

West Tisbury Finance Committee Meeting
Howes House
February 21, 2018

Present: Gary Montrowl-Chair, Doug Ruskin, Greg Orcutt, Katharine Triantafillou
Also present: Skipper Manter-Selectman, Jen Rand-Town Administrator, Bruce Stone-Town Accountant, Omar Johnson-Health Agent, Eric Lowe and Tim Barnett-Board of Health, Pam Thors-Admin. Asst.

Gary called the meeting to order at 4:30pm.

Omar Johnson, Board of Health Agent was asked to make his request to the Committee. He stated that he felt that the last time he came before them he had not given a thorough explanation as to why he is in need of a part time administrative assistant. He said he had looked at the areas where he would utilize an assistant and that a large part of the duties would be data entry and permit applications. He said that the yearly, seasonal and daily permits required follow up data entry and often bulk mailings. He said that the assistant would also assist in monitoring the many catered and temporary food events that take place in West Tisbury in the summer. He explained that all permits must be reviewed by the Board of Health and the assistant would put together the list for the meetings, draft minutes and then enter notes into the GEO System regarding fine points of the permits issued. He said that he would also have the assistant enter perc test data in GEO. He mentioned that with septic inspections that take up a lot of time the assistant would enter all relevant data in the system, as well as do mailings, excel worksheets and other organizational tasks. He cited the many types of clerical work that the assistant would be able to take care of so that he could deal with the more complex work of the department.

Gary stated his two concerns; that he would like to see an increase in permit fees to offset the budget increase and that the position could morph over time into a benefited position. Doug agreed, citing his interest in knowing the actual increase in volume of permits and getting revenues up to help cover costs.

Eric stated that Omar has the Board of Health's full support and that the demands on the department have grown. He stated that local Boards of Health now have many responsibilities that used to be taken care of by the State. He mentioned that at one time during the building boom, there was an assistant for the Building Inspector and the Health Agent. He said that it was impossible to guarantee that the proposed position would stay at 12 hrs. but that at this time, it would be very helpful and would enable Omar to focus on the more serious demands in the department.

Bruce stated that he compared payroll now to payroll 14 yrs. ago when he started. He said that there was only one position that became a benefited position over that period of time.

He said that all the rest were hired as benefited positions. He also cited two part time positions that are still part time many years later. He also stated that retired health agent John Powers, used to submit his 35 hr. payroll when it was obvious to many that he often worked many more hours than that.

Katharine questioned that a secretary was needed to do data entry. She asked why Omar couldn't do it himself, stating that she would like to see the data showing that an assistant is necessary.

Omar stated that he needs an assistant to enable him to do his job properly. He added that John Powers, who held the position for 29 years, told him after one month of training that the job was no longer a one person job and that he should ask for help. Tim explained that in the current housing market, the demands on Health Agents have increased. A discussion ensued as to why the issue of an assistant was not brought up last year.

Jen addressed the "Why now?" question, stating that John Powers worked more hours than he was paid for and that's how the work got done. She stated that the town has grown and that they all need to realize that it's not 1985 anymore and people need to be paid for the hours they work and the town has to retain staff by compensating them fairly. She stated that the Board of Health is saying that help is needed in their department. She verified the large volume of traffic into this office. She also cited recent increases in staff in other town departments, adding that the need for an assistant in this case is real.

Doug agreed that there is a need for an assistant. He said however that it is his belief that the fees should be covered by the user of the services and not by the tax base as a whole. He stated that all departments should ramp up fees to cover costs.

Eric assured the Finance Committee that they are currently looking into raising fees but that those increases would probably not be enough to cover 100% of the cost of an assistant. Bruce mentioned that a possible increase in drop off fees at the Landfill would generate more revenue for the town. He stated that it could be as much as a 25% increase in Board of Health related revenues.

Gary said that he is a lot more comfortable with the idea of paying for an assistant in light of the possibility of an increase in fees. Katharine asked the Board of Health to draft an updated budget showing the proposed changes. She stated her concerns about the town's overall budget. Greg stated his opinion that in running a business, if there are increases in costs there has to be increased revenue. Gary suggested that the Committee hold off on voting on the Board of Health budget for now. He said that the Board of Health has a few weeks to work on putting together a plan to increase rates to see how that affects the budgeting for an administrative assistant.

The Reserve Transfer request for \$4,000 was discussed. Bruce summed up the request saying that the money is for plants around James Pond to help support the Herring Run Project which is scheduled for March.

G. Orcutt moved to approve the Reserve Transfer request for \$4,000 to the Herring Warden's budget. D. Ruskin seconded the motion. The vote on the motion was unanimous in favor.

