



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

Saturday, January 28, 2017

4 Fairgrounds Road, Community Room – 8:30 a.m.

Called to order at 8:30 a.m.

Staff in attendance: Libby Gibson, Town Manager; Gregg Tivnan, Assistant Town Manager; Brian Turbitt, Director of Finance; Julia Lindner, Financial Analyst; Terry Norton, Town Minutes Taker

Attending Members: Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Absent Members: Williams, Grimmer

Late Arrivals: None

Early Departures: None

Documents used: General Fund FY2018 Budget; Our Island Home FY2018 Budget; Solid Waste Enterprise Fund FY2018 Budget; Sewer Enterprise Fund FY2018 Budget; Warrant Articles for 2017 Annual Town Meeting.

I. ANNOUNCEMENTS

II. PUBLIC COMMENT

1. None

III. REVIEW OF FY2018 BUDGET

1. Nantucket Public Safety Department

Sitting Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion **William Pittman**, Nantucket Police Chief – Presented an overview of the Public Safety budget; (8:30) increases pertain to: new school resource officer, July 4th additional overtime, 911-shift coverage costs, travel funds, beach services professional services, Motorola equipment upgrade.

Grause – Asked if FY2018 payroll increase includes the new contract.

Pittman – No, that is a normal separation because of new employees and longevity increases.

Turbitt – The payroll line item is true of all budgets to be heard today.

Sanford – Asked about the revenue numbers in regards to violation tickets.

Pittman – He is asking for additional officers for parking enforcements due to the new parking regulations requirements.

Sanford – Asked if the department has any preventative programs for opiate abuse.

Pittman – Those programs don't have a budgetary impact. Reviewed his departments roll in opiate abuse prevention and rehabilitation.

Sanford – Asked if there might be any release from the evidence destruction regulations.

Pittman – Not for the department; the Massachusetts Police Chief Association is working on it; the State requires all drug evidence go through the State Police no more than 25 boxes at a time; evidence rooms across the State are filling up as a result. The same issue exists for law-enforcement officer training: a 2-hour training session is an all-day affair if not overnight for Island police.

Grause – The overall budget police vehicle expenditures, for FY2017 is \$230,000 but only have expended only about \$46,000 as of this printing.

Charles Gibson, NPD Deputy Chief – Explained how vehicle Purchase Orders take a long time to fill before the department take possession and often roll over to the next fiscal year.

Grause – Asked about Equipment, Line 27251 Account 54206; there are no numbers for past years then FY2018 is negative \$45, 000.

C Gibson – Those numbers balance revenue appropriation.

L Gibson – She believes the money is coming out of the Beach Revolver into the General Fund.

Grause – The Harbor Master Budget, asked about the decline in professional services.

C Gibson – Lifeguard drug testing is moving, Town pier rehabilitation is wrapping up, Children’s Beach is a separate fund.

McEachern – Asked about the Alcohol Beverage Control Commission (ABCC), if NPD gets support money from the state and if not where it comes from.

Pittman – NPD doesn’t get State money. He would like to do more enforcement to find establishments which are over serving; the ABCC has offered to come help in the summer.

Glowacki – Asked how housing impacts the lifeguard program.

Pittman – We need 48 people to staff every beach to capacity; the challenge comes in toward the end of season when the lifeguards start going back to school. We have enough housing for about 24; we have stepped up efforts to recruit and train locally through the Nantucket High School swim program and they are working with businesses that bring in workers to make lifeguarding a secondary job.

Worth – Asked about the ability to attain and retain officers.

Pittman – He counts on losing two officers a year. He has two potential officers in the academy now who will be ready to work before Summer.

2. Nantucket Fire Department (NPD)

Sitting Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion **Paul Rhude**, Nantucket Fire Chief – Reviewed budget exceptions: add two firefighters, fill four
(9:09) open positions, replace an ambulance and upgrade to Advanced Life Support (ALS), ALS training costs.

Worth – On the ALS training, asked if that is being done currently.

Rhude – The training is interactive on-line with two Saturdays a month in Boston. To start the program, NFD needs the position to be in the contract, which is being negotiated.

Maury – On the List of Accomplishments, asked about the status of implementing the ALS program.

Rhude – Part of the licensing process is providing a plan; until we start training people, we don’t know what the plan will be.

Maury – Asked how he projects revenue from ALS.

Rhude – They are guessing at the number; We’ve increased the rates; this year revenue will be close to \$700,000. ALS calls are billed nearly double regular calls.

