

ORLEANS SELECT BOARD

February 23, 2022

Draft

This meeting was convened via remote participation under the Governor's Executive Order of March 12, 2020, due to the current State of Emergency in the Commonwealth from the COVID-19 virus with real-time public access provided by Channel 18 on the Town website and cable television.

Present from the Town of Orleans were Select Board Chair Mefford Runyon, Vice Chair Andrea Reed, Kevin Galligan, Mark Mathison, Michael Herman and Town Administrator John Kelly

Chair Mefford Runyon called the meeting to order at 5:30 p.m.

Alan McClennen convened the Board of Water and Sewer Commissioners at 5:35. Present were; Alan McClennen, Len Short, John Meyer, Bob Ritch, Dick Hartmann and Herb Kinney.

Public Comment (in-person or via zoom)

There was no public comment.

Mefford Runyon called the public comment to a close.

Mr. Runyon gave a background on how the sewer collection system was proposed to be paid for. He stated that the Sewer Commissioners had informed the Select Board that they no longer felt that the betterments were a viable approach to pay for phases 1 and 2 of the project costs. The reason being that costs had changed significantly since 2016.

Meet with Board of Water and Sewer Commissioners

a. Quarterly update on Downtown Sewer Project

Ian Catlow went through a PowerPoint presentation that had been provided to the board in their packets regarding the progress of the project. Updates were given on Main Line installation and pump stations as well as equipment. Next, an update was given on the equipment storage facility and SBR (Sequence Batch Reactor) tanks. The following update given was on the wick well progress. A construction cost update was given next, and Mr. Catlow stated he was happy with the contingency funds still available. He next went over a few constructions change orders.

Ms. Reed questioned potential issues with screening for the Old King's Highway side of the plant and asked Mr. Catlow where his team was with landscape design plans, specifically for the pump station at the Orleans Library. Mr. Catlow addressed these concerns. Mr. Harrison stated that there was a draft landscaping plan for the pump at the library that would be discussed with the Library Trustees in March and with town staff the following week. Mr. Runyon asked Mr. Catlow to show an ariel slide to speak to the solar panels and an explanation of the panel systems was given.

b. Update on Meetinghouse Pond collection system and 2022 State Intended Use Plan timeline

Mr. Harrison gave an overview of the system and proposed some area that might want to be included in the current proposed system to reduce pollution into Uncle Harvey's Pond. He gave updates on the design plans and explained the next steps to the board. He next shared that the Meeting House Pond

collections system had been approved for 100% funding (\$32,906,000) through the Clean Water State Revolving Fund.

c. Discussion and possible vote on paying for the sewer collection system through property taxes versus betterments

Ms. Doane gave a presentation on paying for Phases 1 and 2 of the sewer system with taxes vs. betterments. She first went through a cost estimate breakdown for the Downtown and Meetinghouse Pond areas. Ms. Doane then explained the current Select Board policy for the payment of phases 1 and 2 as well as three different scenarios. She went through detailed projections of how each scenario would impact the town and the tax payers.

