



Town of Nantucket Finance Committee

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Committee Members: David Worth(Chair), Stephen Maury(Vice-chair), Clifford Williams, Joseph T. Grause Jr., Peter McEachern, Henry Sanford, Joanna Roche, Christopher Glowacki, Jean Grimmer

MINUTES

Thursday, January 12, 2017

4 Fairgrounds Road, Training Room – 4:30 p.m.

Called to order at 4:30 p.m.

Staff in attendance: Brian Turbitt, Director of Finance; Julia Lindner, Financial Analyst; Terry Norton, Town Minutes Taker

Attending Members: Worth, Maury, Williams, McEachern, Sanford, Grimmer

Absent Members: Grause, Roche, Glowacki

Late Arrivals: Williams, 4:31 p.m.

Early Departures: None

Documents used: Copy 2017 Warrant articles; Minutes for January 5, 2017

I. PUBLIC COMMENTS – Any Member Of The Public May Address Committee At This Time

1. **Catherine Stover** – The Board of Selectmen (BOS) voted to put her non-binding question, using public land for a funeral home, on the ballot. A selectmen said that if there is a substantial yes vote on the ballot, the Town and Planning Board would look for an appropriate parcel that is not one of the three lots covered by her other articles; if that is included in the BOS and FinCom recommendations, she will not call her three remaining articles. The BOS had reviewed why they did not want to tie up the three parcels proposed in her articles.

II. APPROVAL OF PRIOR MEETING MINUTES

1. January 5, 2017 – Held

III. COMMITTEE REPORTS/OTHER BUSINESS

1. Our Island Home (OIH) Workgroup: **Worth** – The new facility for OIH has been removed from the warrant pending additional work.

IV. REVIEW AND DISCUSS 2017 ANNUAL TOWN MEETING (ATM) ARTICLES

1. Article 16 (Appropriation: Waterways Improvement Fund)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – This is generally used for the maintenance, dredging, cleaning of the harbors and inland waters and great pond; it can also be used for breakwaters, piers, moorings, law enforcement, and fire prevention. There has been some salary charged to this; that will not be charged there for FY2018. This money is generally reserved for repair and maintenance of the Town Pier; there is \$150,000 to be used for dredge plan. The main funding source is mooring permits, about \$75,000 a year for a contract with a private mooring company, and boat excise tax. In FY2018, the salary money will be allocated to professional services and equipment; the total to be recommend would be \$184,200. Once ATM approves this, it carries forward until it is all expended. We can also do water-quality testing out of this fund as well and small dredging projects.

Williams – Asked if the Town ever received State or Federal money for storm damage.

Turbitt – For winter storm Juno, the Town received just under \$900,000 from FEMA. Noted that the Town now has insurance on Town Pier.

2. Article 17 (Authorization: Airport Aviation Fuel Revolving Fund for Fiscal Year 2018)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – Introduced Tom Rafter, Airport Manager and Jamie Sansbury, Airport Finance Manager.

Rafter – Explained why the Aviation Fuel Revolving Fund was created; this fund offsets the costs of items at the airport.

Turbitt – At the 2017 ATM the Town will authorize the cap at \$4M; once that cap is reached the excess is moved into the operating fund. As of July 1, 2016 there was a 1.77M balance; projecting a surplus of \$575,000 and requesting a transfer of \$120,000 at ATM.

Rafter – Their Homerule petition not to have this revolver part of the overall Town revolver cap was approved by the State.

3. Article 18 (Appropriation: Ambulance Reserve Fund)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – This was set up to pay for costs associated with operating the ambulance service; the revenue is derived by patient revenue paid for primarily by insurance companies. In 2017, we projected \$366,000 with four permanent people to be hired, two in January 2017; right now we are not moving as rapidly into Advance Life Support (ALS) as we would like. We projected, based on previous calls eligible for ALS, that in FY2018 we could bring in another \$153,000 in fee revenue. The \$418,000 in salary includes the four ALS employees already in the fund and two half-time people. The expectation is that at some point in FY2018 we will move forward with the activation of the ALS program.

Fire Chief Paul Rhude – There is one current open position and an interview scheduled within the week. He is looking to hire five people for the program.

Worth – Confirmed that the two people anticipated to be hired by January 31, 2017 had not yet been hired but they will be on staff by the end of this fiscal year.

Turbitt – Last year we budgeted \$270,000 and an additional \$50,000 for a new ambulance and its upgrade to ALS. This year through Capital Program Committee, we allocated \$279,000 and \$50,000 for another new ambulance and its ALS upgrade. Shouldn't need another until FY2020. In FY2017, we will see an increase to \$300,000 in BLS rates; projecting an increase to about \$600,000 in FY2018 using the ALS projection. It should be noted the BOS has approved ALS rates; at some point we will go back to the BOS to show them what it has generated and ask for an additional increase.

