

Town of Oak Bluffs
Finance and Advisory Committee
Thursday, February 21, 2019, 5:00 pm
Oak Bluffs Library Second Floor Conference Room

Present: Chair – Bill Vrooman, Bernie Crossland, Bob Gaffey, Herbert Kiehn,
Mike Taus, Walter Vail,
Absent: Maura McGroarty, Ray Moreis, Richard Weiss,
Town: Town Administrator – Bob Whritenour,
Town Accountant – Deb Potter,
Others: Recorder - Marni Lipke * Late arrivals or early departures,
noted solely to mark vote counts.

• The Oak Bluffs Finance and Advisory Committee (FinCom) came to order at 5:10PM.
(Recorder's Note: Discussions have been summarized and grouped for clarity and brevity.)

• **Approve Minutes (2/14/19)**

• **HERB KEIHN MOVED TO APPROVE THE FEBRUARY 14, 2019 MINUTES AS AMENDED FOR SPELLING; WALTER VAIL SECONDED; MOTION PASSED: 4 AYES, 0 NAYS, 2 ABSTENTIONS—BOB GAFFEY, MIKE TAUS** due to absence. There was a brief discussion on the amount of detail in the minutes (see below: Actions.)

• **Final Budget Review** (See documents on file.)

• Walter Vail proposed instituting a Facilities Manager to better maintain municipal buildings and suggested a shared position with Tisbury. Tisbury Facilities Dept. was split away from the Dept. of Public Works (DPW) which would now focus on roads, while Facilities would focus on municipal properties. The split included staff, equipment, and funding—the two dept. budgets were level with the old DPW budget plus the Facilities Manager position).

• OB Highways Dept. issues were:

- increased maintenance funding (some small projects and outsourcing custodial care);
- spreading responsibility among senior staff;
- Library heating/ventilation/air conditioning (HVAC) problems.

• The FinCom then reviewed and discussed Maura McGroarty's suggested items. She had gone through the budget page by page. She requested that all the suggested reductions be transferred to Line #5951 Other Post Employee Benefits (OPEB).

• Town Accountant Deb Potter advised that Affordable Housing was a separate department different from the Selectmen's.

• Line 1122-5700 had already been reduced from the requested amount—there was a question as to whether Maura McGroarty had researched her proposed \$3,000 reduction with the Department.

• The FinCom briefly examined Quinn Bill eligibility.

• Shellfish Constable Dave Grunden was retiring June 30th and separation costs could be split or moved between fiscal years.

• **MIKE TAUS MOVED TO REDUCE LINE 551140 SHELLFISH LONGEVITY BY \$1,500; BOB GAFFEY SECONDED; MOTION PASSED UNANIMOUSLY: 6 AYES, 0 NAYS, 0 ABSTENTIONS.**

• The Marina error re: seasonal staff weeks had not yet been rectified (see 1/24/19 p.1).

• Research on the Fire Chief's salary (see 1/24/19 p.1-2) found that:

