

**Tisbury Finance and Advisory Committee**  
**6:30PM, Wednesday, October 4, 2023**  
**Emergency Services Facility**

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**Present:** Chair Nancy Gilfoy, Louise Clough, Ruth Konigsberg, Rachel Orr, Allan Rogers,

**Town:** Treasurer – Jonathan Snyder, Accountant – Suzanne Kennedy, Fire/Ambulance – Greg Leland

\* TFC members late arrivals or early departures.

**Call Meeting to Order**

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

**Reserve Fund Transfer Request**

(See documents on file.)

**Greg Leland, Fire Chief**

The Stryker LifePaks were a requirement of ambulance service. An application for Embarkation funding was turned down and a follow-up article was lost in the transition. Fire Chief and Ambulance Coordinator Greg Leland had now inventoried all fire and ambulance equipment.

• ALLAN ROGERS MOVED APPROVE THE REQUEST TO TRANSFER UP TO \$43,000 FROM THE RESERVE FUND TO COVER AMBULANCE STRYKER LIFEPAK MONITOR/DEFIBRILLATORS; LOUISE CLOUGH SECONDED; MOTION PASSED UNANIMOUSLY: 5 AYES, 0 NAYS, 0 ABSTENTIONS

**Orientation to Municipal Finance and Levy Limit Calculation**

**Suzanne Kennedy, Town Accountant**

(See documents on file from 9/20/23 & below: Actions.)

Town Accountant Suzanne Kennedy explained the complex process and formula for calculating the Levy Limit, recommending the Department of Revenue (DOR) manual as a good reference. The FinCom discussed a number of financial factors.

• The Fiscal Year 2023 (FY23) \$750,000 override relieved Town budget pressure for FY24 and FY25.

• With the advent of the large School debt, Ms. Kennedy struggled with the intricacies of proper accounting of debt offset and tax levy impact. For example excess borrowing had to be used to reduce debt. Similarly premiums had to be spent to reduce debt interest—premiums were one-time lending company incentives to attract customers while maintaining a higher borrowing rate to attract institutional debt buyers). Both Suzanne Kennedy and Finance Director Jon Snyder consulted the auditors and Massachusetts Department of Revenues (DOR) frequently.

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- The FinCom was concerned about unusually high Free Cash in recent years.
  - Revenues had been under-estimated. The DOR required local receipts (excise, short-term rental, meals/lodging, etc.) be projected based on historical evidence, consequently short-term rental and marijuana taxes were under-projected until 3-5 years of data was available. Additionally, State revenue data was often unavailable until the following fiscal year.
  - However, most Free Cash came from unspent Department budgets. For example the Department of Public Works (DPW) consistently turned back funds from unfilled positions, as did the Police Dept. which was budgeted for 17 officers but only hired 15—resulting in steadily rising overtime (OT) costs. The FinCom asked for Department turn-back data in order to better inform their budget analysis (see below: Actions-Budget).
  - After 5 years unspent warrant article residuals were released into Free Cash with Department Heads' approval. Long-term capital projects (docks, dredging, etc.) accumulating funds by a series of yearly articles were excepted.
  - Suzanne Kennedy considered the Town practice of taxing for the operating budget and using Free Cash for capital projects to be a good system.
- Tisbury School expected to start September 2024 in it's new building—so its FY25 maintenance budget would increase exponentially, including hiring a facilities manager conversant with the new systems, technologies and warranties—Ms. Kennedy did not favor a shared or regional facilities manager. The renovated School would also significantly impact insurance lines. (She was impressed with the Project's Professional Team: Architect, Owners Project Manager (OPM), Contractor, etc.)

**Jonathan Snyder, Finance Director**

(See documents on file from 9/20/23.)

- Spending flowed from voters either directly from Annual Town Meeting (ATM) or indirectly through elected officials. The Tisbury Select Board (TSB) oversaw most Town Departments, with some exceptions such as Water and Wastewater enterprise funds, Planning Board, and Library Trustees. The FinCom budget included a \$100,000 Reserve Fund for unforeseen/emergency expenditures authorized by the FinCom and TSB and replenished by Town Meeting vote.
- Town Budget - The operating budget was now about \$34,000,000. Although State taxes and local receipts contributed smaller portions, the largest revenue source was from real estate/personal property tax which was very stable. This past year average property assessment increased an astonishing 35%, but taxes remained stable since as the value increased the rate decreased.
  - Spending was 70% personnel costs—FY25 proportions were 48% salary and 22% benefits.
  - Education (Tisbury School, and Martha's Vineyard Regional High School (MVRHS) was about 40% of the total budget;
  - while Debt portion was currently 18%.

