



*DRAFT – January 20, 2022*

**Martha's Vineyard Commission**

**Budget FY2023**

1. Introduction
2. Legal and Administrative Context
3. The MVC Budgetary Process
4. MVC Reserve Funds
5. General Notes on the FY2023 Budget
6. FY2023 Budget
7. FY2023 Budget – Assessments
8. Specific Notes on the FY2023 Budget

## 1. Introduction

---

### **Looking Back at FY2021**

Revenues earned by the MVC was significantly higher with an increase of \$445,053 (22.0%) from FY2020 to FY2021. Revenues for FY2021 were \$2,471,291 compared to \$2,026,238 for FY2020.

Overall expenses increased to \$2,330,786 in FY2021 as compared to \$2,033,389, an increase of \$297,397 (14.60). Certain expense increases are outlined below.

- Due to Covid-19 pandemic, purchases of expendable equipment increased to \$37,904 in FY2021 from the prior fiscal amount of \$18,462 (105.30%).
- Mortgage Interest expense decreased in FY2021 by 20,487 (14.80%) to \$52,987 from 73,474 (27.90%). The MVC was able to negotiate a lower annual interest rate on its two mortgages. The interest rate for both mortgages is now set at 3.50%, but now amortized over a 20-year period.
- Total legal fees increased significantly to \$153,046 in FY2021 from \$43,291, an increase of \$109,756 (253.50%). The main source of this increase (\$80,872) was from the Meeting House Way litigation.
- Salaries and payroll related expenses were stable in FY2021, showing a slight 2.10% increase. The main increase was a \$8,397 (6.10%) as it related to the MVC's contribution to the Dukes County Retirement System ("DCRS").
- The Commissions FY audit for 2021 is expected to be completed in January 2022.
- The MVC received competitive grants in FY 2021 totaling over \$562,685. These grants regarded:
  - development of water quality management plans for up island Towns.
  - development of a data base and mapping for historic properties. This project is being done in conjunction with the MV Museum and the Commonwealth of Massachusetts.
  - Development of a climate change adaption plan for island towns
  - Development of island wide forest fire management plan

### **Budget Highlights 2023**

- The FY2023 budget presented proposes an increase of \$217,636 (12%) in revenue, from \$1,815,153 to \$2,032,789. Please see notes to the FY2023 budget on pages 10 and 11.
- For FY2023 the Town Assessments will increase, approximately 8.50%, from \$1,258,953 (FY2022) to \$1,365,389, an increase of \$106,436.
- 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.
- Increases to the FY2023 legal fees budgeted line item equal \$195,000 versus the FY2022 amount of \$100,000. Separate legal fee descriptions are provided with \$150,000 allocated for further anticipated legal costs as they relate to Meeting House Way litigation. Future legal fees could increase with a matter regarding the Harbor View Hotel DRI.
- Salaries and payroll related expense are projected to be \$1,568,858 with increases to salaries (\$73,523), DCRS (\$10,138), current OPEB payments (\$5,000) and a new Covid-19 unemployment recovery assessment. This increase is primarily offset by medical insurance projected premiums which are estimated to decrease 9.8% (\$21,955).

- Staff salaries will increase to \$990,124 in FY2023 from \$905,000 in FY2022, an increase of \$73,523 (7.4%). Current staff members, could receive an increase of up to 3.84%, representing merit increases of 2.20% (based on performance) and the average Cost of Living Adjustment (“COLA”) from all the Towns at 1.64%. The MVC now has twelve (12) full-time employees.
- An added capital expense increase the MVC will incur in FY2023 will be the replacement of the septic system of the MVC owned residence. The cost of replacement is estimated at \$25,000.
- Currently, the MVC has six (6) retirees (same as FY2021), with two (2) retirees having spouses, and two (2) retirees having dependents.
- The Commission projects revenue outside of the Towns increasing through annual grants and other revenue sources such as the completion of the adaptation plan, additional traffic counters, and climate change projects. A one-time revenue source (\$100,000) is the recovery of legal fees from our insurance provider for the Meeting House Way litigation
- FY 2022 revenues are approximately the same as FY 2021 observed at this point.