Mr. Mathison asked if there was a reason that the current policy was not run with the \$1.5 million stabilization fund. Ms. Doane stated that the betterment would remain the same if those numbers were used. Mr. Mathison stated that what was voted on 4 years ago was dramatically different than what was being shown today with a great benefit to the town. He asked if the town were to vote on something for the current system, would that prevent the town from changing the system down the road. Ms. Doane stated that the \$1.5 million annually should be enough to offset the debt services for the first two phases. Mr. Mathison stated that there was a chart that showed large amounts of excess revenues, but he noted that he would wait until further along in the conversation to ask that question to the appropriate person. Ms. Doane. Mr. Runyon noted that the town did have some control of future debt costs in that they could control, to some degree, the timing of future phases of the project. Ms. Doane clarified that that idea would not apply to the Wastewater Stabilization fund, but it would apply to the overall tax rate. Ms. Reed noted that the town had begun the sewer project with the largest area first, and all subsequent projects should be smaller. She asked, if they were to proceed with cleaning up all areas of the community, since those sites would most likely smaller, would the betterment charge be distributed amongst fewer people. Ms. Reed asked again for clarification that the plan voted on at town meeting for phase 1 and 2 did not impact any future planning for future phases. Mr. McClennen stated that Ms. Reed was correct, and that the town of Orleans had not done any work beyond what the citizens had previously voted on at Town Meeting. Mr. Galligan stated that the \$1.5 million assumption was most likely a conservative number and could only grow in the future. Mr. Herman questioned the interest rate for the ineligible costs and Ms. Doane clarified that it was not a variable rate, but a market rate which could change whenever the town went out to borrow. She noted that the financial advisors had been using a projection of 4.5% for all municipal borrowing. Mr. Hartmann then questioned Mr. Galligan on his confidence that the Cape and Islands Funds would remain at 25%. Mr. Galligan stated that based on numbers from the Intended Use Plan approved in the prior week, that he believed that there was the capacity to keep the subsidy at the 25% level. Mr. Mathison asked where in the calculations the \$3.5 million was that had initially been invested in the project, and Ms. Doane stated that it was in the \$12.295 million of ineligible design costs. Mr. Mathison asked, if the Select Board were to vote to adopt one of the proposed scenarios with a reduction on the betterment fee to the users only, how would that cost be calculated in regards to the pipes in the ground. Ms. Doane stated that part of that was in the betterment costs and that it would be explained in a later presentation. Mr. Kinney stated that, in transparency to the town, that a public hearing be held to go over the various scenarios to educate the public so as not to have negative discussion at Town Meeting.

Mr. Harrison presented next, and began with a summary of the project costs to the town of Orleans. He next presented a slide explaining the breakdown of the betterment costs by phase at 100%, 50% and 20% of the collection system cost. Mr. McClennen then presented a slide which explained how the costs had changed since the 2019 town meeting vote. He explained how the Cape and Islands Clean Water

Trust and Betterment Policy numbers remained the same, and while there had been a brief drop in the Hotel/Motel tax revenue, there had been a significant increase in the Short-Term rental tax which created excess revenue were that trend to continue. In this scenario, it could be possible to wipe out the betterment payments for the Downtown Project. Ms. Doane interjected that the ineligible costs were not included in the slide that Mr. McClennen was presenting at that time.

Mr. Runyon noted that with the current plan, the downtown project would be completed and paid for fully by the betterments of the downtown users while the Meetinghouse Pond project would have pipes that they would pay for only to tie into the downtown system but not into the plant and that it did not seem to be a fair dispersion of the costs. Ms. Reed noted that it had been said that solar was not a part of the planned growth of the treatment plant and asked how any growth in the plant itself would be paid for. Mr. McClennen stated that the plant built had excess capacity to account for future sections of town that might want/need to be tied in. He added that there was no way to tell when that plant would hit its maximum capacity. He noted that in all probability, the town of Orleans would need to build an addition to the plant. Mr. Galligan noted that the current plan had sufficient capacity for a full buildout of downtown and all of Meetinghouse Pond. Mr. Herman clarified that the betterment would be calculated on the water usage rate and he was told that that was correct by Mr. Harrison. Mr. Herman asked if the town had an average of what a \$500k home would have in annual usage fees as well as what the maintenance on the septic would be on that same \$500k home. Mr. Hartmann stated that when the model had been run it ran the gambit and took the high-water users and had them paying substantially more. Mr. Herman clarified that he would like to know the ongoing out-of-pocket would be. Mr. Hartmann stated that the town had not gotten into rates. Ms. Doane stated that she felt that Mr. Herman was looking for Mr. Hartmann's group to do an analysis for a home on the sewer system vs. a comparable home that still had septic. Mr. McClennen gave a brief history of the financing policy that had been previously adopted by the town for the water treatment plan and sewer system. He stated that this plan had been presented by a financial consultant who had done a full analysis of the costs compared to each other. Ms. Reed questioned what the timeline was leading up to town meeting to have the public involved. Mr. Kelly then circled back to Mr. Herman's question regarding the rate fees and noted that those would have to be adopted at town meeting. He added that there would need to be a public hearing prior to town meeting for those rates and that he would suggest a public hearing at the same time for citizens to weigh in on the proposed change of how the system would be paid for. Mr. Runyon asked when all of these decisions would need to be settled in light of the date of the meeting. Mr. Kelly stated that the warrant would go to press the first week in April. Mr. Herman questioned how the financial advisors came up with probable usage fees in 2008 yet 14 years later, the town still did not have actual usage fees and Mr. McClennen stated that engineers came up with probable usage fees and that is how those fees came about in 2008. Mr. Herman asked if projected usage fees could be obtained now and Mr. McClennen stated that they had been waiting on finalization of contracts. He added that the town was in the process of starting a brand-new system and that it would take quite some time to get income flowing in. He noted that in the first year, some of the stabilization funds would most likely have to offset the lack of other funding. Mr. McClennen noted that if the betterment issue was not resolved in the next week or so, the town would not be able to go into town meeting for Meetinghouse Pond.

