



Town of Orleans

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Finance Committee Meeting

19 School Road Orleans Massachusetts 02653-3699

MEETING MINUTES

Thursday, February 24, 2022 - 7:00 p.m.

This was a virtual meeting of the Orleans Finance Committee convened via remote participation using "Zoom" webinar technology with real-time public access provided by Orleans Channel 18 on the Town website and cable television.

The meeting was called to order at 7:00pm by Finance Committee Chairman Lynn Bruneau. Also present and thus constituting a quorum were Vice Chairman Nick Athanassiou, Clerk Tim Counihan and Committee members: Elaine Baird, Chris Kanaga, Ed Mahoney and Peter O'Meara. Constance Kremer was absent.

Guests: Select Board Member and Fin Comm Liaison Kevin Galligan and Ron Mgrdichian, Chairman of the Old King's Highway District Committee, here this evening to support his Committee's request for a Reserve Fund Transfer. Mia Baumgarten from Media Ops provided technical support for the meeting.

Public Comment: none this evening

Announcements - as noted in our last few meetings - nomination papers are available from the Town Clerk's office for nearly a dozen elected offices for the Town election scheduled for Tuesday, May 17. Last day to obtain papers is Friday, 3/25/22 and last day to submit them is Tuesday, 3/29/22.

- Contact the Town Administrator's office if you'd like to submit a citizen's petition for a Warrant Article for May Town Meeting. The form and the petition procedure are posted on the Town website. Due date is March 10 - 2 more weeks - with signatures.

- The Planning Board and the Econ Development/Vitality consultants "Streetsense" are still looking for feedback on their "Diagnostic" (survey is on the PB website)

- Annual Town Meeting - Monday May 9. More info about the location and time and other details to follow. Meanwhile - save the date!

- Remember to sign up for the Water Department's "Eye on Water" program. With the new water meters, the Town can monitor water usage and see any inconsistencies in water usage. But they can't contact you quickly if they only have your mailing address. Contact the Water Department to get help with signing up.

Review and Vote to Approve Reserve Fund Transfer Requests Including Old Kings Highway District Committee Request

Ms. Bruneau welcomed Ron Mgrdichian, Chairman of the Old King's Highway District Committee and noted that although the amount of the Reserve Fund transfer request was nominal (\$600), Fin Comm typically asks to talk with the Department manager who is making the request so that we can better understand the circumstances.

Mr. Mgrdichian explained that the Committee had to advertise in the *Cape Cod Times* in January versus the *Cape Codder*, which is substantially more expensive. Also he noted that ads were being placed for 2 weeks, instead of 1 week as in the past.

Mr. Mahoney noted that Mr. Mgrdichian had signed the invoices and thus he thought that Mr. Mgrdichian should have been more aware sooner regarding the depletion of the advertising account. Mr. Kanaga suggested that the OKH Committee likely only has to advertise for one week for legal ads, which could help to reduce further advertising costs. It was also suggested that advertising in the *Cape Cod Chronicle* might be more reliable and more cost effective.

Motion by Mr. Counihan to approve a Reserve Fund transfer of \$600 for the Old King's Highway District Committee to help cover advertising expenses; second by Mr. Athanassiou. The vote was 6-1-0 with Mmes. Bruneau and Baird and Messrs. Athanassiou, Counihan, Kanaga and O'Meara all voting aye and Mr. Mahoney voting nay, all by roll-call.

Review/Approval of Finance Committee Meeting Minutes

Approval of meeting minutes from February 3, 2022

Motion by Mr. Counihan to approve the minutes from the February 3, 2022 Finance Committee meeting, second by Ms. Baird. The vote was 7-0 with Mmes. Bruneau and Baird and Messrs. Athanassiou, Counihan, Kanaga, Mahoney and O'Meara all voting aye by roll-call.

Approval of meeting minutes from February 10, 2022

Motion by Mr. Counihan to approve the minutes from the February 10, 2022 Finance Committee meeting, second by Ms. Baird. The vote was 7-0 with Mmes. Bruneau and Baird and Messrs. Athanassiou, Counihan, Kanaga, Mahoney and O'Meara all voting aye by roll-call.

Review/Act on FY22 Fin Comm Priorities / Action Items; Voting as Appropriate

a. Update re Select Board meeting with BOWSC on 2/23/22 on Sewer Projects/Planning; Cost Considerations

-Jan Catlow of Tighe & Bond OPM provided an update on Downtown Sewer Project - Collection System and Wastewater Treatment Facility (WWTF). Mostly on time/on budget; some WWTF delays due to supply chain issues; some change orders over the life of the project but few current/remaining. Still \$1.4M in contingency bucket from original \$2.6M. Town has hired international firm Suez for Contract Operations going forward; start 3/1/22. Initial contract \$1.9M. Plant testing begins April/May. Overall system go-live around 9/01/22. Plans at WWTF include accommodation for solar - one is part of CVEC Round 6.