Rhude – Explained what percentage of the bills are paid by insurance and Medicare/Medicaid. In response to a question, noted that when old ambulances are traded in or auctioned, we don't get a lot of money for them and that money goes into the general fund.

4. Article 25 (Appropriation: Other Post-Employment Benefits Trust Fund (OPEB))

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – This is used to fund a large amount of OPEB expenses, such as cost of health insurance for retirees. In 2013, the Town started funding it; since 2015 the Town has put in \$500,000 a year and now have a balance is projected to be \$1.8M not included investment income. Will be putting in an article to appropriate \$500,000 for FY2018. Nantucket has one of the largest contributions in the State but still need to fund approximately \$88M.

Williams – Noted that the State has a pension fund.

Turbitt – We have reviewed that fund's monies and allocations; it is his opinion that going into that State fund would produce better results. Noted that with the current program the Town has control over how the money is invested and the returns equal what the Town could get with an outside investment advisor. Reviewed other avenues of investment that he has reviewed and explained why the current program is better in his opinion. He will get the latest return as of December 31, 2016 to the committee members.

5. Article XXX (Appropriation: Capital Projects Stabilization Fund)

6. Article XXX (Appropriation: Stabilization Fund)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – There is no proposal to add money to either of these; he will not be recommending allocation from Free Cash for either of these stabilization fund at ATM.

7. Article XXX (Reserve Fund)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – This falls under the auspices and control of FinCom. The allocation recommendation will be \$500,000, which it has been since FY2015.

Worth – Confirmed that if the balance isn't touched, the excess flows to Free Cash.

8. Article XXX (Appropriation: Free Cash)

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Turbitt** – Free Cash was certified as of July 1, 2016 at \$6,642,219; it is available for appropriation at any Town Meeting. We propose using \$1.25M for one-time expense increase requests listed in the packet. Propose financing \$3.8M of the Capital Program Committee recommended projects. Free Cash cannot be used to fund annual expenses. We are holding back \$1.5M to transfer to Solid Waste Revenue Fund to make up a shortfall. Gave a brief overview of the DPW engineering request, which will be presented in more detail January 28, 2017.

McEachern – In light of the drop in solid waste tonnage, asked if an increase in rates is being considered.

Turbitt – Because that is part of on-going negotiations, he can't go into that.

Sanford – In regards to the additional funding for E-permitting, asked if E-permitting is in place.

Turbitt – It is part of the MUNIS package and will be rolled out for multiple permitting disciplines of the Town. The goal is to get Planning and Land Use Services permits on line as soon as possible.

Worth – Noted that the committee will start on motions on the Warrant after the Public Hearing.

V. DEVELOP AND ADOPT MOTION FOR 2017 ATM) CITIZEN WARRANT ARTICLES

H Convey: 131/135 Pleasant Street, F.H. Catherine F. Stover

I Convey: 2-8 Ticcoma Way Catherine F. Stover

J Transfer: 9 East Creek Catherine F. Stover

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Worth** – Suggested a comment that the applicant has agreed that if there is a positive ballot vote, the Town will look a more appropriate site for the funeral home.

Action **Motion to Take No Action.** (made by: Maury) (seconded by: Grimmer)

Vote Carried unanimously

Previous **Worth** – Sent an email to Ken Beaugrand about the line-item veto of Academy Hill due to the lessor's obligation to do capital improvements. We will have an opinion on motion to adopt with removal of the Academy Hill windows line item.

Questions He talked to Linda Holland and scheduled for her to speak to the committee on February 13, 2017.

(5:11) There are some comments that need to be drafted. Looking to recommendations from the Real Estate Committee and Planning Board on real estate and zoning articles.

V. OTHER BUSINESS

1. Discussion of Potential Request to BOS to Effect a New Population Study

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Worth** – There have been some discussion in the past on the potential build out and population (5:17) of the Island. We are seen significant requests for infrastructure and spent a lot of money over the last couple of years as a result of population growth. There is definitely an interest in seeing if this type of process can move forward. Mr. Maury has drafted a letter to the BOS asking that the Planning Department conduct a build-out analysis to determine what the current population actually is to ensure we have a sustainable Island to live in. He will ultimately ask for a vote to endorse this.

Maury – He’s hopeful this discussion leads to approving his draft letter to move forward in the direction of an accurate population study. There is private funding available if the Town makes the request. A build-out analysis would provide the potential for more people moving to the Island.

Sanford – We talked to Wooster Polytechnic Institute (WPI) that said if the Town endorses this study, they will put the Town at the top of their project list. He wants to keep it away from just year-round population; there are people here for only part of the year who use the infrastructure. Noted that the WPI trash study showed a large fluctuation in trash deposit.

McEachern – When the study is completed, asked if the number would be recognized by State or Federal entities.

Maury – He does not believe so but feels that isn’t the concern.

