

Town of Oak Bluffs
Finance and Advisory Committee
Thursday, December 3, 2009, 3:00 PM
Oak Bluffs Library Conference Room

Present: Chair Mimi Davisson, Steve Auerbach, Doug Best,
Frank Case*, Thad Harshbarger, Michael Perry,
Bill McGrath*, Mac Starks, Hans Von Stieger
Selectmen Kathy Burton, Greg Coogan, Ron DiOrio,
Personnel Bd. Eleanor Beth, Sheila Bracy, John Lolley
Others: Town Administrator - Michael Dutton,
Tax Collector – Cheryl Sashin
Highways - Richard Combra, Jr.
Schools Supt. Jim Weiss, Bus. Admin. Amy Tierney,
OBS Prin. Laury Binney, Asst. Prin. Jennifer Arnold,
School Committee – Melanie Marchand, Lisa Reagan,
Priscilla Sylvia,
School staff – Ellen Berube, Anne Davey,
Deborah Hammett, Annie Lukowitz,
Doreen Marino, Kathy Perrotta, Sheila Rose,
MVRHS – Prin. Steve Nixon, Fin. Admin. Mark Friedman,
Press Steven Myrick – MV Times
Recorder - Marni Lipke*

* Late arrivals or early departures,
noted solely to mark vote counts.

The meeting was called to order.

FINCOM INTERNAL TOPICS

• **Approval of Past Minutes** - November minutes were not available.

• **Other Internal FinCom Business**

- The FinCom welcomed new member Steve Auerbach.
- A discussion on how to better present town financial matters and budgets resulted in a series of observations and suggestions.
 - Most citizens came to Town Meetings “cold”, i.e. with little or no information. Earlier simpler summaries of the key issues would be helpful.
 - Information and ideas should be solicited as well as distributed.
 - Comprehensive outreach should include: the Town website, Town Hall, the Library, the Council on Aging, and in the papers especially the MV Times, on local television, etc.
 - Appearance was very important. For example citizens saw the Town engaged in a series of previously funded capital projects which belied the current financial difficulties (see below).
- There was a brief break while other participants arrived and the table was enlarged.

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MEET WITH SELECTMEN, SCHOOL COMMITTEE, PERSONNEL BOARD

• Chair Mimi Davisson thanked everyone for their attendance. Introductions were made all around.

• FY2010 Financial Budget Status To-Date

- Town Administrator Michael Dutton reviewed the status of the current year budget. In view of rising costs and unpredictable state revenues all non-salary spending would be frozen in January 2010. He was hopeful that the year would finish in the black. Fiscal Year 2009 (FY09) ended with about a \$150,000 shortfall which had to be made up.
- He also explained that the capital projects in progress around town were not a part of the operating budget and were funded with moneys already on the books.

• FY2011 Forecasted Spending and Revenue

- In the third year of serious financial difficulties the following forces were contributing to a projected shortfall of \$1,400,000:
 - employee benefits up 10-15%,
 - Cost of Living (COLA), steps, lanes for the third year of the union contracts,
 - increase in Oak Bluffs MV Regional High School enrollment and assessment,
 - Dukes County pension fund assessment rise,
 - Re-instatement of road paving,
 - conservatively estimated revenues at only 1.1% higher than FY10.
- Departments will be asked to reduce their budgets, and elected boards were being asked for direction on tough decisions on cost reductions.
 - Several town boards were paid stipends which had not been examined in many years. (\$25,000 to eliminate all stipends except the Selectmen).
 - Garbage collection operated at a \$140,000 annual shortfall and a new garbage truck (\$125,000) was needed. The Commonwealth strongly favored "pay as you throw funding; to break even stickers would rise to \$6.50 - \$7.00 each.
 - Road paving, which was postponed/cut last year, should be restored.
 - The town could define critical services and staff however there was not much left to trim after recent cuts.
 - Savings could be realized by regionalization or municipal agreements with other towns on a number of services:
 - schools
 - shellfish wardens
 - police,
 - an Islandwide self insurance fund,
 - financial services (which had the benefit of being invisible to the public).
 - Collective bargaining contracts could be re-opened to change the 75/25 health insurance split and/or freeze salary increases (\$30,000 for each 5% health insurance reduction).
- There were also a number of revenue enhancement possibilities.
 - Local meals (\$200-220,000) and lodging (\$100,000) tax options could be instated.
 - Taxes could be raised by overrides. It was unrealistic to expect the Town to indefinitely sustain steady double digit health insurance raises and 3% salary increases on a 2.5% tax increase.

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- Licensing fees could be dramatically increased. For example Oak Bluffs taxi fees were low and included free parking spaces at the ferries (\$50-100,000).
- Seasonal parking fees for the downtown area had been considered for over 40 years (\$300,000).

• Discussion of FY2011 Budget-Balancing Possibilities

- Everyone was invited to give further suggestions.
 - Non profits, especially the Hospital could be asked for Payments In Lieu Of Taxes (PILOTs).
 - An Islandwide grant coordinator or clearinghouse could be established.
 - Town lots could be used for affordable housing or resident homesites which would increase the tax rolls.
 - Although there was some resistance to shifting the health insurance split, costs could be reduced by restricting plan options.
 - Less feasible suggestions or measures already in place included: utilizing Town parks for parking, raising Harbor fees, leasing town waterview properties, taxing house rentals, increasing cruise ship business/fees, Municipal cell phone and vehicle use was now more strictly monitored.

- Setting the budget was an iterative process and all FinCom meeting were open to the public. A non-binding straw poll of the meeting was taken on exploring options.

• Revenue

- hotel tax – 20 votes,
- meals tax – 25 votes,
- overrides / raise taxes – 14 votes,
- licensing fees - 25 votes,
- parking systems – 18 votes,
- PILOT revenue– 21 votes,
- Utilize other town properties for revenue generation – 26 votes,
- start moving offices to rent other town buildings - 24 votes.

• Spending

- Board stipend changes – 19 votes,
- Garbage – 21 votes,
- no repaving – 3 votes,
- reduction of hours in non-critical Town departments. – 13 votes,
- reduction of services – 7 votes,
- regionalization where feasible – 25 votes,
- re-open union contracts re: health ins. – 0 votes,
- re-open union contracts re salary freezes – 2 votes,
- Islandwide self – insurance – 21 votes,
- grant clearing house – 23 votes,
- restricting health insurance plans – 25 votes.

- Mimi Davisson thanked everyone for participating and especially those who volunteered to move furniture.

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- The meeting adjourned at 5:00PM.

Action List:

Ongoing Action List from previous meetings.

- All – please inform the Chair if you are unable to attend a meeting.
- Chair and Vice Chair
 - keep up timely communications with FinCom members and Town Government.
 - Inform the Selectmen in writing of all significant FinCom decisions.
- FinCom - talk about Federal Stimulus money at Town Meeting.
- FinCom – Continue to emphasize \$2,000,000 Stabilization Fund goal.
- Inform Depts. - any item not in dept. budgets will not be recommended for free cash.
 - update Capital Improvement Plan regularly.
- Regular meetings with Bd. of Selectmen and Personnel Board.

Agenda:

- Vote 11/19/09, 12/3/09 Minutes

Future Agendas:

- February – Town restructuring update.
- Capital Program Com. Report (quarterly)
- Capital Program Com. Roles and Responsibilities
- New Website Report
- Ambulance Fund Report.
- Board of Health – solid waste issues
- Finance Dept. Reorganization

Documents on file:

- Agenda 12/3/09
- Sign in Sheet (2 p.) 12/3/09
- OB FinCom Memo re: Oak Bluffs' FY2011 Budget Calendar (2 p.) 10/19/09
- Forecasted Fiscal Year 2011 (2 p.) 12/3/09

- **These Minutes approved as amended by the Oak Bluffs FinCom 12/17/09.**