

Town of Oak Bluffs
Finance and Advisory Committee
Thursday, January 14, 2010, 3:30 PM
Oak Bluffs Library Conference Room

Present: Chair Mimi Davisson, Steve Auerbach, Doug Best,
Frank Case, Thad Harshbarger, Bill McGrath,
Mac Starks, Hans Von Stieger

Absent: Michael Perry

Others:

Selectmen Kathy Burton, Greg Coogan, Kerry Scott,
Roger Wey

Town Hall Town Administrator - Michael Dutton,
Alice Butler,
Wastewater – Joe Alosso
Bd. of Health – Patricia Bergeron,
IT – Travis Larsen
Planning Bd. – Erik Albert
Personnel Bd. – John Lolley

IAHF Ewell Hopkins

OBA Dennis DaRosa

Schools Supt. Jim Weiss,
OBS Prin. Laury Binney,
OBSC – Lisa Reagan, Priscilla Sylvia,
MVRHS Prin. Steve Nixon, Finance – Mark Friedman

Public: Karen Achille, Nick Achille, Gail Barmakian,
Donald Billings, John Boardman, Beverly Burke,
Caleb Caldwell, Pauline Campbell, Suzanne Cioffi,
Richard Coutinho, Anne Cumming, John Cumming,
Beatrice Green, Catherine Deese, El Edwards,
Stephen Engh, Donald Hinkle, Barbara Hoyle,
Robert Huss, Sharon Jackson, Katherine Manning,
Maura McGroarty, Ann Mechur, Ruth Metell,
Ann Merritt, Bob Merritt, Marilyn Miller,
Nancy Phillip, Christine Todd, Richard Toole,
John Wortman, Ronald Zentner,
And several others,

Press Steven Myrick – MV Times
Tom Mayhew - MVTV
Recorder - Marni Lipke

The OB FinCom internal business meeting was called to order.

FINCOM INTERNAL TOPICS

- A memo from the Board of Health proposed shifting the authority to set solid waste fees to the Selectmen (see documents on file).

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• FY2010 Financial Budget Status To-Date (See documents on file.)

Town Administrator Michael Dutton highlighted the next preliminary draft of the OB Fiscal Year 2011 (FY11) proposed budget much of which was repeated to the public (see below). The draft would be discussed in detail at the January 21st FinCom meeting.

- Some Legal/Professional services had been restored to a more realistic level,
- There was a place-holding line for the new Town Accountant and a clerk had been transferred into the Department.
- The Assessor had based her budget on needed personnel (now 2 part-time staff). Most other towns contracted out their assessing.
- The 11% Dukes County Retirement Board assessment rise was a surprise.
- The Information/Technology (IT) budget was reconfigured for accurate expenditures. Increases here should save the Town money in communication utilities.
- The Registrar's budget reflected the November election.
- Changes in the Selectmen Unclassified Dept were for:
 - rises in Workmen's Compensation self insurance,
 - savings from decommissioning street lights,
 - rental revenue from event venues, the Sailing Camp, East Chop Lighthouse, etc.
- Police patrolmen took a pay cut to preserve a position.
- The Shellfish Dept. needed for 2 wardens to patrol the Town ponds.
- The Marina was expected to submit a more accurate budget shortly.

The Public Meeting agenda and logistics were set.

MEET WITH SELECTMEN AND PUBLIC

The Public meeting was called to order at 4:00PM. FinCom Chair Mimi Davisson welcomed everyone and encouraged public input and opinion. The Finance Committee was delighted by the excellent turnout; members were introduced and the agenda outlined.

• FY2010 Financial Budget Status To-Date (See documents on file.)

