

West Tisbury Finance Committee Budget Hearing
Howes House
February 6, 2018

Attendance

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

Guests:

Matt D’Andrea – School Superintendent, Kate DeVane – UIRSD Committee Chair, Sarah Dingley – MVRHS Principal, Mark Friedman – MVRHS Finance Manager, Kent Healy – Selectman, Donna Lowell-Debettencourt – West Tisbury School Principal, Skip Manter – Selectman, Cynthia Mitchell – Selectman, Jen Rand – Town Administrator, Richie Smith – Assistant School Superintendent, Susan Stevens – Chilmark School Principal, Bruce Stone – Town Accountant, Amy Tierney – Business Manager of Schools

The Chair called the meeting to order at 4:00pm. A quorum was present. The hearing was recorded and will be televised on MVTv.

Approval of Minutes from Previous Meetings

Chuck moved to approve the minutes from 1/23/18 as revised, Greg seconded the motion which passed unanimously.

A vote for the approval of minutes from 1/25/18 was postponed until the next meeting on 2/8/18.

Old Business

Reserve Fund Transfer Request – Veterans Benefits

Bruce explained the request for a reserve fund transfer of \$7,000 to #543-5700 Veteran’s Benefits was due to the fact there is a second veteran recipient. Bruce said veteran’s benefits are 75% reimbursed by the state, but there is significant lag time.

Greg moved to approve the reserve fund transfer request of \$7,000 to #543-5700 Veteran’s Benefits. Doug seconded the motion which passed unanimously.

Budget Reviews

#141 Board of Assessors

Greg moved to preliminarily recommend budget #141 Board of Assessors. Doug seconded the motion which passed 4-1, with Katherine voting no.

#210 Fire Department

Doug said he didn’t want to jeopardize safety, but the fire department has historically returned \$25,000 per year to free cash. Doug said he understands this is because the budget is large enough to cover 100% attendance at various trainings over the year, but attendance is never 100%. Doug said while he applauds the need for a cushion, historically it doesn’t seem to be necessary.

The Chair said that the Committee previously voted to preliminarily recommend 3-0-2 and although there won't be a revote now, it can be addressed when the Committee votes the entire budget.

Chuck asked Doug to respectfully reconsider because it is difficult to fill volunteer staffing and he would not want to put Chief Estrella in a situation where he doesn't have a stipend to fill a position.

#241 Inspector of Buildings & Zoning

Chuck said that the Fin Com spoke with the building inspector about raising fees and he'd like to hear from the Selectmen what they intend to do about raising the building permit fees. The Chair explained Doug was working on a letter to the Selectmen.

Greg moved to preliminarily recommend budget #241 Inspector of Buildings & Zoning. Chuck seconded the motion which passed 5-0.

#421 Superintendent of Streets

There was no presentation and no discussion.

Greg moved to preliminarily recommend budget #421 Superintendent of Streets. Chuck seconded the motion which passed 5-0.

#422 General Highway Fund

There was no presentation and no discussion.

Greg moved to preliminarily recommend budget #422 General Highway Fund. Chuck seconded the motion which passed 5-0.

#423 Snow & Ice Removal

There was no presentation and no discussion.

Greg moved to preliminarily recommend budget #423 Snow & Ice Removal. Doug seconded the motion which passed 5-0.

#424 Street Lights

There was no presentation and no discussion.

Chuck moved to preliminarily recommend budget #424 Street Lights. Greg seconded the motion which passed 5-0.

#433 Town Landfill/Local Drop Off

The Chair asked Bruce if changes in budget #439 MVRDRRD Intergovernmental would impact budget #433 Town Landfill/Local Drop Off. Bruce said he thought changes in recycling in budget #439 could actually benefit budget #433 because of the way the town is billed. The Chair conducted the vote to preliminarily recommend with the budget as is, and said it could be revised lower in the final budget vote.

Greg moved to preliminarily recommend budget #433 Town Landfill/Local Drop Off. Doug seconded the motion which passed 4-0-1 with Chuck abstaining.

#439 MVRDRRD Intergovernmental – Don Hatch, Director

The Chair said the revised budget amount has increased from \$116,053 to \$118,766.

Greg moved to preliminarily recommend budget #439 MVRDRRD Intergovernmental. Katherine seconded the motion which passed 5-0.

#491 Cemeteries

There was no presentation and no discussion.

Greg moved to preliminarily recommend budget #491 Cemeteries. Chuck seconded the motion which passed 5-0.

#510 – Board of Health – Omar Johnson, Health Agent

Doug said this is another case where revenues, which are effectively user fees, don't come close to expenses.

