Finance Committee FY 2016 Report

To the Voters of the Town of Orleans:

The Town of Orleans Finance Committee ("the Committee") is pleased to present its 2016 Annual Report on the Town of Orleans' current financial condition and the Town's fiscal outlook for the future. Under the terms of the Orleans Town Charter, the Finance Committee is charged with independently examining and analyzing the financial affairs of the Town and informing Orleans citizens of the Committee's findings and recommendations. In analyzing the financial affairs of the Town, the Committee is required to base its findings and recommendations on a full and fair examination of each issue in the broader context of Town policies, service objectives, and economic conditions.

The Committee would like to note the passing of one of its members, Mr. Robert Donath, earlier this year. Bob served the Town for many years with enthusiasm and passion, and we would like to recognize that service and thank him for his commitment and his contribution to Orleans.

Executive Summary

In recent years the Committee's report has focused on issues such as capital spending and its timing and financing, non-discretionary operating cost increases and the consequences for an ever-tightening operating budget, the desirability of adopting a zero-based budgeting process, better management of the vehicle fleet, funds in reserve for unfunded retiree health benefits, and expanded use of technology to improve efficiencies and work flows.

This year, our focus is on three major areas that gained prominence in our FY 2017 budget discussions: capital spending, revenue, and risk. In summary, the Committee has made the following conclusions and recommendations to the Town and the Board of Selectmen ("the Selectmen"):

- The Capital Improvement Plan ("CIP"), both in the timing of the spending and the amounts, is a make-or-break series of choices for the Town. The Committee has tried to make clear what the consequences may be of these decisions.
- The Town would benefit greatly from seeking new revenue opportunities to help offset the current inequitable burden that Orleans property tax payers bear as a share of Orleans revenue.
- There is a substantial amount of risk facing the Town as it faces difficult capital and operating spending decisions. The Town and the Selectmen should carefully consider all of these risks in making decisions and recommendations on spending, both in amounts and in the timing of the spending.

In general, the Town remains in good financial conditions. Tax revenues are strong and consistent, tax rates are among the lowest in the Commonwealth, and the Town continues to deliver services to maintain a very high quality of life for its taxpayers. Property valuations have remained stable, and revenue from tourism has grown in recent years.

However, there are potential storm clouds on the horizon as the Town enters one of the most challenging periods in its recent fiscal history. Five major capital projects, including construction of a new police facility, a new Department of Public Works ("DPW") facility, wastewater collection and treatment systems, the unexpected need for investment at Rock Harbor, and the planned Nauset Beach retreat, will put tremendous pressure on the tax rate. Mandated increases in personnel costs, already totaling approximately 75% of the operating budget, will add to this pressure. The following are the Finance Committee's conclusions about these issues, and advice and recommendations to mitigate some of that pressure.

The Orleans Fiscal Year 2017 Budget

The Fiscal Year 2017 operating budget that will be presented to Orleans voters for their consideration during the May 9th, 2016 Town Meeting shows a 3.1% increase over the previous fiscal year, increasing from $31,051,006 for Fiscal Year 2016 to $32,010,945 for Fiscal Year 2017. Non-school expenses will increase by 2% in FY 2017. Non-property tax revenue is projected to increase by 9.2% in FY 2017 from FY 2016. The town projects a property tax increase of .8% for FY 2017.

Over the past five years, Orleans' operating budget has increased by a total of 15.2%, and capital spending decreased by 2.1%. In that same period, property tax revenues have increased by 19.8%, and the tax base has increased by 3.3%. During the five-year period ending in FY 2017, the Town's budget will have increased by 14%, capital spending by 26.3%, property tax revenues will have increased by 14.1%, and the tax base will have grown by 4.2%.

The Capital Improvement Plan (CIP) for Fiscal Years 2018-2022 provides taxpayers with a plan of the estimated cost and timing for Capital Projects that the Town is considering. The approval of the plan is not a commitment to spend money, as each project must be approved subsequently at Town Meeting in the year in which it is to be funded. The CIP to be presented at this year's Town Meeting totals $107,539,515. The CIP presented to Town voters last year totaled $92,075,460. The majority of these funds continue to represent planning for an eventual town-wide wastewater system or systems, with a significant portion dedicated to the design and construction of new police and DPW facilities.