The Commission’s salaries are based on a cost-of-living increase of 1.64% plus merit increases determined on performance. The maximum merit range is 2.4% which is equivalent to the Town’s average step increases. The budget includes an on-going effort to pre-fund Other Post-Employment Benefits (“OPEB”) of \$60,500, based on the Commission’s policy of increasing this payment by \$5,000 per fiscal year. It also includes a policy to use any annual surplus, after the General Reserve Fund is fully funded, to go to OPEB payments.

Please see Section 5 - General Comments and Section 8 – Specific Comments for further explanation.

## 2. Legal and Administrative Context

---

The Martha's Vineyard Commission is an independent Regional Planning Agency ("RPA") created by the Massachusetts legislature and operating under the Martha's Vineyard Commission Act, namely Chapter 831 of the Acts of 1977, as amended. The Commission has both legislative and quasi-judicial functions.

The Commission is the only RPA in Massachusetts where most of its Commissioners are elected. Of the seventeen (17) Commissioners entitled to vote on regulatory matters, nine (9) are elected, one (1) is appointed by the Governor, one (1) is appointed by the County Commission, and one (1) is appointed by each of the six (6) Martha's Vineyard Town Boards of Selectmen. In addition, the Governor may appoint up to four (4) additional Commissioners who are not entitled to vote on regulatory matters but may vote on other matters such as the budget.

Section 4, Assessments, Accounting of the Martha's Vineyard Commission Act outlines the Commission's funding mechanism and procedure. The formula for apportioning town assessments, set out by the Legislature in the Martha's Vineyard Commission Act, calls for the assessments to be divided based on each town's equalized valuation.

*The commission shall annually in the month of January estimate the amount of money required to pay its total expenses for the following fiscal year, deduct estimated contributions from sources, and pro rate the net expenses to each town on the basis of its latest equalized valuation for property tax purposes as established pursuant to section nine of chapter fifty-eight of the General Laws. The commission shall certify the amount so determined to the town clerk and assessors of each town within the commission's jurisdiction who shall include the sum in the tax levy of the year.*

*Upon order of the commission, each town treasurer shall, subject to the provisions of sections fifty-two and fifty-six of chapter forty-one of the General Laws, pay to the commission clerk-treasurer the town's share of the commission's net expenses. The amount so determined and levied shall not exceed .036 per cent of the latest equalized valuation for each town. A penalty of eight per cent per annum shall be paid by towns delinquent in paying their assessed appropriations to the commission if not paid within sixty days of the notice of payment due.*

The preparation of the budget is overseen by the Martha's Vineyard Commission Finance Committee. This committee is chaired by the Commission's Clerk-Treasurer and is made up of one member from each town and the County, (including many Commissioners appointed by Boards of Selectmen).

### 3. The MVC Budgetary Process

---

The Commission budgetary process is like that of the towns.

- In October, Commission staff prepares a preliminary draft budget.
- In November, Town Finance Committees are invited to attend a special meeting to explain the Preliminary draft budget and invite questions, input, and comments. The preliminary draft budget is reviewed by the Commission's Finance Committee and a Draft Budget is adopted. The draft budget is forwarded to the Commission and the Town Finance Committees with the preliminary amount of each town's assessment for their inclusion in that town's budgeting process.
- In December and January, as requested, Commission representatives meet town finance committees to discuss the budget.
- In January, the MVC Finance Committee may meet again to discuss possible changes to the draft budget.
- At the Regular Meeting of the Commission in January, normally held on the third week of January, this year on January 20, 2022, the final FY2023 budget is adopted. The adopted budget is then sent to each town.

### 4. MVC Reserve Funds

---

The following is an explanation of two reserve funds maintained by the Commission.

