



## Town of Nantucket Finance Committee

[www.nantucket-ma.gov](http://www.nantucket-ma.gov)

**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 February 9, 2016**

10 Surfside Road, NHS Cafeteria – 4:45 p.m.

Called to order at 4:45 p.m.

**Staff in attendance:** Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Lynell Vollans, Assistant Director of Finance; Lauren Sinatra, Energy Coordinator; Rachel Chretien, Director Our Island Home; Terry Norton, Town Minutes Taker

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

**Absent Members:** Williams, Worth

**Late Arrivals:** Maury, 4:51 p.m.

**Early Departures:** Spery, 5:58 p.m.

**Public:** Dorothy Hertz, Contract Review Committee (CRC) Chair; David Zieff

**Documents used:** Warrant Articles 90, 91, 92 & 104; Warrant Article 96; Report and Recommendations: FY2017 Human Services Grant Agreements; Nantucket Financing Plan FY2016-2025

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

1. None

### **II. REVIEW OF ENERGY ARTICLES FOR 2016 ANNUAL TOWN MEETING (ATM)**

1. Article 90 (Lease of Town Land for Renewable Energy Projects)

2. Article 91 (PILOT Agreements for Renewable Energy Facilities)

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

**Recused** None

**Discussion** **Sinatra** – Articles 90-92 have to do with a photovoltaic (PV) generating facility at either the airport or the Wastewater Treatment Plant (WTP). Article 90 does not related to the Airport because of Article 18 passed last year. Article 91 is standard in terms of the financing models seen in power purchase agreements with private developers.

**Kelly** – Asked about the addition of the WTP as a site.

**Sinatra** – The WTP at Surfside is a logical site because it is one of the top two energy users in the Town. There is a five-acre parcel that could accommodate up to 1 megawatt of solar; WTP management and their consultant agree the open parcel poses no conflict to future plans or needs. It would be developed in conjunction with the Airport generating facility.

**Grause** – Asked if proximity to the ocean would affect the generating facility.

**Sinatra** – The developers say ground mounted arrays are easily cleaned and maintained.

**Kelly** – Asked if the need to move the sewer beds came into the conversation.

**Sinatra** – No.

**Tiffany** – Asked who would be the manager of the contractor.

**Sinatra** – The manager would be hired by the developer; the Town would not be in charge of maintaining the facility.

**Kelly** – Asked about the relationship between the developer and the Town.

**Sinatra** – In other towns, that would be the Department of Public Works (DPW), Town Administration, or the Energy Manager. It is too premature in the process to develop that relationship. Explained that for every megawatt hour produced, the Town could sell a credit or

certificate to National Grid or NStar. Nantucket is at an advantage as we have our own net metering cap and so we are right for solar because investment packets have been extended for three years. With the newest federal incentive and the net metering.

**Tiffany** – Hiring someone to manage this will cost the Town money. That is an aspect that should be remembered when making a proposal.

**Kelly** – Asked if Ms Sinatra’s position is funded in any part by a third party.

**Gibson** – The position was funded in part by a grant and in part by Cape and Island license plate fund. The position will be funded within the FY2017 Budget.

**McEachern** – Asked if these projects are similar in size to the solar array at Hyannis Airport.

**Sinatra** – We are evaluating two different sizes for the Airport based upon economic models: one is a two megawatts community solar model which is our net metering cap; the other would be up to 650 kilowatts.

**Kelly** – If the Town would incur any additional costs in permitting.

**Turbitt** – The costs would be borne by the developer.

**Kelly** – Asked Ms Sinatra to keep the FinCom informed as to the Town’s progress through the development stage.

**Sinatra** – She, Noah Karberg of the airport, and George Aronson, the technical advisor, had a conference call on February 5 to discuss where they stand and where they want to go in terms of mitigation and what are the most expensive out-of-pocket expenses.

**Sperry** – The first paragraph of the memo states the PV installations can be taxed as personal property but then there is talk about a PILOT agreement. Asked if they are taxable why a PILOT agreement is necessary to get revenue from them.

**Turbitt** – We would get taxable revenue as personal property. There is a specific tax code relative to solar farms and arrays. Turning it into a PILOT smoothes it out and gives the Town 20 years of a level payment.

**Sinatra** – We were quoted \$15,000 per megawatt a year.

**Kelly** – Asked if there are other financial benefits to the Town.

**Sinatra** – A discount on electricity, net metering credits, and use of a renewable form of energy.

**Kelly** – Asked if there is a pro forma on this.

**Sinatra** – There is a long-term lease in her first proposal, which is now obsolete, the lease was proposed at \$20,000 per megawatt per year.

**Kelly** – Asked Mr. Turbitt to put together a pro-forma with an assumption on the dollar amount.

**Sinatra** – That is why Mr. Aronson was hired but until we can’t complete that until we know what the fee incentive will be.

**Kelly** – FinCom needs to stand before ATM and explain that this is a benefit to the Town from a financial and energy standpoint. It takes 5 acres out of “service”. The first step for FinCom is to get the financial impact and define line items.