The Capital Improvement Plan

The town of Orleans faces some of the most challenging spending choices in its history. Themes of government that we have been following for decades, like affordability of living and low taxes while delivering high-quality services, are at risk. Aggressive management of operating costs has resulted in an operating budget in which there is, realistically, virtually nothing left to cut to hold the line on taxes and spending unless we decrease services currently provided to residents.

As a result, we appear to be faced with some difficult choices:

- Spend millions of dollars now on a new police station, a new DPW facility, wastewater infrastructure, and the beaches, laying off most if not all of the cost of that spending on the property tax rate;
- Delay spending on one or more of these items until some future year, recognizing that that spending will be significantly greater due to inflation and mandated wage and benefit increases, leading to even greater increases in taxes; or
- Cancel one or more of these major capital items entirely and suffer the long-term consequences of a degraded municipal infrastructure and all of the attendant financial risks of that choice.

There don't appear to be any other options in terms of spending. We can either spend the money now, and have it more cost-controlled rather than less, or we can delay the spending and ensure that it will cost more when we do it in the future. The only other option with regard to spending is to cancel one or more of these projects entirely. However, forgetting about these needs for another decade or more and hoping a cheaper solution can be found in the future is not, in the Finance Committee's view, a realistic option.

Spending

Stringent oversight of operating costs while delivering high-quality services is a hallmark of good governance, and Orleans does this very well. The flip side of that coin, however, is that eventually one runs out of operating items to cut, and it appears that Orleans has reached this point; there appears to be nothing material left to cut out of the Town's operating budget, forcing administrators and managers to get creative in keeping to the Selectmen's aggressive tax rate goals. There is no "silver bullet" left to cut.

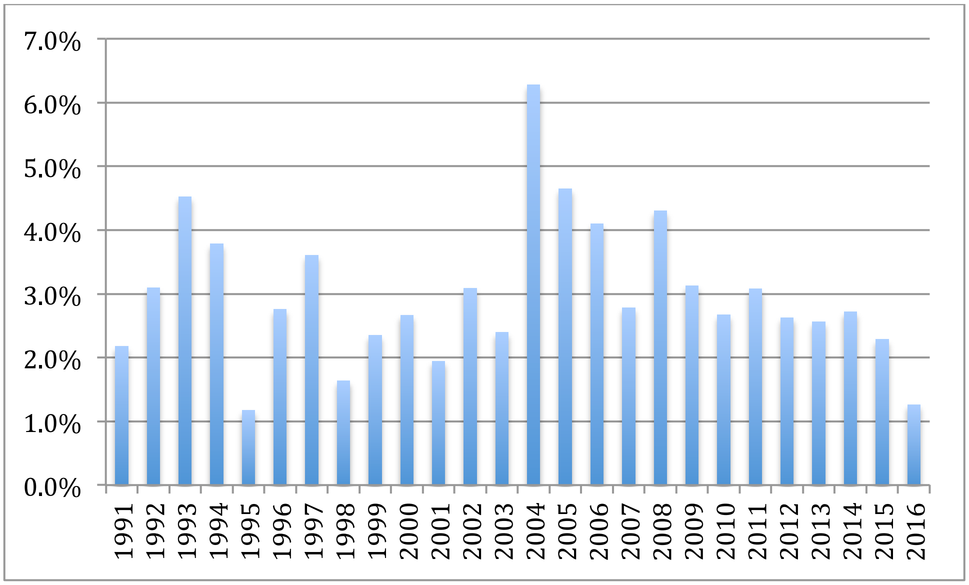
At the same time, the Town is faced with non-discretionary expense increases in wages and employee benefits that are making it difficult to manage operating costs. At some point, the Committee believes that we need to recognize that targeting a low tax rate in perpetuity by deferring capital investment is not realistic in light of these mandated cost increases.

