

**Board of Water/Sewer Commissioners  
Meeting Minutes**

Handwritten initials and date: "KAD" and "March 23, 2022".

**Part I. Sewer Update**

**Meeting Date**  
March 23, 2022

**Meeting Location**  
Nauset Room, 19 School Road, Orleans, MA 02653  
Webinar: <https://us02web.zoom.us/j/82864206038>

**Project No.:** 60587515

**Attendees**

BWSC Members: Alan McClennen, Robert Rich, Leonard Short, Herb Kinney, Mark Berson, Dick Hartmann, John Meyer  
Town of Orleans: Todd Bunzick, Susan Brown, Lynn Bruneau, Tom Daley, Kevin Galligan  
AECOM: Tim Harrison, Amy Hunter, Nicholas Broderick

**Time Meeting Convened** (by Alan McClennen)  
1:00 PM

**Time Meeting Adjourned** (by Alan McClennen)  
1:33 PM

**Summary of Discussions** (Prepared by Nicholas Broderick)

**1. Background**

- a. The purpose of the Board of Water/Sewer Commissioners (BWSC) meeting was to review and approve the proposed sewer rates and transmit our vote to the Select Board for their action and placement of a warrant article for action at the ATM.
- b. This was posted as an open meeting beforehand, and the public may attend if desired.

**2. Discussion**

- Sewer Rates
  - Alan McLennen: The BWSC and Select Board have had discussions on Sewer Rates. Kathy Doane had a suggestion to juggle the startup to bring more of a deficit to the front end to get out of it quicker. One thing that was raised was for the septage receiving revenue. It was a request from the Select Board to reach out to the septage haulers on the cape if they would be interested in coming to Orleans. There were 22 septage haulers on the list and Amy Hunter (AECOM) spent time reaching out last week. Haulers indicated that there is a problem with septage on the cape. All the haulers said is that Yarmouth is over capacity and they don't take any more deliveries by the end of the week which puts a strain on septage hauling. It appears that there is a market here and we will equal or exceed the peak of Tri-town at \$0.10 per gallon which is a little over a million a year.
  - Tom Daley: See presentation slides. Amy reached out to 22 haulers and actually talked to 12. As a refresher, we assumed we could get up to 16,000 gpd gradually starting in September, assuming 5,000 gallons average. Based on the history of Tri-town it was running at 24,500 gpd at end of life. Common comments from the 12 haulers are that they had a strong interest discharging to Orleans if the rate is set similar to Yarmouth. If you take the info from the 12 haulers we could anticipate up

## Meeting Minutes

Board of Water and Sewer Commissioners Meeting March 23, 2022

to 40,000 gpd, with a range of truck sizes from 2,500-9,000 gal, with average size of 4,200 gallons. If we do use the 40k gpd at \$0.10 per gal that equals \$1.46 million but we assumed rate projections of \$1 million per year. We are conservative with our numbers.

- o Dave Fox: Kathy's comment was why not go up a little bit more in the short term? Typically, I am a big advocate for the Town having less risk and more revenue than less revenue. In this instance we need to figure the politics of this, the public needs to approve this, sitting there with the utilization fund I think we need to utilize it. We need to communicate why the rate increases are where they are and the end fund balance. There's a lot of options we can run here, previously we were talking about starting at 6 gallons now we start at 8. In 2030 we are operating in a surplus, and even with that we have over a million in combined funds. It's not an inherently bad thing, it's that the right amount to be sitting there. There is no industry best practice for amount to be in the reserve, somewhere in the 90-180 of operating expenses. Kathy brought up two points: bring rates up in short terms to mitigate if we don't have the revenues we expect, and the other point was could we get to the surplus point a little faster. If it were the desire of the town to start operating in a surplus before 2030 we could do so, but would just be a dramatic ramping up in the forecast. We're setting rates for 2023, but I think the public needs to know what the rates will look like in the future.
- o Dick Hartmann: I understand what you did and it does address concerns. What will come up tonight is the comparisons, did you do that again?
- o Dave Fox: It's still middle of the road.
- o Bob Rich: Is higher septage receiving numbers a way we can offset some of the rates?
- o Tom Daley: AECOM polled 12 haulers and based on that we could even estimate an additional half a million assuming 40,000 gallons.
- o Dave Fox: In the short term I would air on the side of not assuming them, I would rather be conservative now. The great thing is if we start seeing 40,000 gallons per day of septage it could offset some of the rate increases in the future so instead of having to get up to 13 or \$16, you know, maybe you only have to get up to \$12.
- o Alan McClennen: I don't think you should run it because then people will remember. Kathy has said we can count on a million and a half dollars from the hotel motel and short-term rentals. We haven't appreciated that at all. We want to stay at the conservative side.
- o Tom Daley: The main difference in the presentations is the amount of funds available at the end. If we start at \$8 then the ending balance is \$1.2 million. You want your fund balance based upon the size of the operation.
- o Kevin Galligan: I just want to confirm the only change was \$6 per gallon in the first year to \$8.
- o Dave Fox: the latter years changed a little to have more of a phasing, but that was the main change. There was another change that Kathy Doane built in, showing the split between the Enterprise Fund balance versus the Stabilization Fund given the inability to certify that those revenues in that first year, but at the end of the day, whether it's funds being utilized out of stabilization fund out of the fund balance I just care about how much cash you have sitting there that can be utilized if necessary. So it didn't really change the end calculation of those combined fund balances, except to ramp up those revenues a little bit more in the short term, which requires less of a contribution from reserves to offset the deficit and that's why, you're seeing that ending fund balance of \$1.2 million rather than the 3 to \$300-400k range.
- o Kevin Galligan: The voters need to accept this. What you're showing is an annual bill for \$488. I think it's in line with our peers and anywhere between last week and here is a good place to start. The expense estimate is a "not to exceed". We will only pay for what is consumed and what is used so this is a very conservative model of the revenue and very low risk on the cost side.
- o Tom Daley: procedural question, the Board would only make a recommendation on year one?
- o Alan McClennen: Yes only recommending on year one. People need to understand that we went out to engage the Contract Operator, we said we were going to pay for everything but their work so which includes the assumption that the chemicals and everything else we bought this year will carry over since we're only operating at a third capacity which is a contingency built in.

Meeting Minutes

Board of Water and Sewer Commissioners Meeting March 23, 2022

- Alan McClennen: If we are ready to proceed with this information, we would move and second, and vote that for fiscal year 2023, we would propose the budget that is presented in this chart for fiscal year 2023 which would result in annual customer bills depending on usage, low residential: \$392, medium residential: \$488, high residential: \$1,160, average condo: \$346 and largest bill is \$22,073.72
- Moved by Mr. Short, Second by Bob Rich. Motion passes 5-0-0. To be recommended to the Select Board this evening.

Meeting Adjourn by unanimous consent: 1:33 pm. Moved by Bob Rich, seconded by Herb Kinney.