**Grause** – In his opinion, any use for the land is better than it sitting empty next to the sewer plant.

### 3. Article 92 (Net Metering Credit Purchase Agreements)

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

Recused None

Discussion **Sinatra** – The Net Metering is a way for the Town to secure a discount on electricity rates; this article would authorize any PV project other than the Airport to enter into a net metering agreement with the developer.

4. Article 104 (Municipal Aggregation)

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

Recused None

Discussion **Tiffany** – Asked how we know that consolidated buying will yield a lower rate for the Town.  
**Sinatra** – It wouldn't so much be the consolidated buying as Nantucket's low profile given the specific scenario. Most electricity uses occur in the summer which is the cheapest, safest, non-volatile time to purchase electricity and can subsidize the winter.  
**McEachern** – Asked if there are other choices for procuring electricity.  
**Sinatra** – There are only a fraction of the number of suppliers registered to do business on island; however, since issuing an RFP for an aggregation consultant, five additional companies have registered to do business on Nantucket. In this case, the Town would be procuring from a dependable company with a good track record for supplying electricity.  
**Mulcahy** – Asked if any of these articles would reduce the potential need for a third power cable.  
**Sinatra** – Solar would need an energy storage component to meet peak usage. Aggregation would be useful in being a dependable income stream for energy coordinator or manager to help promote these issues going forward.  
**Grause** – Asked what is required to start up aggregation.  
**Sinatra** – Homeowners on National Grid would have to opt out. She doesn't believe there is a sign up threshold required to secure that rate.  
**Tiffany** – Asked who would administer this program.  
**Sinatra** – In most towns, it is the Energy Coordinator; also an aggregation can fund an Energy Manager. At this point there is no risk going forward; we only enter into agreement if a favorable bid comes forward.  
**Kelly** – Asked her to talk about her outreach role.  
**Sinatra** – Explained her outreach efforts with contractors.

**III. REVIEW OF HEALTH AND HUMAN SERVICES FUNDING ALLOCATIONS**

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

Recused None

Discussion **Hertz** – Reviewed the programs managed by A Safe Place.  
**Tiffany** – Asked if A Safe Place is coping well with the 71% increase in domestic abuse calls.  
**Hertz** – Yes, explained what A Safe Place staff is doing to meet the need. Noted they did have a \$12,000 deficit last year but now they are working with bigger grants. ASAP is now working with the Boys and Girls Club on 16 different programs; they are asking for more funding to meet those programs. Explained those programs and symposiums ASAP is sponsoring in regards to drug usage, which is increasing on the island.  
**Maury** – Stated ASAP receives a grant which funds most of their staff. However, they still have a long list of programs they want to fund. They were advised to rewrite the grant application and increase the request; they were able to do that.  
**Hertz** – That grant will run out in one year so they have to reach out for other funding in the event they cannot get that grant again. The drug issue is very serious and has to be addressed.  
**Kelly** – Pointed out that there is an overlap of organizations providing services to drug and alcohol users; asked Ms Hertz what her sense of communication, dialogue, and support among the different groups.  
**Hertz** – ASAP works with the school district and Boys and Girls Club and the Hospital Behavioral Task Force. Stated that there is no relationship between ASAP and Behavioral Health. We would like to see all the organizations work together on getting funds.  
**Kelly** – Asked if the CRC has thought of linking some of the performance measures they look at to collaboration.  
**Hertz** – They do on some; part of it is the way money is awarded. It is important for the CRC to know an organization is looking at those resources and reaching out. A number of them are working harder at collaboration. Elderly Services of Cape Cod services include: Meals on Wheels,

Home Checks, Salt Marsh Center lunches, and shoveling out the elderly. For the services they provide, they don't ask for a lot of money; this year they asked for more money. Health Imperatives used to be Family Planning, it costs \$132,000 to run the Nantucket office and they ask for \$24,000 for the services they provide; they have hired a nurse. Noted that 12% of the people they see are men; their services are free. They have taken over HIV and HB testing; they manage the WIC Program; they operate an evening clinic, which is booked 3 months in advance. They have seen a 29% increase in the health of their clients in the first 6 months of FY2016. The Hospital is offering Health Imperatives office space and examining room within the new hospital. Family and Children Services, we have spent a lot of time going over their original request; over the past few years we have seen a drastic change in their finances. Last year they came to the Town asking for additional funds, which CRC couldn't justify. They have shown that they are becoming more fiscally stable; however some concerns remain: they have no long-term plan in place for a building; they have no lease and will be losing their building; their allocation of money toward finding a new rental space is a great concern. CRC made an offer of allocating funds part of which would go toward hiring a business manager and the other part would go toward funding the uninsured clients only. CRC wants to see if they can come up with a long-term plan for new building space.

**Maury** – They do not have a line item for office space; they aren't putting any funding aside for renting. Their current site is being redeveloped and they will need a new location.

