

## Town of Nantucket



### December 8, 2008 Special Town Meeting I and II VOTER INFORMATION on WARRANT ARTICLES

#### *SPECIAL TOWN MEETING I*

##### *Articles 1 and 2*

See detailed informational handout from Wannacomet Water regarding these Articles.

##### *Article 3*

Seeks to complete funding for collective bargaining agreement with Our Island Home union. Funding is proposed to be transferred from existing funding source (**no new revenue is requested**). Article is on the warrant because the funding requires approval of Town Meeting. Town agreed with union that if there were to be a special town meeting prior to the annual, that a warrant article would be included.

##### *Article 4*

Seeks to fund first year of collective bargaining agreement with Laborer's union. Funding to come from the existing appropriation, approved at 2008 annual town meeting (**no new revenue is requested**). Article is on the warrant because the funding requires approval of Town Meeting. Town agreed with union that if there were to be a special town meeting prior to the annual, that a warrant article would be included.

##### *Article 5*

An agreement has not yet been reached with the Police union; therefore, there is no action to be taken on this Article; and the Finance Committee motion is simply not to adopt.

##### *Article 6*

Transfers between expense and salary line items require the approval of Town Meeting. Article seeks approval for transfers between line items, using existing funding sources (**no new revenue is requested**).

##### *Article 7*

Seeks to address a projected local revenue shortfall of \$1,000,000 for the current fiscal year (FY 2009) by utilizing existing funding from other areas (reduction in medical insurance appropriation) of the current General Fund budget. The shortfall results from a decline in

building permit, motor vehicle excise and Our Island Home revenue. **No new revenue is being requested.**

### ***Article 8***

There is a projected shortfall in the Solid Waste Enterprise Fund (SWEF) budget for FY 2009. This shortfall is primarily the result of: the state taking longer than expected to permit the new lined cell; and a significant decline in the tonnage of construction and demolition (C&D) waste being collected at the landfill. The four month delay in permitting the new lined cell caused the need to ship certain waste material off-island. These additional shipping costs were not budgeted. The decline in C&D waste collected at the landfill has also caused a decline in revenue generated at the landfill to support its operations.

**No new revenue is being requested** to address this current shortfall. This article requests the authority to reallocate existing funding in the current municipal budget to address the shortfall in the SWEF. The General Fund subsidizes the SWEF because revenue generated at the landfill is not sufficient to cover the costs of its operations. Twice, voters have approved an operating override specifically to pay for landfill operations. The Town is currently in discussions with the landfill operator to resolve long-standing SWEF budget issues.

***EXPLANATORY NOTE for ARTICLES 7 & 8:*** Due primarily to revenue declines, Articles 7 and 8 are necessary to balance the current fiscal 2009 municipal budget. These articles seek to reallocate funding within the current municipal budget, which requires approval of Town Meeting. Articles 7 and 8 do not increase the current budget, and **new revenue is not being requested** with these articles.

The Department of Revenue (DOR) will not certify the Town's tax rate without evidence of a balanced budget. The current fiscal 2009 budget is not balanced because of unanticipated declines in revenue. Until the Town's tax rate is certified by DOR, short-term borrowing will continue to be necessary to fund the operations of the Town and Schools. Unbudgeted costs associated with short-term borrowing are \$40,000 a month.

The funds requested for reallocation are the general funds that were approved by the 2008 Annual Town Meeting to fund health insurance costs for the Town, School, and Enterprise Fund employees. If approved, funds previously approved for employee health insurance costs will be used to address the revenue shortfalls in the current budget. Monthly employee health insurance costs will then be paid by using, or drawing down, the fund balance in the Health Insurance Trust Fund.

Approval of Article 7 and 8 will balance the overall fiscal 2009 municipal budget within existing funding already approved by Town Meeting.

If reallocating existing funding in the fiscal 2009 budget is not approved, then significant reductions to the Town and School's budgets will need to be made to balance the municipal budget. This will result in immediate cuts to Town and School programs, services, and personnel (please see the related presentation on the FY 2009 budget dated December 3, 2008, which is available with the other handouts on the way into the NHS Auditorium; and also on the Town's website [www.nantucket-ma.gov](http://www.nantucket-ma.gov)).

### ***Article 9***

Seeks to authorize the Board of Selectmen to convey the Town-owned portion of Muskeget Island to the Land Bank, as well as submittal of a Home Rule Petition as per the Commonwealth of Massachusetts Constitution which requires legislative approval whenever public conservation land is conveyed. No funding is involved with this Article.