- General Reserve Fund: The Commission maintains this fund to cover urgent, unforeseen expenses during the year. This is similar to the towns' Stabilization Funds and the high school's Excess and Deficiency fund. It is set at approximately the equivalent of two months' operating expenses, namely \$184,000. The general reserve fund balance was \$145,713 as of December 31, 2021. This fund can also be used to deal with short-term cash flow. In FY2019 the MVC obtained a line-of-credit from Rockland Trust. The line-of-credit is fully available as of January 20, 2022.
- Building Reserve Fund (Capital Improvements): This separate fund is for building renovations and improvements. The building fund balance at fiscal year-end 2021 was \$521 and on December 31, 2021, the balance was \$10,522. The FY2023 budget reflects a budgeted amount of \$40,000 that will be reserved for unforeseen future repairs as well as the replacement of the MVC residential septic system in FY2023. Both reserve funds are maintained in separate accounts at Rockland Trust, where they accrue interest at prevailing interest rates.

The following is the policy for the use of the General Reserve Fund.

- In preparing its annual budget, the MVC calculates the balance of the General Reserve Fund at the end of each fiscal year. If this balance – less any outstanding accounts payable and any amount being used for short-term cash flow at the end of any given fiscal year – is less than or exceeds the \$160,000 limit by more than 15% (\$136,000 to \$184,000), then the budget shall provide for re-establishing the normal amount. This involves either adding the shortfall back to the previous fiscal year balance or subtracting the excess from the subsequent year's budget back to the General Reserve Fund.
- The General Reserve Fund may be used for a short-term (30-90 days) working capital infusion not to exceed \$50,000 to bridge receipt of town assessments or grant disbursements. The Administrator and Executive Director must authorize such use, and the funds so used are to be replaced once the assessment or grants are received. Utilization of the General Reserve Funds

for extraordinary, non-budgeted purposes must be approved by the Executive Director and majority vote of the Finance Committee.

## 5. General Notes on the FY2023 Budget

---

- **Assessments:** For FY2023, the Commission budgeted an increase in ongoing annual costs (including the \$150,000 legal costs budgeted for the Meeting House Way legal costs), resulting in an annual increase of \$106,436 (12.00%) to a total budget amount \$1,365,389 from FY2022 town assessments of \$1,258,953. The total equalized valuation of all properties per the MA Department of Revenue as of January 1, 2020, used in Dukes County was \$24,682,423,400 for the FY2023 assessments. The taxes paid to support the MVC are currently \$0.0553183 per \$1,000 in assessment, which comes out to about \$27.66 (up from \$25.50 in FY22) for a typical year-round house assessed at \$500,000. This is only 15.34% of the maximum assessment authorized in the Martha's Vineyard Commission Act.
- **Positions:** The Commission has twelve staff members namely an Executive Director, an Administrator/Fiscal Officer, an Executive Assistant, and nine planners: (1) the Senior Planner, (2) the Coastal Planner/DCPC Coordinator, (3) the DRI Coordinator, (4) the Economic Development and Affordable Housing Coordinator, (5) the General Planner, (6) the GIS Coordinator, (7) the Historian Preservation Coordinator (8) the Transportation Planner, and (9) the Water Resources Planner.

The FY2023 Budget includes a 1.64% COLA and a two percent (2.20%) merit adjustment.

- **Other Post-Employment Benefits ("OPEB"):** Based on requirements of the Governmental Accounting Standards Board ("GASB") Statement 45, all public agencies must show as a liability in their financial statements the amount that would have to be put into trust to ensure that funds are available to pay the employer's share of health care and other benefits, other than pension, of retired employees. There is no legal requirement to pre-fund this liability; however, it is desirable to do so.

The Commission's annual OPEB cost is calculated based on the *annual required contribution ("ARC") of the employer*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

There are two components to OPEB: (1) funding the MVC's share of retirees' healthcare for the current fiscal year; and (2) the long-term liability to set aside funds to pay post-employment benefits of future retirees.