-Tim Harrison/AECOM provided an update on Meetinghouse Pond (MHP) planning. Orleans has been confirmed for \$32.9M in state revolving fund (SRF) funding support. Overall project scope/scale essentially same as we've been hearing except for potential to include a few more properties on Uncle Harvey's Pond. Pump station beyond end of Town Hall parking lot - add a few more spaces. Working on bidding docs; then application for funding; project bidding will be early in calendar 2023 with approval at May TM'23 (yr from now).

-Town also approved for state funding for \$17M in PRB work - good for the money, but also signals recognition of PRB's as viable solution strategy.

- Cathy Doane presented Tax Assessment vs. Betterment Scenarios with a number of stated assumptions. Cost Estimates Breakdown - top line SRF Eligible Costs for Downtown and MHP and then Grant Subsidy Line - the C&I grant 25% with MHP. Third line is net. Then 2 lines of "ineligible" costs - assume these are right but no specific info sources provided; however, she later said that the \$12M includes the almost \$3.7M for Downtown construction prior to the current project - prior to the \$59M project - and that the \$24M for MHP was approved at town meeting. She noted that Town can only temporarily fund w/ BANs for so long - eventually have to convert to bonds. Mathison asked how

the original \$3.7M would get into the betterment for downtown if we proceed that way. Ms. Doane referred to Tim H's slides and said that SOME is in the \$22M betterment number but no further discussion of this.

-She noted that these total ineligible costs would be funded at market rate bonds (4.5%). She also noted we're paying 1.9% on SRF money - we still have to apply later for the zero % financing.

-Scenarios for Consideration - the 3 numbered scenarios will each consider/include \$1.5M subsidy from the Wastewater Stabilization Fund annually - but the Current Select Board Policy scenario does NOT. Assumptions - fairly straightforward, though again we're currently paying 1.9% interest for SRF funds; later will apply for zero % funding. The market interest rates shown are what financial advisors are using/advising (and expecting these rates to rise).

-Current Select Board Policy - 100% WWTF/Wick Wells on tax rate; collection system by betterment; \$1.5M Wastewater Stabilization Fund money NOT used in these figures. Unclear where the top line \$38.2M number comes from or where the other numbers in the left column come from - the "ineligible costs" as well as the "Estimated Costs on Betterment" No source-of-info is shown on the page and nothing was said during the meeting. The math from the top line through the yellow line "works" - but the source of info for the green line is a mystery - until I "found" those numbers in/on the Tim Harrison presentation. The "Tax Rate Impact" is a mystery. Presumably the impact on a \$500k home follows from the Tax Rate. I also "found" the "Estimated Cost on Tax Rate" total on the Tim Harrison slide - but did it get there from Cathy's slide - or did it go from Tim to Cathy? The costs aren't certified until the plant has been open for at least 1 year, per Kevin Galligan.

-Scenario #1 - not understanding where the \$48.8M in the top line of the left column comes from. The MHP column - the \$16.45M is half of the \$32.9M in the MHP column on Cathy Doane's very first page (Cost Estimates Breakdown). The 25% line is understandable. Where do the Ineligible Construction Cost numbers come from in the Downtown column? For the MHP column, this number is 50% of the "Cost Estimates" number. The green line numbers are half of the green line numbers on the prior page. As for the prior page, I don't know how the Tax Rate is calculated but it seems to defy logic that this scenario is more user friendly than the original Select Board policy. Does the \$1.5M from the Stabilization Fund make that much difference, is it \$1.5M for 30 years? (YES!) The betterment numbers are from one of the Tim Harrison pages.

-Scenario #2 - same sorts of questions as for Scenario #1 - where do the numbers in the left column come from and how is the Tax Rate calculated? This scenario has about the same impact as the original Select Board policy - but still actually cheaper. How can that be with more cost loaded on the tax rate? Does the \$1.5M from the Stabilization Fund make that much difference? Is it \$1.5M each year over 30 years? YES!

-Scenario #3 - same questions as for Scenarios 1 and 2 above re the numbers in the left column and the tax rate calculation and the use of the \$1.5M from the Stabilization Fund - is the \$1.5M assumed for each year over 30 years? YES!

-Mark Mathison asked if we can rely on these scenarios going forward? Cathy Doane said yes, as long as we don't change the use of the Stabilization Fund money. The \$1.5M is a good number now.

