

Town of Oak Bluffs
Finance and Advisory Committee
Thursday, June 6, 2019, 5:00 pm
Oak Bluffs Library Second Floor Conference Room

Present: Chair – Bill Vrooman, Bernie Crossland, Bob Gaffey, Greg Thornton,
Walter Vail, Richard Weiss, Mike Taus,

Absent: Maura McGroarty,

Others: Town Administrator – Bob Whritenour,
Town Accountant – Deb Potter,
James Jennings,
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 5:04PM.
(Recorder's Note: Discussions have been summarized and grouped for clarity and brevity.)

• **Other Post Employee Benefits (OPEB) Policy** – Bob Whritenour
(See documents on file & below: Actions.)

- Town Administrator Bob Whritenour stressed the importance of overall Oak Bluffs financial policies particularly with such large liability issues as OPEB and Retirement.
 - It was hoped that a formal policy/proposal could be in place with FinCom and Selectmen approval in time for the Oak Bluffs School roof bond application in fall 2019. The draft policies addressed many of the Audit Management letter issues (see 5/17/18 Minutes p.2).
- Current actuarial studies put Oak Bluffs OPEB liability at ~ \$32,000,000, including contributing departments such as Wastewater and the School. In order to address the problem without jeopardizing the hard-won Town financial stability or over-burdening today's taxpayers or future generations Mr. Whritenour proposed to take advantage of compounding interest formulas. Fortunately the Town was already a member of the Dukes County OPEB Trust (see 3/19/09 Minutes p.1-2 #4.1). When it reached an minimum annual reserve contribution the Town would become eligible for a selected discount rate (amount of interest accrued each year equivalent to stocks and bond interest) that would cut the liability in half.
- Step One – increase OPEB Budget line by \$200,000 per year for the next three-four years to reach the \$800,000 threshold to initiate the 7.5% compounded interest discount.
- Step Two – continue to pay the Retirement liability (as mandated) until pay down in 2031, after which the Oak Bluffs annual Retirement contribution could be shifted to OPEB.
- Step Three – any year Oak Bluffs had significant Free Cash resources the Town should make extra contributions to the OPEB Trust. A standing commitment was too risky due to unpredictable economic factors affecting Free Cash.
- The FinCom explored the proposal.
 - The sooner Oak Bluffs reached the discount interest rate threshold the better, however \$200,000 per year was judged adequate and \$100,000 less desirable. The amount should be balanced against continuing Retirement contributions and budgetary constraints.
 - Stock market drops would affect the outcome but results would still be advantageous.
 - Current employment contracts were not changeable, however future contracts could be negotiated. The financial investment/management community strongly advised getting the liability in hand before moving on to other options on a reasonable schedule. However it was possible to ask employees to contribute towards the liability—a previous attempt (see 10/15/09 Minutes p.3-4) was flawed and deemed unenforceable.

Oak Bluffs Finance and Advisory Committee
June 6, 2019

2

• Candidate's Interview

- Sherry Countryman was unavoidably delayed.
- Mr. James Jenning introduced himself and praised Oak Bluffs and Martha's Vineyard for its impressive community and government. He was always curious and hoped to learn about Town government, while offering a younger and different demographic perspective. In New York City he had been an educator, Dean of Students, basketball coach and non-profit business owner leading at risk student pilot workshops. He was impressed with the Martha's Vineyard Regional High School (MVRHS) Restorative Justice program. He moved to the Island last year after inheriting his grandmother's home, which she had inherited from her father Rufus Peterson, who had been a janitor at the MVRHS. He had degrees from Emory University and Brooklyn College and regarded the FinCom as a great learning experience. He asked each FinCom member to introduce and tell a little about themselves. There was a brief discussion on FinCom scheduling and appointment terms.

• Minutes Approval (5/16/19)

• WALTER VAIL MOVED TO APPROVE THE MAY 16, 2019 MINUTES AS AMENDED; GREG THORNTON SECONDED; MOTION PASSED: 6 AYES, 0 NAYS, 1 ABSTENTION—MIKE TAUS due to absence.

• Martha's Vineyard Regional High School (MVRHS) Allocation Meeting

Selectmen Brian Packish asked Bill Vrooman to represent the Town at the MVRHS Regional Subcommittee. Maura McGroarty and Bob Gaffey also attended the meeting, which was difficult and acrimonious, almost ending the conversation. A change in formula would benefit three Towns and penalize three Towns. There was minor interest in calculation by number of properties (rather than real estate or population).

• MVRHS Proposal (See documents on file.)

