



Town of Orleans

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Finance Committee Meeting

19 School Road Orleans Massachusetts 02653-3699

MEETING MINUTES
Thursday, March 17 - 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 and Clerk Tim Counihan as well as Committee members Elaine Baird, Chris Kanaga, Constance Kremer, Ed Mahoney and Peter O'Meara. Ed Mahoney was absent.

Guests: Select Board member and Fin Comm Liaison Kevin Galligan as well as Community Preservation Committee (CPC) Chairman Walter North and CPC members Barry Alper, Sue Christie, John Lipman, Stephanie Gaskill and Joan Francolini. Mia Baumgarten from Media Ops provided technical support for the meeting.

Public Comment: none this evening

Announcements - Nomination papers are still available from the Town Clerk's office for nearly a dozen elected offices for the Town election scheduled for 5/17/22. Last day to obtain papers is 3/25/22; last day to submit 3/29/22.

- New town website launched. Need to get reconnected for announcements from all committees/boards as well as general announcements from Town, including town-wide surveys and public service announcements, shellfish closings, etc.

- Lots of information about the Wastewater project on the "Government" page with information about the Downtown project currently underway as well as plans for the next phase for the MHP area. "First flush" scheduled for 9/1. Contact information for "Sewer Ombudsman" Reggie Donoghue is posted with phone and email.

- Finally - remember to calendar the Annual Town Meeting - Monday 5/09/22. More info about the location and time and other details to follow.

Discussion with Community Preservation Committee Chairman Walter North, et al re CPC Proposed Projects and Funding/Funding Strategies for Annual Town Meeting Warrant

-Ms. Bruneau welcomed CPC Chairman North and his CPC colleagues, noting that it was at least the third year in a row that CPC reps had joined a Fin Comm meeting to talk about the projects selected for funding and how the selection project works - and the source of the funding. Ms. Bruneau also noted that the most current version of the draft CPC Warrant Articles had been shared with the Finance Committee.

-Mr. North noted that CPA funding was adopted by the Town in 2005 with a 3% surtax added to the property tax base for funds to be used to support community activities. The 3% is the maximum allowed. The Town also receives state funding as part of this program, with the maximum allowed due to its commitment to the 3% surtax.

-There are 4 eligible uses for the funds: historic preservation, open space, affordable/community housing and recreation (a newer category). The CPC is required to spend 10% of its funds for 3 of the 4 categories (excepting recreation). In each of the past 2 years, there was approx. \$1.5M to use. This year, they have \$1.8M because of additional state funding.

-The CPC has a debt legacy, left over from land bank commitments. However, that legacy debt will fall off significantly by 2025. However, additional debt is added on with the more recent purchase of the Peck property and the commitment to the Cape Cod 5/Pennrose project (totaling about \$300k in debt service).

-The selection criteria for CPC projects can be found in the CPC Preservation Plan on their website - 18 criteria that are considered for the projects. The CPC Plan is meant to be in sync with the Town's other planning documents and needs. However, even though all criteria may be met for proposed projects, there may not be enough funding to fully support all applications.

-Another consideration for larger project proposals is the trade-off between bonding and project funding in the current year. This year, initial proposals included \$8M in bonding for 3 projects, with an alternative strategy proposed for the largest bonding request (\$500k cash in FY23 instead of a longer term \$5M bond). Mr. North noted that there has been a lot of pressure on CPC from the community with regard to affordable housing - referring to affordable housing as a huge "elephant in the room". The CPC is being asked to provide funding, but the Town needs to come up with another solution for community housing.

-The CPC has shared two draft warrant articles with Fin Comm, with the proposed \$1.393M for 14 projects and \$1M for a bond for 107 Main Street for the Housing Assistance Corporation (HAC) project. HAC has also applied to the state for \$1M in ARPA funding; however, they are unsure when the funds from the state will arrive and are requesting additional funds as a line of credit. They are also concerned that the prices for the project may increase due to the increase in building materials/costs. The CPC bond would provide a back-up funding source.

-CPC member Barry Alper stated that the CPC supports projects that otherwise wouldn't go to Town meeting for approval. Ms. Bruneau asked if there is a sense of what is needed going forward - what other projects might be in the pipeline.

-Mr. Galligan state that as liaison to CPC (from the Select Board, represent their role as Parks Commissioners), he is involved in seeing items that are approved and not approved. He commented very positively about the support that the CPC received this year from the state-wide Community Preservation Coalition, particularly with regard to bonding.

-Mr. North commented that sometimes projects don't happen the way the CPC had anticipated. This is where the CPC liaison role for each project fits in. He noted that there is also a variety of grant funding available to support various initiatives.