McEachern – The population number could be used to get increased State or Federal funding.

Catherine Stover – Voiced her support for this study; we cannot plan for nor provide services for people we don’t know are here. Explained how she and Peter Morrison challenged the 2010 census number. Noted that for every registered voter, there is at least one other person who is not a voter; there are 9,000 registered voters. She has a list of over 13,000 people she can put a name to. There are people who do not respond to the census.

Williams – Asked about the difference in funding between 10,000 and 20,000 residents.

Stover – In 2000, she was told we get \$1530 for every person counted; the library gets fifty cents per person. There is highway and education money. Disaster relief is based upon the census figure. With this information, we can challenge the federal numbers.

Grimmer – Asked if there is a way to attach a timeline to meet FinCom’s urgency.

Maury – Would add to the letter that the study be completed by 2018 ATM.

Sanford – Talking to WPI, that is not unfeasible.

Action **Motion to Approve FinCom sending a letter to the BOS to affect a population and build-out study.** (made by: Sanford) (seconded by: Williams)

Vote Carried

2. Discuss and Review Proposed Affordable Housing Trust Fund (AHTF) FY2018 Budget Request

Sitting Worth, Maury, Williams, McEachern, Sanford, Grimmer

Discussion **Worth** – The AHTF request will have its own article before ATM for \$500,000. The committee (5:39) had questions about the 1-page summary of funds that did not answer the committee’s questions. There’s about \$1.25M balance; with what is potentially coming from the Community Preservation Committee (CPC) for \$500,000, there is a significant reserve in place. We are looking for an explanation about how the money would be spent and likelihood of moving forward so that the money isn’t dead money sitting around for the next 18 months.

Linda Williams, Vice Chair AHTF – She reviewed other AHTFs in the State and noted that almost all of them stockpile money in order to respond to requests quickly. Stated that AHTF is exempt from being told how to use the money by FinCom. \$300,000 minimum is going to the Town project on Ticcoma. They have been approached by covenant home purchasers who need help with closing costs. Noted that they are targeting the 80% and below to assist in getting into

units. They are talking about gap financing but don't have the program in place; explained gap financing to help someone get into a covenant home. Reviewed all the affordable housing entities that can or have come to AHTF. They are in the process of creating programs. Now they have capital, which AHTF did not have until 2016. Though the \$1.2M looks like a lot, it isn't compared to other State AHTFs.

Maury – It looks like a lot because the \$1.268M is what is in place. There is a housing production plan but asked what the deliverable will be from the \$1.268M: how many units are we getting and how do we know that's where the money is going.

L. Williams – We voted on what to allocate the funding to. It all depends on the programs AHTF gets involved in. Down-payment assistance is capped at \$10,000.

Tucker Holland – With respect to the uses of line items, the creation of Subsidized Housing Inventory (SHI) units at Ticcoma Way, which is the project to develop 64 rental units which count toward the SHI list; the level of affordability could be at a minimum of 25% to 100% units. The \$300,000 would be for roadway access to the site.

L. Williams – Noted the \$350,000 is to be used for housing using the Nantucket Yacht Club (NYC) donated structure.

Holland – They have engaged an architect for this house; he is putting together something that can go out to bid.

Maury – When he goes to the State, he needs to be able to justify the AHTF request. The \$350,000 is for two units and to him that is not a good use of money on a gifted house.

L. Williams – Need a foundation, utilities, repair the walls, and bring the units up to code. Noted that the AHTF could not develop programs before it had money, which it did not get until July 1, 2016.

C. Williams – Asked for the average balance of those other AHTFs.

L. Williams – Far in excess of what this AHTF has. There is a massive range. We are low due to the cost of building and affordable property. Now that we are getting an infusion of capital, we have flexibility in what projects in which they want to be involved.

McEachern – After the \$300,000 and \$350,000 is expended, what is the likelihood of other projects.

Holland – FinCom has to recognize when the \$1M was approved, the BOS priority was to have it available for the 6 Fairgrounds Road project: they are expending some money for site access; holding monies in reserve in anticipation a developer might be seeking additional funding for the interior infrastructure once a plan is proposed; we won't know the answer until the RFP is issued.

Worth – We are trying to understand the contours and framework for AHTF's programs. It seems like money is being thrown at a wall to see what sticks; that is too vague for FinCom to recommend more money. The summary submitted does not address the AHTF's framework; this discussion has.

Holland – Each program has a different level of complexity. We are engaged in the cost assistance programs. We are working with John Giorgio, Kopelman and Paige, P.C., to develop a legal framework for a loan program. Beach Plum and Sachem's Path Phase II are coming on line so the \$200,000 could be utilized in its entirety this year. We now have a Housing Production Plan that has been approved by the State; that would enable us to approach existing unit owners to agree to a buy down that makes the units accountable on the SHI list.

