



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

MINUTES

Tuesday, January 19, 2016

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

Called to order at 4:30 p.m.

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Lynell Vollans, Assistant Director of Finance; Kara Buzanoski, DPW Director; Sylvio Genao, Town Engineer; David Gray, Wastewater Treatment Chief Operator; George Aronson, Consultant.

Attending Members: Kelly, Williams, Mulcahy, Tiffany, Worth, Grause

Absent Members: Maury, Spery, McEachern

Late Arrivals: None

Early Departures: None

Documents used: Department of Public Works FY2017 proposed budget; Sewer Enterprise Fund FY2017 proposed budgets; Solid Waste Enterprise Fund FY2017 proposed budgets; 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

III. REVIEW SOLID WASTE ENTERPRISE FUND FY2017 BUDGETS

Sitting Kelly, Williams, Mulcahy, Tiffany, Worth, Grause

Recused None

Discussion **Buzanoski** – Reviewed the Solid Waste Enterprise Fund narrative: the \$104.11 per ton of soil charge by Waste Options far exceeds what the haulers are being charged, which is \$30 a ton.

Aronson – The Town is losing \$1.332 million a year. In 2009 there was 400 tons of this material; in 2015 there was 15,000 tons. Noted that public projects don't have a tip fee. Explained how the soil material is being reused.

Grause – Clarified that when the soil comes in, it is stored on site until reused and that is costing the Town \$104 a ton. Asked why it even comes in and why it isn't sold.

Aronson – This material can't always be reused.

Worth – Asked what the avoided cost might be.

Aronson – Probably about \$100,000. They are starting to get numbers for the upgraded cell where this low-value material can be used. That impact wasn't anticipated.

Buzanoski – the other assumption is the fee holiday voted in 2012 would continue; the 1st fiscal year cost was about \$150,000; in FY2015 it was down to \$62,000.

Grause – Back to the Mixed Excavation Waste (MEW), asked the recommendation on the increase.

Buzanoski – Asking the Board of Selectmen (BOS) to approve an increase to \$106 per ton.

Tiffany – Asked if the fee is raised might that cause people to find an alternative means of disposal.

Aronson – The proposal to the BOS would be to make it cost neutral. It is their decision to trade off the cost balancing and the risk of dumping.

Buzanoski – Waste Options has been taking about 20% of the construction and demolition (C&D) waste and pulling out clean wood to be ground into wood; starting in the spring they will have a mulch product to sell to landscapers. That has reduced amount being paid to them by 20%. Noted that they are back up to the 10,000 tons a year they were taking in before Reis went into business; in FY2015 saw a profit of \$212,000 and \$124,000 year to date in FY2016.

Aronson – Under estimating C&D is a conservative approach. The Town would make \$140 a ton at the higher level; break even is about 3,000 to 4,000 tons.

Discussion about what would happen if C&D was handled entirely by a private company after the end of the current Waste Options contract.

Gibson – In 2017, a workgroup will be established to discuss renegotiating the Waste Options contract.

Aronson – Putting a proposal together to establish what the cost would be to the Town not to renew the contract.

Tiffany – Asked about the percentage of wood being mulched and sold.

Aronson – In FY2015 it was about 46%; FY2016 year to date it is under 20%. Noted that this is the first time that recycling revenue are not accounted for in the recycling professional services budget in the same year.

Grause – Clarified that the \$1.046 million professional services increase is driven by the mismatch and the NEW.

Buzanoski – The budget is not based upon any new or increases in fees. Under repairs and maintenance, Waste Options has asked for work to be done on the Recycling/MRF building. The increase in Freight is the result of a conversation with Waste Options and is volume driven.

Aronson – A fixed fee was used to subsidize the MRF operations has been moved to professional services.

Kelly – Have seen in some departments items over \$50,000 going to capital; asked why that was not done here.

Buzanoski – Since this is an Enterprise Fund, those were included in the budget.

IV. REVIEW DEPARTMENT OF PUBLIC WORKS (DPW) FY2017 BUDGET

Sitting Kelly, Williams, Mulcahy, Tiffany, Worth, Grause

Recused None

Discussion **Buzanoski** – Responding to citizen input, DPW initiated a software program called PeopleGIS to locate and schedule requested work; this helps track the amount of accomplished work. Facilities Division has been greatly expanded and capital projects are being developed for each individual Town Building.

Grause – It looks like the principal increase in the budget is to establish a new position and fill two vacancies then there is contractual obligations.

Buzanoski – Reviewed initiatives and accomplishments. We have requested \$1.5 million for sidewalk repair around Straight Wharf/Easy Street area. Have a design for improvements to Boulevard and hope to start that work in Spring; requesting an additional \$1 million for Lovers Lane over to Okorwaw. The complete work on Boulevard will cost about \$3 million.

Kelly – Asked what the priorities are or if there are any changes to priorities.

