



## 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

**Thursday, January 21, 2016**

4 Fairground Road, Training Room – 4:00 p.m.

Called to order at 4:00 p.m.

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Lynell Vollans, Assistant Director of Finance; Kara Buzanoski, DPW Director; David Gray, Wastewater Treatment Chief Operator; Terry Norton, Town Minutes Take

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

Absent Members: Spery, McEachern

Late Arrivals: Worth, 4:33 p.m.

Early Departures: None

Documents used: January 7 & 11, 2016 minutes; Sewer project updates

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

1. None

### II. APPROVAL OF PRIOR MEETING MINUTES

1. January 7, 2016 – Approved by unanimously consent
2. January 11, 2016 – Approved by unanimously consent

### III. SEWER PROJECT UPDATE AND FINANCING

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

Recused None

Discussion **Kelly** – Upon the recommendation of the Sewer Planning Workgroup, the Board of Selectmen (BOS) voted to put forward only the article for extending sewer to the Monomoy/Shimmo area. Madaket/Somerset will not go forward at this time.

**Turbitt** – The area, now known as Nantucket Harbor-Shimmo and the Plus parcels, was voted to go forward. The two areas combined qualify for the zero percent interest loan from the State Revolving Fund (SRF). Reviewed the revised cost estimate for this area only for the Nantucket Harbor-Shimmo area and plus parcels. The plus parcels have increased about \$3 million and the Nantucket Harbor-Shimmo area increased about \$2.5 million; the cost estimates have been inflated to the year it is believed the project will actually start.

**Gibson** – Town Counsel suggested being very careful about including percentages being put into the article; those might be eliminated from the article. If there were an amendment, the Moderator might rule that it is out of the scope of the article.

**Turbitt** – The BOS voted to put this article forward at this time because of the effect on the harbor. The Sewer Planning Workgroup decided calculating by the land value was a better way to apportion the betterment; due to the wide range, the numbers are averaged. The apportionment is calculated out 20 years but a recent bill passed would allow municipalities to carry the betterment out to 30 years. If we did that, SRF funding for zero percent would require the 20-year amortization schedule which reducing the annual collection; we would have to find another funding source to fund the 10-year gap. For \$100,000 per property, the average residential value is \$1.4 million. The number does not include the connection and privilege fees and other costs.

Discussion about what decommissioning a septic system entails.

**Turbitt** – We have been working on modeling four tax-rate calculations thus eliminating two based on the BOS action. This is being built into the capital structure and will be segregated to show what it will do to the tax rate over its entire life of the loan. That will be available for ATM.

**Kelly** – Asked how many registered voters are in the Nantucket Harbor-Shimmo area.

**Gibson** – She thinks it is less than 100.

**Grause** – Asked what the betterment range is for the Nantucket Harbor-Shimmo area.

**Turbitt** – \$40,000 to \$450,000 based on the value of the land. Explained how the cost was estimated using the assessed value. There will be another revaluation of land before the betterment is issued.

**Mulcahy** – Asked if the \$40 million is the total for both Nantucket Harbor-Shimmo area and the plus parcels and if that is the appropriation in the article.

**Turbitt** – Yes.

**Kelly** – Asked how the motion would read.

**Gibson** – It would read to appropriate \$40 million with 60% to be assessed to the abutters and 40% to be added to the tax rate subject to approval of debt exclusion.

**Turbitt** – The debt exclusion would be a ballot question.

**Mulcahy** – Asked if there was a discussion at the BOS meeting about the Madaket/Warrens Landing/Somerset are in future years.

**Gibson** – Yes. Explained the reasons the BOS voted to hold off on the Madaket/Somerset area and move forward on Nantucket Harbor-Shimmo area.

**Turbitt** – The cost for Madaket/Warrens Landing area would be approximately \$62 million and Somerset would be about \$17 million.

**Tiffany** – It was his understanding the fertilizer was a large part of the problem for Nantucket Harbor. Asked what's being done about that.

**Gibson** – Explained what is being done about fertilizer use and that the local regulations can only go so far without violation of a property owner's rights.