It would be desirable to increase the OPEB contributions as much as possible to limit future liability for the Commission and the towns. Some Vineyard towns are attempting to at least stay current with their contributions, recognizing that there is an historic shortfall that also must be addressed. In the case of the MVC, the ARC to remain current for FY2023 and not fall further behind would have been \$108,465. To gradually increase the Commission's contributions, the Commission made an OPEB contribution of \$55,500 in FY2022 and agreed to increase this contribution by \$5,000 per year until it reaches the recommended contribution. To speed up reaching this level, the following protocol will be used for dealing with any future budget surpluses.

- 1) Any surplus at the end of the year would go first to replenish the General Reserve Fund if it is less than the targeted amount, presently \$184,000 (i.e., \$160,000 plus 15%).
- 2) Next, any additional surplus would be used to increase our OPEB contribution up to the amount needed to not fall further behind for that year, i.e., increase the \$60,500 contribution up to \$108,465.
- 3) Next, any remaining surplus would be used to reduce the town assessments in the following year.

**Medical Insurance:** The Commission's healthcare plan is a single employer defined benefit plan administered by the Commission. The Commission provides medical and dental benefits to current employees, eligible retirees, and their spouses. Chapter 32B of the Massachusetts General Laws ("MGL") assigns the authority to establish and amend benefit provisions. The contribution requirement has been based on a pay-as-you-go financing method. In addition, the Commission may pre-fund an additional amount as determined annually by the Commission and through the end of FY 2022 the MVC will have funded \$330,000 of future liability. The market value as of December 31, 2021, was \$427,036.

