



# 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, Denice Kronau, Peter Schaeffer

## MINUTES

**Monday, January 7, 2019**

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

Called to order at 4:04 p.m.

- Staff in attendance: Libby Gibson, Town Administrator; Brian Turbitt, Director of Finance; Alexandria Penta, Financial Analyst; Terry Norton, Town Minutes Taker
- Attending Members: Worth, Maury, Williams, Grause, Roche, Kronau, Schaeffer
- Absent Members: McEachern, Sanford
- Late Arrivals: None
- Early Departures: Kronau, 5:49 p.m.
- Documents used: Draft copy of December 13, 2018 minutes; 2019 Annual Town Meeting (ATM) citizen warrant articles; Guide to Citizen Warrant Articles; questionnaire on funding; written statement of Additional Information as to the Grant to Hallkeen Management for the Windows at Academy Hill from Ken Beaugrand to David Worth (attached)

### I. ANNOUNCEMENTS

1. None

### II. PUBLIC COMMENT

1. None

### III. ADOPTION OF MINUTES

1. December 13, 2018: Held by unanimous consent.

### IV. POTENTIAL FOR ADOPTION OF FINAL MOTIONS ON CITIZEN WARRANT ARTICLES FOR 2019 ATM

**Worth** – Sent out a note inviting the committee to indicate which articles we want to hear more about and he will work them into the schedule. Review of the warrant articles for which more information is needed. We had previously asked the sponsor of citizen articles provide funding source; his intent is to send a copy of a questionnaire on funding to all proponents asking them to flesh out the funding source. It would hopefully make people think more about their articles and how they would be funded.

**Williams** – Asked about availability of Town Counsel for sponsors of citizen articles and if he is available on Saturday.

**Gibson** – Town Counsel is available on different days at different hours but not on Saturday. There is a Guide to Citizen Warrant Articles available on line.

1. Article A (Appropriations – CPC) Ken Beaugrand

Discussion None

2. Article B (Bike Bylaw) Ian Golding

Discussion **Gibson** – She’s working on a staff report. Department of Public Works (DPW) director provided the estimated cost of \$100K plus for all the new signs. Town Counsel review called that out. She’s working on a report that might have recommendations for this.

**Worth** – Do we want to spend time on this; if so we’ll have Mr. Godling come back or wait for the Town recommendation.

**Kronau** – Wants to wait for town recommendations.

3. Article C (CPC Transfers) Ken Beaugrand

Discussion **Worth** – We have a letter from Mr. Beaugrand on new information on Academy Hill windows. Referred to letter from Mr. Beaugrand, which states no more CPC money will go to Hallkeen.

4. Article D (Zoning Map Change – Appleton Road) Arthur Reade

Discussion None

5. Article E (Zoning Map Change – Lovers Lane) Samuel Limperis

Discussion None

6. Article F (Zoning Map Change – Daffodil Lane) Sandra Palchanis

Discussion None

7. Article G (Height Limitations in Flood Zones) Arthur Reade

Discussion None

8. Article H (Ambulance Transport Fund/Behavioral Health Patients) Walter Wieners

Discussion **Grause** – It sounds like a real issue. In terms of how this isn't covered by insurance, he doesn't believe it's the responsibility of the Town.

**Gibson** – We haven't dug into this; although the Behavioral Health Task Force has said this isn't a town responsibility; if this were passed, the question becomes would similar programs become Town responsibilities. The article recommends \$100,000 for a year.

**Worth** – He came away with the feeling that they aren't organized at seeking out grants; they need to get more fundraising going. This is an emotional project that he thinks would get voted approval for funding.

**Kronau** – Hospital Social Services Department has doubled their request over the past year. Consensus doesn't need to hear anymore.

9. Article I (Sewer District Map – Hickory Meadow Lane) John Brescher

Discussion None

10. Article J (Sewer District Map – Polpis Road) John Brescher

Discussion None

11. Article K (Committee for Sensible Cannabis Policy) Robert Cole

Discussion **Worth** – Asked if the State law allows for someone to grow and sell.

