

Tisbury Finance and Advisory Committee
6:30PM, Wednesday, October 19, 2022
Tisbury Senior Center

1

Present: Chair Nancy Gilfoy, Louise Clough, Jynell Kristal,
Mary Ellen Larsen, Rachel Orr, Allan Rogers,
Others: Recorder - Marni Lipke,
Town: Select Board – John Cahill, Treasurer – Jonathan Snyder,
* TFC members late arrivals or early departures.

Call Meeting to Order

• The Tisbury Finance and Advisory Committee (FinCom) was called to order at 6:34PM. (*Recorder's note: Discussions are summarized and grouped for clarity and brevity.*)

Approve Minutes From: 3/23/22, 4/6/22, 5/11/22, 6/1/22, 6/29/22 as Amended, 9/7/22 as Amended, 9/14/22

• MARY ELLEN LARSEN MOVED TO APPROVE THE FOLLOWING MINUTES:
- MARCH 23, 2022,
- APRIL 6, 2022,
- MAY 11, 2022,
- JUNE 1, 2022, JUNE 29, 2022 AS AMENDED,
- SEPTEMBER 7, 2022 AS AMENDED, SEPTEMBER 14, 2022;
LOUISE CLOUGH SECONDED; MOTION PASSED UNANIMOUSLY: 6 AYES, 0 NAYS, ABSTENTIONS AS ABSENT.

Fiscal Year 2024 (FY24) Budget Recommendation Letter

(See documents on file.)

The FinCom discussed replacing “level-funding” with other language, as the same request letter had been sent for more than 13 years. Some pointed out the current language was sufficient since it asked for rather than required level funding and left room for justification of increases.

• Annual contractual raises made level funding hard to achieve without discretionary spending cuts. Managerial contract or collective bargaining determined most salaries. Discretionary spending was maintenance, equipment and supplies. The letter could ask budgets be limited to contractual and inflation increases.

• The FinCom would rather encourage ongoing maintenance, which was often cut in the attempt level fund, resulting in more costly capital expenses down the road—better to spend a little now to avoid a lot later.

• The labor shortage and inability to fill positions was another issue. The Facilities Manager position was still vacant (see 2/9/22 Minutes p.2). There was an objection to Department of Public Works (DPW) foreman expansion.

Tisbury Finance & Advisory Committee
October 19, 2022

2

- The FinCom was dismayed to hear Tracey Jones was resigning as Ambulance Director. (She would continue as an Emergency Medical Technician (EMT).)
- Reduced cleaning was causing disruption. The Library had to refuse facility use during Halloween for lack of cleaning follow up.
- Dept. Heads should be trusted to craft their budgets responsibly.
- Finance Director Jon Snyder warned that 8.5% inflation would make it very difficult to avoid an override.
- IT WAS THE CONSENSUS OF THE TISBURY FINCOM TO CHANGE THE ANNUAL BUDGET LETTER LANGUAGE AS FOLLOWS:
 - FROM “LEVEL FUND” TO “THE TOWN REMAINS NEAR ITS LEVY LIMIT AND DEPARTMENTS ARE ASKED TO BE MINDFUL OF THEIR INCREASES”;
 - TO INCLUDE THE DEADLINE SCHEDULE, AND
 - TO SEND IT TO TOWN AND REGIONAL COMMITTEES, BOARDS AND ORGANIZATIONS.

Orientation to Municipal Finance – Jonathan Snyder, Finance Director

(See documents on file & 9/29/21 Minutes p.2-4.)

- Ultimately all spending authorization came from the voters at Annual or Special Town meetings (ATM/STM) and the ballot.
- The Tisbury Select Board (TSB) managed day-to-day spending depending on voter direction, with the exception of few independent boards: the Water Board, Library Board of Trustees, and the Wastewater Board (which was currently comprised of the TSB members).
 - The TSB coordinated and balanced priorities and had authority over the ATM/STM Warrants, except for citizen petitioned articles.
- The Finance and Advisory Committee advised voters on everything that came to a vote, emphasizing that “Advisory” meant it was not restricted to financial matters. There was a lot of community respect for its members for doing their homework, digging into Department budgets and asking probing questions.
 - The FinCom oversaw the budget. In cases of TSB and FinCom disagreement, the Town Moderator read the FinCom budget recommendation at ATM/STM.
 - The FinCom had authority over the \$100,000 Reserve Fund to rectify department line item unexpected overruns. These could also be rectified at the end of each fiscal year when a the FinCom and TSB authorized transfers between departments (see 5/11/22 Minutes p.2).
- The Finance Director spoke for the Finance Department which payed all bills and collected all taxes. The Director also:
 - oversaw accounting and record keeping process and staff;
 - oversaw and settled conflicts for assessors (3 non-staff individuals);
 - managed and oversaw trust funds, and borrowing—which was very involved.
- The Department used some components of Munis, a very powerful software.