6. MVC FY2023 Draft BUDGET						
20-Jan-22			Change			Notes
	FY2022 Budget	FY2023 Proposed	\$	%		
<b>INCOME</b>						
Grants/Contracts/Gifts	\$ 435,000	\$ 435,000	\$ -	0.0%	A	MassDOT (\$322,046), DLTA (\$100,000), Other (\$15,000)
Housing Reimbursement	\$ 31,200	\$ 32,400	\$ 1,200	3.8%	B	Tia Anna property
Insurance Reimbursement	\$ -	\$ 100,000	\$ 100,000		C	Meeting House Way legal fees; insurance claim expected receipt in FY2023
Interest, DRI Fees and Other Income	\$ 90,000	\$ 100,000	\$ 10,000	11.1%		
Town Share	\$ 1,258,953	\$ 1,365,389	\$ 106,436	8.5%	D	
<b>TOTAL INCOME</b>	<b>\$ 1,815,153</b>	<b>\$ 2,032,789</b>	<b>\$ 217,636</b>	<b>12.0%</b>		
<b>EXPENSES</b>						
<b>Payroll</b>						
Salaries	\$ 990,124	\$ 1,063,647	\$ 73,523	7.4%	E	COLA is set at 1.64%
Pension Plan (DCRS)	\$ 138,633	\$ 148,771	\$ 10,138	7.3%	F	Per DCRS Memo received 12/08/2021 and based on actuarial valuation dated as of 01/01/2020
Health, Dental & Disability Insurance	\$ 224,698	\$ 202,743	\$ (21,955)	-9.8%		
Other Post-Employment Benefits (OPEB) - Current	\$ 55,288	\$ 54,419	\$ (869)	-1.6%		
Other Post-Employment Benefits (OPEB) - Future	\$ 55,500	\$ 60,500	\$ 5,000	9.0%	G	\$5,000 annual increase
Medicare/Social Security, Unemployment & Other Payroll Costs	\$ 19,110	\$ 35,988	\$ 16,878	88.3%	H	Unemployment includes a Covid-19 recovery assessment of \$11,416
Worker's Comp	\$ 4,500	\$ 2,800	\$ (1,700)	-37.8%	I	Based on FY2021 workers comp audit
<b>Sub-Total Payroll</b>	<b>\$ 1,487,853</b>	<b>\$ 1,568,868</b>	<b>\$ 81,015</b>	<b>5.4%</b>		
<b>Administration &amp; Operating</b>						
Advertising/Communications	\$ 2,000	\$ 4,000	\$ 2,000	100.0%	J	We've been averaging \$4,000/year for the past several years
Audit Fees	\$ 16,000	\$ 16,000	\$ -	0.0%		
Capital Improvements>\$5,000	\$ 15,000	\$ 40,000	\$ 25,000	166.7%	K	Tia Anna Lane Septic
Contractual/Consultants	\$ 10,000	\$ 10,000	\$ -	0.0%		
Dues/Professional	\$ 10,000	\$ 10,000	\$ -	0.0%		
Dues/Subscriptions/Licenses	\$ 10,000	\$ 10,000	\$ -	0.0%		
Equipment <\$5,000	\$ 12,000	\$ 12,000	\$ -	0.0%		
Insurance	\$ 20,000	\$ 23,516	\$ 3,516	17.6%	L	Based on FY2022 premiums
Legal Fees-General	\$ 100,000	\$ 15,000	\$ (85,000)	-85.0%	M	Total FY2023 legal budget = \$195,000 v \$100,000 FY2022 budget
Legal Fees-Chappy Cell Tower	\$ -	\$ 5,000	\$ 5,000			\$47,513 spent to date
Legal Fees-Harbor View	\$ -	\$ 25,000	\$ 25,000		M	\$1,040 spent to date. This budgeted amount will increase in future fiscal years.
Legal Fees-Meeting House	\$ -	\$ 150,000	\$ 150,000		M	\$79,433 spent to date
Maintenance	\$ 20,000	\$ 20,000	\$ -	0.0%		
Mortgage P+I-Office	\$ 38,844	\$ 41,511	\$ 2,667	6.9%	N	\$3,459 per month
Mortgage P+I-Residence	\$ 31,656	\$ 38,844	\$ 7,188	22.7%	N	\$3,343 per month
Postage	\$ 3,000	\$ 3,000	\$ -	0.0%		
Printing	\$ 1,000	\$ 1,000	\$ -	0.0%		
Registry Fees	\$ 1,000	\$ 1,000	\$ -	0.0%		
Rent	\$ -	\$ -	\$ -			
Supplies-General	\$ 8,500	\$ 8,500	\$ -	0.0%		
Supplies-Software & Toner	\$ 12,000	\$ 12,000	\$ -	0.0%		
Travel/Conference	\$ 5,000	\$ 5,000	\$ -	0.0%		
Utilities: Electric	\$ 6,000	\$ 6,000	\$ -	0.0%		
Utilities: Oil	\$ 2,100	\$ 2,100	\$ -	0.0%		
Utilities: Telephone and internet	\$ 12,700	\$ 13,800	\$ 1,100	8.7%		Two cell phones added due to Covid-19, and one for GIS field work.
Utilities: Water	\$ 500	\$ 650	\$ 150	30.0%		Based on average billing
<b>Sub-Total: Administration and Operating</b>	<b>\$ 327,300</b>	<b>\$ 463,921</b>	<b>\$ 136,621</b>	<b>41.7%</b>		
<b>Sub-Total: Expenses</b>	<b>\$ 1,815,153</b>	<b>\$ 2,032,789</b>	<b>\$ 217,636</b>	<b>12.0%</b>		
<b>TOTAL EXPENSES</b>	<b>\$ 1,815,153</b>	<b>\$ 2,032,789</b>	<b>\$ 217,636</b>	<b>12.0%</b>		
<b>SURPLUS (DEFICIT)</b>						
		\$ -	\$ -			



