

**Tisbury Finance and Advisory Committee
in Joint Meeting with the
Consolidated Town Hall Task Group
6:30PM, Thursday, August 10, 2023
Emergency Services Facility**

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Present: Chair Nancy Gilfoy, Louise Clough, Ruth Konigsberg, Alex Meleney,
John Oliver, Rachel Orr, Louis Pashman, Allan Rogers,

Task Group: Acting Chair John Schilling, John Best, Rick Homans,

Town: Administrator – Jay Grande, Clerk – Hillary Conklin,
Treasurer – Jonathan Snyder, Accountant – Suzanne Kennedy,

* TFC or Task Group members late arrivals or early departures.

Call Meeting to Order

The Tisbury Finance and Advisory Committee (FinCom) and Consolidated Town Hall Task Group (Task Group) were called to order. Everyone introduced themselves. John Schilling was sitting in for Task Group Chair Amy Houghton.

• *(Recorder's note: Discussions are summarized and grouped for clarity and brevity.)*

Discussion

No decisions would be made at this preliminary meeting which was only to examine the issues around a new Town Hall. Any concrete proposal would be presented to the FinCom at a later time for official support or questions.

- Town Administrator Jay Grande emphasized that due diligence to present an accurate idea should not be misconstrued as a fait accompli.

Town's Financials (See documents on file.)

• All figures, charts and tables were adjusted for inflation.

• Real Estate revenues at 75%, had been rising steadily except for a slight falloff in the last 2 years; this was not viewed as a serious trend, rather a statistical anomaly due to Massachusetts Department of Revenue (DOR) netting-out such things as: Free Cash used to reduce the tax rate, other Free Cash, one time revenues, exempt debt, etc.

- During and because of the pandemic:

◦ property values rose 35% in one year but were now stabilizing;

◦ a small uncollected receivables increase had subsided;

◦ population rose as people and families came and stayed.

- Other income was healthy. For example, State assessments (e.g. school choice/Charter School tuitions, etc.) which usually outstripped State revenues, had recently shifted to a slight positive.

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- Tisbury annual budgets had risen to ~ \$39,000,000—operating expenses were up on current dollar basis, but relatively level on a constant dollar basis.
 - Personnel costs (salaries & benefits) comprised 75%—a standard Full Time Equivalent (FTE) employee cost was ~ \$106,000 (with very few part-timers).
 - The levy capacity was in good shape due to a series of overrides and the rise in property values, however Proposition 2½ with 2-4% new growth limits were challenged by steadily rising Cost of Living Adjustments (COLAs).
- Tisbury expected to fully fund its Dukes County pension liability by 2032—ahead of the 2040 deadline. The \$1,600,000 annual contribution would then shift to pay off the \$30,000,000+ Other Post Employee Benefits (OPEB—retiree health insurance cost) liability.
- The Town had ~ \$7,000,000 in various Stabilization Funds (General, Fire, Ambulance, Building & Infrastructure, Climate, etc.) as well as \$3,000,000 in Free Cash, having spent or reserved \$4,000,000 of it at the 2023 Annual Town Meeting (ATM)—Free Cash varied from year to year.
- After 10 years of low long term debt, the School Project had driven a steep rise and generated concerns about operating budget impacts. The Emergency Services Facility (ESF) debt would retire in 3-4 years, however, besides the unknown costs of a new Town Hall, future debt projects included:
 - 27% (or ~ \$50,000,000) of the Martha's Vineyard Regional High School (MVRHS) \$150-200,000,000 renovation project, with a possible Massachusetts School Building Authority (MSBA) subsidy—debt possibly incurred by MVRHS and assessed to Towns;
 - Tisbury sewer State Road expansion—50% Town/50% user fee;
 - Comprehensive Wastewater Management Plan (CWMP) septic upgrade mandates—possibly some Town and some resident debt;
 - ongoing 5-10 year roadwork bonds.

Lease/Own Proposal (See documents on file & below: Actions.)

