

West Tisbury Finance Committee Meeting
Howes House
October 11, 2016

Attendance

Committee: Katherine Triantafillou – Chair, Gary Montrowl – Vice Chair, Doug Ruskin, Greg Orcutt, Chuck Hodgkinson

Guests: Bruce Stone – Town Accountant, Jen Rand – Town Administrator, Richard Olsen – Highway Department, Johnny Hoy, Larry Schubert – WT Affordable Housing Committee, Michael Colaneri – WT Affordable Housing Committee, Dale Julier – WT Community Preservation Committee, Richard Knabel – Selectman, Skip Manter – Selectman, Philippe Jordi – Island Housing Trust

The Chair called the meeting to order at 4:35pm.

Approval of Minutes of Previous Meetings

Greg moved to approve the September 13, 2016 minutes as amended. Gary seconded the motion which passed 3-0 (Chuck had not yet arrived).

Old Business

OPEB

The Chair asked the Committee if it agreed she should present “A Proposal for Adopting a Realistic Plan to Meet OPEB Obligations Submitted to the UIRSD by the West Tisbury Finance Committee” to the UIRSD School Committee. Katherine explained the idea came from a school committee meeting at which the UIRSD chair at that time asked her what the Fin Com would recommend. The Chair explained this is a draft to give to the UIRSD school committee something to think about, a road map. The Chair added that Bruce Stone is comfortable with the document. Gary called it a good working document and a good starting point.

There was a discussion regarding the specific numbers in the report.

Greg moved to present the draft document “A Proposal for Adopting a Realistic Plan to Meet OPEB Obligations Submitted to the UIRSD by the West Tisbury Finance Committee” to the UIRSD school committee. Gary seconded the motion which passed 5-0.

School Choice

Doug said there is an All Island School Committee meeting this week and he is will to attend and make the case for not taking nine years to phase out school choice. Gary asked Skip how much room there is for negotiation. Skip replied that the UIRSD holds the cards. Skip said he can’t speak for the other UIRSD Committee members and they know the issue has been a hot potato between the school, the Town and the Fin Com. Skip highlighted the fact that the cost of the additional 54 students is not spread out over the other up island towns, but born by West Tisbury alone. Skip said it seemed like the UIRSD School Committee was more interested in appeasing the other towns. Skip estimated the total cost to WT would be about \$1.0 million. Skip said he would compromise on three years.

The Chair asked if the Committee wanted to take a position. Greg thought that expressing displeasure that nine years was too long was enough. There was consensus that she would do that at the UIRSD

School Committee meeting the following morning if she is able to do so in the context of the OPEB presentation.

New Business

Special Town Meeting Warrant – Article 2

The Chair read STM Warrant Article 2:

To see if the Town will vote to Raise & appropriate the sum of Twenty-two Thousand Dollars (\$22,000) to purchase a chipper for the highway department.

Richard Olsen explained that the amount would be \$4,000 less because of the trade in value of the current chipper. Richard explained that there are safety issues with the current chipper and it has required maintenance/repair work.

The Chair asked if the warrant language would be as is at \$22,000 or revised to \$18,000. Jen Rand responded it is up to the Selectmen to revise on town floor so the Fin Com would need to recommend/not recommend the warrant as written.

Doug moved to recommend Special Town Meeting Article 2. Gary seconded the motion which passed 5-0.

Special Town Meeting Warrant – Article 1

The Chair read STM Warrant Article 1:

To see if the Town will vote to Raise & appropriate the sum of Nine Thousand Dollars (\$9,000) to cover the cost of surveying and engineering work associated with developing a project plan in order to obtain permits from various agencies for the purpose of Outlet Channel Maintenance for Sea Fish passage in James Pond.

Johnny Hoy explained this is for surveying only and not to obtain machinery. The Chair asked if bids were solicited. Jen Rand explained that an RFP was used and two companies responded they didn't have time to submit bids and one company submitted a bid.

Johnny explained there is sand inside the pond which is impeding the fish. Johnny added the state has required this be done for fisheries. Chuck asked if the \$9,000 included permitting. Johnny replied that surveying is the first step to permitting. Chuck suggested that CPA Open Space Preservation funds may be able to be used for a project of this type.

Doug moved to recommend Special Town Meeting Warrant Article 1. Greg seconded the motion which passed 5-0.

