

Town of Oak Bluffs Finance and Advisory Committee
Meeting Minutes
Thursday, June 30, 2022, 5:00pm
OB Town Hall Meeting Room/Zoom Conference

Present: Chair – **Sherry Countryman**, Vice Chair – **Richard Weiss, Maura McGroarty, Reuben Fitzgerald, Mimi Davisson, Sean DeBettencourt, Mike Taus (zoom)**

Absent: **Dion Alley**

Others: Mark Friedman, Richie Smith (zoom), Kris O'Brien (zoom), Megan Farrell (zoom) Abigail Rosen (zoom)

Juliet Mulinare – Recorder.

5:00 pm Ms. Countryman called the Oak Bluffs Finance and Advisory Committee meeting to order.

Announcements

Ms. Countryman stated that the next meeting will be on July 7th. Chairman of the Planning Board, Ewell Hopkins will join. Meeting on the 7th puts the Committee back on track to meet the first and third Thursday's of the month, however Ms. Countryman suggested the Committee take the month of August off. The Committee agreed.

Approval of Minutes

The Committee reviewed the minutes from the June 23, 2022 meeting. Mr. Taus moved the minutes be approved, seconded by Mr. Weiss.

A clarification was made on the transfer amount requested for the suggested employee stipends. Ms. Davisson questioned whether the stipend would be benefits bearing. No one present was able to clarify; Ms. Countryman stated it would be brought up at the next meeting.

No further discussion, vote taken:

Weiss – Aye, McGroarty – Aye, Taus – Aye, Fitzgerald – Abstain, Davisson – Abstain, DeBettencourt – Abstain, Countryman – Aye. **(4 – Aye, 3 – Abstain)**.

Discussion with School Committee

Ms. Countryman welcomed the School Committee representatives present and opened by saying that the School's budget is a large percentage of the Town's operating budget so she thinks it's a good idea to collaborate in an effort to better understand each other's processes and challenges. She thinks it's important for the Schools and the FinCom to touch base more often and try to work through budget issues together.

Both the FinCom and the School representatives introduced themselves. Present from the Schools were: Mark Friedman, School Business Administrator and former Finance Director for the High School; Kris O'Brien, 4th term School Committee Member; Megan Farrell, Oak Bluffs School Principal; Richie Smith, Superintendent, MVYPS, former Assistant Superintendent.

Following introductions, Ms. Countryman stated that she would like to start the discussion with people's thoughts on the limiting the School's annual budget increase to 2.5%.

Mr. Smith stated that capping the budget at 2.5% will be a difficult thing to do as there are many factors that are not within the Administrations control. He stated that although the School system is not a regionalized system, in many ways it has to behave that way; the governance structure presents problems for the school system due to the differences between the six towns and their priorities. Mr. Smith stated

that he tries to be as financially responsible as possible knowing that the School can take up to 40% of a town's budget. He stated that Ms. Farrell also runs a very tight budget at the elementary school.

Ms. O'Brien then stated that Mr. Smith is very frugal and it is tough to run a budget that tight especially when teacher contracts are being negotiated through the union and are outside the control of the School Committee.

Mr. Weiss asked the School representatives what it would look like to keep the budget at or under 2.5% increase each year, ie what sacrifices would need to be made in order to accomplish this. Ms. O'Brien responded that there is no room to cut services at the OB School and at the High School it would be enrichment programs. The High School offers a number of diverse opportunities for students to take advantage of, these would be the first to be cut from the budget. Mr. Weiss clarified that he is not in favor of cutting enrichment programs, he is just trying to better understand the circumstances. Mr. Friedman stated that the three main cost drivers at the High School (besides the capital construction cost of the new building) are (1) Collective bargaining increases to salaries and benefit packages, (2) health insurance costs, (3) OPEB [Other Post-Employment Benefits]. Mr. Friedman stated that funding OPEB liability is a hotly debated issue amongst the towns and School Committee.

Mr. Weiss asked about an article that appeared in the paper this week that discusses how island teachers are being lost due to not being able to secure year-round housing and asked whether salaries could be increased to address this issue. Mr. Friedman stated that salary negotiations are on-going; Mr. Smith followed up by saying that affordability is not the primary issue, but rather availability. He stated that 23% of the island's teachers are without stable housing.

Ms. Davisson then expressed a number of topics that she would be interested in learning more about, including: Unfunded mandates and how much they cost, lobbying at the State level for desired changes, zero based budgeting, special education, budget reports for FY22 and FY23, and whether it would be helpful to bring the All Island FinCom together with the School Committee for discussion.

Ms. Farrell stated that she has not raised the OB School budget, other than increases in salaries which make up around 85%, for eight years. She said the School is in need of technological upgrades and that currently those are funded exclusively through grants.

At this time in the meeting, some School representatives needed to depart to attend another meeting. Mr. Smith stated that the discussion has been very helpful and he knows the meetings where these issues are discussed can be tough meetings. When it comes to funding OPEB liability, some towns think it's very important while others do not. The amount of money put towards OPEB annually affects the interest rate and it would be good to discuss the impact from town to town. Mr. Smith said he plans to be in touch with the Town Administrator over the summer and would welcome an invitation back to meet with the FinCom again.