-Ms. Bruneau asked how one drums up "business" for the CPC - i.e. - how does someone approach CPC for funding? How long has recreation started to get active and seeking/putting in applications?

-Ms. Christie responded that there some years ago, CPC would receive as few as 8 project applications, then it jumped to 12. Then recreation began to come in to request support. Ms. Gaskill noted that there are restrictions re funding - limiting what CPC funds can be used for (ie, not operational expenses). Ms. Gaskill is the liaison to the CPC from the Open Space Committee, and a member of the Bike & Pedestrian Committee. This past year, there were 2 applications from Bike & Pedestrian that fit nicely, one is the paving of Overland Way (near Bakers Pond area). Also, at the Main Street/Old Colony Way intersection, there's a need for better signage for bikers and pedestrians.

-Ms. Bruneau asked if Town Counsel Mike Ford needs to be consulted about the use of CPC funds. Mr. North stated that Town Counsel is asked if projects are viable prior to approving funds.

-Ms. Bruneau asked if there are any concerns with regard to presenting the 107 Main Street project at Town Meeting. Mr. North will be presenting the Article and expects that Affordable Housing Trust will make statements in favor of the funding the project.

-At the end of the discussion, Ms. Bruneau thanked Mr. North and the members of the Community Preservation Committee for their help with tonight's Fin Comm meeting, and applauded the hard work done this year related to bonding and the allocation of scarce resources.

Review/Approval of Finance Committee Meeting Minutes

Meeting Minutes from March 3, 2022

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

Meeting minutes for 3/2/22 - no draft yet

Meeting minutes for 3/3/22 - draft received this morning; not edited yet

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

Select Board Meeting from 03/16/22 - Update regarding Select Board meeting with BOWSC on Sewer Projects/Planning; Cost Considerations. (Mr. Galligan left the meeting for this discussion as he lives within the MHP project area.)

-Select Board did NOT vote on betterment vs tax rate costs at their 3/16/22 meeting; however, they are committed to vote on 3/30. Galligan and Reed again recused. Ms. Bruneau has sent an email to John Kelly and Town Counsel Mike Ford to ask whether Fin Comm members should recused for same reasons but no reply yet.

- BOWSC voted 3/15/22 to support 80/20 tax rate/betterment scenario. Average betterment of \$10.3k and \$11.2k Downtown/MHP and \$105/year on tax bill for \$500k home.

-Select Board discussed not knowing how much the impact will be regarding the property taxes. Apparently, if you live in subsidized housing, the betterment costs cannot be added to the rent. John Kelly suggested that George Merservey could contact MA state housing authority to find out the answer. Michael Herman said that some citizens are concerned that their drinking water wouldn't be safe if they're not on town sewer, although this is not a town drinking water issue.

-Mr. Runyon commented that a lot was promised 5 years ago, but much has changed. Follow-up meeting on Monday, 3/21/22 with other Town department managers to help answer questions.

-Mr. Counihan suggested that the 80/20 tax rate/betterment scenario would be better for all involved.

-Mr. Kanaga asked if the 75% would be paid in other ways, is this based on room taxes, estimated receipts. Also, regarding the overall costs, Mr. Kanaga needs more education on what goes into this prior to voting on it. Mr. Kanaga asked what the dollars are regarding the subsequent phases.

-Ms. Bruneau stated that the town would get a zero percent interest on the loan, however, that's not the same as loan forgiveness. The town would also receive money from the Cape & Islands funds, as well as the short term rental funds, although, it won't be enough to fully cover \$100mm.

-Mr. O'Meara commented that the water quality issue was "danced" around and that the sewer may have an impact on water quality, that is what people were lead to believe. The continuing issue

regarding this project has been all these unknown questions and variables. As it stands now, we know that it will be more than \$100 on the average tax rate. What about grants and interest free loans, etc.? The larger economic picture (e.g. inflation), there could be less “free” money. For a town this size, Mr. O’Meara believes that Orleans is not capable of managing a project of this size and scope.

-Ms. Baird asked, looking forward, how do we get this on track? Perhaps there should be two Fin Comm members nominated to assist the remaining 3 members of the Select Board who are able to vote. What help can be offered?

-Mr. Kanaga asked about the expected outcome. Will his property taxes double in 10 years? If they did, he would be okay with that as long as there’s clean water.

