



Town of Nantucket Capital Program Committee

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Members: Stephen Welch (Chair), Pete Kaizer (vice chair), Richard Hussey (Secretary), Christy Kickham, Peter McEachern, Jason Bridges, Nat Lowell

MINUTES

Tuesday, April 14, 2020

This meeting was held via remote participation,

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

Called to order at 10:07 a.m. and Announcements made by Pete Kaizer

Staff: Libby Gibson, Town Manager; Brian Turbitt, Finance Director; Rebecca Woodley-Oliver, Procurement Officer, Gregg Tivnan, Assistant Town Manager; Rachael Day, Assistant Town Manager; Alexandra Pena, Budget Analyst; Diane O'Neill, School Facilities Director; Michael Cozort, Superintendent of Schools; Beth Hallsett, Deputy Superintendent of Schools; Karen McGonigal, Chief Technical Officer; Rob McNeil, Director Public Works (DPW); Martin Anguelov, School Finance Officer

Attending Members: Kaizer, Hussey, Kickham, McEachern, Bridges

Late Arrival: Kickham

Absent Members: Welch, Lowell

Documents used: Governor Baker's March 12, 2020 Order; FY 2021 Budget Projections and Proposed FY 21 Capital Projects

Motion to Approve the Agenda. (made by: Hussey) (seconded) unanimously approved by Voice Vote

I. PUBLIC COMMENTS

None

II. REVIEW OF FY2021 BUDGET PROJECTIONS AND PROPOSED CAPITAL PROJECTS

Discussion **Turbitt** – Woodley-Oliver sent everyone a list of items to be funded by free cash for FY2021; we are expecting decreases in the five largest tax revenues. That represents a \$2m decrease available in FY2021. One option is to consider removing all Capital Projects funded through free cash and to conserve that money to potentially plug any General Operating Budget holes in the event of a catastrophe. We are specifically looking at Solid Waste and Our Island Home (OIH) revenue. We had a discussion with Schools, DPW, and IT; they are prioritizing their list of projects in the event we can reallocate free cash back to a project.

Hussey – On unintended consequences, asked if any items might be problematic.

Turbitt – When pulling back \$5m capital when we need to maintain infrastructure, he doesn't think the Town will come to a halt if these capital projects aren't done.

Gibson – Looking through the projects, there aren't any severe unintended consequences. Some vehicle replacements will have to wait; some facilities work will have to wait. Some roadway work will have to be done under current funds still available.

McEachern – Asked if they are starting delayed tax payments with July 1 FY21.

Turbitt – He doesn't anticipate receiving payments for the final 2020 quarter in June. The initial starting point is based upon what's being done on the Cape. The high point before 2006 recession, there was a 28% reduction in room tax. He expects the Department of Revenue to provide direction on how to handle this.

McEachern – Asked about the Airport, which seems could take the biggest hit due to loss of fuel sales.

Turbitt – He’s working with the Airport finance officer to review possible impact on their operations; he’s not prepared to produce concrete information at this time.

Gibson – There are a couple of projects we’ll keep: the boiler for school and a couple for IT.

Turbitt – We can reallocate funds from construction of the Intermediate School for the boiler.

Gibson – We will meet with the Finance Committee (FinCom) to review much of this same information. We want to consult with CapCom and FinCom before going to the Select Board.

Town Meeting update: right now, it’s rescheduled for Saturday, May 30, 2020; that might change and we might not be able to have a Town Meeting before June 30; we can have one in the fall.

Bridges – Because we have the free cash, we’re in a good position to not have these projects; that’s a better position than not having the free cash. If we didn’t have free cash, the money would have to come out of some services and layoffs.

Gibson – With the measures in place, we’re in a good financial position. If we can weather this problem in a way that doesn’t bring the Town to a halt and cause scarcity.

Bridged – The 30% decrease from rooms and meals, asked if that includes short-term rental.

Turbitt – Yes it does.

Kaizer – Asked if any project in progress might be impacted, such as the sidewalk upgrades.

Turbitt – The sidewalks are funded by borrowing. There is nothing for supplemental funding that would delay completion of an on-going project.

McNeil – The summer traffic at the collection station, \$116,000 free cash is slated for the contract we put out to bid and is pending a signature. It would be a number 1 priority.

Kaizer – Contract pending and awaiting signature. Asked if there are any projects for which other funding sources are available.

McNeil – He explored that and does have funding available in Island-wide roadway repairs.

Cozort – He raised a concern in a meeting with Administration and given the existing situation with remote learning and working from home, one challenge is strengthening our technical infrastructure should this continue or happen again. We should look at that for all departments regarding these cuts.

Bridges – Asked if any FY2020 projects will be put on hold that would have been bid out this fall.

Turbitt – For anything authorized to borrow, the bands will be taken out a little longer while we ascertain the full impact of this situation.

Kaizer – Asked if the CapCom needs to approve anything today.

Gibson – We aren’t asking for anything to be approved; we’re asking for input.

Bridges – Asked if any items being taken off are on the ballot.

Gibson – These free-cash articles being discussed are only in Article 10; the rest are separate articles. There might be a potential update for Article 8; there might be others.

McEachern – It would be smart to fund up to 55% to 60% reduction. Asked what amount would be kept out of the free cash.

Turbitt – The biggest unknowns are the Airport and Solid Waste. The next question is how much free cash would be problematic for the ratings agencies; we’ve been clear with them that reserves, of which free cash is part, would be deployed. Thinks the FY2020 General Fund will be okay; the Enterprise Funds will be impacted more.

McEachern – Asked if there is a forecast budget.

Turbitt – It’s not on paper but he knows what it’ll look like.

Kickham – Asked if there is a pulse on cost of services going forward and if any of these items would change in cost due to high demand.

Turbitt – That is something we would look at; when we allocate money, our cost of services is higher than for a private home. There is a potential for a slightly higher cost. Not a lot of on-Island contractors bid on our projects; we’ll be competing for off-Island contractors.

Kaizer – No further questions and no public comments.

III. OTHER BUSINESS

1. None

Motion to Adjourn at 10:49 a.m. (made by: McEachern) unanimously carried by voice vote.

Submitted by:
Terry L. Norton