

SUMMER RESIDENTS ADVISORY COMMITTEE

CHATHAM SCORECARD PRESENTATION

AUGUST 2, 2016

FOR THE LAST TEN YEARS, THE COMMITTEE HAS PRESENTED A “CHATHAM” SCORECARD”, OUR ATTEMPT TO ASSESS HOW WELL CHATHAM HAS BEEN DOING FROM A FINANCIAL POINT OF VIEW COMPARED WITH OTHER CAPE TOWNS.

WE NOTED THAT SINCE 2000 CHATHAM HAD THE HIGHEST INCREASE IN REAL ESTATE VALUES OF ANY TOWN ON THE CAPE, THE LOWEST TAX RATE AND HAS OPERATED IN A FISCALLY PRUDENT MANNER. AT THE SAME TIME IMPORTANT INFRASTRUCTURE IMPROVEMENTS HAVE BEEN MADE, AND TOWN SERVICES HAVE BEEN MAINTAINED.

THIS YEAR WE WILL BE UPDATING THE SCORECARD. OUR SCORECARD IS BASED ON INFORMATION PUBLISHED BY THE TOWN AND THE MASSCHUSETTS DEPARTMENT OF REVENUE. OUR BASE YEAR IS FY 2006, THE YEAR WE PRESENTED THE FIRST SCORECARD.

THERE ARE SEVERAL SETS OF DATA WE WILL BE PRESENTING COVERING THE PERIOD SINCE 2006.

SLIDE 1 – FINANCIAL SUMMARY

FIRST IS A SUMMARY OF CHATHAM’S FINANCIAL PERFORMANCE. THIS SLIDE

INCLUDES DATA FROM THE YEAR ENDING JUNE 30, 2016.

AS YOU WILL NOTE, THE TOTAL ASSESSED VALUE OF THE TOWN HAS INCREASED TO \$6.2 BILLION. DURING THIS TEN YEAR PERIOD, VALUES DROPPED DURING THE RECESSION AND BUT NOW HAVE FULLY RECOVERED AND THEN SOME.

OUR TAXE RATE, THE AMOUNT WE PAY PER \$1000 OF ASSESSED VALUE, HAS INCREASED 35 % BETWEEN 2006 AND 2016.

THE TOTAL PROPERTY TAXES COLLECTED HAVE INCREASED BY 44 % SINCE 2006. AN ESTIMATED 2/3RDS OF THESE TAXES ARE PAID BY NON-RESIDENTS, WHO CONSUME FEWER SERVICES THAN RESIDENTS. SO IN A REAL SENSE, THE SUMMER RESIDENTS ARE THE ECONOMIC ENGINE WHICH SUPPORTS CHATHAM'S FISCAL HEALTH.

TOTAL REVENUE HAS INCREASED BY 47%.

OPERATING EXPENSES SINCE 2006 HAVE INCREASED 33% AND DEBT HAS INCREASED 86%, PRIMARILY TO FUND INFRASTRUCTURE IMPROVEMENTS INCLUDING THE TOWN ANNEX , A NEW POLICE AND FIRE STATION, AND THE INITIAL PHASE OF THE WASTEWATER PROJECT.

SO HOW IS CHATHAM IS DOING COMPARED WITH OTHER CAPE TOWNS?

SLIDE 2 – TAX RATES

THE NEXT SET OF DATA SHOWS CAPE COD TAX RATES. THESE RATES ARE FOR THE YEAR ENDED JUNE 30, 2016. CHATHAM'S 2016 RATE OF \$5.02 IS THE LOWEST OF THE 15 CAPE TOWNS.

SLIDE 3 – TAX CHANGE 2006-2016

SINCE 2006 TAX RATES IN EVERY CAPE TOWN HAVE INCREASED BETWEEN 35% AND 68%, WITH CHATHAM'S 35%, THE SMALLEST INCREASE OF ANY CAPE TOWN.

SLIDE 4 – ASSESSED VALUATIONS

CHATHAM'S TOTAL ASSESSED RESIDENTIAL VALUATION INCREASED 7% FROM 2006 TO \$6.2 BILLION IN 2016. THIS COMPARES WITH OTHER CAPE TOWNS WHERE PROVINCETOWN'S VALUATION INCREASED 5% AND THE OTHERS DECLINED FROM 5% TO 21%.

SLIDE 5 – AVERAGE SINGLE FAMILY ASSESSED VALUE IN 2016

AT JUST OVER \$841,399, THE AVERAGE ASSESSED VALUE OF A SINGLE FAMILY HOME IN CHATHAM IS THE SECOND HIGHEST ON THE CAPE, WHERE THE AVERAGE IS \$543,942.

SLIDE 6 – AVERAGE SINGLE FAMILY TAX BILL

TAX RATES AND ASSESSED VALUES BY THEMSELVES ARE MEANINGLESS NUMBERS. HOWEVER WHEN THEY ARE MULTIPLIED TOGETHER THE RESULT IS OUR TAX BILL. SO HOW MUCH DO WE PAY COMPARED WITH OTHER CAPE TOWNS? WITH HIGH VALUES AND LOW RATES, AT \$4,224 CHATHAM COMES IN JUST UNDER THE CAPE-WIDE AVERAGE OF \$4,279. CAPE-WIDE TAX BILLS RANGE FROM A LOW OF \$2,675 FOR DENNIS TO A HIGH OF \$6,688 FOR PROVINCETOWN.