Mr. Smith departed along with Ms. Farrell.

Mr. Friedman shared some of the OPEB figures with the Committee. Currently, the unfunded liability, for the High School only, is slightly more than \$40 million. Each year the towns contribute a total of about \$960k but this is not enough to stop the liability from growing; the annual contribution would need to be closer to \$2.5 million to stop the liability from increasing and begin to pay it down. Mr. Friedman stated that this threshold is called the ADEC [**Actuarially Determined Employer Contribution (ADEC)**]:

The amount actuarially calculated each year that is required to be contributed by an employer to a pension plan's pool of assets in order to ensure there will be enough funds to pay promised pension benefits.] There is currently no mandate in place that requires funding the liability; Ms. O'Brien stated that if there was a policy in place for funding OPEB it would spare the School Committee a lot of time. The Committee then discussed how much money is put towards the OPEB liability for the OB School (about \$200k/year) and how the FinCom could be more helpful in tackling these on-going issues. Mr. Weiss stated that this FinCom is being more proactive than past committees in identifying alternative revenue streams for the Town to improve its self-sufficiency and address issues like OPEB liability. Mr. Weiss then departed the meeting.

Ms. McGroarty recommended that the other FinCom members attend a School Committee meeting to get a sense of the many different views and why it can be difficult to reach a consensus.

Ms. Countryman concluded the discussion with the School representatives with an invitation to return for the July 21st FinCom meeting to continue the discussion.

Ms. Davisson asked for clarification on the School's budget timeline to make sure budget issues are addressed before it's too late. Mr. Friedman responded that the High School starts its budget review process around the end of September and the Elementary Schools usually start in November. Ms. Davisson emphasized that it's important to collaborate before the budget is set.

Ms. O'Brien then asked Ms. Davisson to email the list of interests she shared earlier so that the School Committee can be responsive. Ms. O'Brien encouraged the FinCom members to attend School Committee meetings, which Mr. Friedman echoed. The next School Committee meeting will be on July 11th.

Embarkation Fee Sub-Committee Update

Ms. Countryman stated that this sub-committee, comprised of herself, Mr. Taus and Mr. Weiss, met for the first time yesterday. It was a preliminary meeting to discuss next steps. These next steps include conducting research and reaching out to State officials, like Senator Cyr, who have spoken on this issue in the past. Ms. Countryman will try to get in touch with Cyr's aide to figure out how to best convey the ideas that get generated after a review of the embarkation fee legislation. Mr. DeBettencourt commented that he reviewed the TIR which was created in 1994 and set an allowable fee of \$.50; he then suggested that any change to the legislation should include a metric that ties the fee increases to inflation/CPI so that that approval is not needed from the State every time an increase is proposed. For reference, Mr. DeBettencourt said a \$.50 fee in 1994 equates to \$.79 in today's market. Ms. Countryman responded that this is a good idea but she doesn't want to be constricted by the existing legislation and perhaps this should be looked at differently than other port towns in MA. The Committee discussed how the embarkation fee revenue can be spent and Ms. McGroarty pointed out that the amount of revenue the town receives has increased drastically since the beginning, which demonstrates that diverting a few more boats to OB can have a substantial effect on the revenue generated from the fee.

Fee Schedule Discussion

Ms. Countryman stated that because Ms. Potter is not present, there is not much point in discussing the fee schedule in detail so this will be tabled until Ms. Potter is able to join.

Ms. McGroarty stated that with Mr. Gaffey's resignation, a new representative needs to be appointed to the Capital Committee and she would like to be appointed to that role.

Mr. DeBettencourt made a motion to appoint Ms. McGroarty to the Capital Committee as the FinCom Representative, seconded by Mr. Fitzgerald. No further discussion, vote taken:

Davisson – Aye, DeBettencourt – Aye, Fitzgerald – Aye, Countryman – Aye, McGroarty – Abstain
(4 – Aye, 1 – Abstain).

Accountant's Comments

None.

Member Comments

Ms. Davisson would like to help the School Committee get more exposure with the population so that the community can better understand the issues and be more informed voters.

Mr. DeBettencourt stated that he is very impressed with the amount of time and thought that goes into the budget process each year.

Ms. Davisson asked whether any urgency needed to be expressed to the Town Moderator regarding the appointment of a replacement for Mr. Gaffey. Ms. Countryman said he is aware and told her to let him know if anyone shows interest. Ms. Countryman will ask the Town Clerk if there were any other write-in candidates that could be asked to join.

Public Comments

None.

Adjournment

At 6:10pm a motion to adjourn was made and seconded. No further discussion, approved unanimously (5 – Aye).

The meeting was adjourned at 6:10pm.

Meeting Documents on File

1. FinCom Department Fees 2022
2. Embarkation Fees TIR

Respectfully Submitted

Juliet Mulinare, Recorder

Minutes Approved: 7/7/2022