

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD PRESENTATION
AUGUST 3, 2010
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FOR THE LAST THREE YEARS AT THE SUMMER TOWN MEETING THE COMMITTEE HAS PRESENTED A “CHATHAM SCORECARD”, OUR ATTEMPT TO ASSESS JUST HOW WELL CHATHAM WAS DOING FROM A FINANCIAL POINT OF VIEW, PARTICULARLY IN COMPARISON WITH OTHER CAPE TOWNS.

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

THIS YEAR WE WILL BE UPDATING THE SCORECARD, AND THE NEWS CONTINUES TO BE GOOD. HOWEVER, THERE ARE SERIOUS BUDETARY CHALLENGES FACING THE TOWN IN THE YEARS AHEAD, AND WE WILL BE SHARING A FEW COMMENTS ON THESE ISSUES AS WELL.

OUR CHATHAM SCORECARD IS BASED ON INFORMATION PUBLISHED BY THE TOWN AND BY THE MASSACHUSSETTS DEPARTMENT OF REVENUE.

THERE ARE SEVERAL SETS OF DATA WHICH WE WILL BE PRESENTING COVERING THE LAST 10 YEARS - 2000-2009.

SLIDE 1 – FINANCIAL SUMMARY

FIRST, IS A SUMMARY OF CHATHAM'S FINANCIAL PERFORMANCE SINCE 2000.

AS YOU WILL NOTE, THE TOTAL ASSESSED VALUE OF THE TOWN HAS INCREASED 256 PERCENT FROM 2000 TO 2009, WHILE THE TAX RATE, THE AMOUNT WE PAY PER \$1000 OF ASSESSED VALUE HAS DROPPED 63 PERCENT. THE INCREASE IN VALUE REFLECTS NEW GROWTH AS WELL AS INCREASES IN THE VALUE OF EXISTING HOMES.

CHATHAM'S TAX RATE HAS INCREASED THIS LAST YEAR FROM THE \$3.74 PER THOUSAND OF ASSESSED VALUE SHOWN ON THE SLIDE FOR 2008, TO \$3.82 THIS YEAR. BUT EVERY OTHER TOWN ON THE CAPE ALSO INCREASED TAX RATES, WITH CHATHAM'S 2% INCREASE BEING THE LOWEST OF ANY OF THE 15 CAPE TOWNS WHERE RATES INCREASED AN AVERAGE OF 9%.

THE TOTAL REAL ESTATE TAXES COLLECTED BY THE TOWN HAS INCREASED 33 PERCENT IN THE LAST 9 YEARS. ABOUT 60% RESIDENTIAL REAL ESTATE TAXES ARE PAID BY NON-RESIDENTS, WHO CONSUME LESS SERVICES THAN RESIDENTS. SO IN A REAL SENSE, WE ARE THE ECONOMIC ENGINE WHICH SUPPORTS CHATHAM'S FISCAL HEALTH. AT THE SAME TIME, HOWEVER, THE SERVICES PROVIDED BY THE TOWN MAKE A MAJOR CONTRIBUTION TO THE MANY AMENITIES WE ENJOY AS SEASONAL RESIDENTS.

AS MANY OF YOU KNOW, A STATE LAW KNOWN AS "PROPOSITION 2 ½" WAS ENACTED IN 1980 AS A

METHOD OF CONTROLLING INCREASES IN LOCAL TAXES. IT LIMITS ANY INCREASE IN TOTAL TAXES TO 2 ½% ANNUALLY. THE FORMULA IS COMPLEX BUT TAKES INTO ACCOUNT GROWTH ATTRIBUTABLE TO NEW CONSTRUCTION, BUT NOT TO APPRECIATION OF EXISTING HOMES. SPENDING IN EXCESS OF THE LIMIT IS PERMITTED, BUT REQUIRES THE APPROVAL OF THE VOTERS.

BEAR IN MIND THAT ONCE AN OVERRIDE IS PASSED, IT IS BUILT INTO THE BASE FOR ALL SUCCEEDING YEARS. SO AN OVERRIDE FOR THE OPERATING BUDGET IS NOT JUST A ONE TIME EVENT. FOR ALL PRACTICAL PURPOSES, IT IS "FOREVER".