a. Public information to be developed in advance of Town Meeting

Judith Bruce stated that she was confident that her team could come up with numbers for what the cost would be to hook up to the sewers vs. what the cost would be to maintain a septic, and then create rates that were equitable for all. She added that the entire town would be bettered by clean waters and

felt that it was a bad message to send that only citizens who were hooked up to the sewer system would be bettered.

Mr. Runyon asked if there had been a public hearing when the current arrangement had been adopted four years prior and Mr. Kelly stated that there had not been but that it had been tied to 4 votes on the board. Mr. Galligan thanked all present for the work they had done and commended them for looking at the process as a whole. He added that he would like to see the comparative that Mr. Herman had asked for and have an informed public session the following week.

Robert Renn stated that he supported what Mr. Galligan had just outlined and that the decision should be the subject of a public hearing where the people impacted had an opportunity to speak.

Mr. Mathison stated that he would like to see included in the following weeks discussion the concept that a resident who was connected to the sewers did have more opportunities as to what could be done on their property than someone tied to a traditional septic. He then introduced the concept that some of the excess funds that came from the revenues of the sewer system might pay or help pay for a resident's new septic system.

Tim Counihan stated that he did agree that all residents shared in the betterment from the cleanup of the waters but felt that there might be a better way to charge people. He suggested pricing the betterment cost uniformly throughout town based on estimated water consumption which would have a cap.

Ms. Doane stated that from a legislative perspective, the method proposed by Mr. Counihan would not work. It was noted that the current plan was based on water usage. Mr. Kinney stated that a meeting needed to be held ASAP to get the board on the same page and then to hold a public hearing ASAP after that in order to be prepared for Town Meeting. There was a discussion between Mr. Kelly and the board members which went over the rules behind a public hearing, warrant article bylaw etc. He stated that the board needed to decide whether they wanted to go the route of the betterment or not and would then have to determine the usage/water rates which would also go into the bylaw.

Mr. Galligan stated that a work session should be held for the board on 3/2/22 and then public info session be held on 3/9/22 and for the board to vote that same evening. Mr. Mathison agreed with this plan. Mr. Kelly stated that there were two things on the agenda for the 2nd that had to remain, but the rest could be cleared. As for the 9th, he stated that most reports could be pushed off. Mr. Mathison stated that he could do a 5PM start for the 2nd and the 9th if need be.

Mr. McClennen asked if the selectboard would need any further information from them, and Mr. Runyon stated that he would like to see someone present from the Board of Water and Sewers. Mr. Herman stated that he would like to see the analysis that he had asked for earlier in the meeting. Ms. Reed tossed in a comment that while some people kept their septic systems up to date, other ignored them. Mr. Herman stated that he felt that the guideline for what should be done be followed in assessing the numbers.

Mr. McClennen stated that he wanted to remind the board that the purpose of the sewers was to remove nitrogen from the waters and that no septic system would ever do that. He also noted that the town of Orleans used to have inspections of all septic systems on a 3-year basis but that program fell apart.