Tisbury Finance & Advisory Committee
October 19, 2022

3

- The budget cycle followed a series of regulated deadlines driven by the STM/ATM date (see below: Meetings/Events) but was also dependent on the Cost of Living Adjustment (COLA) set by the Personnel Board. Yearly rather than monthly COLAs were used to smooth out inflation—this year at 6.9%.
 - Departments were asked to submit worksheets with the next year's finances and a 10 year projection of capital needs, an exercise that allowed them to consider and plan for their departments.
 - The Town Accountant tracked all department budgets and then flowed them together and submitted them to the FinCom, Town Administrator and TSB.
 - The FinCom met almost weekly from January through March examining department budgets, some being small and simple, while others like the Police were complex and lengthy.
- In Tisbury the big annual ATM was all money related articles—submission deadline (in full or placeholders) in late December. Annual STM articles were non-financial and had a later submission deadline.
- The tax rate was determined by dividing the total expenditure that needed to be raised by the property valuation. The TSB then decided the Tisbury commercial rate (affecting a small number of properties) and the residential exemption which had been 18% for 18 years.
 - Tax bills were issued in late December. Fall bills, i.e. the first 2 quarters, were based on prior year bills divided by 4. Spring bills, the last 2 quarters and called actual bills, were based on the true numbers for the current fiscal year.
 - Property assessment was variable. If all properties assessed value went up 10% the tax rate would remain stable for everyone. But if the increase differed from property to property, an owners tax bill could rise at a different rate. Assessed values were based on the estimated market rate of a property as of January 1st of each year, commensurate with sales of properties in the same neighborhood—if there were no property sales for many years, the value became hard to determine.
 - The residential exemption did not change the amount of taxes the Town had to raise, but shifted the burden from those in residence 6 months and 1 day, to those having more “seasonal” residence.
- The Town also had 2 enterprise funds: Water and Sewer. These were designed to mimic businesses and were required to be self sufficient. Use was metered; budgets set the amount needed for the year; and rates were set accordingly.
 - The Wastewater system was intentionally built too small and consequently had one of the highest rates in the State. The Town subsidized some capital costs as benefitting the entire town.
- Stabilization funds smoothed out capital spending. For example the Town voted \$50,000 each year into the Fire Stabilization Fund so that when a new \$0.5 - 1.5 million firetruck was needed it would not spike the tax rate.

Tisbury Finance & Advisory Committee
October 19, 2022

4

- Funds could be voted into a stabilization fund by a simple STM/ATM majority but could only be withdrawn by a 2/3 STM/ATM vote. This tied Stabilization spending to the STM/ATM timeframe.
- Tisbury had a number of stabilization funds for designated purposes: Fire, Ambulance, Building, Dredging, etc. The General Stabilization Fund acted as a reserve for large unforeseen expenses, e.g. when the School was temporarily closed for lead and asbestos remediation.
- There was a discussion on the Building Stabilization Fund which had a broad but unclear mandate (see Minutes: 12/5/18 p.3, & 3/6/19 p.5, & 2/26/20 p.4&10, & 3/4/20 p.4). Proposals to commit percentages of the short-term rental tax or marijuana tax revenues to the Fund were never finalized.
- Free Cash was neither free nor cash but the colloquial term for budget residuals that were appropriated but not spent. These could be unexpected revenues, grants, unfilled positions, capital projects voted but not spent, etc. It felt 'free' because the money was already appropriated. Tisbury almost always had some free cash which it used for many capital purchases (vehicles, equipment, etc.), and to lower the tax rate. Jon Snyder was working to eliminate tax rate reduction use because Free Cash was unpredictable.
- The Massachusetts Department of Revenue (DOR) certified Free Cash around the end of December—the Town Accountant estimate was much earlier.
- Funds voted for capital spending Articles were in separate accounts and not rolled into Free Cash. Owen Park renovation funds were awaiting State permits
- Proposition 2 ½ legislation mandated that the tax levy (not the budget) could not increase more than 2.5% without ATM and ballot majority approval of an override. Once a general override was voted it raised the levy limit forever.
- Taxpayers could vote to exclude debt or capital items, which would fall off the tax bill at completion of the debt and/or purchase.
- Other Post Employee Benefits (OPEB) was a liability for the Town's 75% share of retiree health insurance costs. It was federally required to be shown (but not yet funded) on all municipal books. The Town paid each year's OPEB expense but expected a State or federal mandate to fund the liability by a certain date.
- The State required the pension liability be fully funded by 2040 but Tisbury would be finished by 2034 (if stock markets didn't collapse)—after which the \$1,500,000 yearly pension contribution would be switched to paying the OPEB liability. As OPEB funding grew investment returns increased and the rate was discounted. OPEB funding very slightly affected a Town's bond rating.
- The current OPEB liability was projected to be \$41,000,000 but this shifted according to a number of variables, market investment rates, health insurance inflation, death rates, employee insurance choices, etc.