**Gibson** – This would create yet another committee with agendas, minutes, rooms etc. Someone has to organize it all. Grower-sellers would have to meet State regulatory requirements.

**Steven L. Cohen**, Cohen & Cohen Law P.C. – The State has provisions for that but not a regulation; it is a placeholder with no implementation at the State level.

**Maury** – This would fall into the purview of one board or another.

12. Article L (Appropriation – Stop Signs at Bartlett/Surfside) Campbell Sutton

Discussion **Kronau** – There is a roundabout proposed for the intersection.

**Worth** – This is one person saying the residents don't want a roundabout.

**Maury** – Asked what would be the impact of passing this.

**Maury** – Asked if there is accident data available on the website. He wants more information on the ramifications.

**Gibson** – This is within Mike Burns' purview; she would have to get something from him. Consensus wants more information.

13. Article M (Stretch Energy Code) Tobias Glidden

Discussion Consensus wants more information.

**Tobias Glidden**, Sponsor – There was a conversation in 2012 about Nantucket becoming a Green Community, a program through the State. Since 2012, the State has laid out about \$85M to communities for renewable energy and efficiency programs. This is an opportunity to receive more funding for energy projects. One element of five criteria to qualify is Town Meeting Vote to adopt the Code. Reviewed what the Stretch Energy Code would require. This conversation has been going on for a while across Massachusetts; 210 other communities have adopted the Stretch Code.

**Maury** – The more onerous part of this is renovation of historic homes up to meet the Stretch Code; a lot of people already build to that level.

**Glidden** – He will be meeting with the Builders Association Wednesday January 9, 2019; and should be better able to answer some questions after that.

**Maury** – If we qualify as a Green Community, asked what the Town would get for it.

**Glidden** – State monies to support sustainable energy efforts.

**Maury** – The goal is laudable but doesn't know what the benefit is. He doesn't understand the source of the State funding.

**Schaeffer** – Asked what the criteria for being approved for the grant is.

**Glidden** – He'll get that information.

**Williams** – If everyone gets an electric car, now we have to get a third cable so they can charge their cars.

**Glidden** – That is a valid concern and hard to answer without a baseline study.

**Grause** – Asked what is Lauren Sinatra's response to this.

**Glidden** – He has been working with her on this. She could attend a meeting at a later date to explain her side of this.

14. Article N (Appropriation – Municipal Energy Study) Tobias Glidden

Discussion **Worth** – Asked if there is something to be gained by the study that we don't already know.

**Maury** – The way it's written is confusing.

Consensus wants more information.

**Tobias Glidden, Sponsor** – This meets the second of five criteria. The Town needs a baseline study on how much the municipality spends island wide of energy. He drafted the article to include applying for up to \$100,000 grant for that study.

**Williams** – It seems like we have a lot of these program already going.

**Gibson** – The Town is supposed to reduce energy usage by 20% over five years and we don't have the personnel to track that. The Town energy office has done much; this is another aspect.

**Glidden** – This is focused on the municipal side. There are many different organizations interested in seeing Nantucket moving forward.

15. Article O (Appropriation – \$30M for Affordable Housing) Tobias Glidden

Discussion Consensus wants more information.

**Tobias Glidden, Sponsor** – If housing is a priority for the community and we want to control our growth, we need to either meet Safe Harbor or 10% affordability on the SHI list. Over the last year, the Tipping Point movement started a discussion on over development and zoning for affordable housing developments impacting certain areas of the Island. The idea is to purchase property across the Island and put on the SHI list; it would be made available through a lottery process. 24 units per year would get the Island on Safe Harbor; the \$30M allows for the purchase of 24 properties.

**Kronau** – Asked if the Town would become a landlord.

**Glidden** – The Town would take part in purchasing the property then allow the Select Board in conjunction with AFHT to designate a property manager; cited Academy Hill as an example.

**Schaeffer** – Asked who would be responsible for paying for repairs and improvements.

**Glidden** – Improvements would be funded through rent or the management company. We have identified possible properties.

**Brian Sullivan, Broker & AHTF** – He provided Mr. Glidden information on under-\$1M sales over the last 12 months. Today there are not currently 21 properties available.