Maury – Asked if the goal is 24-7 ALS coverage.

Rhude – Yes.

Maury – Under Key Issues, asked how long the response times are.

Rhude – They are better but he wants to get to about 90% of calls under five minutes; we are at about 45% under five minutes. We staff enough people to respond to one call; for calls after that, we have to call in extra staff.

Maury – Asked if the new facility would help response or if it is a staffing issue.

Rhude – It is mostly staffing; some of the response-time issue is getting downtown in traffic. In the future, he is looking at staffing ‘Sconset and Madaket. Wooster Polytechnic Institute looking into the ability to put a mobile unit at 22 Water Street; currently we don’t have the people to put downtown. He is looking into creating a seasonal program much like the police.

Grause – Asked about recruitment and retention.

Rhude – Only one person has left since he’s become chief. Most of the current staff is from Nantucket and every member has on-island housing.. As we add people, recruitment and retention will become a problem. Explained how they are filling positions with on-island people.

McEachern – If we can’t procure medics, asked if there is a potential the investment into ALS won’t be utilized.

Rhude – The only investment at this point has been his time; the money hasn’t been spent. It is now a national standard and we have to get there and his staff wants to get there. Noted Nantucket is the only department in the State with no ALS available to its citizens.

Maury – On the medical insurance actual increase.

Turbitt – The money was moved into this line item as of the beginning of FY2017.

Maury – Asked about the increase in equipment.

Rhude – That was for a new vehicle for the deputy fire chief. This year he is only asking for a replacement ambulance.

Turbitt – Pointed out that the new ambulance is funded through the Ambulance Reserve Fund.

Grause – Ambulance expenses FY2018, asked why it shows up.

Turbitt – When calculating the amount for Ambulance Reserve Fund, we have to ensure the money is there through Article 10.

Worth – The upgrade of vehicles, asked if there is an out-year capital replacement schedule.

Rhude – He has gone out at least 12 years and off-set the larger vehicles. Reviewed the schedule.

McEachern – Capital Program Commission has seen the schedule and is satisfied with it.

3. Our Island Home (OIH)

Sitting

Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion
(9:33)

Worth – FinCom will hold a separate discussion for the new OIH facility on February 13.

Rachel Chretien, Director OIH – Presented an overview of the FY2018 budget in response to new regulations: increased reporting requirements and paperwork, certification of supervisors, and domestic care. They are revisiting the implementation of new software. Licensure of the new assistant administrator is in place. Reviewed priorities for FY2018; they are working on an emergency evacuation plan. Reviewed budget increase exceptions: Assistant Administrator and Administrator salaries, new exterior trim and sidewall, kitchen and laundry renovation, repair and maintenance of the building, professional services medical, medical supplies and pharmacy, Medicaid user fee (State-Fed tax). They’ve increased the physical therapy fees.

Worth – On the physical therapy, asked if OIH is paying more and that is not showing up in reimbursement.

Chretien – Yes. Explained that in the past it was bid out, which was expensive and unreliable because bids came from off-island providers; now they are contracting with local therapists.

McEachern – Asked the current occupancy of OIH and if it is typical.

Chretien – We have 42 out of 45 beds filled; that is an average.

McEachern – Noted that the Capital Program Commission reviewed the sidewall and trim and the kitchen and laundry renovations.

Maury – Asked about the Barnstable County Retirement contribution; it is lower in taking than FY2017.

Turbitt – That is budgeted through multiple sources; they are using a slightly lower percentage than prior years.

Maury – Asked about the contractual obligations.

Chretien – We are anticipating the retirement of employees higher up in the pay scale and it accommodates Union contract negotiations. There is a lot of longevity in the staff.

Grause – Asked about the mix of Medicaid/Medicare and private pay.

Chretien – Private insurance is difficult; they are unwilling to negotiate contracts due to the lack of in-house therapists. Noted that some Island residents will move off-Island family members into OIH but most are elders from the community.

Grause – Asked about the line item for credits; there are no numbers filled in.

Chretien – We know it was certified at least \$1M but it's not guaranteed so it isn't budgeted. Explained the process she must go through to get that reimbursement. The shortfall was certified at \$3M for calendar year (CY) 2015; currently filing for CY2016.

Turbitt – It automatically goes into retained earnings.

Roche – Asked if there is software deadline.

Chretien – The State has not yet set a date on implementation of the software; if they do and we don't meet it, they could set penalties.

Roche – Asked about the quality indicator survey.