**Draft Budget - FY 2023**

**7. MVC FY2023 DRAFT BUDGET - ASSESSMENTS**

**Assessments to Towns - July 1, 2022 - June 30, 2023**

	Aquinnah	Chilmark	Edgartown	Gosnold	Oak Bluffs	Tisbury	West Tisbury	TOTAL	Notes
<b>Equalized Valuation</b>	\$ 810,687,000	\$ 3,657,005,200	\$ 10,127,877,000	\$ 229,578,500	\$ 3,630,614,100	\$ 3,224,394,300	\$ 3,002,267,300	\$ 24,682,423,400	O
<b>Share of Planning</b>	3.28%	14.82%	41.03%	0.93%	14.71%	13.06%	12.16%	100.00%	P
<b>Share of Regulatory</b>	3.32%	14.96%	41.42%	0.00%	14.85%	13.19%	12.28%	100.00%	
<b>Assessment - Planning</b>	\$ 29,150	\$ 131,494	\$ 364,167	\$ 8,255	\$ 130,546	\$ 115,939	\$ 107,952	\$ 887,503	Q
<b>Assessment - Regulatory</b>	\$ 15,843	\$ 71,469	\$ 197,931	\$ -	\$ 70,954	\$ 63,015	\$ 58,674	\$ 477,886	R
<b>Total Assessment FY2023</b>	<b>\$ 44,993</b>	<b>\$ 202,964</b>	<b>\$ 562,098</b>	<b>\$ 8,255</b>	<b>\$ 201,499</b>	<b>\$ 178,954</b>	<b>\$ 166,626</b>	<b>\$ 1,365,389</b>	

<b>Previous Assessment FY2022</b>	\$ 41,486	\$ 187,142	\$ 518,281	\$ 7,611	\$ 185,792	\$ 165,004	\$ 153,637	\$ 1,258,953	
-----------------------------------	-----------	------------	------------	----------	------------	------------	------------	--------------	--

**Source: Massachusetts Department of Revenue Division of Local Services for use in FY2022 and FY2023.**

<b>FY2023 Increase (Decrease)</b>	\$ 3,507	\$ 15,822	\$ 43,817	\$ 644	\$ 15,707	\$ 13,950	\$ 12,989	\$ 106,436	
-----------------------------------	----------	-----------	-----------	--------	-----------	-----------	-----------	------------	--

**Current and Historical Assessments**

Fiscal Year	Aquinnah	Chilmark	Edgartown	Gosnold	Oak Bluffs	Tisbury	West Tisbury	TOTAL
<b>2023</b>	\$ 44,993	\$ 202,964	\$ 562,098	\$ 8,255	\$ 201,499	\$ 178,954	\$ 166,626	\$ 1,365,389
<b>2022</b>	\$ 41,486	\$ 187,142	\$ 518,281	\$ 7,611	\$ 185,792	\$ 165,004	\$ 153,637	\$ 1,258,953
<b>2021</b>	\$ 45,026	\$ 190,659	\$ 490,172	\$ 8,534	\$ 181,105	\$ 163,719	\$ 150,202	\$ 1,229,417
<b>2020</b>	\$ 39,955	\$ 169,186	\$ 434,966	\$ 7,573	\$ 160,707	\$ 145,280	\$ 133,285	\$ 1,090,952
<b>2019</b>	\$ 38,438	\$ 176,462	\$ 411,278	\$ 8,005	\$ 150,239	\$ 143,995	\$ 132,622	\$ 1,061,039
<b>2018</b>	\$ 37,509	\$ 172,597	\$ 401,336	\$ 7,811	\$ 146,607	\$ 141,039	\$ 129,417	\$ 1,036,316
<b>2017</b>	\$ 42,207	\$ 173,809	\$ 373,251	\$ 8,048	\$ 141,869	\$ 141,040	\$ 132,717	\$ 1,012,941
<b>2016</b>	\$ 42,207	\$ 173,808	\$ 373,250	\$ 8,053	\$ 141,868	\$ 141,039	\$ 132,716	\$ 1,012,941
<b>2015</b>	\$ 49,172	\$ 212,628	\$ 462,390	\$ 12,533	\$ 180,030	\$ 178,920	\$ 166,454	\$ 1,262,128
<b>2014</b>	\$ 35,767	\$ 154,661	\$ 336,333	\$ 8,421	\$ 130,950	\$ 130,143	\$ 121,075	\$ 917,350