Special Town Meeting Warrant – Article 3

The Chair read Special Town Meeting Warrant Article 3:

To see if the Town will vote to Raise & appropriate the sum of Fifteen Thousand Dollars (\$15,000) for the purpose of removing dead trees in town.

Greg moved to take no action on Special Town Meeting Warrant Article 3. Gary seconded the motion which passed 5-0.

Special Town Meeting Warrant – Article 5

The Chair referred the Committee to Special Town Meeting Warrant Article 5:

To see if the Town will vote to amend the Zoning Bylaw by adding the following new definition, definition language changes, and section revisions:

New Definitions:

Caregiver: Caregiver is an adult who resides on site for the purpose of caring for an elderly, chronically sick or disabled person.

Electric Generators: A device that converts mechanical energy to electrical energy.

Habitable Space: A space in a building for living, sleeping, eating and cooking.

Non-Habitable Space: Bathrooms, lavatories, closets, hall storage or utility spaces and similar areas are non-habitable spaces.

Storage Containers: An object used for, or capable of holding items for transport or storage.

Definition Language Changes:

New language

Bedroom, Detached: Any bedroom that is located within a structure not physically connected with the main house. Such bedroom shall not have a kitchen, or *kitchen appliances*, but may include a bathroom that may share septic facility with the main house. Detached bedrooms, with or without a bathroom, be limited to a maximum area of 400 square feet.

Craft Workshop: *see “Studio.”*

Studio/Craft Workshop: A non-habitable structure or portion of a structure used for hobbies or a home occupation. A studio/craft workshop may have a bathroom.

Section Revisions:

Section 6.3-3C: remove “fire hydrant”.

Section 8.6-2C: change: No lamp/light shall be mounted higher than the eave line of a structure without a special permit from the Zoning Board of Appeals. All lamp/lights are required to be facing downward.

(REQUIRES 2/3 VOTE)

The Chair said she understood from the minutes that the Committee had discussed this topic last week and planned to take no action. Katherine asked what the thought process was in coming to that conclusion and explained she distinctly remembered that in past years, the Committee did vote on warrant articles that did not involve money. The Chair asked if the Committee was changing its position this year.

The Chair explained that in prior years, the Fin Com chose to vote on all warrant articles because of the language of the enabling legislation that the Fin Com is supposed to take a position on all matters that come before it regarding the warrant.

Gary said that taking no action is a position. The Chair disagreed with the Committee's position, but said it could be revisited before the spring warrant.

Gary moved to take no action on Special Town Meeting Warrant Article 5. Doug seconded the motion which passed 4-1 with Katherine voting no.

Special Town Meeting Warrant – Article 4

Before Philippe Jordi, executive director of the Island Housing Trust (IHT) arrived, Larry Schubert explained that the \$900,000 in warrant article 4 would be the initial start of the project from the CPC. Gary said this particular project is something the CPC has been earmarking for several years. Larry added that there will be a need for additional funding, but if the warrant article is approved, the IHT, which is the nonprofit developer, will go to the state for additional funding.

Gary said there were recent significant changes to the design including the parking lot and the number of units. Larry said the initial reply from IHT was using the Sepiessa plans, but at this time the plans are in flux. Doug responded that IHT owns the plans for Kuehn's Way, but not for Sepiessa.

Mike Colaneri explained the plans are still in evolution and the final design is not yet set. Mike said the units are modular so there is tremendous cost savings. Mike added that based on two public hearings and the neighbors' concerns, the plans have changed including moving the parking to minimize impact on traffic, lights and noise. Mike also said that if the \$900,000 is approved, it will help when applying for state grants from the Federal Home Loan Bank.

The Chair asked if the neighbors were satisfied or still opposing. Mike said they've come a long way, but would like significant plantings as a buffer.

Gary said there was talk about sharing a water tank with the fire department. Mike answered that the fire department will replace the tank of which half will be paid by the Town and half will be paid by the Affordable Housing Committee.

Doug explained that part of the issue of funding the \$900,000 now has to do with the application for additional funding. Chuck asked if funding was being sought in other towns. Larry explained that in the spring, IHT plans to ask for additional funding from West Tisbury and the other Island towns. Larry said that IHT is trying to work on projects in a more regional way using the 50/50 formula. Chuck asked if those funds would be used to replace the \$550,000 mortgage IHT originally planned to take out on the project. Larry and Doug said it was best for Philippe Jordi to address that question.

