



Town of Nantucket Finance Committee

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

~~ MINUTES ~~

Tuesday, September 13, 2022

This meeting was held via remote participation using ZOOM and YouTube.

Called to order at 4:00 p.m. and announcements made by Ms. Kronau

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Mariya Basheva, Financial Analyst; Tucker Holland, Housing Specialist; Susan Carmel, Assistant Finance Director

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

Late arrival: Maury, about 4:50 pm

Documents used: Draft minutes July 13, 2022; FY2024 Preliminary Budget

Adoption of Agenda

Motion **Motion to Approve.** (made by: Vieth) (seconded)

Roll-call Vote Carried 6-0//Glowacki, Grause, Vieth, Roche, Schaeffer, and Kronau-aye

I. PUBLIC COMMENT

1. Turbitt – Introduced Susan Carmel the new Assistant Finance Director

II. APPROVAL OF PRIOR MEETING MINUTES

1. July 13, 2022

Motion **Motion to Approve as drafted.** (made by: Schaeffer) (seconded)

Roll-call Vote Carried 6-0//Glowacki, Grause, Vieth, Roche, Schaeffer, and Kronau-aye

III. REVIEW FY2024 PRELIMINARY BUDGET PROJECTIONS

Gibson – We are starting to look at the upcoming budget; this is just meant to give a preview of things we are contemplating.

Turbitt – Looking to finalize numbers September 30th. The Preliminary FY2024 Levy Limit, projected maximum allowable is \$112,041,732. The FY2024 Projected Local Receipts, total local receipts are \$17,245,300. FY24 Revenue Projections, total projected general fund revenue is \$133,273,011. FY2024 Preliminary Expenditures – General Fund, preliminary total general operating expenses is \$107,671,032 without any increase request from the Schools or Town. FY2024 Preliminary Expenditures – other articles, preliminary General fund expenses is \$130,624,252. The projected excess levy capacity is \$2,648,759.

Roche – Asked why there is a such difference in the FY2023 and FY2024 fees.

Turbitt – He will have to get her that information.

Kronau – Asked if the General Fund Salaries – Town & School line indicates fully staffed.

Turbitt – That is budgeted as if every requested position is filled.

Glowacki – Asked for an explanation of the process of how the school's proposed budget is arrived at.

Turbitt – Explained their multi-step process is similar to the Town's process. They come with what they need programmatically and in the best interest of the students.

Vieth – Asked if the school and Town have the same insurance (yes). Asked the deductible.

Turbitt – The deductible is 500 for single and 2000 for a family.

Grause – FY2024 will be a Union renegotiation year. Asked if those contracts affect FY2024 expenses or do the fall into FY2025.

Turbitt – Potentially, if we settle in FY2024, they affect FY2024; if we settle later, they will affect that fiscal year.

Grause – Asked the percentage of filled positions for the Town.

Turbitt – He thinks staffing is close to 85%; he doesn't have the exact number.

Glowacki – Asked if the transfer to Our Island Home (OIH) is tied to the \$5m override.

Turbitt – The OIH transfer is projected at \$5,253,124 for FY2024; it ties directly to the \$5m.

Gibson – The "To Be Determined" is very preliminary based upon things that came up in the past year or been put off. Explained the Town Administration priorities: public outreach, facilities maintenance and repair, Town employee housing pilot program, employ retention/succession, funding infrastructure and capital projects, Project Management Office, develop a storm water department, public safety personnel and equipment, and central fleet maintenance assessment study. Don't know what citizen warrant articles will require funding. The schools will be telling us their needs. Free Cash should be certified the end of October. Local Receipts don't know what Quarter 1 will show. Union negotiations, there will be some collective bargaining issues due to maternity leave of Human Resources personnel. Local aid came in better than expected. Need to meet with NRTA administrator about this; hopefully we'll get some federal aid. PFAS is an on-going issue with a lot of unknowns. We keep tabling the Cape and Island Water Protection Fund, which we haven't joined, and Wastewater Infrastructure Improvement Fund, which is a potential funding source similar to the Community Preservation program.

Kronau – Asked if Coastal Resiliency is under Select Board priorities.