SLIDE 7 – AVERAGE SINGLE FAMILY TAX BILL 2008-2016

CAPE WIDE THE SINGLE FAMILY TAX BILL INCREASED 35% BETWEEN 2008 AND 2016, WHILE THE CONSUMER PRICE INDEX INCREASED 14.5% DURING THE SAME PERIOD, WITH CHATHAM'S AVERAGE SINGLE FAMILY TAX BILL INCREASING BY LESS THAN THE CAPE AVERAGE.

SLIDE 8 – AVERAGE SINGLE FAMILY TAX BILL 2013-2016

DURING THE PERIOD 2013-2016, CHATHAM HAS LIMITED THE GROWTH IN THE AVERAGE SINGLE FAMILY TAX BILL TO 8%, WHILE MOST CAPE TOWNS' FAMILY TAX BILL OVER THIS SAME PERIOD GREW BY DOUBLE DIGETS AND THE AVERAGE CAPE TAX BILL INCREASED BY 12%.

THE BOARD OF SELECTMEN, TOWN MANAGER, FINANCE DIRECTOR AND ALL CHATHAM EMPLOYEES WORK VERY HARD TO LIMIT AND CONTROL COSTS, AND WE THANK THEM FOR THEIR HARD WORK.

DURING THE LAST FIVE YEARS, THE COMMITTEE SUBMITTED POSITION PAPERS TO THE BOARD OF SELECTMEN AND FINANCE COMMITTEE RECOMMENDING BUDGETARY RESTRAINT AND MAKING SUGGESTIONS IN THAT REGARD. THE COMMITTEE IS PLEASED THAT THE SELECTMEN IN MANY RESPECTS SUPPORTED THESE RECOMMENDATIONS.

IN LAST YEAR'S SCORECARD WE IDENTIFIED AS ONE OF THE RISKS TO THE TOWN'S FUTURE FINANCIAL HEALTH, THE TOWN'S OBLIGATION FOR POST-RETIREMENT BENEFITS FOR RETIRED EMPLOYEES.

AS REQUIRED BY STATE LAW THE TOWN PAYS 50% OF HEALTH, DENTAL, LIFE AND VISION INSURANCE PREMIUMS FOR ABOUT 165 RETIREES AND THEIR DEPENDENTS WHO HAVE RETIRED AFTER 55 WITH AT LEAST 10 YEARS OF SERVICE, AND WILL BE OBLIGATED TO DO SO FOR CURRENT EMPLOYEES AFTER THEY RETIRE. UNTIL RECENTLY THE TOWN'S OBLIGATIONS WERE TOTALLY UNFUNDED.

WE REPORTED LAST YEAR THAT THE UNFUNDED LIABILITY FOR THESE POST RETIREMENT BENEFITS WAS \$16.5 MILLION AND GROWING ANNUALLY BY MORE THAT \$700,000.

THREE YEARS AGO THE VOTORS AUTHORIZED THE CREATION OF A TRUST TO FUND THESE BENEFITS AND TO DATE THE TOWN HAS CONTRIBUTED \$530,000. A START, BUT AS WE NOTED LAST YEAR A VIRTUAL DROP IN THE BUCKET.

FOLLOWING LAST YEAR'S SUMMER TOWN MEETING THE COMMITTEE SUBMITTED A POSITION PAPER TO THE BOARD OF SLECTMEN AND THE FINANCE COMMITTEE OUTLINING A NUMBER OF ALTERNATIVES FOR FUNDING THIS LIABILITY.

WE ARE PLEASED TO REPORT THAT THE BOARD OF SELECTMEN HAS APPOINTED SIX TRUSTEES: TWO SELECTMEN, THE CHAIRMAN OF THE FINANCE COMMITTEE, THE TOWN MANAGER, THE TOWN FINANCE DIRECTOR AND THE TOWN TREASURER AND HAS DIRECTED THEM TO DEVELOP A PLAN TO FULLY FUND THESE OBLIGATIONS.

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NON-RESIDENTS AND RESIDENTS HAVE AMPLE REASON TO BE PLEASED WITH THE FINANCIAL CONDITION OF THE TOWN.

WITH THE COMPLETION OF THE FIRE STATION AND CONTINUED IMPLEMENTATION OF THE WASTEWATER PLAN, CHATHAM HAS THE MOST MODERN INFRASTRUCTURE OF ANY CAPE TOWN AS WELL AS A NEW SCHOOL SYSTEM WHICH WILL SERVE THE NEEDS OF STUDENTS FOR DECADES TO COME.

THE COMMITTEE BELIEVES THAT CHATHAM WILL BE ABLE TO FUND EXISTING AND FUTURE DEBT WITHOUT SIGNIFICANT INCREASES IN TAXES, PROVIDED IT CONTINUES TO EXERCISE THE STRICT DISCIPLINE IT HAS SHOWN IN CONTROLLING OPERATING COSTS.

THE TOWN IS FORTUNATE TO HAVE AN ABLE, HARDWORKING AND COMMITTED BOARD OF SELECTMEN, A HIGHLY COMPETENT TOWN MANAGER AND FINANCE DIRECTOR, AND A DEDICATED CAPABLE WORKFORCE.

WE ARE CONFIDENT THAT THE TOWN, WITH ITS ESTABLISHED RECORD OF SUCCESS, CONSERVATIVE FISCAL POLICIES, AND EFFECTIVE PROFESSIONAL MANAGEMENT, WILL CONTINUE TO DEAL WITH OUR CHALLENGES IN AN APPROPRIATE AND RESPONSIBLE MANNER.

THE TOWN HAS BEEN GENEROUS IN AFFORDING SUMMER RESIDENTS AN OPPORTUNITY TO CONTRIBUTE OUR VIEWS, AND WE ARE CONFIDENT THAT OUR INVESTMENT IN CHATHAM CONTINUES TO BE IN GOOD HANDS.