There was a brief discussion of the letter to the Board of Health and whether there needed to be changes. All agreed that the letter is perfect as is.

G. Orcutt moved to approve the letters to the Board of Health and the Board of Selectmen regarding permits and fees. K. Triantafillou seconded the motion. The vote on the motion was unanimous in favor.

Gary said that emailing the letter to the Board of Health is fine. He asked that the letter to the Board of Selectmen go through Margo.

The Committee reviewed the Finance Committee's Report for the Annual Town report.

G. Orcutt moved to approve Gary's submission of the 2017 Finance Committee's Report. D. Ruskin seconded the motion. The vote on the motion was unanimous in favor.

The warrant articles were reviewed. (Please see attached list). The articles in contention are highlighted.

Bruce reviewed the FY 2019 Projected Tax Levy, (Please see attached).

The meeting adjourned at 5:45 pm.

Respectfully Submitted,
Pam Thors, Administrative Assistant

Approved 5-0

March 23, 2018

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West Tisbury Finance Committee

February 8, 2018

West Tisbury Board of Health

Re: Health Dept. Permit and License fees

Dear Board of Health:

In our normal review of budgets this year we became aware of the increasing gap between collected fees and actual expenses at the Health Department. As you know, construction activity continues to grow entailing additional expenses, seemingly every year. However income from permits and licenses is dramatically lower than costs. In the current budget, income lags expenses by over \$66,000. ION addition, while costs increase, revenues appear to be declining.

We understand that there is some desire to keep fees down. However, the health department is unlike other departments – Fire and Police for example. Those departments generally provide services to all and in the case of Fire and Police, operate in a manner similar to purchased insurance: we know we need it, hope we never do, but all agree to chip in to share the cost. However, the Health Department provides much of its services to those with projects. Health Department fees are a fraction of those costs.

As you well know, budgets are getting tighter and harder to balance every year as services and the quality of those services increases. As regulations change, the operating cost of the Health Department increases further. We believe it's both appropriate and responsible to set permit and license fees – particularly permit fees – at a level commensurate with costs so that the department is self-supporting. With income lagging so far behind costs, it would require an approximate tripling of fees to match expenses. We understand that may be too radical a change to make all at once. However, we don't believe it's appropriate to burden every taxpayer with the cost of an individual's project, no matter how small that cost. We urge you to consider the above and plan an overall increase of fees to ultimately match the departments' costs.

We would be happy to participate in any discussions about this issue.

Sincerely,

West Tisbury Finance Committee

Gary Montrowl
Chair

West Tisbury Finance Committee

February 8, 2018

West Tisbury Board of Selectmen

Re: Building Dept. Permit and Inspection fees

Dear Selectmen:

In our normal review of budgets this year we became aware of the increasing gap between collected fees and actual expenses at the Building Department. As you know, construction activity continues to grow entailing additional expenses, seemingly every year. However income from permits and inspections is dramatically lower than costs. In the current budget, income lags expenses by over \$50,000.

We understand that there is some desire to keep fees down. However, the building department is unlike other departments – Fire and Police for example. Those departments generally provide services to all and in the case of Fire and Police, operate in a manner similar to purchased insurance: we know we need it, hope we never do, but all agree to chip in to share the cost. However, the building department provides the vast majority of its services only to those with projects underway – often significant projects. Building department fees are a tiny fraction of those project costs.

As you well know, budgets are getting tighter and harder to balance every year as services and the quality of those services increases. As regulations change, the operating cost of the Building Department increases further. We believe it's both appropriate and responsible to set permit and inspections fees – particularly permit fees – at a level commensurate with costs so that the department is self-supporting. A 1/3 increase in income would cover all costs in the current budget, yet be a virtually unnoticeable change in a construction budget (a modest 1500 SF home built at a cost of \$300/SF would see a permit fee increase of 0.06%).

We don't believe it's appropriate to burden every taxpayer with the cost of an individual's project, no matter how small that cost. We urge you to increase fees to match the departments' costs.

We would be happy to participate in any discussions about this issue.

