



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 February 18, 2016

4 Fairgrounds Road, Community 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; Tom Rafter, Airport Manager; Andrew Vorce, Planning Director; Bob Gardner, Manager Wannacomet Water Company; Tobias Glidden, Board of Selectmen (BOS); Ann Kuszpa, Housing Nantucket; Tucker Holland, Town Housing Consultant; Terry Norton, Town Minutes Taker

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

Absent Members: Worth

Late Arrivals: None

Early Departures: None

Documents used: Airport Enterprise Fund FY2017 proposed budget; Warrant Articles for 2016 Annual Town Meeting.

I. ANNOUNCEMENTS

II. PUBLIC COMMENT

1. **Mark Dawson**, 17 Milestone Crossing – Sponsored Article 67; he’s on a 20-year-old septic system and has asked for consideration to tap into sewer which abuts his property. He got 5 of the 9 points required in the sewer-district-criteria checklist so he is here to ask for a reconsideration to get on sewer before his system fails. He is in the Harbor Overlay District. **Kelly** – Explained FinCom’s role in the process and how the commission relies on a checklist. **Vorce** – Detailed the points Mr. Dawson did and did not receive. **Gibson** – Explained that his neighborhood is not included the Comprehensive Wastewater Management Needs areas and do not necessarily need to be sewerred and that septic systems are acceptable. **Vorce** – Stated that with the vote of the BOS, as Sewer Commissioners, Article 67 would need a 2/3 majority to pass.

III. COMMITTEE REPORTS

1. None

IV. REVIEW AIRPORT ENTERPRISE FUND FY2017 BUDGET

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

Recused None

Discussion **Rafter** – This revised budget is approved by the Airport Commission. Noted there is an increased reliance on retained earnings. Currently in fuel revolve is \$2.3 million for this year and over \$1 million from prior years. Looking to transfer over \$1 million into the operating budget. **Tiffany** – On that point, in the past the transfer has been modest; suddenly there is this jump up to over \$1 million. Asked for clarification as to why that is happening. **Rafter** – A lot of revenue is going into the fuel fund. He and Mr. Turbitt have worked to reduce the cap on the Fuel Revolver Fund to \$4 million. Reviewed the expenses summary page. **Tiffany** – Noted Repair and Maintenance is going up \$68,000; asked Mr. Rafter to explain that.

Rafter – That is due to a bid for repairs to the gas, oil, and geo-thermal system. He anticipates these repairs will result in a reduction of about \$15,000 in Utilities.

Tiffany – Asked why Other has gone up.

Rafter – That has to do with repayment to the Town and the addition of a Contingency Fund.

Grause – There is a \$5 million Fuel Revolver Fund and fuel sales that show up at \$1.9 million. Asked if that means the Airport buys \$5 million in fuel but only sells \$1.9 million.

Turbitt – The first \$4 million in fuel sales goes into the Fuel Revolver Fund; every dollar over that goes into Operations. Last year they collected \$7.2 million on fuel sales.

Rafter – Reviewed revenue. Explained a rent abatement for two tenants who had to be relocated; that will go through this year and next. Reviewed increased air service revenue.

Extensive discussion about the Fuel Sales revenue.

Tiffany – Asked to see a copy of the Fuel Revolver Fund budget with history. It represents a large part of the Airport budget and is a significant part of the success or failure of the Airport.

Rafter – Explained the effect Island Air's bankruptcy is having on the revenue and that Island Air was supposed to have put the Passenger Facility Charge into a trust fund, which was not done, and is Airport property. A new airline is working to replace Island Air. Reviewed improvements he would like to see for the future of the Airport.

Williams – Asked what efforts are made to attract year-round carriers.

Rafter – Explained the incentive plans offered for year-round service. At the last hearing, there was discussion about in-kind services; there is a website that assigns a value to the material in question. Once the FinCom picks a range, Mr. Turbitt will work it into the budget.

