



Town of Nantucket Capital Program Committee

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Members: Stephen Welch (Chair), Jill Vieth (Vice chair), Richard Hussey (Secretary), Jason Bridges, Kristie Ferrantella, Pete Kaizer, Christy Kickham

MINUTES

Tuesday, January 4, 2022

This meeting was held via remote participation using ZOOM and YouTube.

Called to order at 10:00 a.m. and Announcements made.

Staff: Richard Sears, Assistant Director Finance; Terry Norton, Town Minutes
Attending Members: Welch, Vieth, Hussey, Bridges, Kaizer
Absent Member: Ferrantella, Kickham
Early Departure: Bridges, 10:59 am.
Department Heads: Tucker Holland, Housing Director; Tom Rafter, Airport Manager; Graeme Durovich, Department Public Works (DPW)
Documents used: Draft minutes for November 16, 2021; FY2023 Capital Improvement Plan (CIP) Requests

Agenda:

Motion **Motion to Adopt the agenda.** (made by: Kaizer) (seconded)

Roll-call Vote Carried 5-0//Kaizer, Hussey, Bridges, Vieth, and Welch-aye

I. PUBLIC COMMENTS

None

II. APPROVE MINUTES

1. November 16, 2021 (joint meeting)

Motion **Motion to Approve.** (made by: Hussey) (seconded)

Roll-call Vote Carried 4-1//Hussey, Kaizer, Bridges, and Vieth-aye; Welch-abstain

III. REVIEW ITEMS IDENTIFIED FOR PRIORITIZATION REVIEW

1. Nantucket Memorial Airport

Discussion **Welch** – We are reviewing the Airport Housing proposal. We had interest revolving around the overall cost related bedroom cost versus to what the Town is spending.

Rafter – In addition to prevailing wage, we have to meet MEPA standards, for example the building with the recycling, requirements regarding emissions. We started with a big number and are backing into it as we work on what we need. Our new commissioner is knowledgeable with building housing for employees, so we're depending on his advice. We thought initially of 2 buildings with 3 bedrooms each; now it might be 2 single-family dwelling (SFD) and a duplex. We are starting at the conceptual design level to figure out what we need. Reviewed the level of detail in the Cost Analysis & Model; working out costs per bedroom. When we get an appropriation based upon construction costs, companies tend to base their bids on that; if the appropriation is low, bids come in too high.

Welch – The additional information is helpful with trying to be accurate and concise. Asked Mr. Rafter to provide numbers with details.

Hussey – Asked if the housing is for current senior-level employees.

Rafter – We went through a period to get approval to put housing on Airport Property and to determine who could use the housing; we've narrowed it to senior-level management. Once we get into the Union, we have to negotiate. The FAA has said we can use it for anyone with emergency-response capability for the Airport; that means if we have a vacancy, we can make it available to Fire and Police since they provide emergency services to the Airport.

The model shows 2 building with 4 units; that is being rethought because there may be a need for a SFD type situation. We have to be careful as we go through the permitting for our master plan. Transportation Security Administration (TSA) would not be using these units; he doesn't believe they would be allowed to.

The argument we made to get Federal permission to build housing on our property was our mutual aid response, which is a minimum of 4 hours by boat.

Vieth – The \$800 per square foot sounds very high.

Rafter – The \$1.15 is a small estimate that we are still working on.

Hussey – Asked if the structures will be modular or stick built.

Rafter – That is the big-money question. We are looking at other employee housing projects on the Island to decide which would be best.

Kaizer – It seems like there are significant savings in using modular construction. In terms of pricing and options, asked if there is a pivot for the SFD.

Rafter – That would be based upon what the concept comes out.

Kaizer – Asked if the SFD might require a secondary appropriation.

Rafter – That depends upon how many bedrooms are needed. We're concerned with what it will cost us and the cost to us if we have only 50% occupancy.

Welch – Asked if the \$800 includes the soft cost of Phase I or just construction.

Rafter – It includes the design.

Welch – There are a couple of scenarios – 2 duplex and 2 SFDs with a duplex. Asked for the number of bedrooms under each scenario.