In addition, the Town is facing some extraordinary capital costs as described in the Capital Improvement Plan, virtually all of which most everyone appears to agree are, to one extent or another, genuinely necessary, but also not "affordable" to the average taxpayer in Orleans. However, the term "affordable" has not been defined, and largely cannot be defined as simply the lack of tax increases. Orleans taxpayers are all part of a compact to provide revenue for services for the benefit of all of us; ignoring investment in our infrastructure is neither good governance nor, in the long-term, fiscally responsible.

The Committee believes that holding these two contradictory ideas in our collective heads as we make decisions on spending may well lead us to make decisions that have a materially adverse effect on taxpayers. In other words, if we think we need to execute the Capital Improvement Plan, but we think we can't afford it, the natural thing to do is to delay some of that spending with a view to keeping the tax rate down. The Finance Committee would like to ensure that the Town and the Board of Selectmen understand the long-term consequences and risks associated with this choice.

The Finance Committee recommends that, to the extent that the Board of Selectmen agrees that the Capital Improvement Plan as currently constituted needs to be executed, that it be done sooner rather than later. Simple mathematics demonstrates that any significant delay in the spending outlined in the CIP will result in significantly greater costs to the Town and to taxpayers. By way of example, we are currently planning to spend $11.4 million on a police station than we could have built in 2008 for an estimated $9.1 million; neglected maintenance on the Rock Harbor bulkhead over the past several decades will now result in a cost of as much as $3.4 million to the Town to rebuild this vital piece of our infrastructure. To delay major projects into the future will only ensure that they are materially more expensive. If we say that we want to manage spending with a view to minimizing its impact on taxpayers, simple mathematics would tell us not to delay this spending if we agree that it is genuinely necessary. It is either that or flat out cancelling one or more of these major projects. There is no other spending-based solution to this problem. But mitigation is available in the form of revenue.

Chart: Yearly Growth in Construction Costs



Source: AECOM Technical Services, Inc.

Revenue

Orleans currently generates approximately 92% of its revenue from residential property taxes. In these circumstances, increases in any expense line in the budget will fall almost entirely on the shoulders of residential taxpayers.

This assumes that we manage our revenues going forward by continuing to put the burden on taxpayers. It is the Committee's view that the Town, in the face of our significant capital expense needs and relatively inflexible operating budget constraints, needs to look as widely and aggressively as possible into new, non-property-tax sources of revenue. Simple investigation into potential sources of revenue has indicated that public-private partnerships, zoning changes, 501 (c) (3) corporations, state and federal grant programs, loan forgiveness, and other opportunities are out there, but we are not currently taking advantage of them.

In the past three years alone, for example, the State of Massachusetts has distributed over $2 million per year in grants to coastal towns for various kinds of beach management programs. In 2014, Cape towns received almost $800,000 in grants for projects like beach stabilization. In 2015, Cape and Islands towns received over $700,000 in such grants, and in 2016 over $650,000.

Orleans hasn't applied for one of these grants, missing out on non-property-tax revenue to the tune of perhaps half a million dollars over that period. That's real, non-tax revenue that we need to be taking advantage of. Orleans Fire and Rescue has one team member whose non-fire and rescue responsibilities are primarily as a grant-writer, and that department does get grants. There is revenue at the state and federal levels out there and we should be pursuing Orleans' fair share of it.

Other towns in Massachusetts have taken advantage of various opportunities to do things like bring in Hollywood studios to make movies in their town; form Economic Investment Development Corporations to invest in the town; form public-private partnerships to defray the cost of major capital improvement projects – the list of potential revenue sources is there, but appears to be mostly unexploited by the Town of Orleans. If we want to do everything we can to make our spending choices more affordable for Orleans taxpayers, we should be doing everything we can to maximize our non-property-tax revenue stream.

To that end, the Committee is sponsoring a Town Meeting warrant article for the creation of a Revenue Committee, whose mandate would be, should it pass, to study these revenue opportunities for approximately nine months, and then deliver a report to the Selectmen and to the Finance Committee in March of 2017 with specific and actionable recommendations on securing new sources of outside revenue. We hope that Orleans voters will support the creation and work of this committee, as we think it represents a viable opportunity to help make our spending choices more affordable.