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- Since the Cost of Living Adjustment (COLA) drove the budget, estimates could begin in about 2 weeks, once the Personnel Board set the COLA based on the October 10<sup>th</sup> Consumer Price Index (CPI).
- In recent years all Town building maintenance was consolidated into the DPW budget but there was a rumor that it would revert to being separated into each Department's budget—a move likely to cause confusion.
- Special Town Meeting (STM) addressed non-monetary articles, and the ATM monetary articles. There would be a new Town Moderator this year.
- Water and Wastewater (WW) Department budgets were enterprise funds (see 2/22/23 Minutes p.2) operating almost as independent entities. The Town allocated indirect costs such as insurance.
- Money was easily voted into stabilization funds by ATM or with Fire, Ambulance and DPW by the TSB however spending from stabilization required a 2/3 majority ATM or STM vote. Tisbury had 7 stabilization funds:
  - General for “rainy day” events,
  - Building and Infrastructure—almost as large as the General,
  - Fire, and Ambulance – for trucks, ambulances, equipment, etc.
  - Town Hall Windows – from previous work,
  - DPW, and Dredging.
- Unreserved Fund Balance commonly called Free Cash (see above) was residuals from already levied taxes. It was unpredictable and therefore should not be relied on as a necessary funding source.
- Proposition 2 ½ restricted the levy limit to not more than a 2.5% plus new growth increase, although budget increases averaged 3-5% per year. Capital items and debt could be excluded from the restriction by ballot vote.
- The Town committed to paying retiree Pensions, and 75% of their health insurances called Other Post Employment Benefits (OPEB). 25 years ago the Federal Government mandated municipalities fund their pension obligations so Tisbury paid ~ \$1,4-500,000 per year into the Dukes County Retirement Fund—expecting to be fully funded by 2032-33. At that point the \$1,4-500,000 would be shifted to pay down the approximately \$40,000,000 OPEB liability. Currently Tisbury committed \$150,000 per year to OPEB to demonstrate sound fiscal planning to bond rating companies.
- Debt was a way of spreading capital costs across the life of the building, e.g. a 10 year bond for the Emergency Services Facility (ESF), a 30 year bond for the School. Due to some ancillary issues (e.g. no water water supply/hydrants in western half of Town) Tisbury had an AA+ rating which was considered fairly good for a small town. Upcoming large capital projects included:
  - Beach Road seawall – Town Administrator looking for Federal/State funding;
  - MVRHS renovation – (see 8/10/23 Minutes p.2),

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- WW plant/sewer extension, waiting on Comprehensive WW Management Plan (CWMP) including funding innovative alternative (IA) septic systems to relieve nitrogen-loading in 2 estuaries, Lagoon and Tashmoo;
- new/consolidated Town Hall (see 8/10/23 Minutes).

The Katherine Cornell Theatre (KCT) current Town Hall built in 1844 was insufficient to 21<sup>st</sup> Century technology and staffing needs, consequently Town offices were scattered in several locations. The New Town Hall Task Force was studying proposals such as: the Educomp building, or a new building at 55 West Williams St. or the Mini-Golf property.

- (A KCT air quality test found mold in the Town Administrator's office which was now sealed off. The rest of the building would be deep cleaned.)

- For 2 weeks Finance staff had been wrestling with the required Munis software upgrade (see 5/17/23 Minutes p.2), and consequently requested the audit be postponed from October to January, delaying FY25 department budgets till the end of January 2024. TSB concerns about lack of time to review budgets were noted (see below: Meetings/Events).

- In the next 2 weeks Jon Snyder would ask departments to submit their 10-year capital expense projections for long-term planning. The spreadsheet would be available to the TSB and FinCom in late October/early November.

**Special Event Fees Letter**

(See Minutes: 6/21/23 p.2, 9/6/23 p.1-3, & documents on file.)

- *ALLEN ROGERS MOVED TO APPROVE THE SPECIAL EVENT FEES LETTER; LOUISE CLOUGH SECONDED; MOTION PASSED UNANIMOUSLY: 5 AYES, 0 NAYS, 0 ABSTENTIONS.*

The letter would be sent to the TSB with copies to: Town Administrator Jay Grande, Finance Director Jon Snyder, Open Space Committee Chair Cheryl Dobel, DPW Director Kirk Metell, and Police Chief Chris Habekost and the issue put on the TSB agenda. The FinCom thanked Rachel Orr for all her work.

