

**SUMMER RESIDENTS ADVISORY COMMITTEE
CHATHAM SCORECARD PRESENTATION
AUGUST 7, 2007
HUGH G. MOULTON**

BY ANY STANDARD, CHATHAM ENJOYS THE REPUTATION AS ONE OF THE PREMIER SUMMER COMMUNITIES ON CAPE COD. OUR UNIQUE LOCATION, THE MANY MILES OF SHORELINE, OUR PONDS AND BARRIER BEACHES, ALL CONTRIBUTE TO THE POPULARITY OF CHATHAM, AS DOES THE STYLE AND AMBIENCE OF OUR VILLAGE CENTERS. CHATHAM HAS MANAGED GROWTH PRESSURES AS WELL OR BETTER THAN MANY CAPE TOWNS, AND THE RESULTS ARE REFLECTED IN THE VALUE OF OUR REAL ESTATE.

NOT THE LEAST OF THE FACTORS INFLUENCING THE SUCCESS OF ANY COMMUNITY IS THE LEADERSHIP OF ITS ELECTED OFFICIALS AND THE QUALITY OF TOWN MANAGEMENT.

AS SUMMER RESIDENTS WE HAVE ALL MADE A SIGNIFICANT INVESTMENT IN CHATHAM, BOTH FINANCIAL AND PERSONAL, SO IT IS IMPORTANT FOR US TO HAVE A SENSE OF HOW WELL OUR INVESTMENT IS DOING. TOO OFTEN WE TEND TO FOCUS ON THE ISSUES OF THE MOMENT, AND DON'T HAVE AN OPPORTUNITY TO CONSIDER WHETHER FROM A 10,000 FOOT PERSPECTIVE JUST HOW WE ARE DOING.

THE SUMMER RESIDENTS ADVISORY COMMITTEE DECIDED THAT IT MIGHT BE HELPFUL TO DEVELOP A MEANS OF DETERMINING JUST HOW WELL CHATHAM IS DOING.

OUR CHATHAM SCORECARD IS BASED ON PUBLISHED DATA AND OUR GOAL IS TO KEEP IT OBJECTIVE AND SIMPLE. WHAT WE WILL BE SHARING THIS EVENING IS OUR FIRST ATTEMPT AND WE WILL BE UPDATING ANNUALLY IF THE INFORMATION IS THOUGHT TO BE USEFUL AND HELPFUL.

THERE ARE THREE SETS OF DATA WHICH WE WILL BE PRESENTING.

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

AS YOU WILL NOTE, THE TOTAL ASSESSED VALUE OF THE TOWN HAS INCREASED OVER 200 PERCENT FROM 2000 TO 2006, WHILE THE TAX RATE, THE AMOUNT WE PAY PER \$1000 OF ASSESSED VALUE HAS DROPPED 63 PERCENT.

THE TOTAL REAL ESTATE TAXES COLLECTED BY THE TOWN HAS INCREASED 19 PERCENT IN THE LAST 6 YEARS, WELL WITHIN THE PROPOSITION 2 ½ LIMIT.

REVENUES FROM OTHER SOURCES HAVE INCREASED 27%, 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. TOTAL REVENUES HAVE INCREASED 22%, PROVIDING FUNDING FOR OUR ANNUAL EXPENSES ON A BALANCED BUDGET BASIS. THE 2000 EXPENSES YOU SEE ON THE SLIDE INCLUDE SOME ONE TIME

REIMBURSEMENTS AND THEREFORE UNDERSTATE THE EXPENSES IN THAT YEAR

CHATHAM'S DEBT HAS GROWN 22% THE SAME AMOUNT AS THE INCREASE IN REVENUES, BUT OUR TOTAL DEBT, AS A PERCENT OF REVENUES HAS REMAINED ESSENTIALLY CONSTANT. INTEREST HAS DROPPED FROM \$1.9 MILLION TO \$1.4 MILLION AS IMPROVEMENTS IN THE TOWN'S DEBT RATINGS AND FAVORABLE FINANCIAL MARKETS HAVE LOWERED BORROWING COSTS. AND THE AMOUNT OF INTEREST WE PAY HAS DECREASED FROM 8% TO 5% OF OUR OPERATING BUDGET.

CHATHAM'S INTEREST COSTS EVIDENCE THE HIGH LEVEL OF CONFIDENCE WHICH FINANCIAL MARKETS HAVE IN OUR TOWN AND ITS MANAGEMENT. THE INCURRING OF DEBT IS AN 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 BE ABLE TO FUND THESE NEEDS, AND THANKS TO ITS SOUND AND CONSERVATIVE FISCAL MANAGEMENT, CHATHAM IS IN EXCELLENT SHAPE.

SO HOW IS CHATHAM DOING COMPARED TO OTHER CAPE TOWNS?

THE SECOND SET OF DATA SHOWS CAPE COD TAX RATES. CHATHAM'S 2007 TAX RATE OF \$3.49 IS THE LOWEST OF THE 15 CAPE TOWNS. IN FACT IT IS THE FOURTH LOWEST OF ALL OF THE 351 MUNICIPALITIES IN

THE STATE. IN 2000 CHATHAM'S RATE WAS THE SIXTH LOWEST OF THE CAPE TOWNS AND IN THE LAST SEVEN YEARS CHATHAM'S RATE HAS DROPPED 65%, THE MOST OF ANY CAPE TOWN.

THERE ARE A NUMBER OF REASONS FOR THE SIZE OF CHATHAM'S DECREASE. AS THE THIRD SET OF DATA SHOWS, CHATHAM'S TOTAL ASSESSED RESIDENTIAL VALUATION HAS GROWN 281 %, MORE THAN ANY OTHER CAPE TOWN, SO THE INCREASE IN VALUE HAS BEEN OFFSET BY THE LOWER RATES. THE VALUATION INCREASE, OF COURSE, INCLUDES THE VALUE OF NEW CONSTRUCTION AS WELL AS APPRECIATION IN THE VALUE OF EXISTING HOMES. BUT THIS AFFECTS ALL CAPE TOWNS AND SHOULD NOT IMPACT THE RESULTS IN ANY MEANINGFUL WAY. 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.

ANOTHER REASON FOR THE LOW TAX RATE IS THE SMALL SIZE OF OUR SCHOOL POPULATION. THIS IS BOTH A BENEFIT (IN LOWER TAXES), AND A PROBLEM AS WELL, INDICATING THAT INCREASINGLY, FAMILIES WITH SCHOOL AGE CHILDREN CAN'T AFFORD TO LIVE IN THE TOWN.

THE TOWN FACES MANY IMPORTANT CHALLENGES IN THE YEARS AHEAD INCLUDING WASTEWATER AND AFFORDABLE HOUSING. BUT THANKS TO ITS SOUND AND CONSERVATIVE MANAGEMENT, WE BELIEVE THAT THE TOWN IS WELL POSITIONED, INDEED BETTER

POSITIONED THAT MOST CAPE TOWNS, TO EFFECTIVELY RESPOND.

WE BELIEVE THAT THE SUMMER RESIDENTS HAVE GOOD REASON TO FEEL CONFIDENT ABOUT THE FUTURE OF THE TOWN AND THAT OUR INVESTMENT IS IN GOOD HANDS.

WE WOULD WELCOME ANY COMMENTS AND SUGGESTIONS CONCERNING THIS SCORECARD AND AS TO WHETHER WE SHOULD PLAN TO UPDATE IT ON AN ANNUAL BASIS.