Buzanoski – Each season has different priorities: Winter is usually devoted to cutting brush and Spring to road repairs. Explained difficulties with getting seasonal help; she has increased the pay for seasonal people.

Kelly – Asked if a contract with a local landscaper has been considered.

Buzanoski – Where a contract is affordable, DPW does have one in place.

Grause – In regards to the bid for the playing fields, asked where that came in and if it might be possible to put that in budget.

Buzanoski – After discussion with the foreman in charge of maintaining the fields, it was decided that an additional seasonal hire would suffice. It is a matter of allocating people to that.

Williams – In regards to snow removal, he realizes that when a department goes over the budget for snow removal the State requires the following year be budgeted at twice the amount.

Buzanoski – Corrected that as long as the amount that was previously budgeted is put in, that meets the State’s requirement. In FY2016 snow removal was \$180,000; this year have budgeted \$7,500.

Tiffany – Asked if consideration had been made to develop a reserve fund.

Turbitt – Snow and ice is legally allowed to overspend; options include: raising it on the recap or identify another funding source prior to June 30. As for using the 33B transfer, it can be done if it is deemed appropriate. The State allows for the budget to be overspent as long the budgeted amount is no less than the prior year.

Buzanoski – In the past, overtime for removal was charged to the budget; in the future it will come out of the recap. They had over 1000 work orders in this fiscal year to date.

Tiffany – Asked what falls under “Other” line item; it is going up significantly.

Buzanoski – She will look into that.

Tiffany – Asked about the increase in travel.

Buzanoski – Trying to get more education for the staff to include additional licensing.

Worth – Urged Ms Buzanoski about being assertive in getting money into the budget for maintenance of the sidewalks and streets; that is what visitors see first.

Buzanoski – Noted that the Airport is grinding the edges of the runways producing a finely grained asphalt product that DPW can use on the roads.

Discussion about DPW’s job in keeping Nantucket looking nice to tourists and whether or not adjustments to the DPW budget are warranted to accomplish that.

V. REVIEW SEWER ENTERPRISE FUND FY2017 BUDGETS

Sitting Kelly, Williams, Mulcahy, Tiffany, Worth, Grause

Recused None

Discussion **Kelly** – Asked the board members to focus on the operating budget; discussion of the sewer projects and their impact will take place Thursday, January 21.

Buzanoski – This budget requests the Sewer Manager position; the department is so extensive that it needs full-time oversight; it also addresses the operation of the Surfside Wastewater Treatment Plant, the ‘Sconset Wastewater Treatment Plan, the sewer pump station, and the sewer mains. The MESA certificate, required in the Comprehensive Wastewater Management Plan (CWMP), requires CWMP be reviewed when the Harbor Studies were completed and TMDL set; that generated a 20-year capital plan, which is separate from this operating budget. The Sewer Planning Workgroup determined that the payments for the projects be split between the General fund and the Property owner to minimize the impact on the Enterprise Fund.

Kelly – Asked if any of the capital expenditures for either site would be rolled into the sewer project.

Buzanoski – No, just the sewer extension generated from the CWMP.

Tiffany – Asked when the Debt Service would be impacted.

Turbitt – FY2018 at the earliest but more likely FY2019 or FY2020. The debt service in the Enterprise Fund would be covered by the allocation for the Betterment and would have no impact on the rate.

Buzanoski – The salary line item is increased by the addition of the sewer manager. Medical insurance, retirement, and other insurances are included in the General Fund.

Worth – Asked about \$8.8 million approved last year.

Turbitt – That is not included in this year’s debt service because it’s escrow funded.

Buzanoski – Reviewed FY2017 requests approved by the Capital Program Committee: sewer portion of First Way, evaluation and repairs of the ‘Sconset facility, expansion of the sewer district, membranes for the Surfside plant, generator, replacement of the sludge dumptruck, and a

pick-up truck. She has studied the paid-over-time and evaluated the impact on the rates; the current rate should be able to handle those.

Discussion about the progress of the Sea Street sewer upgrade.

Worth – Asked who does the water quality testing.

Buzanoski – It is a combination of departments; DPW tests the plant water.

Gray – Currently most tests are performed at a lab on the mainland; they are working to get the lab on-island State certified.

VI. REVIEW OF CITIZEN WARRANT ARTICLES FOR 2016 ANNUAL TOWN MEETING

Kelly – Mr. Turbitt is putting together a spreadsheet that shows the status of the Citizen Warrant Articles. Most that is left is zoning and real estate. They picked up one that was missed, the Flyboard article, which needs to be weighed in on.

VII. NEXT MEETING DATE/ADJOURNMENT

Date: Thursday, January 21, 2015; 4:00 p.m.; 4 Fairgrounds Road Training Room

Adjourned 5:59 p.m.

Submitted by:

Terry L. Norton