Chretien – Explained their quality assurance program to meet the survey. Believes most of what they'll need is policy, staff, and procedural.

Roche – Revenue is very down in FY2017 and little up in FY2018.

Chretien – FY2015 actuals incorporated the CPE received money; they will break out in the future the actual patient revenue.

McEachern – Asked if they are looking at software packages for medical records.

Chretien – Yes, they are looking for software that incorporates each department.

Worth – Asked if they have talked to the partnering with the Hospital about their software.

Chretien – They did with their original software; but that was put on hold. Now OIH is working on electronic referrals with the hospital.

Glowacki – Asked if there is a risk of the CPE money disappearing.

Chretien – Yes; the governor is looking at making significant cuts in the budget. They didn't want to budget those funds as regular revenue and then not have the funds come through.

4. Department of Public Works (DPW)

Sitting

Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion

Kara Buzanoski, Department of Public Works Director – Presented an overview of the FY2018 budget. Reviewed exception increases: vehicle replacements, rubbish vacuum, mowing equipment, 'Sconset monument flagpole repair, design professional services, sidewalk improvement, Surfside-area road reconstruction, Island-wide road improvements in conjunction with Chapter 90, Old South Road-Fairgrounds Road Rotary, Old South Road bike path repair, and stormwater improvements.

(10:21)

Discussion about the insurance claim associated with the 'Sconset rotary damage.

Maury – The design for the Old South Road-Fairgrounds Road Rotary and other rotaries, asked about their status.

Buzanoski – The process is notoriously slow. Requests for Proposals (RFP) for the Bartlett Road Rotary design is going out. Improvements for Milestone Rotary is in the conceptual phase.

McEachern – Suggested FinCom members get a copy of the Transportation Plan, which shows a flow of dates.

L Gibson – The Bartlett Road Rotary will be built first.

Roche – The issue with Maria Mitchell Association electrical poles, is that in the budget.

Buzanoski – That is in the current year budget.

Roche – Asked about budgeting for emergencies.

L Gibson – There is money budgeted for some road and bike repairs. If there is an emergency, DPW comes to FinCom to request funds.

Worth – He has been asked whether or not the Town is paying into a fund to bury the lines.

L Gibson – In the 1980s the Town adopted a bylaw for utilities to charge surcharge to pay for burying lines in certain areas. Utilities are allowed by law not to start work until all the funds are collected; the surcharge does not apply to telephones. We could appropriate the money to start burying wires if we feel it is a high enough priority.

McEachern – Explained the problem with adding transformers under new FEMA regulations. Asked about the status of hiring a new DPW director.

Buzanoski – The new Deputy Director starts January 31; three candidates for the Director position are to be interviewed January 30. She has offered to stay to help with the transition.

McEachern – Asked about the decrease in the payroll budget.

Buzanoski – The Union increases are not included in the payroll budget.

McEachern – Asked if anyone in operations is capable of designing new garages.

Buzanoski – That is in process.

McEachern – He thinks a new garage is necessary for the DPW. Asked if there are enough mechanics and if operators are being trained in safe operation.

Buzanoski – They have positions for two mechanics and are looking to fill the vacant position. Operators go off island for safety training. DPW doesn't get new equipment without hands-on training.

McEachern – Asked about unfunded positions on the organizational chart.

Buzanoski – They are moving forward to a full-service DPW; all those positions are funded and included. Each year we will ask for additions.

McEachern – Asked for elaboration on the expectations.

Buzanoski – The biggest increase is from roads being added and the associated snow removal. She has also allocated additional resources to mowing and brush cutting to meet people's expectations.

McEachern – Asked what item will be of concern to the new director.

Buzanoski – She thinks it will be maintaining the expectations of appearances Downtown.

Glowacki – Asked about mosquito control.

Buzanoski – We became a certified State Mosquito Control Program two years ago and have a budget to contract a vendor to do the surveillance and testing. With the certification, they have to switch bidding to the State bidding.

5. Solid Waste Enterprise Fund

Sitting Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion **Kara Buzanoski**, Department of Public Works Director – The FY2018 budget is in flux due to (10:58) negotiations on Amendment 6 of the contract with Waste Options; reviewed the drop in revenue from construction and demolition (C&D) waste. The revenues for mixed excavation has significantly dropped and Waste Options isn't making enough money to meet their debt requirement.

McEachern – Asked where the private vendor is taking their C&D waste.

Buzanoski – It is stored on their site; it's mostly stones and gravel. Reviewed the budget exceptions: continued mining, building repairs and replacements, freight, and professional services.