Katherine said she didn't quite appreciate the need to hire a new person. Katherine expressed concern that across the board the town is generally adding to personnel costs without a long-term plan. Katherine explained the town is changing from a small town where people volunteered, to a town which is increasing salaries and adding positions. Katherine said the new health agent has been in this position for less than a year and now the Fin Com is asked to provide an assistant and a raise. Katherine summarized by saying she is not in favor of adding a position at this time.

Doug cited a need for a bigger discussion because it feels like an organic change without a plan. Chuck said that he also was not persuaded by the need and suggested adding a seasonal position.

The Chair said that although it is a 12 hour position now, he is concerned it will become a full time benefitted position at a higher salary and personnel costs are one of the principal drivers of costs to the town. The Chair said that before approving this budget, he would like the issue of increasing fees to be resolved.

Katherine asked Bruce about the total increase in salary costs for the town. Bruce responded he will have that analysis later in the week, but it will be the increase attributed to the wage adjustment.

Greg moved to preliminarily recommend budget #510 Board of Health. Chuck seconded the motion which failed to pass 0-5. Greg moved to preliminarily not recommend budget #510 Board of Health. Chuck seconded the motion which passed 5-0.

#522 Health Services

There was no presentation and no discussion.

Chuck moved to preliminarily recommend budget #522 Health Services. Greg seconded the motion which passed 5-0.

#525 Vineyard Health Access

The Committee tabled the vote until the next Fin Com meeting.

#540 Martha's Vineyard Center for Living

The Committee tabled the vote until the next Fin Com meeting.

#541 Up-Island Council on Aging

The Committee tabled the vote until the next Fin Com meeting.

#543 Veteran's Benefits

There was no presentation and no discussion.

Katherine moved to preliminarily recommend budget #543 Veteran's Benefits. Chuck seconded the motion which passed 5-0.

New Business

Budget Reviews

#311 Up Island Regional School District

Matt D'Andrea, Donna Lowell-Debettencourt and Susan Stevens presented to the Committee. Donna presented an overview of the Chilmark and West Tisbury schools highlighting enrollment, class size, ELL enrollment and number of school choice students.

The Chair asked about the new school choice formula for shared services. Superintendent D'Andera said that as new school choice students come, they are being charged to their home district, but those previously enrolled through school choice are charged based on where they attend. The Superintendent added that turnover of children leaving the program is faster than expected due to a return to their home district school or a move off Island.

Superintendent D'Andrea said the total UIRSD proposed budget is a \$575,298 increase or 5.1% over last year's budget. The Superintendent presented factors adding to the growth in the budget including contractual salary obligations up \$163,837, health, dental, life insurance (up 12%, but this will be reduced based on newly released rates from Cape Cod Municipal Health), shared services budget (up 8.0%, but this will also be reduced based on newly released CCMH rates), the health teacher position growing from 0.4 to 1.25 positions, the addition of two special ed ESPs, an increase in the OPEB contribution by \$50,000 (now contributing \$450,000 per year), as well as increases in the Dukes County Retirement system contribution.

The Superintendent said that decreases in the budget include capital projects in both the Chilmark and West Tisbury schools which will appear in a warrant article, the Chilmark school lease/debt, payroll expenses and contractual/payroll obligations.

The Chair asked if the recommendations included in the special needs study were reflected in the budget. The Superintendent said that some were included such as changes in locations of programs and the shifting of personnel. The Superintendent added increases to the shared services budget that resulted in an 8.0% assessment increase were due to an increase in enrollment in the UIRSD.

Chuck asked if the \$450,000 Other Post-Employments Benefits (OPEB) contribution was the Annual Required Contribution (ARC) as calculated in the actuarial study. The Superintendent replied the \$450,000 is normal cost plus interest, and there a bit more to get to the ARC. Kate DeVane said that as UIRSD Committee Chair, she plans to propose any left over Excess & Deficiency (E&D) funds be used to reduce the OPEB liability.

Chuck asked about the million dollar bond for capital projects from last year. Amy Tierney said it is short term borrowing and of the \$995,000 authorized, \$775,000 has been borrowed so far. Amy added that \$99,500 is paid down each year. Chuck followed up by asking if the capital projects which are to appear in warrant articles this year are in excess of last year. Amy responded yes.

Katherine thanked the UIRSD team for their effort in addressing the OPEB liability.

The Chair asked about line item #308 Special ed assistant salaries. Principal Stevens said the increase is for students who require one on one assistants.

The Chair asked about the increase in line item #335 HHS. Amy responded that is the nurse's office and includes the cost for the nurse plus supplies.

The Chair asked about the fluctuation in line #343 Custodial. Donna responded there has been a lot of change in the department including a number of people out on workers compensation.

