

**West Tisbury Finance Committee Meeting
Howes House
October 4, 2016**

Attendance

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

Guests: Bruce Stone – Town Accountant, Jo Ann Murphy – Veterans Services, Jeremiah Brown – Tree Warden, Bea Phear – WT CPC, Larry Schubert – WT Affordable Housing Committee, Michael Colaneri – WT Affordable Housing Committee, Skip Manter – Selectman, Richard Knabel - Selectman

The Chair called the meeting to order at 4:30pm.

Approval of Minutes of Previous Meetings

Due to revisions, minutes will be redistributed and voted upon at the next meeting.

Old Business

Fire Station Affordable Housing Project

The Vice Chair said that although the Fire Station Affordable Housing Project is formally on the agenda for next week, questions have arisen. Therefore, we will have a discussion tonight. Doug stated that this is an Island Housing Trust (IHT) project and because he is on the IHT board, he must recuse himself. The Vice Chair said there would be no vote today.

Chuck said that when he learned there would be a Special Town Meeting with a \$900,000 CPC warrant article, he wanted to learn more about it. He had some observations and questions that he wanted to bring to the rest of the Fin Com and he copied Mike Colaneri on the email because of his position on the Affordable Housing Committee and his involvement with the project.

Chuck explained that he reviewed the RFP and IHT's response to the RFP and although he considers it to be a good project that qualifies for CPA funding, he does not think the town is getting a big enough return. Because WT is paying for a third of the project, Chuck suggested the Town could own one of the triplexes (three of the nine units) and use them for town employees, seniors, or affordable housing candidates, creating more than just a preference for those units since the income limitation is 100% of area median income.

Chuck said that when he reviewed the pro formas, there were \$1,450,000 in grants, \$900,000 of WT CPA funds and a \$550,000 mortgage that IHT would take out on the property. Chuck continued that in the pro formas, 100% of the operating income for fifteen years was going to IHT to service the mortgage which is about \$40-\$50,000 per year—excluding the annual IHT building maintenance fee of \$9000-10,000/year. Chuck questioned why the town would not receive 33% of the operating income for the WT Affordable Housing Trust if it is contributing 33% of the cost of building.

Chuck explained there is a concern that the Department of Revenue is reviewing eliminating the use of CPA funds for Affordable Housing Trusts because it is concerned the funds may not be used according to CPA regulations. Chuck said that increasing the cost of the land lease from \$1.00 for 51 years with an option for another ten to \$100,000 in a one-time payment and added to the IHT mortgage principal or, \$2,000 per year for 50 years taken out of the operating earnings. This lease payment could also be a funding source for the Affordable Housing Trust.

Chuck pointed out some of the budgeted project costs include South Mountain Company receiving \$60,000 for the design for plans that were used in the past. These are the listed in the RFP response as the same Sepiessa designs and thought the Town owns them.

Bea Phear said the IHT presented to the Planning Board last night with design changes and the planning board was very enthusiastic about the changes. Bea continued that the public water supply issue will bring an increase in the expenses. Bea said the Planning Board stipulated that if they were to grant a special permit for affordable housing, they want to make sure the project can be completed financially and want very detailed pro formas. Bea said there now will be four buildings with a total of 18 bedrooms and most of the changes were to mitigate the noise impact for the neighbors. Bea said that from what she has seen so far, it does not look like IHT will have the flexibility to pull out another \$5,000 or \$10,000 from the operating income.

Chuck said that he has been following Kuehn's Way and this week the Tisbury ZBA suggested reducing the size of the project from 20 to 16 units, but the reduced size in density won't make it feasible for grants. Chuck asked if it was possible to apply for state grants by combining the two projects – with 16 units in Tisbury and 9 units in West Tisbury, which would be 25 units.

Doug responded that would require the state to look at the Island as a region.

The Vice Chair said he remembered a situation where the town became a landlord and he recollected the town did not want to do that again. Larry agreed saying he believed the town does not want to be in the business of being a landlord and that the RFP specifically looked for a project with a nonprofit developer. Chuck pointed out the pro-forma includes \$19-20,000/year in building management fees for IHT and rental management fees for the Housing Authority. It seems as if the buildings will be managed quite well.

Larry said that he believed that due to federal regulations you cannot own a piece of property and say it is only for the town's residents, except in some instances of elderly housing. Larry continued that if the town would receive some of the operating cash flow, it would also be responsible for some of the maintenance. Larry added that if you combined the project with Kuehn's Way in Tisbury for funding purposes, it would push the project down the road a couple of years. Larry said that one of the drivers for IHT was that if the project received local funding, it would make it easier to receive other funding in 2017.

Larry explained that IHT is proposing to not use the Sepiessa plans which were supposedly owned by the town, but with a stipulation that if they were going to be modified, it would be by South Mountain Company which was the initial designer. Larry said that IHT is proposing using the Kuehn's Way plans at no additional cost. Larry said the revised plan is still nine units and 18 bedrooms.