Gibson – Yes; we feel it's covered.

Kronau – Asked how many unions are up for negotiations and the percentage of Town employees that covers.

Gibson – It covers 85% to 90% of employees. All of unions are up, that's about 12.

Roche – She saw that Affordable Housing Trust Fund was level funded; asked if that includes the money from Halkeen.

Turbitt – That money would be funded by one of the other annual town appropriation articles. The remainder will be put into capital.

IV. DISCUSSION \$1M TOWN EMPLOYEE HOUSING PILOT PROGRAM

Holland – This is intended to help address the significant housing costs for Town employees. It made the most sense to focus on rental. An outline of the program was provided in the packet; it's a 1-time support to qualified folks who are most housing-cost burdened, which is 40% of gross household income (GHI) is the target level. The amount would vary by individual with the cap being \$10,000 based upon eligibility; the program would be implemented by the Community Foundation. It cannot be a grant; there's a concern the IRS would look at it as anticipatory assignment of income.

Grause – This becomes a calculated stipend to the employee and would be considered extra income for the employee.

Holland – According to input from CFN counsel, it would have to be considered that way.

Glowacki – The hospital hasn't found a way that such a stipend can't be taxable. The \$1m would be enough to get everyone to the 40% of GHI, that is thinking about this as gross taxable income.

Holland – We believe so; it's based upon self-reported income through a survey. It might be different once applications are being filled out with all the details.

Glowacki – Asked if the unions are on board with this plan.

Gibson – They might not know the details, but Mr. Holland and Ms. Perry visited with Union Presidents to explain what we are working on. She doesn't know if this is a bargainable situation.

Glowacki – Asked if there are concerns about the morale of those who don't qualify.

Gibson – Yes. We're hoping to convey that we are trying to help the worse off. Someone is not going to like this, so the goal is to make it available to as many people as possible.

Grause – It's a simple and straightforward qualification. People should also grow out of the need as they get raises and promotions.

Gibson – The criteria is laid out.

Kronau – Asked if the \$1m should be split \$600,000 for the assistance and \$400,000 to cover incremental taxes the recipients might not be able to pay on the income increase.

Grause – He would be against that. He thinks this is all incremental cash to the people who qualify; they are all paying rent now.

Tucker – The Community Foundation board is meeting the end of Sept to approve the program. We're waiting for pricing to administrate it for the Town.

Schaeffer – Asked how the Foundation is accepting the money.

Tucker – We have to clarify that; it will not show up as a grant on their books. We will get back with that once it's settled.

Roche – Confirmed all the application information will be confidential and there would be no way for people to know who received funds.

Tucker – They will have to inform us as to who is receiving how much but the materials would be confidential.

Kronau – We need to know who receives the money for payroll purposes.

Roche – If Community Foundation is lending money, they should be doing the withholding.

Tucker – He will follow up on that. It says, "CFN would report to Town payment to each qualifying individual. The Town would reflect that as additional income to the individual and do the appropriate withholding and reporting."

Kronau – The experts should evaluate this and present it, so we better understand it. The important part is the confidentiality of the applicant and handling of the report.

V. NEXT MEETING DATE/ADJOURNMENT

Date: Wednesday, September 21, 2022; 5:30 p.m.; present the Select Board on Preliminary Budget

Kronau – We will be going back to in person-hybrid in January; the 1st public hearing on Citizen Warrant Article will be in person

VI. OTHER BUSINESS

1. **Kronau** – On September 21st, the Short-term Rental Workgroup – 3 at large and 1 alternate – members will be appointed as well as review the nominations from the groups. Peter Schaeffer would be our representative with Joe Grause as the alternate. To make this official we need a motion

Motion **Motion to appoint Mr. Schaeffer as the FinCom representative and Mr. Grause as his alternate.** (made by: Roche) (seconded)

Roll-call Vote Carried 5-0//Grause, Roche, Vieth, Schaeffer, and Kronau-aye; Glowacki and Maury recused

VII. ADJOURNMENT

Motion **Motion to adjourn at 5:00 pm.** (made by: Vieth) (seconded)

Vote Carried unanimously

Submitted by:

Terry L. Norton