TOWN OF OAK BLUFFS

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Select Board

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Town Administrator

The Honorable Julian Cyr
State Senator, Cape and Islands District
24 Beacon Street, Room 408
Boston, MA 02133
The Honorable Thomas Moakley
State Representative, Barnstable, Dukes, and Nantucket District
24 Beacon Street, Room 167
Boston, MA 02133

RE: Petition for Special Legislation – Amendment to the Port Town Embarkation Fee (Oak Bluffs) with Diverted Voyage Clause & Local CPI Adjustment Framework

Dear Senator Cyr and Representative Moakley,

On behalf of the Select Board and the citizens of the Town of Oak Bluffs, we write to request your vital sponsorship and legislative advocacy to amend the enabling statute governing our municipal ferry embarkation fee. Specifically, we request an update to the flat fee established over twenty years ago, alongside the insertion of an index mechanism to safeguard local revenue from future inflation and a clause to protect the Town from revenue losses due to ferry diversions.

Requested Legislative Action

We respectfully ask that you sponsor and advance special legislation authorizing the following three changes to the Oak Bluffs embarkation fee statute:

1. **Immediate Rate Adjustment:** Increase the baseline embarkation fee from the current fifty cents ($0.50) to **two dollars ($2.00)** per passenger departure.
2. **Implementation of an Annual Inflation Index:** Authorize an annual adjustment framework based on the Local Consumer Price Index (CPI) to maintain the purchasing power of the fee moving forward.

Problem: Visitor Growth Has Outpaced Fixed Local Capacity

When the Massachusetts Legislature established the $0.50 embarkation fee in 2004, it was calculated to help our port town manage seasonal passenger volumes. However, the foundational demographic and travel patterns of Oak Bluffs have shifted dramatically over the past two decades.

Excluding the temporary travel disruptions of the COVID-19 pandemic, Oak Bluffs has sustained an average seasonal passenger ridership growth of approximately 8% per year from 2004 through 2025. This compounding increase in ferry traffic has brought a steady, unrelenting surge of seasonal visitors to our shores, expanding the volume of travelers utilizing our public spaces, harbor infrastructure, and emergency services to historic levels.

Crucially, this compounding growth in seasonal transient usage has completely outpaced our permanent resident tax base. While tourist and visitor ridership scaled upward at a steady 8% annual clip, the full-time year-round population of Oak Bluffs increased by a modest 17.9% total over the entire 2004–2026 period (rising from roughly 4,527 year-round residents to approximately 5,341). Our small permanent community can no longer shoulder the tax burden required to subsidize public infrastructure that scales for hundreds of thousands of seasonal travelers.

Evidence: Local Taxpayers Cannot Absorb the Seasonal Burden Alone

The Town must work to protect our community ensuring the burden of funding seasonal infrastructure cannot simply be shifted onto our year-round property taxpayers. Oak Bluffs possesses a unique and vulnerable demographic profile that has been formally recognized by the Commonwealth.

According to official state metrics, Oak Bluffs contains designated Environmental Justice Communities. This classification underscores the structural economic strains facing our year-round population, identifying neighborhoods that are disproportionately vulnerable to economic stressors due to median household incomes falling significantly below the statewide average.

Year-round workforce and immigrant services. A key cornerstone of our year-round community and workforce is our large Brazilian immigrant population, which supports essential island industries including seasonal service, construction, and landscaping. To foster equity and support this workforce, the Town has invested in bilingual education, English Language Learner and English as a Second Language programs, translation services, outreach, and emergency communications. These are vital commitments, but they also represent substantial fixed local expenditures that reduce available general fund capacity.

Older residents on fixed incomes. Compounding this strain is our rapidly aging permanent population. Individuals aged 65 and over make up 21.4% of Oak Bluffs, while residents aged 55 and over comprise 45% of the year-round community. Many are retirees on fixed incomes with deep local roots who face displacement pressure from escalating property values and municipal service costs.

Tax relief tools are already maximized. Oak Bluffs currently employs every available statutory tax relief measure provided by the State Legislature, including local property tax exemptions for qualifying seniors, veterans, and surviving spouses, as well as a 15% year-round residential exemption.

While this 15% residential exemption provides an essential buffer for our year-round population, we must manage this tool carefully. We cannot risk assigning too much tax burden onto our seasonal property residents, who are vital stakeholders in our community fabric. Furthermore, we must protect the economic health of our local tourism ecosystem, particularly our Short-Term Rentals (STRs). The local rooms excise tax on STRs generates approximately $2 million in additional revenue per year—representing our single largest revenue generation source outside of local property taxes.

Because we cannot aggressively raise property tax rates on seasonal owners or enact policies that damage our critical $2 million short-term rental economy, traditional local taxation cannot bridge our infrastructure gap. These compounding factors mean our municipal toolset is fundamentally lacking given the hyper-inflation that has occurred over the past 20-plus years. Local tax variations merely shift the internal burden; they do not generate the broad-base revenue required to fund expanded police, fire, EMS, and public works operations necessitated by overwhelming seasonal crowds.

Evidence: Capital Infrastructure and Regional Service Obligations Are Rising

Nowhere is the fiscal crisis more acute than in our capital infrastructure demands, which have expanded far beyond the capacity of our local tax base. **Our Town infrastructure and services must be designed, engineered, and operated to serve massive summer peaks well over 50,000 people.** If our facilities and town services were only required to support our year-round population of approximately 5,341, operations would be significantly more economical and downsized. Instead, our small permanent base of year-round taxpayers bears the capital debt, maintenance burden, and operational costs of a system scaled heavily for extreme summer surges. To help offset these astronomical wastewater and infrastructure expenses, Oak Bluffs recently joined the Cape Cod and Islands Water Protection Fund, but this regional resource provides only a fraction of the funding required.

