



## Town of Nantucket Finance Committee

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**Committee Members:** James Kelly (Chair), Clifford Williams (Vice-chair), Matthew T. Mulcahy, John Tiffany, David Worth, Stephen Maury, Craig Spery, Joseph T. Grause Jr.; Peter McEachern

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### MINUTES

**Tuesday, January 12, 2016**

Nantucket High School Cafeteria – 4:30 p.m.

Called to order at 4:34 p.m.

Staff in attendance: Brian Turbitt, Director of Finance; Lynell Vollans, Assistant Director of Finance; Andrew Vorce, PLUS Director; Leslie Snell, PLUS Deputy Director; Robert Gardner, Wannacomet & 'Sconset Water Company General Manager; Heidi Holdgate, Wannacomet & 'Sconset Water Company Business Manager

Attending Members: Kelly, Mulcahy, Tiffany, Worth, Maury, Spery, Grause, McEachern

Absent Members: Williams

Late Arrivals: Mulcahy, 4:36 p.m.

Early Departures: None

Documents used: Planning and Land Use Services (PLUS) FY2017 budget proposal; Wannacomet and Siasconset Water Enterprise Funds FY2017 budget proposal; Citizen Warrant Articles for 2016 Annual Town Meeting

#### **I. PUBLIC COMMENTS – Any member of the public may address committee at this time**

1. None

#### **II. APPROVAL OF PRIOR MEETING MINUTES**

1. None

**Kelly** – A couple of items first: We have discussed the Citizen Warrant article for Appropriation: Cost Reimbursement, sponsored by Clifford Williams. He forwarded an email from PLUS staff concerning the Zoning Board of Appeals action on this matter; it should be read by the committee members before this board takes up the article motion further. Also, he has talked to Mr. Vorce and Ms Snell about the citizen articles addressing zoning changes; those are being incorporated into many zoning bylaws under discussion and will be rewritten by the Planning Board staff; their public hearing is Jan 28, 2016; he plans to attend that meeting. The last item is the charge and composition of the Real Estate Assessment Committee (REAC). This is a citizen committee staffed by Mr. Vorce and Rhoda Weinman is the chair and members have specific knowledge about the real estate business. They are charged with evaluating some of the real estate articles the Board of Selectmen (BOS) has asked them to investigate. At the point the FinCom takes up the real estate articles, they will have come from Mr. Vorce informed by the conversations and deliberations of the REAC. They have met and made reviews and have preliminary recommendations to be incorporated into the articles.

### III. REVIEW PLANNING AND LAND USE SERVICES (PLUS) FY2017 BUDGET

Sitting Kelly, Mulcahy, Tiffany, Worth, Maury, Sperry, Grause, McEachern

Recused None

Discussion **Vorce** – There are two major increases: advertising and have raised fees to offset those increases; the second is two new vehicles to replace a fleet of aging vehicles. There is one new position: a part-time housing specialist to work with the Affordable Housing Trust Fund (AHTF).

**Worth** – Asked about the \$100,000 budgeted for yard sale services.

**Vorce** – That money is reimbursed and is used for paying for survey costs and legal work; previously it came out of professional services.

**Turbitt** – Those costs used to come out of the sale, but they weren't supposed to.

**McEachern** – In regards to the cost of advertising going up 80%, asked if the frequency of PLUS ads might have also gone up.

**Vorce** – They are seeing an increase in activity which requires a need to advertise; this is a combination in increased rates and volume. By law, they are required to advertise in the newspaper.

**Snell** – They have increased the fees but those go into the General Fund and aren't readily visible.

**Tiffany** – There are no inspection fees for FY2017.

**Turbitt** – The reduction is there because an applicant is required to pay the technical fees for plan review and, by law, those fees have to be separated. Any money that is left is legally obligated to be paid for that and is put in an escrow account. It was previously budgeted into the General Fund, which is not the correct way to account for this money. Once the project is closed out, any money left is returned to the applicant. There is no General Fund impact.

**Grause** – Referring to the chart on building permits, there was an increase of 2000 building permits for FY2015; asked what the projection for this year might be as well as a possible projection for FY2017.

**Vorce** – He believes there is another big year coming up. Many of the permits are for renovations and expansions and second structures; seen a lot of redevelopment of existing developments. There are some major projects in the pipeline. There is a monthly report that tracks the dollar amounts.

**Tiffany** – In the narrative, there is a statement about looking for key resources to address housing but there are no changes in the numerical part of the budget that indicate resources have been found.

**Vorce** – Staff resources are being looked at. The AHTF has some resources and is not dependent upon ATM authorization but additional resources are needed.

**Tiffany** – Asked why the Energy Office is not reflected in the PLUS budget.

**Turbitt** – That was originally funded by a ReMain grant; when that was exhausted, it became funded in the Town budget. That office is in the Town Administrative budget.

**Vorce** – Functionally, the office is now in the PLUS building and has proven a great success; the officer has access to the contractors.

**Sperry** – Asked about the status of the 2 Fairgrounds building.

**Vorce** – The BOS has set that as one of their priorities. There is a zoning change coming forward at this ATM, which would put the balance of the property into the correct zoning district allowing the Town to file an application. There are still design issues and public outreach needed for the site. Reviewed the status of some of the affordable housing projects: Surfside Commons, School View, Richmond Development.

**Worth** – Explained about a joint committee for affordable housing that reviews larger-scale affordable housing projects to ascertain the pressures the development would put on community resources.

