



Town of Nantucket Finance Committee

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Committee Members: David Worth(Chair), Stephen Maury(Vice-chair), Clifford Williams, Matthew T. Mulcahy, John Tiffany, Joseph T. Grause Jr., Peter McEachern, Henry Sanford

MINUTES

Tuesday, August 30, 2016

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

Called to order at 4:00 p.m.

Staff in attendance: Brian Turbitt, Director of Finance

Attending Members: Worth, Maury, Williams, Tiffany, Grause, McEachern

Absent Members: Mulcahy, Sanford

Late Arrivals: None

Early Departures: None

Documents used: July 27 & August 1 & 4, 2016 minutes; Warrant Articles for 2016 Special Town Meeting.

I. ANNOUNCEMENTS

1. None

II. PUBLIC COMMENT

1. None

III. APPROVAL OF PRIOR MEETING MINUTES

1. July 27, 2016: Approved by unanimous consent.
2. August 1, 2016: Approved by unanimous consent.
3. August 4, 2016: Approved by unanimous consent.

IV. REVIEW OCTOBER 17, 2016 SPECIAL TOWN MEETING (STM) WARRANT

1. Article 2 (Bylaw Amendment: Board of Sewer Commissioners/Sewer District Map Changes)

Sitting: Worth, Maury, Williams, Tiffany, Grause, McEachern

Recused: None

Discussion: **Worth** – This is a very complex issue with a very big price tag; there is a lot of information that is probably correct and incorrect had half-way correct and known and unknown information.

Tiffany – As he understands this article, it is not asking for the money.

Turbitt – This asks for the full amount and authorizes the construction, installation, and equipping of the extension of municipal sewer lines and associated infrastructure for the Surfside Wastewater Treatment Facility (SWTF). The amount would be part of a FinCom affirmative motion: to allow borrowing in the amount of ...

Kara Buzanoski, Director of Department of Public Works (DPW) – The request is for the full \$75 million for design and construction.

Rosemary Blacquier, Woodward & Curran – Reviewed the PowerPoint® presentation. The sewer project is based upon the Town's Comprehensive Management Plan (CWMP) completed in 2004; the update including the nitrogen loading was done in 2014. It ranks all the areas on the island that need off-site location for wastewater. Federal and State mandates the Total Maximum Daily Load (TMDL) of pollution that can go into water body and maintain water quality.

Reviewed the Board of Health regulations related to water quality in nitrogen sensitive areas.

Explained how nitrogen damages the marine environment. SWTF is going through an upgrade to handle all wastewater needs. Madaket is proposed to go forward as a two-phase construction with Phase I to Somerset to provide necessary infrastructure to bring Madaket and Warrens Landing

through. They were chosen as needing wastewater treatment in 2004 before we knew anything about nitrogen pollution; the groundwater is very high and soils are sandy leeching inefficiently. **Roberto Santamaria**, Department of Health Director – The Health Department has seen in Madaket is a separation from groundwater as low as 1.5 feet; the reason for mounded systems is to meet the Title 5 groundwater separation. Explained how I/A systems remove most of the nitrogen before reaching the leech field. The State has refused to allow Madaket to become a tight-tank district because tight tanks are a last resort; explained the difficulties with tight tanks needing to be pumped on a weekly basis for year-round use.

Worth – One issue arising is an all or nothing approach; as much as the report states there is a menu of solutions. Suggested thinking of Tight Tank as a partial solution for summer homes near the creek and a different solution for homes farther away. Sewer is a \$75 million solution over a possibly easier administrative solution.

Santamaria – Noted that tight tanks are not easier considering the seasonal tanks when locked up are creating sewer gases to include methane; if that is left in an area that does not freeze, the tank effectively becomes a land mine. There are more safety issues involved with tight tanks.

Worth – The frustration is with not applying enough effort to create an alternate solution to the problem. Saying “no” to tight tanks doesn’t allow a complete picture of what is happening.

Buzanoski – Making Madaket a tight-tank district is something that the CWMP looked at and discussed with former Department of Health Director Richard Ray and Massachusetts Department of Environmental Protection (DEP). Right now, tight tanks are not allowed under the Title 5 regulations. Getting the area across Millie’s Bridge approved as a tight-tank district was a very long process. Noted that the whole watershed around Hither Creek runs together; so even if it was possible, there are other areas that will feed into it.

Santamaria – There is an argument for I/As in the area; I/As only remove 50% of the nitrogen coming out of the effluent; however 50% of 48% is only 28% but is still more nitrogen than what the landfill is producing.

