Town and County of Nantucket
Board of Selectmen • County Commissioners

James R. Kelly, Chairman
Rick Atherton
Robert R. DeCosta
Matt Fee
Dawn E. Hill Holdgate

16 Broad Street
Nantucket, Massachusetts 02554

Telephone (508) 228-7255
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C. Elizabeth Gibson
Town & County Manager

AGENDA FOR THE MEETING OF THE
BOARD OF SELECTMEN
MAY 4, 2016 - 6:00 PM
PUBLIC SAFETY FACILITY COMMUNITY ROOM
4 FAIRGROUNDS ROAD
NANTUCKET, MASSACHUSETTS

I. CALL TO ORDER

II. BOARD ACCEPTANCE OF AGENDA

III. ANNOUNCEMENTS

1. The Board of Selectmen Meeting is Being Video/Audio Recorded.
2. Town of Nantucket Inducted into Commonwealth of Massachusetts CommBuys "Hall of Fame" at MassBuys Expo on April 28, 2016.
3. 2016 Committee/Board/Commission Vacancies.

*IV. PUBLIC COMMENT**

*V. NEW BUSINESS**

VI. APPROVAL OF MINUTES, WARRANTS AND PENDING CONTRACTS

1. Approval of Minutes of January 20, 2016 at 6:00 PM.
2. Approval of Payroll Warrants for Week Ending May 1, 2016.
3. Approval of Treasury Warrants for May 4, 2016.
4. Approval of Pending Contracts for May 4, 2016 - as Set Forth on the Spreadsheet Identified as Exhibit 1, Which Exhibit is Incorporated Herein by Reference.

VII. CONSENT ITEMS

1. Resignation Acceptance: Parks and Recreation Commission.
2. Gift Acceptances: Natural Resources Department; Our Island Home.

VIII. TOWN MANAGER'S REPORT

1. Energy Office Quarterly Update.

2. Director of Municipal Finance: Review of OpenGov Financial Transparency Software.

3. Review of Special Town Meeting Timeline.

4. Monthly Town Management Activities Report.

IX. SELECTMEN'S REPORTS/COMMENT

1. Discussion/Decision Regarding Location of New Our Island Home Facility.

2. Continued Discussion Regarding Board of Selectmen Strategic Planning Process.

3. Committee Reports.

X. ADJOURNMENT

**** Identified on Agenda Protocol Sheet***

Board of Selectmen Agenda Protocol:

- *Roberts Rules: The Board of Selectmen follows Roberts Rules of Order to govern its meetings as per the Town Code and Charter.*

- *Public Comment: For bringing matters of public interest to the attention of the Board. The Board welcomes concise statements on matters that are within the purview of the Board of Selectmen. At the Board's discretion, matters raised under Public Comment may be directed to Town Administration or may be placed on a future agenda, allowing all viewpoints to be represented before the Board takes action. Except in emergencies, the Board will not normally take any other action on Public Comment. Any personal remarks or interrogation or any matter that appears on the regular agenda are not appropriate for Public Comment.*

  Public Comment is not to be used to present charges or complaints against any specifically named individual, public or private; instead, all such charges or complaints should be presented in writing to the Town Manager who can then give notice and an opportunity to be heard to the named individual as per MGL Ch. 39, s 23B.

- *New Business: For topics not reasonably anticipated 48 hours in advance of the meeting.*

- *Public Participation: The Board welcomes valuable input from the public at appropriate times during the meeting with recognition by the Chair. For appropriate agenda items, the Chair will introduce the item and take public input. Individual Selectmen may have questions on the clarity of information presented. The Board will hear any staff input and then deliberate on a course of action.*

- *Selectmen Report and Comment: Individual Selectmen may have matters to bring to the attention of the Board. If the matter contemplates action by the Board, Selectmen will consult with the Chair and/or Town Manager in advance and provide any needed information by the Thursday before the meeting. Otherwise, except in emergencies, the Board will not normally take action on Selectmen Comment.*

EXHIBIT 1
AGREEMENTS TO BE EXECUTED BY TOWN MANAGER
UNLESS RESOLUTION OF DISAPPROVAL BY BOARD OF SELECTMEN
May 4, 2016

Type of Agreement/Description	Department	With	Amount	Other Information	Source of Funding
Memorandum of Understanding	Town Admin/Board of Selectmen	Nantucket Regional Transit Authority	$75,000	Agreement for Fast Ferry Connector service operation and parking from June 1, 2016 to September 5, 2016	Cape & Islands License Plate Fund; FY 2017 General Fund

From:	Heidi Bauer
To:	Erika Mooney
Subject:	FW: A Special Invitation for Hall of Fame Inductees
Date:	Wednesday, April 27, 2016 9:01:13 AM
Attachments:	image003.png image004.png image005.png image006.png image007.png image008.png

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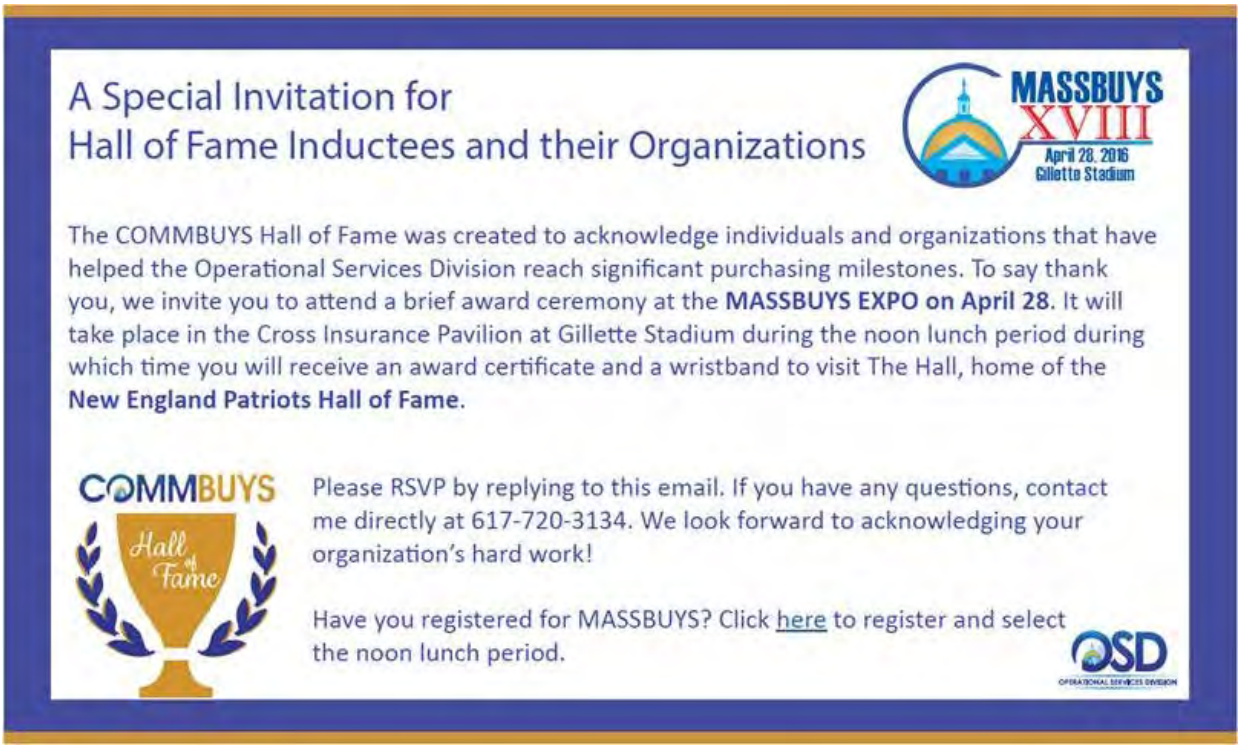
From: Stein, Miriam (OSD) [mailto:miriam.stein@state.ma.us]
Sent: Friday, March 11, 2016 9:34 AM
To: Heidi Bauer
Subject: A Special Invitation for Hall of Fame Inductees



Have you connected with the Operational Services Division on social media? Whether you're searching for the procurement schedule, want to sign up for a free training class, or hoping to find a COMMBUYS tip, our social media accounts can help you find what you're looking for!
Follow OSD on Twitter, LinkedIn, WordPress, YouTube, Flickr, and Instagram!

OPERATIONAL SERVICES DIVISION

Miriam L. Stein | Marketing and Communications Coordinator
Operational Services Division | One Ashburton Place, RM 1017
Boston, MA 02108 | 617-720-3134
|Miriam.Stein@state.ma.us|mass.gov/osd

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Committee Appointments 2016 Timeline
As of 4/28/2016

April 20 – Board of Selectmen review list of openings.

April 21 - Notify members of committees whose terms are expiring.

April 28; May 5, 12 and 19 – Advertise committee openings in newspaper and on Town's website; put on BOS agenda as announcement starting late-April.

May 20 – Deadline for submitting applications for committee openings that will be heard on May 25 to Town Administration office. This includes applications for:

- Agricultural Commission;
- Airport Commission;
- Board of Health;
- Capital Program Committee;
- Cemetery Commission;
- Conservation Commission;
- Contract Review Committee, Human Services;
- Council for Human Services;
- Council on Aging;
- Cultural Council;
- Finance Committee;
- Historic District Commission Associate; and
- Mosquito Control Commission.

May 25 – Public hearing for above listed committee applicants.

May 27 – Deadline for submitting applications for committee openings that will be heard June 1 to Town Administration office. This includes applications for:

- Nantucket Affordable Housing Trust;
- Nantucket Historical Commission;
- Nantucket Historical Commission Alternate;
- Parks and Recreation Commission;
- Planning Board Alternate;
- Roads and Right-of-Way Committee;
- Scholarship Committee;
- Town Government Study Committee;
- Tree Advisory Committee;
- Visitor Services Advisory Committee;
- Zoning Board of Appeals; and
- Zoning Board of Appeals Alternate.

June 1 – Public hearing for above listed committee applicants.

June 22 – Appoint new committee members.

2016 Committee Openings Information
As of 4/14/2016

Committee	# seats open	Term Expiration	Notes
Agricultural Commission	1	2017	vacant
Agricultural Commission	2	2019	1 vacant
Airport Commission	1	2019	
Board of Health	1	2019	
Capital Program Committee	1	2019	
Cemetery Commission	1	2019	
Conservation Commission	3	2019	
Contract Review Committee, Human Services	1	2019	
Council for Human Services	1	2017	vacant
Council for Human Services	1	2018	vacant
Council for Human Services	3	2019	
Council on Aging	3	2019	
Cultural Council	1	2017	vacant
Cultural Council	3	2019	1 vacant
Finance Committee	1	2018	vacant
Finance Committee	3	2019	
Historic District Commission Associate	1	2019	
Mosquito Control Commission	1	2021	5-year term
Nantucket Affordable Housing Trust	2	2018	2-year term; at-large
Nantucket Affordable Housing Trust	1	2018	2-year term; real estate agent/broker
Nantucket Historical Commission	2	2019	
Nantucket Historical Commission Alternate	1	2019	
Parks and Recreation Commission	1	2018	vacant
Parks and Recreation Commission	1	2019	
Planning Board Alternate	1	2019	
Roads and Right of Way Committee	3	2019	
Scholarship Committee	2	2019	
Town Government Study Committee	7	2017	
Tree Advisory Committee	2	2019	
Visitor Services Advisory Committee	3	2019	
Zoning Board of Appeals	1	2021	5-year term
Zoning Board of Appeals Alternate	1	2019	

2016 Committee Openings Information - appointments by Town Manager
As of 3/2/2016

Committee	# seats open	Term Expiration	Notes
ACNVT	1	2017	vacant
ACNVT	2	2018	2 vacant
ACNVT	5	2019	1 vacant
ACNVT	2		alternate seats
Commission on Disability	2	2019	1 vacant

2016 Committee Openings Information - appointments by Assessor

Committee	# seats open	Term Expiration	Notes
Abatement Advisory Committee	3	2017	

CONSENT AGENDA ITEMS FOR 05/04/16 SELECTMEN'S MEETING

1. Resignation Acceptance

Recommend the acceptance of resignation of Rich Turer from the Parks and Recreation Commission, with thanks for his service.

Recommended Motion: To accept Rich Turer's resignation from the Parks and Recreation Commission, with thanks for his service.

Town Administration will send a letter to Mr. Turer noting his resignation acceptance.

2. Gift Acceptances

Recommend the acceptance of the following gifts to Town agencies:

-- Natural Resources Dept: $10,000 from Nantucket Shellfish Association for Brant Point Shellfish Propagation Facility; $35,101 from Nantucket Land Council and Great Harbor Yacht Club for water quality.

-- Our Island Home: $50 from LiUNA Local 1060 for Our Island Home Gift Account

Recommended Motion: To accept all gifts for their designated purposes, with thanks to the donors

Town Administration will ensure that letters of thanks are sent.

Richard S. Turer
PO Box 491
Nantucket, MA 02554

RECEIVED
APR 27 2016
NANTUCKET TOWN ADMINISTRATION

April 25, 2016

Mr. Nash Strudwick
Chairman
Park & Recreation
Town of Nantucket
16 Broad Street
Nantucket, MA 02554

APR 27 2016 AM10:49

Dear Nash,

Please accept this letter as my formal resignation as a Nantucket Park & Recreation Commissioner effective April 29, 2016. Just last week I accepted a long-term consultancy project off-island beginning May, 2016. I regret the agreement with my client took longer than expected to finalize and apologize for not providing more notice to you, my fellow commissioners and to those who support the work of Park & Recreation on Nantucket.

Know that I plan to dial in to this week's meeting and will be happy to dedicate time to any and all existing issues as you direct. Of course and as always, feel free to call me at (813)-442-3667 or have David do so.

Nash, it has been my pleasure serving on the Park & Rec as commissioner. I regret that I was unable to contribute to "re-birthing" a new, Park & Recreation for Nantucket – but know that such a re-org remains in the best interest of residents and visitors alike. That said, I am proud of the progress we have made in working more collaboratively with the town. But there is so much more work to be done.

I have enjoyed contributing over the past two years. I will look to visit with you during my visits back to Nantucket this summer while visiting family and managing the Nantucket Whaler brand.

I wish you and all involved with Park &Recreation much success.

Sincerely,

Richard S. Turer
813-442-3667 (M)

TOWN OF NANTUCKET NATURAL RESOURCES DEPARTMENT

2 BATHING BEACH ROAD (508) 228-7230
NANTUCKET, MA 02554

Board of Selectmen
16 Broad Street
Nantucket, MA 02554

Dear Board Members,
On behalf of the Natural Resources Department we are requesting that the Board of Selectmen accept a gift of $10,000.00 from the Nantucket Shellfish Association and a gift of $35,101.00 from the Nantucket Land Council and the Great Harbor Yacht Club. These donations will be used for the Brant Point Shellfish Hatchery and Water Quality, respectively.

We will be in attendance at the upcoming meeting of the Board to answer any questions that you have in regards to this gift and program. Thank you for your attention to this matter.

Sincerely,

Jeff Carlson,
Town of Nantucket
Natural Resources Coordinator

OUR ISLAND HOME
9 East Creek Road
Nantucket, Massachusetts 02554
(508) 228-0462
FAX (508) 228-6875

April 14, 2016

Nantucket Board of Selectmen
Nantucket, MA. 02554

Dear Chairman Kelly,

I am writing to request that the Board accept the following gifts for Our Island Home:

- A check in the amount of $50.00 from LiUNA Local 1060 in memory of Alberta Sheehy.

All donations will go to the Our Island Home Gift Account and the funds will be used to assist in means to enrich the daily lives of our residents.

Thank you in advance for your acceptance.

Sincerely,

Rachel K Chretien, NH Administrator
Our Island Home

TOWN OF
NANTUCKET
ENERGY OFFICE

MEMORANDUM

TO: Libby Gibson, Town Manager

FROM: Lauren Sinatra, Energy Coordinator

RE: Update of Energy Office Activities: Third Quarter of FY2016

DATE: April 26, 2016

This memorandum provides a brief summary update of the ongoing activities of the Energy Office through the third quarter (Q3) of FY2016 (January 1, 2016 through March 31, 2016). The Energy Office will be prepared to discuss these items with the Board of Selectmen on May 6, 2016.