Katherine asked about the increase for the health teacher. The Superintendent explained that over the last 10-15 years, the strong focus has been on academics and health education has been pushed off to the side in every district. The Superintendent said the recent opioid epidemic has brought that to light and there is now a refocus on providing education to help children make healthy choices in their lives. The Superintendent added many things are covered including exercise, food, social and emotional health.

Greg said that he attended many school committee meetings and complemented the UIRSD team on the care used to analyze the budget.

Doug pointed to the fact there is a 5% increase in the number of students accompanied by a small per student increase from \$30,804 to \$30,822. Amy responded there is also a 5% increase in the budget. Doug highlighted the per student cost is one of the highest in the state and he would like to see effort to bring the cost per student down. Doug added that costs on the Island are high, but other schools on the Island have a lower cost per student. Chuck asked what our cost per student would be if the Charter School students were included in the total school population figures.

Greg agreed the cost per student is high, but said that due to contractual obligations alone, the budget would be up 4%.

The Superintendent said his office is always looking to reduce costs, and looks for creative solutions when there is a change in staff. The Superintendent said that it is more expensive on Martha's Vineyard and teachers are paid more here. Doug said his argument is regarding class size with some class sizes around 14 or 15 leading to an extremely low student/teacher ratio. Donna said that class size is growing. Donna cited two first grade classes – one with 13 and one with 15 students and explained that 28 is too large for one class.

Skip Manter said that according to his calculations, spending per student including warrant articles, totals \$38,000 per student at the West Tisbury School and \$56,000 per student at the Chilmark School.

Greg moved to preliminarily recommend budget #311 Up Island Regional School District. Doug seconded the motion which passed 5-0.

#313 MV Region High School

Superintendent D'Andrea, Mark Friedman and Sarah Dingley presented to the Committee.

Sarah led by saying there are a lot of fixed costs which contribute to the increase in the budget such as contractual salary increases up 2.75%, health insurance, OPEB, vacancy rate, and facilities/ground maintenance.

Mark explained that during the budget process a 15% rate increase for health insurance was assumed, but Cape Cod Municipal Health just voted a 6% increase to the premiums. Mark calculated that based upon new rates, the budget would decrease by \$187,000, creating a \$29,000 decrease to West Tisbury.

Katherine asked about the wastewater expense. Mark responded the school connects to the Oak Bluffs Waste Water system to protect the watershed and billing is not as clear as he would like.

The Chair asked about the increase in line 59 Speech Teacher Salary. Superintendent D'Andrea said that is part of the shared services budget and the number of teachers was increased from 5.0 to 5.8.

The Chair asked about the Special Needs Services up 9% and asked if savings would be achieved further down the line. The Superintendent responded yes.

The Chair asked about line #118 foreign language. Mark explained the department has a younger staff so more teachers are not at the top step. Mark added there are also teachers in that department signed up for a lane change in which they pursue advanced degrees.

The Chair asked about line #121 Phys Ed up \$70,000. The Superintendent explained the position is currently held by a person who is dual certified and the increase is in anticipation of hiring a new person.

The Chair asked about line #187 Cafeteria up \$21,000. Mark explained the annual audit pointed out the cafeteria fund has been running a deficit for a couple of years and this is an attempt to remedy the situation. The Chair pointed out there are very few places where revenue can be increased to offset expenses and asked if consideration was given to increasing the meal prices which currently are \$1.75 for breakfast and \$2.75 for lunch.

The Chair asked about line #272 Custodians noting for three years in a row, the budget has been more than the amount spent. Mark responded there have been workers compensation issues and a position has been vacant for three years. Mark said the school is going through the process with the Dukes County Retirement Board, but has to temporarily fill the position until that is resolved.

Katherine asked about step increases and COLA. The Superintendent said COLA was 2.75% for teachers and approximately 2.0% for other employees. Katherine noted that teachers were given salary increases when they received advanced degrees and asked about tuition reimbursement. Amy said tuition is reimbursed \$350 per credit with a maximum of three credits per year and the school is capped at spending \$88,000 per year on tuition reimbursement.

Katherine noted the LGBTQ policy adopted and thanked the school administration for making an effort to create a uniform policy.

Chuck noted this is the first year in a bit the MVRHS has the same principal two years in a row and noted that Principal Dingley had purchased a home on Martha's Vineyard, signifying a commitment to the MVRHS.

Chuck said he looks for structural drivers of the budget and how they can be approached. Chuck pointed out the MVRHS budget is \$21.2 million which is higher than the West Tisbury town budget.

Chuck said we are paying for past mistakes with the high school in disrepair and the OPEB liability in excess of \$30 million, but it is appreciated this administration is dealing with issues. Chuck listed staff, OPEB and health benefits as the largest cost drivers. Chuck explained if you take out those three and building maintenance, the operating budget is only up 1.5%. However, those three categories are up 37%.