The Beaches

Our beaches are assets of almost incalculable value. For our residents and our seasonal visitors, Nauset and Skaket Beach are as powerful a drawing card as there is on all of Cape Cod. Last year, over 50,000 cars and well over 100,000 people, paid to visit to the public and ORV beaches at Nauset and Skaket, generating over $1,000,000 in revenue and hundreds of thousands of dollars of indirect revenue for the Town. There is no more valuable asset to this Town than our beaches. There are few, if any, direct competitors to Nauset for people who visit this part of the Cape. Coast Guard has no on-beach parking; Nauset Light has almost no parking; Marconi and the rest of the Atlantic beaches are remote in comparison. Nauset is a unique asset.

It is the Committee's view that the Town has been less aggressive in its management of these assets as a revenue source than it could be. Simply put, the Committee believes that the Town is missing out on potentially significant beach-related revenue opportunities. The Committee is also concerned that the Town's response to the report by the Wood's Hole Group on continuing erosion at Nauset may be inadequate, and that there is a risk of losing significant ground, and therefore revenue, at Nauset Beach sooner than the report indicates. The Committee asked the question: "what if the Wood's Hole Group report is wrong?" Or more starkly put: can we afford to risk losing ground at Nauset Beach faster than the Woods Hole Group report projects?

To that end, the Committee recommends that the Selectmen accelerate the Nauset Beach retreat project. We recommend that the Town conduct discussions as to whether there is a financial benefit to accelerating the project, funding it and staging it in a shorter time frame and having a pre-agreed action plan in place if the erosion rate is too optimistic. In other words, if we find that the beach retreats some specific distance faster than the existing projections, we should automatically initiate the full beach retreat program early. In any case, the Committee believes that if we do what we usually do and wait years to invest in Nauset Beach, we are putting at risk a potentially significant amount of revenue that, if lost, would have to be replaced with taxpayer dollars.

With regard to current revenue opportunities, the Committee has reached a number of conclusions and would like to make specific recommendations to the Selectmen on beach fees and policies as follows:

- The beach and its operations should pay for themselves through user fees, and this principle should be reflected in the management of the beaches as a separate enterprise fund. This includes funding the financing costs of the beach retreat, which as we note above we think should be accelerated.
- Beach fees should be priced to reflect demand. The Committee recommends that the Town set fees as follows:

- $20 per day during the week and $25 per day Friday through Sunday and holidays from July 1st to September 5th (inclusive, effectively, of the beginning of July 4th weekend through the conclusion of Labor Day weekend).
- Increase RV sticker rate (self-contained, not regular ORV) to $500 for the season.
- A weekly rate of $80, a two-week rate of $150, and a seasonal rate of $350.

- Further, the Committee makes the following policy recommendations for the ongoing management of the beaches:
  - Fund a parking study for hourly and daily usage at the beach lots during this season.
  - Begin collecting all fees with electronic payment, preferably as the exclusive option. This would allow us to move the payment collection point to the parking lot, alleviating the traffic bottlenecks at the booths and on Beach Road and Skaket Beach Road.
  - Interview vendors who supply tech and data infrastructure for parking management and payment systems.
  - Begin now to project the potential costs and benefits of satellite parking and shuttles for Nauset and Skaket.
  - Designate CPA funds as first preference (ahead of General Funds) to cover projected shortfalls in capital costs.
  - Seek out grants for all further studies and for contribution to all recreational water projects before we ask taxpayers for funding and before using CPA funds.

We are facing challenging financial decisions today. With the best of intentions, the Town and its taxpayers have agreed to put off capital spending projects for years and in some cases, decades. The cost of those well-intentioned delays is now clear; there appears to be no question on the need to undertake and execute these projects, and it is also clear what our cost choices are: either spend the money according to the current CIP, or spend significantly more with further delays. It is the Finance Committee's recommendation that we spend the money sooner rather than later, of course with strict management of the costs to keep them within projections, and at the same time to find new sources of revenue to keep the costs of these projects affordable.