Oak Bluffs Finance and Advisory Committee
February 21, 2019

2

- it was not out of line with other Island Fire Chief salaries—although they were not Ambulance Chiefs;
- he received a 4% raise last year;
- Police Chief Erik Blake was still participating in Emergency Management.
- **WALTER VAIL MOVED TO RECOMMEND A 1.5% SALARY INCREASE FOR THE FIRE/AMBULANCE CHIEF AND LIEUTENANT; BOB GAFFEY SECONDED; MOTION PASSED: 5 AYES, 1 NAY—BERNIE CROSSLAND, 0 ABSTENTIONS.**
- The \$3,000 increase to Line #51101 Board of Health (BOH) stipends was for parity with the Board of Assessors restored stipends. Issues were:
 - Assessors asked constantly that the stipend be restored, while BOH did not;
 - difficulties and dynamics of the Assessors duties;
 - level Selectmen stipends for many years;
 - Town officials' extensive duties and expenses (gas, computer paper, etc.);
 - possible reconsideration next year.
- The Library presentation (see 2/7/19 Minutes p.1) showed a solid budget at the minimum amount required by the dual mandated State certification formulas. Salaries had been increased to cover mid-year staffing changes at a higher rate.
- The Oak Bluffs School (OBS) stayed at 4.1% increase. MVRHS transportation charges were a wash.
- The reductions-to-OPEB suggestions sparked a more global discussion.
 - Some members proposed reducing trended lines and putting the residual in the FinCom Reserve Fund. Others were wary of the Reserve possibly becoming a “slush” fund, although currently it was being responsibly used for emergencies.
 - Recorder Marni Lipke reminded members that at one point the FinCom comprehensively reduced underspent trended lines but failed to account for overspent trended lines, causing later budget problems (see Minutes: 3/3/156, 3/8/16, 3/14/16 p.1-2 & 3/31/16 p.1-2).
 - Bob Gaffey asked whether the YTD reflected transfers for accurate trending. Deb Potter explained that interior transfers by Department Heads were legal and common throughout the year so long as the bottom line department budget was followed. For example one line might be frozen to compensate for an unexpected overage in another line—giving a false sense of a residual. There was a discussion on budgeting as a flexible plan.
 - Town Administrator Bob Whritenour testified that at this point the yearly budgets were so tight, it was necessary to depend on small cushions for unexpected events. Departments turned back unspent funds at the end of each year, which moneys constituted a portion of Free Cash. ‘Penalizing’ Departments for savings by reducing their budgets would discourage such turn-backs and reduce Free Cash. Deb Potter noted that FY18 had the smallest amount of turn-backs in any recent years.
 - Walter Vail did not consider it the job of the FinCom to cut the budget. The previous budget crisis arose from under-estimating expenditure as well as over-estimating revenue. He commended Mr. Whritenour’s leadership and Ms. Potter’s competence and diligence.
- The FY20 Budget showed about \$291,000 flexibility due mainly to large, late reductions:
 - health insurance rates from 10% to 0%;
 - Martha's Vineyard Regional High School (MVRHS), formula error, health insurance reduction and OPEB reduction;
- Regional service articles totaled \$164.211 and had been moved from Free Cash to Raise and Appropriate for more stable funding.
- County sponsored articles totaled \$71,757 (Substance Use Prevention, Social Services, Healthy Aging Martha's Vineyard (HAMV), FirstStop, Counseling and Referral for the Elderly (CORE) and OPEB Trust).

Oak Bluffs Finance and Advisory Committee
February 21, 2019

3

- (Center For Living (CFL) and Vineyard Health Care Access Program (VHCAP) were part of the OB Budget.)
- Martha's Vineyard Youth Task Force (MVYTF) requested \$21,140; Adult Community Education Martha's Vineyard (ACE MV) \$14,796; and the Sheriff's Dept. \$56,518.
- Of the remaining \$125,000, Bob Whritenour proposed committing \$95,000 to the OPEB Trust, but emphasized that a more comprehensive OPEB liability strategy was needed in the near future. Various options were explored.
- Place \$20,000 in OPEB and \$95,000 in the FinCom Reserve so it would revert to Free Cash or be voted at the end of the year into OPEB, but still be available for emergency use during the year.
- Stabilization was at the 5% minimum target, however Mr. Whritenour's goal was 10% as the only insurance against economic depressions.
- There was general counsel that the FY20 Budget was so tight, that one serious problem (e.g. a jetty collapse) would place the Town in jeopardy.
- Equally estimated local receipts were not showing any growth and were subject to fluctuations such as bad weather/reduced seasonal revenue or bad economy/reduced excise revenue. Deb Potter reported that the Massachusetts Division of Local Services (DLS) and Dept. of Revenue (DOR) monitored local receipts very closely and strongly discouraged/prohibited 100% spending.
- Short term rental tax revenues were unknown and the plan was for them to relieve real estate tax pressure.
- There were residuals in Embarkation (ferry fee) funds, and the Harbor fuel sales were no longer paying off debt.
- **WALTER VAIL MOVED TO PLACE \$95,000 INTO THE FINANCE COMMITTEE RESERVE FUND AND \$20,000 INTO THE DUKES COUNTY OTHER POST EMPLOYEE BENEFIT TRUST; MIKE TAUS SECONDED; MOTION PASSED UNANIMOUSLY: 6 AYES, 0 NAYS, 0 ABSTENTIONS**
- The above constituted \$12,389 of budget changes—excluding warrant articles.
- **WALTER VAIL MOVED TO RECOMMEND APPROVAL OF THE TOWN OF OAK BLUFFS FISCAL YEAR 2020 BUDGET AT \$30,942,669.37; BOB GAFFEY SECONDED; MOTION PASSED UNANIMOUSLY: 6 AYES, 0 NAYS, 0 ABSTENTIONS**

