

**Tisbury Finance and Advisory Committee,  
6:30PM, Wednesday, September 29, 2021  
by Zoom Cloud Conference due to Covid-19 Restrictions**

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**Present:** Chair Nancy Gilfoy, Louise Clough, Jynell Kristal,  
Mary Ellen Larsen, Rachel Orr, Allan Rogers, Lesley Segal,  
Dan Seidman\*,

**Town:** Treasurer – Jonathan Snyder, Planning Bd. - Ben Robinson,

**Others:** Recorder – Marni Lipke,

\* TFC members late arrivals or early departures.

**Call Meeting to Order**

- The Tisbury Finance and Advisory Committee (FinCom) was called to order at 6:33PM.
- (*Recorder's note: Discussions are summarized and grouped for clarity and brevity.*)

**Reserve Guidance Letter to Departments** (See below: Actions & documents on file.)

- The FinCom liked the letter, especially the reminder about article deadlines. A number of edits were suggested and the following issues discussed.
- Hard copies of articles were required by the Town Clerk to prove date/time receipt.
- There was a general interest in softening the language to be less adversarial, and in explaining the rationale for the continuing request for level funding.
- The FinCom considered the effects of many years of level funding and the possibility for strategic rather than reactionary budgeting—for example the unexpected Fiscal Year 2022 (FY22) budget increases in the Harbor, Planning and Ambulance Departments. There was disagreement over whether departments were able to project longer term budget needs and the FinCom considered collaborating with the Town Administrator and the Tisbury Select Board (TSB).
- Because the Town was so close to the levy limit, the Departments competed over narrow resources.
- Salaries and benefits rose annually. This year Management and Professional (M & P) Cost of Living Adjustment (COLA) would be released October 22<sup>nd</sup> and the general union contract would expire July 1, 2022. Consequently, the debate was about discretionary spending which was only about 25% of the total budget.
- Due to Town Hall labor shortages, Town Accountant Suzanne Kennedy was doing two jobs. (The Town Administrator's Department Head meetings had recently been suspended.)
- Towards the end of the meeting:

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• *ALLAN ROGERS MOVED TO INCORPORATE THE SUGGESTED EDITS AND TO SEND THE GUIDANCE LETTER TO THE DEPARTMENT HEADS: MARY ELLEN LARSEN SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, 0 ABSTENTIONS: ALLAN ROGERS—AYE, LESLEY SEGAL—AYE, RACHEL ORR—AYE, MARY ELLEN LARSEN—AYE, JYNELL KRISTAL—AYE, DAN SEIDMAN—AYE, LOUISE CLOUGH, NANCY GILFOY—AYE.*

**Overview of Municipal Finance – Jon Snyder, Finance Director**

(See documents on file.)

Town financial responsibility was outlined.

- Town Meeting voters had the ultimate responsibility along with ballot box voters for such things as bonding.
- The TSB was tasked with day-to-day policy implementation and management of departments—with the exception of those answering to an elected Board: Water, Planning, Zoning, Library, etc.
- With the exception of the required inclusion of citizen-petitioned articles, the TSB controlled Special and Annual Town Meeting (STM/ATM) warrants.
- The FinCom helped craft Department budgets and advised voters on any or all warrant articles. It also controlled the Reserve Fund in covering un-budgeted unexpected expenses.
- The Financial Director/Treasurer/Tax Collector collected taxes, managed: bank accounts, trust funds, borrowing (whether short or long term), and supervised all finance personnel: assessors, tax collection, accounting and the budget process with the FinCom. The Town used a powerful financial software platform called Munis.
- Financial planning encompassed: a ten-year Capital spending forecast, revenue projections, and encouragement for other resources such as grants.
- The Budget cycle was reviewed.
  - October - The M & P COLA set through a regional index.
  - Late November/early December - Town Accountant sends budget forms with 10 year-comparative histories to all departments.
  - Mid December - completed forms returned to Accountant—Departments failing to meet the deadline are level-funded from the previous year.
  - December - Annual Town Meeting warrant articles due.
  - Late December/early January - Finished budgets submitted to the FinCom which works with the TSB and Departments on acceptable increases, reductions, capital spending, etc.
  - Mid-February - FinCom recommendations on the warrant articles due.
  - April – usual date of Town Meetings (see below: Meetings/Events).
- Fiscal years ran from July 1<sup>st</sup> to June 30<sup>th</sup>. The assessed value tax bills were approved by the Massachusetts Department of Revenue (DOR) and the TSB set