Maury – Asked about the landfill mining if it is on schedule and its affect on Madaket water quality.

Buzanoski – We are right on schedule. The Mining isn't for water quality; it creates space for additional disposal. Natural Resources is increasing water quality testing for Long Pond.

McEachern – Asked about creating sellable mulch.

Buzanoski – That is a very small part of revenue; that started last year and DPW and Waste Options split the revenue 50-50.

Grause – It looks to him like the operation generates \$3M and the Town is looking at a negative every year due to the subsidy.

Turbitt – It is \$500,000 negative. Explained how the subsidy is calculated.

Maury – Asked about operations of the Landfill prior to Waste Options and the end of the contract with Waste options.

Turbitt – We've internally discussed creating a workgroup to look at the ultimate end of the contract. He's not prepared to discuss it at this time.

6. Sewer Enterprise Fund

Sitting Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion **David Gray**, Sewer Department Manager – Presented an overview of the department and projects. Reviewed exceptions: new administrative assistant, overtime increase, two sewer collections positions, in-house repairs position, building maintenance and repair, equipment maintenance and repair and replacement, professional services, and water solution abatement. Capital items: upgrade of lab to meet State Certified Water Quality Lab requirements, pump server and control panel upgrades, force main assessment and inspections and lining, CMOM of collections system, generator replacement, 5,000-gallon tanker truck chassis replacement, ‘Sconset collection system evaluation, Town plant, Flora Street manhole replacements, Farmer Street line replacement, and fiber network lines to the plant.

(11:13) Discussion about the Baxter Road erosion, which seems to be holding; the plan to move that sewer line is on the table.

Glowacki – On the lab upgrade, asked what the ultimate cost will be.

Gray – The equipment used to test the water is very expensive. The hope is to be able to do all the water testing.

Grause – On the Shimmo and Plus Parcel Sewer expansion, asked if the project will come in on, above, or below the allocated \$41M.

Gray – He is confident it will come in under budget. Explained why he believes that. Explained the new sewer line up Vestal Lane.

McEachern – Asked about the grinders.

Gray – Low-pressure force main grinders, every home will have grinders to meet the specs on the force main. He is rewriting the grease-trap program for restaurants to include new technology and he is working with the Health Department to create regulations that prohibit use of enzymes, which cause grease to bypass the grease traps a go straight into the sewer lines.

Worth – It looks like the revenue projection is staying the same and expenses are increasing.

Gray – Because of a lot of changes in regulations, a lot of the increase in expenses has to do with that training. They also have to bring more staff on board so those numbers are up.

Worth – There is a big retained earnings but expenses are going up.

Turbitt – One reason revenue is flat is that Department of Revenue requires looking at FY2016 as a baseline comparative. He must have substantial documentation to raise it above FY2017.

Worth – Asked if they are planning a rate study.

Gray – It is in the works for FY2018; he is drawing up contracts now.

Worth – Respectfully requested Mr. Gray work with Robert Gardner to do a study together. Spare parts increase, a lot of stuff gets ordered then sits around; asked why the increase.

Gray – In the past, that was in the capital budget every other year; they moved this into the operations budget and will continually replace inventory.

McEachern – Asked if there is current inventory of inventory assets.

Turbitt – We will be making one.

7. General Fund (Health, Human Resources, Natural Resources, PLUS, IT, etc)

Sitting Worth, Maury, Grause, McEachern, Sanford, Roche, Glowacki

Discussion **Libby Gibson**, Town Manager – Reviewed personnel increases: Health Department, Human Resources, Natural Resources, seasonal positions for endangered species enforcement, housing specialist, PLUS inspector overtime. Town administration personnel increases: record management position and annual reclassification of employees resulting in additional duties.

(11:47) **Worth** – Asked if when the money was approved for hatchery was it known a person would be necessary to manage it and was that discussed by FinCom.

Gibson – Yes; she believes the position was included in the Capital Program Committee discussion. The five- to seven-year program forecast notes any new positions associated with those programs.

McEachern – Asked if the Town has a new procurement officer.

