



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 28, 2019

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

Called to order at 4:02 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: None

Documents used: Draft Town Warrant, Citizen Warrant Articles; Stretch Energy Code one-sheet

I. ANNOUNCEMENTS AND PUBLIC ANNOUNCEMENTS

1. See item IV. 3.

II. PUBLIC COMMENT

1. None

III. DISCUSSION OF DRAFT 2019 ANNUAL TOWN MEETING WARRANT

Gibson – The Select Board has discussed the warrant and will discuss it again January 30. Reviewed the articles in the draft Warrant.

1. Article 1(Receipt of Reports)
2. Article 2 (Appropriation: Unpaid Bills)
3. Article 3 (Appropriation: Prior Year Articles)
4. Article 4 (Revolving Accounts: Spending Limits for FY2020)
5. Article 5 (Appropriation: Reserve Fund)
6. Article 6 (Fiscal Year 2019 General Fund Budget Transfers)
7. Article 7 (Personnel Compensation Plans for FY2020)
8. Article 8 (Appropriation: FY2020 General Fund Operating Budget)
9. Article 9 (Appropriation: Health and Human Services)
10. Article 10 (Appropriation: General Fund Capital Expenditures)
11. Article 11 (Appropriation: Operations Old South Road/Fairgrounds Road Intersection Area and Newtown Road Transportation Improvements)
12. Article 12 (Appropriation: Milestone Road Improvements and Milestone Road Improvements – Local Support)
13. Article 13 (Appropriation: Town Pier)
14. Article 14 (Appropriation: Landfill Closure Costs)
15. Article 15 (Appropriation: Public Safety Facility Auxiliary Building)
16. Article 16 (Appropriation: In-Town (Orange Street) Bike Path)
17. Article 17 (Appropriation: Surfside Area Road Reconstruction)
18. Article 18 (Appropriation: Acquisition of Property at 1 Millers Lane)
19. Article 19 (Appropriation: Fiscal Year 2020 Enterprise Funds Operations)
20. Article 20 (Appropriation: Enterprise Funds Capital Expenditures)

21. Article 21 (Enterprise Funds: Fiscal Year 2019 Budget Transfers)
 22. Article 22 (Appropriation: Waterways Improvement Fund)
 23. Article 23 (Appropriation: Ambulance Reserve Fund)
 24. Article 24 (Appropriation: Ferry Embarkation Fee)
 25. Article 25 (Appropriation: County Assessment)
 26. Article 26 (Appropriation: Finalizing Fiscal Year 2020 County Budget)
 27. Article 27 (Appropriation: Other Post-Employment Benefits Trust Fund)
 28. Article 28 (Appropriation: Affordable Housing Trust Fund)
 29. Article 29 (Appropriation: Special Purpose Stabilization Fund for Town Employee Accrued Liabilities)
 30. Article 30 (Bylaw Amendment: Finances)
 31. Article 31 (Appropriation: Fiscal Year 2020 Senior Work-off Program)
 32. Article 32 (Local Option Tax: Short-Term Rental and Room Occupancy Excise)
 33. Article 33 (Appropriation: FY2020 Community Preservation Committee)
 34. Article 34 (Community Preservation Committee: Fiscal Year 2020 Budget Transfers)
 35. Article 35 (Appropriation: Traffic & Pedestrian Safety Improvements) Campbell Sutton et al
 36. Article 36 (Appropriation: Health and Human Services – Ambulance Transport Fund) Walter Wieners et al
 37. Article 37 (Appropriation: Municipal Energy Study) Tobias Glidden et al
 38. Article 38 (Appropriation: Acquisition of Existing Properties for Affordable Housing) Tobias Glidden et al
- ZONING & BYLAW AMENDMENTS
39. Article 39 to Article 64
GENERAL BYLAW
 40. Article 65 (Bylaw Amendment: Committees)
 41. Article 66 (Bylaw Amendment: Council for Human Services)
 42. Article 67 (Bylaw Amendment: Noise)
 43. Article 68 (Bylaw Amendment: Underground Fuel Storage Tanks)
 44. Article 69 (Bylaw Amendment: Board of Sewer Commissioners/Siasconset Sewer District Map Changes)
- CITIZEN ARTICLES
45. Article 70 to Article 77
 46. Article 78 (Home Rule Petition: Town Charter - Select Board Amendment)
 47. Article 79 (Home Rule Petition: Merger of Nantucket Water Commission and Siasconset Water Commission)
 48. Article 80 (Home Rule Petition: Community Housing Bank Real Estate Transfer Fee)
 49. Article 81 (Home Rule Petition: Amending Special Act Authorizing Affordable Housing Covenants)
- REAL ESTATE
50. Article 82 to Article 86
 51. Article 87 (Appropriation: Stabilization Fund)
 52. Article 88 (Appropriation: Free Cash)

Worth – Heard there are “challenges” with the airport putting forth money.