**Glidden** – This would create a permanent affordable line of housing.

**Tucker Holland, Housing Specialist** – There are presently 22 units being added; these units have been created over the last three years.

**Glidden** – The short-term goal is to meet Safe Harbor. Long term, it allows the Town to meet the 10% affordability.

**Worth** – He's hoping there's another part to this to meet Safe Harbor.

**Sullivan** – Several efforts are in place: Richmond Development, 6 Fairgrounds Road, and other individual units that Affordable Housing Trust Fund (AHTF) is working on. We wouldn't be looking at purchasing 24 a year; this would be supplemental to on-going efforts.

**Kronau** – Asked how long the properties Mr. Sullivan referred to were on the market.

**Sullivan** – He didn't look at the metrics. That price point is very fast moving: 3 months or less.

**Holland** – Approval for the LAU application for Richmond is on the Select Board January 9 agenda. It takes about four weeks to process that; following acceptance we would have two years Safe Harbor. This article is partially in reaction to unfriendly 40B projects.

Further discussion about target properties and managing for the properties versus 40B developments.

Discussion also about properties that can have secondary or tertiary structures.

Schaeffer – Asked about ensuring the properties continue to be rented to qualified people.

**Holland** – The hope is that in scattered site, you can do ¼ at 80% and offer others at other income levels.

**Roche** – Asked at what point do the Richmond Development units enter the SHI list.

**Holland** – They have to pull their building permit for their units to count.

**Sullivan** – Explained the timing for balancing up-coming units and existing units.

**Grause** – Asked if all these properties would be deed restricted.

**Glidden** – Definitely; there's an opportunity for a minimum of 15 years to qualify for the SHI list, which can be re-upped.

**Grause** – Asked for a quantification of the tax payer subsidy for these. The Town will own property making sub-market rent and might have to come up with more money.

**Worth** – One thing we need are the financial projections.

**Maury** – Suggested the Town could subsidize a management company purchasing a property for affordable rental. The Town would then have no financial responsibility.

**Holland** – The old fire station property could support 36 affordable rental units.

**Williams** – His opinion of the State is they aren't serious or they would be here. He thinks if they did come to the Island, we could get a number of houses already being lived in on the SHI list.

**Holland** – He has been trying to get senators and representatives here to talk about this. There are things that might happen “around the edges” to look at how seasonal communities like us could handle affordable housing. We are within striking distance of the 10% unless we change the fundamental requirement for the 10%.

**Brook Mohr**, Vice Chair AHTF – No one can stop the Town from buying an existing home and restricting it to affordable. More houses on a lot makes them cheaper; but the community is not happy with the 40B law and the dense developments.

**Worth** – He sees this as a massive shift from private entities developing affordable housing to the Town becoming a landlord. Asked what more the commissioners want from Mr. Glidden.

**Maury** – He wants to see a pro-forma of on-going cost maintenance projections going out 3 to 10 years.

**Grause** – He agrees with Mr. Maury. He'd like to see the change in market value.

**Worth** – You've got 5.5% cap rate on greatly reduced rent. He'd like to hear that kind of discussion on Town Meeting floor. He wants to see information on how the properties would be managed. This will be discussed again before the end of the month; asked that the proponents do the work so no more questions need to be asked.

16. Article P (Zoning Bylaw Amendment – Solar Energy Overlay District) Tobias Glidden

Discussion Consensus wants more information.

**Tobias Glidden**, Sponsor –This would meet the third of the five criteria for a Green Community and solely include “The Dump.”

17. Article Q (Zoning Bylaw Amendment – Swimming Pools) Frederick McClure

Discussion None

18. Article R (Feasibility Study, Creation of Residential Rental Registration) Judith Wagner

Discussion **Maury** – There is a component of the new law that allows municipalities to adjust as needed. Doesn't know the proposed make up of the study committee, which was vague; someone from FinCom should be on it.

**Gibson** – Town Administration would put the committee together; this is yet another committee that needs to be posted, minutes, rooms; we don't have staff to take on research et al. Much depends on the State rental bill; so not sure we would need a working group.