Tisbury Finance & Advisory Committee
October 19, 2022

5

- Tisbury was part of the Cape Cod Municipal Health Group (CCMHG) which self insured at a lower rate than the national 7.5% health cost inflation. The Town also eliminated its most expensive insurance plan for a cheaper plan that delivered equal benefits.
- The Dukes County OPEB Trust included 15 members such as: Dukes County, MVRHSD, 6 Island Towns, Martha's Vineyard Landbank, Martha's Vineyard Commission (MVC), Vineyard Transit Authority (VTA), etc. Some entities, often with smaller staff/liability, were completely funded and others were fairly low funded—as was Tisbury due to levy limit constraints. The MVRHSD and West Tisbury had made substantial and ongoing contributions to be at least 20-50% funded. Tisbury had ~ \$2,500,000 in the Trust.
- Proportionally residential and commercial real estate taxes comprised 90% of the Town's revenue, with personal property and boat/car excise revenues adding another 3-4%.
- Town operating expenses were mostly about people. Salary spending was 37% and benefits 26%. There were 8 managerial and 47 union positions as well as School-based town staff expenses set by Martha's Vineyard Public Schools (MVPS) union negotiations. Debt and interest came to 11.5%. Discretionary spending, (supplies, maintenance etc.) was only ~ 26% of total expenditure.
- In terms of organization, the highest cost was education—both the Tisbury School and the MVRHS. Insurance, debt/interest, police and DPW were the next largest portions. All other departments and regional assessments comprised less than 25% of spending.
- Borrowing was a means to spread large capital costs. The School Project funding was the first long-term bonds Tisbury had issued in many years. Generally Tisbury paid off its short-term borrowing before having to long-term bond. The School was expected to last 50 yrs so the 30-year bond would be spread over its users lifetimes. The Emergency Services Building (EMS) construction was a 10-year bond, which would be paid off in ~ 2 years. Tisbury had a AA+ bond rating which was as good as such a small town could expect.
- A Bond Anticipation Note (BAN) was a shorter term, cheaper form of borrowing that preceded a bond. A \$5,000,000 BAN at \$10,000 was cheaper than a \$35-40 million bond at \$35-40,000.
- Interest rates were still relatively low and Jon Snyder was hoping for a municipal rate of ~ 4% for the additional School bond, hopefully issued in November 2022. (A year ago interest was at 2.5%.)
- The current global situation and spiking inflation made financial forecasting increasing impossible.
- MVRHS renovation project “guesstimates” could total \$150-200,000,000 and by regional agreement the Tisbury share would be substantial.

Tisbury Finance & Advisory Committee
October 19, 2022

6

- Grants were the purview of the Town Administrator Jay Grande. The FinCom raised the issue of missed opportunities, including semi-annual Green Community, Federal infrastructure funding, American Rescue Plan Act (ARPA), etc. It was suggested the Town contract with a grant consultant to facilitate applications and administer grants. These consultants were usually compensated by the grant funding they raised and the Town could get an idea of the scope of revenues and work involved.
- The FinCom thanked Jon Snyder for his always informative presentation.

Committee Reports

(See documents on file.)