CHATHAM HAS NOT HAD AN OVERRIDE VOTE FOR ITS OPERATING BUDGET IN THE LAST FEW YEARS. MANY CAPE TOWNS HAVE SUBMITTED OVERRIDES TO VOTERS IN THIS PERIOD, WITH SOME PASSING AND OTHERS FAILING. THIS YEAR THE VOTERS OF THREE CAPE TOWNS PASSED OVERRIDES IN ORDER TO BALANCE THEIR OPERATING BUDGETS.

LAST YEAR THE SUMMER RESIDENTS ADVISORY COMMITTEE URGED THE TOWN TO KEEP WITHIN 2 1/2 LIMITS FOR THE 2010-2011 BUDGET, AND WE ARE PLEASED THAT THE TOWN WAS ABLE TO DO SO.

TOTAL REVENUE HAS INCREASED 32% SINCE 2000, AS THE TOWN HAS IMPLEMENTED ITS POLICY OF REQUIRING THAT THE USERS OF ITS SERVICES BEAR MORE OF THE COSTS INVOLVED, SUCH AS MOORING PERMITS, TRANSFER STATION PERMITS, BUILDING PERMITS AND THE LIKE. THE HOTEL TAX, AUTOMOBILE EXCISE TAX AND STATE REIMBURSEMENTS ALSO

CONTRIBUTE TO THE TOWN'S REVENUES, ALTHOUGH THE VOTERS AT THE MAY 2010 ANNUAL MEETING TURNED DOWN INCREASES IN BOTH THE HOTEL AND MEAL TAXES.

EXPENSES DURING THIS PERIOD HAVE INCREASED 49%. CHATHAM'S DEBT HAS INCREASED 16% SINCE 2000, AS DEBT SERVICE DROP OFF HAS BEEN OFFSET BY ADDITIONAL BORROWING FOR NEW PROJECTS SUCH AS THE COMMUNITY CENTER AND THE NEW POLICE FACILITY.

INTEREST HAS REMAINED CONSTANT AT \$1.9 MILLION AND BORROWING COSTS HAVE BEEN LOWERED. THE AMOUNT OF INTEREST WE PAY HAS DECREASED FROM 8% TO 6% OF OUR OPERATING BUDGET.

CHATHAM'S AAA DEBT RATING IS THE HIGHEST OF ANY CAPE TOWN OTHER THAN MUCH LARGER BARNSTABLE, AND REFLECTS CHATHAM'S CONTINUING COMMITMENT TO PRUDENT FISCAL MANAGEMENT.

CHATHAM'S LOW INTEREST COSTS EVIDENCE THE HIGH LEVEL OF CONFIDENCE WHICH FINANCIAL MARKETS HAVE IN OUR TOWN AND ITS MANAGEMENT. THE INCURRING OF DEBT IS A FUNDAMENTAL REQUIREMENT FOR THE MANAGEMENT OF OUR TOWN. IT HAS IN THE PAST AND WILL IN THE FUTURE, PROVIDE THE FUNDING SOURCES FOR THE MANY PROJECTS WHICH ARE ESSENTIAL FOR THE HEALTH AND NEEDS OF THE COMMUNITY. STRONG FINANCIAL HEALTH IS REQUIRED TO FUND THESE NEEDS, AND THANKS TO ITS RECORD OF SOUND AND CONSERVATIVE FISCAL MANAGEMENT, CHATHAM IS IN GOOD SHAPE AT THIS TIME.

SO HOW IS CHATHAM DOING COMPARED TO OTHER CAPE TOWNS?

SLIDE 2 – TAX RATES

THE NEXT SET OF DATA SHOWS CAPE COD TAX RATES. CHATHAM'S 2010 TAX RATE OF \$3.82 IS THE LOWEST OF THE 15 CAPE TOWNS. IN 2000 CHATHAM'S RATE WAS THE SIXTH LOWEST ON THE CAPE AND IN THE LAST TEN YEARS CHATHAM'S RATE HAS DROPPED 62%, THE LARGEST DECREASE OF ANY CAPE TOWN.

THE PRINCIPAL REASON FOR THE SIZE OF CHATHAM'S DECREASE HAS BEEN THE REMARKABLE APPRECIATION OF REAL ESTATE VALUES IN CHATHAM.