**Grause** – Asked how much of the \$100,000 CRC is allocating is their total budget

**Maury** – Less than one quarter. They have missed their fund-raising goals; they've cut services; their way of getting closer to their break-even point is by cutting services, not increasing revenue.

**Hertz** – They don't have an on-call psychiatrist. She doesn't know if that is a requirement for their licensing. Pointed out that they no longer have the contract with the school to work with the children and gave up the contract to work in the ER, which is being franchised to an off-island agency.

**Maury** – They have gotten smaller; they are asking for more and doing less. When CRC asked how they spent the money, the quarterly bills they provided to the Town didn't make sense and the numbers didn't add up.

**Hertz** – The CRC recommendation was to offer up to \$75,000 to hire a business manager and the additional funding would go to individual care; they turned that down. Financially, they look good on paper at this time; but they are not improving in regards to issues. The board unanimously voted to put \$50,000 toward individual, mental, and substance abuse care for the uninsured and \$50,000 for a management audit.

**Kelly** – Asked about the offer to pay for a business manager and the cost.

**Hertz** – CRC would have allocated up to \$132,000 to give them that; Family and Children Services attitude was that they knew what they were doing and didn't need that.

**Maury** – With the management audit, when they come back CRC can look at the professional recommendations and if any progress has been made toward implementing those suggestions. If they are not, it might be time for the Town or care community to create a new solution. CRC has not yet set the scope of the management audit but did set the scope of a business manager; it might be easily adapted to the audit. The audit would have to be done in the last portion of this fiscal year.

**Hertz** – Martha's Vineyard Community Service works with the Public School District to provide services to severely handicapped children. Thirteen island families receive services which include: transportation off island, testing, advocacy with school and doctors, on-going training programs for school staff and community. Kathi Hackett, Family Support Services Coordinator, also works with Autism Speaks, Community School, other schools, and additional services; she pushed Tim Madden for funding for medical transportation which will bring an additional \$32,000 coming to the island.

**Tiffany** – Asked if the Town is the sole support to her office.

**Hertz** – She receives state and federal funding as well. The Legal Services allocation would pay for their plane tickets to the island for the year. The Rental Assistance Program asked for \$38,000; CRC could only award \$25,000; they receive Community Preservation Committee funds and \$38,000 would over fund them.

**Maury** – Last year they had unexpended funds that were dedicated to rental checks. Last year they were allocated \$25,000, so they are being allocated the same this year.

**Hertz** – The Interfaith Council oversees the Rental Assistance and Emergency Food Pantry. The Emergency Food Pantry requested \$40,000; CRC is allocating \$35,000. The same reasoning applies; their grant money is coming through and they have money in the bank. Nantucket Cottage Hospital Social Services has requested \$65,380, which CRC granted. My Nantucket is the Nantucket version of Big Brothers/Big Sisters for mentoring youth; they have 300 kids in the program; 19.9% of the school population is served by them. The \$20,000 would support a new office staff position.

**Grause** – Asked the difference between the \$369,340 and \$427,055.

**Hertz** – CRC was allocated \$400,000 toward Human Services but wanted to make sure the recommendations were actually needed.

**Maury** – There were programs that didn’t make the filing deadline.

**Kelly** – Won’t be voting on this until after the public hearing.

**IV. REVIEW OF DEBT MODELING**

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

Recused None

Discussion **Turbitt** – The model shows all of the debt and the impact on tax rate; amortization schedules are included. The model sets the baseline at FY2016 does comparisons in aggregate dollars for the two values used for analysis: average single-family home regardless of residential status of \$1.74 million evaluation and then average single-family home that has residential status of \$1.44 million evaluation. It shows residential tax impact, open-space tax impact, and commercial tax impact; didn’t value the impact on any business, only looked at residential homes. The high point is about \$13.9 million in debt in one year in FY2022 when the impact of every project is felt; that translates to a differential of \$603 increase above the baseline of \$594 on a \$1.7 million residence and about \$366 increase on the year-round valuation of \$1.4 million. He made no effort to smooth because there will be changes. This model includes Nantucket Harbor-Shimmo, the Plus parcels, and all capital projects. He is building a secondary model that will include Madaket/Warren’s Landing should we go forward this year with a Special Town Meeting. For the upcoming discussion on sewer, he is finalizing a stand-alone 30-year impact for Nantucket Harbor-Shimmo, the Plus parcels, and all capital projects.

**Kelly** – He would like to have cost numbers that include all the sewer projects available for discussion at ATM.

**Turbitt** – He will put that together but it would be in ‘today dollars’.

**Tiffany** – This could cause negative reaction if it is dropped on voters at Town meeting. He wants this to be part of the outreach.

**V. NEXT MEETING DATE/ADJOURNMENT**

Date: Thursday, February 11, 2016; 4:00 p.m.; 4 Fairgrounds Road, Training Room

Topics: Public Hearing and Review of Motions.

Adjourned 6:25 p.m.

Submitted by:

Terry L. Norton