Rafter – In the 1st scenario, it's 10 bedrooms; in the second, it could end up the same number of bedrooms over the 3 structures. We have all the site clearing and utilities done.

Welch – From the operations side, asked if there would be any restriction for the airport in receiving non-airport functions.

Rafter – He thinks so; we need to work with Brian Turbitt on that. We have discussed the impacts on employees because there is a tax impact which affects the fair-market value.

Welch – Simple housing can be used as a non-tax benefit. His concern is the restrictions and potentially the manipulations if units are rented back to the Town. Asked what the restrictions are for leasing property to Town personnel.

Rafter – If we hire someone to manage the property, it doesn't matter whether or not they are a Town or Airport employee. We are limited on what we may do; the critical part is selecting who gets what, so we are looking at a matrix for making the decision. Doesn't know the financial impacts of those.

Welch – Asked the percentage to be attributed to overhead related to the Airport doing this versus any other entity.

Rafter – Going through permitting, we got feedback on electric, heating, and reducing greenhouse emissions. Hard costs have prevailing wage and other requirements Federal agencies put on us; there are a lot of caveats put on us.

2. Affordable Housing

Discussion **Welch** – We are looking for a general distinction between what these funds are used for versus recently expended funds.

Holland – Last year, Town Administration made a commitment to fund the Housing Office with \$2m a year divided across Article 8 and Article 10. Last year in addition to the \$1.625 of Article 10, there was a \$6.5m bonding authorization. This year we are proposing level funding to last year with an additional funding authorization under Article 10.

Use of last year's appropriations to date: closed on acquisition of property at a discount, earmarked a portion for subsidy of Ticcoma Green, planned the acquisition of 12 & 12R Bartlett Road, funded 3 Habitat for Humanity units on Benjamin Drive, and set a subsidy for 135&137 Orange Street. We also have a debt service reserve.

The funds we are seeking this year are for further subsidy of 135&137 Orange Street and to acquire property for homeownership opportunity.

Vieth – Asked when they will have a permit for Ticcoma Green.

Welch – It would be helpful to have detailed background information for future requests. At this time, he wants to focus on the target purposes for this request.

Vieth – It would help her to understand the request because \$1.6m doesn't seem like enough for design.

Welch – He thought this request was more for acquiring out-right ownership or interest and if that money will go to other programs.

Kaizer – It strikes him that the \$1.615 is to cover the budget and capital expenses for the Town Housing Office and toward individual projects.

Vieth – She thinks this is for design; compared to Mr. Rafter's numbers, it's not enough.

Welch – We have confusion on the spectrum of use.

Holland – He thinks the Committee is looking at information Finance put together based upon conversations.

The request under Article 10 would provide about \$12.1m. About 70% of the funding is toward construction subsidy of 135&137 Orange Street development for 20 to 30 rental units, which all count toward the SHI 10% requirement. Also, about 30% would go toward an opportunity to purchase property that lends itself to homeownership for year-round residents in a residential neighborhood; some but not all of these units will count toward SHI.

Welch – Suggested that as the Housing Office comes to CapCom in the future, they stick to one theme to make it easier to understand; we know there's a recurring commitment to be revisited at intervals over time.

3. Solid Waste

Discussion

Welch – We'd like to touch upon each request; only one has an out-year element.

Durovich – The highest priority is roof replacement for the MRF building, which is owned by the Town, so the Town is responsible for maintenance of the building and equipment.

Hussey – Asked how much was previously approved and why it wasn't used.

Durovich – That was \$468,000; there have been a lot of procurement challenges with the roof. Next, we have vehicles. We have staff using rejected vehicles; hoping to go electric and staying with Ford. Next is another upgrade in the restroom and breakroom for the MRF.

Hussey – Asked if this MRF request is because the new building has been put off and when it is planned.

Durovich – That new building is for the DPW and is separate to Solid Waste.

Welch – It seems as if we will be retaining ownership of these facilities; asked how those fit into the long-term plan and use of the facility if some of these are going to be outsourced off Island.

Durovich – Much of this has been underfunded for several years.