- Unlike some other towns Oak Bluffs covered many expenses with non-resident tax revenue such as harbor income, municipal fees, State aid, interest, etc. However, unlike the more stable real estate tax, these revenues were more susceptible to changes in the overall economy so that recent years had decreased not only the number of people coming to shop, sail, fish, and spend money but had also shown considerable state aid reductions. FY11 revenues had consequently been conservatively projected.
- Town needs driving the FY11 Budget were outlined.
 - \$115,000 - It was generally agreed and assumed there would be 0% Cost of Living Adjustment (COLA) for Town employees but there were still salary increases for steps, grades, longevity etc,
 - \$50,000 - Fire Chief salary and volunteer stipends were seriously overdue for adjustments.
 - \$75,000 - Property, casualty and liability insurance rates had risen substantially.
 - \$30,000 - The Board of Health wished to restore its Assistant to full time.
 - \$135,000 - Police Dept. increases were entirely personnel costs.
 - \$80,000 - This was a conglomeration of town department increases the department heads judged necessary.

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- \$200,000 + – State revenue for the MV Regional High School was still unclear and would affect the OB assessment.
- \$125,000 – This amount was the rise in the Oak Bluffs School budget.
- \$90,000 – A warrant article would cover mandated residential replacement costs.
- \$300,000 – Although conservatively estimated, health insurance increases were expected to be high.
- \$160,000 – Municipal building maintenance should not be further deferred: painting, repairs, and several buildings needed new roofs.
- \$75,000 – Life Guards had been restored to the Recreation Dept. by residents' request.
- \$250,000 – Paving had been postponed last year and was restored this year.
- The current expenditure/revenue gap totaled -\$1,685,000.

Various Town Boards had proposed a number of ideas to close the shortfall.

- Revenue enhancements could total \$350,000.
 - \$100,000 - Recent State legislation allowed a 2% rise in the hotel/lodging tax.
 - \$200,000 – The same bill allowed a 2% rise in the meals tax (restaurants, caterers, etc.)
 - \$40,000 – The Town could adjust licensing fees – taxis, liverys, bus tours, cruise ships, to reflect marketable use of Town properties.
 - \$10,000 – Paid parking could be town-wide or in very specific spaces, current or new parking spaces, by first come/first serve or specific offering. It was unclear whether this could be implemented in FY12 or FY11.
 - The next possibility was an override.
- Expenditure reduction (some severe, some creative) could also close the gap.
 - \$20,000 / 1% — The 75/25 employer/employee health insurance split could be renegotiated.
 - Departments would be asked to continue to adjust their budgets.
 - \$140,000 - Trash stickers were not priced to cover total solid waste expenses and the department ran an annual deficit. Solutions included: raising sticker prices, establishing a separate enterprise fund (not unlike the Wastewater fund), or even dropping Town service and contracting out to private companies.
 - Inter-municipal agreements with other towns could save considerable money; for example the Island did not need 6 accountants, 6 treasurers, etc. School regionalization was also mentioned.
 - \$25,000 – The FinCom had been working to reconfigure stipends for some boards as their duties had changed over the years (see 2/7/08 Minutes p. 3, and 1/22/09 Minutes p. 4 #11).
 - \$7,000/1% - Some town departments that do not need to be open 40 hrs/ week could reduce hours – resulting in salary losses for Town employees.
 - \$50,000/1% - Equally Town government hours/services could be cut across the board.
- Audience questions on clarification covered:
 - parking fee implementation time,
 - Town resources and revenue streams such as Stabilization, growth, and tax levy,
 - furloughing of town employees,
 - trash sticker increases,
 - Fire Chief salary.
- There was a brief break in the meeting.

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• Discussion of FY2011 Budget-Balancing Possibilities

The floor was opened for public comment, questions and ideas. *For clarity the discussion is recorded by subject (rather than in sequence).*