-Mr. O’Meara asked about the physical plant coming on as of September 1 and any sort of disruptions. What about the costs to secure the contractors to do the work? Has thought been given to this? The town is a few months from getting online, but we still do not know what all needs to occur for this to happen. Mr. Kanaga asked what was provided by the Town to ensure that property owners can correctly connect. Ms. Bruneau noted that the Town sent the Property Owners Handbook over a year prior, but the Town should revisit this. Ms. Bruneau will follow up with the Select Board and the BOWSC with an urgent plea for communication with property owners.

Continue Discussion - Fin Comm Letter for Town Meeting Warrant

-Ms. Bruneau sent the third draft this morning (3/17/22). Input had been provided by Messrs. Athanassiou, Counihan and O’Meara. Changes noted briefly. Still have 2+ weeks to consider. Hopefully Fin Comm alum Brad Keith will join Fin Comm meeting next week to talk further about debt topic. Also c/be some Budget and CIP-related tweaks.

Continue Discussion re FY23 Budget and FY24-28 CIP and FY23 Capital Budget, Including Any Further/Potential Changes to the Budget, CIP and/or Capital Budget

-Select Board 3/16/22 - NRSD budget update - Finance Director Cathy Doane referred to 5.74% increase; reference to updated “scorecard” but not yet provided to Fin Comm. NRSD adjustment is now \$627,032. Some discussion about NRSD shift - there could more/similar surprises next year and where did 27 extra kids come from this year. NRSD overall 2.3% above budget plus 27 kids per John Kelly (but not sure this makes sense with \$627K number).

-Kevin Galligan stated he’s been through each of the budget components presented. He feels there is no way to trim NRSD money without compromising education. There are succession needs, service needs. This number needs to be funded.

-Still some numbers missing from “scorecard” - adjustments to Police Chief and Deputy Chief salaries. But Select Board voted to essentially put all of NRSD difference into an override. The way that works - it stays in the budget but gets funded with an override with a ballot question - not a separate Warrant Article. Also - override would put \$627k into base going forward.

-Some discussion about Rec Department - had been an “ask” for an Assistant Rec Director but after some discussion - agreed to use \$25k in current FY22 budget for part-time help with programming and then budget \$15k for FY23 for an organization study. Money would be in Town Admin budget. Use if/as needed. This could help to ID staffing needs and org placement. Also address revolving account issues. Now - anything leftover at year-end goes to General Fund. Ms. Kremer stated that there was confusion over this at the previous meeting, and expressed her frustration as a parent over the fees. At the meeting on 3/16/22, she got the sense that Mr. Runyon, the liaison to the Recreation Advisory Committee, was aware that they don’t want those expenses taken out of the revolving fund. She stated that again, the Town doesn’t have the programs. Ms. Bruneau will send a note to John Kelly and Mr. Runyon, reminding them that the \$25k is only good until the end of June and that they committed to use this funding for part-time help for recreation programming.

-Kevin Galligan asked Ms. Bruneau’s about electronic voting - why not include it in the Budget instead of a separate Warrant Article? John Kelly said that voting straddles fiscal years and that the Town has

to pay ahead for these services. (However, arguably it doesn't cross fiscal years if bundle fall elections with spring elections - different calendar years, not Town fiscal years.) He said doing it this way gives more flexibility, but adds another Article.

-John Kelly referenced a Tom Daley memo (that Fin Comm hasn't seen), outlining \$15k in savings w/ a second mechanic - but focused on DPW only, not other depts with vehicles (OPD, OFD, Water Dept).

-CIP - agreed to move \$2M bond for 44 Main Street/Old Firehouse into CIP for FY24. John Kelly noted more updates next week. Reference to updated CIP for 3/15/22 (Fin Comm version is dated 3/11/22.) (LB note - likely if tried to vote 44 Main Street at Town Meeting, would need three-quarters vote. Andrea Reed asked about putting in a higher number for 44 Main Street if waiting for FY24, but Mr. Kelly noted need to use best "real" numbers; could be changed later.

-Library Roof - construction deferred to October; design out of Building & Facilities stabilization fund.
-Moved Nauset Estuary and Pleasant Bay dredging from FY23 to FY24 (\$3M and \$750k); moved PRB's from FY23 to FY24 (\$7.8M).

-Beaches EF - took out \$30k from each year starting in FY23 - moved this "sand" money to Expenses instead of CIP ("capital"?). Uptick in Transfer Station and Beaches Vehicles/Equip FY23 numbers.

-FY23 total down to \$37.2M from \$45.6M; other totals impacted as well.

-Draft Warrant Index - apparently new version here to but not yet to Fin Comm. John Kelly noted new funding category "Free Cash" which can be used to fund one-off projects/purposes.