Sincerely,

West Tisbury Finance Committee

Gary Montrowl
Chair

To the Town of West Tisbury:

The Finance Committee has the statutory duty to “consider and act upon any and all municipal questions to be included as Articles in all Warrants for Annual and Special Town Meetings including the annual town budget.” (Chapter 39, Section 16) To that end, the Committee has met nearly monthly for the past year and more often during the budget cycle – January through March. The Committee is also represented on the West Tisbury Community Preservation Committee and Finance Committee members routinely attend budget meetings for the Up Island Regional School District (UIRSD) as well as the Martha’s Vineyard Regional High School (MVRHS). Some of the highlights of our work over the past year include:

Schools

The Finance Committee continued its support to the UIRSD in its efforts to obtain relief for the Town of West Tisbury because of costs incurred through the School Choice program. School Choice allows students to choose whichever Island school they wish to attend dependent upon space availability. The “receiving school” is reimbursed a fixed amount for each student. Because the amount received by the Town as reimbursement covers only a part of the education costs associated with School Choice Students and West Tisbury receives a disproportionate share of School Choice Students in comparison to other Island towns, the UIRSD sought an amendment to the formula by which compensation is determined. The All Island School Committee agreed to a new formula which is currently in the process of being implemented. Although it was anticipated that this formula would be phased in over 9 years, the amended formula has progressed more rapidly than expected with the result that it now should be fully implemented in half that time.

Again, in a continuation of its efforts from last year the Committee has supported the West Tisbury Selectmen in their engagement with other UIRSD towns to seek a more equitable sharing of school district costs. A reformulation proposal drafted by a Selectmen’s Committee, in which a Finance Committee representative participated, was presented to the towns of Chilmark and Aquinnah and several meetings have been held by town Selectmen to review cost structure related to the West Tisbury and Chilmark schools. These discussions are expected to continue through the coming year.

Our schools account for approximately 55 percent of the town’s total budget. The high school’s operating budget alone is over \$20 million and larger than our town budget. West Tisbury’s share of the high school assessment is about \$2.9 million or roughly 16 percent of the total. This assessment is determined by a state formula that considers several factors, the most dominant being our share of the student population. Our school committees and school administrators work diligently to seek efficiency without sacrificing the quality of education. To better understand how school budgets are developed and to provide input early in the process, representatives of our Committee regularly participate in the lengthy annual budget planning meetings that begin during the summer. In the MVRHS budget (and to a lesser degree in the UIRSD budget) there are four significant structural factors driving increased costs; salaries, facilities maintenance, unfunded Other Post-Employment Benefits (OPEB) liabilities and rising health insurance premiums. These elements account for the largest share of the increase in this year’s budget. To give a sense of the impact these factors have upon the budget, if one were to exclude these four elements from this year’s high school operating budget it would increase only 2.0 %. When included, however, the total high school budget increases by 6.25 percent. There will also be the additional significant expense incurred in the next couple of years to renovate the 175,000 sq. ft. high school facility. The cost is currently estimated to be between \$60 and \$100 million. If this amount is funded via a long-term bond, the Town of West Tisbury’s share of this bond would add between \$600,000 to \$990,000 to our existing annual high school budget assessment.

Personnel

Over the course of the past few years the Finance Committee has been engaged in an ongoing dialogue with town Selectmen to urge that consideration be given to merging the positions of Treasurer and Tax Collector and making it an appointed position versus an elected one. This was in recognition that the duties associated with the Tax Collector position have evolved over time and that the duties associated with this position could capably be handled by a single individual with support from a part-time assistant. Two articles to affect these changes are on the Warrant this evening for your vote.

Payroll increases occur annually for a variety of reasons. We have spent some time understating the reasons for them to determine if there are opportunities for mitigation without jeopardizing services or the Town’s ability to attract new staff. Last year, out of a concern for ever-escalating payroll costs, we took a look at the Town’s wage scale (grades and steps) and its Annual Wage Adjustment process. Although both are the ultimate obligation of the Personnel Board, we thought a closer look at these issues was warranted.

In West Tisbury, wage step increases are 5% per step for all grades. This is one of the highest rates in Massachusetts, and the highest rate among Island towns, whose step increases range from 2.5% to 4%. At 5% per year, the Town’s payroll increases 41% over 8 years. Stated another way, a new employee with positive reviews each year will receive a cumulative 41% raise at the end of 8 years.

The Finance Committee presented a proposal to the Personnel Board to reset step increases at 3.5%. Using the assumptions above, the savings would result in approximately \$400,000 over 8 years, or a 27% vs. 41% increase. We

intentionally avoided any recommendations regarding specific steps or grades, as it is not our role to address the appropriateness of matching these to job descriptions. Nor are we recommending pay reductions; only addressing the year-over-year increases. Although this has yet to be adopted, the Personnel Board continues to consider the proposal.

In addition, we asked the Personnel Board to adopt a standard formula for determining the Town's Annual Wage Increase. We are pleased that we were heard and that we are now seeing a consistent approach to this process.