Beyond wastewater capacity, Oak Bluffs faces major capital liabilities that cannot be indefinitely deferred, including:

- The Town's share of the $335 million Martha's Vineyard Regional High School addition and renovation project.
- Critical coastal resiliency work for harbor infrastructure, Eastville Avenue, Seaview Avenue, and the Farm Pond culvert.
- Modernization of the aging Public Safety building to support current emergency response volumes.

Compounding these infrastructure pressures, Oak Bluffs serves as the host community and regional center for the island's most critical tax-exempt, non-profit institutions and social services. We provide local municipal support, road infrastructure, police protection, and emergency services to the **Martha's Vineyard Hospital, the regional YMCA, Martha's Vineyard Community Services, Woodside Senior Living, and the Martha's Vineyard Regional High School**. Hosting these island-wide hubs removes approximately $400 million of taxable property valuation from our municipal tax rolls. As a result, Oak Bluffs year-round taxpayers heavily subsidize regional services utilized by the entire island, while absorbing 100% of the daily municipal service costs required to sustain them.

Furthermore, our infrastructure is being heavily extended by the financial impacts of Chapter 40B comprehensive permit housing developments. These mandates are fundamentally disproportionate to an island community already struggling with severe, pre-existing structural and geographic constraints. Oak Bluffs is actively absorbing over 175 new housing units across multiple major projects. These include the Takenash Knoll development, the proposed Green Villa 40B, and the Bellevue Veteran Housing initiative. While the town recognizes the profound need for year-round housing solutions, adding these high-density developments to our town center creates immediate, debilitating fiscal impacts on our schools, utility capacities, and public safety personnel.

An adjustment to the embarkation fee is vital to ensure that critical funding for these essential infrastructure initiatives is not diverted to cover the seasonal public safety services needed to support our visitors. By resetting this fee baseline, **the town can work to protect** its dedicated environmental and capital funds from being diluted by surging **visitor management and services**.

Revenue Context: Statewide Benefits Outpace Local Aid Returns

In presenting this petition, we want to be explicit: the Town of Oak Bluffs generates a significant amount of seasonal tax revenue through meals, room occupancy, and sales taxes that flows directly into the state treasury. Millions of tourism dollars generated on our streets return to the Commonwealth each year, yet only a fraction of that economic output makes it back to Oak Bluffs through standard Chapter 70 or Chapter 90 local aid formulas.

We understand that we are not special, but we live in a completely unique part of Massachusetts. An isolated island port town simply cannot be defined or constrained by the exact same set of broad municipal rules that make up the baseline for the landlocked, mainland majority of the Commonwealth. Our borders are fixed by the ocean, our population increases tenfold for a quarter of the year, and our operational costs reflect a distinct hyper-local economy. When traditional formulas fail to return a good portion of the wealth our town generates to maintain the very gateway visitors stand upon, targeted home-rule adjustments like this embarkation fee correction are the only mechanism left to try and preserve local fiscal solvency.

Solution: Reset the Fee Baseline Based on Local Cost Growth

To understand why our municipal costs have outpaced traditional inflation despite stable visitor numbers, we look directly to the local **House Price Index (HPI)**. The HPI serves as an accurate proxy for the drastic increase in the cost of living on Martha's Vineyard.

Between 2004 and 2026, the average property value in Oak Bluffs surged by approximately 169%, climbing from $472,469 to over $1.26 million. This real estate explosion has triggered a compounding crisis for municipal service delivery. To maintain public safety, our town must actively combat the island's housing crisis, offering significantly higher competitive wages to attract police officers, paramedics, and public works staff who are otherwise priced out of the local market.
Increasing the baseline fee to **$2.00** is a mathematically sound correction designed to help ferry revenue finally catch up with a localized service-delivery index that long ago disconnected from mainland realities.

Solution: Use Local CPI for Predictable Future Adjustments

While the House Price Index clearly illustrates the historical local cost pressures that justify resetting our baseline fee to $2.00, we recognize the need for long-term fiscal predictability and political stability. Therefore, rather than indexing future yearly increases to volatile real estate metrics, the Town proposes utilizing the **Local Consumer Price Index (CPI)** for all annual adjustments moving forward.
Transitioning to a local CPI-based index for future adjustments ensures a steady, conservative, and predictable revenue trend. This mechanism protects the town from future inflation without risking explosive, unchecked compounding fee hikes on visitors during real estate market spikes.

Solution: Protect Revenue When Scheduled Oak Bluffs Voyages Are Diverted

Finally, we respectfully request the inclusion of a specialized fee-recovery clause to address the financial impact of diverted ferries. Oak Bluffs must pre-schedule and fully commit its municipal service resources—including police details, ambulance crews, and harbor personnel—well in advance of the season based on scheduled trips. We do not have the ability to dynamically reduce these fixed costs when vessel captains divert scheduled Oak Bluffs arrivals or departures to the Town of Tisbury due to weather or operational factors.
Furthermore, the sudden influx of diverted passengers arriving by land back into Oak Bluffs to meet redirected vessels continues to stress our local roads and public safety infrastructure.

Conclusion

The Town of Oak Bluffs can no longer subsidize port operations and regional capital infrastructure strains using a fee structure frozen in 2004. Upgrading the baseline to $2.00 to correct for years of localized hyper-inflation, indexing future increases predictably via local CPI, and closing the "diversion loop" will provide the long-term stability our community desperately needs.
We are prepared to support our full fiscal modeling and draft home-rule petition language to support your offices in filing this legislation. Thank you for your enduring dedication to the unique needs of our island communities.

Respectfully submitted,
The Oak Bluffs Select Board

Dion Alley
Select Board Chair

cc: Oak Bluffs Finance Committee; Town Administrator, Town of Edgartown, and Town of Tisbury