Chuck listed financial positions for IHT and said it was financially strong. Chuck said the RFP listed total cost at \$2.9mm and asked if the cost was going down due to the new design. Mike said they won't have final numbers until the results of grant requests are known, noting that it was his understanding that the more funding that comes in, the more likely that people with incomes less than 80% of the area median income can be served.

Chuck asked if the Affordable Housing Committee is funding half of the water tank, does that mean the funds would come from the Affordable Housing Trust. Larry said the Affordable Housing Trust is funded by the CPC and would need to receive CPA funds for the water tank. Chuck asked if Larry could provide a sources and uses of Affordable Housing Trust funds at some point. Mike said there is a full accounting of funds in the Affordable Housing Trust.

Gary said the 50/50 formula is what they are looking for not just for this project, but also going forward.

Mike said WT has paid into other projects in other towns, so he thinks the Town is in a strong position to ask for funding for the project from other towns.

Philippe Jordi, IHT executive director, arrived as scheduled at 5:10pm.

Philippe led off his presentation stating there was a public hearing on the Scott's Grove project last week that was well received so will be moving forward with the current design. The Town issued an RFP and IHT responded. The Town requested that an entity take on a ground lease for the Town owned property to construct nine units of rental housing. In the RFP, one of the conditions was IHT consider using the Sepiessa plans. In submitting the proposal, IHT wrote that it would consider using the Sepiessa plans, but would also consider using the plans from Kuehn's Way because there were efficiencies in using the Kuehn's Way plans. There was also greater handicap access in the Kuehn's Way plans.

Philippe added the Town also required the units be included in state inventory. Even though we were working through the Town for local zoning through the planning board, the Town so we would have to go through a process with the state so the units would qualify. We have been working on this plan for Kuehn's Way which is essentially pairs of duplexes and a triplex. It clusters the development. We also reoriented the parking. Because of the nitrogen sensitive nature of the watershed, we will be adding a de-nitrification system similar to Sepiessa. We also have to do a public water system which has considerable specifications including a 300 acre buffer which is provided by the State Forest. These are additional costs. What we presented to CPC was our best guess at the time.

Philippe Jordi said IHT is proposing a leveraging approach. IHT is actively fundraising for 29 units including these 18. If the \$900,000 is raised with CPA funds, IHT hopes to match with state funds. In the case of West Tisbury, IHT is seeking \$100,000 per unit and CPC funding is critically important so that when seeking additional funding, IHT can demonstrate that not only does the project have permits, but it also has local buy in.

The Chair asked if neighbors would still oppose the project. Philippe said he would be surprised if that were the case and neighbors actually thanked IHT at the last presentation. Dale Julier of the WT CPC concurred.

Gary complimented IHT for the adjustments made. Philippe said the WT Affordable Housing Committee is the entity that did the heavy lifting.

Chuck noted that both wells will be on Town property with the state forest as buffer.

Chuck asked about additional funding which IHT was seeking from other towns and how it has changed from the RFP which listed financing for the \$2.9 million project as \$900,000 from WT CPA, \$1,450,000 from grants and a \$550,000 mortgage that would be serviced from the cash flow. Philippe responded

they just missed a funding cycle with the Federal Home Loan Bank which won't come again until September. Philippe said his experience has been that state funding is the least reliable adding the state usually makes you go two rounds before they award funds.

Philippe explained that everyone wants to start the project as soon as possible and that we need to do as much as we can locally including CPC and fundraising. The IHT is asking for \$500,000 from other towns including WT. Chuck asked if IHT would come back for more funding beyond the \$950,000 WT funds to date. Philippe said IHT would apply for an additional \$75,000 in CPA funds and he's working on how to fund larger projects amongst the towns. His idea is to have the host town come up with half or more of the funding and have the remainder come from all towns, including the host town based on the 50/50 formula.

Philippe said that in the case of Tisbury, he is proposing over \$1,000,000 and suggesting they bond it which he believes is the only way the project will get done. Philippe added that financing rates are very attractive at this time and he hopes towns will consider financing.

