

Tisbury Finance and Advisory Committee
By Zoom Cloud Conference due to
Gov. Baker's Covid-19/Corona Virus Executive Order
6:30 pm, Wednesday, October 14, 2020

Present: Chair Nancy Gilfoy, Jynell Kristal, Mary Ellen Larsen, Kelley Metell
Allan Rogers, Laura Rose, Lesley Segal, Sarah York,
Others: Recorder Marni Lipke
Town: Select Board: Jeff Kristal, Treasurer – Jonathan Snyder,
* Late arrivals or early departures of FinCom members

Call to Order

• The Tisbury Finance and Advisory Committee (FinCom) was called to order at 6:32PM. *(Recorder's note: discussions are summarized and grouped for clarity and brevity.)*

Orientation of Municipal Finance – Jon Snyder, Tisbury Finance Director (See documents on file.)

- The voters had first authority/responsibility at Annual or Special Town Meetings (ATM/STM).
 - The Select Board (SB) had budgetary overview of most Town Departments (except for the Water Commissioners).
 - The Town Administrator implemented SB policy on a day-to-day basis.
 - The Finance *and* Advisory Committee (i.e. not confined to finance) had a strong hand in the budget, first in working with Departments, and then when their recommendation was announced by the Town Moderator at ATM/STM. In addition they had sole authority over the Reserve Fund, used for unforeseen expenditures needed outside of ATM/STM schedules. As a rule the FinCom requested the budget line residuals or transfers be considered before Reserve Fund requests.
 - The Finance Director/Treasurer/Tax Collector managed the mechanics of town funds, including borrowing, issuing and paying bills, taxes, payroll, etc. The Town used Munis software utilized by half the municipalities in Massachusetts. Under the Finance Director the Town Accountant was responsible for bookkeeping, etc. and Suzanne Kennedy was a tremendous resource for Town financial history.
- The Departments were requested to forecast 10 years of capital needs which were then used to chart Town capital planning. Capital was defined as usually one-time durable items costing \$20,000 or more (although many departments included those over \$5,000) and did not include operational expenses even if they exceeded \$20,000; for example \$20,000 worth of technological soft and hard ware was an ongoing annual need and therefore a part of the operational budget.

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- The FinCom noted capital planning as an integral part of the budget process needed to understand the larger picture (see below: Actions).
- The budget process started with a letter to department heads delineating FinCom requests for the year.
- The Accountant distributed Munis forms to the departments to be returned in mid-December with their next Fiscal Year (FY July 1st - June 30th) budget requests. The department budgets were reviewed and modified by the FinCom and Finance Director.
- ATM Warrant articles involving expenditures were due in late December, and all others in early January. Tisbury relegated all non-monetary articles (bylaws, policy, etc.) to the STM.
- The ATM/STM was scheduled in consideration of school holidays, Patriots Day, Jewish holidays, etc. and followed 15 days later by a ballot vote. This year scheduling was likely to include Covid-19 status/restrictions.
- Regional entities (Martha's Vineyard Commission (MVC), Martha's Vineyard Regional High School (MVRHSC), Dukes County, etc.) were usually on an accelerated schedule to allow inclusion in Town budgets.
- Education costs were about 45% of Town spending, salaries/benefits 66%, and debt/interest 5%.
- About 13-14 Town management and professional (M&P) employees were subject to the Personnel Board, which set Cost of Living Adjustments (COLAs). Remaining employees were members of unions.
- The FinCom had been pressuring departments for years to keep their budgets to 0-1%—which was lower than most COLAs and contractual increases, with the result that Departments had historically reduced maintenance lines (causing increased capital costs) as well as leaving the Town with little left to cut. (SB Chair Jeff Kristal pointed out that, under new management the Dept. of Public Works (DPW) had been making steady progress on municipal building upkeep/repair.)
- The tax rate was the Town total spending divided by total Town real estate value. (Tisbury had the highest tax rate of any Island Town.) However, since the two components balanced each other, (if one increased the other decreased) the more important tax gauge might be the average tax bill which was driven by budget and capital spending.
- Tisbury instituted a residential exemption based on State law that allowed full time residents a real estate value tax forgiveness of \$1,600 this year, shifting tax expenses to second homeowners and making resident housing more affordable.
- Town tax revenue sources were mostly from real estate taxes (67% residential and 8% commercial).

