

Town of Chilmark
Finance Advisory Committee
Letter to Voters: FY20 Town Budget

March 30, 2019

The Finance Advisory Committee is charged with providing our select board and Chilmark's voters an assessment of both the value and the cost of proposed expenditures on behalf of the taxpayers, from an informed citizen's perspective. Maximizing efficiency and effectiveness is our goal, not merely minimizing budget expenditures.

This letter is a summary of our review of the FY20 budget. We trust that this report will provide helpful information for voters prior to the Annual Town Meeting on April 23.

Chilmark Finance Advisory Committee:

Marshall Carroll
Vicki Divoll
Eric Glasgow
Bruce Golden
Rob Hannemann (chair)
Don Leopold
Susan Murphy

Overall Proposed Budget

The overall proposed budget for FY20 is **\$10,205,344**, which is an increase of 1.1% from the FY19 budget. Note, however, that the Town's share of the assessments for education from the UIRSD and the MVRHS are in fact down by a considerable amount. This is solely due to fluctuations in our school-age population, as the overall high school budget has increased by 4.93% and the up-Island district budget has increased its overall budget by 3.97%. **We should not assume that future education assessments will follow a similar trajectory.**

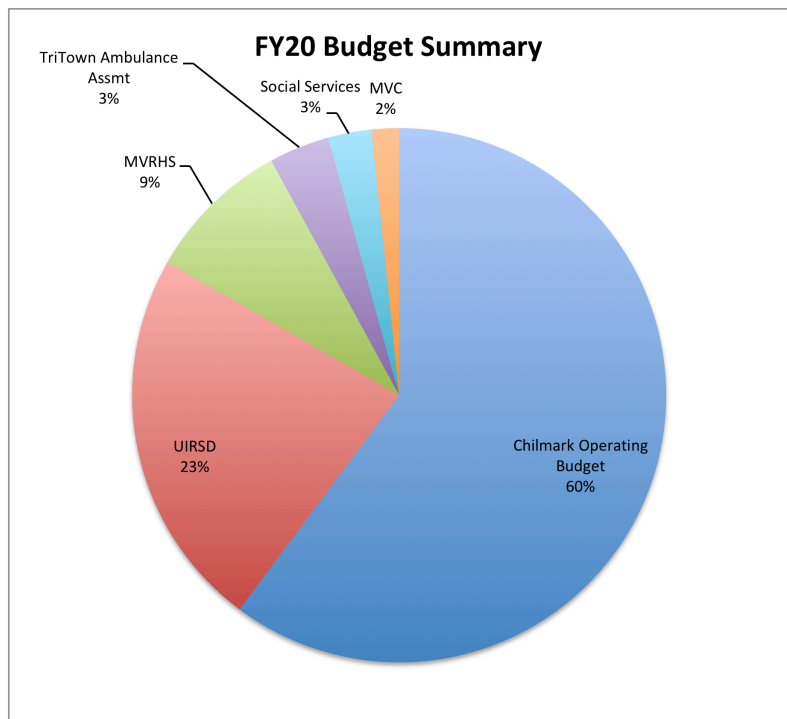
Once education is accounted for, the remainder of the Town's overall proposed budget represents an increase of 3.96% over FY19. (This is consistent with the increase of 3.94%, on a comparable basis, in FY19 over the previous year.)

The Finance Advisory Committee recommends approval for the overall proposed budget.

A breakdown of the overall budget is shown in the chart below:

FY20 Overall Budget Breakdown

Chilmark Operating Budget	\$6,143,612	60%
UIRSD	\$2,356,297	23%
MVRHS	\$894,814	9%
TriTown Ambulance Assmt	\$371,290	4%
Social Services	\$270,145	3%
MVC	\$169,186	2%
	\$10,205,344	



Town Internal Operating Budget

The Finance Advisory Committee reviews all Town departmental budgets, and works with department personnel in making minor changes in those budgets (as appropriate). Our internal operating budget for FY20 has increased by 3.86% over FY19; the increases are primarily due to:

- An increase in the proposed police department budget of 10%; much of the increase is due to the purchase of a new police cruiser;
- An increase in the proposed fire department budget of 8.8%, driven by an increased salary allotment in anticipation of the hiring of a new Chief; this increase may or may not be required;
- An increase in the highway maintenance budget of 17.5% due to an increased workload resulting in more employee work hours; and
- Employee benefits and contributions that are required.

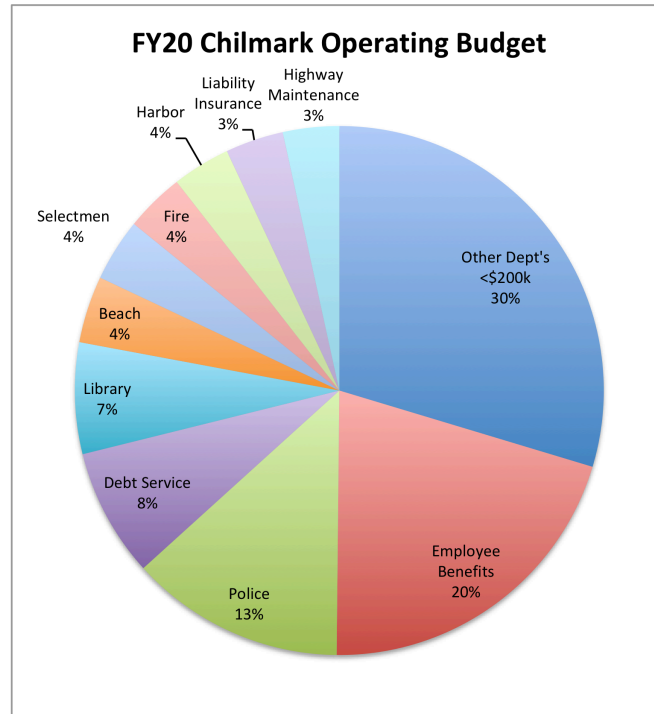
Our departmental budget reviews were a cooperative effort with department managers. The FinCom would like to thank these town employees for their outstanding professionalism and commitment.