SLIDE 3 – RESIDENTIAL ASSESSMENTS

AS THE NEXT SET OF DATA SHOWS, CHATHAM'S TOTAL ASSESSED RESIDENTIAL VALUATION HAS GROWN 272 %, MORE THAN ANY OTHER CAPE TOWN, SO THE INCREASE IN VALUE HAS RESULTED IN LOWER TAX RATES. CHATHAM'S RELATIVE RISE IN VALUATION EVIDENCES THE MARKET'S VIEW OF THE WORTH OF CHATHAM REAL ESTATE. IT APPEARS THAT THE MARKET BELIEVES THAT WE HAVE CHOSEN WISELY, WHEN WE DECIDED TO INVEST IN CHATHAM.

SLIDE 4 – ASSESSED VALUE SINGLE FAMILY HOME

IN FACT, THE AVERAGE ASSESSED VALUE OF A SINGLE FAMILY HOME IN CHATHAM IS HIGHER THAN ANY OTHER CAPE TOWN. CAPE WIDE, THE AVERAGE

ASSESSED VALUE IS ABOUT \$517,000, WITH CHATHAM AT \$862,000.

SLIDE 5 – AVERAGE SINGLE FAMILY TAX BILL

SO HOW MUCH DO CHATHAM TAXPAYERS PAY COMPARED WITH OTHER CAPE TOWNS? WITH HIGH VALUES AND LOW RATES, CHATHAM COMES IN SLIGHTLY BELOW THE CAPE WIDE AVERAGE OF ABOUT \$3,444 FOR THE AVERAGE SINGLE FAMILY HOME. AS YOU WILL NOTE, THESE TAXES RANGE FROM A LOW OF \$2,232 FOR DENNIS TO A HIGH OF \$4,875 FOR PROVINCETOWN, WITH CHATHAM AT \$3,293.

CAPEWIDE, THE AVERAGE SINGLE FAMILY TAX BILL THIS YEAR INCREASED AN AVERAGE OF 4.7% OVER LAST YEAR, WITH CHATHAM'S .67% INCREASE LOWEST OF ANY OTHER CAPE TOWN EXCEPT DENNIS.

THERE APPEAR TO BE THREE MAJOR FACTORS CONTRIBUTING TO CHATHAM'S RECORD SINCE 2000.

FIRST, THE LARGE INCREASE IN VALUE OF CHATHAM REAL ESTATE.

SECOND, THE HIGH PERCENTAGE OF SUMMER RESIDENTS WHO PAY AN ESTIMATED 60% OF REAL ESTATE TAXES BUT CONSUME RELATIVELY FEW SERVICES.

THIRD, THE RELATIVELY SMALL SCHOOL POPULATION. EDUCATION EXPENSES IN CHATHAM ACCOUNT FOR 28% OF GENERAL FUND EXPENSES COMPARED WITH THE CAPEWIDE AVERAGE OF 41%.

SLIDE 6 – EXPENDIURES PER CAPITA

CHATHAM'S GENERAL FUND EXPENDITURES IN 2009 AVERAGED JUST UNDER \$5,000 PER FULL TIME RESIDENT, THE FOURTH HIGHEST OF ANY CAPE TOWN, AND OVER THE CAPE WIDE AVERAGE OF ABOUT \$3,868. THE CHATHAM NUMBER MAY BE SOMEWHAT SKEWED ON THE HIGH SIDE BECAUSE OF THE HIGH NUMBER OF SEASONAL RESIDENTS WHO ARE NOT COUNTED IN THE CALCULATION. NEVERTHELESS THESE NUMBERS SIGNAL THAT CHATHAM NEEDS TO CONSTRAIN SPENDING, SO THAT THE TOWN DOES NOT BECOME EVEN LESS AFFORDABLE THAN AT PRESENT.

THIS YEAR, THE COMMITTEE DECIDED TO HAVE A LOOK BACK FOR A LONGER PERIOD, TO COMPARE CHATHAM'S FINANCIAL PERFORMANCE TODAY WITH WHERE WE WERE 30 YEARS AGO IN 1980. THE NUMBERS ARE STARTLING.

