

**Town of Oak Bluffs**  
**Finance and Advisory Committee**  
**Thursday, January 19, 2017, 5:00 PM**  
**Library Conference Room**

Present: Chair - Jason Balboni, Steve Auerbach, Kim Burke\*, Bob Gaffey\*,  
Herbert Kiehn, Maura McGroarty, Mike Taus\*, Bill Vrooman,  
Richard Weiss,

Absent: None

Town Town Administrator – Bob Whritenour, Selectman Walter Vail

Others: Peter Palches,  
Recorder - Marni Lipke

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

**• Call to Order**

• The Oak Bluffs Finance and Advisory Committee (FinCom) came to order at 5:03PM.  
(*The discussions/presentations are summarized and grouped for clarity and brevity.*)

**• Budget Review and Discussion**

• Most FinCom members attended the January 10th Selectmen's Budget Workshop and the budget had now been recommended to the FinCom for its consideration. The deadline for warrant articles was February 17th. An arbitrary holding date was entered for the FinCom Public Hearing.

• Town Administrator Bob Whritenour explained Free Cash as a conditioned undesignated fund balance. The Town paid all bills and collected all income for a fiscal year and calculated the remainder (about \$2,200,000 for Fiscal Year 2016-FY16). The Massachusetts Dept. of Revenue (DOR) then audited the calculations and deducted any: deficits, uncollected revenues, etc. and certified what could be safely spent (FY16 Free Cash \$1,511,935). Mr. Whritenour presented his list of possible Free Cash expenditures.

- Commit \$800,000 to bring Stabilization (\$1,006,000) & Town capitalization up to reasonable levels (Fiscal Year 2018 (FY18) 5% minimum \$1,500,000).

- The FinCom could decide which projects to fund from the list of Capital Improvement Program Com. (CIP) recommendations (see 1/6/17 Minutes p.1-2). The FinCom edited the list (see below: Actions).

◦ Police station renovations were not included as presently lacking adequate plans.

◦ Marina Office rebuild likewise needed more detailed plans but would be funded through the Waterways account.

◦ The Front End Loader was in the budget under the Highway lease.

- Two FY17 Budget accounts were unexpectedly in need of funds: OB School Residential Placements (\$65,000), and Town Insurance (\$25,000).

- The final two outstanding deficits from 7 or 8 years ago (\$72,900 East Chop Drainage grant & \$36,402 Pops Concert Police detail overages) could be paid off and removed from FY18 Free Cash deductions. These debts appeared on each year's audit but were otherwise dormant and not reported—to which some FinCom members objected. The Police special event procedure now required up-front payment.

-\$50,000 commitment to the Other Post Employee Benefits (OPEB) Trust in keeping with policy (see 12/8/16 Minutes p.4 Documents on file) that once on financially sound footing the Town would begin to address long-term liabilities.

- If all Mr. Whritenour's recommendations were funded, a \$145,00 Free Cash residual would remain for emergencies and to roll over into FY18.

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- One such emergency was the Island Theatre action (see 12/15/16 Minutes p.2-3). Engineer John Lolley would report soon on cost estimates to make the building safe (but not useable) or to demolish it, at which point the Selectmen and FinCom could confer on which option and what funding source to pursue.
  - The Building was privately owned and Massachusetts General Law (MGL) found that if the Town Building Inspector deemed it unsafe the owner was required to either demolish or repair the structure. If the owner did not respond, the town could pay for either of these options and recover costs from the owner through tax lien.
  - Town officials, including Bob Whritenour had spoken to the Hall family owners on numerous occasions and at length, but no actions was likely to be forthcoming.
  - Taking the property by eminent domain would incur be hugely expensive, since it required market value price, and would certainly involve litigation from the Hall family. In addition the Town would then be a Main St. developer, a role in which staff had little experience.
- The OPEB liability (-\$30,000,000) represented future health insurance costs for retirees determined by detailed actuarial analysis. Current retiree health costs were paid as incurred.
  - A \$1,900,000 per year ballpark estimate of what was needed to cap liability growth was shown by comparison with the Martha's Vineyard Regional High School (MVRHSC) which had a similar \$30,000,000 OPEB liability. The MVRHS Committee was adding yearly amounts to its budget to reach this goal.
  - Money committed to Stabilization could be voted out (e.g. to OPEB if desired) but money committed to the OPEB Trust was irrevocable.
  - Mr. Whritenour expected action from the State Legislature addressing the issue (which effected all Massachusetts municipalities). The situation was similar to the pension liability of some years ago.
  - Any Oak Bluffs residual from the final MVRHS Statutory Assessment Formula calculation, could go into the FY18 Budget OPEB Line if the FinCom wished.
- Municipal finances allowed governments to keep separate (e.g. Enterprise) accounts of Town funds. The Wastewater (WW) Enterprise balance was fairly stable at \$362,300. The system maintained separate revenue/expenditure accounting but was also Town subsidized.
  - The WW Commission proposed a capital project of a \$250,000 Comprehensive WW Management Plan along with some capital improvements to the facility. If costs were split with the Town a Town Meeting vote could be avoided.
  - The Comprehensive Plan would outline future needs including a facility upgrade (\$4,500,000). This would likely follow the same procedure as the Fire Station—short-term borrowing for design, merged with a larger long-term construction bond.
  - Mr. Whritenour was interested in FinCom input on funding: how much from property taxes, from betterments, and from customer rate increases (no new customers projected).
- Over the years the Town had found a number of ways to reduce high health care costs (that were mostly due to astronomical pharmaceutical prices).
  - The Cape Cod Municipal Health Group negotiated direct payment to health care providers, cutting out insurance company profits.
  - The Health Insurance Reform Act significantly shifted costs from the employer to the employee.
  - The Group was contemplating a high deductible (\$4,000) plan accompanied by a \$2,000 health care savings account that could be rolled over from year to year. This plan was likely to be very unpopular but might force people to be more savvy medical consumers.