- Town Hall replacement had been an increasing priority for at least 10 years. Recently the Town Hall Annex modulars and municipal record storage, at the end of their lifespan, were beginning to fail (see 1/18/23 Minutes p.3), making the issue increasingly urgent.
 - Remote department personnel traveled to 51 Spring on a daily basis so a consolidated Town Hall would maximize resources and reduce wasted staff time and energy, and there was the public inconvenience of multiple sites for permits or business.
- As requested by the Task Group, Town Administrator Jay Grande was drafting a Request for Proposal (RFP) or Request for Quotation (RFQ) to solicit project proposals for a new Town Hall to be advertised shortly. The Town was looking for creative solutions, whether leasing, new construction or other out-of-the-box possibilities.

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- The current proposal occurred when Town Hall was looking for extra space. The Martha's Vineyard Commission (MVC) requested modification of a housing development submitted by Mr. Xerxes Agassipour, the current owner of the old EduComp building (at the intersection of Main St. and State Rd.). The MVC usually requested 25% affordable housing, but there was some question of enforcement. This modified plan proposed a 10 year lease or lease-to-buy for Town Hall offices on the basement and first floor. The upper floors would be housing, probably luxury apartments.
 - Owner investment to prepare the space was estimated at \$10,000,000 with a 2 year move-in timeframe. (Private development was faster and less costly than highly regulated municipal procurement/ construction).
 - The owner would require a contract agreement before developing the space.
 - The Town lease cost range was \$475,000 to \$625,000 per year with Town initial fit-out (furnishing/detailing) costs of \$1-2,000,000.
- The 10,184 gross sq. ft. could serve the current 51 Spring St. and the Annex offices—and was roughly comparable to the 10,500 sq. ft. Edgartown Town Hall. 51 Spring St. would be retained for meeting space, vault storage and flexibility (for example library staff space during renovation work). This would add ~7,000 sq. ft. to the total Town Hall office space.
 - The following issues were raised by the Task Group and FinCom.
 - Mr. Grande felt the Town over-budgeted, and with departmental cooperation, the lease payments could be absorbed into the current Budget. He also favored a Reserve Fund budget line item to bank funds for eventual buyout.
 - The central location with excellent pedestrian access was intriguing, but vehicular traffic and parking were problematic, particularly as the planned building expansion took up the huge majority of the lot.
 - The mixed use building introduced complexities such as: public vs. private access, shared hallways, storage, etc. If it was a condominium what portion of voting rights, sewer flow, parking privileges and maintenance would fall to the Town. (American Disabilities Act (ADA) and fire regulations were standard for municipal and private use.)
 - Tenant/landlord responsibility was unclear, as was what was reflected in the rent: development cost, insurance, maintenance, amortization, taxes, etc.
 - The FinCom questioned rent stability over the lease term.
 - Additionally the final buyout price was unpredictable. In Tisbury's favor, once designed as a Town Hall the owner would incur further expense to re-develop it for other purposes, but the meeting doubted what portion, if any, of the rent or Town fit-out investment could be recaptured. Further with lease-to-buy the Town would purchase 10-20 year old space requiring increased maintenance.
 - Mr. Grande did not consider outright purchase of 10,000 sq. ft. to be feasible.

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- It was suggested the Town lease the space until the School Bond was paid off and a new Town Hall could be voted and constructed.
 - Another suggestion was to purchase or lease-to-purchase the entire building, using the housing for Town/community employees (price at purchase \$2,400,000—current value \$2,575,000.) If Mr. Agassipour was amenable this was possible but if not, eminent domain purchase was politically unpopular, and the Town would incur legal and development costs. If lease-to-purchase, the Town would inherit luxury apartments inappropriate for employees.
 - In either case the Town would be a residential landlord with complications accompanying that role, but would also acquire a rent revenue stream.
 - As Town Procurement Officer Mr. Grande was already dealing with the School Project, Library renovation and sewer expansion.
- There was concern about Town financial and staffing capacity to manage the maintenance for expanded Town-owned space. Maintenance funding was often postponed or cut out of Budget proposals to avoid Proposition 2½ overrides. For example the Library, less than 20 years old, already needed substantial renovation/repair (see 2/22/23 Minutes p.1) as did the ESF (see 1/18/23 Minutes p.3). The Department of Public Works (DPW) was enthusiastic about a lease that would relieve them of additional maintenance.
- Members asked about selling or renting all or a portion of 51 Spring St and about submitting a new construction request to Town Meeting (see below).