OPEB

Another area of great concern to the committee is the continuing liability for Other Post-Employment Benefits or OPEB. These are future benefits paid to former town employees other than pensions and include items such as health insurance, long term care or life insurance. The current unfunded accrued liability for the Town of West Tisbury is \$1,754,239 as of June 30, 2017. This is very good news as it reflects the town's commitment to bringing this liability down to a manageable size by paying what is called the Annual Required Contribution (ARC) and some recalculation by the governing authorities because the Town has been making more than the required contribution. (The July 1, 2014 actuarial study reflected a town liability of \$4,730,284.)

Both the Martha's Vineyard Regional School District and the Up-Island Regional School District have also begun to address the long and short term issues involved with their OPEB liabilities. We were pleased that the School Committees reacted positively to our reports on OPEB submitted to them in 2016 and are making an effort to implement the recommendations. As of June 30, 2017, the UIRSD had an unfunded accrued liability of \$9,165,665 and the MVRSD had an unfunded accrued liability of \$25,236,214. The Schools have been steadily increasing their payments but as they are quick to acknowledge, more needs to be done, especially by the MVRSD whose ARC is approximately \$2,332,089. The MVRSD is paying only \$1,004,370 toward its OPEB obligation which is about half of what needs to be paid annually to avoid an ever increasing liability.

OPEB liabilities should be at the forefront of everyone's mind, especially as districts/regional entities consider hiring new personnel or incurring new costs for other programs or buildings.

The Martha's Vineyard Commission has an unfunded liability of \$1,011,386 and the Martha's Vineyard Refuse and Disposal District has an unfunded liability of \$25,236,215. Neither of these entities are paying enough towards this obligation (ARC) to avoid escalating costs. On the other hand, we applaud Dukes County for making a "catch-up" contribution which means they are on track with current ARC payments. Two other entities – Tri-Town Ambulance and WT Council on Aging – have large unfunded liabilities but we understand that the Up-Island Towns have committed to working through the contribution formulas to make sure that ARC payments are made in the near future.

Article	Old #	New #	Fin Com	Purpose	R&A	Free Cash	Other	Contact
Article 3		3		budget				
Article 4		4		Wage adjustment				Maria McFarland
Article 5		5		Police Cruiser	44,213.00			Dan Rossi
Article 6		6	C, K	Building Maintenance	100,000.00			Selections/Jan Rand
Article 7		7		Fire Station 1 Water Tank		50,000.00		Selections/Jan Rand
Article 8		8		Trail's Cove Rd Culvert	10,000.00			Richie Olsen
Article 9		9	C, GO, K	Speed Study		27,000.00		Selections/Jan Rand
Article 10		10	C, K	Repairing Fire Station 1	75,000.00			Manny Estrlin
Article 11		11	C	Fire Chief Truck	60,000.00			Manny Estrlin
Article 12		12	C, K	Town Hall Parking Spots		7,000.00		Selections/Jan Rand
Article 13		13		Town Picnic		2,500.00		Selections/Jan Rand
Article 14		14	D	ACE MV	12,590.00			Sam Hart
Article 15		15	C	URS/D-WT Fire Alarm	17,152.00			Amy Tierney
Article 17		16	C	URS/D-Chilmark HVAC	23,261.88			Amy Tierney
Article 18		17		Assessor's Revaluation	24,000.00			Dawn Barnes
Article 19		18	GO	County-DC Social Services	7,852.00			Martina Thornton
Article 20		19		County-SL/D Prevention	7,195.00			Martina Thornton
Article 21		20		County CORE	11,512.00			Martina Thornton/Julie Fay
Article 22		21		County-First Stop	6,833.00			Martina Thornton/Julie Fay
Article 23		22		County-Healthy Aging MV	10,233.00			Martina Thornton/Julie Fay
Article 24		23		Revolving Funds			122,000.00	Bruce Stone
Article 25		24		Employee Compensated Balances Reserve	20,000.00			Bruce Stone
Article 26		25		County Building Debt	26,158.32			Bruce Stone
Article 27		26	D	Tax Collector Salary	68,886.00			Bruce Stone
Article 28		27		Appropriate FY2019 CPA to Reserves & Admin			500,000.00 CPA	CPC/Pam Thors
Article 29		28		Ag Hall doors			15,000.00 CPA	CPC/Pam Thors
Article 30		29		Old Mill doors			20,000.00 CPA	CPC/Pam Thors
Article 31		30		Mayhew Peddler's Wagon			50,000.00 CPA	CPC/Pam Thors
Article 32		31		Greenwood Ave Tisbury Housing			100,000.00 CPA	CPC/Pam Thors
Article 33		32	C	WT AHIF			300,000.00 CPA	CPC/Pam Thors
Article 34		33		DCRHA Rental Subsidies			80,000.00 CPA	CPC/Pam Thors
Article 35		34		Scott's Grove Debt			49,000.00 CPA	CPC/Pam Thors
Article 36		35	K	Free Cash to lower FY2019 tax levy		520,000.00		Bruce Stone
Article 37		36		Old Courthouse Rd Transfer to Affordable Housing				Rhonda Conley/Jan Rand
Article 38		37		401 State Rd Transfer to Affordable Housing				Rhonda Conley/Jan Rand
Article 39		38		Scott's Grove Easement for Well				Rhonda Conley/Jan Rand
Article 40		39		Treasurer/Collector vote to combine				Selections/Jan Rand
Article 41		40	K	Personnel Board bylaw amendment				Maria McFarland
Article 42		41	K?	Personnel Board bylaw amendment				Maria McFarland
Article 42		42	K?	Personnel Bylaw - Education Incentive				Dan Rossi
Article 42		43	K?	Personnel Bylaw - Animal Control Op Call				Tony Gordray
Article 42		44	K?	Personnel Bylaw - Classification Plan				Maria McFarland
Article 43		45	C	MVRHS Stabilization Fund				Amy Tierney
Article 44		46		Assessors compensation MGL159 Sec. 21A				Dawn Barnes