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commercial and residential exemption tax rates before the tax rate was sent in mid-November, after which tax bills were issued in December.

- The tax rates were determined by total spending divided by the total property value. Tisbury could control total spending through the budget and any raise-and-appropriate articles. Property values were set by the DOR. These had risen 9-10% in FY21-22, a significant change, however if it was a universal increase tax bills were likely to remain fairly stable, but it was noted that the bottom of the market was rising faster than the wealthier properties which would shift the tax burden within the structure. The only mechanism Tisbury had to ameliorate the change was the residential exemption which reduced the tax bill by \$1,700 for properties lived in all year.

- Assessed values were updated every year but a more comprehensive valuation was required every 3-4 yrs. Any house sale adjusted the properties of everyone in the neighborhood. The Town Finance Dept. calculated the levy limit every year through a complex formula.

- As per Town vote, the Water and Sewer Departments operated on enterprise funds, which were more or less similar to independent businesses, as was appropriate for direct services that had distinct revenues, i.e. fees. The DOR preferred that fees be set to cover expenses; however, Tisbury voters approved subsidizing sewer costs because sewerage benefited the entire township.

- The Town had 7 Stabilization funds which helped stabilize/smooth out tax spikes from various contingencies. Spending from Stabilization required a 2/3 Town Meeting vote. For example:

- a general rainy day reserve (hopefully added to each year) to cover large emergencies,

- fire stabilization to cover capital outlays for firetrucks,

- ambulance stabilization to cover ambulance purchases and upgrades, and

- Town Hall window replacements.

- Free Cash (which was not free and not cash) were residual moneys that had been raised and appropriated but not spent, whether through budgetary savings, changes in department needs, unexpected revenues, etc. These funds were traditionally for capital projects, as well as being currently used each year to reduce the overall tax rate—which made sense, since it was money the residents had voted to tax themselves. It became part of the levy limit but the amount of each year's free cash was unpredictable and therefore not something the Town should be dependent on.

- Proposition 2 ½ mandated that the tax levy could not rise more than 2.5% plus new growth, without Town Meeting and ballot approval. Large bonds could be exempted from the levy limit though a Town Meeting and ballot vote; for example, a new school plan passed at Town Meeting but failed to be excluded at the ballot, which meant the Town could not raise the funds within the 2.5% limit.