Announcements

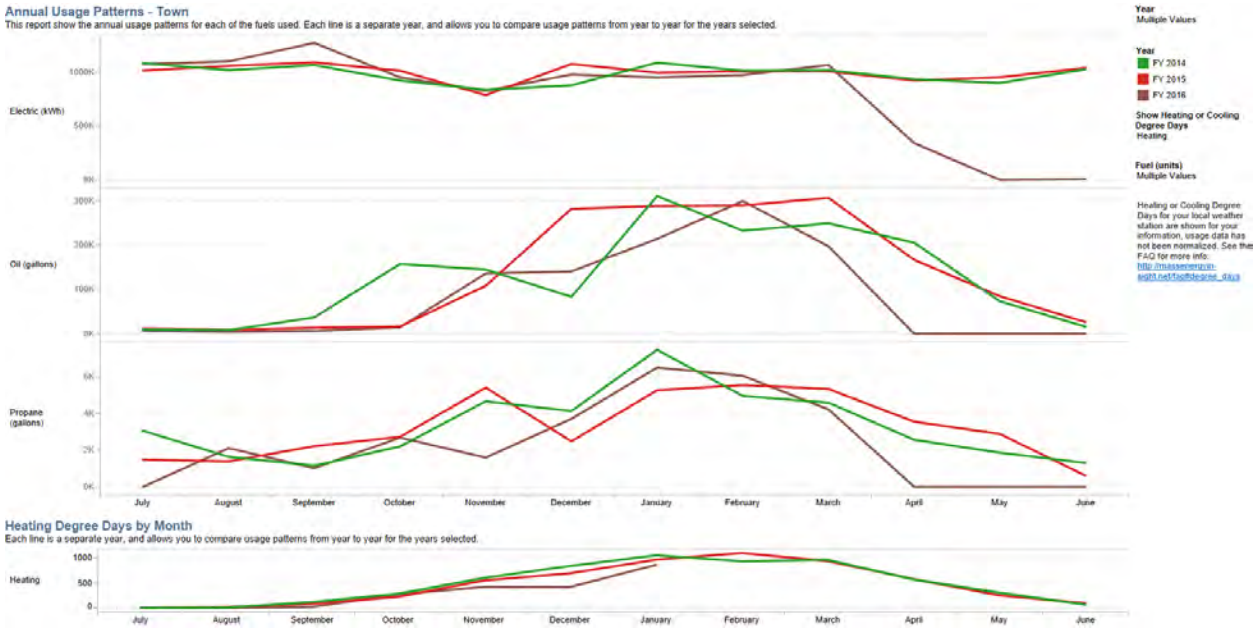
- ATM Articles approved on April 2, 2016 by unanimous vote (descriptions included in Appendix):
  - Article 90: Lease of Town Land (at Surfside Wastewater Plant) for Solar-PV Projects
  - Article 91: PILOT (payments in lieu of taxes) Agreements for Renewable Energy Facilities
  - Article 92: Net Metering Credit Purchase Agreement
  - Article 104: Municipal Electricity Aggregation
- National Grid residential electric rates drop from 13.129¢/kWh to 8.042¢/kWh on May 1, 2016 until October 31, 2016. This rate is 13% less than the rate charged in May 1-October 31, 2015 (9.257¢/kWh).
- BOEM Federal Offshore Wind Project Developers received a year-long extension to submit a Site Assessment Plan, originally due on April 1, 2016.
- National Grid has hired a Washington D.C. based non-profit company called Smart Power to help with a local energy awareness campaign (DemandLink Nantucket) to help "empower the Nantucket community" to defer the need for a 3rd undersea cable through more cost-effective and environmentally conscious alternatives. Smart Power has recently hired Nantucket resident Kim Horyn to manage their community outreach efforts; she will be present to introduce "DemandLink Nantucket."

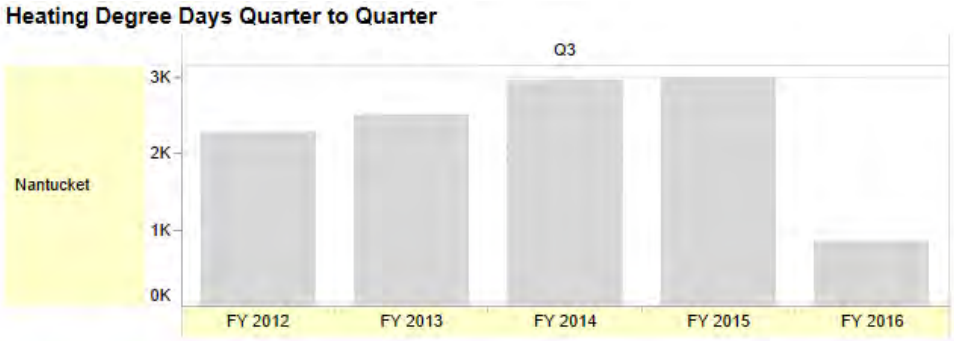
Municipal Facilities: Energy Efficiency and Conservation Efforts

1. Monitoring of Town energy consumption*

	Q3-FY2015	Q3-FY2016	Difference in Use	Difference in Cost
Electricity, kWh	3,003,981 kWh	2,936,281 kWh	**-2.25%**	**-5%**
Heating oil, gallons	98,092 gallons	78,826 gallons	**-20%**	**-47%**
Propane, gallons	16,120 gallons	16,749 gallons	**+4%**	**-19%**

*Source: MassEnergy Insight data totals as of **March 31, 2016**, based upon National Grid data (automatically updated in software on a monthly basis), and quarterly delivery records supplied by Yates Gas and Harbor Fuel (input manually by Energy Coordinator).

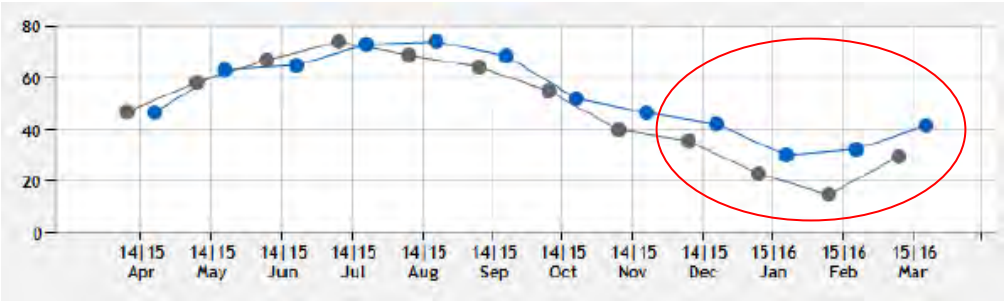




Temperatures:

Current year

Previous year



Notable trends: There were above average temperatures in Nantucket during the months of December through March 2016. Electric usage decreased 2.25% and Heating Oil usage decreased 20% in Q3 of FY2016 vs. Q3 FY2015, as there were significantly less "Heating Degree Days" (70%) this year vs. last year. As a result, it would be assumed that certain municipal buildings should have lower loads attributable to decreased heating costs:

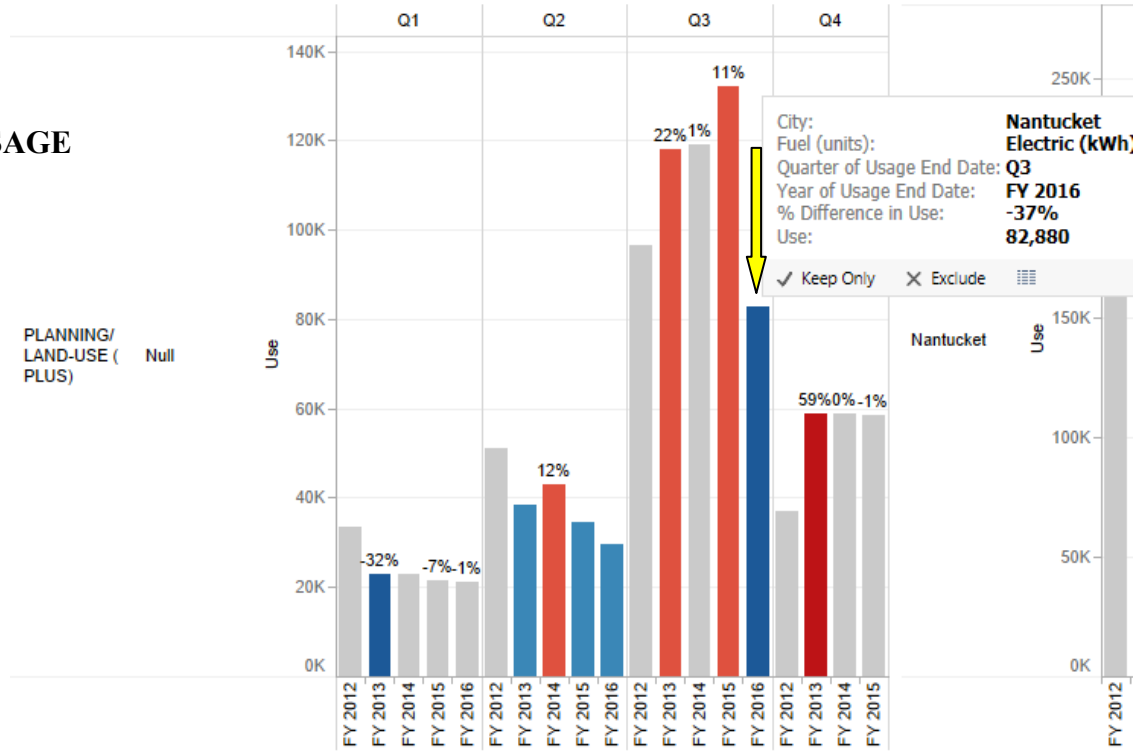
- **Our Island Home**: 6% decrease in electricity; 20% reduction in oil; 13% reduction in propane
- **Landfill C&D building**: 23% decrease in electricity
- **Surfside Wastewater Treatment Plant**: 6% decrease in electricity; 22% reduction in oil
- **Composting Facility:** 9% increase in electricity
- **Landfill MRF**: 17% decrease in electricity
- **Finance Building 37 Washington Street**: 32% decrease in electricity
- **Nantucket High School**: 6% increase in electricity; 18% reduction in oil; 127% increase in propane
- **Nantucket Elementary School:** 8% increase in electricity; 1% reduction in oil
- **Nantucket Fire Station:** 26% increase in electricity; 50% decrease in oil
- **Town Hall Complex:** 3% decrease in electricity; 3% increase in oil
- **Airport Terminal:** 1% decrease in electricity; 22% decrease in propane
- **Public Safety Facility:** 0% difference in electricity; 153% increase in propane

2. Energy assessments and energy efficiency upgrades at Municipal facilities

The Energy Office continues to encourage and offer support for the implementation of several energy saving (incentivized) measures and upgrades at:

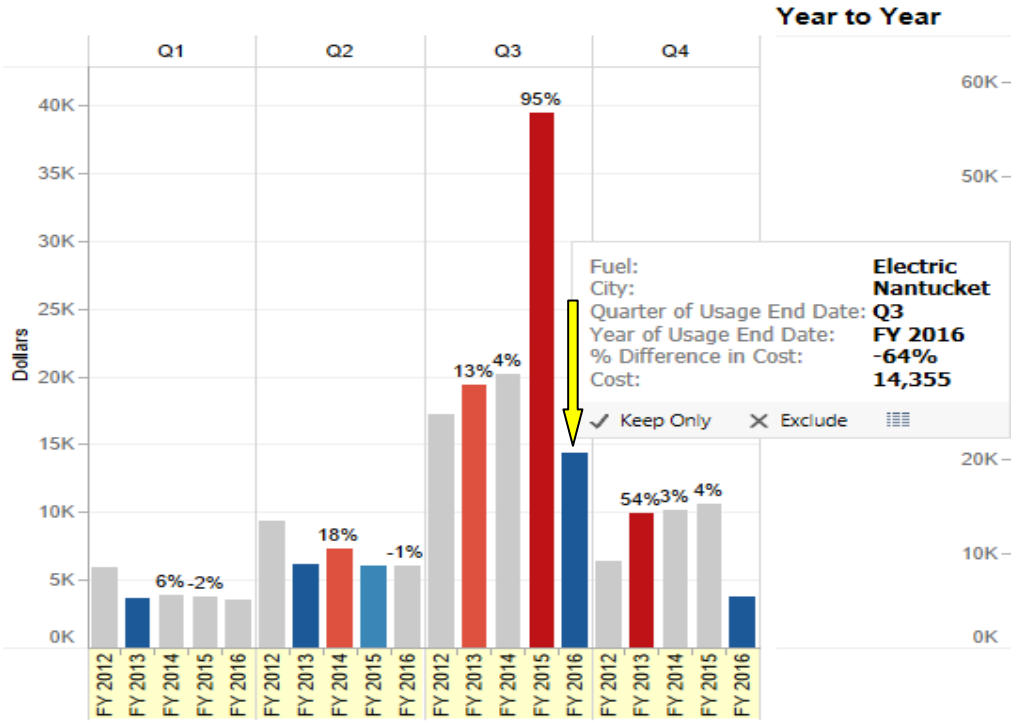
- **Planning and Land Use Services Building** (2 Fairgrounds Road)
  - Installation of wifi thermostats was completed at the all-electric facility on 12/22/15
  - Energy Coordinator actively manages thermostat set-points and calendar schedule
  - Electricity usage in Q3 FY12016 is **37% less** than in Q3 of FY2015; the electricity cost is **64% less (-$25,049)**

USAGE



PLUS Building at 2 Fairgrounds Road

COST



PLUS Building at 2 Fairgrounds Road

- **Shellfish Propagation Facility:** Helped the Natural Resources department to secure **$4,630**, or 55% of the equipment cost for new, high-efficiency LED algae grow lights.
- **Surfside Wastewater Treatment Plant:** Arranged for follow-up site assessment by Northern Energy Services on April 12th, with updated proposals for the Sludge Blower, Draft pumps, Aeration Blower, and LEAP MBR upgrade projects due by the end of May.
- **Our Island Home**
    - Working with Northern Energy Services (lead vendor for National Grid) on a proposal to upgrade/install an Energy Management System/Temperature control system that would provide common area cooling (with full control), a thermostat in every guest room (fully controlled), a fully-functioning and controlled energy recovery unit (ERU) in the attic, and new boilers with indirect hot water heaters (all fully controlled). The upgrades are applicable for generous utility incentives.
    - Additionally, the Energy Office staff is proposing to apply for a ***solar hot water feasibility study grant*** for Our Island Home, offered through the Massachusetts Clean Energy Center. The grant will fund a $5,000 technical study, in exchange for a 2% cost share ($250) from the Town. If the study identifies that a solar hot water project is financially viable, the Town will be eligible for a second round of construction funding (up to 65% of total cost). A 2-3 year payback on the system is likely.
- **37 Washington & Harbor Master Building**
    - Working with the facility department to install programmable lighting controls to avoid exterior lights being powered on 24/7.
- **New Fire Station**
    - Helping to identify lighting and mechanical utility incentives and to evaluate renewable energy opportunities on southerly facing garage bay roof.

3. <u>Electric Vehicle Grant & Purchase</u>

On November 24, 2015 the Energy Office was awarded a $5,000 grant from the Massachusetts Department of Environmental Protection (MassDEP) to apply towards a purchase of a new, Plug-in Hybrid Electric Vehicle (PHEV) through the Massachusetts Electric Vehicle Incentive Program (MassEVIP).

The Energy Office helped select and acquire a 2016 Ford Fusion Energi on February 24, 2016, which is used primarily by the Director of Public Health for inspections

and administrative tasks. When necessary, the electric vehicle charges at the Town's electric vehicle charging station behind the Finance Building on 37 Washington Street.

According to the Director of Public Health: since the first charge, on February 24th, the vehicle has been driven for 221.3 miles, with 173.6 (79%) of those miles being driven as fully electric for a total of 84.8 kilowatt hours (~$17). The vehicle still has about 5/8 of its original tank of gasoline as received from the dealer. The vehicle's computer claims to be averaging 54.9 miles per gallon, which translates to a savings of about 3.16 gallons of gasoline and 62.0624 pounds of carbon dioxide emissions (19.64 lb of CO2/gallon/gas Source: EIA.gov).

4. Energy Efficient IT Settings

On January 15, 2016, the Energy Office worked with the Town IT Department to identify and implement a "Group Policy" to manage the energy consumption settings of all municipal staff computer monitors to do the following:

- After 5 minutes of no activity on a computer, the monitor brightness will be dimmed.
- After 10 minutes of no activity on a computer, the monitor will be put into a low energy mode (AKA Sleep Mode) – the screen will go black.
- The computer monitor will be restored to normal operating mode by moving the mouse.

While savings have not been quantifiable yet to date, Energy Star estimates savings of up to $100 per computer every year by activating power management on both the monitor and computers.

5. LED Streetlights and Streetlamps

The Energy Office continues to investigate the economic and logistical feasibility of converting the Town's nearly 200 decorative streetlamps to LED, which could result in decreased maintenance and electricity costs and increased public safety.

At the same time, the Energy Office has initiated discussions with National Grid about the potential for the company to convert their nearly 600 overhead pole streetlights to LED as part of the "Non-Wires Alternative" pilot project. The regular process for converting overhead streetlights to LED would first require the municipality to purchase the streetlights from the utility company (cost quoted as $95,470 in 2013) and to then take over full maintenance responsibilities in exchange for a lower electric rate. Due to the Town's strong preference for National Grid to continue to maintain the lights, there would be little likelihood for a LED streetlight conversion unless undertaken by the utility company.