Old #	New #	Fin Com	Purpose	R&A	Free Cash	Other	Contact
Article 45	47	GO	Zoning - rec marijuana				Jane Rossi
Article 46	48		Zoning - generators				Jane Rossi
Article 47	49		Zoning - cargo containers				Jane Rossi/Joel Tierney
Article 48	50		Zoning - fire protection re marijuana facilities				Jane Rossi/Joel Tierney
Article 49	51	GO	Zoning - medical Marijuana				Jane Rossi/Geoff Rose
Article 50	52		565 Edg. Rd Easement for utilities				Selectmen/Jan Rand
Article 51	53		Balloon Ban				Petition/Zoe Turcotte
Article 52	54	C, K	Dukes County Communication Center	36,580.51			petition/Sheriff Ojeda
Article 53	55	C, K	Health Imperatives		5,000.00		petition
Article 54	56		herbicide regulation				petition/Nicola Blake

**FY 2019
Projected Tax Levy**

	FY 2018 Includes All Non-CPA Items Approved TM	Projected FY2019	Change FY2019 vs FY2018 vs	% Change
<u>Budget/Articles/Other General Fund Items</u>				
Budget approved at ATM	18,396,389	18,857,547	461,158	2.5%
ATM Warrant Articles* (Raise & Appropriate)	65,925	560,471	494,546	750.2%
ATM Articles from Overlay Surplus/Unused Articles	221,000	0	(221,000)	-100.0%
ATM Articles from Free Cash	0	91,500	91,500	N/A
Snow & Ice Deficit	31,032	20,000	(11,032)	-35.6%
Overlay	82,852	80,000	(2,852)	-3.4%
Cherry Sheet (State/County) Assessments	208,301	204,975	(3,326)	-1.6%
Total General Fund Expenditures/Appropriations	19,005,499	19,814,493	808,994	4.3%
<u>Receipts/Other Funds</u>				
Cherry Sheet (from State): State Receipts	950,655	980,778	30,123	3.2%
Overlay Surplus/Article Transfers	221,000	0	(221,000)	-100.0%
Local Receipts	1,386,937	1,430,000	43,063	3.1%
Free Cash for Appropriations	0	91,500	91,500	N/A
Overlay Surplus Applied to Tax Rate	19,000	0	(19,000)	-100.0%
Free Cash Applied to Tax Rate	575,000	520,000	(55,000)	-9.6%
Total General Fund Receipts/Available Funds	3,152,592	3,022,278	(130,314)	-4.1%
NET: Tax Levy	15,852,907	16,792,215	939,308	5.9%

FY 2019 Estimated Levy Limit and Maximum Levy Under 2 1/2

FY 2019 Levy Limit (not including New Growth)	15,153,748
FY 2019 Estimated New Growth	100,000
FY 2019 Debt Exclusions	1,128,967
FY 2019 Maximum Tax Levy	16,382,715
Amount Actual Tax Levy will be less or (more) than Maximum Allowed	(409,500)
Balance of Free Cash Available (after free cash appropriations above)	34,501

* Excludes articles from CPA Funds