



Town of Nantucket Finance Committee

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Committee Members: Denice Kronau (Chair), Stephen Maury (Vice-chair), Joseph T. Grause Jr., Peter McEachern, Joanna Roche, Peter Schaeffer, Chris Glowacki, Jill Vieth, George Harrington

MINUTES

Tuesday, April 14, 2020

This meeting was held via remote participation,

Pursuant to Governor Baker's March 12, 2020 Order Regarding Open Meeting Law

Called to order at 2:03 p.m.

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Alexandria Penta, Financial Analyst

Attending Members: Kronau, Maury, Grause, McEachern, Roche, Schaeffer, Glowacki, Vieth, Harrington

Absent Members:

Documents used: FY2020 Current General and Enterprise Fund Budgets; FY2021 Proposed General and Enterprise Fund Budgets

Speakers: Dawn Hill Holdgate, Select Board Chair

Motion to Adopt the Agenda. (made by: Grause) (seconded) adopted unanimously by roll-call vote.

I. ANNOUNCEMENTS

II. PUBLIC COMMENT

1. None

III. REVIEW WITH RESPECT TO COVID19 PANDEMIC COSTS/IMPACTS

1. FY 2020 Current General Fund and Enterprise Fund Budgets

Discussion **Turbitt** – Looking at FY2020 and finalize where everything will end up. General fund hit target bottom \$11.2m with no revenue deficit. The tax deadline was extended to June 1; that will impact receipts. Department of Revenue (DOR) doesn't look at not collecting taxes as a lack of revenue. We will be dealing with a timing issue on payment of property taxes and face about 10%-20% accounts receivable decrease at the end of FY2020. Expenditures are still on target; COVID19-related items will go into a special fund.

Mark Willet feels the Wannacomet and 'Sconset Water Companies will meet their budget.

Solid Waste might have some FY2020 issues and we'll see a 10%-15% decline in revenue; if we have less revenue; that means there is less delivery causing an off-set.

Our Island Home (OIH) revenue has been up; we are making sure the residents are safe so there is increased cost.

Sewer is being well managed, and we are seeing an increase in usage. Airport is the biggest unknown for the Town.

The Airport comm has done a preliminary FY2020 review to find ways to decrease the budget; he doesn't anticipate a deficit for FY2021.

Grause – Asked about the impact on real estate tax revenue if the summer starts slow or not at all.

Turbitt – In terms of FY2021, we're projecting a decrease of about 30% in the 5 largest categories of receipts and waiting for DOR guidance about handling decreases in local estimated receipts. The initial projection is a \$11.2m shortfall in revenue. He has identified what every additional 10% past the 30% will do.

Vieth – Asked if building permits were down for FY2020.

Turbitt – Building permits are pretty consistent to last year at \$1.1m.

Gibson – We are in a good position because of the way Mr. Turbitt has been budgeting.

Grause – In FY2020, asked if all COVID19 activities has resulted in a reduction or increase in Town costs.

Gibson – Town Employees are being paid; we probably have first responders and OIH employees getting a lot of overtime. There is probably an increase due to use of ZOOM. There is the potential to be reimbursed for some of this.

Turbitt – We are experiencing some increase; we are tracking all costs and will put in for reimbursement. We are running fine in relation to the payroll budget.

Glowacki – Asked if any social service gaps have been identified.

Gibson – Human Services director, Taylor Hilts has been on top of that. We are trying to get access to a number of state-level relief programs. Community Foundation has made funds available for families.

Hill Holdgate – One idea floated is stuff for which money has been appropriated like the \$20m for affordable housing; we're looking at if we want to reappropriate that for support relief.

Vieth – Working with the hospital on a grant for opioid addiction; even though it isn't COVID money, we believe we have a good chance of getting it.

2. FY 2021 Proposed General Fund and Enterprise Fund Budgets

Discussion

Turbitt – As stated, we started at a 30% reduction in the 5 largest receipt sources; some of this is dependent upon additional guidance from DOR. We sent out the list from Article 10 for items funded by free cash. Had a discussion with Mr. Willet with a follow up and a discussion with David Gray, Sewer Manager, about what changes they might face. OIH is going to create challenges, but we might be able to project an increase in patient revenue. The airport is working on their budget; it could be an issue that requires discussion in the Town to help them face challenges.