- Several people were adamant about not increasing taxes and spoke about their opposition to increased government spending and the resulting hardships:
 - comparisons with the Great Depression, (when people lived off the land by fishing, hunting etc. but this was no longer possible).
 - prices forcing an exodus of working people from the Island, and
 - defaulting on homes.
- Protests on spending included: salary steps, incremental increases, services driven by seasonal residents, separate non-tax funds such as the ambulance fund, a sense of pampering, and union indifference.
- It was suggested that union contracts be re-negotiated.
- Fire Department raises were questioned as too much in one year, and defended as the result of years of flat salaries that if continued were likely to discourage good hires. New inspections, State and Federal requirements, etc. had increased the department workload.
- Several spoke in favor of maintaining Town trash service, especially for the elderly. People were also in favor of raising the sticker price including as an incentive to increase recycling. Other inquiries on trash included: pricing private contractors, requests for a full report, capital costs of new trucks, and a prior override which should continued to be spent on trash costs.
- Police and schools were mentioned as having been in previous overrides. There was one call for less police on the streets, and one protest of teacher's aids in schools.
- Paving projects currently in progress had been funded from previous years. There were suggestions to postpone or reduce the paving amount.
- There was a proponent of regionalization for schools, affordable housing and as a more fair way to distribute taxes and relieve the burden on down Island towns—particularly Oak Bluffs.
- Many were in favor of raising the hotels and meals taxes.
 - The OB Association asked that part of the increase be dedicated to funding the information booth (now solely supported by the OBA). The Chamber of Commerce was affected by drastic grant cuts.
 - If the increase went through hotel taxes would rise to almost 12%, an embarrassment and business disadvantage to hotel owners.
 - Likewise restaurant owners would be forced to collect added taxes.
 - There were several calls to tax vacation rentals.
- Oak Bluffs was the only town without lifeguards, which raised safety concerns.
- Parking was explored as a better solution than furloughing employees or cutting services. Issues included: resident exemption, seasonal or year round, and private company implementation.
- There was a suggestion to set aside and charge fees for concessions at the beaches.
- The elimination or reduction of the 3% CPA surcharge was explored to decrease the tax burden and because of the drop in State matching funds.
- The owner offered Phillip's Garage as a venue for an annual Town fundraiser.

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Mimi Davisson thanked everyone for their comments. Two straw polls were taken.

- People were asked to vote if they were willing to have their taxes raised in order to pay for:

- Salary steps for Town employees – 3 votes,
- Fire Dept. increases – 8 votes,
- Full time assistant for the Board of Health – 0 votes,
- Police personnel costs – 0 votes,
- MV Regional High School Assessment – 7 votes,
- Oak Bluffs School budget – 8 votes,
- Maintenance/repair of municipal building (by Island contractors) - 12 votes,
- Lifeguards – 15 votes,
- Paving – 2 votes,

- People were asked to vote if they wanted the Town to pursue these solutions:

- Raising Town licensing fees – 17 votes,
- 2% meals tax increase – 12 votes,
- 2% hotel tax increase – 11 votes,
- Taxing home vacation rentals – 25 votes,
- Parking fees – 17 votes,
- Tax increase by overrides – 0 votes,
- Licensing fees for concessions at the beach – 13 votes,
- Changing the Town/employee health insurance ratio - 10 votes,
- Trash sticker rise – 18 + votes,
- Inter-municipal collaboration to reduce costs - 20 + votes,
- Reconfigure Town board stipends – 6.5 votes,
- Reduce discretionary Dept. hours - 13 votes,
- Reduce Town services across the board - 18 votes,

Mimi Davisson thanked everyone for coming and invited them to FinCom meetings every Thursday at 3:30PM until March 4th.

The End

The meeting adjourned at 5:53PM.

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 – 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.

January 21st Agenda:

- Minutes: 1/7/10, 1/14/10
- FY11 Budget Draft
- Discussion with Tisbury FinCom on sharing inter-municipal services.

continued >

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Future Agendas:

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

Documents on file:

- Sign In Sheet – (3 p.) 1/14/10
- Bd. of Health memo re: transferring solid waste fee structure authority 1/13/10
- Oak Bluffs' FY2011 Budget Prep Calendar 12/17/09
- OB Next Year/Current Year Budget Analysis Fiscal 2011 Budget Worksheets (11 p.)
1/14/10
- Oak Bluffs Forecasted Fiscal Year 2011 1/14/10
 - OB FY2011 Budget Prep Calendar January – April 2010

• These Minutes approved as written by the Oak Bluffs FinCom 2/18/10.