Worth – Asked if Mr. Santamaria is familiar with nitric systems which produce 92% removal and are permitted in Massachusetts.

Blacquier – Nitric systems need a significant amount of land; they might be feasible in only the Nantucket Harbor/Shawkemo district.

Santamaria – Of the 574 septic systems in Madaket, 85 have technically failed; if sewer doesn’t go there, they will have to install I/A systems. For the 26 systems that in hydraulic failure, we have finished our enforcement on them and they are in the process of getting the systems fixed and back up to Title 5 compliance. If the funding is not approved, the Health Department will initiate enforcement action on the 85 technical failures. In Madaket 69 properties have already installed I/A systems. Noted that the most recent estimate for I/A installation labor and material only was just over \$42,000; that does not count mountings, engineering, permitting, landscaping. If the mounding is more than 5 feet, the system could cost up to \$95,000 or more. The operating and maintenance agreement is about \$1,800 a year. Noted that a pump out is about \$900 every two years.

Buzanoski – The average water/sewer bill is \$1,200 to \$1,500 a year.

Tiffany – Asked for the breakdown of the cost of sewer.

Turbitt – It is close to \$80 million with Somerset added: \$61 million for Madaket/Warrens Landing and \$17 million for Somerset. Explained the starting point, and how the cost increases were calculated to include adding 4.4% inflation.

Buzanoski – Explained the \$80 million is very conservative.

Tiffany – Asked if the cost was compared to other communities.

Buzanoski – No, the cost of sewer here is not comparable to other communities.

Blacquier – Stated that what they have seen on the mainland is very competitive pricing for pipework; but that can’t always be coordinated to Nantucket. Noted that there are many contractors looking for work, which is conducive to receiving multiple bids.

Worth – He’s bothered by the apparently excessive cost of running pipes across the Island and out to Madaket. Asked what the breakdown is.

Turbitt – The \$61 million is to go from the end of Somerset to Madaket; the \$17 million goes from Surfside to the end of Somerset.

Worth – Asked what the cost of the transmission pipe from Somerset to the Madaket area would cost and the cost of digging and trenching to the 500+ homes in Madaket.

Blacquier – It has to do with the linear feet and number of pump stations needed to get from Madaket/Warren’s Landing to Somerset. Noted that due to the seasonal flow, there will be two different sized force mains running from Madaket to Somerset.

Williams – It seems there will be a need for a lot of pumping stations.

Blacquier – That would be part of the design. Once the design work is done, the cost could be less than projected. Continued to review the PowerPoint® presentation. Noted that fertilizer only contributes 8% of the nitrogen loading. She sent in an application for a loan from the State Revolving Fund (SRF) for this project; the Town has an opportunity for a zero-percent loan and that can be paid back over 30 years.

Turbitt – Reviewed the impact of cost of both phases of the project on homeowners. This will be 100% on tax payers and voted at the 2016 Annual Town Meeting.

Blacquier – Noted that Nantucket is further ahead than many communities on reducing the total maximum daily load. If the State has to enforce the total maximum daily load, the Town loses the ability to borrow SRF money; they can dictate to the Town how and when the project will be done and not loan the money. The Town is making progress in planning and studies; when talking about progress, they are talking about the threshold numbers coming down.

Worth – Review what Nantucket has done in this area. He is mystified that unless we put sewer in, we aren’t making progress; we are doing a lot and spending a lot of money on these projects. It would be helpful for the committee to get a sense as to whether or not the Town is making progress.

Blacquier – The filed CWMP has an adaptive management plan on how the Town will move forward to address the nitrogen pollution in the different areas; detailed a combination of sewer and septic with additional testing to finitely determine that mining the landfill is making the numbers. One station in Long Pond has shown improvement while the other has varied; we need to finitely determine whether or not it is the mining. Noted that modeling indicated that removing the landfill altogether would not sufficiently reduce the nitrogen to meet the threshold.

Worth – The stations indicated there is an improvement in Long Pond with the three-year average below .8, which is the threshold for nitrogen in Long Pond. If remodeling has been done with the current data, it should be shared; if remodeling hasn’t been done, we should take a look at updating the models. This model was done in 2009 before the landfill mining started. Apparently something is happening; but we don’t know the full impact of taking care of the landfill.