V. WARRANT ARTICLES FOR 2016 ANNUAL TOWN MEETING (ATM)

1. Article 73 (Acceptance of Massachusetts General Law: Abandoned Motor Vehicles- Non-Criminal Proceedings)

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

Recused None

Discussion **Gibson** – This allows the Town to tow abandoned cars. Presently, we try to get in touch with the owner to move the vehicle.

Motion **Motion To Adopt.** (made by: McEachern) (seconded by: Tiffany)

Vote Carried unanimously

2. Article 74 (Home Rule Petition: Charter Amendment Regarding Publication of Town Meeting Warrants)

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

Recused None

Discussion **Kelly** – Eliminates the need to publish the warrant in the newspaper.

Motion **Motion To Adopt.** (made by: Williams) (seconded by: Grause)

Vote Carried unanimously

3. Article 75 (Home Rule Petition: Merger of Nantucket Water Commission and Siasconset Water Commission)

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

Recused None

Discussion None

Motion **Motion To Adopt.** (made by: Williams) (seconded by: Tiffany)

Vote Carried unanimously

4. Article 76 (Home Rule Petition: Airport Fuel Revolving Fund)

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

Recused None

Discussion **Turbitt** – Reapplication for an on-going article.

Motion **Motion To Adopt.** (made by: Mulcahy) (seconded by: Williams)

Vote Carried unanimously

6. Article 77 (Home Rule Petition: Community Preservation Committee)
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Kelly** – This is also a reapplication for an on-going article.
Discussion about where this Article and Article 76 are in the legislative process.
Motion **Motion To Adopt.** (made by: Grause) (seconded by: Tiffany)
Vote Carried unanimously
7. Article 78 (Home Rule Petition: Increasing Residential Property Exemption)
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Grause** – Asked about the purpose of this article. He’s concerned about the fairness for all property owners.
Glidden – Currently there is a burden on residents and businesses.
Motion **Motion To Recommend the motion.** (made by: Maury) (seconded by: Spery)
Vote Carried 7-1//Grause opposed.
8. Article 79 (Home Rule Petition: Conveyance of Properties from County to Town)
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Vorce** – These properties would be conveyed to the Town so the County does not own property.
Motion **Motion To Adopt.** (made by: Williams) (seconded by: Spery)
Vote Carried unanimously
9. Article 80 (Home Rule Petition: Real Estate Conveyances to Nantucket Islands Land Bank and Madaket Conservation Land Trust (MCLT))
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Vorce** – This is part of an exchange of land moving property to Land Bank management.
Motion **Motion To Adopt.** (made by: McEachern) (seconded by: Williams)
Vote Carried unanimously
10. Article 81 (Home Rule Petition: Real Estate Conveyances from Nantucket Islands Land Bank to Town of Nantucket)
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Vorce** – This allows the Land Bank to transfer land to the Town. This property is near the new school.
Motion **Motion To Adopt.** (made by: Tiffany) (seconded by: Williams)
Vote Carried unanimously
11. Article 82 (Home Rule Petition: Community Housing and Sewer Funding)
Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Kelly** – This would impose a fee on real estate transactions that would go to affordable housing.
Holland – Housing is a critical issue for year-round and seasonal workers; he’s spoken to Representative Madden on this article; he supports the article. The agency that would be authorized to spend the money is the Affordable Housing Trust Fund (AHTF). The purpose of AHTF is to provide affordable housing for the benefit of year-round low and moderate income households. The number one priority today, is to acquire land for the purpose of developing housing options.
Grause – Asked if a revenue model has been generated.
Holland – Yes, the Land Bank has been helpful in putting this together and did an analysis and deduced that last year, this program would have generated \$2.5 million.

Vorce – In the process of creating a housing production plan. In the event this is approved, there is a 90-day period to ensure Housing Trust has a budget approved; by then we should have a plan outlining priorities.

Tiffany – His concern is whether or not the Town is going to get involved in building houses.