New Construction – Borrowing (See below: Actions.)

- The general opinion was that after the School debt increase, taxpayers were not likely to approve another \$10-20,000,000 new construction project any time soon (e.g. on the 55 West Williams St. site—see 3/7/18 Minutes p.9 #11). Thus any new construction move-in time could be 8-10 years away.
- Both new construction debt exclusion and an override triggered by lease payments, would require Town Meeting and ballot approval.
- A custom designed Town Hall would be an advantage and unlike a perpetual lease, a new construction bond had a fixed timeframe, but by the time a 30 yr. bond was paid a similar amount would be needed for building maintenance.
- Although many businesses leased their offices to avoid capital borrowing and maintenance responsibilities, municipal spaces presented different factors.
- Some towns kept a level debt portion, planning/timing new capital projects to replace retired debt.
- Town Accountant Suzanne Kennedy requested better numbers on renting vs. construction/owning and questioned the impact on the Budget in terms services and COLAs.

Property Tax and Budget Implications

- The EduComp building owner had to pay real estate tax on the entire building whether partially rented as a Town Hall or not—so any tax money included in Town Hall rent would come back to the Town.

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- Year round residents enjoyed a real estate tax exemption equal to 22% (Massachusetts allowed up to 35%) of the value of an average (\$500,000) residential property but since seasonal residents paid the difference, the tax revenue total remained the same.

Meeting Adjournment

Thanks were exchanged for a revealing discussion covering challenging issues.

- *ALLAN ROGERS MOVED TO ADJOURN; JOHN OLIVER SECONDED; MOTION PASSED UNANIMOUSLY: 8 AYES, 0 NAYS, 0 ABSTENTIONS.*
- *The Consolidated Town Hall Task Group adjourned at the same time.*

Appendix A: Meetings/Events

- **TFC (Municipal Review) – 6:30PM Wednesday, September 20, 2023 – ESF**

Appendix B: Actions

Task Group – research other small towns that lease municipal office space.

Nancy/Task Group – schedule meeting with staff on Town Hall proposals.

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

Future Agendas

- Minutes: 3/22/23, 4/5/23, 5/17/23, 6/21/23, 7/20/23, 8/10/23

Budget Season Notes

- No new positions in FY25
- FY25 salaries/budgets will be higher due to classification raises.
- 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: \$100,000

Appendix C: Documents on File

- Agenda 8/10/23
- Town of Tisbury Financial Indicator Analysis FY2007-FY2023 (16 p.)
- Gilfoy/Snyder emails re: Three Debt Models (2 p.) 8/8/23
- EduComp Estimates chart 7/20/23
- Debt Service Calculator (3 p.)

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Appendix C: Documents on File (cont.)

- Gilfoy/Grande emails re: Consolidated Town Hall Borrowing (2 p.) 8/7/23
- Gilfoy/ cover email re: EduComp eyed for consolidated town hall 7/15/23
- MV Times article: EduComp eyed for consolidated town hall (7 p.) 7/14/23
- Town Hall Consolidation Discussion Document, June 30, 2023 (5 p.)
- Town of Tisbury, Office of Town Administrator, Consolidated Town Hall (3 p.)
8/10/23
- Delano & Co. 4 State Road, Vineyard Haven, Parking Plan 2/1/23
- Delano & Co. 4 State Road, Vineyard Haven, Lot Coverage Plan 2/1/23
- Delano & Co. 4 State Road, Vineyard Haven, Lighting Plan 2/1/23
- Delano & Co. 4 State Road, Vineyard Haven, Elevations (2 p.) 2/1/23
- Delano & Co. 4 State Road, Vineyard Haven, Floor Plans (2 p.) 2/1/23
- Computer photo renderings (7 p.)

Nancy Gilfoy – Chair

Date

Minutes approved as amended 9/6/23