Chuck asked about pooling the 29 units as one project for state and federal grants. Philippe responded that it is a potential for a low income housing credit which is how Morgan Woods was funded. Philippe was not sure if it has been done by pooling two sites adding that between monies that can be raised with donors and CPC, the gap is not significant enough to apply for federal funds like the low income housing credits.

Philippe said there is a program through the Department of Housing and Community Development which is for rural areas with projects of less than 20 units which is still in the works.

Gary said there was a question from a CPC meeting about what kind of restrictions and conditions would be attached to a state grant. Philippe replied it would be the same restrictions as required to get listed on the state inventory. If we're not using 40B, we can petition to have these housing units listed on the state inventory. You enter into a regulatory agreement between the town, the developer and the state which outlines restrictions including income levels and the number of years. Philippe added it is nothing more than what IHT would typically do with any of its other properties.

Philippe explained that applying for Federal Home Loan Bank funds which are quasi state money has been very productive. However, the funds from the Department of Housing and Community Development are very competitive and the process can take multiple years.

Chuck said we have an Owners Project Manager and Building Committee for the \$850,000 highway barn and asked if those are needed for this project. Richard Knabel responded that this is a private project.

Greg asked about the timing. Philippe responded that once IHT receives an indication from Town Meeting, they put out an RFP, begin construction in the fall and complete 12 months later in 2018.

Gary asked how many units will be West Tisbury preference. Philippe explained the state limits up to 70% which in this case would be six out of nine. Philippe said his understanding from the Affordable Fair Housing Plan and the Department of Community Housing legal counsel is that in the initial lottery 70% can be local preference.

Greg asked if local preference was Island or West Tisbury. Philippe said that IHT is proposing that whomever invests gets local preference. Doug asked if that included other towns. Philippe replied yes, including other towns. Philippe said theoretically, if you have more than nine local people, those people will get preference, in order, the next time there is an offer.

Doug asked if the next time could be five years later when there is a vacancy and Philippe responded yes. Philippe said that everyone who was left in the pool will go into the ongoing pool.

Greg asked what if a town such as Aquinnah does not want to contribute? . Philippe explained then there would be no preference for Aquinnah residents if the town did not participate.

Chuck asked about the completion date and asked if IHT planned to break ground before the project was fully funded. Philippe said IHT would obtain a construction loan so they could begin construction if they were confident they would get funding, but typically they wait until fully funded unless there is a pledge of funding. Chuck added that it would be beneficial to put in all of the foundations at once and not have an ongoing construction site. Philippe confirmed everything would be done at once.

The Chair asked if the Committee was prepared to move to a vote.

Skip asked if local preference meant those towns that contribute to the project and not just those living in that community. Philippe asked isn't that one and the same? Philippe responded that local preference can be resident, municipal employees, employees of businesses or households with children in school. Philippe continued that IHT is proposing that all towns that invest get local preference.

Richard Knabel asked how many of the six units would go to WT. Philippe answered that all contributing towns would have equal preference. Richard asked if all units could potentially go to Tisbury. Philippe confirmed that could happen. Philippe said this is based on West Tisbury CPC requesting that other towns were asked to contribute CPA funds as has been done for other projects. If local preference is not extended to other towns, it would be difficult to get other towns to participate.

Gary said he had an issue with proportionality because in the end, West Tisbury would have contributed over \$1.0 million which is the lion's share plus the land and yet there is no guarantee that a West Tisbury resident would have one apartment. Philippe confirmed that was correct.

Gary continued that he is a member of the WT CPC and this preference was different from what was presented to the WT CPC. Philippe said this was a change and IHT is trying to come up with something that all towns can agree to. Philippe said that IHT is putting this proposal on the table, listening to feedback. If towns like WT want to do it alone, that is fine.

Gary stressed this is a change ex post facto to the discussion at the WT CPC meeting at the time the committee voted to commit \$900,000 to the project. Gary said he thinks there is something wrong with the process.

Philippe explained that for the project, IHT is asking West Tisbury to contribute half or more and then asking other towns to participate as WT has participated in the past. Philippe asked the Committee to put itself in the position of the other towns and what would it request to participate.

Gary asked for historical precedent when WT has participated in affordable housing projects in other towns. Gary asked how many units in the Tisbury five corners project were committed to Tisbury residents. Philippe said preference was given to 70% of six which he believed was four units and the pool with preference was combined of Tisbury and West Tisbury residents.