-Mr. Runyon commented on availability of money for future phases. Also timing of debt paydown for future phases. Cathy Doane replied, we need to look more broadly at overall debt, not just wastewater - includes debt for other projects (OPD, DPW, etc.). As projects/phases get paid down, the Town can stabilize the annual tax rate.

-Alan McClennen's bar chart is Downtown only. Cathy noted that Alan's numbers don't account for Ineligible Costs (\$12.4M for Downtown per her first slide). In the right-most bar-chart, he anticipates that the "excess revenue" from the short-term rental tax will cover what was to be covered for Downtown by July 1, 2022. However - not clear whether he has accounted for other "draws" from the

Wastewater Stabilization Fund - eg, to support other Sewer EF costs (eg, Suez fee, etc.). And again, this is only Downtown - not MHP - and not the Ineligible Construction Costs.

-Andrea Reed asked about timing - what needs to get done before Town Meeting? John Kelly confirmed that sewer usage fees would have to be approved at Town Meeting w/ the system going “live” on/about 9/1/22. Remember that the system won’t generate 100% revenues on Day 1 - users have time to connect. Meanwhile, a \$1.9M bill from Suez for sewer operations including 5 full-time staff. Also a critical Article for MHP funding (debt exclusion). Also Sewer EF budget. Much to “codify” before then; Select Board decisions before then.

-Alan McClennen noted that eventually the WWTF will be accepting septage - but not Day 1. He estimates that revenue c/be \$500k/year but it takes time to ramp up. Need to resolve betterments asap and MHP planning. Ms. Reed also asked about the future growth of the WWTF. Mr. Galligan confirmed that the plant is designed for the full build-out of Downtown and all of MHP. Any further expansion w/be paid by the taxpayers through bonding.

-Kevin Galligan noted the need to organize supplementary information for the discussion on March 2, 2022, to tee up what would be a potential vote, to discuss what the public’s thoughts are. Bob Renn and others agreed with the need for a public hearing. Mark Mathison suggested setting aside funding to support those who need to replace failing septic systems. Mr. McClennen reminded everyone that septic systems don’t remove nitrogen; the objective of a sewer system is to remove nitrogen.

-Mr. Counihan suggested a different approach to the betterment, however, Cathy Doane reminded everyone that state law limits the options. The Town had decided on a defined “sewer unit” approach, with a “sewer unit” based on water usage.

-Ms. Bruneau suggested that any/all of Fin Comm log-in to next week’s Select Board meeting (3/2/22) or watch it on Channel 18 to keep current with this important topic. Fin Comm will be joining the 3/2/22 meeting later for the Public Hearing on the FY23 Budget.

Update - Long-Term Planning/Capital Planning and Debt Discussions

- Ms. Bruneau had forwarded the meeting notes and the short Power Point presentation used to drive last Friday’s meeting (Bruneau and Athanassiou with Runyon and Reed). The Power Point was an extension of the single page used for last week’s CIP Public Hearing hosted by Fin Comm. She had also forwarded other resources - DLS guidelines for municipalities re CIPs and Capital Budgets and the Planning Board packet with CC Commission “Local Comprehensive Plan Guidelines”.

Fin Comm agreed that a next step would be for Nick to follow up with Planning Director George Meservey - sharing the Power Point material and asking about the potential plan for the use of the CC Commission material - particularly if that is instead of a full-scale update of the Town’s out-dated 2006 Comprehensive Plan.

Review Draft Warrant Index for Annual Town Meeting

-Information was included in the Select Board meeting packet for their 2/23/22 meeting. Going forward, Molly Bates will provide a standalone copy each week. No written Warrant Article material yet on any of these; TBD when the Select Board will start voting to “place” Articles on the Warrant. Fin Comm won’t vote until we see printed Articles.

-The Index was reviewed briefly at last night’s Select Board meeting. Warrant closes 3/10/22; many “repeats”, many capital projects. Meff Runyon suggested “bundling” Water Dept-related Articles together - separate from wastewater Articles to avoid confusion. First 8 are familiar Consent Calendar Articles. The next 5 are EF budgets. Fin Comm might want a separate session with Cathy Doane to confirm answers to EF questions. Also - Select Board must approve an updated EF Policy for FY23

before Warrant goes to press - supporting the subsidies. Last year the Policy was approved on April 7.

-The next few Warrant Articles - Town/School Budget; CIP; CPA/CPC budget and the CPC-related Article for bonding for 107 Main St (\$1M). Then a dozen or so that are Capital Budget related with dollars shown as on Capital Budget. There are two other articles mixed in - acquisition of Cedar Pond parcels by eminent domain; and funding universal pre-K, continuing the program started last October.

-Next a few new articles - no money yet. Fund software for putting financial info onto town website. Also fund police and fire union contracts for FY23 - but skeptical given timing. Also new - funding class and comp study for part-time and seasonal (union) workers.

- A few proposed By-Law changes - some known, others works in process. Next - authorize fee schedule changes with detail TBD.

- Then sewer assessment by-law - TBD; a by-law requiring licensing of short-term rentals (Town Counsel Mike Ford will be at Select Board on 3/9/22 to discuss draft by-law) - TBD; create stabilization fund for cannabis excise revenue - TBD; fund blue economy study/economic impact - yet another stand-alone study. Then there are 12 proposed Charter changes - not yet cleared by Select Board (next week)

-Funding of the senior tax work-off program – why wasn't this in the Budget? Cathy Doane didn't know, and is checking on this. Possibly some others that could be placed in the Budget. "Special meeting" - things related to FY22 - usual suspects - money mostly TBD.

Preliminary Discussion - Focus for Fin Comm Letter for Town Meeting Warrant

-Fin Comm letter for TM Warrant "due" in time for Warrant going to press on April 8.

-Problem with including tax tables - tax rate changes from January to publication of Warrant to Town Meeting to Fall Town Meeting and then to when tax rate is locked in for the year.

-Thoughts for focus this year? More on long-term planning? Debt? One of planning challenges, continue to fund studies but how are they tied together? Also repeated surveys but how well do they reach everyone in Town?

Audit Report update - corrections have been made to the 6/30/21 year-end Audit Report and Cathy Doane asked the auditors to reprint the corrected report. Fin Comm copies are in mail box in Mail Room at Town Hall. Don't know if updated reports were distributed to others - eg, rating agencies.

Continue Discussion - FY23 Budget and FY24-28 CIP and FY23 Capital Budget

-Budget Review meetings - NRSD/OES - early March. Rec Dept/RAC – 3/02/22. Cons Comm - 3/3/22; COA; Town Admin/Finance Director - TBD. All parts of DPW - 2/25/22.

-3/2/22 is Public Hearing on FY23 Budget - joint meeting with Select Board. Confirmed last night that this will be hybrid meeting and Fin Comm can participate via Zoom. Next Fin Comm meeting on 3/3/22 to continue Budget Review process.

- During last night's Select Board mtg, Kevin Galligan brought up the potential impact of the reallocation of the NRSD budget with Orleans now needing to cover an additional \$620k-\$650k in total costs. John Kelly had suggested that this could drive the Town to a general override unless the Operating Budget were totally reconfigured. Mr. Galligan suggested why not accept it and not try to beat down the other departmental budgets - accept it as a necessary override. Mr. Kelly noted that it then becomes part of the base budget going forward. Andrea Reed supported Mr. Galligan's view - noting that there are a number of departments that are under-staffed and that issue needs to be addressed as well. Funding for additional staff positions could easily be in excess of \$250k.

-Don't know if Budget Hearing will include an update on Budget-changes-to-date or Mr. Kelly's promised analysis/recommendations re 5-year look-ahead worksheets. Ms. Bruneau had forwarded

material from last year's Budget Hearing earlier in the week as background. Also sent the most recent CPC material.

General Updates Including Recent Select Board/Other Meetings

-Select Board mtg 2/23/22 - meeting w/ BOWSC as outlined above; reviewed draft Warrant Index as outlined above

-Voted to transmit FY23 Budget and FY24-28 CIP to Fin Comm - formal requirement

-Town Admin Report - John Kelly noted he met last week with Chief MacDonald and 19 others at DPW building re entertainment regs; 90 minutes; good discussion. Initial focus on outdoor entertainment; license required for all outdoor entertainment. Draft back to Select Board in March. Need to be able to admin/enforce and all understand. This before licenses for indoor. Get this done in time for venue planning for summer season.

-Liaison Reports - Michael Herman noted that Board of Health voted to end indoor mask requirement for Town facilities. Mr. Galligan referred to NRSD school choice discussion at 2/17/22 Fin Comm meeting - good meeting, good discussion - including ref to Orleans students "choicing" out of NRSD and tuition thus paid by Orleans. Mr. Runyon referred to Planning Board discussion about risk of/perceived overlapping of various studies underway - TBD how to address this.

-Future Agendas - 3/2/22 includes "work session" on sewer costs/betterment; public hearing on FY23 Budget and CRC discussion; 3/9/22 includes more sewer costs/betterment with a public hearing/discussion on same and maybe SB vote. Also maybe parking discussion. And Mike Ford on draft by-law re licensing short-term rental properties and update regarding B'Well litigation (now in open court).