Risk

The Town of Orleans manages its budget with a view to managing the property tax rate to keep it affordable for the average Orleans taxpayer, and has used spending cuts and deferred spending exclusively to manage that strategy. While any budget management strategy carries its own set of risks, the Committee has concluded that using near-term low taxes as a strategic budget management goal, and spending cuts and deferrals as the only tools to manage that strategy, results in material financial risks to the Town and its taxpayers.

Risks Related to the Operating Budget

The Selectmen have made it a matter of policy to shape each new fiscal year's operating budget with a view to limiting property tax increases to no more than 1.4%, below the limits imposed by Proposition 2½. It is the Selectmen's policy that the budget itself should generally increase no more than 2.5% per year. This budget policy is meant to be operative without regard to spending needs as they may be estimated by Town officials. The proposed zero-based budget approach recommended by the Committee and recognized as a priority by the Selectmen has not been adopted in a materially effective way.

The Town also lacks a general policy on fees for services and facilities; as a result, it is unclear in many cases what facilities and departments are capable or required to pay for themselves through the application of user fees. Neither has the Town conducted an analysis of the actual costs of delivering a number of services to allow it to determine the level of fees that would allow various departments to pay for themselves through the application of fees. Finally, the Town has not generally sought to maximize potential revenue streams from revenue-generating assets, and has foregone potentially significant operating revenue opportunities over a period of many years.

The Committee has identified one major risk related to this strategy of managing for the tax rate using spending cuts and deferred spending.

Risk of Service Denial: The Town offers a wide array of services to its taxpayers. Many of these services are of a critical nature for the well-being of its taxpayers; many others are critical for the upkeep of the Town itself. Managing the operating budget specifically for the tax rate risks ignoring the fact that cuts in the operating budget to meet that goal will sooner or later result in the denial of some of these services.

Numerous Town departments supply services such as inspections and collections from local entities without knowing the cost of such services. Further, because the operating budget has for many years now been managed with respect to the tax rate rather than the Town's actual projected needs, personnel have been cut so deeply that the provision of these services has been impaired. There is a risk at some point that the Town may be unable to provide important services to taxpayers.

Risks Related to the Capital Improvement Plan

One way that the Selectmen have, over the past several decades, sought to manage the budget with a view to minimizing taxes is to defer capital spending. The Committee has identified a number of risks associated with deferral of capital spending.

Risk of Increased Taxes: As noted in the Committee's letter to the Selectmen dated March 25th, 2016, deferral of capital spending does not result in lower spending over time. Inflation in the costs of goods, services, and labor generally result in a higher net cost to taxpayers once a deferred capital project is eventually executed. Deferring a significant capital cost does not lower the impact to the tax rate if that project is eventually executed. The only way to mitigate the property tax impact of a major capital project is to either: a) cancel it entirely; or b) find a non-property-tax source of revenue to help pay for it. Moving it into the future creates the almost certain risk of greater property tax increases to pay for increased costs.

Risk of Affordability to Taxpayers: Although there is no consensus on specifically what the term affordability means for Orleans taxpayers, there does appear to be a general consensus among participants in the discussion on the CIP that bringing the costs of the CIP forward would make the tax rate unaffordable to many Orleans taxpayers. There is a significant risk that, if the Town executes the CIP in a five-year time frame, and at the same time does not find new, non-property-tax sources of revenue, the property tax rate would increase significantly and become unaffordable for many taxpayers.

One suggestion to manage this risk is to space the spending recommended in the CIP over a longer period of time. The Committee recognizes that this alternative might be able to lower the risk of increased spending on the property tax rate in any one year. However, it does nothing to mitigate the risk of overall increased costs to taxpayers and, as noted elsewhere in this letter, risks significant overall increases in total property taxes.