## 8. Specific Notes on Budget

---

- A. This budget is based on town assessment, funding from DRI fees and other charges and on reliable grants. Like previous years revenue projections were based on a recently renewed contract that the MVC has with MassDOT and a grant from the District Local Technical Assistance (“DLTA”) Fund allocation. The MVC seeks additional grant funding on an ongoing basis. These grants are competitive and cannot be estimated for budget purposes. Additional grant revenue is generally accompanied by expense in completing the scope of work such as additional costs in terms of hiring consultants, interns, and increased expenses.
- B. Housing reimbursement and purchase of residence – staff rental of housing is pegged by MVC policy at 30% of annual salary per HUD guidelines for affordability.
- C. The MVC filed an insurance claim regarding its legal fees paid in the Meeting House Way litigation. Anticipated receipt of claim (\$100,000) is expected to be received in FY2023.
- D. Town Share assessments to the towns have increased to \$1,365,389 from \$1,258,829 (\$106,436 and 8.5%, respectively).
- E. Salaries will increase in FY2023 from \$990,124 to \$1,063,647 (7.4%). The FY2023 salaries reflect a COLA increase of 1.64% for each employee, and a step increase averaging approximately 2.2%. The MVC employs twelve full-time employees.
- F. The Pension Plan will increase \$10,138 (7.30%) to \$141,771 from a FY2022 budgeted amount of \$138,633. The cause for the increase is the most recent actuarial report received from the Dukes County Retirement System.
- G. As in Fiscal Years 2012 to 2022, the MVC will continue to pre-fund payments for future retirees and will be deposited in the Dukes County Pooled OPEB Trust Fund. The Commission is increasing the annual contribution by \$5,000 per fiscal year, and the FY2023 budget includes a \$60,500 contribution to the OPEB Trust Fund.
- H. The MVC has increased the budget for unemployment taxes. Due to the Covid-19 pandemic the Commonwealth levied an additional special assessment to those who pay unemployment taxes. In calendar year 2021 the MVC was assessed \$11,416.
- I. Based on the most recent worker’s comp audit, the MVC has lowered this line to reflect the amount to \$2,800, a decrease of \$1,700 (37.80%).
- J. The advertising line budgeted amount has doubled to \$4,000 from \$2,000 in FY2022. The MVC made this decision to increase because the average advertising costs over the previous five years has averaged approximately \$4,000 per fiscal year.
- K. Capital improvements for FY2023 are budgeted at \$40,000, up from \$15,000 from FY2022 budget. The additional funds will be used to replace the septic system at the MVC owned residential property.
- L. Insurance costs reflect the amount paid during the most recent fiscal year, and the budgeted amount reflects these costs over the previous twelve months. This line item may increase in future years as the MVC will look to increase liability coverage due to recent years litigation costs.
- M. Budgeted legal fees for FY2023 will be \$195,000, compared to \$100,000 for FY22. For FY2023 the MVC projects it legal fees as \$150,000 to cover the costs of the Meeting House Way litigation and

\$25,000 for the anticipated costs of the Harbor View Hotel litigation. The Harbor View Hotel legal costs could be higher in future fiscal years.

- N. The MVC has two mortgages, the Old Stone Building and the MVC owned residential property. Both mortgages have interest rates of 3.50% per annum. The loans are amortized over 20 years. As of December 31, 2021, the principal amounts due are \$625,324 and \$501,989, respectively. Monthly principal and interest payments are \$3,459 and \$3,343, respectively. The increase in the amount of monthly payments occurred when the MVC negotiated a lower interest rate but to do so the loans were to be repaid over a 20-year period as opposed to the previous 25-year period.
- O. This apportionment of assessments is based on the equalized valuations report dated January 1, 2021, from the Massachusetts Department of Revenue.
- P. Planning accounts for 65% of the Commission's budget. Regulatory accounts for 35%. This allocation is based on a past analysis of the proportion of staff hours and other expenses related to the two parts of the Commission's mandate.
- Q. All seven towns in Dukes County share the cost of Planning per their relative equalized valuation.
- R. The six towns on the Island of Martha's Vineyard share the cost of the Regulatory and Planning expenses.