



Town of Nantucket Finance Committee Joint with Board of Selectmen

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

Monday, February 29, 2016

4 Fairgrounds Road, Community Room – 4:00 p.m.

FinCom called to order at 4:03 p.m.

BOS called to order at 4:03 p.m.

Staff in attendance: Libby Gibson, Town Manager; Gregg Tivnan, Assistant Town Manager; Brian Turbitt, Director of Finance; Lynell Vollans, Assistant Director of Finance; Kara Buzanoski, Director DPW; Terry Norton, Town Minutes Taker

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

Absent Members: None

Late Arrivals: None

Early Departures: None

Town Counsel: John Giorgio, Kopelman & Paige, P.C.

BOS Attendees: Bobby DeCosta, Matt Fee, Rick Atherton, Dawn Hill-Holdgate

Documents used: Citizen Warrant Articles for 2016 Annual Town Meeting.

I. ANNOUNCEMENTS

1. None

II. PUBLIC COMMENT

1. None

III. JOINT MEETING WITH BOARD OF SELECTMEN (BOS): ARTICLE 18 FUNDING

1. Article 18 (Appropriation: Sewer project/Nantucket Harbor Shimmo; Plus Infill Parcels in Town Sewer District)

Sitting Williams (acting chair), Mulcahy, Tiffany, Worth, Maury, Spery, Grause, McEachern

Recused Kelly

Discussion **DeCosta** – The BOS voted to set split at 60/40. In the research he’s done, he found the unlisted cost over the betterment is another \$20,000-\$25,000.

Maury – Everyone on the island benefits. Given the \$20,000-\$25,000 average per home is on the low side. He would support less than the 60% Betterment.

Mulcahy – Suggested talking about the number.

Worth – The Sewer Planning Work Group (SPWG) voted for a 50/50 split.

Hill-Holdgate – For each property with a potential for a second dwelling, asked if that second dwelling is included.

Turbitt – That’s included in the numbers.

Fee – The reason it switched from the initially discussed land valuation assessment is because some out-lying areas were exorbitant and that is not defensible. The uniform method is accepted throughout the state.

Spery – Asked what the BOS vote was on the 60/40 split.

Fee – 3-2.

DeCosta – The BOS was leaning toward the 60/40 because of the ability to spread out the betterment over the 30 years of the payment and the zero percent financing. Personally, he would support a 30/70 split: 70% on the tax base and 30% betterment.

Turbitt – Reviewed the 30/70 split numbers.

Fee – There are people on septic who likely won't ever be connected to sewer; feels the impact on them has to be considered.

Worth – He believes that clean harbor water is worth \$100 for everyone on the island, as that is roughly the tax impact with 100% on the tax base.

Fee – Asked how the betterment for commercial properties is calculated.

Turbitt – The betterment is calculated based upon a formula equivalent to an equal number of bedrooms under Title 5.

Fee – Asked about the increase of the tax bill for commercial businesses.

Atherton – Suggested it is instructive to look back at the first go-round for the Surfside Treatment Plant upgrades and expansion several years ago. In his opinion, people not on sewer might feel put upon. We need to recognize that, in terms of getting the ballot vote.

Worth – There are properties on septic in these watershed areas that will have to upgrade.

Atherton – The Board of Health has a regulation for the Harbor Watershed District that will require the upgrade of a septic over time. The intent of the regulation is that in time all lots in watershed areas will hook up to sewer.

Worth – An important point that needs to be solved is that the cost of hook up to sewer is equivalent to putting in a septic system.

Discussion about equity for septic users.

DeCosta – This is an unfunded mandate from the state. We have an opportunity, now, to qualify for zero percent financing which equals a saving of about \$26 million. If we don't do this now and get that zero percent, it will cost a lot more in the future.

Grause – Asked what percentage of the island will end up on sewer.

Buzanoski – Each area will add about 600 users.

Hill-Holdgate – She wants to be comfortable with this split as it will likely set a precedent for the future projects. Noted the cost of the project will increase over time.

Spery – Noted that areas that have sewer have an unfair advantage to max out their property over properties on septic systems. People on septic would end up subsidizing people on sewer.

Turbitt – Zoning allows everyone to have two dwelling units; unless otherwise documented and approved, each property would be charged 1½ sewer equivalent units. Explained that potential subdividing is included in assessing the betterment.

Nancy Wheatley, SPWG Chair – There is no evidence that being on sewer increases the value of a property. The SPWG looked for a solution that was agreeable to the majority of its members if not all. In her opinion, the value of the Island water resource is immeasurable.

Mulcahy – His concern is looking at this project in the context of all proposed capital projects and the effect of all those projects on the tax payer. He agrees that betterment for these users is very high and it is more equitable to spread them out over the tax base, as long as that also includes Madaket later on.

DeCosta – It is important to look at the long-term capital goal and plan; we need to do this now because it is about \$26 million in interest alone and Madaket is probably another \$30 million in interest; that interest accounts for a large amount of capital expenditure for the next 10 years. If we don't move forward now and get the zero percent financing, we will end up funding the sewer alone and none of the other capital projects we want.

Mulcahy – Asked if this is held for a Special Town Meeting (STM) would the Town still qualify for zero percent.

Turbitt – The application would be made in August.

Tiffany – Asked if we would be legally locked in with the same split for additional sewer projects.

Giorgio – Legally Town Meeting votes for the split for all projects. If the Town Meeting vote is silent as to the method of assessment or the split, it is up to the Sewer Commissioners. Stated he has never seen a sewer project assessed based on the land valuation assessment method; the uniform unit method is a more standard procedure. Whatever method is used, it has to be reasonable and proportional; the uniform unit method is the most legally defensible.