- The Climate Committee would give a presentation on environmental grant options. They had met with Jay Grande, DPW Director Kirk Metell and Building Inspector Ross Seavey on what were realistic asks.
- The Embarkation Committee would meet next month. Annual revenue was ~ \$262,000. Funding requests usually equaled or slightly exceeded revenue.
 - FinCom members met with Oak Bluffs and Steamship Authority (SSA) representatives on embarkation legislation amendment (see 10/13/22 Minutes). Doubling the fee from 50¢ to \$1 was an acceptable, straightforward amendment. SSA Counsel advised against raising more substantive amendments since it would endanger excursion rates. There would be a small meeting with State Senator Julian Cyr and Representative Dylan Fernandes.
- The TSB requested a joint preliminary budget meeting with the FinCom (see below: Meetings/Events). The Budget calendar would be sent out shortly.
 - The FinCom noted the MVC letter warning of increased legal costs and requested an early budget interview (see below: Actions). Tisbury's own legal expenses remained steady despite an unusual number of assessing appeals. These were inexpensive and the Town mostly prevailed.
- The Community Preservation Committee (CPC) was considering eligibility applications. There was a substantive amount of funds from current revenues as well as residuals from previous projects. They were discussing increased funding for the School Project playground.
- The Planning Board was working on the usual permit applications. The Master Plan was an important exercise and everyone was strongly encouraged to participate. An All Island Planning Committee was planned to discuss universal zoning bylaws around affordable housing.
- Martha's Vineyard Regional High School Committee (MVRHSC) meetings were long and painful. Principal Sarah Dingley requested extensive programs and services for the students, which carried substantial costs. The MVRHSC Chair was advocating strongly on the Massachusetts School Building Authority (MSBA) and the regional agreement on the coming construction project. Mary Ellen Larsen, the Tisbury representative to the previous Building Committee did not wish to be reappointed to the new Building Committee.

Tisbury Finance & Advisory Committee
October 19, 2022

7

- MVRHS Transportation Committee, was looking to purchase 6 electric buses as replacements, depending on grant funding. The fleet served all the MVPS. The VTA electric buses were less expensive and had simpler chargers.
- The Housing Bank would meet with Senator Cyr and Rep. Fernandes to review timeframes and amendments for the complex legislation as well as other housing bank bills that failed. Currently, work on the many possible amendments was fairly clerical—some would require re-submission to Island Select Boards. Committee members could disagree but were congenial and listened.
- Jon Snyder expressed his appreciation for FinCom members' dedication in committing time to attending other committees, an incredibly valuable resource that helped the FinCom and Town better perform their work.

Future Meetings (See below: Meetings/Events.)

Items Not Reasonably Anticipated by the Chair

Adjournment

• *RACHEL ORR MOVED TO ADJOURN AT 8:22PM; ALLAN ROGERS SECONDED; MOTION PASSED UNANIMOUSLY: 6 AYES, 0 NAYS, 0 ABSTENTIONS.*

Appendix A: Meetings/Events

- **TFC/TSB - 6:30PM, Wednesday, December 7, 2022 – by Zoom**
- **TFC/Climate Com. - TBD**
- STM/ATM –Tuesday, April 25, 2023 – MVRHS PAC

Appendix B: Actions

All – Please remember not to hit “Reply All”.

Nancy – schedule early MVC interview.

FinCom/Nancy – suggest grant writer consultant.

Next/Future Agendas

- Approve Minutes from: 10/18/22
- New School Maintenance Budget

Notes for Next Budget Season

- contact Town Clerk re: resuming Article List updates;
- vote items/dept. budgets next meeting after they are presented/discussed;
- redraft FinCom letter to include deadlines and send to Committees/Boards;
- include Building Dept. fee revenues (offsetting expenses) in budget interview;
- ask departments to project all needs 5 years out i.e. like a capital plan but on other factors—staffing, program changes, etc.
- possible early votes:
 - standard articles,
 - smaller/level funded department budgets,
 - CPC & Embarkation.

continued >

**Tisbury Finance & Advisory Committee
October 19, 2022**

8

Appendix B: Actions (Cont.)

\$100,000 FY23 Reserve Fund spending tally – Balance: \$100,000

Appendix C: Documents on File:

- Agenda 10/19/22
- Gilfoy memo re: FY2024 town department budgets 10/19/22
- FinCom Orientation October 19, 2022 (4 p.)
- Turner/MVC letter re: litigation costs (2 p.) 10/12/22
- Gilfoy/Loberg emails re: Climate Action Plan 9/25/22
- Gilfoy/Upton emails re: Upcoming Master Plan (3 p.) 10/7/22
- FY2024 Budget/2023 ATM/STM/Election Calendar
- Gilfoy/Grande emails re: ATFC Annual Meeting Nov 5 (3 p.) 10/6/22
- Gilfoy email re: Register Today: ATFC Annual Meeting, November 5, 2022
(3 p.)

Nancy Gilfoy – Chair

Date

Minutes approved 1/25/23