Larry said the DEP is now requiring a public water system. Larry explained that the design changes made addressed the neighbors' concerns and the proposal now has a cost of \$315-\$325 per square foot. As a builder, Larry said that he considers that to be a very attractive cost.

Larry concluded by saying that he represents the view of the Affordable Housing Committee when he says that to change the project now would be a mistake. Chuck explained that he knows it is late to change the project and he realizes the selectmen have approved the RFP, but he wanted to raise

questions for the next project. Chuck added that if the town owned some of the units it would not mean it would have to maintain them because maintenance is budgeted in the pro forma.

Larry said that one of the things the committee would like to see is for affordable housing to be addressed on a regional basis and as part of this proposal, IHT will ask other towns to support the project. Larry said using the 50/50 formula could make this easier in the future.

The Vice Chair noted an issue that has come up is if the state is going to require the town to create a quota for affordable housing and none of the Island towns are actually going to get there if the none of the towns own these units. Bea said the homesite lots and accessory units do not count toward the quota. Bea said the regionalization of funding and local preference are both topics on the All Island CPC agenda next week.

The Vice Chair asked Bea what happens if grants from the state or other sources do not come through. Bea responded that in that case, the WT CPC would not spend any money. Chuck pointed out there is another round of CPC requests for all towns in April 2017.

Doug noted that local preference is the topic everyone talks about, but also the one we have the least control over because it is dictated by state and federal law.

Mike Colaneri arrived after the discussion and asked if the letter written by Chuck was the voice of the Fin Com. Chuck responded that he was not representing the Committee as pointed out in the letter.

The Vice Chair asked Skip the WT position on owning affordable housing. Skip responded that things have changed over time, beginning with the youth lots that had been awarded only to people who were residents of 20 years. Skip continued there is concern about the Fire Station lot and others which are owned by the town and taking away West Tisbury preference after the first round of renting.

Bruce pointed out if there were no preference in any Island towns, more affordable housing units available to WT residents.

Fin Com Letter to Department Heads and Committee Chairs

The Vice Chair said we did make a fundamental change to the letter which was that we expect to have a budget seven days before the meeting date.

Doug said he was concerned about the vagueness of “no significant increase” and that a percentage increase should be specified.

Bruce offered that the selectmen have sometimes specified that “if there are any additional staffing hours or an x% increase in non-personnel expenses.” Doug suggested the language “if your personnel budget does not include increased staff hours and your expense budget is level funded, you will not be required to attend the hearings.”

Doug moved to send the letter as approved last week with the language as edited above to those entities that have complied with the Fin Com budget hearing process in the past. Greg seconded the motion which passed 4-0.

Doug moved to the send the same letter with the addition of "Please understand that if your budget and/or any necessary supporting material ~~is~~ are not submitted 7 days in advance of the meeting, we will likely reschedule. If after rescheduling, your materials are still not ready, we will not be able to act on your budget" to those entities that have not complied with the Fin Com budget hearing process in the past (Tri Town Ambulance and the Center for Living). Greg seconded the motion which passed 4-0.

Skip said that he knew the Chilmark selectmen sent a letter to four or five services that serve older people and he would like to know where they found overlap. Greg said that topic was discussed at the All Island Fin Com and he was persuaded by the fact a bit of overlap can be helpful to the population they serve because people are not necessarily sure which organization to contact.

Personnel Board Update

Doug distributed a proposed email to go to the Personnel Board. Doug said his first draft was going to include the revised proposal with two major pieces: 1. Calculate as an illustration, step increases from the top down so that no one is penalized when/if it changes and 2. We want to emphasize this proposal is only aimed at the impact of a 5.0% step increase versus 3.5%. We're making no suggestion of any kind with regard to specific wage levels or how any particular position should be compensated, i.e. what grade. Nor are we addressing specific starting or ending wages for the grades. We understand that is the role of the Personnel Board and its consultants, and outside our responsibility.

Bruce supported the proposed language.

There was a discussion regarding the step increase illustrations in the Personnel Wage Scale Proposal.

Greg proposed we accept the letter and proposal to the Personnel Board with the changes suggested by Doug. Chuck seconded the motion which passed 4-0.

New Business

Veterans Services Reserve Fund Transfer Request

Jo Ann Murphy explained this is a state program run through the Department of Veterans Services and if there is a veteran in need who applies for services, they can be accepted into the program. Jo Ann explained this is the first time in several years she has had a veteran in the program and does not know how long the veteran will be in this program. Jo Ann is trying to find other resources for this individual. Jo Ann said the state will reimburse the town 75%, but it takes a year to receive those funds.

Bruce explained that \$4,000 is budgeted as a placeholder to fund the initial period and then if necessary the remainder is funded through a reserve fund transfer or an additional appropriation. In this case, it is estimated this individual will need \$8,000 through June 30. Additionally, this line item will be increased for FY 18.

