

## MVC Budget Response

I'd like to clear up some misinformation about the Martha's Vineyard Commission's FY2015 budget that has appeared in the press and at various town board meetings over the last few weeks.

The MVC Finance Committee – consisting of the Selectmen's appointee from each island town as well as the Dukes County representative – welcomes input from any town board and the public throughout the budgeting process. The meetings are always posted and open to the public.

This year, the MVC budget process was the same as in previous years. The MVC Finance Committee met in late fall to discuss the budget formulated by the MVC Executive Director and Administrator. It was a fairly simple budget with an operating increase of 4.2 %. This reflected normal increases such as salary adjustments (based on average increases of all six towns), mandated higher expenses for the Dukes County Retirement system, unemployment costs, post-employment benefits, and the filling of a transportation planner position with a more experienced individual. Note that the Commission has had the same number of employees for more than a decade.

What has driven the overall budget increases over the last two years have been our legal costs to defend previous MVC decisions. Over the last four decades, the towns have spent a considerable sum in supporting the MVC in its mission to protect the unique qualities of the island and for the Commission to not vigorously defend those decisions would be foolhardy.

At the peak of the recession, the MVC made a great effort, perhaps too great in retrospect, to limit increases to the towns, keeping them at or below 0% for three years, largely by being extremely conservative in budgeting legal fees. Unfortunately, this coincided with a significant increase in legal fees due to several simultaneous court cases.

During the budget process last year it became evident that legal costs were not properly being reflected in our budget and the legal budget line item was increased by \$60,000 to \$120,000 to reflect what our three year running average had been for this expense. In our budget discussions with the various town Finance Committees last year we explained that rather than simultaneously hit the towns with both the \$60,000 budget increase for legal fees and a one-time \$75,000 assessment to become current with our legal obligations, we would use funds from the MVC General Reserve account which would have to be replenished according to MVC bylaws by the towns' assessments in FY 2015. This is shown as a separate line item in this year's budget. Since next year's budget will not include this reimbursement, we anticipate that in FY2016 there will be a reduction both of the overall budget and the town share from FY2015.

The MVC assessments to the towns for the MVC operating budget was \$796,497 in FY2009. If the MVC hadn't been forced into exceptionally costly litigation during last few years, our FY 2015 assessment to the towns would be \$912,478. An increase of just over 2% per year over the past six years, about the rate of inflation over that time period.

As with any organization there is always room for improvement, yet when it comes to budgeting, it's difficult to characterize expenses maintaining parity with the inflation rate as an organization with "a lack of clear management, focus and prioritization".

Brian Smith  
MVC Clerk/ Treasurer