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- Last year new growth in the Town allowed a total 3-4% tax levy increase, however Tisbury was so close to build-out that the margin was likely to shrink. The estimate for FY23 showed a ~ \$300,000 revenue margin. Planning Board representative Ben Robinson noted the Master Plan (see 4/14/21 Minutes p.1-2) would address growth and other capital need along with factors such as coastal island capacity and climate change.
- Most of the six Island towns were close to the levy limit.
- The levy limit could be permanently raised through a general override voted at Town Meeting and the ballot (e.g. see 3/23/16 Minutes p.9). Usually there was a large spending need, and other smaller needs were added in.
  - All Massachusetts municipalities were confronting Other Post Employment Benefits (OPEB) liability—the future cost of the 75% Town subsidy for retiree/spouse health insurance. The Tisbury OPEB liability was ~ \$30,000,000, of which the Town had covered about 5%. Financial Director Jonathan Snyder advocated strongly for committing more funds to the liability, since it also effected the Town's bond rating.
  - Tisbury revenue was about 85% real estate taxes—which were fairly stable, with other tax revenues including: motor and boat excise taxes, short term rental/hotels/meals fees, etc.
  - The Tisbury budget was: 66% staff salaries/benefits, 5% debt and interest, and 25% discretionary. This meant that any significant budget cuts would involve people and therefore direct services.
- Schools accounted for 44% of the spending, with insurance, police, library and the Select Board's budget as other significant portions.
  - Borrowing for major projects (new school, emergency services building, water building, etc.) was a large part of Mr. Snyder's work. The Town had an AA+ rating, which was about the best possible for a town of this size and characteristics. Currently debt service was low at 4% (or ~ \$6,000,000) of the Town budget, but this would increase with the new Tisbury School. It was an excellent time to borrow as rates were very low. Pending projects included: a new Town Hall, rebuilding Beach Rd. and the sea wall, increasing wastewater capacity, roadwork, and the Tisbury share of a renovated or new high school, which meant that budget/taxes were not likely to decrease in the foreseeable future.
  - The FinCom thanked and praised Mr. Snyder for his informative presentation.

**Committee Reports**

- There were 14 requests for Community Preservation Committee (CPC) funds including: the Campground Tabernacle roof, Harbor Homes for the homeless and housing for the Island autism population, the Tisbury School playground

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and some Dept. of Public Works (DPW) projects. Robust real estate sales would result in healthy funding.

- The Tisbury School Committee (TSC) voted to locate the temporary school on the ballpark playground side of the current school grounds. The site across the street would likely be used for construction staging. They also appointed a new phase of the Tisbury School Building Committee (TSBC).
- The School had put out a stakeholder survey on how to spend a federal grant.
- Rachel Orr and Nancy Gilfoy had updated the FinCom page of the Town website, which would allow agendas to be posted and meetings to appear on the calendar.

**Future Meetings** (See below: Meetings/Events.)

- The FinCom asked to hear from Ambulance Director Tracey Jones at their October meeting, when they would also hopefully review the Capital Plan.
- There was a brief discussion on meeting earlier, however this was impossible for several members with more standard workday schedules.

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

**Adjournment**

• *ALLAN ROGERS MOVED TO ADJOURN AT 8:02PM; JYNELL KRISTAL SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, 0 ABSTENTIONS: DAN SEIDMAN—AYE, LOUISE CLOUGH—AYE, RACHEL ORR—AYE, LESLEY SEGAL—AYE, ALLAN ROGERS—AYE, MARY ELLEN LARSEN—AYE, JYNELL KRISTAL—AYE, NANCY GILFOY—AYE.*

**Appendix A: Meetings/Events**

- **TFC - 6:30PM, Wednesday, October 27, 2021 – by Zoom**
- STM/ATM – Tuesday, April 12, 2022

**Appendix B: Actions**

- Nancy/Jonathan Snyder/Rachel: edit and send FY23 budget guidance letter.
- Nancy: invite Ms. Tracey Jones to the next TFC meeting.
- Rachel: forward school grant survey link.
- October Agenda:
  - Ambulance Department FY23 preliminary planning – Tracey Jones
  - 10-year Capital Plan – Jonathan Snyder
  - Management & Professional FY23 COLA
  - Minutes: 5/5/21      6/2/21      7/7/21      7/28/21  
                 8/24/21    8/25/21    9/29/21

**continued >**

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FY22 Reserve Fund spending tally – Balance: \$75,000  
8/25/21 – Selectmen Other/Finance - \$25,000 Insurance shortfall

**Appendix C: Documents on File:**

- Agenda 9/29/21
- Gilfoy letter re: FY2023 Town Department Budgets (2 p.) 9/29/21
- Orr cover email re: Revised Letter 9/29/21
- FinCom Orientation September 22, 2021 (3 p.)

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Nancy Gilfoy – Chair

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Date

Minutes approved 11/3/21