Doug asked for the current reserve fund balance. Bruce said the initial appropriation was \$46,000 and this is the first reserve fund transfer request in FY 2017.

Doug moved to approve the reserve fund transfer of \$5,000 to Veterans Benefits. Chuck seconded the motion which passed 4-0.

Tree Warden

Jeremiah Brown informed the Committee that he writes the budget in December, but it is difficult to identify which trees are dead at that time. This year there had a horrible drought plus insects. Jeremiah estimated six days of work at \$2,000/day for equipment plus \$357/day for police detail. Jeremiah said he is looking into grants and may be able to get pre disaster funds.

Chuck asked if the reserve fund transfer is approved, will the Special Town Meeting warrant article be withdrawn. Richard Knabel responded yes.

Chuck moved to approve the reserve fund transfer of \$15,000 to Tree Warden Expense. Doug seconded the motion which passed 4-0.

Warrant Articles Discussion

The Vice Chair informed the Committee there were now four warrant articles for the Fin Com to consider. The Vice Chair asked if the Fin Com needed to review STM warrant article 5 which is a bylaw change and not financial. Doug said that he thought that last year the FC took no position on warrant articles that do not have a financial impact. Doug continued that the FC is obligated to review the warrant, but if it has no financial impact, the Fin Com should take no position. The Committee concurred.

The Vice Chair instructed Margo to invite Philippe Jordi, Larry Schubert and Michael Colaneri to attend the warrant hearing on October 11, 2016 regarding warrant article 4. Doug added that David Vigneault should also be invited.

The Vice Chair instructed Margo to invite Richie Olsen and Johnny Hoy for warrant articles 2 and 1, respectively.

All Island Finance Committee Meeting Recap

Greg said regarding senior services, all of the organizations work together and although there is some duplication, Greg does not think it is mismanagement. Greg added the biggest issue is what is going to happen with the building in Vineyard Haven for the Center for Living because it is not yet built. Doug noted it has been 18 months since the vote to spend the money on the building.

Greg reported Jim Malkin, a Chilmark selectman attended the meeting and asked why Chilmark was not invited to the AIFC meetings. Greg forwarded the email invitation from the first AIFC meeting in June in which Chilmark was invited. The next All Island Fin Com meeting will be on October 18, 2016 at the Howes House and Adam Turner from the MV Commission as well as David Vigneault from Dukes County Regional Housing Authority will present.

Finance Committee Budget

Doug expressed concern that there are more Fin Com meetings, the Fin Com is tackling more issues and may need more hours from Margo. Doug said he doesn't have a proposal, but thinks it needs to be addressed. Doug added that Margo does more work than administrative assistants in the past have done. The Vice Chair suggested discussing this when Katherine was back next week. Bruce added that Margo may be performing job responsibilities higher than her current job description.

Committee Reports

CPC

No report because the CPC has not met since the last Fin Com meeting.

Schools - MVRHS

Chuck reported the MVRHS wanted to isolate contractual obligations which increase the budget \$282,000 or 1.7% so that is a given before even looking at the line items. Chuck explained the individual working meetings are where the Fin Com can have influence. The meeting dates are as follows:

10/12 Utilities, Insurance, OPEB

10/24 Facilities and Grounds

11/02 Transportation

11/14 Superintendent Shared Services

11/28 Public Hearing on FY18 Budget

Chuck reported that at the AIFC, the Superintendent said the Superintendent and Shared Services budget would be level funded or maybe increase 2.5%.

Schools – UIRSD

Greg reported that Michael Marcus strongly instructed the staff that budgets were not where he wanted them to be and expected significant work to bring them in line.

Doug said that regarding School Choice, there was a reference in the paper to Art Smaedbeck and Tristan being positive and asked how that happened. Skip responded there was no agreement yet. Skip said he was the only one at the All Island School Committee who objected. Skip explained the issue he has is that the formula proposed will take nine years to fix the problem that has already be occurring for nine years and that eighteen years is too many to right a wrong. Skip suggested the Fin Com take the position that unless the UIRSD School Committee changes the formula, the Fin Com will not recommend the school budget.

Correspondence/Scheduling

The Vice Chair urged the Committee to stop the dialogue and email traffic, stressing that great work is being done, but ideas should be brought to the FC meetings. Gary further explained the risk is that external communication is assumed to represent the Committee.

Skip said that email communication should be somewhere it can be viewed by the public adding this was a problem for all committees. Bruce said that at one time, all FC communication was copied to the fincom@westtisbury-ma.gov so a record would be there.

Adjournment

Doug moved to adjourn. Chuck seconded the motion which passed 4-0. The meeting was adjourned at 6:25pm.

Respectfully Submitted,
Margo Urbany-Joyce, Administrative Assistant

Approved: 3-0-1

Date: 11/15/2016