Finance Committee Liaison Reports

-AHTB/AHC - sent article about Wellfleet "buy-down" success. Realtors on both sides were in on the deal and neither took a commission - the whole town is cooperating/collaborating to make things happen. Similar though different successes in Eastham w/ the Town buying properties and creating housing units a few at a time.

-CPC - vote on 44 Main Street is pending; waiting for more info

-CRC - as noted, scheduled for Select Board on 3/2/22 to discuss proposed Charter changes for Warrant

-OPD/OFD - have had Budget discussions; as noted, skeptical that anything will happen at this Town Meeting w/ union negotiations for either dept.

-Planning Board - Meservey wasn't at last mtg; focused mostly on Committee reports

-Gov. Prence - read-out at Planning Board meeting on 2/14/22 - their consultant presented a community engagement plan; working on materials for public by 3/01/22. Discussing housing vs. other uses; apparently tipping towards housing, considering uses, costs. First community meeting is on 3/14/22. Next will focus on design and present plan options; all will be posted on the website

-Comm Center Feasibility - have a consultant too (Abacus). Meeting on 2/24/22. Consultant had them stop work they were doing on cataloguing what various groups/facilities were/are doing in town re providing programs/services to various groups as consults have their own approach.

Review Schedule and Items for Future Agendas

- Wednes, 3/2/22 - joint meeting with Select Board for Public Hearing on FY23 Budget; hybrid mtg; also CRC will be there for discussion of proposed Charter changes

- Thurs, 3/10/22 - Cape Tech Superintendent Bob Sanborn and Orleans reps coming to Fin Comm

- Thurs, 3/17/22 - likely CPC Chairman Walter North/others to Fin Comm

- Thursdays in March and April - Fin Comm meetings every week; will see if we can meet earlier at 6pm or 6:30pm - at least in April if not March (pending completion of CPC mtgs)

- Fri or Sat, 4/08 or 4/09/22 - Warrant to printer

- Mon, 5/09/22 - Town Meeting

Adjourn: Motion by Mr. Athanassiou to adjourn; second by Mr. Mahoney. The vote was 6-0 with Mmes. Bruneau and Baird and Messrs. Athanassiou, Counihan, Mahoney and O'Meara

all voting aye by roll-call. Mr. Kanaga had left the meeting shortly before 9pm.

The meeting was adjourned at 9:05pm.

Respectfully submitted,

Stacy Faber, Recording Secretary

All documents listed below are in the Fin Comm Drop Box except as noted:

1. February 24, 2022 Finance Committee agenda
2. Old King's Highway District Committee Reserve Fund Transfer Request with Supporting Documents
3. Draft Fin Comm meeting minutes for 2/3/22 Finance Committee meeting
4. Draft Fin Comm meeting minutes for 2/10/22 Finance Committee meeting
5. AECOM/Tighe & Bond Update on the Downtown Sewer Project from the 2/23/22 Select Board Meeting (2/23/22 Select Board meeting packet - Select Board website)
6. Cathy Doane presentation on sewer-related Tax Assessments vs. Betterment Scenarios (2/23/22 Select Board meeting packet - Select Board website)
7. Summary of (Sewer) Project Costs (AECOM's Tim Harrison and BOWSC Chairman Alan McClennen) (2/23/22 Select Board meeting packet - Select Board website)
8. Long-term Planning presentation and meeting notes from 2/18/22 meeting (Bruneau, Athanassiou, Runyon and Reed)
9. MA Division of Local Services "Guidelines for Municipalities on Capital Improvement Plans and Capital Budgets"
10. Cape Cod Commission "Local Comprehensive Planning Guidelines"
11. Draft Warrant Index for May Town Meeting (2/23/22 Select Board meeting packet - Select Board website)
12. Updated 6/30//21 Audit Reports from Powers & Sullivan (Fin Comm mail box at Town Hall)
13. Fin Comm meeting minutes from 3/10/21 (FY22 Budget Public Hearing) and 3/4/20 (FY21 Budget Public Hearing)
14. Select Board Meeting Packet for 2/23/22 Select Board meeting (Select Board website)

The minutes for the February 24, 2022 Finance Committee meeting were reviewed and approved at the March 10, 2022 Fin Comm meeting. **Motion by Mr. Counihan to approve the minutes; second by Ms. Baird. The vote was 7-0-1 with Mmes. Baird and Bruneau and Messrs. Athanassiou, Counihan, Kanaga, Mahoney and O'Meara all voting aye by roll-call. Ms. Kremer abstained as she was absent from the 2/24/22 meeting.**

Tim Counihan, Finance Committee Clerk
Timothy R Counihan 3/11/22