- Gibson** – No, that has been advertised several times; there is discussion about increasing the salary but balancing it with the job responsibility. The deadline for applications has closed.
- McEachern** – Asked if the Board of Health has enough staff.
- Gibson** – Roberto Santamaria asked for an additional restaurant inspector for this year; but we want to see how additional hours for the existing inspectors work.
- McEachern** – He feels a Fertilizer Inspector will be a good investment leading to improved water quality.
- Gibson** – Natural Resources also has staff working on fertilizer. They are working with the Health Department to strengthen the regulations on fertilizer use and enforcement of those regulations.
- Maury** – The Town Administration personnel spreadsheet has a person listed who is also on the DPW personnel spreadsheet; asked who that person works for.
- Gibson** – That person works for the DPW; the Town Administration position is filled by another person.
- Turbitt** – Reviewed the Finance Department expense for State reevaluation of the Town, effective for FY2019; the work must be completed by June 30, 2018; it is to be funded out of free cash.
- Gibson** – Human Resource expenses: statutory training for department managers and supervisors, support services for Affordable Care Act reporting, funding for NEET (Nantucket Employee Empowerment Team) events, seasonal employee background and drug testing, advertising for job postings. IT expenses: e-permitting software and website hosting. Natural Resources: phragmites removal on Long Pond, water testing of Long Pond. PLUS expenses: vehicle replacement, HDC related services review, advertising of public notices, inspector training. Other big-ticket expenses: Town-wide staffing assessment, Fast-ferry shuttle connector, and Affordable Housing Trust Fund.
- Discussion about funding for a shuttle connector and financial support and whether or not it is appropriate for the Town to be involved.
- Worth** – On the staffing assessment, asked for assurance it could be used next year.
- Gibson** – We will be ready soon to issue an RFP on that. Reviewed the studies she has done and discussions with other municipalities.
- Worth** – If the study shows the Town is over staffed, asked what the situation with the Unions would be.
- Gibson** – If the Town is over staffed, reducing personnel would involve collective bargaining. Noted that every time a position comes vacant, a review is done to ascertain whether or not it could be combined with another position.
- McEachern** – Asked who Human Resources goes to for legal counsel.
- Gibson** – Human Resources use the labor counsel through Town Counsel; there are also State resources. In regards to Health Insurance, we are actively working toward a go-around with health plan design changes. Reviewed avenues Town Administration is looking into to reduce the cost of health insurance; most changes require collective bargaining. There has been talk about joining the State General Insurance Commission (GIC) fund for State employees; they do not offer Blue Cross/Blue Shield and it fluctuates frequently.
- McEachern** – You can't change the employee or Blue Cross; asked about changing the consultant. Noted the consultant can "steer the bus" not the insurer.
- Gibson** – The current consultant has been working for the Town about two years.
- Turbitt** – We have limited options in that respect, because we are fully self-insured. We've done preliminary analysis and found rates would not change much. Noted that most insurance companies have packages similar to what the Town already offers.
- Roche** – Asked if the rates would change if we opened up to other groups.
- Turbitt** – He doesn't believe there would be a substantial change.

Gibson – Town Administration and Finance has been working on a long-term financial program which they would like to discuss with FinCom someday.

Grause – In materials, it says free cash has been \$5M to \$6M a year; asked how much has been excess revenue and how much is the result of better budgeting.

Turbitt – There has been a substantial increase in motor vehicle excise tax; the departments have done a good job of managing their budgets to reduce over-projections; there are also encumbrances transferred in. We might generate between \$3.5M to \$5M at some point in the future. We try to limit the use of Free Cash to one-time projects.

IV. REVIEW AND DISCUSSION OF WARRANT ARTICLES FOR 2017 ANNUAL TOWN MEETING (ATM)

1. Article 76 (Bylaw Amendment: District Improvement Financing ((DIF))

Sitting Worth, Maury, Williams, Grause, McEachern, Sanford, Roche, Glowacki, Grimmer

Discussion **Worth** – This is to be discussed at future meetings. He believes, it might be incumbent upon the Board of Selectmen to do community outreach in regards to DIF. He's concerned about the lack of public discussion on this.

(12:46)

Turbitt – Explained that if the article is adopted, it would require a public hearing before implementation. Pointed out that DIF is a Planning Department proposal because it represents about \$10M in infrastructure needs. Explained how DIF works. DIF is usually for municipalities with low bond ratings; Nantucket has no trouble with bond issuance.

Grause – This is a complicated alternate financing mechanism that requires discussion. He would like to know why the Planning Department has put this forward.

McEachern – We need a meeting to specifically discuss this and hear from the proponents.

V. NEXT MEETING DATE/ADJOURNMENT

Date: Monday, February 6, 2017; 4:00 p.m.; 4 Fairgrounds Road Community Room

Adjourned 1:00 p.m.

Submitted by:

Terry L. Norton