Vorce – Reviewed projects of Housing Nantucket. Those types of resources allow the Housing Trust to act quickly. There are about 55 housing trusts across the state that have been studied.

Explained the staffing anticipated to support the Housing Trust.

Spery – Cited a letter to the editor expressing concerns about who would make decisions and how this would be implemented. Asked if Mr. Holland feels this article addresses those concerns.

Holland – Yes; the 7-member board would make decisions. He has worked with Mr. Turbitt to clarify and address any unintended consequences this article might have. Noted the trust plans to utilize the Land Bank in regards to the collection of fees; expects there to be very little cost to implement accepting and dispersing the funds.

Mulcahy – Asked if there is money in Article 10 for affordable housing.

Vorce – Not to his knowledge.

Mulcahy – Asked what has been passed previously that is different.

Vorce – The trust was established in 2009 by vote of Town Meeting. In 2014, the composition of the trust was changed. The AHTF will meet soon and it is expected they will request funds under Article 10.

Kelly – The full title of the article is “Affordable Housing and Sewer Funding.” Asked someone to speak to that split.

Holland – There are a few areas in the article that need to be changed; the title is one of them, to change it to “...and Capital Improvements Funding.” The split in the article is 75% toward housing purpose and 25% toward capital improvements viewed as ancillary to developing housing in different locations of the Island.

Glidden – One idea is that capital improvements is a piece to help get it passed; there was concern there would be opposition to a straight-up housing article.

Holland – Understands that there is a perception that this might be a way to avoid Proposition 2½. That question was put to Representative Tim Madden; in his opinion, it will not be an issue.

Tiffany – Up to now, the projects have been looked at individually and the details scrutinized. This would allocate a substantial amount of money each year with no details on how it will be spent; he is very concerned about that.

Kelly – In the absence of a strategic plan, it is hard for FinCom to know how to recommend expenditures. He hopes there will be a strategic plan developed for housing.

Vorce – This would be a commitment by the community to put resources toward housing. We have a 40B issue; we have to create units and get to a safe harbor. Until we can fund that, we don't have a course.

Kelly – If the goal is to get to a safe harbor, this would be a way to get there. He thinks the community would embrace that.

Kuszpa – Supports the article; it meets a lot of the goals. We need a reliable and secure source of funding to address housing issues. Pointed out that having accessible funds allows her organization to react quickly when an opportunity arises.

Glidden – Right now Housing Nantucket receives a portion of its money through the Community Preservation Committee (CPC). The CPC doesn't have a plan for addressing housing; however, they are required to give money to that end. He believes this is an improvement over the current funding process for affordable housing.

Tiffany – The key for him is the decision making mechanism and implementation. Right now it is the BOS and Planning Board; he feels better with that over “a commission of some sort.”

Holland – The Housing Production Plan would be the AHTF's guide. The members will be appointed to that board based upon their expertise. In the AHTF documentation, “Any expenditure by the Trust to any one party in a cumulative amount exceeding \$100,000 or

donations to any charitable organization by the Trust shall also be approved by the Board of Selectmen prior to finalizing the transaction.”

Glidden – Noted that part of the AHTF includes members of the Planning Board.

Kelly – It seems that AHTF is not in anyone’s recent memory; suggested getting word out about the AHTF.

Rafter – Noted that the Chamber of Commerce is putting together a forum to explain this article.

Mulcahy – Asked if this year any funds are being appropriated for the AHTF and if so how much.

Kelly – There is a meeting scheduled for the AHTF to talk about additional funding to take before the BOS.

Mulcahy – He sees this article as a way for FinCom to weigh in on affordable housing. He believes there will be a plan in place with checks and balances. However, this is a few years away from implementation.

Vorce – There has been internal discussion within AHTF and staff about appropriating possibly \$1 million from the Real Estate Sales Account, which has a balance of about \$2.4 million. There are limitations as to how that money would be used such as purchase of land.