The Committee would also like to note that the risk of increased property taxes is unlikely to be made up for by investment gains for anyone who, at the margin, will be materially affected by such increased taxes. Statistics indicate that individuals and families living on retirement savings withdrawals and fixed incomes such as Social Security and pensions do not have sufficient value in their investment and savings to offset significant increases in property tax rates.[1]

Risk of Increased Financing Cost: The United States economy remains for the moment in a historically low interest rate environment. The Town can currently finance its capital projects for up to five years through Bond Anticipation Notes (“BANs”) at an interest rate of approximately 0.4%. Municipal bonds issued by a AAA borrower such as the Town currently carry an annual interest rate of approximately 2.75%, well below historic rates. There is no certainty that these low rates will be maintained. Any material increase in interest rates will have a negative impact on the cost of borrowing to finance capital projects, which will lead to higher taxes for Town property owners.

Risk of Losing Other Wastewater Revenue Sources: Federal and state government agencies currently offer a number of low-cost revenue sources to fund wastewater spending. Examples include the State Revolving Fund, United States Department of Agriculture, and others. These low- or in some cases no-cost funding sources are limited in both time and amount, however, and should the Town defer wastewater capital spending too long, there is a risk that the Town may lose its eligibility for these programs, that the programs may become oversubscribed, or that the programs themselves may expire or run out of funds. Should the Town defer wastewater spending to the point where any of these risks are realized, and then decide to undertake that spending, there is a risk that low- or no-cost funding sources may not be available, forcing Orleans to take on all of the cost of the spending, which would materially increase the cost to Orleans taxpayers.

A further risk of lost revenue of long-term deferral of wastewater spending is the loss of septage revenue. The current wastewater capital plan includes the construction of a septage treatment facility, which would generate significant revenues to offset system operating costs. If this treatment facility is delayed too long, there is a risk that the Cape Cod septage market will permanently change and make the construction of such a facility unviable, which would increase the wastewater system’s operating costs, which increased costs would be passed on to Orleans residents.

Risk of Health and Safety Deficiencies: The Town is aware of a significant quantity of health and safety violations at a number of Town facilities, including DPW garages, maintenance facilities, storage spaces, and other buildings and facilities. Despite being aware of these deficiencies, many of which have been publicly recognized by relevant county or state bodies, the Town has not generally taken affirmative steps to remediate or cure these deficiencies. If there is an accident or incident in which a person or private property is injured, and such incident can be

[1] The average saver over 60 years of age has approximately $172,000 in savings: http://www.fool.com/investing/general/2015/10/03/the-average-americans-retirement-savings-by-ageand.aspx.

attributed to one or more of these deficiencies, the Town could be found liable for any damages suffered as a result.

Risk of Denial of Services: Many Town assets and personnel that provide critical services to the Town are, when not in active service, located in facilities inadequate for their minimum maintenance needs, and the Town is aware of these deficiencies. Should the Town be unable to render a critical service that results in an injury, death, or property damage, the Town may be held liable for any damages suffered as a result.

Risk of Facilities Failure: The Town owns and operates a number of facilities used by the public. Many of these facilities are deteriorating and in need of investment to maintain their physical plant. Should the Town continue to defer investment in these capital needs, there is a risk of significantly greater cost in the near- to medium-term if there is a critical failure in any of these facilities that would cost significantly more to fix on an emergency basis than had preventive investment been prudently performed.

Risk of Beach Erosion: Nauset and Skaket beaches are significant revenue sources for the Town. Scientific studies indicate that there is an erosion problem at Nauset Beach that will cause it to shrink in the coming years. The Selectmen have chosen to defer investment in the proposed Nauset Beach retreat program over approximately 10 years. If erosion at Nauset Beach exceeds the projected rate, there is the risk of losing significant amounts of revenue from Nauset Beach, not only for beach parking, but, perhaps more significantly, from the related impact on businesses throughout the Town that depend on tourism that the Town presently enjoys. Deferment also carries the risk of incurring greater than anticipated investment costs for critical needs. The realization of this risk would be significant as it represents both lost revenue and increased costs, both of which would have to be borne by property tax payers.