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- 4 Months (rather than the usual 3 months) of summer Meals/Lodging revenue was reported at ~ \$500,000. Other revenues included vehicle and boat excise taxes.
- 20 categories of State funding (including for schools/tuition) were reported by “cherry sheet” and were netted against assessments; which, in Tisbury’s case, usually resulted in negative State aid.
- Covid Relief grants helped with FY20 and FY21 extra expenses, such as the tent for the 2020 ATM/STM and extra cleaning services but was not a substantial amount of money.
- Embarkation funds were derived from a surtax on ferry tickets and could only be spent on ferry related needs (e.g. extra police duties).
- Community Preservation (CPC) funds were a 3% property owners tax that had dedicated uses (historical preservation, open space or community housing).
- The Water and Wastewater Departments had enterprise funds which essentially functioned as independent entities, with the goal of revenue covering operating costs. The Water Dept. was successful, the Town sometimes subsidized the Wastewater Dept.
- Stabilization Funds required majority votes to deposit moneys and 2/3 majority to withdraw funds. The Town had a number of them including:
 - a standard fund for emergencies (recently spent down on the Tisbury School lead closure);
 - equipment fund(s) to spread out large capital costs on fire engines, etc.
- Free Cash was not free and not cash, but was essentially unspent funds left at the end of each budget year. The Town voted to bank it in stabilization funds and/or spend it on necessary items (trucks, projects, etc.)—if items from these votes were not purchased, the funds could be reappropriated by another Town vote. Historically, the Town also used residual Free Cash to lower the tax rate but Jon Snyder hoped to reduce or eliminate this practice.
- Proposition 2 ½ mandated a 2.5% capped increase (plus new growth—usually 3-5%) on the tax levy. Any larger increase had to be separately voted as an override at Town Meeting and the ballot. Town Meeting and ballot vote could also exclude a bond such as for the new school project.
- Other Post Employee Benefits (OPEB) or the Town’s retiree health insurance commitment was a significant liability. Tisbury had 5% of its \$30,000,000 liability in the Dukes County OPEB Trust, but in the long run the State was likely to mandate full payment.
- Debt – The Town borrowed to finance major projects to spread cost over the life of the asset as more equitable for the taxpayers and asset users.

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- The Town had the highest possible bond rating (AA+) and with the current low interest rates it was a good time to borrow.
- Bonding companies demanded detailed delineation of spending, i.e. bonding for road repair required a list of the specific roads.
- Long term debt was usually 20 or 30 years and carried a higher rate. Recent examples were: the Water Department garage and office, and the new Emergency Services building. Near future projects included:
 - ° Tisbury School project (maybe around \$55,000,000),
 - ° MVRHS renovation (Tisbury share maybe \$30-45,000,000),
 - ° Beach Road Seawall (State funding was not forthcoming, other sources grants, etc. being sought),
 - ° new Town Hall/Katherine Cornell Theatre renovation (the SB were looking to purchase and maybe expand the Educomp building).

Approve Minutes from July 1, 2020m August 19, 2020 and September 9, 2020

- *LAURA ROSE MOVED TO APPROVE THE TISBURY FINANCE COMMITTEE MINUTES OF*
 - *JULY 1, 2020,*
 - *AUGUST 19, 2020; AND*
 - *SEPTEMBER 9, 2020*
- LESLEY SEGAL SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, ABSTENTIONS AS ABSENT; ALLAN ROGERS—AYE, LAURA ROSE—AYE, JYNELL KRISTAL—AYE, KELLEY METELL—AYE, MARY ELLEN LARSEN—AYE, LESLEY SEGAL—AYE, SARAH YORK—AYE, NANCY GILFOY—AYE.*

Update on All Island Finance Committee (AIFC) Letter

(See documents on file & Minutes: 9/9/20 p.2, & 9/30/20 p.1-2.)

This second draft, which was confined to financial matters, was in response to objections to the first draft stance against artificial turf.