Gibson – Had talked about appropriating through the motion to Article 10.

Mulcahy – This committee should think of ways to start helping now as this home rule is possibly years away.

Kelly – If the Town wants to use the AHTF as a vehicle before the home rule is passed, they will need funding before proceeds from these transactions.

McEachern – He supports this article. This is an opportunity for FinCom to get behind AHTF; this article needs more promotion. He supports this article.

Grause – Supports the article. The section dealing with exemptions to paying the tax applies to transactions of \$2 million or more. However, we are asking the people to pay the freight don’t live here by “attacking” higher-value homes. He would feel better if houses between \$0 and \$2 million paid 50% of the fee.

Williams – He was thinking in the other direction. It’s counterproductive by forcing people to pay a 2% tax they can’t afford in the first place. Don’t attack the very people trying to keep property in the family.

Mulcahy – Asked if it is within the scope of FinCom to use the motion to change the \$2 million to \$1 million in the home rule petition.

Kelly – We can ask Town Counsel how much flexibility FinCom has on changing the cap. Discussion about individual committee members comfort with this article.

Vorce – At the next meeting, he will provide a revised motion that addresses the technical issues of the article.

Motion No action at this time.

Vote N/A

12. Article 83 (Home Rule Petition: Retired Police Officers to Serve as Special Police Officers)

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

Recused None

Discussion **Gibson** – Reviewed the article

Maury – Asked about the pay scale.

Gibson – Same as any special officer.

Motion **Motion to Adopt.** (made by: Maury) (seconded by: Tiffany)

Vote Carried unanimously

13. Article 84 (Home Rule Petition: Land Bank Act Amendment)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion None
Motion **Motion To Adopt.** (made by: Tiffany) (seconded by: Grause)
Vote Carried unanimously

14. Article 87 (Real Estate Acquisition: Airport Property)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Vorce** – Corrects a taking that was approved but had technical issues.
Motion **Motion To Adopt.** (made by: Grause) (seconded by: Spery)
Vote Carried unanimously

15. Article 89 (Real Estate Acquisition: 42 Nobadeer Avenue)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Vorce** – The Real Estate Committee has reviewed this and recommended positive action.
Kelly – He would like to wait to review Real Estate Committee minutes
Motion No action at this time.
Vote N/A

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

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion None
Motion **Motion To Adopt.** (made by: Spery) (seconded by: Grause)
Vote Carried unanimously

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

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion None
Motion **Motion To Adopt.** (made by: Spery) (seconded by: Maury)
Vote Carried unanimously

18. Article 92 (Net Metering Credit Purchase Agreements)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion None
Motion **Motion To Adopt.** (made by: Maury) (seconded by: Williams)
Vote Carried unanimously

19. Article 104 (Municipal Aggregation)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion None
Motion **Motion To Adopt.** (made by: Mulcahy) (seconded by: Spery)
Vote Carried unanimously

20. Article 93 (Long-term Lease Authorization: Airport Delta Property)

Sitting Kelly, Williams, Mulcahy, Tiffany, Maury, Spery, Grause, McEachern
Recused None
Discussion **Rafter** – This concerns property at Milestone Road employee housing
Motion **Motion To Adopt.** (made by: Spery) (seconded by: Grause)
Vote Carried unanimously

21. Article 94 (Long-term Lease Authorization: 10 Sun Island Road)

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

Recused None

Discussion None

Motion **Motion To Adopt.** (made by: Grause) (seconded by: Maury)

Vote Carried unanimously

VI. SEWER PROJECT UPDATE AND DISCUSSION

None at this time.

VII. NEXT MEETING DATE/ADJOURNMENT

Date: Monday February 29, 2016; 4:00 p.m.; 4 Fairgrounds Road, Community Room

Topics: Joint BOS/FinCom discussion Sewer district betterment allocation and sewer units and split

Adjourned 6:00 p.m.

Submitted by:

Terry L. Norton