He has suggested that for FY2021 we eliminate all free cash funding on capital projects and create a budget on how to use it to close potential gaps. If we were ever to enter into a catastrophic event, the first step would be to deploy free cash so doesn't think rating agencies will look at this unfavorably. All departments are in the process of prioritizing their capital projects so that if not all the free cash is need some of those projects could be completed. We're also looking at any residual funds from current projects being reallocated to those projects.

Harrington – Asked if there are any areas where the levy could be increased to alleviate the funding.

Turbitt – We could consider raising the user charges for an enterprise fund. In the General fund there are three sources of revenue; state aid is a concern for schools. Explained how he projected the possible losses from drops in room-tax revenue. The only other option in the General Fund is to raise the tax levy and we already have a levy increase on the ballot.

Maury – Asked for an explanation on the baseline occupancy tax.

Turbitt – The 30% baseline brings us down \$2.8m in the budget for FY2021. He's projecting nothing from room tax for the 4th quarter of FY2020 because large events have been cancelled. There will be about a \$700,000 difference in the budget.

McEachern – Asked the magnitude of the 15% decrease.

Turbitt – About \$1.5m of accounts receivable wouldn't be on the books in FY2020. We could see a slight increase in the 1st quarter of FY2021.

McEachern – Most private companies have furloughed or laid off employees; asked about possible cutbacks on Town staffing.

Turbitt – The first step was to look at solutions that wouldn't degrade Town services

Gibson – We didn't expect this to go on as long as it has; we've kept track of forums. Town has stopped paying employees who are not working. Furlough and lay-off require collective bargaining. We do have a number of employees working remotely. Town Administration is working with all departments on a "back-to-work" plan. The plan would still require safety measures being put in place. We have entered into negotiations with Unions in anticipation of contracts expiring June 30, 2020. To get information out to employees, the Human Resources director has been doing a daily video and sending information out via email.

McEachern – Asked if there are any potential bills in the State Legislature that will help Nantucket.

Turbitt – The bill to extend the tax deadline would be the best. He is doing research into the Cares Act. The most help we can get is submitting costs to FEMA for reimbursement.

Gibson – Reviewed approaches being looked at: hiring seasonal employees later, having fewer programs, temporarily laying off or delaying some programs. Our primary goal is to get back to normal operations. We won't have a normal summer; it will take time to ramp back up for summer.

Schaeffer – Asked Mr. Maury about his view on the real estate industry's consensus of summer rental decreases.

Maury – He struggles with the concept of consensus in real estate. There seems to be a common approach that cancellation policies and leases are being upheld relative to possible travel restrictions. The current stay-at-home order could be extended beyond May 4; short-term rentals would also be closed to match that order. We have had no new leases since March, but we get inquiries every day. There is a demand and we could see people booking closer to their stay.

Schaeffer – Asked if the Chamber of Commerce has any thoughts regarding retail.

Gibson – The Town has an impact group with Chamber of Commerce members on it; we are looking to enlarging that group. The on-going discussion is about how to salvage something. We will be relying on State guidance to detail rules for hotels, motels, and rentals handling turnover.

Hill Holdgate – We are in a holding pattern in that regard. The Governor has a broader scope in Boston to figure out how to regulate reopening that industry, and that will be applicable to smaller operations. The Select Board will be taking up those issues hopefully starting at the next meeting.

Vieth – Asked if there has been talk about beach closures. It's a big driver for summer people.

Hill Holdgate – All internal discussion is that closing the beaches is the last thing we want to do. We hope we won't have to project anything that could make matters worse.

Kronau – Encouraged FinCom members to watch the Select Board and Board of Health meetings.

Gibson – Town Meeting has been rescheduled for May 30; another discussion is further rescheduling for either later in June with reduced articles or in the Fall. We will probably need some budget amendments either way.

Vieth – Asked when that decision will be made.

Gibson – We will wait a couple of weeks to see what happens with the Governor's stay-at-home order.

Kronau – No further questions.

Motion to Adjourn at 3:04 p.m. (made by: Maury) (seconded) Carried unanimously by roll-call vote.

Submitted by:

Terry L. Norton