Doug explained that the same opportunity was offered to West Tisbury residents as Tisbury residents. Doug pointed out that because the other towns have not yet contributed, the preference associated with the \$900,000 of WT CPA funds would only have West Tisbury preference.

Mike Colaneri said that he has been on the West Tisbury Affordable Housing Committee for a long time and this definition of preference has not been discussed before this evening. Larry Schubert, WT Affordable Housing Committee Chair concurred. Mike continued that when WT contributed \$60,000 or \$100,000 to the Tisbury five corners project, the Affordable Housing Committee was told West Tisbury would have preference for one unit. Mike continued that what Philippe was now proposing was a radical change and needed more discussion. Philippe agreed and said he was open to discussion.

When Philippe asked how it should work, Gary suggested that towns should be given unit preference proportional to their financial contribution. Chuck concurred.

The Chair explained to Philippe that the project had strong acceptance by the Fin Com prior to the discussion about preference. The Chair asked the Committee members if the answer to the question about WT preference would determine their vote on this issue. The Committee responded yes. The Chair summarized that she believed Philippe was asking for input, the Committee had provided input and would not vote to recommend with the current preference proposal.

The Chair continued that she did not know how this warrant article got to this stage without an understanding of the preference language. Gary added a procedural comment that it is not just the Fin Com, but also the WT CPC that will have to revisit the proposal. Philippe said that was true and explained that as the IHT looks at this and other projects, it asks how can we make sense of this local preference as more regional projects come up. Philippe added that he scheduled a meeting with the West Tisbury Affordable Housing Committee this evening.

The Chair explained that changing the language midstream was not acceptable. Philippe said that he was not saying there was not a West Tisbury local preference. When the Committee objected, Philippe said the Committee was asking for a *weighted* preference. Philippe continued that IHT had talked about a local preference, not a weighted preference.

Doug asked Philippe if IHT does not ask the other towns for money and therefore it is not a regional project, and if the WT Fin Com recommends and it is approved by the town on November 1, would this be a project that IHT is capable of only offering preference to West Tisbury residents? Philippe said that was correct. Doug said that this warrant article would not offer preference to other towns, explaining that the warrant article in the spring is where preference could be extended to other towns.

Chuck asked Philippe about the financial structure of the project which has changed from IHT's RFP response that provided the structure under which the Selectmen awarded IHT the job. Chuck summarized that right now you are proposing nine apartments, six of which go to residents of any town that participates and the rest go to any in the state. Last year with Kuehn's Way, Chilmark lowered your request from \$80,000 to \$33,000 and in the hearing you said that no town would receive preference,

but West Tisbury did get preference for Kuehn's Way. Chuck suggested IHT sort this out before asking the Town to commit funds.

Philippe said that he is listening, and asking the towns as a regional entity, how do we want to address this? Do we want to go it alone or do we want to work together? Philippe continued that IHT can take its proposal off the table and withdraw the regional application. He said he is here to discuss this with the Fin Com. The Chair explained this is a warrant article and a hearing at the Fin Com is at the end of the line. The Fin Com recommends or it doesn't recommend. The Chair continued this is not the stage where we discuss proposals. The Chair summarized that everybody was under one assumption, and now you're talking as if we're just beginning the discussion. As Gary has said, you went to the WT CPC with something else.

Philippe said that Doug is correct that the regional application is not part of this warrant article which is what we are discussing. Gary said that he cannot support this warrant article when the people who are on the Affordable Housing Committee in this room do not support the warrant article.

Philippe said if the town were to approve this article and chose not to proceed with the regional application which is before the CPC and chose to go it alone, then the 70% would go to West Tisbury local preference. Gary said that a cohesive package came in front of the WT CPC and if IHT is changing components to that package, it has to go back to the WT CPC.

The Chair asked if the Committee would like to vote. Mike said he is not speaking for the Committee, but it was the Affordable Housing Committee's understanding that there would be a WT preference. IHT was awarded that RFP and must stick to it because the approved \$900,000 was based upon that RFP. The proposed warrant article is based on the RFP. Mike urged the Committee to vote on the warrant article based on the RFP and address the local preference change when it comes up in the spring.