**Kelly** – Recognized Mr. Vorce as recipient of Town Planner of the Year.

**IV. REVIEW WANNACOMET AND SIASCONSET WATER ENTERPRISE FUNDS FY2017 BUDGETS**

Sitting Kelly, Mulcahy, Tiffany, Worth, Maury, Spery, Grause, McEachern

Recused None

Discussion **Gardner** – Introduced Noreen Slavitz of the Water Commission. For the next ten years, the water company has an aggressive capital program to replace aging infrastructure; the effects of that on the water rate remain to be seen. Don't have a lot of new expansion planned. Have embarked on a hydrant up-grade program to replace hydrants over 40 years old until hydrants are maintained up to 20 years old. A big up-coming issue is the dissolution of the 'Sconset Water Company; this is not a merger. FY2017 is the last budget from the 'Sconset Water Company. Just finishing up a Water Management Act Permit application for Wannacomet Water Company (WWC); explained what the permit is for.

**Maury** – Asked how the *per capita* water usage is calculated and what figure is used to ascertain the population.

**Gardner** – It is calculated at 114 gallons per person per day. He spends a lot of time coming to an agreement on the population; the number comes from the Department of Conservation/ Recreation and they develop the water forecast; that goes to the Department Environmental Protection (DEP), which incorporates it into a permit. The current year-round population is 12,800; it is hard to document seasonal population. Seasonally, they are saying we are at 28,000. He is anxious to see how the State is going to deal with irrigation, which has a huge impact on water use; they could come back with a different rate for irrigation. They will be doing a water audit to get a better handle on usage, which is easier with the new meter system. Explained how he comes up with his metered water sales; seasonality and weather have a huge impact on water usage and sales. On March 1, the rate will go from \$3.70 to \$4.00 per 100 cubic feet; the base service charge will increase for a residence from \$19.50 to \$20 a month. The connection fee, which has several components, is also up from \$3,000 to \$5,000. More places are requiring sprinklers, which puts a demand on the system. The Water Commission approved a 3% increase in the salary budget; medical insurance increased 9.5% and 4.5% for BlueCross/BlueShield. In the expense budget for WWC, storage tank maintenance, residence maintenance, and new equipment and vehicles. The debt service on the meters has been retired.

**Tiffany** – Asked about the WWC line item "Other" which is going up 40%.

**Gardner** – That is a balancer. The only way that line item can be spent is by approval of the Water Commission.

**Worth** – When the two companies come together, asked if the discrepancies in rates will be harmonized.

**Gardner** – That is the goal but have to make sure the WWC users are not carrying too much of the 'Sconset weight.

**Tiffany** – There is a huge difference between the two rates.

**Slavitz** – The consensus of the Wannacomet Water Commission is to protect the Wannacomet rate payers from 'Sconset issues. Eventually, the rate will even out.

Discussion about how the water rate-payers pay for the water and infrastructure used in fire protection.

**Gardner** – Explained that about 40 houses in Madaket are on Town water and about the special connection rate.

**Grause** – Asked if the permitting might represents a threat to development on the Island.

**Gardner** – No; the driving number behind the permit is population, not development.

**McEachern** – Asked if the company uses a consultant in working with the filing and permitting.

**Gardner** – Yes.

**McEachern** – On the revenues and expenses of any departmental budget, asked where is the direction and what is range of retained earnings.

**Turbitt** – We have to have a balanced budget. The range allows for uses for whatever the Water Commission recommends and is comfortable with using. He doesn't recommend using them for annual operating cost because retained earnings are not a guaranteed revenue stream.

**McEachern** – Asked what the unallocated expense increase under 'Sconset is for; it went from zero to \$33,000.

**Gardner** – That is a balancer for the account and is due to the huge reduction in debt service.

**McEachern** – Asked why the standpipe maintenance wasn't put in as a capital request.

**Gardner** – The amount was not that significant at \$35,000 to \$40,000; seemed more of a maintenance item.

**McEachern** – There are items, which went to Capital Program Committee which were not approved, that appear in the expense line, asked what this board should do with that.

**Turbitt** – Some Capital Program Committee members felt those items were more maintenance oriented and not appropriate for capital improvements; they voted to remove them from the budget.

**Worth** – On the DEP permit, asked if 'Sconset and the entire island are part of that permit or are the two withdrawal areas segregated.

**Gardner** – It does not apply to 'Sconset.

**Tiffany** – Asked what is being done about succession to planning regarding Mr. Gardner's retirement.

**Gardner** – A lot is being done about succession planning. There is an individual on staff who has expressed interest in going through the training necessary to become the next general manager.

#### **V. DEVELOP MOTIONS FOR CITIZEN WARRANT ARTICLES FOR 2016 ANNUAL TOWN MEETING (ATM)**

1. Article N, Appropriation: Cost Reimbursement – Clifford Williams

Sitting Kelly, Mulcahy, Tiffany, Worth, Maury, Sperry, Grause, McEachern

Recused None

Discussion **Worth** – Asked Mr. Kelly to speak with Mr. Williams and Mr. Fee to ensure the FinCom has all the information they need in order to make a decision about this.

**Kelly** – He has had that conversation with Mr. Williams.

#### **VI. NEXT MEETING DATE/ADJOURNMENT**

Date: Thursday, January 14, 2016; 4:00 p.m.; 4 Fairgrounds Road, Training Room

Topics: Review of Fire Department, Police Department, and Harbormaster FY2017 budgets.

Adjourned 6:24 p.m.

Submitted by:

Terry L. Norton