The Waste Options contract expires at the end of November 2025; we talked about what comes next. The Town wants to own all the facilities; the Construction and Demolition (C&D) building and composter are currently owned by Waste Options. She sees the Town purchasing those. In terms of operation moving off Island, we still need a place to receive recyclables.

Vieth – Asked what percentage of the trash can be composted.

Durovich – We receive about 12,000 tons of solid waste, 13,000 tons for yard waste; C&D is the largest fraction getting shipped off at about 8,000-9,000 tons.

Next is the Cat Walk; these are the platforms used by the public to access the dumpsters; this is for the concrete base and installation.

We are proposing moving The Sparks Rotary trailer to TIOLI for operations and staff facilities.

Next is TIOLI improvements: replace leaking roof and siding replacement.

Next is a new building for hard-to-manage waste; this is coming up with urgency because Department for Environmental Protection (DEP) voted in a new waste ban to go in effect in December 2022.

Hussey – Asked the type of building.

Durovich – A simple metal warehouse; we have \$600,000 placeholder. We don't have details yet. Probably couldn't be completed by November 2022 but it would get started.

Welch – Asked what size they need.

Durovich – That depends on conversations about the future of Solid Waste.

Welch – Asked if there is potential this would have plumbing or be solely for storage.

Durovich – It would be storage to get items out of the weather.

Welch – It sounds like this is a true placeholder.

Durovich – MRF sprinklers need to be replaced before inspectors fail the building.

The next two items are physical site security: new and replacement fencing and the front gate.

When we widened the access road, we need a new automatic gate.

There are numerous stormwater improvements needed across the site; we need to treat runoff from the paved composting pad so it doesn't go into the groundwater or Long Pond. It would probably go to the water-water treatment plant.

The sorting station is where we process plastics and tin/aluminum; the conveyer belts need to be replaced and need new ventilation.

The De-bagger is new; it tears off bags from delivered recyclables.

Welch – We have 3 outyear request that we'll hold off on. Suggested an omnibus approach to group these as high, medium and low; some are obvious low priority placeholders.

We will review these requests and form a recommendation.

4. Internal General Discussion

Vieth – Asked if we know what "some ownership opportunity" is. Housing has \$12m.

Holland – We can't get into the details of the acquisition for homeownership opportunity. These are monies critical to meeting the need and staying in Safe Harbor and to address Select Board priorities. We had to reallocate \$2m so these funds are needed to do what we need to get done. There is an error in his spreadsheet; one Article 10 is from 2021 and the other should read 2022; he'll correct that.

Welch – Asked what their per-bedroom cost is for finished and ready to rent; it seems to be \$250-\$280 per square foot.

Holland – Looking at 31 Fairgrounds construction and landscaping, it comes out to \$400,000 per unit; at roughly 2 bedrooms per unit, Mr. Welch's estimate is in the ballpark.

Welch – Asked if there is any discussion for Airport; their dollar number seems high.

Vieth – It's for very few people, and the Town could be on the hook to rent it.

Welch – They have Federal requirements no one else has; that's why he asked about the possibility of a lease-back program. It might be a way around the restrictions and provide the Town more housing.

Vieth – She feels that if they do that, they are forcing the Town to rent it.

Kaizer – Seems odd to force a project the doesn't impact operations.

Vieth – Asked if they can build commercial housing to rent out.

Sears – He doesn't have any further details on that.

Welch – It seems like it's not a big winner in respect to dollar amount.

IV. OTHER BUSINESS

1. Green Sheet/Committee Reports

a. None

2. Good of the Order

a. **Welch** – Asked that everyone complete their RORP's. He thinks he'll have to request an extension on the report.

Vieth – She's been keeping the Finance Committee Chair Denice Kronau abreast of CapCom discussions.

3. Date of the next meeting

a. Thursday, January 13, 2022 at 10:00 a.m.

Adjournment:

Motion **Motion to Adjourn at 11:30 am.** (made by: Vieth) (seconded)

Roll-call Vote Carried 4-0//Hussey, Vieth, Kronau, and Welch

Submitted by:

Terry L. Norton