The Chair asked if it was Mike's opinion that the warrant article was enough to get the project started and at a later date the West Tisbury preference can be dealt with. Larry responded that he thinks the issue of local preference needs to be dealt with at the WT Affordable Housing Committee tonight before the Special Town Meeting because there must be a clear idea of what the town will be voting on November 1. Larry said that his committee and Philippe have to work this out and it has to be clear.

The Chair said she is extremely in favor of affordable housing and yet the Committee is in a position of having to deal with this gray area. Gary asked Dale Julier of the WT CPC what her understanding was of the situation. Dale said it was the CPC's understanding that 70% was going to WT preference which is people living and working in WT. She continued the only way she saw to proceed with the project was to eliminate the regional component. Although she did not like that, she agreed that the WT CPC had an understanding there was 70% local preference for WT.

Gary said that procedurally it has to go back to the WT CPC because this warrant article does not contain the understanding the WT CPC had of the project.

Chuck explained the Selectmen chose to award the project to IHT based on its response to the RFP. In the RFP response, it was very clear that WT residents would have 70% preference. It was very clear that of the \$3.0 million, \$550,000 would be a mortgage that IHT would service with the cash flow from the project, \$1.4 million would come from state and federal grants and \$900,000 would come from the

West Tisbury CPC. There was no mention of regional or the other five towns. It was to be financed from these three sources. That is what the Selectmen awarded. Philippe responded that he understood what Chuck was saying, but he also heard the Committee say they wanted to engage other towns. Philippe continued this is a good size project, but there is an even bigger project in Tisbury and they won't be able to go it alone. We have to keep in mind that this preference is for the first round. People work where they can and live where they have to on the Island. Philippe said he wants to work and find a solution to make projects happen sooner than later and have the greatest impact. If it is "no deal" to have other towns participate and offer them local preference, then IHT will move forward with that understanding.

Richard said he thinks process is important and if there is an understanding that six units go to West Tisbury, then that's the way it is. Richard continued if you want to change that, then he agrees with Gary that IHT must go back to the start.

Doug asked Philippe if there is a legal restraint to proportional preference based on financial contribution. Philippe said he was not sure how it would work with a project this size, but he did not know the answer to Doug's question.

The Chair asked the Committee if they would like to take a vote to recommend, a vote to not recommend, to take no position or not to vote at all, explaining the printing deadline for the FC's recommendation on the warrant is tonight.

Gary said he thinks the warrant article needs to go back procedurally. Greg said he thought the Committee would hurt the project by taking action tonight. Although he wants the project to go forward, it can't go forward like this.

Doug noted that because of his position on the IHT board, he was abstaining.

Gary asked Town Moderator, Dan Waters, if the Fin Com could make a recommendation on the floor. Dan said that because the FC will be on stage, people will ask for the FC's position even if it isn't printed.

Philippe said the IHT is scheduled to meet with the All Island CPC on Thursday, the WT Affordable Housing Committee tonight and Edgartown CPC on Thursday so this will all play out. Philippe said this was exactly what he wanted. He wanted people to be able to respond. He said it might make people feel uncomfortable, but we're working on a level where if we want to have an impact Island wide, we're going to have to come up with a different way of doing things or keep going the way we have.

Chuck suggested achieving consensus before seeking funding.

The Committee did not vote on Special Town Meeting Warrant Article 4.

Committee Reports

CPC

Gary reported the CPC had an initial meeting and one submission was deemed ineligible which leaves seven or eight applications. Chuck asked what is the rough CPA annual revenue including the state match. Gary replied that although he did not know the exact amount, the Town has been fortunate in that it's gotten back close to what it put in.

MVRHS

Skip asked about the FC presenting a proposal to the MVRHS regarding OPEB.

Gary said that Mike Marcus asked if the Fin Com was coordinating with Chilmark regarding its OPEB recommendation. The Chair replied that the Fin Com recommendation came from the fact that Robert Lionette who was chair of the UIRSD school committee at the time, asked for the Fin Com's input. The Chair added that she has not been in touch with Chilmark on the topic.

UIRSD

The topic was covered under Old Business – OPEB.

Correspondence/Scheduling

The latest Beacon issue arrived.

Adjournment

Doug moved to adjourn. Gary seconded the motion which passed 5-0. The meeting was adjourned at 6:30pm.

Respectfully Submitted,
Margo Urbany-Joyce, Administrative Assistant

Approved: 4-0

Date: 11/15/2016