Blacquier – The water quality testing company has suggested additional testing to finitely determine whether or not the mining of the landfill is having an impact on Long Pond. They have recommend that the Town do that additional testing. Explained how one station in the pond could be showing a variance. Noted that if the large number of septics are still loading nitrogen into the pond, the upstream improvements with mining the landfill are not going to help downstream where septics are loading nitrogen. The science indicates that the septic load needs to be removed.

Worth – Reiterated that as he sees the data, the numbers are going down with mining of the landfill and should recommend to the Town to speed up mining the landfill will help Long Pond; then look at the numbers again.

Kaitlyn Shaw, Natural Resources – The threshold based in Long Pond is called the Secondary Threshold; that is not the threshold upon which the DEP is basing Nantucket’s mandate of the Clean Water Act. Last year at the Hither Creek Station, the total nitrogen content raised above

the threshold again; this station needs to be below the TMDL for three consecutive years in order to consider removing Hither Creek from the 303D List.

Worth – Asked if they are suggesting that there is no relation between the improvement on Long Pond and the Landfill.

Shaw – There is a relationship. However, without reducing the wastewater load as well; the effects will be the same degradation in sea life in Hither Creek. She doesn't believe a wait-and-see attitude is warranted in this case, especially give the loss of eel grass in Hither Creek.

Grause – Asked Mr. Worth about his line of questioning; it seems to him there is still an issue of the septs in Madaket discharging into the water.

Worth – He believes due to the improvement in Long Pond connected to the mining of the landfill, one could presume that improvement is having an impact on the water quality in Hither Creek. If that is the case and we get close to the goal of .45 TMDL in the creek, perhaps there is another set of solutions other than spending \$71 million.

Grause – We still have to address 574 putting nitrogen into the groundwater. As he reads the data, there is an improved flow coming from the pond but it jumps up again at Hither Creek, which he assumes is from the homes in the area.

Buzanoski – The upstream improvements don't negate the need to deal with the downstream inputs. The septic systems need to be removed out of the watershed. There were discussions about adaptive management issues that would improve the situation in Madaket Harbor. Madaket has an issue, septic systems.

Worth – One area of discussion would be the increased land use, density issues.

Buzanoski – Andrew Vorce, Director of Planning, shared the rezoning of the area he spearheaded: the LUG3 and Village District are the two lowest density zoning and require 3 acres.

Worth – Currently septic systems limit the size of the houses notwithstanding how it's zoned. The character of that part of the island will change when sewer goes in because with sewer there would be an incentive to build bigger homes, which is where Nantucket is headed.

Buzanoski – The zoning will never be able to limit the number of bedrooms on a parcel; it is based strictly on groundcover and that area is at 10 percent. Explained the sewer capacity was based upon to possibility of complete build-out of Madaket.

Worth – Asked if the sewer system could be based upon the current number of bedrooms as they exist in Madaket and sized to cover the current flows.

Buzanoski – The only place she would run that risk is sizing the municipal pump station. She would not make the pipes too small. If the pipes are too small and the capacity is exceeded, the Town would have to increase the size of the pipes.

Tiffany – He assumes Ms Buzanoski has been generous in looking at the pipe size.

Buzanoski – We have been very conservative in the conceptualization.

Maury – Pointed out that once sewer is installed, the Town cannot dictate the number of bedrooms, which would be legally allowed by zoning for a lot. Once in a sewer district, a property has all the rights of being in a sewer district.

Buzanoski – Even if the Town voted not to expend additional funds to increase capacity, a property owner has the right to do what is required to open up the flow.

Worth – There seems to be a discussion from water company that since septic systems would be abandoned, there will be deleterious effect on the lens; that would require water to be installed in all of Madaket. That strikes him as an unanticipated expense to the homeowners.

Buzanoski – It goes to the depth of private wells; municipal wells go to 30 to 60 feet, which is a significant groundwater lens. If private wells are pulling from that lens, eliminating some flows from septic would cause some issue with quantity; but if that is the water being taken, there isn't enough depth for the soil to renovate the septic flow. If the well is in 40-60, you want Town water. Any well deeper than that isn't affected.

Worth – Asked if Woodward and Curran had a hydrologist look at that issue.

Blacquier – Not at that particular issue. Explained how the flows were estimated. The ability to capture and treat wastewater is a finite number; only allowed at build-out 4 million gallons.

Worth – Would like a definitive answer as to whether or not all of Madaket would have to go onto Town water should the area be sewerred. There are still a lot of houses not on Town water.

Buzanoski – She will investigate that.