Turbitt – He believes Mr. Worth is referring to Taxiway Echo and Security upgrade. There has been discussion about when they would be funded; they would be funded 90% by FAA with 5% from the State. The projects wouldn’t begin until we’ve heard from the state. The bill had been signed in Washington prior to Special Town Meeting; it’s a matter of which grants pay for them.

Worth – We are scheduled for a public hearing on the warrant on February 12. We will identify which articles we want more information prior to that meeting.

Williams – Asked if we have a total for all the overrides.

Turbitt – He has that and will get that to the committee members.

Grause – He’s curious about the capital budget impact on the tax rate and how we, the Town, will benefit from these projects.

Turbitt – For the high-profile projects, we will be having public outreach session as well as making the Capital Program Committee report available to the public.

Gibson – We have a series of outreach opportunities laid out as well as going to various association meetings.

Grause – He thinks most are a good idea but with the addition of Millers Lane, Capital outlay is \$130M.

Turbitt – The reality is most of the debt won't be borrowed for 2 or 3 years. The only one that would have to be borrowed would be the Miller's lane project; he would delay that as much as possible to minimize the impact. The tax rate is currently \$3.36 per thousand. We are right at 55% of amortizing our debt within the next 5 years.

Williams – He'd like to see a simple chart of that.

Worth – Asked if there are any projected sewer fee increases.

Turbitt – We are finalizing the review of the sewer rate modeling scenario. He believes there will be a change to the structure given the number of future projects. The Airport has been using retained earnings to minimize the amount of debt that goes on the books.

Worth – If the fees move, that is a possible burden on some rate payers.

Grause – If the Select Board decides not to take action on Town Manager and Finance recommendation to put the Solid Waste and OIH on the subsidy in the override, asked what will happen.

Turbitt – We made that recommendation for OIH and they followed that recommendation.

Maury – Asked what the Department of Revenue (DOR) rules are relative to money we would receive from short-term rentals.

Turbitt – DOR typical rule when setting tax-rate policy is that you can raise up to but not over the actual amount received for the entire previous year. Therefore, the tax cap for 2019 is set at \$3.6M. DOR is conservative when approving revenue from new legislature and do not allow a municipality to use that revenue in calculations when setting the tax rate until the second year. We posed to DOR that if we offered a reduction to 4% would they make us reduce what's going on the recap sheet from what was received in FY2019 in setting the FY2020 tax rate. They are still talking about it. Right now we project approximately \$3.4M.

Kronau – Asked if there is an estimation on the income from rentals.

Maury – About \$60M a year, that's from the brokers' transactions; then there is rentals by owners and Airbnb. Realtors and the Lodging Association and Chamber of Commerce would prefer the 4%.

IV. MOTIONS ON REMAINING CITIZEN WARRANT ARTICLES FOR 2019 ATM

1. Article 73 (Bylaw Amendment: Stretch Energy Code) Tobias Glidden

Discussion **Glidden** – There was a question about how Island builders view this article. He met with the Builders Association; they are on-board and okay with this. He and Lauren Sinatra put together a "one-sheet" (passed out at the table). Pre-existing buildings or renovations and repairs are exempt from the Stretch Code. The cost of meeting the code is projected to be between \$1500 to \$3000 for residences. That goes beyond long-term savings in energy costs.

Worth – Asked the purpose of the rating system if builders are already building to this level.

Glidden – It provides flexibility to quantify savings during the design of the home.

Worth – Asked if a building code change is being adopted with this; all buildings would have to be rated whether the owner wants it or not.

Glidden – Yes. The builders are already using raters to get financial incentives; they get funds back from the State when they meet the energy standards.

Grause – Asked the difference between the current building code and the stretch code.

Glidden – It isn't a dramatic change; it is another way to build the home and better meet the energy code. Walked through the rating process from the design phase to final inspection. It's also extra assurance that the home was built correctly.

Williams – His concern is what happens if a homeowner can't reach the rating; they could end up constantly replacing windows just to meet this new code.

