revised version of this Sign By-law and will seek to amend any positive motion accordingly

Should the motion pass, the procedures and regulations for placement of signs should lead to more consistent application and better enforcement.

DEFRAY EXPENSES OF THE CHASE LIBRARY AND THE HARWICH PORT LIBRARY—Page 47

ARTICLE 42. *To see if the Town will vote to raise and appropriate and/or transfer from available funds the sum of \$22,630 to help defray the expenses of the Chase Library and Harwich Port Library; said funds to be expended under the direction of the Chase Library and the Harwich Port Library Trustees, and to act fully thereon. By Petition. Estimated Cost: \$22,630.*

This article is requesting \$22,630 from available funds to support two privately owned "public" libraries which have a service population of about 1900 people in town. Their hours of operation are limited compared to Brooks Library. The motion will likely be changed at Town Meeting to a reduced amount of funding to \$20,000.

PROs:

- Maintains a tradition dating back to the early twentieth century

CONs:

- The Town is spending money it can ill afford to support small privately owned libraries while the Brooks Library is currently looking to scale back hours due to budget shortfalls
- The original intent of the libraries was, back in the early 1900's, to serve small populations that were then geographically isolated
- The Chase Library is only a couple blocks from the new Dennis Public Library
- The Harwich Port Library is only about a mile and a half from Brooks

RECOMMENDATION:

THE FINANCE COMMITTEE RECOMMENDS THIS ARTICLE BE INDEFINITELY POSTPONED. VOTE: YES-5, NO-0.

Should the motion pass, the Town would continue to support these libraries at the expense of other, perhaps more important, projects.

SPECIAL TOWN MEETING ARTICLES

FUND TWO FIRE FIGHTER / PARAMEDIC OR EMT-B DAY POSITIONS—Page 59

ARTICLE 9. *To see if the Town will vote to raise and appropriate or transfer from available funds a sufficient sum of money to fund, train and equip two Fire Fighter / Paramedic or EMT-B Day Positions and related expenses. Provided however that this vote shall not take effect until the Town, at a regular or special election, votes pursuant to General Laws, Chapter 59, Section 21C (g), to exempt the amounts herein appropriated from the limitations imposed on the total amount of taxes to be raised for FY 2010 by the provisions of general laws, Chapter 59, Section 21, Proposition 2 ½ so called, and to act fully thereon. By request of the Board of Selectmen and Fire Chief. Estimated Cost: \$214,006.*

This article is requesting \$214,006 funded by a general override of proposition 2 ½, which, should this article pass, will still have to be voted at the Town's next election. If voted at Town meeting and at the ballot box, it will permanently raise the tax levy by the amount stated. It should be noted that there are one time costs in the amount stated (about \$25,000) which will nonetheless continue as part of the tax base forever. The amount stated is based on hiring at the top of the salary range. If one or both of the new EMT's is hired at a lower pay rate, the unspent money can be used for other purposes. The same is true for the one time expenses not incurred in subsequent years. Any such surplus will nonetheless continue as part of the tax base forever.

PROs:

- Two (2) new hires with "loaded" costs versus continuous Over-Time
- Continuous operation of Station #2 – East Harwich
- Higher level of response, attention, and service

CONs:

- Permanently increases the tax base or levy
- Mixes one time costs with on-going
- Assumes hiring both EMT's at the top of the salary range
- No clear targets for improved service levels
- It is not clear that adding personnel will totally solve the response time issue
- This public service should be funded within the current budget by cutting out low priority items which, in turn, could be presented to the voters for an override if they thought it or them important enough to restore funding through an override

RECOMMENDATION;

The warrant states that **THE FINANCE COMMITTEE WILL MAKE ITS RECOMMENDATION AT TOWN MEETING.** After the Warrant was printed, the Finance Committee voted to **ACCEPT AND ADOPT. VOTE: YES-4, NO-2.**

Should the motion pass, the article will be voted at the next election since it is a proposition 2 ½ debt exemption.

ARTICLE 12. *To see if town will vote to accept M.G.L. Chapter 60, Section 15 regarding the setting of demand fees for delinquent local taxes and to act fully thereon. By request of the Board of Selectmen.*

Massachusetts General Laws chapter 60, section 15, provides a list of fees, interest, and costs that a municipal tax collector is allowed to add to a taxpayer's property tax bill. Included in the list is paragraph 2: "For each written demand provided for by law, not more than \$30." Prior to July 1, 2008 this amount was limited to \$5.00. Article 12 seeks to raise the current demand fee to \$30.00, as allowed by chapter 60, section 15, for taxpayers who fail to pay their real estate taxes by the date they are due.

PROs:

- Will raise local receipts, which can then be used to pay for town services.
- May provide a motivation for taxpayers to pay their tax bills on time, allowing the town to earn more interest on the money received.

CONs:

- May be hard for lower income tax payers to afford to pay.

RECOMMENDATION;

THE FINANCE COMMITTEE RECOMMENDS THIS ARTICLE BE ACCEPTED AND ADOPTED. VOTE: YES-5, NO-0.

Should the motion pass, the town will be allowed to increase the demand fee from \$5.00 to \$30.00 for delinquent tax payers, likely raising over \$100,000 per year.