Chuck said the way to address staff, OPEB and health insurance is through attrition over time. Chuck said that the maximum class size in the contract could be tying the administration's hands and asked the administration negotiate the topic harder. Chuck added the town of West Tisbury will have to make room for the MVRHS renovation in its budget and asked the administration to help with the education budget.

Chuck asked about staff attrition and the fact there is no savings in this year's budget for attrition. Sarah said she anticipated vacancies, but not resulting in the elimination of a full position. Sarah said the school is always looking for opportunities to eliminate a position. Mark said he is projecting enrollment increase by 20 students next year and should increase the following two years which makes attrition less likely.

Chuck asked about building maintenance increasing by \$611,300 and asked how much will be needed after the renovation. Mark said the current budget includes \$208,000 of one time projects. Doug added that inadequate routine maintenance got us into this situation and once the building is renovated, it will require maintenance which likely is more expensive than in the past. Chuck added that maintenance of the athletic fields should also be addressed in long term planning.

Chuck noted only \$43,000 of Excess & Deficiency (money that was budgeted, appropriated, but not spent) in the FY18 budget is budgeted to lower the FY19 budget. Chuck asked how much E&D was certified in the FY18 budget and how it was spent. Mark said E&D funds for FY18 had not yet been certified, but in FY17, it was \$752,178. Mark said \$25,000 was appropriated by the school committee to address network security issues disclosed in an audit. Mark said \$289,000 was voted to offset the FY18 budget to lower town assessments. When asked, Mark said \$43,000 of E&D was committed to OPEB in FY19.

Chuck asked about the Charter School assessment decreasing \$159,000. Mark responded the Charter School tuition and assessment lines are based on state assessment and reimbursement and driven by the number of students of high school age attending the Charter School.

Chuck asked about \$900,000 in unused funds in the budget which were appropriated but not spent. Chuck pointed out that \$284,000 of Community Preservation Act funds for a new track were unspent and asked if the MVRHS intended to return those funds to the towns. Superintendent D'Andrea said the MVRHS tried to work with a couple of groups to put in a new track but that didn't work out. The Superintendent said a facilities subcommittee is looking at a plan for a new track and he plans to ask the

CPCs for an extension. Chuck asked about the recent resurfacing which cost \$150,000 to \$200,000. The Superintendent said that is meant to last three years.

Chuck asked about \$96,000 appropriated for a new building for the Superintendent's office and if those commitments would be returned. Superintendent D'Andrea said that has not been officially decided and he would like to incorporate a new Superintendent's office into the high school project.

Chuck asked if the \$184,000 in excess bond money for the roof could be spent instead of just paying interest on it. Chuck asked if this could be spent on the line 232 bus parking lot for \$10,000, line 287 horticulture building design and engineering of \$100,000, exterior window replacements of \$40,000, and new roof on superintendent building for \$30,000.

Chuck asked about scheduled periodic maintenance of various items which add up to \$53,000 and asked if all of the items are due for maintenance in FY19. Mark said he has spoken to the facilities manager and all of those are scheduled for FY19. Chuck explained that if we budgeted these items last year and the work wasn't done, then the funds end up in E&D and asked if that would happen again this year.

Chuck asked about the underfunding of the OPEB liability. Mark explained that about \$1.4 million is budgeted versus the normal cost which is \$1.8 million, but they are getting closer.

Chuck noted the MVRHS has applied for, but not received a Massachusetts School Building Authority (MSBA) grant in each of the last three years. Chuck said he read the MVRHS will apply again next year, but if it doesn't receive the grant, it will fund the project itself and proceed, adding this is a \$40 million decision. The Superintendent said it has not been decided if we will go it alone.

Chuck said West Tisbury's share of a \$100 million renovation would be close to \$1.0 million per year. Chuck asked the administration to continue to be disciplined and take structural costs out of the budget. Chuck thanked the administration for their hard work.

Greg moved to preliminarily recommend budget #313 MVRHS. Chuck seconded the motion which passed 5-0.

Any Topic Not Anticipated by the Chair

No discussion.

Correspondence/Scheduling

The next meeting is Thursday, February 8 at 4:00pm.

There was a discussion regarding when the warrant would be final and when a proposition 2 ½% override discussion would take place.

The warrant hearings are scheduled for March 6 and March 8.

Adjournment

Greg moved to adjourn. Katherine seconded the motion which passed unanimously. The meeting was adjourned at 6:10pm.

Respectfully Submitted,

Margo Urbany-Joyce
West Tisbury Finance Committee Admin Assistant

Approved 5-0

March 22, 2018