**Williams** – Asked what the impact would be on a home worth \$1.2 million for a regular tax payer.

**Turbitt** – At the 60/40 split, it would be \$15.78 for the plus area and \$33.54 for Nantucket Harbor-Shimmo area; it's \$1.32 per \$100,000 assessed value.

**Worth** – With this plan, the betterment cost will be higher than the tax bill. Mentioned the issue of fertilizer.

**Buzanoski** – For Nantucket Harbor, stormwater runoff and fertilizer are also contributing factors to the nitrogen level.

**Gibson** – The BOS talked about improving public outreach on the subject.

**Williams** – Asked where this project would put the overall system in regards to capacity.

**Buzanoski** – The Comprehensive Wastewater Management Program (CWMP) estimated that if all projects were completed, the flow would increase by ½ million gallons per day. We are applying to get approval to increase daily outflow. \$8.8 million was approved as part of the capital budget last year at town meeting to increase the size of the wastewater plant.

**Turbitt** – The authorization for the SRF program itself is scheduled to phase out; however, as long as there is approval and successful action, we are still eligible for the zero percent. Discussion about the challenges of the impact of sewer installation and cost impact on owners of properties using septic systems.

**Grause** – Inquired whether the two original sewer articles proposed to be put forth at the 2016 ATM for \$119 million were all of the sewer work proposed by the CWMP or if there is more work required by the Federal Government.

**Buzanoski** – There is more to it. Reviewed other areas proposed by the WMP.

**Kelly** – Asked going forward with both sewer projects at the 2016 ATM.

**Gibson** – The warrant has been approved by the BOS so nothing can be added.

**Mulcahy** – Our job is to deal with the warrant as it is. If anyone wants to entertain putting Madaket/Warrens Landing/Somerset back in, they would have to get the signatures for a Special Town Meeting (STM).

**Gibson** – A STM would have to be called..

**Mulcahy** – If this committee feels strong enough about adding Madaket/Warrens Landing/Somerset back in, we should convey that to Ms Gibson to convey it to the BOS.

**Maury** – Feels as though we should put both projects forward as soon as possible.

Discussion about whether or not FinCom should ask the BOS to consider a STM within the ATM to include the Madaket/Warrens Landing/Somerset sewer article. The consensus of the board is that the Madaket/Warrens Landing/Somerset should be started in conjunction with Nantucket Harbor-Shimmo, for financial reasons.

**Worth** – Asked if there would be an impact on the Town’s bond rating if we borrowed the full \$120 million.

**Turbitt** – The impact on the bond rating would be dependent on the capital improvements currently in place to be paid for by the General Fund and what the split is.

**Kelly** – Asked for a motion from the board requesting the BOS to hold a STM within the ATM in order to put the Madaket/Warrens Landing/ Somerset back on the warrant.

**Mulcahy** – He would make that motion.

Motion **Motion to have the chair draft a letter to the Board of Selectmen requesting that a Special Town Meeting be held within the Annual Town Meeting in order to add the Madaket, Somerset, and Warren’s Landing sewer article back to the warrant.** (made by: Mulcahy) (duly seconded)

Vote **Carried unanimously**

Discussion about how the Sewer Planning Workgroup came to the decision to recommend removal of the Madaket/Warrens Landing/Somerset area from the warrant.

**Grause** – Asked if the allocating on the land value would be built into the motion or the article.

**Turbitt** – How the betterment is invested would not be part of the motion.

**Worth** – Asked who would approve the betterment.

**Gibson** – The betterment approval is the full purview of the BOS.

**Rick Atherton, BOS** – It is clear that everyone assumed BOS would support a payment system that is progressive, the higher the value of the property the higher the payment. He would assume a way to deal with the question is to bracket it and explain how the progressive payments work. It’s the same idea as taxes: the higher the value, the higher the payment.

**Tiffany** – He doesn’t know how that would be accomplished or how it works.

**Gibson** – Right now the BOS is looking at a 60/40 betterment split; all educational material is being based upon that.

**IV. NEXT MEETING DATE/ADJOURNMENT**

Date: Monday, January 25, 2015; 4:00 p.m.; 4 Fairgrounds Road, Training Room

Adjourned: 5:20 p.m.

Submitted by:

Terry L. Norton