- After a partial July payment, Innovative Arts was contesting the \$100,000 reimbursement for Town employees. There was concern over the remaining liability since all employees had been paid private-detail/OT over and above their standard salaries.

**Cost of Living Adjustment (COLA) Recommendation**

The FinCom was divided on whether to recommend averaging the COLA (See 9/27/23 Minutes p.1-2.). Since the COLA was solely inflation based, concern over last year's unprecedented increase focused on the triennial classification/compensation adjustment and the automatic 3% step as merit evaluation components—private sector, social security and union practices were cited.

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• LOUISE CLOUGH MOVED TO RECOMMEND THE PERSONNEL BOARD TAKE TIME TO EVALUATE THE 3-5 YEAR AVERAGING OF THE CONSUMER PRICE INDEX FOR THE COST OF LIVING ADJUSTMENT (COLA) IN RELATION TO THE POLICIES FOR STEPS/LONGEVITY AND RECLASSIFICATION/COMPENSATION CORRECTIONS; ALLAN ROGERS SECONDED; MOTION PASSED UNANIMOUSLY: 5 AYES, 0 NAYS, 0 ABSTENTIONS.

**Committee Reports**

• Members were sad and disappointed to hear John Oliver resigned because of family obligations. They valued his useful input and perspective as a younger member and school parent.

**Future Meetings** (See below: Meeting/Events & Actions.)

- The Master Plan Committee had not yet confirmed the November 8<sup>th</sup> meeting.
- The Association of Town Finance Committees' Annual Meeting would include a session on capital planning, <https://www.mma.org/event/association-of-town-finance-committees-annual-meeting-2/>.
- A possible October meeting might cover the annual budget letter and a Reserve Fund request for Police Dept. temporary generator rent (see 9/20/23 Notes p.1). A new generator funded by 2024 ATM warrant article faced a 10 month supply chain backlog. Issues were:
  - total rental cost equal to 3-4 times the purchase cost;
  - possible communication centralization at the ESF;
  - inappropriate location of Police Dept. given flooding, parking lot space, etc.

**Items Not Reasonably Anticipated by the Chair** – None

**Adjournment**

• ALLAN ROGERS MOVED TO ADJOURN; LOUISE CLOUGH SECONDED; MOTION PASSED UNANIMOUSLY: 5 AYES, 0 NAYS, 0 ABSTENTIONS.

**Appendix A: Meetings/Events**

- Assoc. of Town FinComs. – 9:00AM – 2:15PM, Saturday, Nov. 4, 2023 Sharon
- TFC/Planning/Master Plan – TBD 6:30PM, Wednesday, November 8, 2023
- Special/Annual Town Meeting – 7:00PM, Tuesday, May 28, 2023 – PAC

**Appendix B: Actions**

Nancy/Suzanne – email Free Cash list, 5 yr. history of local & State receipts.

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

**Future Agendas**

Minutes: 9/6/23, 9/20/23 Notes, 9/27/23 amended for spelling, 10/4/23

**continued>**

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**Appendix B: Actions (cont.)**

Budget Season Notes

- No new positions in FY25
- FY25 salaries/budgets will be higher due to classification raises.
- Request data on how much each Department turned back in FY23.
- include budget deadline ultimatum in FinCom letter,
- department budget drafts posted on Town Website (password protected)? or
- attach budget/narrative modules to agendas.
- request/demand foundational information, levy, free cash estimates, etc.
- contact Planning Bd. re: zoning bylaw revision.
- 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.

\$100,000 FY24 Reserve Fund spending tally – Balance: \$57,000

- 10/4/23 – Ambulance - \$43,000 – monitor/defibrillators

**Appendix C: Documents on File**

- See 9/20/23 Appendix C: Documents on File p.2-3
- Agenda & cover email 10/4/23
- Gilfoy email re: Finance and Advisory Committee Recommendations 10/6/23
- Gilfoy cover email re: Reserve Fund Transfer Request background and copy of the request 9/29/23
- Request for Transfer from the Reserve Fund 9/26/23
- Stryker LP 15 Tisbury Amb invoice (3 p.) 8/24/23
- Stryker, Lifepak 15 V4+, monitor/defibrillator (2 p.)
- Draft Tisbury Finance and Advisory Committee re: Beach Road Weekend and Special Event Costs (3 p.)

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Nancy Gilfoy – Chair

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Date

Minutes approved 12/6/23