• **Accountant's Comments** – None

• **Member Comments** (See below: Actions.)

- At the Chair's request Bob Whritenour reiterated his objections to the current segregation of some County services (particularly County department budgets such as VHCAP, Social Services and OPEB Trust) from the mandated formula. This was due to the Edgartown weighted vote of 38% in keeping with its mandated formula share—and could only be countered by concerted action of three Towns constituting 51% of the vote.
- MVRHS regional formula discussion generated some interesting ideas, especially around a separate formula for capital improvements.
- The FinCom suggested Towns' regional formulas include a credit for the loss of real estate tax revenue to the Town hosting the regional organization in question. This would require a detailed report on the impact of non-profit and affordable housing real estate.
- Mike Taus asked about the possibility and impact of freezing real estate tax for elder residents (75 or 80 years) who had lived here for more than 20 years (see below: Actions).
- Herb Kiehn praised the proposed state circuit breaker clause for State Aid but it was politically stagnant and needed more rural support.

**Oak Bluffs Finance and Advisory Committee
February 21, 2019**

4

• **Public Comments** – None

• **Adjourn**

• **MIKE TAUS MOVED TO ADJOURN AT 7:00PM; WALTER VAIL SECONDED; MOTION PASSED UNANIMOUSLY.**

Meetings/Events:

OB FinCom - 5:00PM, Thursday, March 14, 2019 - OB Library

AIFC 5:00PM, Thursday, March 28, 2019

Special & Annual Town Meetings - Tuesday, April 9, 2019 – MVRHS PAC

Action List

- All - review warrant in preparation for 2/28/19 votes to recommend
- Bob W. - contact Assessors re: impact of freezing taxes for elderly (75-80+)
- March Agenda Items: Minutes Format

Ongoing Action List from previous meetings (cont.)

• Future Agenda Items:

Police Department Finances	Trash/Waste Analysis
Parking Mitigation Follow-Up	Reserve Fund Increase
Town Cleaning Services Analysis	Assessor's Office re: PILOTS
Auditor Management Letter Update (January, March, June, September)	
Embarkation Fund Policy	

Documents on file:

- Agenda 2/21/19
- Sign In Sheet 2/21/19
- Martha's Vineyard Youth Task Force (4 p.)
- 1107/AHT Selectmen...Move to 1122...(2 p.) 2/19/19
- Vrooman/Whritenour email re: Please Support Rural School Aid in FY20 Massachusetts Budget Proposal (3 p.)
- MVCS FY19 Expenditures to Date 1.31.19 2/20/19
- Dukes Count Substance Use Disorder Prevention Initiatives FY2019
- Social Services, Prepared by Ann Metcalf 2/20/2019
- Social Services FY19 Funding, Prepared by Ann Metcalf 2/20/2019
- Vineyard Health Care Access FY19 2/20/19
- County of Dukes County Center for Living Fund 010 & 134 General Fund & Registry of Deeds (3 p.) 2/20/19
- FY19 YTD (19-13), FY20 Draft Budget (9 p.) 2/21/19

• **Minutes approved as amended for typos by the OB FinCom 2/28/19.**