- Aquinnah expressed concern about taking a stand on a hypothetical project.
- If all cost components were added up maintenance came to 0.0029% of the MVRHS budget, and the letter did not address the positive impact of the multimillion dollar investment.
- Several members agreed this was too preliminary for AIFC action, and that finances were not the purview of the Martha's Vineyard Commission (MVC). After the MVC, it would pass to the Oak Bluffs Planning Board, and the FinCom discussed when was the best opportunity to address the

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issue. Others felt this might be the time to take a position, and some were against use of artificial turf, having concerns about groundwater, plastics, etc. Current grass fields were apparently in bad shape from overuse, and would be difficult to maintain in the long term. The FinCom agreed the background material was a good education on the subject.

• *SARAH YORK MOVED TO TAKE NO ACTION ON THE ALL ISLAND FINANCE COMMITTEE DRAFT LETTER AT THIS TIME; KELLEY METELL SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, ABSTENTIONS AS ABSENT; ALLAN ROGERS—AYE, LAURA ROSE—AYE, JYNELL KRISTAL—AYE, KELLEY METELL—AYE, MARY ELLEN LARSEN—AYE, LESLEY SEGAL—AYE, SARAH YORK—AYE, NANCY GILFOY—AYE.*

Committee Report and Assignments (See below: Actions.)

- Lesley Segal reported that Planning Board meetings were frequent and long so Laura Rose agreed to be her alternate.
- No one had yet agreed to be the FinCom Personnel Bd. representative.
- The Tisbury School Committee (TSC) discussed the slow school reopening. The School received CARES Act grants (- \$44,052 Elementary and Secondary School Relief (ESSER), and \$92,250 School Reopening and a tech grant) which were spent on personal protective equipment (PPE), technology (Chromebooks, iPads, etc.), cleaning supplies, and an additional nurse for covid isolation.
- The All Island School Committee (AISC) met too often and for too long with circular conversations. The current plan to return all students to school was not known. Testing seemed to be on hold. Existing transportation staff was insufficient for additional bus cleaning/disinfecting so a contract was put out to bid and awarded for up to \$129,000—some of which could be covered by Covid grants.
- The Tisbury School Building Committee (TSBC) was close to putting the project forward for next week's joint meeting (see below: Meetings/Events). They had been discussing how to get the most public outreach and expenses involved in that effort.
- The CPC would meet next week to review applications.
- Police Union Negotiations had not yet started.

Future Meetings (See below: Meetings/Events.)

The FinCom would start the budget process in November, possibly by reviewing previous department budgets and the capital spending plan.

continued >

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Adjournment

• LAURA ROSE MOVED TO ADJOURN AT 8:05PM; SARAH YORK SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, ABSTENTIONS AS ABSENT; ALLAN ROGERS—AYE, LAURA ROSE—AYE, JYNELL KRISTAL—AYE, KELLEY METELL—AYE, MARY ELLEN LARSEN—AYE, LESLEY SEGAL—AYE, SARAH YORK—AYE, NANCY GILFOY—AYE.

Appendix A: Meetings/Events: by Zoom

• **TFC/TSBC/BOS/TSC/PTO – 5:30 Tuesday, October 20, 2020**

• ~~TFC – 6:30PM, Wednesday, November 11, 2020~~

Appendix B: Actions

- Lesley – contact Laura re: sharing Planning Bd. liaison.
- Jon S. – send capital spending plan.
- Nancy – contact Bill McConnell re: Personnel Bd. duties & recommendations
- All – send Nancy suggestions/recruits for Personnel Bd. representative.
- October Agenda –
 - Minutes: 9/30/20, 10/14/20, 10/20/20
 - Personnel Bd. Appointment

FY21 \$100,000 - Reserve Fund spending tally

Appendix C: Documents on File:

- Agenda 10/14/20
- FinCom Orientation October 5, 2020 (4 p.)
- Draft letter re: High School sports complex proposal (2 p.) October__, 2020
- Chat Feature on Zoom 10/14/20
 - From Sarah York to Everyone: (6:42 PM)
 - Nancy can we make a note to see the capital plan this year?
 - From Nancy Gilfoy to Everyone: (6:43 PM)
 - yes. i will ask Jon for it
 - From Sarah York to Everyone: (6:59 PM)
 - I would love a copy of the 2 1/2 info
 - From Lesley Segal to Everyone: (7:00 PM)
 - I would also
 - From Nancy Gilfoy to Everyone: (7:00 PM)
 - i will ask Jon and send out the link.

Nancy Gilfoy – Chair

Date

Minutes approved 2/10/21