-On first page - "Fund CWRMP - fresh and saltwater adaptive management" - \$96.7k would be funded from Free Cash. Second page - list of 5 things to be funded from Free Cash - all with new numbers. As noted, will be deleting Fund Old Fire House \$2M bond.

-Ms. Bruneau looked at Water Dept list and mapped to CIP, etc. First 3 in CIP, next is a Vehicle (with a snow plow). Last is a transfer of money. But middle 2 - sent email to Sue Brown/Water Dept over the weekend. Both are for anticipated water main and service connection failures during MHP sewer work - during construction. She wasn't aware of these numbers - not her numbers - and no money to fund this work. She/they expecting 25% decrease in water revenue this next year as we head into another drought year - water table is still well below normal. Fin Comm asked Tom Daley about these numbers on Tuesday. Both have been moderated. Original AECOM estimates - "all in". But will start with smaller numbers. TBD what numbers will be for CIP (three-quarters votes needed).

-Also - at BOWSC meeting yesterday - they're beginning to look again at water rates - may raise rates. No discussion about when - or if this would be on top of 4% increase effective with the October 2021 billing. Ed Mahoney and Ms. Bruneau met with Water Department - deficit position - losing ground with their Reserve Fund Balance. Water Meters are more accurate; people conserve water in drought.

-More on the Warrant Index - unlikely any progress with Police and Fire union contracts by TM. May defer software costs for getting town finances onto website until fall TM. Have added Article for \$30k for laptops for Ambulances (Fin Comm asked about this at CIP Public Hearing). Going forward - with new ambulances - laptop cost will be included in purchase price; will need to change Town Policy on use of Ambulance Reserves.

-No detail yet for Special Town Meeting - FY22 budget adjustments - but guessing that that's where Cathy Doane's comp increase will be parked. Need to see detail sooner - not just on floor of Town Meeting.

-Supposed to get draft Warrant Articles on 3/18/22 BOS meeting packet for the 3/23/22 meeting. That will give Fin Comm 2 or maybe 3 meetings to vote on everything (3/24/22, 3/31/22 and possibly 4/7/22 for final few). Warrant goes to press on 4/09/22.

Continue Discussion - Fin Comm Budget Review Reports

-Have discussed Planning Department and Library.

-Sent Tax Collector/Treasurer on Monday. Follow-up Q's in the works on Town Clerk, MIS, COA, Conservation and Water Dept.

-Enterprise Funds pending until Ed Mahoney returns.

-Several more yet to draft. TBD - Health Dept, Recreation, Assessor, Sewer Ops EF.

-Meeting with OES on 3/24/22 and then joint meeting with Select Board 3/23/22 at 5:30pm for NRSD Budget discussion.

Continue Review of Draft Town Meeting Warrant and Warrant Articles; Begin Voting on Draft Warrant Articles

-Already discussed draft Warrant Index; no draft Warrant Articles to review yet. For next week's meeting, will try to organize review/discussion process for efficiency - perhaps starting w/ most straightforward, and "same old" Articles. Will forward draft Articles as soon as available.

General Updates Including Recent Select Board/Other Meetings

-Select Board mtg 3/16/22 - 5 hour meeting so focus on few other key topics not yet noted above.

-Tom Daley and consultant presented sewer user rate assumptions and draft approach. Assumptions include number of users and gallons per day for Phases 1 and 2 and timing of ramp-up w/ users (how many, how soon). Also - no debt to be covered by sewer rates. 1105 users Downtown; 480 in MHP. Wastewater stabilization funds to help off-set rates in FY23 and FY24. Also assumptions re build-out of downtown and virtually none for MHP. Also \$50/quarter base bill (water \$54/quarter base bill w/ usage on top of that).

-Spreadsheet shows Operating Expenses, Revenues (fixed charges, water use, septage) and contributions from wastewater stabilization fund. Start with \$6/kgal and dollar more/year. Cathy Doane encouraged higher rate to start so if it's wrong, don't have to jump too much to get it right. Showed low use residential bill, median and high and avg condo for each year - \$344; 416; 920; 310 for FY23. Then 368, 452, 1040, 328; etc.

-Other towns - P'Town is 18 or 19/kg; Boume is very high. FY23 - 3 billing cycles; likely 1st bill w/be 1/8 of users; 2nd w/be 3/8 and 3rd w/be 3/4.

-Mr. Herman asked about empty house - if not here? Still get billed base quarterly fee - same for water and sewer even if not running water/flushing. Fixed operational costs to be covered. All properties are part of capacity calculation.

-When more users are on, then more data and then can tune rates (eg, res vs commercial or seasonal). Per consultant, water sometimes seasonal, sewer more likely res vs. commercial.