- Bill Vrooman expressed the FinCom's strong support for the MVRHS facility capital needs and proposed the following.
 - The 75 acre MVRHS campus and buildings as currently assessed at ~ \$71,000,000 resulted in Oak Bluffs tax revenue loss of ~ \$547,500, the difference would be shared among the remaining five Towns by student population (Tisbury increase \$41,400, Edgartown \$38,000, Chilmark \$6,200, etc.).
 - The purpose of the exercise was to stimulate discussion and ideas for reconfiguring the allocation formula. The FinCom explored the complex process and viability of a change:
 - Selectmen authority to vote and possible All Island Selectmen presentation;
 - need for State Legislative action;
 - formation of an MVRHS municipality that could levy it's own taxes;
 - Town recalcitrance in the face of a zero-sum game;
 - Edgartown rejection of weighted votes;
 - most other regions use of student enrollment but based on similar or equal tax rates;
 - Oak Bluffs rejection of the Feasibility Study as the only incentive to talk and possible moves to circumvent the veto;
 - possible openness to a change in the capital spending formula as opposed to the entire allocation, since the facility benefited every household on the Island.

A possible All Island FinCom meeting could discuss this (see below: Meeting/Events, since it was a profound budgetary problem for both Tisbury and Oak Bluffs.

**Oak Bluffs Finance and Advisory Committee
June 6, 2019**

3

• Member Comments

- Bill Vrooman, Bob Gaffey and Bob Whritenour met with Chief John Rose and Lt. Matt Bradley in preparation for Ambulance negotiations with the Martha's Vineyard Hospital (MVH). Bob Whritenour instructed the Department to prepare a detailed cost analysis of ambulance trips to Woods Hole and to Boston, including average insurance coverage and expense differentials. For example most 911 calls average 1 hr. of ambulance time, while a trip to Boston averaged 8 hrs. and hand-off trips remained unpaid. Chief Rose had suggested a flat subsidy that was not considered a developed strategy. About 82% of the Ambulance budget was MVH related.
- There was a very brief discussion on FinCom vacancy candidates.

• Year End Transfers

• Accountant's Comments

At this point there were only two lines in significant deficit, both in the Selectmen Department. The FinCom especially explored Workmen's Compensation which was consistently under-budgeted: aging population, Fire Dept. reimbursement, shifting from self-insured to other forms of insurance, etc.

- The Cape Cod Municipal Health Group (CCMHG) prescription rebate was allocated to the Health Insurance line. Any residual would revert to Free Cash for allocation to OPEB.
- The \$7,500 Library overage would be paid for with a grant (see 2/7/19 Minutes p.1).
- If the Police Dept. 'stayed the course' they would be on-budget.
- Highway and Board of Health Department spending was highly seasonal.
- There were two more warrants/salary periods before the end of the year.

• Public Comments – None

• Adjourn

- **MIKE TAUS MOVED TO ADJOURN AT 6:54PM; BOB GAFFEY SECONDED; MOTION PASSED UNANIMOUSLY.**

Meetings/Events:

Audit Exit Interview - 4:30PM, Tuesday, June 11, 2019 - OB Library

OB FinCom - 5:00PM, Thursday, June 20, 2019 - OB Library

AIFC - 7:00PM, Wednesday, July 10, 2019 Tisbury Emergency Bldg.

OB FinCom - 5:00PM, Thursday, July 18, 20, 2019 - OB Library

Action List

- Bill V. – draft & send comments on MVRHS Regional Allocation.
- Bill V. – send regional agreement to FinCom.
- June/July Agenda Items:
 - Review and Recommend Town Financial Policies

Ongoing Action List from previous meetings (cont.)

- Future Agenda Items:

Trash/Waste Analysis	Reserve Fund Increase
Town Cleaning Services Analysis	Assessor's Office re: PILOTs
Auditor Management Letter Update	Embarkation Fund Policy

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Oak Bluffs Finance and Advisory Committee
June 6, 2019

4

Documents on file:

- Agenda 6/6/19
- Sign In Sheet 6/6/19
- Town Administrator Report, May 14, 2019 (12 p.)
- 6. Contingent (Unfunded) Liabilities Policy (2 p.)
- KMS Town of Oak Bluffs, Other Post Employment Benefits Program, Financial Reporting Disclosures as of June 30, 2018, November 2018 (4 p.)
- KMS Dukes County Contributory Retirement System Actuarial Valuation as of January 1, 2018, (6 p.) January 2018
- Town of Oak Bluffs YTD Report (16 p.) 6/6/19
- Vrooman cover email re: FinCom 6/6/Agenda 6/2/19
- Oak Bluffs Proposal (5 p.)
- Regional Agreement Martha's Vineyard Regional High School (13 p.) 1/12/94
- Martha's Vineyard Statistical Profile 2019 (132 p. including covers, not counting blanks) February 2019

- Minutes approved by the OB FinCom 6/20/19.