### ***Article 10***

Seeks to authorize the Board of Selectmen to acquire an easement from the Nantucket Yacht Club by purchase, gift or eminent domain. Town Meeting's approval is only required for the eminent domain authority. As of printing, the Town and NYC were in the process of finalizing an agreement that would negate the need for this Article.

### ***Article 11***

Due to the need for further review and work to be done with this Article, it is being withdrawn with the intent that it be re-submitted for the 2009 Annual Town Meeting.

### ***Article 12***

The Commonwealth of Massachusetts, in 2007, mandated that all of its municipalities adopt excavation and trench safety bylaws or regulations by January 1, 2009. Since the Special Town Meeting warrant was adopted, that date has since changed to later in 2009; however, the motion is ready for consideration by Town Meeting. The bylaw that would be adopted by a "yes" vote, will enable the Town to establish and enforce safety standards regarding trenches, and designates certain town officials as enforcement and permitting agents.

## ***SPECIAL TOWN MEETING II***

### ***Articles 1 and 2***

These two companion articles seek to authorize the Board of Selectmen to acquire the privately owned property known as "Millie's Cottage" in Madaket, in exchange for a lease of Town-owned property in the immediate vicinity for a period of up to 12 years. A variety of conditions associated with the transaction are detailed in a separate Memorandum of Agreement document executed by the Board of Selectmen and the property owner in October, 2008.

***NOTE TO VOTERS REGARDING FY 2010 BUDGET:*** Budget development for FY 2010 is well underway. In general, expenses are growing faster than revenues. Closing that gap will require a combination of actions, including cuts in services, programs, personnel, and new revenue sources. Information regarding the various options under review may be found on the Town website at [www.nantucket-ma.gov](http://www.nantucket-ma.gov), or, please feel free to call the Town Administration office at 508-228-7255.

## ***GLOSSARY OF TERMS***

Collective Bargaining Agreement: Municipal employees in Massachusetts are typically covered by collective bargaining agreements, which are negotiated between the employer and employees represented by a union. The Town of Nantucket has 7 unions which cover 12 separate units. With the exception of school unions, the first year of funding of a collective bargaining agreement must be approved by Town Meeting.

Enterprise Fund: An enterprise fund is a separate fund from the General Fund, and allows for the total costs of a service to be recovered through user charges. Enterprise funds are intended to support the operations of a particular service. In Nantucket, the municipal budget has 5 enterprise funds: the Airport, Water Departments, Sewer, and Solid Waste. The only enterprise fund subsidized by the taxpayers is the Solid Waste Enterprise Fund.

General Fund: This fund consists of local property taxes, state revenue and local revenues, used to support municipal operations, which are primarily town services and the public school system. The General Fund is also used to pay debt service.

Health Insurance Trust Fund: The Town of Nantucket is self-insured for health insurance, which means bills associated with employee health care are paid directly to medical providers pursuant to an agreement with Blue Cross Blue Shield. The Health Insurance Trust Fund is a separate fund used to account for employee health benefits. Employer and employee health insurance payments are paid into the Fund, which is used to pay the costs related to employee health benefits. The Fund may only be used to pay health insurance costs.

Health Insurance Draw-down: The use of the fund balance in the Health Insurance Trust Fund to temporarily pay monthly health insurance costs for Town, School and Enterprise Fund employees. This allows general funds currently allocated to pay municipal health insurance costs to be reallocated to offset revenue shortfalls.

Due to lower than expected health care costs, and a one-time \$1.8 million refund in 2007, the Health Insurance Trust Fund has a sufficient balance to temporarily pay for monthly employee health benefits costs and maintain the necessary reserves in the trust fund.

Local Revenue: Locally-generated general fund revenues, other than real estate and personal property taxes. Examples include: motor vehicle excise, boat excise; investment income, room occupancy tax; licenses; permits; and charges for services.

Municipal Budget: The overall budget for the operations of the Town of Nantucket, which includes: Town; Schools; and Enterprise Funds (Airport, Solid Waste, Sewer, Wannacomet and Sconset Water).

The School and Town's operations are funded by general funds. Enterprise fund operations are funded by revenue generated from fees and charges assessed for services provided by the enterprise fund departments.

Nantucket Water Commission: a 3-member elected commission which oversees the functions of the Wannacomet Water Company, which is an enterprise fund of the Town of Nantucket.

Siasconset Water Commission: a 3-member elected commission which oversees the functions of the Siasconset Water Department, which is an enterprise fund of the Town of Nantucket.