Competitive Electric Supply Procurement

Rebidding Municipal Electric Supply

In the spring of 2012, the Town of Nantucket originally contracted with Titan Energy to facilitate a bid for the supply of electricity for all of the Town's municipal accounts, including those of Nantucket Public Schools,

Wannacommet Water Company, and the Nantucket Memorial Airport. The result of the process was a 24-month contract with Hess (now Direct Energy) and Liberty Power from December 2012 through December 2014. This contract performed very well against the utility and produced approximately $615,000.00 savings as compared to National Grid's standard supply service.

In 2014, the Town's Energy Office engaged Titan Energy to issue a new bid for electricity supply services and secured a 23-month contract with Liberty Power beginning in December 2014. Despite facing record-high wholesale prices and unprecedented supply costs from the utility, this contract has also performed well and has thus far produced $125,000.00 in savings as compared to National Grid's standard supply service. These calculations are on-going as the contract does not expire until November 2016.

In November of 2015, the Energy Office staff and Titan Energy reconvened to discuss the Town's options with regard to initiating the next round of electricity supply procurement in light of the recent decline in wholesale electricity prices. Titan Energy issued a formal RFP on February 8, 2016 and after a rigorous 3-week negotiation process, Town officials, with Titan's guidance, selected the 24-month term with NextEra Energy Services from a list of the seven most-qualified providers of electricity supply in Massachusetts, including the Massachusetts Municipal Association (MMA)'s MUNEnergy Program from Constellation Energy (requested as a direct bid by the Energy Office). It was decided that the 24-month term offered the best balance between cost savings and price security. The contract with NextEra Energy Services was signed on March 10, 2016 and becomes effective in December 2016. The contract details and expected performance against the current contract are outlined below:

Supplier	Term	Volume (kWh)	Current Price (kWh)	New Price (kWh)	Total Savings
NextEra	24-months	24,227,468	$0.10703	$0.08292	**$584,124.25**

Renewable Energy Initiatives

1. Municipal Solar-PV Development

The last several weeks have been both significant, yet regressive for the Town's continuing efforts to develop solar PV on Town land. While all of the Town's solar related articles passed at the 2016 annual Town meeting and Massachusetts solar legislation has both extended the SREC II incentive program and raised net-metering caps by 3% (although devaluing the net metering credits for non-municipal projects--including Community Solar-- by 40%), the news with the most consequence regards the sudden downfall of Sunedison, with whom the Energy Office and Airport staff had been working with on a solar airport proposal for over six months.

On April 21, 2016 Sunedison, the nation's largest solar developer, officially filed Chapter 11 bankruptcy after a "buying binge" of poor investments and underbidding and over-valuing projects (see article in appendix). As

there is no indication of whether PowerOptions will sponsor another solar procurement on behalf of their non-profit and municipal members, the Town and Airport commission must decide whether to dedicate time and resources into preparing an RFQ to select another solar vendor in order to continue the project forward. The biggest hurdle to developing solar at the airport site (and nearly all other municipal land parcels) remains the Massachusetts Endangered Species Act mitigation requirements, which for the airport project would result in an estimated $470,000 expense (assuming 2:1 ratio for 10 acres). With the airport project essentially now at square one, the Energy Office is re-evaluating all potential options for solar development now that ITC tax credit, net metering capacity, and SREC II have all been extended.

In the meantime, the Energy Office has engaged the National Grid solar development team in preliminary discussions about coordinating efforts to develop solar on Nantucket, one option for which might include having the Airport lease a site to National Grid to develop and manage their own solar facility, in accordance with the terms of a site lease. The next step is for the National Grid solar team to visit Nantucket in June to conduct preliminary solar site assessments.

2. Offshore Wind/ Inter-Island Planning Assessment

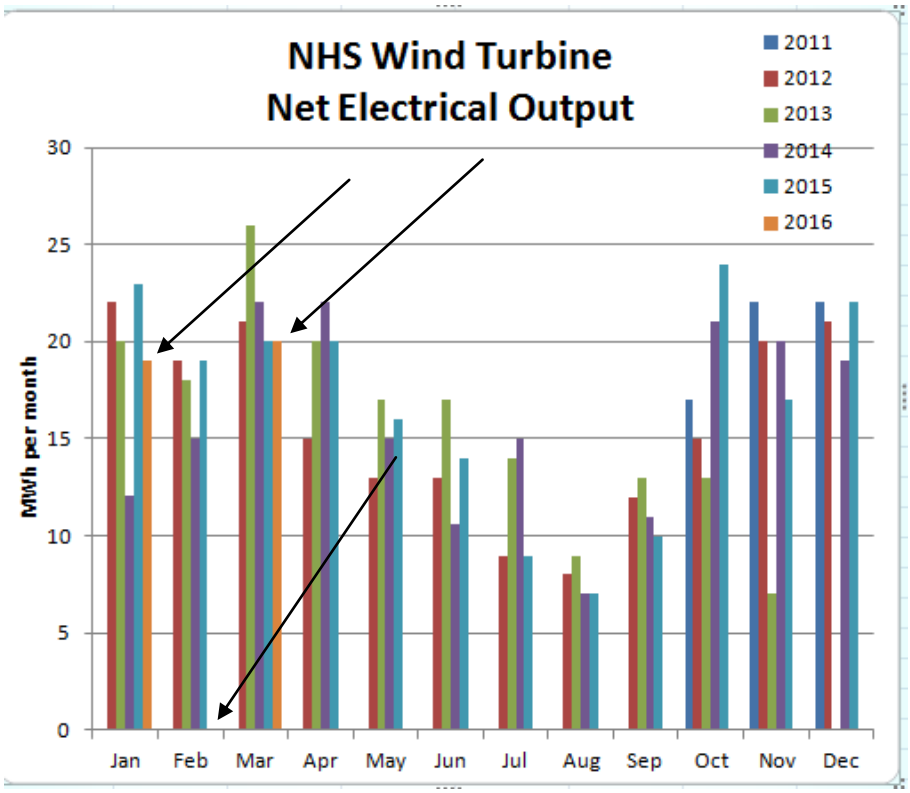
While DONG Energy and Offshore MW, the developers of the BOEM Federal Offshore Wind Project, have received a year-long extension to submit a Site Assessment Plan, originally due on April 1, 2016, the Energy Office is in the process of working with the Town of Edgartown and Vineyard Power to investigate the feasibility of an inter-island energy planning assessment, which could be funded by a Massachusetts Seaport Council grant.

The project being proposed would: conduct a master planning level analysis of energy resources on Nantucket and upgrades to the electricity infrastructure necessary to accommodate between 35 and 75 MW of renewable energy (including proposed offshore wind and tidal energy projects) to the system. In addition, the project would evaluate the potential for constructing an undersea cable to connect the islands of Nantucket and Martha's Vineyard to increase distribution reliability, resiliency, and flexibility. The Grant deadline is June 1, 2016 and will require letters of support from both public and private stakeholders on both islands.

3. Nantucket High School Wind Turbine update.

The 100kW wind turbine at Nantucket High School has generated 814MWh since it began operation in October of 2010. This equates to approximately $162,000 in avoided electricity costs and $46,607 in Class 1 Renewable Energy Certificate (REC) sales (facilitated by the Energy Office).

In Q3 of FY2016, the turbine only generated 39 megawatt hours (MWh), which is attributable to the turbine being out of operation for part of January and all of February.



Municipal Energy Policies

1. Home Energy Assessments as part of a Municipal Regulation to Control Air Pollution

The Energy Office staff continues to work with the Town's Public Health Director to investigate the feasibility of requiring, or incentivizing, homes on septic systems to receive a no-cost, Mass Save home energy assessment upon a property transfer or renovation. According to MGL Chapter 111, Section 31C, a Board of Health may enact regulations to control air pollution if the regulation serves to prevent:

1) Nuisance to members of the town
2) Danger to the public health of the town; or
3) Detriment to public comfort and convenience in the Town

There are several reasons why the Energy Office and Health Department believe that a municipal policy to help reduce island-wide energy consumption may comply with the aforementioned regulations. Nantucket's demand for electricity is growing more than five times the statewide average, with 78% of Nantucket's "peak load" being attributable to the residential sector. Through the Mass Save program, a residence would immediately be outfitted with instant saving measures (such as unlimited LED bulbs) and receive a customized report with recommendations on increasing energy efficiency for no-cost. Not only would this energy audit be

informational and helpful for new home buyers, but it would help decrease summertime peak demand, helping to defer the need for a costly 3rd cable.

Additionally, more efficient homes would:

- Use less electricity, propane and oil, resulting in less emissions and better air quality. Reduced consumption of liquid fuels will also result in less fuel deliveries barged to the island, which is a significant source of local air pollution.
- Help to reduce the need for back-up diesel generation during peak load events, which would cause a public nuisance and increased air pollution in the historic downtown district (National Grid's roll-on diesel generators would be connected to the Candle Street substation)
- Lessen unnecessarily high energy costs, especially for tenants who are often times at the mercy of landlords to initiate or install energy efficient services and equipment.

Perhaps even more important to preventing danger to public health is the fact that an energy assessment includes a **combustion safety test,** which ensures that appliances such as heating systems, hot water heaters and stoves are operating safely and efficiently, without an excessive buildup of carbon monoxide. Discussions about the feasibility of this policy are ongoing and subject to input by the Board of Selectmen, Town Administration, National Grid, Town Counsel, and the general public.

Community-Wide Energy Initiatives

1. Community Choice Aggregation (CCA)/Municipal Aggregation

The Town of Nantucket issued an RFP for municipal electric aggregation consulting services in October and received three proposals by the due date on December-18th from Colonial Power Group, Good Energy and Peregrine Energy Group—the three leading aggregation consultants in the Commonwealth.

A selection committee was formed, comprised of Town staff and two resident taxpayers with financial expertise, including: Heidi Bauer (Procurement Officer), Lauren Sinatra (Energy Coordinator), Noah Karberg (Airport Environmental Coordinator), Peter McEachern (Finance Committee), and Peter Kaizer, Jr. (Capital Programs Committee).

The evaluation committee reviewed the proposals during the week of January 4, 2016 and invited the top two bidders—Colonial Power Group and Peregrine Energy— to an interview on January 29th. The committee unanimously agreed that Peregrine Energy, who specializes in individual Town Aggregations, should be awarded the contract.

The Energy Office put forth article 104 at the 2016 Annual Town meeting, which was unanimously approved to initiate the development of a municipal aggregation. Since then, the Energy Office has worked closely with Peregrine Energy Group on a marketing and outreach campaign, and to draft a "Nantucket Aggregation Plan," for public comment (until May-7th) and review by the Massachusetts Department of Energy Resources (DOER).

It is the goal of the Town and its consultants to secure Department of Public Utility (DPU) approval for the "Nantucket Aggregation Plan" and to select and negotiate for a competitive supply plan by the fall of 2016 so that a municipal aggregation program can launch by February 2017. Updates will be posted to the Town's website: **http://nantucket-ma.gov/751/Municipal-Electricity-Aggregation.**

2. Mass Save Energy Efficiency Program: Residential & Business Energy Assessments

In 2016 to date, the Energy Office has worked with National Grid and Mass Save to publicize, schedule and arrange no-cost home energy assessments for 91 Nantucket households, which has resulted in the following no-cost measures:

- 4,690 LEDs installed
- 86 wifi programmable thermostats (+$200 value)
- 8 dehumidifiers (+$200 value)
- Hybrid electric Heat-pump Water Heaters ($3,000 value)
- 165 Powerstrips installed
- 148 Low-flow showerheads installed
- 22 Insulation contracts and 22 free Air Sealing contracts issued

- A goal of 450 residential audits has been set for 2016.
- The next scheduled residential energy assessment weeks will take place:
  - May 9-13, 2016
  - July 11-15, 2016
  - September 12-16, 2016

The Energy Office has also helped to coordinate business energy assessments for the VFW, Westmoor Club, Nantucket Ice Rink, Steamship Authority, Landmark House, and Coast Guard station. The next business/commercial energy audit week is May 16-19th.

Community Energy Education & Outreach Events

1. Local Contractor Energy Education Series

The Energy Office successfully collaborated with National Grid and the Nantucket Builders Association to coordinate and host three workshops on various energy topics, all of which were accredited for Construction Supervisor License continuing education credits:

- January 13, 2016: **"National Grid Presents: Electric Service Customer Fulfillment"**
- February 10, 2016: **"The Changing Energy Code (IECC2015) and the new Stretch Code"**
- March 9, 2016: **"Mass Save New Construction Program"**

Each workshop was very well attended by members of the Nantucket Builders Association and members of the public. The workshops were sponsored by National Grid as part of the "Non Wires Alternative" project as a means to increase contractor compliance with the changing energy codes.

2. Springfest

On April 23rd, Lauren Sinatra hosted an informational table and presented as a panelist at the first annual Springfest, an event hosted by the Nantucket Eco Group at the Cisco Sanctuary, which attracted approximately 200 attendees. Ms. Sinatra answered dozens of questions from residents and visitors about municipal aggregation, and other island energy efficiency and renewable energy projects.

3. Island Institute

On March 30th, the Energy Office hosted staff from the Island Institute of Maine along with representatives from the power companies of Monhegan Island, Isle au Haut, and Matinicus Island of Maine as part of the Island Institute's third annual Southern New England Exchange Trip. The Energy office helped coordinate meetings for the group with other Nantucket energy stakeholders, together sharing our experiences in using sound community outreach, long-term planning, and innovation to move energy goals forward.

4. Window air- conditioner recycling event

Similar to an event held in 2015, the Energy Office is currently working with National Grid to coordinate and host a public window air-conditioning recycling event in late June, which will incentive recycling of inefficient AC units in exchange for a donation to Family & Children Services of Nantucket.

National Grid Updates

The following are projects and initiatives led by National Grid for which the Energy Office closely monitors and provides constant feedback and support, where appropriate, in the best interests of the Nantucket community.

1. National Grid's "Non-Wires Alternative Pilot" Filing to Dept. of Public Utilities

National Grid is pursuing a Non-Wires Alternative (NWA) demonstration project on Nantucket, now called. This pilot encompasses the deployment and testing of distributed energy resources such as energy efficiency, demand response, renewable energy, energy storage, and volt VAR optimization, as well as targeted outreach to help educate and encourage energy efficient habits with customers. The NWA Pilot is intended to test and evaluate customer actions and behavior with the goal of achieving a reduction in peak loads of the Company's

distribution equipment in specific geographic areas as approved by the Department. National Grid formally filed its proposal for this pilot with the Massachusetts Department of Public Utilities on January 11th.

A procedural schedule set by the DPU on April 14th has a period of formal inquiry by interveners through June and an evidentiary hearing scheduled for July 14th. National Grid is planning to file a motion for interim approval of the pilot on April 15th so that the project can take advantage of implementation during the summer months of this year. Separately, in the fall of 2015, National Grid had filed a request for funding in support of its energy efficiency activities related to this pilot in its statewide 2016-2018 energy efficiency plan. On January 27th, National Grid received provisional approval for those plans and funding, pending the outcome of the NWA pilot filing.

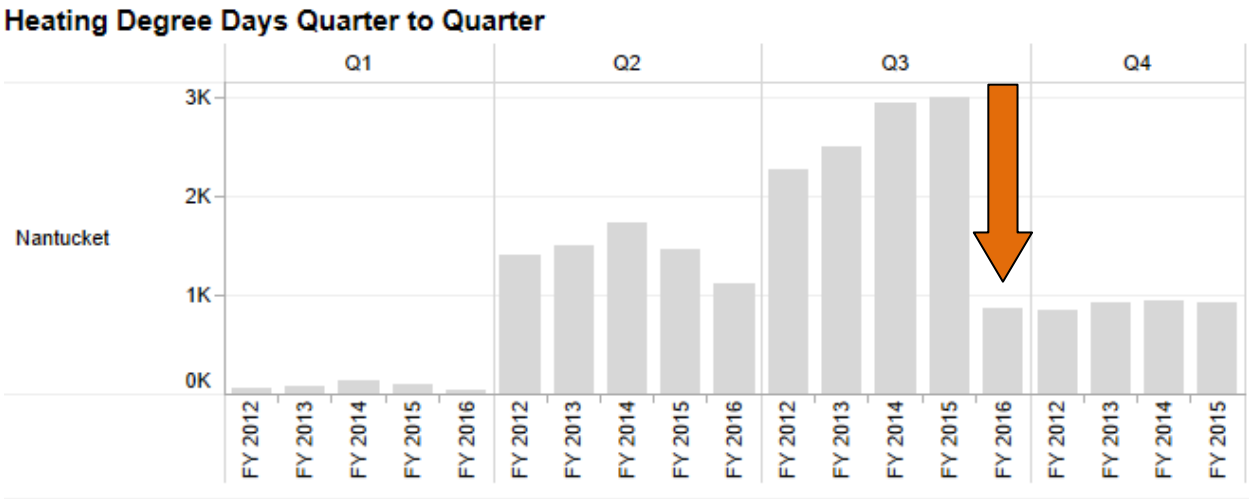
2. Bunker Road Generation Project

- **Phase 1**: National Grid plans to replace at least one of the two aging 3MW diesel generation units with a new 10MW diesel generator. These generators have not been updated since 1987 and are in a significant state of decay.
    - Timeline:
        - June 2016 – National Grid to submit a request for proposal
        - September 2016 – National Grid to receive responses and review
        - March 2017 – Engineering Design Complete
        - July 2017 – Commencement of Construction
- **Phase 2:** National Grid is submitting a request for information for **battery storage** (to which an airport solar project could provide supplemental power). If this option is not a viable solution, the company will install a second 10MW generator at Bunker Road.
    - Timeline:
        - April 28, 2016 – National Grid to submit a request for information
        - June – August 2016 – National Grid to receive responses and review

3. Candle Street Station Flood Mitigation Project

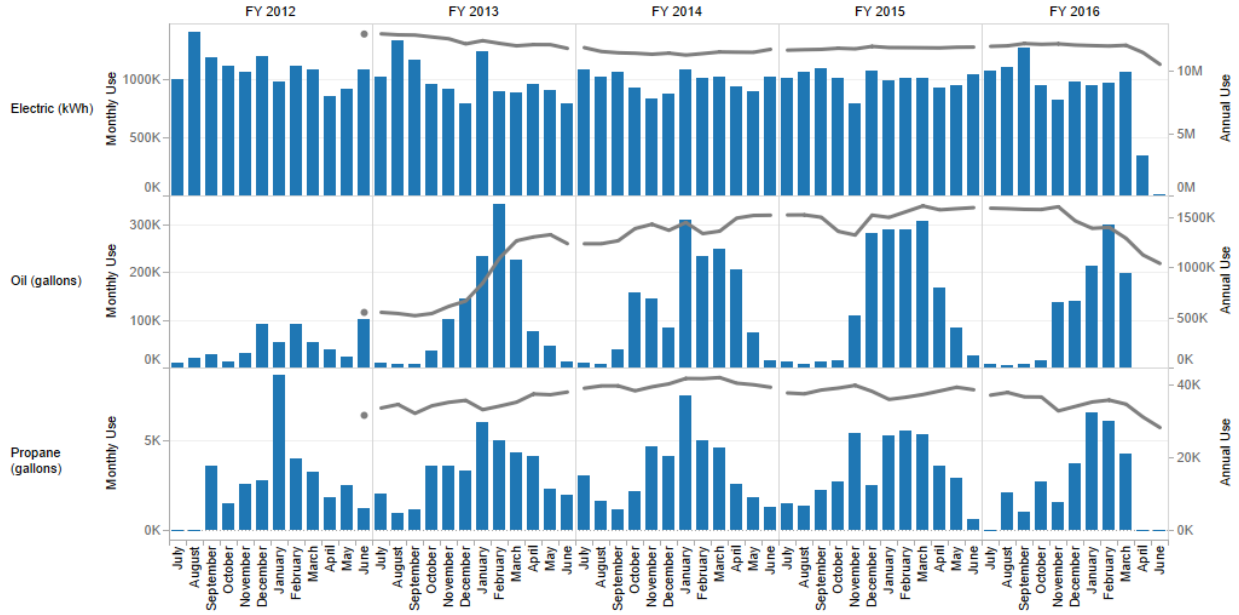
- The project team is currently reviewing and assessing the overall design for a short term flood mitigation solution. The work expected includes the installation of flood controls (examples: yard drains, HESCO bags, timber flood barrier, building dryproofing, etc.).
    - Timeline:
        - April/May 2016 – Team reviewing design
        - June 2016 – National Grid to schedule formal meeting with the Town to discuss plan
        - October 2016 – Construction Start (2-3 month build out)

71% fewer heating degree days in Q3
of this year compared to last year



Usage Trends - Town

This chart shows both the monthly use for each fuel (blue bars) and a 12 month moving sum of use (gray line). The monthly use shows how your use changes from month to month. The moving sum shows you how total annual use for that fuel is trending.



Usage Trends - Town

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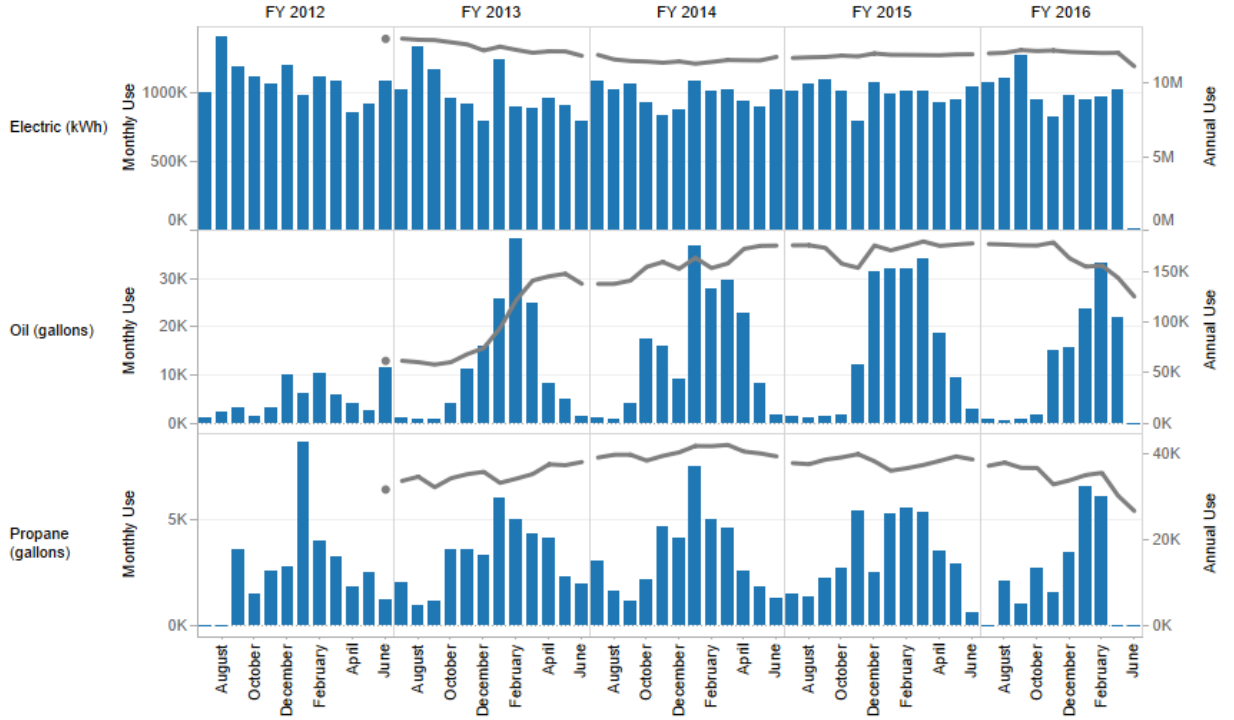
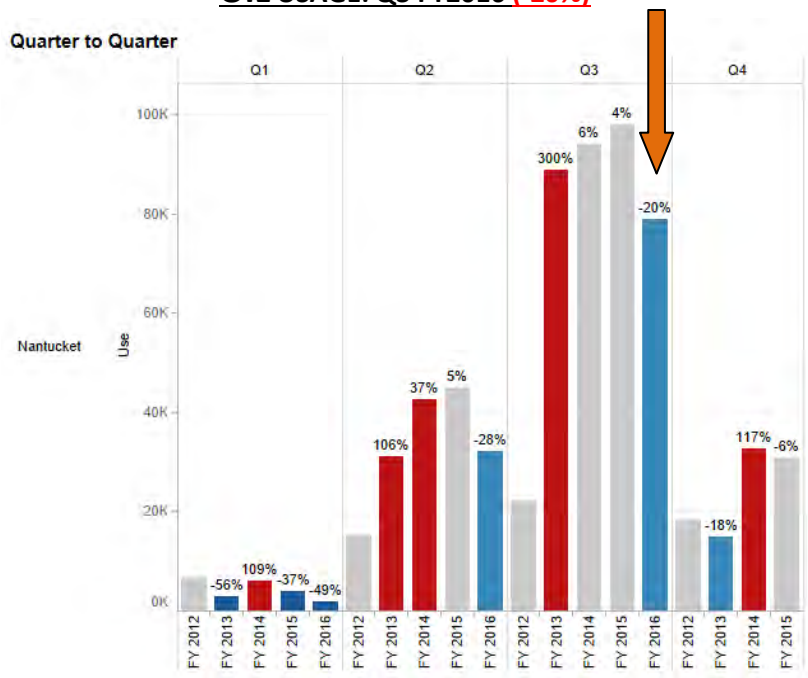
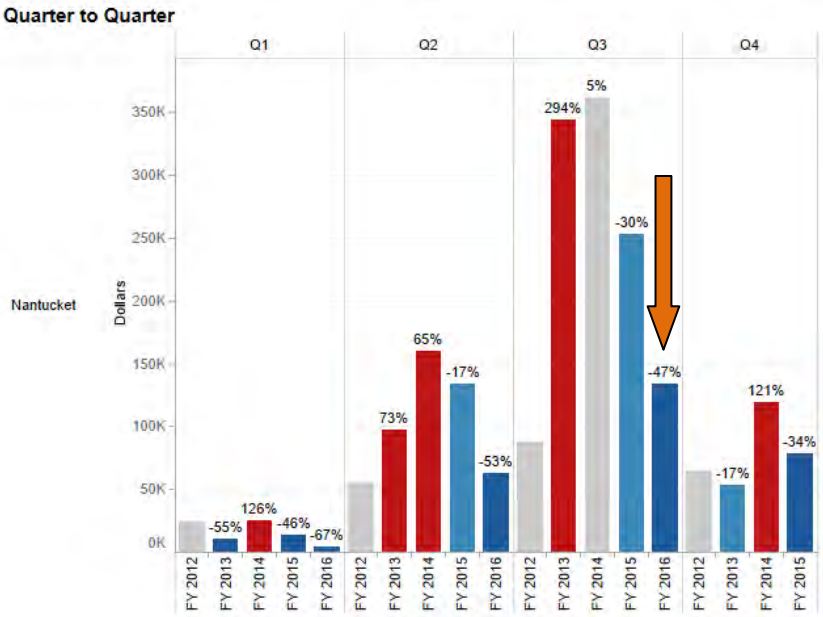


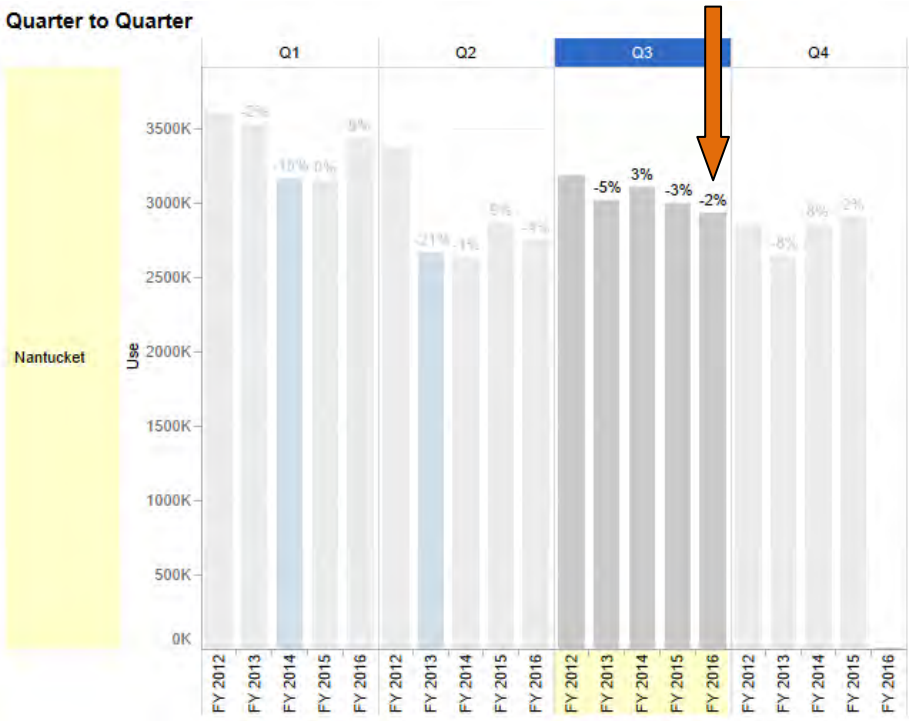
OIL USAGE: Q3 FY2016 (-20%)



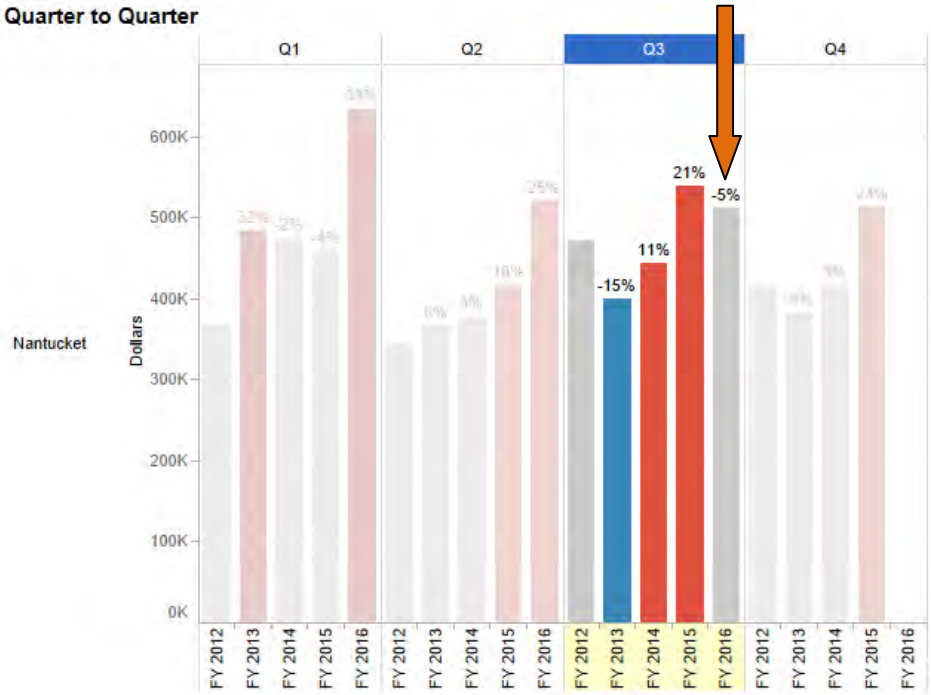
OIL COST: Q3 FY2016 (-47%)



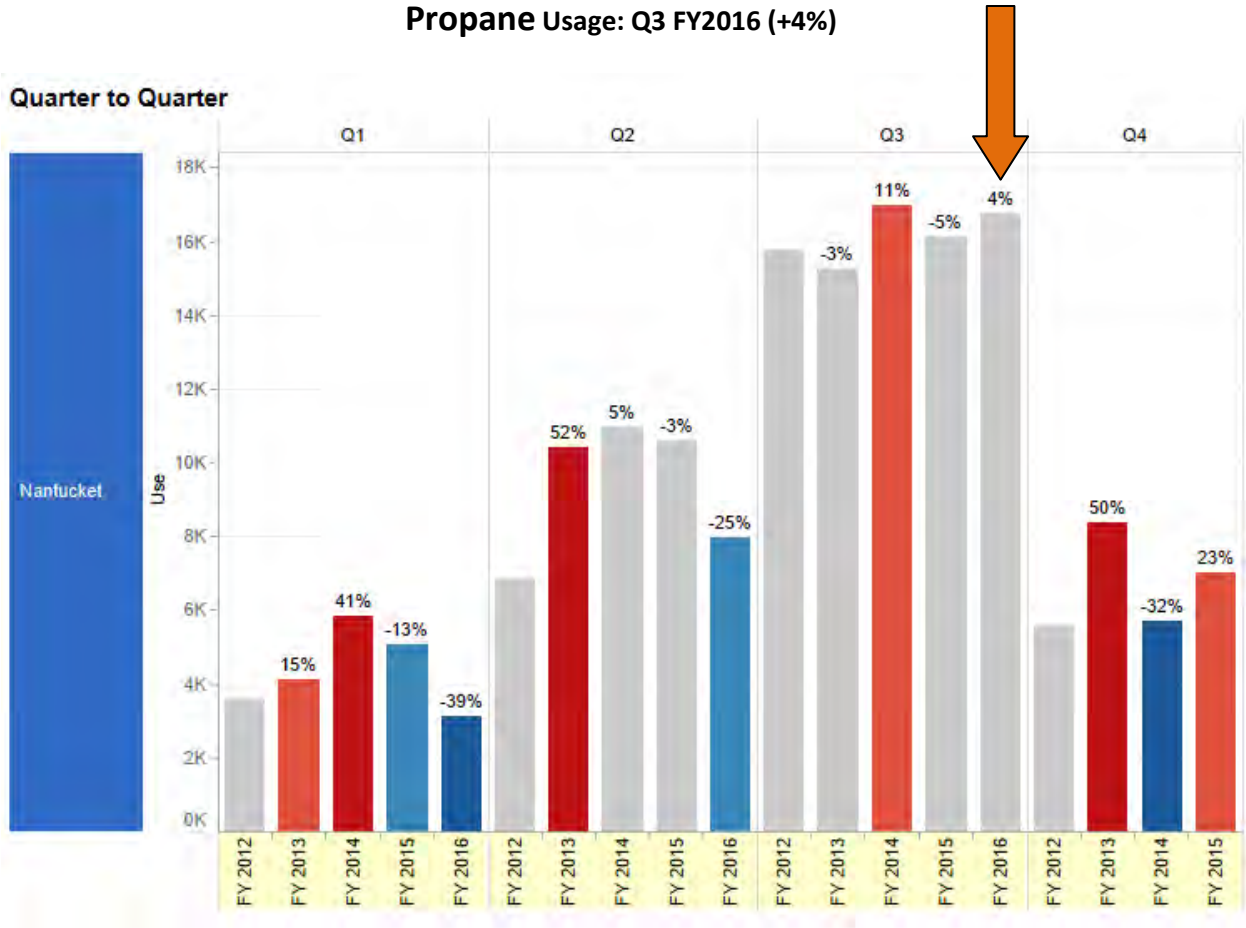
Electric Usage: Q3 FY2016 (-2%)



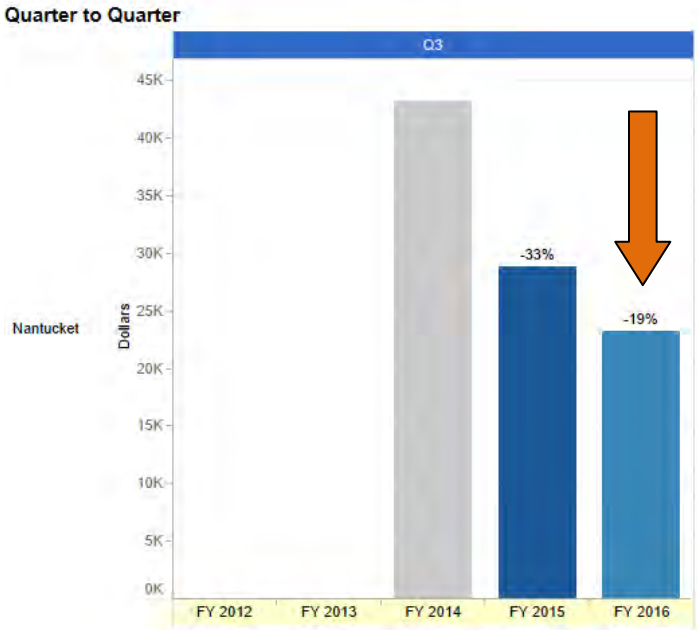
Electric Cost: Q3 FY2016 (-5%)



Propane Usage: Q3 FY2016 (+4%)



Propane Cost: Q3 FY2016 (-19%)



Descriptions of 2016 Annual Town Meeting Energy Articles

Article 90
(Lease of Town Land for Renewable Energy Projects)

Town Meeting authorization is required for the Board of Selectmen to execute a lease and agreement with a selected private developer for a solar photovoltaic (PV) installation on parcels of land located at the Surfside Wastewater Treatment Facility. At the 2011 Annual Town Meeting, Article 96: "Long-term Lease Authorization: Surfside WWTF" was passed, but did not include the parcels on the site which are currently being investigated for development.

Article 91
(PILOT Agreements for Renewable Energy Facilities)

A selected developer of a municipal solar photovoltaic (PV) installation will be required to pay property taxes for leased land and assets which are installed on Town-owned sites, such as at the Nantucket Memorial Airport and the Surfside Wastewater Treatment Plant. Solar arrays are taxed as personal property, so the owner of the array is subject to taxation even though the array is located on property owned by the town or a tax-exempt organization.

The Massachusetts Department of Revenue allows Towns to enter into Payment in Lieu of Taxes (PILOT) agreements, which enable the Town and the solar developer to establish a negotiated PILOT that meets the Town Assessor's valuation for the term of the agreement. This PILOT would provide the Town with a known annual taxable income stream and would reduce tax uncertainty for the developer. The warrant article is needed to authorize the Board of Selectmen, in consultation with the Town's Assessor and any other enabling authority, to negotiate and enter into this agreement.

Article 92
(Net Metering Credit Purchase Agreements)

The Massachusetts Green Communities Act of 2008 created a net metering mechanism that enables municipalities to acquire discounted electricity credits from renewable energy projects that can be used to offset their own electricity costs. The purpose of this article is to authorize the Board of Selectmen to enter into an agreement to acquire these metered electricity credits from a potential solar photovoltaic energy generating facility. These credits would be used to offset the electric loads of municipal accounts. Town Meeting approval is necessary because the length of the agreement extends beyond the standard three-year contracting period allowed under Massachusetts law.

Article 104
(Municipal Aggregation)

The Town is exploring the feasibility of creating a Municipal Electricity Aggregation. Within an Aggregation, the Town strategically purchases the electricity supply on behalf of its citizens, although National Grid will continue to deliver electricity to the island, care for the poles and wires, provide customer service, and restore power when there is a service interruption.

Aggregation is allowed by Massachusetts law and is growing in popularity as model to achieve: cost savings, price stability, greener power, reputable and transparent supply contracts, and increased supply competition.

This would be an optional alternative for the customer and participation would not be required. Under a Municipal Aggregation, individual residents and businesses would retain the right to opt-out of the program with no penalty and to choose any other competitive supplier or stay with the default utility (National Grid). The Town will bear no cost in forming a Municipal Aggregation, and has selected Peregrine Energy Group to assist with the plan development, regulatory approval, electricity supply procurement, and public education and outreach efforts at no cost to the Town.

Implementing a municipal electricity aggregation is a highly regulated process that is overseen by the Massachusetts Department of Public Utilities (DPU) and takes many months, sometimes up to one year until program launch. Annual Town Meeting approval is required to initiate the aggregation process. Once that occurs, an aggregation plan will be developed for local and state approval.

Lauren Sinatra

Subject: Kopelman and Paige, P.C. eUpdate: New Law Raises Net Metering Caps

eUpdate

KOPELMAN AND PAIGE, P.C.

New Law Raises Net Metering Caps and Dept. of Energy Resources Issues Emergency "SREC" Regulations

On April 11, 2016, Governor Baker signed into law a bill that raises the "net metering caps" by three percent each for private and public net metering facilities, increasing the availability of net metering credits in Massachusetts. Many municipalities purchase net metering credits from owners of solar facilities at less than the full value of the credits, and then use the full value of the credits to pay their utility bills, resulting in a savings. Without net metering credits, which are an important revenue stream for developers of solar facilities in Massachusetts, solar development would likely grind to a halt.

However, the new law also makes the net metering program less generous. Under the law, after installed solar capacity in Massachusetts reaches 1,600 megawatts—currently, such capacity is about 1,000 megawatts—utilities will be able to pay 40 percent less for electricity generated by most solar facilities. This means less value for net metering credits. For example, for solar facilities affected by the new law, a net metering credit worth 15 cents before the change in the law will now be worth nine cents. Importantly, the law exempts small facilities and "net metering facilities of a municipality or other governmental entity" of any size, which will continue to receive net metering credits at the current rate. The law also "grandfathers" existing solar facilities for up to 25 years from the date of interconnection to the electric utility's distribution system.

In addition, the law allows utilities to seek permission from the Department of Public Utilities to impose a new charge on customers receiving metering credits. The Department may grant limited exemptions from this charge. This charge may result in a further reduction of the economic benefits of net metering agreements.

Further, on April 8, 2016, the Department of Energy Resources issued an emergency regulation to address the earlier-than-anticipated expiration of the so-called SREC II program, which allowed solar facilities to generate solar renewable energy certificates, or SRECs. Utilities and electricity suppliers purchase SRECs to meet their legal obligation to generate electricity from solar sources. SRECs are as important to the financing of solar development in Massachusetts as are net metering credits. The regulations extend the SREC

II program for facilities that will be constructed by a certain date, while the state develops a new SREC program, SREC III. As a result, solar facilities will qualify under SREC II if, within nine months of April 8, 2016, they (i) have received authorization to interconnect from the utility, or (ii) have been fully constructed. The emergency regulations will be in effect for 90 days only, pending the outcome of a final rule-making process.

If your municipality has signed or is planning to sign an agreement for the purchase of net metering credits or to develop and own a solar facility, the new law and emergency regulations may impact your agreement. Please contact Attorney Rick Holland, Chair of the Kopelman and Paige Energy Law Practice Group at 617-556-0007 or (rholland@k-plaw.com).

Disclaimer: This information is provided as a service by Kopelman and Paige, P.C. This information is general in nature and does not, and is not intended to, constitute legal advice. Neither the provision nor receipt of this information creates an attorney-client relationship with Kopelman and Paige, P.C. Whether to take any action based upon the information contained herein should be determined only after consultation with legal counsel.

The New York Times | http://nyti.ms/1pl7Uo4

ENERGY & ENVIRONMENT

SunEdison Files for Chapter 11 Bankruptcy Protection

By DIANE CARDWELL APRIL 21, 2016

SunEdison, which started out making chemicals and components for solar modules but grew into a giant of renewable energy, has filed for bankruptcy protection, the company said on Thursday. The filing, under Chapter 11 in the Southern District of New York, brings to an end the company's ambition to become the world's leading renewable energy development business.

Although some of its subsidiaries were included in the filing, it said, TerraForm Power and TerraForm Global, its publicly traded units known as yieldcos, were not.

"Our decision to initiate a court-supervised restructuring was a difficult but important step to address our immediate liquidity issues," Ahmad R. Chatila, the company's chief executive, said in a statement. "The court process will allow us to right-size our balance sheet and reduce our debt, providing the opportunity to support the business going forward while focusing on our core strengths."

Mr. Chatila, who had overseen a series of acquisitions that racked up $11 billion in debt by the end of the third quarter of last year, said that the company would shed assets in an effort to become more streamlined and efficient. The company also announced that it had secured up to $300 million in financing to pay for day-to-day operations as it goes through the restructuring.

SunEdison's troubles stemmed from its rapid growth across several areas, analysts say. It expanded its financing options with the formation of the yieldcos. It bought several companies as it moved into different kinds of energy projects, including forays into wind, energy storage and residential solar, while at the same time looking to expand its manufacturing operations in large markets like Brazil, China and India.

The company's situation became precarious last summer as investors lost confidence in the alternative energy sector and as SunEdison decided to move into the residential rooftop solar business by trying to acquire Vivint Solar, a deal that drew resistance from the start and ultimately fell apart.

At the same time, its relationship to its yieldco subsidiaries frayed. The yieldcos, public companies that exist to help raise cheaper capital by buying the power plants their parents develop, collect the electricity payments and then pay out the bulk to investors as dividends.

But as SunEdison's fortunes tumbled, investors complained that it was improperly using their cash and striking deals that were more favorable to the parent company.

After SunEdison was unable to meet its financial reporting deadlines this year — which hurt it with creditors — the situation worsened, and TerraForm Global raised the possibility of a SunEdison bankruptcy in a public filing.

Its legal troubles also mounted. SunEdison recently acknowledged that it was under investigation by the Securities and Exchange Commission and the Justice Department in several areas. And it faces lawsuits from Vivint over the failed acquisition, investors, creditors and TerraForm Global.

In the end, SunEdison was a case of its ambitions outpacing the reality.

"You take things that would make any company start to look more and more risky to investors, and you cross that with an alternative energy story — which still carries a risk label — and you get this big amplifier effect," said Erik Gordon, a clinical assistant professor at the Ross School of Business at the University of

Michigan. "One of these days, we'll have a crop of companies with business models that aren't fragile. Business models with piles of debt are fragile, and, boy, that's the last thing you want when you're going through a technology change and a market paradigm change."

A version of this article appears in print on April 22, 2016, on page B3 of the New York edition with the headline: Chapter 11 Bankruptcy for Once-Hot SunEdison.

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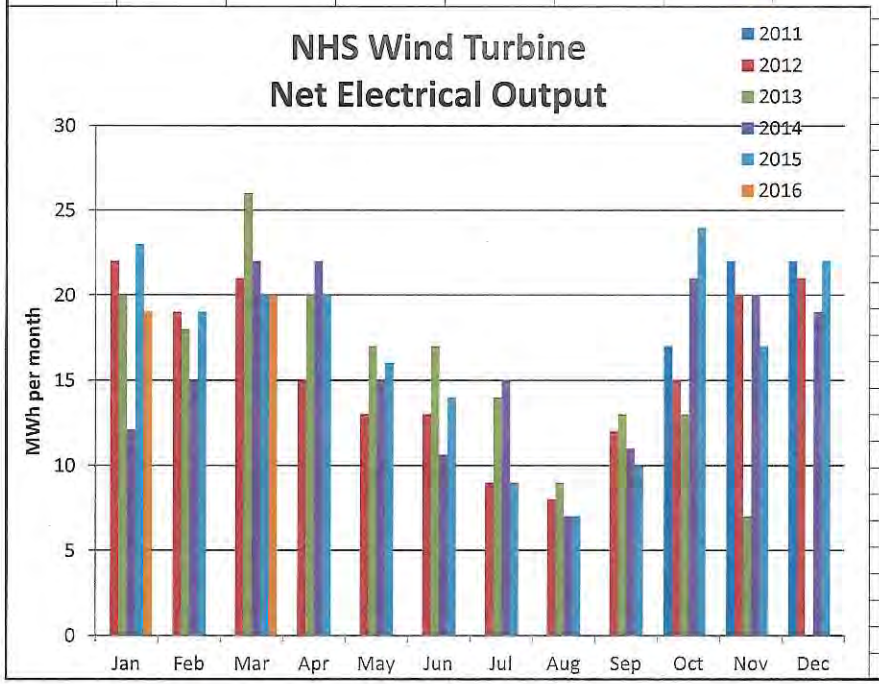
Nantucket High School
Wind Turbine Output

REC Production

	2011	2012	2013	2014	2015	2016
Jan		22	20	12	23	19
Feb		19	18	15	19	0
Mar		21	26	22	20	20
Apr		15	20	22	20	
May		13	17	15	16	
Jun		13	17	11	14	
Jul		9	14	15	9	
Aug		8	9	7	7	
Sep		12	13	11	10	
Oct	17	15	13	21	24	
Nov	22	20	7	20	17	
Dec	22	21	0	19	22	
Total	61	188	174	190	201	39
	814	Since start-up				



Value of REC Sales

Period of generation	MWh for Quarter	Buyer	Price	Amount	Invoice date	Invoice amount	Cumulative
4Q 2011	61	Nat Grid	$ 56.00	$ 3,416.00	1-Jun-12		
1Q 2012	62	Nat Grid	$ 52.00	$ 3,224.00	1-Jun-12	$ 6,640.00	$ 6,640.00
2Q 2012	41	Nat Grid	$ 52.00	$ 2,132.00	15-Oct-12	$ 2,132.00	$ 8,772.00
3Q 2012	29	Nat Grid	$ 52.00	$ 1,508.00	15-Jan-13	$ 1,508.00	$ 10,280.00
4Q 2012	56	Nat Grid	$ 52.00	$ 2,912.00	18-Apr-13	$ 2,912.00	$ 13,192.00
1Q 2013	64	Nat Grid	$ 59.50	$ 3,808.00	15-Jul-13	$ 3,808.00	$ 17,000.00
2Q 2013	54	Nat Grid	$ 59.50	$ 3,213.00	15-Oct-13	$ 3,213.00	$ 20,213.00
3Q 2013	36	Nat Grid	$ 59.50	$ 2,142.00	17-Jan-14	$ 2,142.00	$ 22,355.00
4Q 2013	20	Nat Grid	$ 59.50	$ 1,190.00	17-Apr-14	$ 1,190.00	$ 23,545.00
1Q 2014	50	NStar	$ 61.00	$ 3,050.00	15-Jul-14	$ 3,050.00	$ 26,595.00
2Q 2014	48	NStar	$ 61.00	$ 2,928.00	15-Oct-14	$ 2,928.00	$ 29,523.00
3Q 2014	34	NStar	$ 61.00	$ 2,074.00	18-Jan-15	$ 2,074.00	$ 31,597.00
4Q 2014	60	NStar	$ 61.00	$ 3,660.00	15-Apr-15	$ 3,660.00	$ 35,257.00
1Q 2015	61	NStar	$ 56.75	$ 3,461.75	15-Jul-15	$ 3,461.75	$ 38,718.75
2Q 2015	50	NStar	$ 56.75	$ 2,837.50	15-Oct-15	$ 2,837.50	$ 41,556.25
3Q 2015	26	NStar	$ 56.75	$ 1,475.50	15-Jan-16	$ 1,475.50	$ 43,031.75
4Q 2015	63	NStar	$ 56.75	$ 3,575.25	15-Apr-16	$ 3,575.25	$ 46,607.00
1Q 2016		Nat Grid	$ 50.00	$ -	15-Jul-15	$ -	$ 46,607.00
2Q 2016		Nat Grid	$ 50.00	$ -	15-Oct-15	$ -	$ 46,607.00
3Q 2016		Nat Grid	$ 50.00	$ -	15-Jan-16	$ -	$ 46,607.00
4Q 2016	-	Nat Grid	$ 50.00	$ -	15-Apr-16	$ -	$ 46,607.00

Town and County of Nantucket
Board of Selectmen • County Commissioners

Robert R. DeCosta, Chairman
Rick Atherton
Matt Fee
Tobias Glidden
Dawn E. Hill Holdgate

16 Broad Street
Nantucket, Massachusetts 02554

Telephone (508) 228-7255
Facsimile (508) 228-7272
www.nantucket-ma.gov

C. Elizabeth Gibson
Town & County Manager

VIA ELECTRONIC MAIL
ORIGINAL BY FIRST CLASS MAIL

January 22, 2016

Secretary Mark D. Marini
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: D.P.U. 16-06, Petition of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid for Approval of the Company's Non-Wires Alternative Pilot, and the Company's proposed Non-Wires Alternative Provision

Dear Secretary Marini:

On behalf of the Town of Nantucket ("Town"), please accept this letter in support of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid ("Company" or "National Grid")'s, petition for approval of a proposed non-wires alternative pilot ("NWA Pilot"), and for approval of the Company's proposed Non-Wires Alternative Provision, M.D.P.U. No. 1287, for effect February 1, 2016.

Since 2011, the Town of Nantucket, through its Energy Office, has been an active proponent and committed partner to National Grid in collaborative and stand-alone efforts to reduce island-wide energy consumption and to defer the need for costly infrastructure investments, such as a third submarine transmission cable. We are proud and excited for Nantucket to be chosen as the demonstration location for this innovative pilot project, and to serve as an example for other areas experiencing peak load issues.

The Town is supportive of this project as it has the potential to benefit Nantucket constituents by delivering significant taxpayer savings through reduced energy costs, while contributing to overall community sustainability and economic development. Through the NWA initiatives, not only will local participants achieve increased comfort and energy bill savings, but will also be "doing their part" for the greater good of the island by helping to minimize the scope and need for traditional contingency support, such as emergency diesel generation (in the heart of the historic downtown) and the additional cable.

The collaborative efforts of the Town of Nantucket and National Grid have already resulted in a significant increase in energy efficiency activity on the island (over a 1500% increase in residential Mass Save participation in 2015 versus 2011), and we are confident that the new and emerging technologies included in this proposal will attract greater customer participation, which should result in additional load reductions and energy-cost savings for both Nantucket's year-round and seasonal residents.

The Town recognizes that this pilot may help to defer the third cable through innovative technologies and methods, which may pave the way for more efficient use of future utility investments should they be necessary. It is for these reasons that we support the Company's petition.

Should you have any questions regarding our letter of support for this filing, please contact our Energy Office at (508-325-5379) and speak with Lauren Sinatra, Energy Coordinator.

Sincerely,

Robert DeCosta
Chairman
Board of Selectmen

Fall 2016 STM – updated for May 4, 2016 BOS meeting

Since the Board scheduled the STM for October 12, it's been brought to our attention that that day is the conclusion of a religious holiday & a different day would be better. So:

Potential dates
~~Monday, October 3~~
~~-- before Columbus Day~~
~~-- too soon?~~

~~Tues, October 11~~
~~-- after Columbus Day -- too close to after?~~

~~**Wed, October 12***~~
~~**-- better than right after Columbus Day?**~~
~~**-- have to sacrifice BOS meeting**~~

Mon, October 17*
-- after Columbus Day

Mon, October 24
-- well after Columbus Day
-- getting too close to November election?

***recommended**

Potential articles & what is needed

1. Sewer Project: Madaket/Warren's Landing/Somerset (2 -3 articles = appropriation; sewer district amendment)
   -- public outreach
      -- meetings over the summer with neighborhood groups/associations
      -- further development of project details, scope
   -- updated project costs
   -- application/document/plan prep for DEP

2. Our Island Home
   -- need a decision from BOS on location (additional action may be required depending on location)
   -- public outreach
   -- conceptual plans and staffing/operational requirements
   -- Determination of Need from DPH
   -- site preparation (archeological study; other?)

~~3. Municipal building~~
~~reconsider location? Based on 2016 ATM vote on Article 63?~~
~~development of alternatives, costs, feasibility~~

What's come up
-- Fire Station property real estate "clean up"

Other
-- will need a Special Election OR put on November ballot (if on November ballot, need to notify state/Town Clerk by **Aug 1**)
-- Citizen petition possibilities
-- need to do timeline

Monthly Town Management Activities Report
05/04/16

Highlights:

Personnel

-- Various grievance and disciplinary actions
-- Beginning prep for upcoming 2016 union negotiations
-- Financial Analyst/Finance Department new hire
-- Seasonal hires
-- Deputy Fire Chief retirement

Meetings:

-- Department head weekly & monthly mtgs
-- Municipal electric aggregate
-- Community School
-- Medflight

Projects:

-- Tank Farm site plan
-- Hummock Pond Rd (aka Milk St ext) bike path ext
-- Fire Station
-- Brant Point Boat House
-- 6FG Housing
-- NRTA office move

Other:

-- 2016 ATM follow-up
-- 2016 STM prep
-- E-newsletter
-- Concession leases (upcoming)
-- Mobile food unit RFP
-- Complete Streets policy
-- Spring prep (DPW)

May 4, 2016 Board of Selectmen's Meeting

Our Island Home – Facility Relocation

Issue
The current Our Island Home Facility is outdated, aged, in need of extensive repairs, maintenance and capital improvements. The Department of Public Health has expressed concern about the physical condition of the facility and code compliance issues. The operational cost of the facility is increasing due to the way in which its operations are structured and state and federal reimbursements are provided. The care model for skilled nursing has radically changed from the institutional setting of the 1980's to a home-like "small house" model where residents have more choice and control over their care. This new model has proven to provide a higher quality of life to residents and their families.

Timeline
-- July, 2012 -- Board of Selectmen publicly establishes Our Island Home Work Group to develop future options and recommendations regarding Our Island Home
-- June, 2013 – Our Island Home Work Group issues report with recommendations which include begin planning to relocate Our Island Home adjacent to Sherburne Commons
-- 2015 Annual Town Meeting – appropriation of $1m for costs associated with design of new facility (later found to be flawed & re-voted at November 9, Special Town Meeting)
-- Spring/Summer 2015 – engagement of architecture firm (SMRT) to begin programming, site options review, preliminary design
-- October 7, 2015 – presentation of Feasibility Study/Needs Assessment by SMRT to Board of Selectmen
-- October 7, 2015 – review of future funding options for Our Island Home
-- November 4, 2015 – public information session regarding Feasibility Study
-- November 9, 2015 – Special Town Meeting approval of Article 4 ($1m appropriation for costs associated with design of new facility)
-- Winter 2015-2016 – "reset" of process to focus on alternative operational models; engagement of consultant (SK Advisors) to evaluate
-- February 4, 2016 – review of Feasibility Study with Sherburne Commons residents group
-- March 23, 2016 – presentation of SK Advisors report to Board of Selectmen
-- March 24, 2016 – public information session regarding SK Advisors report

Recommendation
Several considerations have been examined, discussed and evaluated concerning the location of Our Island Home, including:

-- there is not enough space at the current site for a new facility to be constructed while the current facility remains in operation
-- the feasibility of demolishing the current facility to build a new one is not feasible due to necessity of relocating residents to appropriate off-island facilities

-- proximity of the current site to the ocean/harbor creates sea level rise and climate change concerns that are avoided at the Sherburne Commons site
-- even if residents could be accommodated at the current site while a new facility was constructed, the site is still not sufficiently sized to properly contain a new Small House-model facility; “going up”, while feasible and possible – requires additional staffing, equipment, infrastructure
-- at the Sherburne Commons site, there is close proximity to other senior care/living facilities, which provides an increased continuum of care, with additional space for potential improved services for the elderly population.

Accordingly, it is our recommendation that a Small House-model new facility with up to or approximately 40 beds adjacent to the Sherburne Commons site be constructed.

Next Steps
-- Board of Selectmen decision on site
-- public outreach
-- development of warrant article(s) for fall Special Town Meeting
-- site preparation and negotiations with Land Bank or others to secure area needed
-- Determination of Need through Mass. Department of Public Health
-- development of alternative care model details (ie, staffing, costs, regulatory requirements, etc)

Our Island Home – New Facility
Frequently Asked Questions
As of November 2, 2015

1. **Why do we need a new facility?**
   a. The existing building is 35 years old and has outlived its useful life. Most of the systems and infrastructure date back to the original 1980 construction and are in need of replacement.
   b. The care model for skilled nursing has radically changed from the institutional setting of the 1980's to a home like "small house" model where residents have more choice and control over their care. This new model has proven to provide a higher quality of life to residents and their families.
   c. The "small house" model requires grouping patients in discrete "houses" comprised of 10-15 private rooms each with individual bathrooms. In addition to the resident's rooms each house includes a kitchen, dining room, living room, activity space and garden/outdoor space. The existing OIH building does not lend itself to conversion to the "small house" model.

2. **Why does the existing facility have to be moved?**
   a. The existing site is too small to support the new care model. A 45 bed facility requires 45,000 sf. The existing building is 22,000 sf. This is less than half the required square footage. The current site is already inadequate in terms of parking and site support space. Outdoor space is limited to a single shared patio. The existing site cannot support a larger building footprint.
   b. During storm surges this property is vulnerable to flooding. Given climate change and sea level rise, the existing site location will be subject to strict FEMA Flood Mitigation requirements given its proximity to the wetlands and shore, increasing the cost of developing the site.

3. **Can we renovate the existing building and stay on the current site?**
   a. Renovation of the existing facility, while fully occupied, would cause significant disruption to the frail, elderly population living in the building. Construction would have to be phased over many years increasing the cost of construction.

b. The existing infrastructure is not worth maintaining and expanding. Systems are antiquated and require replacement. The building configuration does not convert to the new care model without significant demolition and replacement.
c. There are no savings to be gained from renovating the existing building. The site will not adequately support the size of the new building footprint and care model.

4. What other sites have been reviewed, besides Sherburne Commons and why is that deemed the best site?

In addition to the existing Our Island Home site, other properties were evaluated for the development of a new Our Island Home facility. The Wannacomet Water Company property was evaluated but was not recommended due to the potential adverse impacts of development over primary aquifer/recharge zones. The property at 2 Fairgrounds Road was evaluated as well, but is not recommended as the site is currently being planned to support not only the public safety and fire station, but also potentially town administration functions. Also, a significant portion of the property along Ticcoma Road and Amelia Drive has been previously considered for the development of housing.

The Sherburne Commons site was evaluated, including both the east and western portions of the property. With existing multiple 20" diameter sanitary sewer force mains and existing Sherburne Commons staff housing, the eastern portion of the site becomes costly and impractical to develop. With the acquisition of a portion of the abutting Land Bank property and the conclusion of the archaeological investigation of the previously identified site, the western portion of the site fronting on Miacomet Road appears the most feasible.

5. Is Our Island Home going to be integrated with Sherburne Commons?

The conceptual site development does not provide for a way to effectively integrate the two facilities. There are also different regulations that govern the two facilities. Different operational needs as well as the current structure of ownership and management of the two facilities do not provide for an effective formal integration. Further discussion between all parties can explore options to share or coordinate on-going operations, maintenance, and other needs.

6. If Article 4 on the November 9, 2015 Special Town Meeting warrant is approved, does that mean OIH will definitely move to Sherburne Commons?

The article seeks to appropriate funds to continue design and programming for a new facility. It does not specify location. The Finance Committee Motion to the article recommends borrowing one million dollars ($1,000,000) for this purpose. This request was approved at the 2015 Annual Town Meeting, however, due to a technical error the approval was invalid. The article and motion was corrected and added to the Special Town Meeting to continue the work currently being done.

7. How big is this new facility going to be?

The new facility is anticipated to follow today's programming benchmark for the "Small House model" nursing facility and requires between 800 - 1,200 square feet per resident bed. This equates to about 45,000 square feet for the new facility, with the current 45 beds.

8. How much is this new facility going to cost?

A current estimated project cost for a new 45,000 square foot facility is approximately Thirty Million Dollars, including construction costs, design and engineering costs, contingencies, and other miscellaneous project costs. The costs will be more fully detailed as the feasibility study and design progress.

9. What would happen with the land Our Island Home is on now?

The expectation would be to convey the current land to the Land Bank. This will leave the site open for the public to enjoy. It is possible that the conveyance could involve an amount of payment which could potentially be used to offset the project costs.

10. Why can't we leave Our Island Home where it is and just repair it when repairs are needed?

As previously noted in the feasibility report, the condition of the existing facility is significantly deteriorated and systems are beyond their useful life. All the rooms in the existing facility will require major renovation to bring them up to current code. It is important to note that the facility is currently fully occupied. Any expansion of this magnitude will require multiple phasing over many years and will be highly disruptive to patients and their families.

11. What will happen if we do not do this project?

There has been increasing pressure from the state Department of Public Health for the Town to properly and in a long-term manner address the aged systems, overall physical condition, limited resident space and inability for the facility to meet certain building and life safety codes. Minimal citations have been issued over the past few years due to the understanding that discussions were underway to build a new facility that would meet the growing needs of the residents as well as the current nursing home facility building codes. Failure to move on this project will likely require additional capital improvements to the current facility to meet codes but provides no enhancement to the lives of the residents themselves. Potential fines and penalties could be sanctioned until the necessary upgrades and improvements are made. Some of these (such as upgrading the aging plumbing and electrical systems) will not be possible without closure of the facility for a period of time, which would necessitate the relocation of residents.

12. What will the facility look like?

The proposed facility will be a single-story facility, replicating many of the features and current architectural treatment details of Sherburne Commons.

13. Could there be a second floor to make the building fit on the current site?

Increased, ongoing operational and staffing costs that would be required if the facility is constructed as a multiple floor facility make that option not economically practical.

Prepared by Town Administration. Subject to revision.

Our Island Home Long-term Plan Work Group
Established by BOS on July 11, 2012

Appointed by: Board of Selectmen

Membership:
1 member of Finance Committee
1 member of Board of Selectmen
Our Island Home Administrator
Sherburne Commons rep
Nantucket Cottage Hospital rep
2 citizens

Other staff assistance:
Human Services Director

Term: June 30, 2013

Charge:
This temporary work group will:

1. Develop future options and recommendations regarding Our Island Home and associated town-operated senior citizen-related services, including Senior Day Care.

2. Create a timeline for the development of a report outline and final report for the Board of Selectmen, including what if any resources the work group may propose be acquired for completion of its work (ie, market studies, detailed financial analysis, surveys, etc).

3. Review reports, data, documents and other information that is on hand, including 2007 architectural plans and presentation to Board of Selectmen.

4. Review, discuss and make recommendations pertaining to Riverwood/Servant's (to be delivered) status report to Board of Selectmen as to the Senior Day Care Program.

5. Discuss pros, cons, costs and revenues of current delivery systems of the local organizations that provide senior citizen-related services.

6. Review and discuss the Town's lease with Sherburne Commons, in terms of long-term planning.

Board of Selectmen
Broad Street
Nantucket, MA 02554

July 15, 2013

Dear Board Members:

Our Island Home Work Group is pleased to present its final report to the Board of Selectmen. This report is the culmination of the Work Group's, analysis, benchmarking, discussion and deliberations and represents the unanimous conclusions and recommendations of its members.

Since the Work Group's final meeting the Nantucket Cottage Hospital has advanced a proposal to locate a new hospital at Wannacomet Water Company property. In the course of our meetings and deliberations we discussed the option of tying Our Island Home and the hospital closer together but this option never seriously advanced due to land constraints at the hospital's current location.

Non-the-less, our care conclusions and recommended future course for Our Island Home remain. If availability is no longer a constraint the Work Group would strongly recommend that discussions with Nantucket Cottage Hospital be enjoined.

On behalf of the entire Work Group we have appreciated the opportunity to serve the Town in this important undertaking.

Respectively submitted,

Our Island Home Work Group
David Worth, Chairperson

Our Island Home Work Group

Future Options and Recommendations for Our Island Home
and
Senior Citizen Related Services

June, 2013

Table of Contents

Executive Summary 3
Mission, Introduction, Methodology & History 3
Internal Environment 6
Resident demographics 6
Financial 6
OIH Operating Efficiency 9
Facility 9
External Factors Affecting the Sustainability of OIH 10
Community Demographics 10
Medicaid and Medicare Reimbursement Trends 11
Competition for OIH Residents 13
Summary and Conclusions, Next Steps 13
The Facility 15
Employees 15
Lack of Skilled Nursing Facility Alternatives 15
Financial Realities 15
Demand 15
Alternatives 16
Acknowledgements 16
Work Group Members 16

Executive Summary

Mission, Introduction, Methodology & History

In September, 2012, the Board of Selectmen established the Our Island Home (OIH) Work Group (WG) to report back to them with the following:

1. Future options and recommendations regarding OIH and associated town-operated senior citizen-related services, including Senior Day care.
2. A timeline for the development of a report outline and final report for the Board of Selectmen, including what if any resources the work group may propose be acquired for completion of its work i.e., market studies, detailed financial analysis.
3. Review reports, data, documents and other information that are on hand, including 2007 architectural plans and presentation to the Board of Selectmen.
4. Review, discuss and make recommendations pertaining to Riverwood/Servant's (to be delivered) status report to the Board of Selectmen as to the Senior Day Care program.
5. Discuss pros, cons, costs and revenues of current delivery systems of the local organizations that provide senior citizen-related services.
6. Review and discuss the Town's lease with Sherburne Commons, in terms of long-term planning

Since that charge was given there have been several intervening events that have particular bearing on OIH including the potential sale of Sherburne Commons by Cornerstone nee Riverwood/Servant to Northbridge Companies and the plans for the construction of a new, expanded hospital.

In the course of our review the WG has concluded that the need for skilled nursing care on Nantucket is going to remain and that demand for skilled nursing care, given demographic trends, is likely to grow over the next 20+ years.

Major Conclusions of the Work Group

- *The status quo is not a viable long (or even short term) strategy for OIH.*

- *The nature of skilled nursing care, how it is paid for, and the federal and state reimbursement structure for skilled nursing is changing.*

- *No real viable options exist on island to the skilled nursing care currently provided through OIH.* The WG notes a growing national trend toward keeping those potentially requiring this level of care in the community as long as possible. While other forms of care exist on island, none rise to the level of care provided by OIH.

- *A significant burden will be placed on families if skilled nursing care is not available on-island.* Individuals requiring skilled nursing care generally chose care within 35 miles of where they or their families currently live. For most families this provides a reasonable number of options. But, as we all know, Nantucket's geographical location would necessitate local residents who require skilled nursing care and can't get it on-island to procure the care off island. While transportation alternatives have greatly improved it would place an undue burden on island residents and their families.

- *The current operating model at OIH is not sustainable over the long term without continuing or increased taxpayer subsidy.* The current trajectory of increasing operating costs, declining federal and state reimbursements and an intended shift of state and federal reimbursement agencies from institutional care to community based care make projecting future options difficult and complex. This problem is not unique to Nantucket although the potential solutions may be more limited due to the island's geographical location.

- *Reimbursement rates from Mass Health, which makes up 68% of yearly OIH revenue, are declining and currently are below the cost of providing the services.* The Center for Medicare and Medicaid Services (CMS), the federal entity that is responsible for these programs, projects growth in skilled nursing facility (SNF) reimbursements to grow at 50% of the cost of providing the services at OIH.

- *The operating costs at OIH will continue to rise annually as employee costs, which make up 80% of total operating costs, continue to rise at around 5% per year.*

- *OIH is in need of major refurbishment or a new facility within the next few years.* Recent citations from the MA Department of Public Health point to the need for investment in deferred maintenance and other improvements to the existing structure or risk sanctions in the form of fines or the freezing of admission of new residents. Repair costs have not been estimated but are very likely to exceed $5MM.

- *The state's Certified Public Expenditure program (CPE), a reimbursement program currently available to municipally owned skilled nursing facilities in MA, is a program that is likely to disappear in the coming years.* Without CPE, the operating deficits at OIH are significant and widening requiring larger yearly Town subsidies.

- *Alternative care models such as community-based care are arising nationwide to combat the increasing costs of skilled nursing facilities and the fiscal demand it is placing on Medicaid and Medicare.* Nantucket does not have a well formed and coordinated community based care.

- *Fragmentation of services for seniors on Nantucket needs to be eliminated and better coordinated.* While many individual support services exist they are not coordinated in a way that optimizes senior care outcomes for all. As reimbursement methods change and the care model shifts to more community based care, increasing the coordination among and optimizing all senior services will rise in importance.

- *Locally, there is increasing competition to OIH for residents and their revenue. This competition is coming from Nantucket Cottage Hospital and Sherburne Common.*

Recommendations

- *Develop community based care that provides skilled nursing services delivered in a home setting.* Repurpose/reorient OIH to provide community based care in addition to institutional care. This can be accomplished by adding a community based care arm to OIH and reorienting staff to this new mission. Commission and or convene a group to develop a plan to "operationalize" community based care. To the extent that community based care (v. institutionalized care) is the direction skilled nursing is heading, the Town does not (currently) have the infrastructure in place to meet or be proactive in making the switch, a transition that will have to come sooner or later.

- *Establish, or serve as a catalyst, for the formation of an entity that would formally coordinate senior services among the many entities now providing some, but not all of these services on island.* A combination of the Town and/or a non-profit should begin the task of bringing these services together and expanding services to the senior population via privately supported concepts such as "The Village Model" which got its start in Boston and has spread nationwide.

- *Begin planning for a new OIH to be located at Sherburne Commons, re-envisioned, smaller, that utilizes the non-medical infrastructure services such as food preparation, laundry, and facilities maintenance currently provided at Sherburne Commons.* Plan construction so that it can be expanded if demand for institutionalized skilled nursing expands the facility can expand. Open immediate discussions with the operator of Sherburne Commons about the co-location of a new OIH at that location. The economics a potentially compelling. Using the last available financial information from Sherburne Commons, the combined entities – Sherburne Commons and OIH – together spent $1,635,000 on dining and $490,000 on housekeeping/laundry, services that could possibly be delivered in a more financially efficient manner.

- *Sell the land where the OIH currently exists to the Land Bank at fair market value.* Use the land sale proceeds to pay for or offset the costs of a new facility and to fund startup costs for community based care delivery.

While the WG has proposed recommendation, none of these solutions can advance without a community dialogue; this is, after all, a community decision on how to spend our resources and care for our seniors.

Internal Environment

Community understanding of the current internal environment at OIH is an important step in making informed decisions about its future. Who the residents are, where they come from, the Town's prior and on-going financial support, and the physical condition of the facility all bear on future decisions that the Town must make regarding OIH.

Resident Demographics

Prior year demographic patterns, patient origin, and revenue mix point to a facility that exists primarily for the benefit of island residents or individuals with next of kin who are island residents. Historically, OIH has served the needs of the island's senior population with very few, if any, residents coming to OIH without some family tie or close friendship with an island resident.

Average census is 42 for OIH's 45 bed facility. For the past two years OIH has maintained a 94% occupancy rate. There were 59 separate residents for all or part of the year which amounts to a 40% turnover in residents on average.

Financial

OIH has been operating with a subsidy from the Town's general fund for at least the past 17 years. Except for the intermittent reimbursement from the State and its Certified Public Expenditure (CPE) program that manages to cover a considerable amount of the operating deficit, OIH operates at a deficit that has ranged from a low of $560K in 1996 to a high of $3.9MM in 2009; deficits that the Work Group has concluded will continue into the future. This operating deficit has two major drivers: increasing personnel costs and declining Medicaid and Medicare reimbursement rates directed toward institutional care.

The two year average of payee mix Figure 1: Revenue by Payee Source

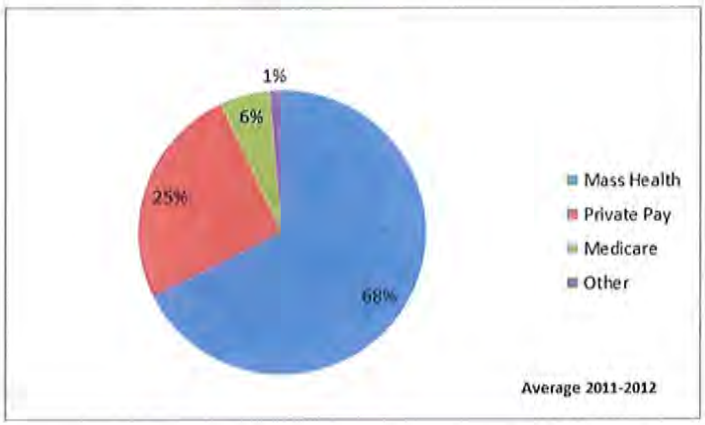
shows Mass Health- Medicaid (68%) as the predominant source of payer revenue. Private Pay (25.5%) and Medicare (5.74%) are the other two primary sources of revenue.

As reported in the Larson Allen 27th Annual Licensed Nursing Facility Cost Comparison[1] study the average payee mix in the Northeast consists of 61.5% Medicaid, 22.3% Private Pay and 13.2% Medicare. The payee mix at OIH is increasingly toward Medicaid at the expense of private pays. This places OIH at a somewhat greater dependency on Medicaid reimbursement than the Northeast as a whole, and significantly below Northeast averages for Medicare reimbursement.

Increasing personnel costs are driven by pay rates and benefit costs negotiated as part of the collective bargaining agreements for the staff at OIH. The 3 year growth trend in personnel costs (wages and fringe benefits, but excluding pension costs) shows year over year (Y/Y) growth around 5%. The Study Group projects that this trend will continue in perpetuity.

OIH Organizational Structure and Implications

One of the most often heard positive comments about the Island Home is about how caring the staff is toward the residents and the family and friends of the residents. This level of caring brings comfort to the families, friends and to the community that care is being provided in a humane fashion and with the knowledge that the residents are living in a safe place.



Against this backdrop is the inexorable rise in staffing costs. Personnel costs at nursing facilities are a very significant part of the cost structure. In the Larson Allen Benchmarking Study[2] approximately 75% of a nursing facility's operating costs relate to labor costs. At Our Island Home labor costs make up approximately 80% of operating costs (2012 actual – 80.5%; 2013 budget – 79.9%; 2014 budget – 80.6%). By this measure OIH labor costs, as a percent of operating costs, are higher but not appreciably higher than other facilities.

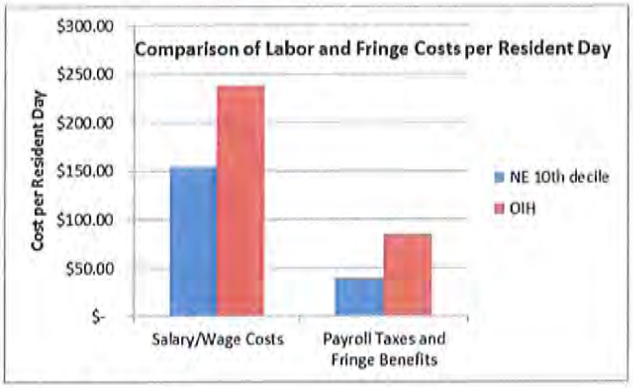


Figure 2: Comparison of Labor and Fringe Costs

The larger discrepancy between national and regional trends comes from overall absolute labor costs. On a per bed basis OIH labor costs track considerably higher than benchmark facilities in the Northeast. The top decile (highest costs) for salary/wage costs on a per resident day basis

[1] 27th Annual Licensed Nursing Facility Cost Comparison Larson Allen, LLP. 2010
[2] ibid

(number of beds X 365 days) according to the Larson Allen study[3] is $154.12/resident day versus $238.57/resident day and for payroll taxes and fringe benefits (other non-wage costs) is $39.21/resident day versus $84.22/resident day at OIH.

When benchmarked against the Taunton, MA municipally owned 101 bed skilled nursing facility, which operates at a breakeven when its CPE reimbursement is included, that facility runs a payroll per resident day $128.86[4].

Fringe benefits for OIH staff run, on average, 28% of labor costs. This compares with 21% of labor costs reported in the Larson Allen study. This represents a 33% differential between OIH and Larson Allen's clients who reported data.

Figure 3: Comparative Analysis of Labor Costs

Comparative Analysis of Labor Costs

	RN	LPN	Aides	Maint	Housekeeping	Laundry	Dietary
OIH	$ 42.62	$ 31.06	$ 24.08	$ 26.98	$ 22.59	$ 23.72	$ 20.39
Taunton	$ 32.86	$ 23.69	$ 13.85	$ 20.52		$ 13.09	$ 18.79
Northeast	$ 35.40	$ 29.24	$ 15.11	$ 20.47	$ 11.86	$ 11.93	$ 13.52
v Taunton	30%	31%	74%	31%		81%	9%
v Northeast	20%	6%	59%	32%	90%	99%	51%
2009 Base	$ 33.36	$ 27.55	$ 14.24	$ 19.29	$ 11.18	$ 11.24	$ 12.74

The Work Group concluded that this discrepancy with labor costs is driven by the collective bargaining agreement that the Town has with the Service Employees International Union (SEIU) coupled with the "Nantucket Factor". The agreement with the SEIU is less favorable than the SEIU's agreement with Nantucket Cottage Hospital covering many of the same class of employee. Sherburne Commons, which also employs many of the same classification of employee, operates without any union.

The labor agreement with the SEIU contains a "so-called" successor clause which, short of the Town totally closing the OIH for at least two years, binds any successor to the same collective bargaining terms currently in place under the existing contract. This means that, for example, if the Town chose to hire a health care management company to run OIH the health care management company would be bound by the same terms as the current contract unless the Town was totally out of the skilled nursing business for two years. If, for example, the Town were to transfer operating responsibility to Sherburne Commons and its management team, Sherburne Commons would be bound by the same contract terms.

This has led the OIH Work group to conclude that there will be a great deal of difficulty in bending the labor cost curve downward or leveling it off. In fact we project annual 4-5% labor

[3] Ibid

[4] Does not include benefit costs

cost increases for the foreseeable future. When 80% of your operating costs are increasing at 5% per annum and your revenue base is flat to slightly declining this business model becomes increasingly unsustainable without increasingly generous taxpayer support.

OIH Operating Efficiency

The Work Group was not specifically charged with looking at the operating efficiency of OIH but in the course of our benchmarking with the municipality owned Taunton, MA skilled nursing facility and through the review of benchmarking reports such as the Larson Allen, LLP report[5] the Work Group has concluded that OIH is being run in a professional and efficient manner. We believe, as does the current OIH management, there are additional improvements that can be made to operations that will further manage costs but with 80% of operating costs directly related to labor costs, the improvements, while meaningful, will have relatively little impact on the financial sustainability of OIH.

Facility

OIH was constructed in 1980 rendering it over 33 years old. It's a 20,850 square foot, 45 bed facility with a nearly 35 year old design and layout; indicative of the prevailing nursing care philosophy at the time of a "mini" hospital. This philosophy resulted in its institutional-like appearances and attitudes, and regimented daily routine where residents are bored and depressed, increasingly dependent on their caregivers and where no one wants to go.

LarsonAllen reports[6] the average age of nursing facilities in 2009 (including those that have undergone significant renovations) in the Northeast is 16.1 years old. Nationwide, the average age of facilities is 12.6 years old.

The OIH has an outdated kitchen, long gloomy corridors, shared rooms and shared baths, not enough area for activities, limited working areas for therapies, poor energy efficiency, out of date nurses stations and call system, no lobby or reception area and an overall 'institutional' appearance.

In a recent (January, 2013) audit by the Department of Public Health, OIH was cited for physical conditions and deficiencies to the facility. While the quality of care remains high the physical facility has become problematic. Remedying these deficiencies will necessitate that the Town embark on a course of action related to the facility to either improve the existing facility or construct a new facility.

Today, the prevailing nursing home philosophy has changed from *Quality of Care* to *Quality of Life* without sacrificing quality of care. This means modern nursing facilities offer a broader

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[5] Ibid

[6] 27th Annual Licensed Nursing Facility Cost Comparison Larson Allen, LLP. 2010

range of services that range from inpatient and outpatient rehabilitation, specialized dementia programs, adult day health, assisted living and hospice and end-of-life care. In short, expanded choices of when, where and what to eat, wider control over daily activities and a wider choice of meaningful activities.

External Factors Affecting the Sustainability of OIH

The group assessed external factors which would impact the ability of the Town to maintain and continue to operate OIH. The initial list included:

- Community demographics; demand projections
- Medicaid reimbursement rates
- Affordability of long term care services in meeting the needs of Nantucket seniors
- Competition

Community Demographics

The OIH Work Group has been mindful that population demographics are changing and to suggest that our only option to the aging OIH is to replicate the facility in size and in either the same or a different location is to look "in the rear view mirror" to determine where we should be going in the future. In other words, that would be the opposite view of what should be considered for the future of OIH.

