

**West Tisbury Finance Committee Budget Hearing
Howes House
January 19, 2017**

Attendance

Committee: Gary Montrowl – Vice Chair, Chuck Hodgkinson, Greg Orcutt, Doug Ruskin

Guests: Bruce Stone – Town Accountant, Jen Rand – Town Administrator, Skip Manter– Selectman, Cynthia Mitchell – Selectman, Kathy Logue – Treasurer, David Vigneault – DCRHA Director

The Vice Chair called the meeting to order at 4:05pm. A quorum was present.

Approval of Minutes

There were no minutes to approve.

Old Business

Wrap Up of Budget Hearings on Jan 17, 2017

No discussion.

New Business – Budget Hearings

Public Safety

#292 Animal Control Officer

No presentation.

General Government

#197 Dukes County Regional Housing Authority – David Vigneault, Director

The Vice Chair asked David Vigneault to explain the DCRHA programs. David said the DCRHA is split three ways between rental management and support, ownership support through lotteries and monitoring of resales and refinancings, and organizational efforts such as speaking with housing committees, planning boards, CPCs, rental opportunities from zoning bylaw changes, housing needs assessments, housing production plan, and communicating in the town and regional process.

David said over the last three years the demand for rentals has increased. David said there is a lot of displacement due to second home sales and the housing need is less of a function of income because it is difficult to find a 12 month rental. David said DCRHA has been working with the clergy, county and others on cold weather shelter options through three parishes. David said there is a homeless coordinator on Island devoted to our homeless needs.

David said the DCRHA budget request is down \$1,000 from FY17. David explained the 1.5% wage increase was based on the October CPI number which had been negotiated with the towns a few years ago. David said the insurance through GIC jumped 8%, and there is limited coverage on Martha's Vineyard. David said the DCRHA has been working with Kelly McCracken at the county to become part of county retirement system. David said Kelly received a ruling from PERAC at the state level that DCRHA is mandated to be part of the county retirement system, but PERAC has not yet written a letter and nothing can move forward until that happens so the retirement assessment is an estimate.

The Vice Chair asked about the DCRHA OPEB obligation. David said that because there is no retirement plan, there is no OPEB obligation.

Greg asked about 12 month rental opportunities on the Island. David explained the high end economy started improving three years ago and people starting taking longer vacations which increased demand for seasonal rentals. David said there isn't a week that doesn't go by that DCRHA doesn't see two families whose house is being sold and they have two months to find a new rental.

Chuck asked about the total town assessment of \$303,000 and if that was the deficit after netting revenue and expenses. David explained the \$303,000 is just the cost of the three staff members. Bruce added that is the personnel expense plus \$10,000 for legal.

Chuck asked about administrative expenses. David said the professional services are largely the CPA reviews of various programs because DCRHA is mandated to have a management review conducted every year. Chuck asked about \$23,500 office expense which David explained is rent, utilities, training and other office expenses.

Chuck asked if DCRHA owned 85 rental units. David said DCRHA owns 53 units. Chuck asked about the \$211,000 in debt which David attributed to the owned units. Chuck asked when the debt would be retired and if the debt has been refinanced. David explained the debt was bundled and refinanced three years ago, saving DCRHA \$18,000 per year. David said it was 30 year debt at the time it was refinanced. Chuck said he would like to know when the annual debt service expense would stop.

Chuck said he would like to see a comparison of the budget versus the historical budgets and actuals. David said this was discussed at an All Island Finance Committee meeting and he offered to conduct a session when DCRHA's accountant visits in May or June. David said the CPA will also be on Island at the end of the month if the AIFC would like to meet then.

The Vice Chair said he thought the May/June time frame would be best. The Vice Chair also explained that the Committee was accustomed to seeing a column comparison of proposed budget versus previous budgets and actual expenditures.

Bruce asked if a staff changeover occurred midyear and the total assessment amount is not spent, what happens to the funds. David explained that all staff members have worked at DCRHA 11 or more years. David added that DCRHA doesn't have a mechanism to come to the town if it goes over budget.

The Vice Chair asked David to tell the audience about the programs offered by DCRHA. David explained the rental assistance program is in its fourteenth year and has been fully funded by the towns for six years. David said that up to one half of the rent can be paid for renters earning a maximum 80% of the area median income, adding that if somebody can pay half of the rent, then town CPA dollars can pay up to one half of the rent. David said the average renter is in the program for three years. Cynthia Mitchell asked how many units in the program. David responded it is 60 units island wide which is down from 80 units because there is a shortage of landlords.

Skip asked how someone could apply for rental assistance or become a landlord. David said to stop by the Dukes County Regional Housing Authority office which is across from Little House Café in Vineyard Haven.

Culture & Recreation
#610 Library

No presentation.

#620 Parks & Recreation Committee

No presentation.

#632 LC Beach & Seth's Pond

There was no presentation.

#640 Recreation Programs

No presentation.

#650 Town Grounds

No presentation.

#690 Historic District Commission

No presentation.

#691 Local Historical Commission

No presentation.

#692 Martha's Vineyard Cultural Council

No presentation.