2. Article 63 (Zoning Bylaw Amendment: Solar Energy Overlay District) Tobias Glidden

Discussion **Glidden** – The Planning Board voted unanimously to support this article. The last piece is the \$100,000 to do an Island-wide survey in order to meet the State’s Green Community requirements.

Worth – We voted not to support the \$100,000 due to everything else going on. If a committee member wants to bring it back up, we can discuss it again. A number of citizen articles are also asking for money; our thinking was there are other ways to get that work done.

Glidden – Looking at two years of electrical use, we could save over \$135,000.

Maury – We don’t need to be a Green Community to save money. We don’t need to spend the money when the Town knows what steps we have to take to reduce our energy consumption.

Roche – It was mentioned that being a Green Community allows us to get reimbursed by State grants; she understood that FinCom voted against the \$100,000 because we figured the grant money would already be gone.

Sinatra – Explained the survey has to do with establishing an energy baseline and plan. She doesn’t have a facility plan to get that 20% reduction; that is the last requirement to become a Massachusetts Green Community. Green Community grant funding is replenished every year; she has no fear that money will run out.

Roche – Asked when the benefits kick in and how much could we get.

Sinatra – If this article is adopted at ATM, the town would also have to pass a fuel-efficient vehicle policy. The state opens applications in the fall; so we could have grant money by this time next year. She’s been monitoring the stretch code since 2012 and much has changed since then; the stretch is not as onerous as it used to be; for one, the Stretch Energy Code applies only to new construction. Pointed out that the highest energy users are Nantucket Public Schools and Wastewater Treatment; an energy facility plan would outline ways to reduce their consumption to bring the Town’s consumption down 20%.

Grause – He’s confused why we need an incremental \$100,000 to do this work when we have an energy coordinator.

Sinatra – In 2011, an Island-wide energy plan was created; it could now use some upgrading. She has a good idea of the Town’s baseline, but most towns have to hire a professional energy engineer to identify the points that would become parts of the plan. She doesn’t have the expertise to identify the problems. She noted that she doesn’t see the survey being more than \$10,000.

Williams – Our Wastewater facility is fairly new and should have been designed and efficiently built. 20% seems ambitious.

Sinatra – She thinks there is a lot of opportunity at the one facility.

Kronau – She stands by “no” to \$100,000; the \$10,000 could come out of the Town budget without going through a warrant article.

Schaeffer – Asked where the \$100,000 for the survey and plan came from.

Glidden – He reviewed the article with Town Counsel and wrote the article to state “up to \$100,000” which is how articles are commonly written. Read off a list of some of the Green Community grants and sums that have been awarded. Within the proposed Town budget is \$116,000 to remove old piling from near the Great Harbor Yacht Club; that could have been delayed in order to fund this program since they are not a safety hazard

Turbitt – That is an airport article coming out of their funding source; it would not have been available to fund this article.

Maury – The article asks for \$100,000 and Ms. Sinatra suggested \$5,000 to \$10,000; it could come out of the Town budget.

Motion (made by:) (seconded by:)

Vote Carried

3. Article 38 (Appropriation: Acquisition of Existing Properties for Affordable Housing) Tobias Glidden

Discussion **Brooke Mohr** – She got a text message that this housing article was being discussed; she came to see if there are any questions.

Gibson – She had an email from Mr. Glidden that he was going to bring up the \$30M for affordable housing.

Worth – He got an email that Mr. Glidden was NOT going to bring up the affordable housing article.

Roche – Asked if one article would replace another.

Mohr – The matter will be on the Select Board January 30 agenda, so it will be public record at that time. The Select Board has an option to do their own article that would include a ballot question for an override; or Mr. Glidden’s article could be recrafted. She expects the answer to that in a number of days. We’ve been trying very hard to have money available in order to respond quickly when properties come available.

Williams – In our motion, we can change an article.

Worth – A question was who would run point on the Select Board article, so we can get some guidance; Tucker Holland was identified. It might come up at our next meeting; he doesn’t want it to be too premature, so we are sitting here with more questions than answers.

Mohr – She would appreciate having enough time to produce a presentation that will answer all questions.

COMMITTEE REPORTS AND OTHER BUSINESS

1. None

NEXT MEETING DATE/ADJOURNMENT

Date: Monday, February 4, 2019; 4:00 p.m.; 4 Fairgrounds Road, Community Room

Motion to Adjourn at 5:24 p.m. accepted by unanimous consent.

Submitted by:

Terry L. Norton