**Tucker Holland**, Housing Specialist – With the tax bill now passed, a good portion would be required in the STR legislation.

19. Article S (Complaints Committee) Theresa Williams

Discussion **Williams** – Asked if the government study committee could comment on this.

**Kronau** – The rationale behind this is potential that the Town is overwhelmed and understaffed.

20. Article T (Zoning Bylaw Amendment – Definition of Tent) Steven Cohen

21. Article U (Zoning Bylaw Amendment – Definition of Ground Cover) Steven Cohen

22. Article V (Zoning Bylaw Amendment – Definition of Structure) Steven Cohen

23. Article W (Zoning Bylaw Amendment – Definition of Front Yard) Steven Cohen

24. Article X (Zoning Bylaw Amendment – Rear Lot Subdivision) Steven Cohen

25. Article Y (Zoning Bylaw Amendment – Covenant Program) Steven Cohen

26. Article Z (Zoning Bylaw Amendment – Definition of Marijuana Establishment) Steven Cohen

27. Article AA (Zoning Bylaw Amendment– Definition of Marijuana Establishment) Steven Cohen

28. Article BB (Authorization of Lease) Steven Cohen

29. Article CC (Real Estate Acquisition – Washington Avenue) Steven Cohen

30. Article DD (Real Estate Conveyance – Washington Avenue) Steven Cohen

31. Article EE (Sense of the Meeting – Whales) Tobias Glidden

Discussion No discussion on Items 20-31.

## V. COMMITTEE REPORTS AND OTHER BUSINESS

None

## VI. NEXT MEETING DATE/ADJOURNMENT

Date: Tuesday, January 8, 2019; 4:00 p.m.; 4 Fairgrounds Road, Community Room

Topic: Votes on the citizen article that need no further information: A, C, K, L, R, S.

Motion to Adjourn at 6:03 p.m. accepted by unanimous consent.

Submitted by:

Terry L. Norton

To : David Worth as Chair of the Nantucket Finance Committee

Additional information as to the grant to HallKeen Management for the windows at Academy Hill

In 2016, for fiscal year 2017, the CPC awarded HallKeen Management \$64,000 for the first phase of the restoration of the windows at Academy Hill. The total amount of the award has been expended and HallKeen reimbursed.

In 2017, for fiscal year 2018, the CPC awarded HallKeen Management \$93,000 for the second phase of the restoration of the windows at Academy Hill. The total amount of that award has been expended and HallKeen reimbursed.

In 2018, for fiscal year 2019, the CPC awarded HallKeen Management \$200,000 for the next phase of the restoration of the windows at Academy Hill. \$60,000 of that amount has been expended and that amount has been reimbursed to HallKeen .

On April 30, 2018 the Town entered into an Amended and Restated Ground Lease for Academy Hill, which states in relevant part in 5.2(c) as follows:

“Town agrees to cooperate with Tenant and use reasonable efforts to support the Tenant’s application for a grant from the Community Preservation Committee to obtain additional funds in the approximate amount of (\$485,966.00) to be used for historic window restoration of the project in its entirety, subject to the approval by Town Meeting of the grant of such funds”

At their presentation to the CPC at the hearings this year, HallKeen Management reported that they had found a major off island contractor in historic preservation that was able to do the work for the third grant at cost significantly less than the price for the early work done with local contractors. As a result their estimate to complete the work for the rest of the restoration of the windows was now only \$80,500.

Considering that the Town had agreed to support the work on the restoration of the windows to the amount of \$485,966, when we then added the amount of the funds previously approved to the new request for \$80,500 we found that the total of the request from HallKeen for the restoration of the windows, once this new award was granted, totaled \$437,000 or \$48,966 less than the amount that the Town had committed to support.

I trust that this more complete examination of the history of the grants answers the questions of the appropriateness of the award by the CPC to HallKeen Management to complete the restoration of the historic windows at Academy Hill for fiscal year 2020 in the amount of \$80,500.

Respectfully submitted on behalf of the CPC, Ken Beaugrand, Chair, December 31, 2018