In conjunction with the desire to be forward looking with our planning options, the Work Group invited Peter Morrison, retired island resident and professional demographer to address the committee about future demographic trends and their likely bearing on our now and future aging population. Mr. Morrison's slide deck[7] is attached as an appendix but his analysis is summarized here.

Mr. Morrison spoke of the Demographic Context in which to frame the discussion around the:

- Knowable future, which consists of
  - Baby boomers, most of whom will age in place
  - Older residents with longer life expectancy
  - Traditional family caregivers a thing of the past
- Less certain
  - Elderly increasingly will live alone
  - Prospect of more alternative living arrangements (e.g., elderly cohabitation)

More Nantucket household members are 65+[8]. In 2000, 19% of the population as reported in the census was 65+. By 2010, 21% of the population was 65+, a 10.5% increase. The same trend is true for those over 75. Nationally, the trend is similar.

[7] Demographic Forces Shaping Demand for Elderly services on Nantucket December 7, 2012
[8] Sources: 2000 SF1 P23, P24, P25; 2010 SF1 P26

Elderly service demand is shaped by several things: the relative mix of younger (65-74) and older (75+); household disposal income and net worth; and cost pressures that shift demand away from hospitals and nursing homes to less costly forms of assisted living all creating a competition for (scarcer) resources.

Mr. Morrison's concluding comments regarding the island's strategic choices in the face of this coming demographic wave suggest that with the extensive 'intergenerational' connectivity on Nantucket there is a need to strike a balance between numbers served and services offered. This is balanced against ability to pay, which will vary widely, suggesting a course of action that creates an 'a la carte' choice of services to prolong independent living for others.

Medicaid and Medicare Reimbursement Trends

There are three major revenue sources for OIH: Medicaid (MassHealth), Medicare and Private Pay. Medicaid (MassHealth) and Medicare make up 75% of OIH revenues on average in any given year therefore any downward trends in reimbursement rates from these two programs will have a significant impact on the long term sustainability of OIH.

The current expected future trend in Medicaid reimbursement is toward redirecting these payments away from institutional settings like OIH and toward Home and Community Based Services (HCBS) which can be provided at a lower cost. As the following data from the Centers for Medicare and Medicaid Services (CMS) shows the national trend toward the redirection of expenditures is stark and will have a significant disruptive effect on OIH in future years.

Figure 4: Long Term Medicaid Care Expenditures by Type

	2000		2011		2012			
	$	%	$	%	$	%	% Change 2000-2012	Annual Rate of Growth
Nursing Facilities	$ 39.6	57%	$ 51.9	43%	$ 50.5	43%	28%	2.3%
ICFs/MR	$ 10.4	15%	$ 13.3	11%	$ 12.6	11%	21%	1.8%
Home & Community Based Services	$ 12.5	18%	$ 36.2	30%	$ 38.8	33%	210%	17.5%
Personal Care & Home Health	$ 7.0	10%	$ 19.3	16%	$ 16.3	14%	133%	11.1%
Total	$ 69.5		$ 120.6		$ 118.2		70%	5.8%

Source: CMS Medicaid Statement of Expenditures (CMS-64) 2000, CMS Medicaid Program Budget report (CMS-37) August 2010 & 2011, Annual Estimate 2012. Figures in $ Billion

The WG believes that these trends[9] in Medicaid expenditure constraints will seriously disrupt the OIH operating model. Overall, there are four trends to watch:

1. Reduction in the number of Medicaid beneficiaries using nursing home facilities
2. Slower/contraction in state payments
3. An increasing gap between the cost of providing care and the reimbursement rates from the state.
4. Capitated, Long Term Care Programs which will work to constrain the overall reimbursement for a patient between Medicaid and Medicare. This is an issue for OIH as the Medicare margins help subsidize Medicaid reimbursement shortfalls making the competition with the Nantucket Cottage Hospital for the higher margin Medicare patient a rising issue.

"Historically, there has always been a major disconnect between what Medicaid pays for nursing home services and the cost of providing those services. That gap is rapidly expanding leaving nursing homes with significant Medicaid volume little choice but to further constrain costs to survive. The challenge is not whether costs can be cut, but whether doing so will allow skilled nursing care providers to deliver the quality care and quality of life consumers expect and regulators demand.[10]"

At the same time, reimbursement rates from MassHealth and Medicare are on a downward sloping curve. Nationwide, the average shortfall in Medicaid nursing home reimbursement for 2011 is projected to be $19.55 per Medicaid patient day[11]. The actual shortfall in 2011 will likely be somewhat higher, since actual cost increases historically have outpaced projected inflationary increases for nursing homes.

> *For every dollar of allowable cost incurred in providing long term care for a Medicaid patient in 2011, the Medicaid program reimbursed approximately 90 cents on average. Unprecedented state budget deficits and the expiration of federal stimulus funds on July 1, 2011 contributed to the second lowest percentage of cost coverage in the ten years that this annual report has been compiled[12]*

Medicare cross-subsidization of Medicaid continues to serve an important function in sustaining nursing home care. Reimbursements from these two government programs combined have resulted in a break-even margin for 2009 nationwide; however, we project a very different scenario for nursing care in 2012. With planned Medicare rate reductions in 2012 and a projected negative Medicaid margin topping 14%, the margin percentage for these two

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[9] 2011 Report on the Shortfalls of Medicaid Funding in Nursing Home Care prepared for the American Health Care Association by Eljay, LLC

[10] ibid

[11] A Report on Shortfalls in Medicaid Funding for Nursing Home Care ELJAY, LLC FOR THE AMERICAN HEALTH CARE ASSOCIATION December 2011

[12] 2011 Report on the Shortfalls of Medicaid Funding in Nursing Home Care prepared for the American Health Care Association by Eljay, LLC

government programs combined will only reach a negative 2.7%. The combined shortfall of both Medicare and Medicaid is projected to exceed $2 billion, marking an end to the current reliance on Medicare cross-subsidization of Medicaid shortfalls and the beginning of greater uncertainty.

Competition for OIH Residents

There is emerging competition for OIH residents, specifically from the Nantucket Cottage Hospital and its plan to continue to offer "Medicare" or "swing" beds. NCH provided "Medicare" beds before OIH had received its Medicare certification and it intends to continue its practice. This competition cuts into the Medicare revenue generated by our OIH further eroding the cross-subsidization that Medicaid receives from Medicare and leaving the OIH caring for residents who have the lowest reimbursement rates.

The other source of competition may come from Sherburne Commons and the plans of its proposed buyer, Northbridge Communities. Northbridge intends to open and market its dementia unit which has the potential to attract private pay residents who now are residents or who may be residents in the future of OIH. While the WG has no official position on these two possibilities, both have the potential to impact the sustainability of OIH.

The Town, in the course of negotiating with Northbridge has secured their agreement to offer "shared services" – food, laundry, and facilities – non-medical services – on a contract basis, subject to arriving at mutually agreeable commercial terms if OIH were to relocate its facility to Sherburne Commons. Further, Northbridge has pledged to provide space and host a "social model" Adult Community Day Care at its facilities, whether or not OIH were to relocate.

Summary and Conclusions, Next Steps

The WG believes the need for long term care services on Nantucket will increase and change over time following the demographics of our time. Demographic trends and the increasing desirability of Nantucket as a retirement destination make this a high probability outcome. At the same time there is an increasing mismatch between present and projected future needs of elderly Nantucketers and the Town's finite financial capacity to meet those needs. Basically, mature Nantucketers will advance in age, expanding the population of concern, and family members with the will to care for them may find they have no practical means of doing so.

The options for resolving this mismatch, though, are inherently controversial. At the heart of the issue is a public choice: At what stage of the aging process might the Town serve a compelling "public purpose" by dedicating resources to the wellbeing of its elderly residents?

That choice represents a statement of collective community values, within a context of present-day fiscal limits.

	Facility	Employees	Skilled Nursing Facility Alternatives	Financial Realities	Demand
Current Situation	Substantial investment (>$5MM) over next few years to meet audit findings and deferred maintenance	Union and labor contract locks in ever increasing (5%+/- per year) employee costs.	No other on-island facilities. Geographic isolation foreshortens skilled nursing facility options.	CPE reimbursement going away. Medicaid reimbursement rates declining. Operating costs increasing. Taxpayer subsidies increasing. Competition for higher reimbursement care.	Competition for residents. Demographics suggest increased demand as population ages. New operating models (community based) may siphon off residents.
Reposition OIH			Scale back services Curtail Costs Shift care responsibility to other providers	May not achieve desired financial impact Perceived as a service reduction?	
Sell OIH	Retain land Cost share in new/refurbished facility?	Potential loss of jobs	Facility still operates under private ownership	May not end the financial subsidy required Political fallout	
Hybrid – private or non-profit operator	Retain ownership of facility Operated by private or non-profit	Union and labor contracts renegotiated with new ownership Market based compensation		Operations reformed under direction of new operator Will likely require a fixed subsidy from the Town	
Maintain current operating model	New facility ($15MM+/-) constructed to meet resident and community needs.	Town options for contracting with or selling operations to private operators limited by terms of contract.	Utilize facilities on Cape.	Execute radical operating shift in conjunction with a new facility. Reduce resident capacity. Increase investment in community based care.	Demand difficult to predict but push for community based care may (will) impact residents/revenue

The Facility

It's clear that OIH will need a substantial investment (>$5M) in its physical plant over the next few years to meet the audit findings identified by the Department of Public Health in its January, 2013 audit of the facility. This could take the form of general refurbishment of the facility or the construction of a new facility ($15MM +/-). This capital investment decision faces the voters in the next few years.

Employees

The current union and labor contracts binds the Town to ever increasing personnel costs in the face of declining reimbursement rates. This severely limits the Town's options either in contracting with other entities to operate OIH or (re)organizing the work force to meet the fiscal realities of today's reimbursement landscape.

The revenue and cost trends for OIH (and skilled nursing facilities in general) point to an ever widening divergence between the two necessitating ever increasing subsidies from the Town in order to remain in operation.

Lack of Skilled Nursing Facility Alternatives

OIH has served several generations of islanders. Our geographic isolation foreshortens our nursing home care options. As we all know, if OIH didn't exist the only options would be off-island.

Financial Realities

The State's CPE reimbursement program to municipally owned nursing facilities (for which Nantucket received $1,873,000 in FY 2012) and for which reimbursement is variable and sporadic, is likely to go away in the next 3-5 years. While this reimbursement doesn't totally eradicate the operating loss it goes a long way toward reducing the Town's general fund subsidy.

There is a growing need for subsidized/affordable home and community based services to provide support to enable the frail elderly to remain in the community.

Case management and referral services will become increasingly important to address prioritizing long term care service delivery due to Office for Aging budget cutbacks and growing need for services.

Demand

Long term demographic trends suggest that demand for skilled nursing facilities will increase as the population increases. But as a counterbalance to this potential demand government reimbursement may drive demand into alternative forms of care with elders "aging in place"

and remaining in the community longer, either of necessity or practicality, and alter the demand for skilled nursing facilities.

Alternatives

The "Village" concept originated as a grassroots effort in Boston's Beacon Hill in 2001 when a group of neighbors came together to develop services that would enable older adults to remain in their home and community. The resulting "village" notion has since been replicated around the country, with over 100 active or developing communities.

AARP reports that 90% of older adults want to remain in their home as they grow older. With the geographic dispersal of families and with older adults wishing to keep from burdening their families, growing older at home has become more of a challenge. "People end up moving because they can't change the light bulbs or (they) get isolated when they get home from the hospital and can't coordinate everything," Judy Willett, director of Beacon Hill Village commented. "Villages" present a solution by connecting members with the services and resources they need to live a comfortable, safe and healthy life at home.

Many "villages" are a neighbor-helping-neighbor system in that they rely on volunteers to provide services at no additional cost to the members. When volunteers are not able to provide services, "villages" refer members to vetted and often discounted vendors.

The "village" allow people to live how they want to live – in the comfort of their own home surrounded by their neighbors, friends and community.

Acknowledgements

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MEMO

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To	C. Elizabeth Gibson, Town Manager	**Date**	29 March, 2016
From	Richard F. Webb	**Project No.**	15126
Subject	Site Evaluation Commentary	**Project Name**	Our Island Home Feasibility Study Part 2

Libby:

The following is a summary of our recommendations regarding the comparative assessment of the existing Our Island Home [OIH] site and the proposed site located adjacent to the existing Sherburne Commons [SC] facility. At our presentation to the Board of Selectmen, the recommendation was made to locate the new facility at the Sherburne Commons site. Storm surge was a key factor in making this recommendation.

STORM SURGE:
At the March 23 BOS presentation, the SMRT/SK Advisors team presented images depicting storm surge impacts of Category 3-4 hurricanes as part of the discussion assessing the vulnerability of the existing OIH site. The team prepared these graphics in response to the March 5 Public Input session, where questions were raised regarding quantifying the impacts of Category 4 and 5 hurricanes on the existing OIH site. Category 5 hurricane storm surge inundation data is not available for Nantucket as a hurricane of that magnitude has not struck the island during recorded history. The graphics presented were based on the SLOSH (Sea, Lake, and Overland Surges from Hurricanes) model output available on the National Oceanic and Atmospheric Administration (NOAA) webpage. The SLOSH model is a numerical model used by the National Weather Service to compute storm surge. Storm surge is defined as the abnormal rise of water generated by a storm, over and above the predicted astronomical tides. Flooding from storm surge depends on many factors, such as the track, intensity, size, and forward speed of the hurricane and the characteristics of the coastline where it comes ashore or passes nearby. Importantly, the SLOSH model does not account for levels of future sea level rise.

At the following day's Public Input session, a second image was presented by one member of the public. This second image is an output from the Nantucket GIS system which depicts hurricane inundation data. This data layer is taken directly from the statewide GIS system (Oliver), and according to the OLIVER metadata, this data set was developed by the ACOE New England Division and is based on the NOAA storm surge inundation (SLOSH) model.

There is an apparent discrepancy between the OLIVER data and the data available directly from NOAA; generally, the NOAA data appears to indicate a greater depth of potential storm surge inundation at the OIH site. This discrepancy appears to be the result of OLIVER and NOAA SLOSH hurricane inundation outputs utilizing different topographic data. It was felt most responsible to present the storm surge data available directly from NOAA, particularly because the OLIVER/ Nantucket GIS storm surge information purports to be based on that same SLOSH model data.

By comparison, the Sherburne Commons/Land Bank property is approximately 15' higher in elevation. Both NOAA SLOSH and OLIVER output models agree and illustrate that this site has **zero** potential surge impacts from Category 4 or 5 hurricane storm surge.

In summary, while the NOAA SLOSH and OLIVER output depictions may vary slightly with specific degrees of storm

surge impact, the OIH site is more vulnerable to a Category 4 or 5 hurricane as compared to the SC site.

SUMMARY: Throughout the study, a key project tenet has been to eliminate the risk of danger and to mimimize impacts to the Our Island Home residents. For the reason noted above, the Sherburne Commons site is the recommended site for the construction of a new Our Island Home facility.

Coordination and Strategic Responsibilities

Apart from legal responsibilities, the board of selectmen can and should be the group in town that sets policy and strategic direction, coordinates the activities of other boards, and hears appeals and resolves problems that have not been settled at lower levels. If there is a professional administrator, the selectmen should work through him or her. In smaller towns, the selectmen should work through department heads. Sometimes, boards of selectmen misunderstand this broad policy role. They may overstep their bounds by getting involved in the daily operations of a department; or fail to set sound written policies or do long-range planning; or be too quick to try to solve problems that should be handled by the administrator, another board or town employees. There is more than enough for selectmen to do without getting bogged down in matters that are better delegated to someone else. The board's time is best spent by concentrating on making the whole of town government work.

Some suggestions for reaching this goal include the following:

- Ask each town official to develop an action agenda for the year that can be shared in a group forum.
- Hold regular meetings of all town officials, so that everyone can keep current on what others are doing.
- Bring together town officials, department heads, and citizen groups for organized discussions when major problems arise.
- Invite the town's state senator and representative to meet with the board and town organizations every few months for give-and-take discussions.

Leadership Responsibilities

An effective selectman has the ability to take the patchwork of laws and bylaws that comprise the board's authority and turn it into an action agenda that can be summed up in a single word: leadership. Leadership is the most important—yet least understood—role of a selectman. It involves both personal leadership and, perhaps more important, leadership by the board as a team.

Leadership may be best understood by describing what good leaders do. Effective leaders take up-front, visible roles. They make decisions based on facts, data and logic, even when these decisions are unpopular. They lead by example, not by words, power or manipulation. They look for the root cause of problems. And they recognize the difference between the right to take action and the wisdom, on occasion, not to.

Board of Selectmen
Mission Statement

The mission of the Board is to serve the community by providing clear, concise goals and policies that ensure quality in the delivery of town services, long-term planning, and improved efficiencies in operating town government.