Risk of Deferred Water Quality Investment: Orleans' waterways and water access are generally recognized as one of the Town's most valuable assets and one of the primary reasons that the Town has so many visitors. The Town has recognized that water quality has been deteriorating over many years, in some cases making some of our waterways unusable, impaired, or materially less attractive for residents and visitors. If the Town does not address its water quality issues, there is a risk that many of our water bodies will become less attractive for residents and visitors (including commercial fishermen), and generate less direct and indirect revenue than they currently do, which revenue decrease would have to be borne by property tax payers.

Risk of Foregone Revenue: The Town relies heavily on residential taxpayers for revenue: in FY 2016, approximately 92% of Town revenues came from residential property taxes. The Town has not, as a rule, sought revenue from non-property-tax sources other than the beaches and passive revenue collection from such items as excise, meals, and hotel taxes, despite there being potentially significant non-tax revenue sources. There is material financial risk to taxpayers that, if the Town does not pursue additional, non-property-tax revenue sources, residential taxpayers will continue to bear an inequitable portion of town revenue.

The Town of Orleans faces significant financial risks in the coming years. The Finance Committee is charged with advising the Town on matters of significant financial impact. Based on our analysis of the risks outlined in this memorandum, the Committee sees four alternatives for managing the cost of increased capital spending to taxpayers:

- Bring the costs of the Capital Improvement Plan forward, taking the pain of a significant increase in taxes sooner rather than later, but keeping the overall cost of the CIP lower than if the spending is delayed.
- Delay the CIP over a period of years, potentially lowering the cost of property tax increases in any one year, but recognizing that this will increase the overall costs of CIP implementation over time.
- Cancel one or more projects in the CIP permanently.
- Seek non-property-tax sources of revenue to offset the cost of CIP implementation to taxpayers.

In addition, the Committee recommends that the Town begin to manage its revenue-producing departments (with the exception of Fire and Rescue) on a cost basis, and that all departments that collect fees for their services determine and set their fees to cover 100% of their costs.

Finally, the Committee would recommend that the Board of Selectmen make a firm commitment that, regardless of what choice they make with regard to the Capital Improvement Plan and the property tax consequences of that choice, they commit to making further policy choices that will, under all circumstances, make those spending choices affordable. The Committee recommends that the Selectmen not limit themselves to using the property tax rate either as the sole source of revenue to fund the CIP, or as a simple justification for not making the critical infrastructure investments that the Town needs to continue to be a vibrant and sustainable community.

To that end, the Committee recommends that the Town pursue any and all policies to ensure the CIP's affordability, which policies may include (but not be limited to) some of the following:

- Adopt a fee structure for the beaches as recommended in the Committee's March 25th, 2016 letter to the Board of Selectmen.
- Seek grants from the Commonwealth of Massachusetts for beach stabilization.
- Set fees for Town services to cover 100% of the costs of the delivery of such services.
- Support the work of the proposed Revenue Committee and commit to implementing its recommendations to the extent they may be consistent with supporting the Town's financial goals.
- Work with private entities and investors to bring appropriate capital investment projects to the Town.
- Support financing structures for wastewater spending such as forty-year financing, equitable betterment charges and user fees, implementation of Property Assessed Wastewater Obligations, and other alternative sources and structures to ensure the affordability of CWRMP implementation.
- Other sources of funding and financing not currently contemplated by the Town, including sources that may require changes in local or state legislation.

Conclusion

The Town of Orleans has the opportunity in the coming years to manage its inevitable spending increases for the benefit of the Town's future while being fair to taxpayers and users of Town services. It is the Finance Committee's view that the Town should be casting the net of spending on operating costs, capital costs, and non-property-tax revenues as widely as possible, and to think comprehensively about the risks present in making the spending choices that lie ahead. It is possible to make our operating budgets and spending choices more efficient and affordable, and the Committee continues to advise the Town to make them efficiently and effectively with an eye to increasing the tax base, as well as improving the efficiency and per-unit cost of our operating budget through investment in technology to allow the Town to continue to deliver services to all of its taxpayers.

Respectfully submitted,

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