Williams – Agrees with the point that everyone benefits from clean harbor water. Asked what happens when someone says they don't have the money.

Turbitt – A real estate lien goes on the tax bill when the betterment is apportioned to the property.

DeCosta – Sewer Commissioners can waive the hook up and the privilege fees.

Williams – Asked if the connection fee can be lowered with the addition of new hook-ups.

MacEachern – Asked how productive the sewer plant becomes with additional hook ups.

Buzanoski – It doesn't change. The Town just received a permit to increase the capacity of the plant; the permit encompasses the full build-out of projects in the 20-year plan. The more users, the more cost effective.

Spery – There is a lot here; how is all this information going to be presented in a legible form before ATM.

DeCosta – We need a percentage to take to ATM.

Discussion opened to the public 4:59 p.m.

Paul Bennett – Asked if the sewer betterment assessment has ever been used on Nantucket.

DeCosta – Never.

Bennett – People's taxes have paid for sewer going down various roads where now developers are putting up subdivisions and not paying a betterment fee.

Turbitt – At 100% on the tax base, it would be \$130 a year for a \$1.2 million home.

Giorgio – Privilege fees and betterments are both assessments; the difference is the betterment is paid up front whether or not someone hooks up; a privilege fee is paid upon hook up.

Patty Meyers – Asked what people on fixed income or working class would be expected to do; that's a lot of money for them.

Jim Cooper – Asked what happens when someone puts in a 30-house subdivision with sewer lines out to the main line; asked if the betterment fee is for one line or 30 houses.

Giorgio – The betterment assessment would be based upon zoning build-out potential.

Hill-Holdgate – Confirmed that if a property is restricted to one dwelling, there is no charge for a second dwelling.

Williams – All options should be presented at ATM.

Spery – He thinks people getting sewer are getting an advantage.

Cooper – If some fee could be waived, that should be pointed out at ATM.

Michael Glowacki – The question is "where is the public interest?" The BOS and FinCom should trust the public. Asked why Nantucket Harbor-Shimmo and Madaket/Warrens Landing/Somerset can't be done at the same time.

Giorgio – Reviewed Article 17 – Acceptance of Massachusetts General Law: Sewer betterment Deferral. Explained how people would qualify for exemptions to enter into a Deferral and Recovery Agreement with the Sewer Commissioners.

Worth – The other part of this whole equation is getting the pipe to the house, cost of installation, and abandonment of the septic, which can be equal to the betterment. There is no deferment for those charges.

Hill-Holdgate – The septic eventually has to be replaced; once on sewer, there is no maintenance or replacement for the property owner.

Alan Myers – In his opinion, what will get this passed at ATM is looking at ways to help people finance the hook-up fee over a period of time.

Cooper – Asked if the betterment lien has to be paid at sale or can it be carried it to the new owner. Some people might be paying on loans of \$40,000 to \$55,000 for a new I/A septic system.

Turbitt – The betterment lien is typically cleared at sale.

Lucinda Young – The SPWG recommendation, public outreach, and notification of impacted properties should have all started no later than last August. She didn't hear about this until a month ago. Also, need to get the community on board in regards to the whole Comprehensive Wastewater Management Plan (CWMP). Allocating the split differently for other areas is very unfair.

David Gray, Wastewater Treatment Plant Chief Operator – No matter where you live, you use the sewer facility: in public buildings and restaurants and that's where the pumped septic effluent is dumped. This isn't all just new construction; also pump stations will be upgraded and other fixes made.

Dual MacIntyre – On behalf of septic users, we do get benefits but we have to maintain our systems, which is a considerable expense. Additional fees on the tax base that benefits other parts of the island is hard to swallow. Last election 58% of voters came from areas on septic only. Suggested following the SPWG recommendation of 50/50 split.

Worth – There has been a lot of discussion of how to address people permanently on septic so that equity smoothes out.

Myers – This discussion is bringing out issues that should be ironed out if this article is to pass.

DeCosta – Other areas were sewered without betterment and we repaired the downtown sewer without betterment. The big issue is that the zero interest rate will save a lot of money long term. Noted that this discussion has been going on for two years and includes: storm run-off, fertilizer, and CWMP. The issue we don't know at this moment is the percentage on betterment. Discussion on the motion among the board members about the percentage on the tax base.

Motion Motion to Approve 100% on the tax base. (made by: DeCosta/seconded by: Hill-Holdgate for BOS) (made by: Mulcahy/seconded by: Worth for FinCom)

Vote Not Carried 1-3 BOS
Not Carried 4-4 FinCom

Discussion on the motion among the board members on the 20/80 split.

Motion Motion to Approve 20/80 split. (made by: Hill-Holdgate /seconded by: for BOS) (made by: Worth/seconded by: MacEachern for FinCom)

Vote Not Carried 2-2 BOS
Carried unanimously FinCom
BOS will revote at the March 2 meeting.

Discussion among FinCom about friendly amendment to 25/75.

Giorgio – BOH has accessed funds from the state to issue low-interest loans to homeowners for septic system repairs. The question is whether or not the Town can do a similar program for sewer connections. That would be complicated and might take special legislation to supplement the SRF program.

Motion **Motion to Approve 25/75 split.** (made by: Hill-Holdgate /seconded by: Fee for BOS)

Motion to make a friendly amendment of 25/75. (made by: Maury/seconded by: Williams)

Vote Carried unanimously BOS
Carried unanimously FinCom

IV. NEXT MEETING DATE/ADJOURNMENT

Date: Tuesday, March 1, 2016; 4:30 p.m.; 10 Surfside Road, NHS Cafeteria

Topics: Motions on Articles.

Adjourned: 5:55 p.m.

Submitted by:

Terry L. Norton