SLIDE 7 THIRTY YEARS OF GROWTH 1980-2009

THE FIRST THING THAT JUMPS OFF THE PAGE IS THE GROWTH IN REAL ESTATE VALUES DURING THE LAST 30 YEARS - FROM \$273.8 MILLION IN 1980 TO NEARLY \$6.4 BILLION IN 2009, AN ASTOUNDING 2,224 % INCREASE.

ALTHOUGH THE TAX RATE HAS DECREASED 76% DURING THIS PERIOD, TOTAL REAL ESTATE TAXES HAVE INCREASED NEARLY 500%, THE AVERAGE TAX BILL 325%, AND GENERAL FUND EXPENSES 344%. DEBT HAS INCREASED NEARLY 1,600%.

AND ALL OF THIS HAS OCCURRED WHILE THE POPULATION HAS GROWN ONLY 10% IN 30 YEARS, AND THE CONSUMER PRICE INDEX ONLY 173%. SO THE GROWTH RATE IN EXPENSES HAS BEEN ALMOST EXACTLY DOUBLE THE GROWTH RATE IN THE CONSUMER PRICE INDEX IN THE SAME PERIOD, ON A POPULATION INCREASE OF ONLY 10%. TO BE SURE, CHATHAM PROVIDES MORE SERVICES THAN IT DID IN 1980, AND THIS RECORD IS NOT UNIQUE TO CHATHAM.

GOVERNMENT GROWTH HAS ACCELERATED DURING THE LAST 30 YEARS AT ALL LEVELS. AND CHATHAM, ALTHOUGH IT HAS DONE WELL RELATIVE TO OTHER CAPE TOWNS IN THE LAST DECADE, IS NO EXCEPTION.

AND IF GOVERNMENT EXPANDS IN THE NEXT 30 YEARS AT THE SAME RATE AS THE LAST 30, IT APPEARS THAT WE ARE HEADED FOR SERIOUS TROUBLE. DURING THE LAST 30 YEARS THE AVERAGE TAX BILL HAS INCREASED ABOUT 10% ANNUALLY. IMAGINE WHAT YOUR TAX BILL WILL LOOK LIKE IN 2040 IF THE GROWTH RATE OF THE LAST 30 YEARS CONTINUES FOR THE NEXT 30

FOR THESE REASONS THE COMMITTEE CONTINUES TO RECOMMEND THAT THE BOARD OF SELECTMEN AND THE TOWN MANAGER TAKE THOSE STEPS NECESSARY TO ASSURE THAT FUTURE BUDGETS AVOID THE NEED FOR PROPOSITION 2 ½ OVERRIDES.

THESE CIRCUMSTANCES MAKE IT PARTICULARLY IMPORTANT THAT STEPS BE TAKEN NOW WITH A SENSE OR URGENCY TO PRIORITIZE SERVICES, PROMOTE EFFICIENCIES, ELIMINATE REDUNDANCIES AND

SERIOUSLY CHALLENGE THE WAY CHATHAM DOES ITS BUSINESS.

IN THE NEAR FUTURE THE COMMITTEE WILL BE SUBMITTING ITS RECOMMENDATIONS AS TO HOW BUDGETARY CONSTRAINT MAY BE ACCOMPLISHED IN FY 12 AND THE YEARS AHEAD. THIS POSITION PAPER WILL BE AVAILABLE ON THE TOWN'S WEBSITE BY CLICKING ON THE SUMMMER RESIDENT LINK.

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

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

SUMMER RESIDENTS ADVISORY COMMITTEE CHATHAM SCORECARD

FINANCIAL SUMMARY 2000-2009

(General Fund)

	2000	2009	Change 2000-2009
Assessed Valuation (Billions)	\$ 1.8	\$ 6.4	256%
Tax Rate	\$ 10.08	\$ 3.74	-63%
Taxes (Millions)	\$ 17.7	\$ 23.6	33%
Total Revenue (Millions)	\$ 24.3	\$ 32.2	32%
Expenditures (Millions)	\$ 22.4	\$ 33.4	49%
Debt (Millions)	\$ 41.0	\$ 47.7	16%
Interest (Millions)	\$ 1.9	\$ 1.9	0%
Interest to Revenue	8%	6%	

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
CAPE COD TAX RATES 2000-2010**