-Mr. Galligan asked if it would be OK to use \$1.5M of wastewater stabilization fund money for first 2 yrs. Cathy Doane said some tweaking to do to "model" but logic generally makes sense. She asked about "other revenue" (that is application fees to connect). Also can't use FY23 revenue to "prove" FY23 budget since no history behind it.

-Ms. Reed question about housing / 9 Main Street. Consultant said there are pgms that can help w/ utility bills for subsidized housing.

-Cathy Doane noted likely subsidizing Sewer EF for next 5-6 years (in charts). Could rates start higher? To balance sooner, w/ require \$19/kgal. P'Town rates supported by tax rate.

-Mathison/others - discussion about septage revenue - source/reliability of info? How sure that haulers will come back to Orleans after Tri-Town shut 4-5 yrs ago. Will do informal survey.

-John Kelly noted need to establish rate for Warrant Article; need recommendation from BOWSC (mtg now scheduled for next week).

-Sewer System cost allocation - as above

-FY23 Budget - as above, including 44 Main Street onto CIP for FY24; also draft Warrant Index

-Voted to support informal student membership on various town boards/comms - 4 students so far

-Contract established w/ Wright-Pierce in role as Sewer Coordinator to oversee/coordinate up-coming projects, on-going planning considerations.

-Liaisons - shout-out from KG re last week's Fin Comm meeting with Cape Tech, especially re adult education/training programs supported by local businesses. Follow up on visiting Cape Tech for lunch/tour tentatively planned for 4/01/22.

Finance Committee Liaison Reports

- NRSD - new principal named for NRSD high school - Asst Princip Patrick Clark; only finalist. As noted above - NRSD and OES budget discussions next week.
- Library/COA - update info on COA from Ron Collins meeting
- BOWSC - sewer rate and water rate discussions as noted above
- AHTB this week/ AHC next; TBD whether they to a Fin Comm mtg in April/May
- OFD - Fire/Rescue Station Feasibility Committee update
- Gov. Prence - community outreach meeting this week - 65 people participated
- Planning Board - "Streetsense" consultant report is out; will review next Tuesday at 6pm; error communicated to GM re town commitment to short-term rental tax money. Suggest all s/ read it.

Review Schedule and Items for Future Agendas

- Mon, 3/21/22 - special Select Board mtg at 5pm re sewer cost considerations/allocations
- Wednes, 3/23/22 - joint meeting with Select Board for NRSD Budget Review - Fin Comm to participate via Zoom
- Thurs, 3/24/22 - Fin Comm mtg; hopefully Brad Keith will join us for debt discussion; begin voting on Warrant Articles; continue Budget Review reports
- Wednes, 3/30/22 - Select Board to vote on sewer Betterment Bylaw parameters
- Thurs, 3/31/22 and 4/7/22 - Fin Comm continue voting on Warrant Articles; Budget Review reports

Adjourn: Motion by Mr. Counihan to adjourn, second by Ms. Baird. The vote was 7-0 with Mmes. Bruneau, Baird and Kremer and Messrs. Athanassiou, Counihan, Kanaga and O'Meara all voting aye by roll-call.

The meeting was adjourned at 9:40pm

Respectfully submitted,
Stacy Faber, Recording Secretary

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

1. March 17, 2022 Finance Committee agenda
2. CPC draft Warrant Articles for Annual Town Meeting
3. Draft minutes for the March 3, 2022 Finance Committee meeting
4. Sewer Project/Planning Cost Consideration material from the Select Board meeting packet from the 3/16/22 Select Board meeting (Select Board website)
5. Updated Finance Committee Letter for the Town Meeting Warrant
6. Updated FY23 Budget "Scorecard" from the 3/16/22 Select Board meeting packet
7. Updated draft Warrant Index from the 3/16/22 Select Board meeting packet
8. Updated CIP from the 3/16/22 Select Board meeting packet
9. Finance Committee Budget Review Reports (Tax Collector/Treasurer sent this week)
10. Draft Sewer User Rate material from 3/16/22 Select Board meeting packet (Select Board website)

The minutes for the March 17, 2022 Finance Committee meeting were reviewed and approved at the March 31, 2022 Fin Comm meeting. **Motion to approve by Ms. Baird; second by Ms. Kremer. The vote was 5-0-1 with Mmes. Baird, Bruneau and Kremer and Messrs. Counihan and O'Meara all voting aye by roll-call. Mr. Mahoney abstained as he was absent from the March 17 meeting.**

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Tim Counihan Clerk Finance Comm.
Timothy R. Connel 4/5/22