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- A transitional shift was proposed for the Assessor Dept. from one full-time and two part-time staff to two full time staff by way of a half time assessor moving into a full time assistant position to be trained by the current assessor acting as a consultant—the consultant component eventually sun-setting. The current assessor was hired at an increased salary that was balanced by \$100,000 in savings from in-house triennial re-evaluations.
  - The Budget Overlay (from the Revenue Analysis) was an amount of money on the property tax levy reserved for abatements, uncollectable taxes, etc. The assessors based the number on outstanding cases and prior performance. Any end-of-year residual was declared surplus and used to fund the triennial re-evaluation.
- The Martha's Vineyard Hospital (MVH) was acquired by Partners Health Care a huge corporation with national bulk ambulance contracts, and although new Management team seemed to be negotiating in good faith on extending and clarifying the ambulance service contract with Oak Bluffs (which was the most financially advantageous option) it was quite possible MVH could switch services. Consequently Chief John Rose was less confident in the long-term continuance of the contract, which funded the Ambulance Reserve Fund, and was shifting costs into the Operating Budget (away from Ambulance Reserve) to insure the Town had sufficient budgeting to cover its service costs.
  - Insurance for ambulance service was paid to the individual, so the Town had to collect payments from that individual, resulting in a significant write-off of unpaid bills. The Town had worked with the Ambulance Reserve accounting vendor ComStar on tightening policy and practice but at this point chose to stop at taking delinquents to small claims court. The debts could be sold to a collection agency and hardships could be addressed by abatements, but the Town felt there was still some delicacy involved.
- The Sailing Camp was hosting fewer events and the Conservation Budget might continue to grow slightly to accommodate higher costs.
- The new Planning Board administrative clerk would need training in this complex field. However the Town could not afford the requested \$10,000 and consequently budgeted \$2,500 to cover workshops and seminars.
- Hiring the Information/Technology (IT) assistant was delayed by Travis Larsen's work on the job description. A good pool answered the advertisement and the assistant should start work within a month.
- After Bob Whritenour left, the FinCom began to review the budget to flag line items of interest for investigation and/or discussion at future meetings:
  - P I. Line 1122 51101 - Human Resources (HR)/Assistant to the Town Administrator, a new position (see below: Actions).
  - The FinCom had objections to employees leaving on the 3:45 boat and thus being unavailable to the public later in the workday.
  - The Treasurer's Administrative clerk was only partially filled last year and consequently showed a FY18 salary jump.
- **Member Comment** (See below: Actions.)
  - Richard Weiss would meet with Mr. Whritenour to help bring Mr. Weiss up to speed on the complex municipal monetary issues and procedures of Town government. Some liked his general questions that resulted in broad explanations for new members, but there was also dissatisfaction with tangential discussions when the FY18 Budget timeline was tight.

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- OB FinCom public hearings were designed to present the budget, inform the public, answer questions and discuss issues before Annual Town Meeting. The FinCom discussed attendance, usefulness, scheduling and history.
- The FinCom revised the Selectmen budget and if necessary re-negotiated with the Selectmen, before presenting the Budget to the Town.

**Meetings/Events:**

**FinCom - 5:00PM, Thursday, January 26, 2017 - TBD**

MVRHSC - 5:00PM, Monday, February 6, 2017 - MVRHS LCR

OBSC - 8:30AM, Tuesday, February 21, 2017 - OBS

**FinCom - 5:00PM, Thursday, February 2, 2017 - TBD**

AISC - 5:00PM, Thursday, February 9, 2017 - MVRHS LCR

**• Adjourn**

**• RICHARD WEISS MOVED TO ADJOURN THE MEETING AT 6:50PM;  
STEVE AUERBACH SECONDED; MOTION PASSED UNANIMOUSLY.**

**Action List:**

**• Free Cash Capital Projects List**

- Winterize Shellfish Shack (\$12,000) not Replace Shellfish Skiff (\$18,000)
- Police Gym Equipment
- Diesel Tank Replacement (\$20,000),
- Police Station Remodeling (\$50,000),
- Bob W. - contact Dave Grunden/Mike Taus re: winterizing shed efficiencies.
- All - review budget & narrative and flag items of interest for 1/26/17 Meeting.
- Jason - contact Bob W. re: salary for new Admin. Asst. to Town Administrator.
- Agenda - Minutes: 10/18/16 AIFC, 11/22/16 AIFC (OB FinCom quorums present)  
12/8/16 (as amended), 12/15/16, 1/5/17, 1/19/16 OB FinCom.

**Ongoing Action List from previous meetings**

- All Liaisons - contact departments and keep current with issues
- All - please inform the Chair if you are unable to attend a meeting
- Marni L. - email members substantive changes to final minutes.
- Chair/Vice Chair - post agendas at least 48 hours in advance
- Keep up timely communications with FinCom members and Town Government.
- Inform the Selectmen in writing of all significant FinCom decisions.

**Documents on file:**

- Agenda 1/19/17
- Sign In Sheet 1/19/17
- Fiscal Year 2018 Budget Proposed Free Cash Allocation
- Whritenour memo re: Budget Recommendations for Fiscal Year 2018 (12 p.) 1/4/17,
- Town of Oak Bluffs Budget Calendar Fiscal Year 2018
- Town of Oak Bluffs Fiscal Year 2018 Budget Analysis of Available Revenues (2 p.) 12/29/16
- FY17 YTD to FY2018 Budget (10 p.) 1/4/17
- Seiman/Facebook email re: Ewall Hopkins Tagged You in a Photo on Facebook

**• Minutes approved as amended for typos by the OB FinCom 1/26/17.**