

FINANCE COMMITTEE

On behalf of the Orleans Finance Committee, I am pleased to submit to Orleans citizens the Committee's annual report on its activities during calendar year 2017. The Finance Committee, currently comprised of nine members appointed by the Town Moderator, is charged under the Orleans Town Charter with independently examining and analyzing the financial affairs of the Town, including proposed budgets, Capital Improvement Plans, and other issues having a financial impact on the Town and its taxpayers, and to inform the citizens of the Town of its findings and recommendations.

Budget, Capital Improvement Plan and Town Meetings

Much of the first four months of Committee activity was focused on the Fiscal Year 2018 budget review process, in meetings and discussions with various Town officials. As in prior years, Finance Committee liaisons met independently with department heads representing the most significant sections of the budget. The Committee then met as a group with these department heads to review their budgets, or in joint sessions with the Board of Selectmen (BOS). As noted previously, these collaborative budget review meetings provide members of the Finance Committee and the BOS the benefit of each other's knowledge and experience in evaluating departmental budgets and eliminate the duplication of time required by Town and school officials for this process.

In its budget review process, the Finance Committee is particularly aware of those departments that provide critical services to the overall well-being of many of those who live in our Town - including the Police and Fire departments, the Council on Aging, Snow Library, and the Orleans Elementary School. We continue to be concerned about a process that restricts annual budget increases to no more than 2.5% per year for each department - expecting that this will meet citizen and Town capital and operating needs every year for every department. While Stabilization Funds are used to budget for the purchase of vehicles and equipment and for the maintenance to Town buildings, the Committee seeks to improve the transparency of this process while ensuring that the Town's most critical needs are met.

Revenue Committee

During 2017, the Finance Committee supported the work of the Revenue Committee, which was created by a Finance Committee-sponsored warrant article at Town Meeting in 2016. The Revenue Committee report recommended a renewed focus on user fees as a potential source of additional revenue for the Town, as well as the consideration of Enterprise Funds for certain departments (e.g., the Town beaches and the transfer station) to ensure that they are self-sustaining in a construct similar to the Water Department. Another key recommendation was for the rigorous pursuit of state and federal grant opportunities by all departments. The Finance Committee will continue to follow up on these recommendations in 2018.

Police Building Project, New DPW Facility, and Renewable Energy

As referenced above, the Finance Committee has liaisons assigned to key Town departments and Committees - including the Police Building project (now nearing

completion), the new DPW facility (just underway), and the Orleans Renewable Energy Committee. With regard to the latter, the Town would have access to additional grant money if it were to take the steps needed to satisfy the “green community” criteria. More support is needed for this effort.

Affordable Housing

In mid-December, the Finance Committee had a joint meeting with the Affordable Housing Committee to review their study on affordable housing in Orleans. We will continue to support their efforts going forward, including the proposed updating of the Town’s Housing Trust Fund and the identification of sustainable revenue sources.

Wastewater and Water Quality

In 2017, representatives of the Finance Committee continued to participate in the monthly Orleans Water Quality Advisory Panel meetings. We also met periodically as a Committee with AECOM, the Town’s wastewater consultants, including twice in joint session with the Board of Selectmen. The focus of several meetings was the complex spreadsheet-based Financial Model being developed by the consultants as a basis for determining the allocation of capital costs and operating and maintenance costs for the Town’s wastewater solution. Based on discussions at the joint meeting in September, a new, less complex model is being developed, focused specifically on allocating capital costs for the to-be-sewered downtown area.

Risk Assessment

The Finance Committee's Annual Report and Letter to the Town, published in the 2017 Warrant for the Annual Town Meeting, presented an analysis of the material financial risks that the Town faces as it makes choices about spending, property taxes, and new sources of revenue. We will provide an update to last year’s Risk Assessment in our Letter to the Town to be published in the Warrant for the 2018 Annual Town Meeting.

Communication, Collaboration and Transparency

Finance Committee members spoke at the Annual Town Meeting in May and at the Special Town Meeting in October with Committee member presenting views on various warrant articles - occasionally both “pro” and “con” arguments for a particular article. Although we had the opportunity to participate in Orleans Citizen Forum-sponsored panel discussions in March (focused on the Revenue Committee report) and October (focused on wastewater articles), the Committee has little direct access to the Town’s citizens - little opportunity to inform the citizens of our findings and recommendations, except at Town Meeting. However, all of our meetings are open to the public and are broadcast on a local TV channel.

We will continue to focus on analyzing Town financial practices and the roles, responsibilities, and operations of Town Departments and Committees as they impact Town spending, forwarding recommendations that emerge from these analyses to the Board of Selectmen, the Town Administrator, and the Town Finance Director as appropriate. We will continue to look for more and better ways to communicate with the citizens of Orleans.

The Finance Committee remains committed to supporting long-term planning to meet future challenges and near-term actions to address immediate priorities and improve Town government services. This commitment will continue to guide the Committee's activities to meet its Charter-mandated obligations.

Respectfully submitted,
Marilyn M. Bruneau, Chairman