L. Williams – One reason CPC provided the money is because the Town had allocated for a Housing Specialist in the Planning Office. Affordable Housing has been identified as a critical need. Noted that every move AHTF makes has to be reviewed by Town Counsel to ensure they are remaining within their statutes.

Sanford – Asked what amount the AHTF must stockpile to.

L. Williams – There is no finite number; they just keep stockpiling to meet programs that might come to them. We don't know what programs or properties might come up.

- Sanford** – That is a concern; what he is hearing is that they can't spend money until they stockpile enough but they don't know what the amount is.
- Worth** – Mr. Sanford's question comes back to AHTF having a good sense to what their priorities are; what are the most leveraged activities in which AHTF is involved. They need to be developing a sense of where to spend the most money to best accomplish their goals. What does the priority stack look like and how will the money be used to that end.
- Holland** – Depending upon the affordability selection the BOS determines on the 64-unit project it would be difficult to determine what they could do that would provide a bigger return on the dollar.
- L. Williams** – The point of AHTF across the state is that they can react immediately to an opportunity without going to Town Meeting.
- Maury** – There can still be collars on the types of projects they are interested in; some projects cost more than others and some provide more opportunity than others. That is what would help him understand what the \$500,000 is for. People want to know what the money is going to get them. The money is not only justified at Town Meeting but the State House as well. The programs being described are great and it would be helpful for all us concerned about housing issues if there was a website or document that outlines what this is and what the community can expect.
- L. Williams** – Said AHTF has discussed that. Compared AHTF's handling of money to Nantucket Island Land Bank: we don't know how they are going to use their money.
- Maury** – Doesn't think AHTF should mirror The Land Bank in that respect; people might not want to see that. In time AHTF might have that freedom in the future but not at this time.
- Sanford** – Noted that just because something was done way in the past doesn't mean it should continue.
- L. Williams** – Trust Funds were set up to carry the balance forward to allow the ability to act upon an opportunity immediately.
- Worth** – That's correct, but you still must have a plan for what will be done with the money. That is what this committee is doing. Noted that the \$500,000 and CPC \$500,000 is all public money and there should be a system by which opportunities are weighed for the best return on the money.
- L. Williams** – AHTF's purpose is to create SHI units.
- Maury** – If AHTF's purpose is to create SHI units, asked how down-payment assistance for covenant units fit into that.
- Holland** – Creating SHI units is a high priority but not the only priority.
- Sanford** – Suggested the AHTF put out guideline information for developers about using the funds available.
- Holland** – Stated he doesn't like the characterization that AHTF is stockpiling money when they are trying to use it. There is a large project that until they get more information won't know how much money will be available to that project; that is why they are stating exactly how the money is being used. Once they have insight into the requirements for the project, they can have a program to attract development of smaller projects.
- L. Williams** – If someone wants to use AHTF money, they have to have a proposal to apply for it, not too unlike the CPC.
- Holland** – Noted that AHTF is trying to be judicious about the use of the money.
- C. Williams** – If other CPCs fund AHTF, why hasn't the CPC been funding our AHTF.
- L. Williams** – Stated it is because the Town has not provided funding for AHTF staffing. A request for a staff person is in the budget.
- Holland** – AHTF can't expend over \$100,000 for operating principal; in theory they could fund staff for under that level.
- L. Williams** – AHTF was give money for a part-time person, they need a full-time person. The theory was to hold onto it until this January; that person would segway into the next fiscal year.

Expressed her opinion that it is very hard to get someone to take a part-time position without benefits.

Lindner – Stated that the Town Manager is recommending a full-time staff person for AHTF for FY2018.

Holland – The BOS had a very bad taste with respect to several years ago when they felt all the AHTF money was going for staffing with nothing to show for it.

Maury – AHTF could have hired a part-time person in July with the promise the position would become fulltime. That happens very often. AHTF does have the ability to staff itself.

L. Williams – AHTF can't hire someone without going through the Town; currently what staffing they get is through PLUS.

McEachern – Said he was at the BOS meeting to approve the \$75,000 for a part-time person and that getting that approval was very difficult.

Continued discussion about staffing AHTF and why they haven't hired someone part-time with the funds they have available.

Holland – Asked if the committee feels this discussion has helped to shed light on the use of funds AHTF is requesting.

Worth – He would say yes. The committee might make a comment with the motion about AHTF being more transparent to the community through a website about how the money is being used and where AHTF is putting their efforts. There is a problem with money being appropriated and then not being used; it is dead money that could be used for something else.

Discussion about 47 Surfside Road.

VI. NEXT MEETING DATE/ADJOURNMENT

Date: Thursday, January 19, 2017; 4:00 p.m.; 4 Fairgrounds Road, Training Room

Topics: 6:30 p.m.

Adjourned

Submitted by:

Terry L. Norton