Debt

#710 Debt Service – Kathy Logue, Treasurer

#751 Long Term Debt - Kathy Logue, Treasurer

#752 Short Term Debt - Kathy Logue, Treasurer

Kathy said the only thing that has changed since she submitted the budget and narrative is that she had written that new debt items would be offset by lower straight capital outlay, but she is not certain that will be the case because it is expected there will be a \$100,000 warrant article for facilities management items. Kathy said she believed the debt will be within the realm of level.

The Vice Chair asked about the West Tisbury CPC debt. Kathy said there will be two parts, the first of which will be a warrant article to authorize \$500,000 for Scott's Grove which will include authorization to borrow. Kathy explained there will be a second warrant article to appropriate \$50,000 in CPA funds to pay one tenth of the debt in the next fiscal year. Kathy said that may change a bit because the WT CPC has spoken about potentially funding the interest as well.

Gary asked if CPC funds would be used over the ten years to repay the debt. Kathy answered that if the town votes yes, the town will have committed to pay the debt whether or not it gets paid from CPA funds. Kathy added that each year the town will vote to appropriate \$50,000 from CPA funds to pay down the principal. Kathy said that she is working with the WT CPC to have CPA funds also cover the interest portion.

Kathy said that WT CPC has borrowed twice before for the town hall and for a portion of the Field Gallery project, both of which have been paid off. Chuck pointed out that the town cannot use CPA

funds from the state match to service interest payments on debt and asked if this project would comply. Kathy replied yes.

Chuck asked if the borrowing would be a bond. Kathy responded the instrument would be annual recurring bond anticipation notes which are like a bond, but don't have the \$30,000 - \$40,000 issuance costs a bond would have. Kathy said the town may wait to borrow until the fall after the Island Housing Trust knows the amount of grants it will receive for the project. Kathy explained that her goal is to combine projects and borrow once a year in June so the \$500 fee can be spread over a greater principal amount.

Doug asked about the town's total outstanding debt. Bruce said that is in the annual report every year.

Chuck asked why the town borrowed against the Public Safety building in 2014. Bruce answered that was the police station. Chuck asked about a \$2.2million bond for highway road resurfacing in 2013.

Chuck complimented Kathy's debt management and the fact that the town tries to retire debt when it adds debt so taxes are not significantly impacted. Chuck said he would like to see a schedule of all town debt and when it will be retired. Kathy said that a six year schedule is included in any capital improvements report. Bruce said he could provide the information. Chuck said that he would like to see annual debt service costs because the MVRHS renovation and the school system OPEB liability will potentially have to be dealt with. Chuck said he would like to see debt service reduced to a \$500,000 annual cost so that the town can be prepared.

Kathy said she could provide a projection, and that current borrowings had ten year commitments. Kathy agreed that if those things come up quickly, the town may have an issue being budgetarily ready. Kathy added that every year the MVRHS doesn't resolve the problem, it helps the current town budget, but does not help long term cost to the town. Chuck asked Bruce to add the West Tisbury 80% share of the school's debt to the debt service schedule.

Doug asked if there was a serious crunch, could debt be refinanced, although he was not recommending the strategy. Kathy said that existing long term debt could not be refinanced, and the highway truck, fire truck and the highway building are all things that we want to make sure we pay off in time especially the vehicles which have a short life. Kathy said one year the town could choose to pay the interest and not pay down much principal, but she would not advise doing that. Doug pointed out the town hall debt retires in two years and that is \$300,000 in annual debt service. Kathy concurred.

The Vice Chair asked Bruce if there were any other significant projects that might need financing other than the high school. Bruce said outside of town maintenance issues, he has not heard of much, but there may be something for the UIRSD.

Skip said the UIRSD has been adding \$50,000 per year to pay down the OPEB obligation, but to cover the normal cost plus interest would be approximately an additional \$200,000 next year. Skip explained the school is asking to create a separate warrant article so that voters will understand why there is an increase and also so that people can vote on it separately. Skip said that going forward, that amount would be transferred to the OPEB line item in the UIRSD budget.

Chuck asked if Excess & Deficiency funds are being considered by the UIRSD to reduce the OPEB obligation. Skip did not think so.

The Vice Chair stated the town is very well served by Bruce Stone as town accountant and Kathy Logue as town treasurer and we are lucky to have them.

Kathy said that once the town pension liability is under control the plan is to shift those funds over to reducing the OPEB obligation.

Benefits

#911 County Retirement

No presentation.

#912 Workers' Compensation

No presentation.

#913 Massachusetts Unemployment

No presentation.

#914 Health Insurance

No presentation.

#915 Life Insurance

No presentation.

#916 Medicare Tax

No presentation.

#945 Public Officials Liability Insurance

No presentation.

Correspondence/Scheduling

The next finance committee budget hearing will be Tuesday, January 24, 2017 at 4pm at the Howes House.

Adjournment

Greg moved to adjourn. Doug seconded the motion which passed 4-0. The meeting was adjourned at 4:56pm.

Respectfully Submitted,

Margo Urbany-Joyce
West Tisbury Finance Committee Administrative Assistant

Vote: 4-0

Date: January 26, 2017