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From: Mark London, MVC Executive Director and Curtis Schroeder, Administrator
To: Chairmen of Finance Committees, Town Administrators and Executive Secretaries, Town Treasurers
Date: December 18, 2012
Re: **MVC Finance Committee Draft Budget**

Enclosed please find the FY2014 MVC Draft Budget as recommended by the MVC Finance Committee. The Budget will be adopted by the Martha's Vineyard Commission at the January 24, 2013 meeting, as required by statute.

We are prepared to meet town finance committees to discuss the MVC budget. Please contact Curt Schroeder to schedule a meeting. If you wish to have input into the budget before it is adopted, we should meet before January 22, 2012. We'd also be pleased to answer questions forwarded in writing through the Chairman of your Finance Committee.

Fiscal year 2012 has buffeted the Commission with large unpredictable expenses that resulted in a significant deficit, namely \$168,544 out of a total budget of \$1,404,590. The main unanticipated expense was for legal expenses – \$196,613 instead of the budgeted \$60,000 – mostly related to defending the MVC from a series of lawsuits seeking to overturn Commission DCPC and DRI decisions supporting town proposals, notably the Commission's designation of Special Ways in Edgartown with implications for all Island towns. The other main additional expense was for an increase in Pension Plan payments as mandated by the Commonwealth.

For FY2014, the Commission has budgeted for higher ongoing annual costs, notably legal and pension expenses. The result is an overall budget increase of \$122,084 (10.1%) and an increase in town assessments of \$104,084 (12.8%).

The MVC's assessments are collected for the Commission by the towns, and are based on the valuation of each property irrespective of which town that property is located in. A typical house assessed at \$500,000, paid an MVC assessment of \$20.91 in FY2013, and this will increase by \$2.68 to \$23.60 in FY2014. The Equalized Valuations were revised last year resulting in some towns' share of total Island assessments changing relative to other towns; as a result the total increase in MVC assessments collected by a given town may be different than the overall average increase.

The following are the main elements of the FY2014 budget.

- The legal budget has been increased to \$120,000, in anticipation of the possible continuation of the higher than normal legal expenses and to help recoup the overage from FY2012.
- The pension reflects the higher pension amount of \$128,492 as mandated by the Commonwealth.
- The salaries are adjusted based on a formula based on the average of the towns and County increases for the previous fiscal year, namely 2.6% average inflation increase (COLA) and 2.4% average step increase.
- As with FY2013 budget, this budget includes an on-going effort to pre-fund Other Post-Employment Benefits ("OPEB") of \$15,500.

Also enclosed is last year's MVC annual report.