The Finance Advisory Committee recommends approval for the proposed internal operating budget.

A breakdown of this budget is shown below:

Chilmark Internal Operating Budget

Other Dept's <\$200k	\$1,822,122
Employee Benefits	\$1,259,592
Police	\$806,071
Debt Service	\$482,100
Library	\$418,013
Beach	\$250,992
Selectmen	\$235,123
Fire	\$221,875
Harbor	\$218,304
Liability Insurance	\$218,000
Highway Maintenance	<u>\$211,420</u>
	\$6,143,612



External Public Safety and Health Assessments

Chilmark's assessment for our share of the Tri-Town ambulance service for FY20 has increased by 2.1%. This increase is due to salary adjustments offset by a slight decrease in non-salary expenses.

The Finance Advisory Committee recommends approval for this assessment.

An important public safety expense is associated with the Regional Emergency Communications Center, now managed by the Dukes County Sheriff's Office. An upgrade to the equipment of the RECC is believed to be necessary for the continued reliable operation of this key service. In FY19, a grant from the Commonwealth was secured by the Sheriff for the hardware and software. A contribution from each Island town to support ongoing maintenance of the facility has been requested.

The Finance Advisory Committee recommends approval for this expenditure, subject to the conditions specified in Article 23 of the Annual Town Meeting warrant.

Key social services for Islanders are provided by a network of disparate Dukes County and other regional organizations, including Dukes County Social Services, the Councils on Aging, the Center for Living, Healthy Aging MV, and others. Assessments and funding requests from these organizations have increased by a modest 1.1% for FY20.

The Finance Advisory Committee recommends approval for these assessments and funding requests.

Education

As previously noted, the *total* Up Island Regional School District budget request has increased by approximately 4% as compared to FY19. Similarly, the *total* MVRHS budget increase is almost 5%. In both cases, the increases are primarily due to contracted salary increases, selective additions to staff, and Other Post-Employment Benefits (OPEB) contributions.

However, Chilmark's education assessments (which comprise over 30% of our annual budget) have *declined* (by 5.08%) for FY20. This trend is not expected to continue and is solely the result of changing student populations in the Up-Island district and the High School.

Significant capital expenditures for renovation or replacement of the High School as well as the refurbishment or replacement of athletic facilities are being considered by the Superintendent of Schools and the School Committees. This will inevitably result in increasing assessments in upcoming years.

The Finance Advisory Committee recognizes the vital importance of our educational system to the Town and the Island as a whole and will continue to work with the Superintendent, the School Committees, and the other Island towns to maintain and improve the quality of our schools while exploring measures to control rising costs.

The Finance Advisory Committee recommends approval of (1) the UIRSD and MVRHS operational budget assessments for FY20, and (2) the one-time High School planning expenditures noted in Article 11.

Martha's Vineyard Housing Bank Proposal

The Board of Selectmen and the Finance Advisory Committee are committed to addressing the ongoing affordable and low-cost housing problem across the Island. We also believe that the Town of Chilmark must have a significant community of working families, and therefore we need to continue to directly address the housing issue in Chilmark as well.

The proposal for the Martha's Vineyard Housing Bank as embodied in the Home Rule Petition that we have reviewed is an important first step, but given the haste with which this proposal and petition was developed in order to take advantage of the Commonwealth's newly enacted short-term rental tax, we are concerned about elements of the governance approach being proposed.

Specific concerns include:

- The lack of any in-town discussions between the town boards and officials;
- The absence of negotiations among the six towns and the Dukes County Regional Housing Authority on the duties and powers of a Housing Bank; and
- The failure to hold any public hearings before a final form of this new state agency was defined.

Note also that there is considerable uncertainty about the rollout of the short-term rental tax by the State and the amount of tax receipts that Chilmark might realize.

We therefore recommend an alternative approach, using the Martha's Vineyard Land Bank as a model. As with the Land Bank, we would want to have separate Town Advisory Boards with a statutorily defined membership and the ability to approve or veto in-town projects and a vote on annual budgets for the Housing Bank. Further, we would like at least some of the money raised by Chilmark's short-term-rental tax revenues to be earmarked for use in Chilmark in response to Town housing initiatives. Overall, our goal is broad community participation in Housing Bank governance for each of the Towns.

We support an alternative warrant article (Article 32) for consideration and possible approval that will authorize the Board of Selectmen and the Housing Committee to negotiate with the Dukes County Regional Housing Authority and the other Island towns and file a petition with the legislature to establish the Housing Bank once the details are agreed upon (bringing the final enabling legislation back to the voters for final approval at a town meeting), and also set aside a percentage of the Town's FY20 revenues from the additional short-term rental tax with the intention to support our participation in the Housing Bank once the Bank is formed.