Santamaria – As far as well becoming brackish, they are looking at that; the sea level is rising and wells are rising. Water will have to be brought to that area anyway.

Worth – This is a big expenditure, and asked about the possibility of getting a second opinion from a consultant company that deals with alternate wastewater approaches for moraine areas with the particular wastewater issues Nantucket has.

Buzanoski – Through the CWMP process, the proposal for the Capital Improvement Program have all been reviewed and approved through the Massachusetts Environmental Protection Act (MEPA) process as well as the DEP implementation of that process. She's not sure there would be a different answer as this is what the regulators have accepted.

2. Article 1 (Appropriation: Sewer Project/Madaket/Warren's Landing/Somerset)

Sitting Worth, Maury, Williams, Tiffany, Grause, McEachern

Recused None

Discussion **William Grieder**, 10 F Street – They are not asking to stop sewer from coming to Madaket but to wait until many questions are answered or clarified. Feels the discussion on Article 2 has made a case for this delay. The Town should understand the financial impact of projects. Delaying vote is not going to impact the application for zero percent financing. Also suggest the Town applies to increase the landfill mining; that is a clean water process. The Town has yet to provide a revised full build-out analysis; the MEPA potential needs to be updated under both current zoning and Board of Health (BOH) regulations and then what it would be under sewerred. Once septic systems are decommissioned, that becomes additional area for structures; this would change the look and feel of Madaket. We are trying to bring awareness to what it means to bring sewer to Madaket and how that affects Madaket and the Island. Some non-conforming non-buildable lots will become buildable. The frequently asked questions (FAQ) has some inconsistencies and errors that need to be addressed; first and foremost is the statement that there are no large lots; there is a 13 acre parcel that would become ripe for a 40B development, which would be outside all local regulations. Another issue would be the possibility of smaller 40Bs. Increased density has potential financial impacts on the community: increased seats and staffing for schools, increased traffic and road repairs. In the meantime, the Town could increase the landfill mining; also would like to know the status of the landfill going forward and the impact on taxes. There is an issue with the cost analysis to point on this project. Ask for a delay to until at least the Annual Town Meeting.

Tiffany – If sewerred is the way to go and we ascertain it will have further financial implications, asked if it should be denied on that basis.

Grieder – No; the Town needs to know the financial implications of the sewer and hopefully stopped the process of the Town going back and asking for more money.

McEachern – Asked if Mr. Grieder has formulated a list of his questions and submitted them to the Town.

Grieder – We are working on that; the first push was to get the article on to allow time to put a comprehensive list of questions together. Noted how long it took the Town to produce the FAQ; it will take time for a citizen to respond to that. Residents have been hounding the Town when for 13 years the Town wasn't enforcing the inspection of systems to improve the water quality. Noted that the resident associations in Madaket have asked several questions in regards to sewer and have not received answers; cited some examples of unanswered questions.

McEachern – Asked how long it might take to put together the list of questions.

Grieder – He doesn't know the answer to that; they are formulating the list now. It shouldn't be just about our concerns, this is an Island issue that affect the quality of life and tourism. Trying to get a better understanding of what is expected of homeowners and what is expected of the Town.

Worth – If FinCom is to make a recommendation and comment, asked how it might be phrased so the Town knows the what the expectations for it would be over the intervening months.

Bruce Mandel, 10 Midland Avenue – This article was carefully written; it seeks a deferment of the two issues being proposed by the Town and hopefully have those resolved by April. This article also seeks to establish a work group to try to answer the open issues and unanswered questions; the work group would include members from Madaket, the Island, and the Town. Noted that the July forum only led to more questions; they were told the FAQ would be published within a week; it took five weeks for that to be published coming out last week. It is nine pages with still open questions. We have to protect the eel grass, groundwater and the watershed; there are so many open questions: financial, technical, and density. We are going to authorize \$78 million; the Town keeps coming back for more money because things haven't been carefully considered the first time. The schematic plans for the sewer are not yet developed; the less information in design leads to more costs as the project develops; all we have are numbers for design and construction with not enough information. This system is to operation 8 years from now; we are asking for four or five over-lapping months to come up with more answers so that the voters are making a fully informed decision; if we delay the vote to April, we can still meet the July 2017 or October 2016 thresholds. Noted that he came with 25 or so open questions and after the discussion today has perhaps 40. Hopes FinCom would support the concept of taking the time to get those answers.

Tiffany – Noted that you never get to the point where there are no unanswered questions. At some point in time, we will have to move forward.

