



Town of Nantucket Finance Committee

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

MINUTES

Saturday, January 18, 2020

4 Fairgrounds Road, Community Room – 8:30 a.m.

Called to order at 8:30 a.m.

Staff in attendance: Libby Gibson, Town Manager; Gregg Tivnan, Assistant Town Manager; Brian Turbitt, Director of Finance; Alexandria Penta, Financial Analyst; Terry Norton, Town Minutes Taker

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

Early Departure: Roche, 11:58 a.m.

Documents used: Draft minutes for January 6, 9, & 13, 2020; Departmental budget projections for FY2020s; Capital Program Committee Report; Strategic Plan; Hazard Mitigation Plan; CMOM; Coastal Resiliency Plan

I. ANNOUNCEMENTS AND PUBLIC COMMENTS

1. No public comments

II. APPROVAL OF PRIOR MEETING MINUTES

1. January 6, 2020: No action at this time.
2. January 9, 2020: No action at this time.
3. January 13, 2020: No action at this time.

III. REVIEW OPERATING BUDGETS OF GENERAL FUND AND ENTERPRISE FUNDS

1. Police Department

Dept. Head Chief William Pittman

Discussion **Pittman** – Most requests revolve around parking improvement and hiring people to implement the plans for next year: one full-time parking officer, 3 additional seasonal officers. Reviewed capital requests: additional pump out boat, LORAN housing renovation and sewer hook-up. Budget single biggest factor is personnel increase caused increase of \$200,000 overall salary; rest is contractual salary increases. Small increases include: retirement, data processing, network security fees, uniforms and ammunition (connected to training), police vehicle upgrades. It costs about \$50,000 per officer to hire, train, and kit out for patrol. Officers sign a 3-year agreement; if they break that, they payback about \$12,000 per year left on the contract; we looked at raising that, but it has to be based upon cost, not salary.

McEachern – Asked how if it would it help if the LORAN provided year-round housing and who would use it.

Pittman – The LORAN housing is a 1960-style dormitory suitable only for seasonal workers. There are only a few rooms that can be heated. The 2-room suite is for the “caretaker”. Full-time officers can find housing.

McEachern – If the Town owned housing and charged rent, how would that help.

Pittman – It would keep people around but eventually someone would want to own a house rather than rent.

McEachern – Asked about Phase I of paid parking.

Pittman – We provided the Select Board different options on how paid parking could be implemented. The Select Board deferred implementation to amass data and look at ways to

implement the paid parking. Part of our requisition this year is hand-held license readers. He is suggesting modification to local regulations associated with the residential parking permits and enforcement. In his opinion, paid parking is a big unknown that would cause confusion until we can gather data; there might be other options more compatible with Nantucket's mindset.

Grause – Asked about the impact of valet parking.

Pittman – It worked best when we had a dedicated lot by getting a lot of cars off the street. Use of the Town parking, lots that would be used by employees were lost.

2. Fire Department

Dept. Head Chief Steve Murphy

Discussion **Murphy** – Much of the budget is payroll and operating expenses. There is the continuation of replacing the Self-contained Breathing Apparatus and purchasing equipment for the Advance Life Support (ALS) program; maintenance of those will be \$50,000 going forward. We have two new firefighters who have received the paramedic certification with three more coming along. We're also looking for Active Shooter Response Equipment and an event response trailer. He's putting out an Request for Proposal for a fire-equipment mechanic to come here to maintain the vehicles. Three new firefighter recruits going to training, which costs about \$18,000 for one with an addition \$8,000 for others.

Grause – Asked if Firefighter tends to be more local; whereas the police seem to come from off Island.

Murphy – It is easier for us to recruit locally than for the Police because of the nature of the job. We've been trying to recruit "call firefighters"; the Deputy Chief is running a Firefighter 1 recruitment and training program; they are paid \$15 an hour. We had a Junior Firefighter program and are starting it back up.

Grause – Asked about the permanent salary line decreased \$396,000.

Murphy – That doesn't include the salaries for ambulance staff.

Grause – Asked about the education incentive line \$190,000 increase.

Turbitt – That is for those in the paramedic program; once they hit metrics, they get stipends. We are accounting for all those potential moves.

Glowacki – Utilities line item has been consistent at 3.75; asked if that will go up with the bigger building.

Turbitt – That is consistent with the fuel account. Utilities are out of Public Building.

Schaeffer – Budget for overtime asks for \$518,000 for three years in a row; however, it comes in \$100,000 below that every year. Asked how that is calculated.

Murphy – The higher number provides flexibility. It's hard to calculate overtime; we don't know what manpower losses we will have to cover in the coming year. We've been lucky in past with overtime but that isn't always the case.

Schaeffer – Asked about homes installing fire hydrants versus the department using pools to refill.

Murphy – A fire hydrant is complicated to install; it's detailed by regulations. The incentive for homeowners to install hydrants is with the insurance. Reviewed some of the issues with the new building; all under warranty.

3. Wannacomet/'Sconset Water Companies

Dept. Head Director Mark Willett

Discussion **Turbitt** – There will be a couple of changes to be noted when making the motion for these two entities which will impact the General Fund

Willett – A big change is the business manager, Heidi Holdgate is retiring, and Denise Allen will be moved into that position. Wannacomet has seen a drop-off in service connections; we went from 2-4 a week to 1 or 2 a week. We've seen a reduction in the water revenue; now 25% of our meters are dead in the winter. Other changes for Wannacomet: add metal roll-off rubbish removal, drop in professional service line, increase in water sampling line item, increased engineering survey equipment. Current project is North Liberty Street and we're working in conjunction with Sewer Department and bring in Department of Public Works (DPW) with stormwater; we're working together to open roads once and resurface curb to curb when done.

Grause – Asked about the water-rate study.

Willett – It is complete, and we aren't raising rates. Fire-Service Connection has increased and put a big demand on our system; we are considering increasing those connections 3% in FY2021 or FY2023. Our 20-year permit ran out in 2012 and we've been waiting since 2010 for the new permit to be issued; it is apparently waiting to be signed. The delay was because Massachusetts Department of Environmental Protection (DEP) didn't put into account the difference between summer and winter population; their number is strictly off population and doesn't take day-trippers into account. There were other towns on the Cape with the same issue, and they also got involved. We have been given a 15% buffer.

Grause – Asked about the merger of Wannacomet and 'Sconset.

Willett – It didn't make it to the final meeting of State Legislature and is back in the pile; there will be a renewal article in the warrant for another year. We're treating 'Sconset as another pump station: maintain and work on what we have; we pretty much manage it all as one company. There would be some savings once they are combined. The number of customers in 'Sconset is small; the pump comes on every four or five days using maybe 100,000 gallons every four days. It would be better to have one rate; the merger would increase 'Sconset rates a little bit.

Discussion about the drop in new service connections.

4. Sewer Enterprise Fund

Dept. Head Director David Gray

Discussion **Gray** – Permitting is going way up due to the new sewer districts coming on line, particularly Shimmo, which went live last April. Our crews are doing 4 or 5 inspections a day. Shimmo is a nitrogen sensitive area and residents had 6 months to pull a permit. In 'Sconset, we receive about 9,000 gallons a day. We did a rate study and initiated a 10% Island-wide increase, which was implemented January 1. We are working on a project for tier-rate structure for people who use more or less water.

Turbitt – The rate increase is calculated into FY2021 revenue. We have \$800,000 in retained earnings to balance it; we are looking at reducing that at various levels to see what it will look like. We are looking to introduce the tiered-rate structure in an effort to create affordability across the users. Expectation is to present that to the Sewer Commission for implementation on July 1, 2021, once all 300 Shimmo permits are active. Other revenue changes will mitigate the \$800,000 in retained earnings. There will be more debt coming on in the future and that will be calculated in as well.

Gray – Overtime and operating is impacted by back-up calls; they take a lot of time and resources; that has increased a lot. Explained how he plans to mitigate that number of calls so that they respond only to Town line back-ups and not residential line back-ups.

Kronau – The 2020 salary budget went down and now it's gone back up.

Gray – We had a retirement then were down positions; we have filled all those positions. We try to find "home-grown" people who already have housing. We do have on-site housing and will be adding a couple-more duplexes.

Turbitt – Noted that the first line of the budget shows salary increases; under sewer collection, there is a reduction in salary.

Gray – The Baxter Road sewer is still on the book; if we hit the 25-foot from the bluff threshold, which closes the road and utilities, we have a draft plan to relocate the sewer; that would be paid for by the users and Sconset Beach Preservation Foundation (SBPF). Addressed issues the department faces from erosion and accretion for shore-side facilities. We now keep resiliency and water protection in mind for everything we do. This is the 3rd year in the CMOM program, which is on-going.

Grause – Asked about the overall capacity of the Surfside Wastewater Treatment Plant.

Gray – It was permitted 4m gallons a day. The Phase I upgrade could handle all the needs areas and the inclusion of a Madaket sewer. The plant itself is designed to handle 7.7m gallons a day. We are doing a Comprehensive Wastewater Management Plan specifically for Sconset; the last one was done in the 1920s. One of our biggest costs is paving, all the paving aggregate must come from off Island. Membrane upgrades are the final upgrade to the treatment plant; when they fail, it would be catastrophically. Some of the training budget is to meet OSHA (Occupational Safety and Health Administration) safety regulations; we are trying to do all our training on Island.

Veith – Asked about the lab upgrade.

Gray – We try to take that on a little at a time each year; eventually it will also test water quality. Currently Natural Resources can use our facility to test for coliforms; in our new discharge program, DEP has added testing parameters, which only Natural Resources can do.

5. Department of Public Works

Dept. Head Director Robert McNeil

Discussion **McNeil** – This department has grown, and we respond to more and more requests from the public. We're working to keep staff trained and up to OSHA standards and we face housing issues. Last year we responded to just under 4,000 workorders, which forces us to become more efficient.

Grause – Asked if the increase in working is from making service requests easier.

McNeil – Yes, it's a combination of outreach and ease in initiating service requests. Shared the contract costs for the CCTV line work with the Sewer Department; it has provided a true picture of underground infrastructure.

McNeil – Most capital requests address infrastructure including vehicles and equipment. We have been focused on looking at individual line items to ensure staff is billing expenses to the appropriate line, so he can understand exactly what's needed for each line item and lead to a reduction in a number of them.

Kronau – Under capital item, asked about the Permanent Traffic Data Station.

McNeil – Explained how the data station works, the detailed information it compiles, and how that data can be used. The first one will go on Orange Street at Goose Pond to pick up in-bound and out-bound truck traffic. A future one is set to go on Madaket Road to pick up land-fill truck traffic.

Grause – Asked Mr. McNeil's thought on the bicycle-path signage article.

McNeil – We are seeing a couple different things on pretty much every roadway project: State requirements and Nantucket requirements. It's important in any transportation approval to recognize what is necessary to meet State and Federal law and how to modify that to meet Island needs and expectations. There needs to be uniformity across the board. The DPW is inventorying the bike paths to include striping and signage.

Roche – Asked his thoughts on the Parks and Recreation (P&R) Department. article.

McNeil – He thinks the current status for the Parks Program is working; he's working with Finance to ensure facilities are maintained and resurfaced as needed. Running the use programs themselves is not something his department does.

Roche – She thinks it would be a popular concept on Town Meeting floor; her concern is how that fits into DPW operations.

McNeil – We have a P&R Master Plan and P&R Committee; we make recommendations to the Select Board on changes to the P&R Program. Feels education of the public about what is actually happening is all that is necessary. We work closely with the Community Schools in scheduling maintenance and upkeep of the fields.

Vieth – Asked who pays for filling in potholes/maintenance on bicycle paths.

McNeil – We work with the State on any multi-use path. We work with the State to coordinate construction of the bike path through the State Forest and connect the trail appropriately.

McEachern – Asked if the site environmentalist is in house or hiring outside.

McNeil – We outsource any type of environmental work.

McEachern – Asked about the capital request for new vehicle-equipment storage building and how that would impact productivity not having to outsource.

McNeil – Productivity would go up by protecting the equipment from the environment. Cited other ways the department is trying to impact the budget.

Grause – Asked about the LiUNA position.

McNeil – That is a union position which would be focused on personnel.

6. Solid Waste Enterprise Fund

Dept. Head Director Rob McNeil

Discussion **McNeil** – He's looking to supplement the coordinator with seasonal help. We need additional professional service to support projects. He's trying to find a new digester; reviewed items which have caused damage to the digester. Explained composter break-down tests taking place. The focus is on becoming more efficient. The next Waste Options contract is very likely to be short-term; the profession is changing. He's creating a 10-year consolidated master plan, so the Landfill can become as self-sufficient as possible.

Kronau – Recyclables were down in 2019; asked why that is.

McNeil – The chart is not the waste stream. It characterizes the household waste stream. In 2018, only 51% was compostable mixed with non-compostable with only 14% being recyclable. The trend we are seeing is what we were hoping for; we've seen a 10% uptick in compostable waste with a comparable drop in non-compostable.

Glowacki – Asked about the budget transfer from free cash.

Turbitt – That's retained earnings the next one as we progress through the contract will have to be discussed.

Glowacki – Asked about the increase in C&D (construction and demolition) fees year to date.

McNeil – He attributes that to on-going construction.

Turbitt – It depends on which line was going down.

McNeil – Most recently the Town explored taking advantage of State opportunities. Wherever we can, we take advantage to tighten up a contract and get better prices per truckload.

Glowacki – Asked about the costs for professional services.

McNeil – Waste Options is a big part; also, there's the consultant, town counsel time on contracts, and landfill sampling and testing monitoring.

Glowacki – Asked if there is a professional services component that could be a negative surprise.

Turbitt – He and Mr. McNeil talked about that; it relates to the amount of services from Waste Options. Cited past examples of unknowns that were a surprise.

(Break 10:49 to 11:10)

7. Town Administration

Dept. Head Town Manager Libby Gibson
Director Brian Turbitt

Discussion **Gibson** – There is a Powerpoint® presentation on line of what was presented to the Select Board. Housing is a current issue; we are also working around Hazard Mitigation Plan, Coastal Resiliency Plan, Our Island Home, Solid Waste Management, plastic ban, office and meeting space. With respect to EIR, we have initiative for parking and/or other data collection, strategic plan, paid parking re-evaluation, sustainability office, safe rental housing, government workshop and professional services. Most other department EIRs are one-time and will be covered by free cash: Town Clerk, IT, PLUS, Human Resources.

Turbitt – The IT \$10,000 is for upgrade Town email and \$80,000 to execute inter-gov phase III out of free cash. Human Resources was allocated \$50,000 for Complication Classification study. PLUS: Professional Service for update of the master plan \$100,000, continue on-going upgrade of inspector vehicles \$27,000, and Professional Service update historical/architecture survey for the Historic District Commission allocated \$100,000.

Grause – Asked about the capital request for a stormwater pump.

Gibson – That is to move stormwater; we’ve struggled to ascertain capital projects not part of the strategic plan. Our plan is to have a category of Hazard Mitigation.

Grause – Asked if the Underground Feasibility Study is also part of that.

Gibson – This isn’t the first capital proposal for that. This is coming out of recent discussions on the National Grid L-8 project to replace poles. The question is could those lines be put underground and what it would take; the lines include other utilities aside from electricity. Stormwater, sewer, and water are planning in advance with the idea to coordinate the projects, so everything is done at the same time.

Town-wide document management Phase II would get documents on laser fiche; there’s a lot of manual work in scanning documents.

Town-wide security measures is coming out of work-place violence around the country; we’ve done a lot of training and perhaps there will need to be cameras and locks and/or panic buttons. Over the last couple of days there’s been an increase in violence up in the courtroom area.

Kronau – We talked about missed opportunities. Asked what Ms. Gibson sees as needing more funding and what could be a risky budget surprise.

Gibson – There are some key issues that require supplemental overview; i.e., DPW needs more staff. Recreational scheduling is in large part is managed by the Community School and they need more staff. Coastal resiliency, we’ll need expertise to focus on managing and monitoring grant opportunities; grant writers are very specialized so a “general” grant writer wouldn’t be adequate. Solid Waste is a real issue and we’re gearing up to developing options going forward, especially after 2025. Housing is definitely an issue; the risk is having it sufficiently there for higher-level employees. We could help work-out housing when people get here but that isn’t permanent housing; we have plans for avenues to be pursued through our Housing Specialist. Space Needs is an issue; it’s hard to find meeting space with televising capabilities.

Turbitt – He worries about health insurance, which we have limited control over; there’s an 8.75% increase on rates. General insurance is something we have limited control over as well; catastrophic storm damage anywhere in the country could cause 30% increase across the board. Opportunities to consolidate or reallocate departments are being looked at.

Grause – The gap between projected revenue and expenses is \$152,000; asked what happens when expenses go up and revenue doesn’t go up.

Turbitt – We have to make adjustments or find ways to provide services or generate revenue.

Grause – We are seeing some huge capital expectations over the coming years; asked if that threatens the Town’s AAA credit rating.

Turbitt – Doesn’t think we’re at risk of losing the AAA rating because of how we manage our money.

McEachern – Asked if there are any yellow lights.

Turbitt – Building permits have seen a change with a rush then leveling off. We looked at freight and ferry traffic. Motor Vehicle excise and Rooms and Meals are green. We are in the process of upgrading the “dashboard” so that it is updated in real time.

Kronau – Under Health and Human Services Department salary line, asked about the salary increase up to \$850,000.

Gibson – We added a Human Services Director.

Maury – Asked about the growth rate.

Turbitt – We are fortunate that we generate more new growth than projected. That risk would be mitigated by looking at the trend and the starting point; he’d recommend slowing Town hiring should we experience a slowdown. He doesn’t want to rush into rash or catastrophic decisions if a slowdown is not drastic. He could recommend delaying some operational expenses. We have about \$5.5m in stabilization that could help get through a slowdown.

Gibson – Reviewed items that could be stopped or slowed without impacting Town operation.

Kronau – Feels this budget review has been very productive.

IV. REVIEW AND DISCUSS ATM APPROPRIATIONS ARTICLES

1. Revolving Funds

- a. Health Department: **Turbitt** – We recommend a seasonal food services inspector and funding for permanent and some seasonal hiring. Septic system fees fund the health director and one of the inspectors.
- b. Park and Recreation: **Turbitt** – The revenue is estimated to be \$19,000 and expenses \$16,000; we pay for some repair and maintenance of the fields from this reserve fund.
- c. Ambulance Reserve Fund: **Turbitt** – This has been one of the largest; the \$57,000 will go back in thus reduce the general fund; the 6 lowest paid Firefighter educational incentive will be moved from General Fund to here. We’re not yet able to take advantage of ALS rates since it isn’t fully implements; when it is, we will have an additional \$150,000 in revenue.
- d. Waterways Fund: **Turbitt** – Recommending same level of compensation.
- e. Lifeguard and Low Beach Housing: **Turbitt** – The revolver is associated with NPD seasonal staff; the rent collected is allocated to maintaining the building.
- f. Ferry Embarkation Fees: **Turbitt** – This goes to CSO billing with the balance transferred to the operating budget.
- g. Beach Improvements: **Turbitt** – This is split between NPD and Natural Resources for beach stickers and shellfish propagation.
- h. Aviation Fuel Revolving Fund: **Turbitt** – This will be recommended at the same platform, \$2m.

V. OTHER FINCOM BUSINESS

1. Next meeting: Tuesday, January 21, 2020; 4:00 p.m.; 4 Fairgrounds Road, Community Room
Nantucket Public School Budget

Motion to Adjourn at 12:03 p.m. accepted by unanimous consent.

Submitted by:

Terry L. Norton