	2000	2010	Change
Chatham	\$ 10.08	\$ 3.82	-62%
Eastham	\$ 11.71	\$ 5.51	-53%
Brewster	\$ 11.92	\$ 6.20	-48%
Mashpee	\$ 14.31	\$ 7.79	-46%
Falmouth	\$ 11.46	\$ 6.75	-41%
Bourne	\$ 12.80	\$ 7.54	-41%
Yarmouth	\$ 13.06	\$ 7.72	-41%
Harwich	\$ 11.70	\$ 7.03	-40%
Orleans	\$ 8.46	\$ 5.15	-39%
Dennis	\$ 8.64	\$ 5.27	-39%
Barnstable	\$ 12.80	\$ 7.77	-39%
Wellfleet	\$ 9.43	\$ 6.09	-35%
Provincetown	\$ 8.55	\$ 6.12	-28%
Truro	\$ 7.40	\$ 5.39	-27%
Sandwich	\$ 14.30	\$ 11.24	-21%

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
RESIDENTIAL ASSESSMENTS 2000-2009**

(Billions)	2000	2010	Increase 2000-2009
Chatham	\$ 1.6	\$ 6.0	272%
Eastham	\$ 0.8	\$ 2.8	248%
Mashpee	\$ 1.3	\$ 4.3	229%
Harwich	\$ 1.5	\$ 4.6	206%
Welfleet	\$ 0.7	\$ 2.1	197%
Brewster	\$ 1.2	\$ 3.5	195%
Orleans	\$ 1.2	\$ 3.5	191%
Bourne	\$ 1.4	\$ 4.1	192%
Truro	\$ 0.7	\$ 2.0	188%
Provincetown	\$ 0.7	\$ 2.0	183%
Falmouth	\$ 3.7	\$ 10.3	178%
Dennis	\$ 2.1	\$ 5.8	178%
Yarmouth	\$ 1.9	\$ 5.2	172%
Sandwich	\$ 1.5	\$ 3.5	132%
Barnstable	\$ 6.3	\$ 11.8	87%

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
ASSESSED VALUE SINGLE FAMILY HOME - 2010**

Yarmouth	\$	339,537
Sandwich	\$	376,765
Dennis	\$	423,534
Bourne	\$	446,624
Mashpee	\$	467,482
Harwich	\$	477,993
Eastham	\$	486,521
Falmouth	\$	492,809
Brewster	\$	500,612
Wellfleet	\$	567,314
Orleans	\$	751,795
Truro	\$	771,042
Provincetown	\$	796,630
Chatham	\$	861,926

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
AVERAGE SINGLE FAMILY TAX BILL - 2009**

Dennis	\$	2,232
Yarmouth	\$	2,621
Eastham	\$	2,681
Brewster	\$	3,104
Chatham	\$	3,293
Falmouth	\$	3,326
Harwich	\$	3,360
Bourne	\$	3,368
Wellfleet	\$	3,455
Mashpee	\$	3,642
Orleans	\$	3,872
Truro	\$	4,156
Sandwich	\$	4,235
Provincetown	\$	4,875

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
EXPENDITURES PER CAPITA 2009**

Yarmouth	\$	2,362
Bourne	\$	2,340
Barnstable	\$	2,654
Dennis	\$	3,047
Falmouth	\$	3,083
Sandwich	\$	3,144
Mashpee	\$	3,342
Brewster	\$	3,485
Eastham	\$	3,568
Harwich	\$	3,989
Orleans	\$	4,076
Chatham	\$	4,989
Wellfleet	\$	5,698
Provincetown	\$	5,750
Truro	\$	6,496

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD
THIRTY YEARS OF GROWTH 1980-2009**

	1980	2009	Change
Population	6,071	6,701	10%
Assessed Value Real Estate*	\$ 273,822	\$ 6,364,049	2224%
Real Estate Taxes*	\$ 4,045	\$ 24,191	498%
Tax Rate	\$ 15.80	\$ 3.74	-76%
Average Tax Bill	\$ 775	\$ 3,293	325%
General Fund Expenses*	\$ 7,535	\$ 33,428	344%
Debt*	\$ 2,815	\$ 47,721	1595%
CPI**	78.9	215.7	173%

* 000's omitted

** 1982-84 = 100