Maury – How can the Town answer questions it doesn't have. This issue has been on the table for a long time; there have been months and years to compile these questions.

Mandel – Stated they asked questions at a forum and feels they did not receive solid answers. Stated there is point at which questions are adequately answered and know there is enough financial feasibility enough technical details to have a reasonable assumption that it will be successful. This is determined by the Finance Committee or the voters.

Victoria Girvan, 11 Midland Avenue – Asked what is the down side of waiting. This project won't be complete for many years and have waited a long time for this. She is in favor of sewers but agrees there are a lot of unanswered questions especially as far as the possibility of increased density.

Charles Stott, President Madaket Resident Association – Our members support preserving the water resources. A major concern among the member is over development, especially under 40B. they will deciding on what position to take on the warrant articles.

Mandel – Stated that very recently he was in discussion with the Wannacomet Water Company (WWC) about when Town water would be brought down Midland Avenue. At that time, he became aware that the hydrology in the area, due to the thin freshwater layer on top of a thick saltwater layer would be affected by sewer by driving the saltwater layer up, thus making the water in wells brackish. He didn't know about that as recently as eight months ago.

Worth – Noted that there will be a public hearing on these articles on September 13, 2016; asked Ms Buzanoski that if she had any information from WWC that she share it with the FinCom, especially any financial ramifications.

Buzanoski – Noted that water installation could be done at the same time as sewer installation. In regards to systems that are in place, the BOH has a waiver provision and can extend the amount of time for connection if it is necessary. In regards to cost, the Connection Fee is \$500 and the Privilege Fee is added to the tax bill. Construction costs are paid to the contractor. The design will be based upon the survey. Noted that it takes time to get the easements for private

roads, do the surveys and design, and to go out to bid. In Mr. Mandel's handout, some items noted as not included are included in the construction costs.

Worth – Asked Mr. Santamaria about the BOH codifying the program rather than being discretionary.

Santamaria – The BOH has already expressed an interest of granting waivers for people who have upgraded to I/A systems; they would rather take the requests on a case-by-case basis.

Reviewed how the Health Department is tracking the septic systems in Madaket. Spoke to the need for 40B developments and how housing and sewer help address the need.

McEachern – Asked Mr. Santamaria if his department has closed any wells in Madaket due to chloroform or salinity.

Santamaria – No, when the water test comes back positive for chloroform, they sanitize the well. For high salinity, the owner can use reverse osmosis system or drill a new well.

Buzanoski – The Affordable Housing Trust Fund has completed a housing plan with a safe-harbor provision for required affordable housing; noted that will be reached with proposed developments by the Richmond Company. Explained that existing septic systems can remain in the ground unless the owner wants to build a structure on top of it.

Worth – Reiterated that the public hearing will be on September 13, 2016.

V. APPOINTMENT OF FINCOM REPRESENTATIVE TO FIRE STATION WORKGROUP

Motion to Appoint Stephen Maury. (made & seconded) Carried unanimously

VI. NEXT MEETING DATE/ADJOURNMENT

Date: Tuesday, September 13, 2016; 4:00 p.m.; TBD

Topics: Public Hearing and motions on warrant

Discussion about possible location of the public hearing.

Further discussion and review of plans to sewer Madaket/Warren's Landing/Somerset Road.

Worth – His issue is that the Town never had the engineer look at alternate plans. Nitric systems remove up to 90% of the nitrogen; those in conjunction with tight tanks, mining the landfill, and other efforts to reduce the nitrogen load should be adequate.

Tiffany – There is a myriad of financial effects from this project.

Maury – Noted that a previous project to install windmills at the Madaket Landfill was “studied to death” by a similar group of people. He does not want to see that happen with this; this project was on the table last April and all these issues had already been contemplated. Questions being asked today could have been asked a year and a half ago.

Williams – In his opinion, the WWC should have made the hydrology information available.

Tiffany – He would like to know, from an expert, whether or not there are other alternatives to reducing the nitrogen loading.

Maury – Suggested the citizens in Madaket getting a zoning change for the area to keep it rural.

Worth – In response to a question about mining the landfill, it isn't moving fast enough. The mining has made a significant reduction in nitrogen loading that has held in Long Pond.

Discussion about the number of homes on Smith's Point that have tight tanks, whether or not there are alternative solutions, and whether or not the cost estimates were arrived at logically.

Discussion about whether or not the committee has the ability to hire an engineer consultant.

Adjourned: 6:49 p.m.

Submitted by:

Terry L. Norton