Draft Budget - December 11, 2012

6. MVC FY2014 PRELIMINARY WORKING BUDGET							
	FY 2012 Budget	FY2012 Actual	FY2013 Budget	FY2014 Budget			Notes
INCOME							
Grants/Contracts/Gifts	\$ 325,500	\$ 384,157	\$ 340,000	\$ 358,000	\$ 18,000	5.3%	A
Interest/Other Income	\$ 48,000	\$ 57,764	\$ 50,000	\$ 50,000	\$ 0	0.0%	
Town Share	\$ 794,125	\$ 794,125	\$ 813,266	\$ 917,350	\$ 104,084	12.8%	B, I
TOTAL	\$ 1,167,625	\$ 1,236,046	\$ 1,203,266	\$ 1,325,350	\$ 122,084	10.1%	
EXPENSES							
Payroll							
Salaries	\$ 701,764	\$ 679,217	\$ 702,678	\$ 734,456	\$ 31,778	4.5%	C
Pension Plan (DCRS)	\$ 90,500	\$ 121,981	\$ 95,028	\$ 128,429	\$ 33,401	35.1%	D
Health & Disability Insurance	\$ 131,600	\$ 152,440	\$ 132,831	\$ 132,064	\$ (767)	-0.6%	
Other Post-Employment Benefits (OPEB) - Current	\$ 7,500	\$ 34,356	\$ 38,115	\$ 34,776	\$ (3,339)	-8.8%	E
Other Post-Employment Benefits (OPEB) - Future	\$ 10,500	\$ 10,500	\$ 10,500	\$ 15,500	\$ 5,000	47.6%	
Medicare/Social Security, Unemployment & Other Payroll Costs	\$ 12,151	\$ 11,465	\$ 13,516	\$ 13,439	\$ (77)	-0.6%	
Worker's Comp	\$ 3,500	\$ 1,243	\$ 2,250	\$ 1,600	\$ (650)	-28.9%	
subtotal	\$ 957,515	\$ 1,011,202	\$ 994,918	\$ 1,060,264	\$ 65,346	6.6%	
Administration & Operating							
Advertising/Communications	\$ 2,000	\$ 4,176	\$ 2,000	\$ 2,000	\$ -	0.0%	
Audit Fees	\$ 8,500	\$ 8,800	\$ 8,500	\$ 8,400	\$ (100)	-1.2%	
Capital Improvements	\$ 7,000	\$ 26,667	\$ 7,000	\$ 2,000	\$ (5,000)	-71.4%	F
Contractual	\$ 18,518	\$ 23,236	\$ 18,000	\$ 18,000	\$ -	0.0%	
Dues/Subscriptions/Licenses	\$ 6,695	\$ 9,886	\$ 6,700	\$ 6,700	\$ -	0.0%	
Equipment: Contract	\$ 3,500	\$ 3,778	\$ 3,000	\$ 3,000	\$ -	0.0%	
Equipment: Purchase	\$ 5,000	\$ 8,328	\$ 5,000	\$ 5,000	\$ -	0.0%	
Equipment: Repair	\$ 2,000	\$ 445	\$ 2,000	\$ 2,000	\$ -	0.0%	
Insurance	\$ 13,000	\$ 6,260	\$ 10,504	\$ 12,350	\$ 1,846	17.6%	G
Legal Fees	\$ 60,000	\$ 196,613	\$ 60,000	\$ 120,000	\$ 60,000	100.0%	H
Maintenance	\$ 6,000	\$ 13,759	\$ 6,000	\$ 6,000	\$ -	0.0%	
Mortgage Interest	\$ 25,000	\$ 26,618	\$ 22,717	\$ 21,826	\$ (891)	-3.9%	
Mortgage Principal	\$ 14,600	\$ 23,942	\$ 20,322	\$ 21,805	\$ 1,483	7.3%	
Postage	\$ 2,500	\$ 2,708	\$ 2,400	\$ 2,400	\$ -	0.0%	
Printing	\$ 1,000	\$ 163	\$ 1,000	\$ 1,000	\$ -	0.0%	
Registry Fees	\$ 1,000	\$ 525	\$ 975	\$ 975	\$ -	0.0%	
Rent	\$ 350	\$ 130	\$ 350	\$ 350	\$ -	0.0%	
Supplies	\$ 13,133	\$ 16,297	\$ 12,180	\$ 12,180	\$ -	0.0%	
Travel/Conference	\$ 6,951	\$ 10,109	\$ 6,500	\$ 6,500	\$ -	0.0%	
Utilities: Electric	\$ 4,853	\$ 3,841	\$ 4,800	\$ 4,500	\$ (300)	-6.3%	
Utilities: Telephone	\$ 4,920	\$ 3,530	\$ 4,800	\$ 4,500	\$ (300)	-6.3%	
Utilities: Oil	\$ 3,200	\$ 2,116	\$ 3,200	\$ 3,200	\$ -	0.0%	
Utilities: Water	\$ 390	\$ 400	\$ 400	\$ 400	\$ -	0.0%	
Other Costs		\$ 1,061					
subtotal	\$ 210,110	\$ 393,388	\$ 208,348	\$ 265,086	\$ 56,738	27.2%	
TOTAL	\$ 1,167,625	\$ 1,404,590	\$ 1,203,266	\$ 1,325,350	\$ 122,084	10.1%	
SURPLUS/DEFICIT							
	\$ -	\$ (168,544)	\$ -	\$ -	\$ -		

Draft Budget - December 11, 2012

7. MVC FY2014 BUDGET - ASSESSMENTS

Assessments to Towns - July 1, 2013 - June 30, 2014

	Aquinnah	Chilmark	Edgartown	Gosnold	Oak Bluffs	Tisbury	West Tisbury	TOTAL	Notes
Equalized Valuation	\$ 754,311,600	\$ 3,261,762,600	\$ 7,093,184,700	\$ 274,585,700	\$ 2,761,706,200	\$ 2,744,673,000	\$ 2,553,445,600	\$ 19,443,669,400	I
Share of Planning	3.88%	16.78%	36.48%	1.41%	14.20%	14.12%	13.13%	100.00%	J
Share of Regulatory	3.94%	17.02%	37.00%	0.00%	14.41%	14.32%	13.32%	100.00%	
Assessment - Planning	\$ 23,132	\$ 100,028	\$ 217,526	\$ 8,421	\$ 84,693	\$ 84,171	\$ 78,306	\$ 596,278	K
Assessment - Regulatory	\$ 12,634	\$ 54,633	\$ 118,807	\$ -	\$ 46,257	\$ 45,972	\$ 42,769	\$ 321,073	L
Total Assessment FY2014	\$ 35,767	\$ 154,661	\$ 336,333	\$ 8,421	\$ 130,950	\$ 130,143	\$ 121,075	\$ 917,350	Preliminary
<i>Previous Assessment FY2013</i>	\$ 30,980	\$ 129,376	\$ 298,512	\$ 7,252	\$ 121,286	\$ 118,487	\$ 107,373	\$ 813,266	

Source: Massachusetts Department of Revenue Division of Local Services for use in FY2014