John Meyer moved to adjourn as the Board of Water and Sewer Commissioners, 2nd by Herb Kinney. Per the chair, the board stood adjourned at 8:01PM

Review of draft warrant article index for Annual and Special Town Meetings in May

Mr. Kelly gave a brief explanation of the process.

Mr. Galligan had a question regarding the funding of the Senior Tax Work-off Program and stated that he had thought that this program would have been rolled into the general fund. Ms. Doane stated that she would look into this, but that it might be an annual article. He stated that since the program had already been approved by the voters, he'd like to see if it could be rolled into a pre-existing operating budget.

He also stated that he would like the town to consider accepting the \$600k budget increase as-is as a general override and allow the town more flexibility to make the other necessary decisions to improve the town. Mr. Kelly agreed and reminded the board that that would not be a one-time cost and that a general override would be the way to go. Ms. Reed agreed that the town would be able to better benefit the new families and children in town if the budget did not have to absorb the school increase.

Mr. Runyon asked that the articles be reorganized in relation to which funds were paying for which projects and stated that it would be easier to segregate things that way.

Vote to transmit the FY23 Budget and FY24 – FY28 to the Finance Committee

Mr. Kelly next stated that the charter required that the budget and capital plan be transmitted to the finance committee within 30 days and that it would be submitted as-is, with the understanding that it was still under review.

Andrea Reed moved to transmit the FY 23 Annual Budget and FY 24-28 Capital Improvement plan as currently drafted to the finance committee, 2nd by Michael Herman. The vote was 5-0 with Andrea Reed, Michael Herman, Mefford Runyon, Kevin Galligan and Mark Mathison all voting aye by roll call.

Town Administrator's Report

Mr. Kelly gave an update that he had met with the police and fire chief's along with apx. 19 people who attended regarding the changes to entertainment regulations. He stated that there was a good discussion had and that they were set to meet again the following week. The focus was on the outdoor entertainment and all parties understood that they would need a separate license for this. He stated that the goal would be to bring the decision of the following week's meeting to the board in March and use it to allow for entertainment for the upcoming season and to frame the eventual Noise Bylaw.

Liaison Reports

Mr. Herman gave an update on the Board of Health regarding the fact that the mask mandate would end on 2/28 for town buildings and added that this did not include the schools. He stated that the plans

for Academy Place Park were coming along as well and that they were looking to come to the board. Mr. Kelly asked if they could come in on the 9th of March when Mike Ford would also be present.

Mr. Galligan noted that the Finance Committee had had a meeting with reps. of the Nauset Regional School District regarding School Choice. He shared that both choice and charters had brought competition which was healthy.

Mr. Mathison noted that the school committee would be voting that evening on mask wearing.

Mr. Runyon stated that the Planning Board had met regarding CPC, Governor Prence and Community Center. They noted that there was a great deal of overlap within the committees and asked if the Select Board could do anything to merge those committees to be more inclusive. He asked Mr. Kelly if he could speak to Mr. Meservey about how to go about doing that.

Ms. Reed noted that Broadband had met and would be meeting with Open Cape and hoped to report back to the Select Board with ideas in a few months. She also noted that the Community Feasibility Study Committee would be meeting the next day with the consultant.

Items for Future Agendas

Mr. Herman asked if the parking discussion would remain on the agenda for 3/9 or be moved back a week. Mr. Kelly stated that was TBD, but that it would be on one of them.

Mr. Runyon asked if the 3/2/22 and/or 3/9/22 meeting might be better served to be hybrid. Mr. Kelly stated that the board had decided to meet in a hybrid form starting in March.

Adjourn

Kevin Galligan moved to adjourn, 2nd by Andrea Reed. The vote was 5-0-0, with Andrea Reed, Kevin Galligan, Michael Herman, Mefford Runyon and Mark Mathison all voting aye.

Respectfully Submitted,
Ashley Stucenski

Mark Mathison, Clerk

Documents in February 23, 2022 packet: