

Town of Chilmark
Finance Advisory Committee
Letter to Voters: FY21 Town Budget

May 20, 2020

As we are all aware, the events of this spring have posed unprecedented challenges to the world – of course including our town and the Island community. In January and February, the Board of Selectmen and the FinCom worked together to develop a budget for FY21. Then COVID-19 became a reality. In late April, the selectmen established a budget freeze for town departments, limiting spending to adjust to a potential revenue shortfall for FY20. In addition, the initial annual town meeting warrant was reviewed with the FinCom, and non-essential items were eliminated or deferred for consideration to the fall.

This letter is a short summary of the Finance Advisory Committee review of the FY21 budget as it stands today. However, we are aware that mid-course corrections will most likely be required through the fall and into 2021, given the potential for less-than-planned revenues and unexpected expenses.

Stay strong, stay safe.

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 FY21 is **\$10,760,742**, an increase of 5.19% from the FY20 budget. This increase is primarily due to a major increase in our school assessments associated with an increase in the number of students from Chilmark attending the high school and a smaller increase in our share of the up-Island elementary school enrollments. More details are in the Education section below.

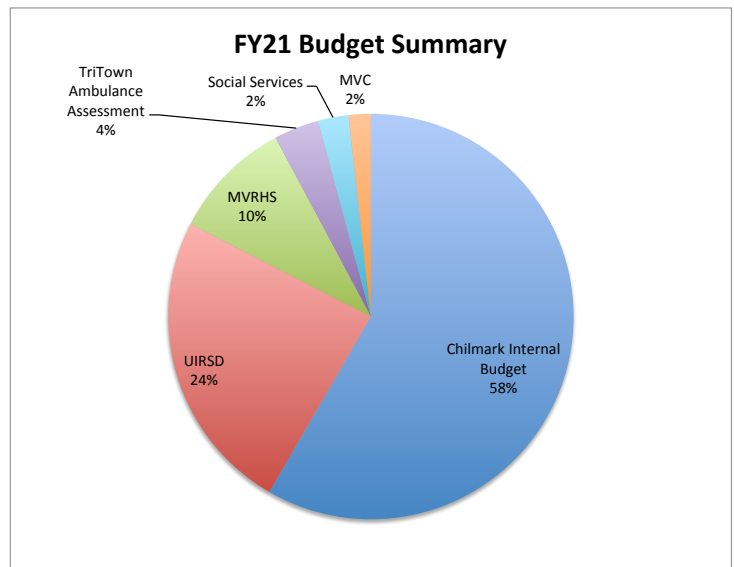
Once education is accounted for, the remainder of the Town's overall proposed budget represents an increase of 2.4% over FY20. (As compared to the FY20 increase over FY19 of 3.96%, on a comparable basis.)

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

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

FY21 Overall Budget Breakdown

Chilmark Internal Budget	\$6,279,585	58%
UIRSD	\$2,603,472	24%
MVRHS	\$1,038,491	10%
TriTown Ambulance Assessment	\$385,519	4%
Social Services	\$263,434	2%
MVC	\$190,241	2%
Total Budget	\$10,760,742	



Internal Operating Budget

The Finance Advisory Committee reviews all Town departmental budgets, and works with department personnel in making appropriate changes in those budgets. This year, we provided guidance to all town departments: expense budgets should be targeted at a maximum of 1.5%, with salary budgets mainly limited to contractual step and grade increases as well as cost of living adjustments (1.5% this year, in line with town policy). With few (understandable) exceptions, these guidelines were followed.

Our internal operating budget for FY21 has increased by 2.2% over FY20, as compared to a 3.86% increase last year. This includes salaries, employee benefits, insurance, and debt service.

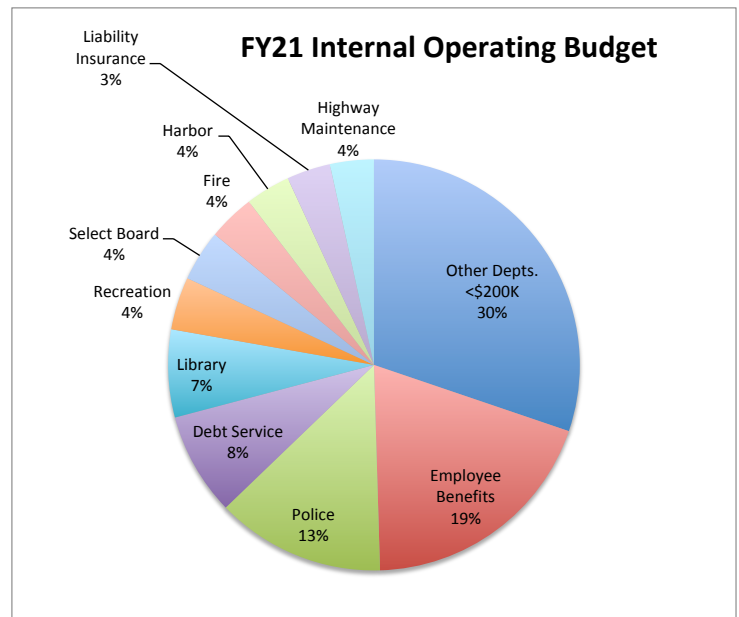
As always, our departmental budget reviews were a cooperative effort with department managers.

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

A breakdown of this budget is shown below:

FY21 Internal Operating Budget

Other Depts. <\$200K	\$1,897,787
Employee Benefits	\$1,212,506
Police	\$832,873
Debt Service	\$507,700
Library	\$433,316
Recreation	\$260,840
Select Board	\$251,648
Fire	\$230,540
Harbor	\$220,703
Liability Insurance	\$215,500
Highway Maintenance	\$216,172
Total	\$6,279,585



External Public Safety and Health Assessments

Chilmark's assessment for our share of the Tri-Town ambulance service for FY21 has increased by 3.83%. This increase is due to salary adjustments, with a decrease in 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. A significant upgrade to the equipment of the RECC is ongoing for 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 the associated article on 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 decreased by 2.5% for FY21.

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

Education

In last year's Finance Advisory Committee letter, we noted that the Town's education assessment for FY20 had declined, despite the fact that both the MVRHS and UIRSD overall budgets were increasing – and that, because this decline was due to enrollment changes, the lower education assessments were unlikely to continue for FY21 and beyond. A significant increase in the FY21 assessments is, in fact, what has occurred. Combining both elementary and high school education, Chilmark's assessment for FY21 is 12.0% higher than that for FY20.

The overall budget for the Up Island district has increased by 3.81% to \$12.6M, with Chilmark's portion of that budget increasing by 10.5% to \$2.6M. This increase is due to a larger fraction of enrolled students coming from our town.

The net high school budget request (after state and other reimbursements) for FY21 is \$19.7M, a 2.1% increase over FY20. Chilmark's assessment, however, grew by 16.7% to \$1.04M. This increase is due to the fact that our student enrollment in the high school for FY21 will be 35 students, up from 30 students in last year's census.

The Finance Advisory Committee recommends approval of the UIRSD and MVRHS operational budget assessments for FY21.

Significant capital expenditures for renovation or replacement of the High School as well as the refurbishment or replacement of athletic facilities continue to be a controversial topic across the Island. The end result of these decisions will inevitably result in increasing educational assessments in coming 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.

During our budget review, the MVRHS administration presented a draft 5-year capital needs assessment, which we requested last year. Those plan call for \$21M in spending over 5 years. This includes renovation of the school library, replacement of the HVAC system, and a new superintendent's office, but not a complete building renovation. We were pleased that we have a draft plan, but are reserving judgment about the details, and were assured that there are no known safety issues or added space needs in the high school building at this point.

Beyond the capital needs draft plan, the superintendent and principal shared a developing long-term vision for an expanded role for the high school as a "community hub", which would presumably be a driver for a major renovation or new-building plan.

Subsequent to the budget hearing, the Board of Selectmen and the Finance Advisory Committee sent a memorandum to the superintendent and the high school principal urging them to first develop a conceptual and cost scoping plan that addresses only the core mission: that of a grade 9-12 high school with the current academic and vocational tracks. A completely separate addendum to that plan could then include the space, cost, and building amenities driven by (a) ideas for an expanded (non-core) adult education program and (b) the notion of a so-called "community hub" vision. This information will make it easier for our voters to understand and support any proposed school renovation project.