

FINANCE COMMITTEE MINUTES

11 FEB - 2 PM '11
TOWN OF ORLEANS
TOWN CLERKS OFFICE

The January 13, 2011 meeting of the Orleans Finance Committee was convened by Chairman Larry Hayward at 7:12 p.m. in the Nauset Room of the Orleans Town Hall. Present constituting a quorum were Chairman, Mr. Larry Hayward, Vice Chairman, Ms. Gwen Holden Kelly and Members, Mr. Dale Fuller, Mr. Ed Barr, Mr. John Hodgson, Mr. Rick Sigel and Mr. Paul Rooker. Absent members: Mr. Walter Bennett and Clerk Mark Carron.

Guests:

Mr. Jon Fuller, Selectman Liaison, Mr. Paul Ammann and representatives of the Orleans Citizens Peer Review Panel.

Approval of Minutes:

In the absence of the Clerk and after discussion of a number of substantive changes to the minutes of the meeting of December 9, 2010; the committee decided to postpone approval of the minutes pending Mr. Carron's reissue with edits and additions.

Public Comment:

Mr. Gary P. Clinton representing Decentralized Wastewater Options for Orleans spoke of his belief that the town has yet to comply with the intent of the charge to "evaluate the centralized and decentralized alternatives in the CWMP" voted at the 2010 town meeting.

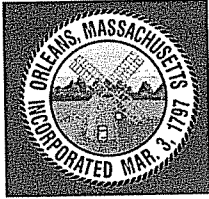
He believes the approach used, which looked at the cost of decentralized sewers using traditional total waste treatment, resulted in cost estimates at least 25% higher than would have been the case had the comparison been made with treatment of liquid effluent only while retaining existing septic systems for collection and temporary storage of solid wastes.

Mr. Clinton suggests retention of two consultants one to independently review the costs of centralized treatment and the second decentralized treatment using the treatment of liquid effluent only.

Using the liquid only approach Mr. Clinton believes there will be substantial cost and operational advantages including:

- Liquid only pipes can be much smaller (as little as 3-4 inches in diameter)
- The pipes do not need to be buried as deep in the ground (a labor cost saving step) and the liquid is pumped rather than depending on gravity feed to the treatment facility (potentially lower maintenance costs)
- Existing septic tanks stay in place to hold solid waste (saving homeowners needing to pay for removal of tanks) and, since liquid is removed, leach fields will no longer be contributing nitrogen to the ground water.
- Assuming 1000 to 1500 gallon septic tanks, pumping cycles could be as long as 10 to 12 years resulting in a reduction of collection costs on the order of 60%.

Mr. Clinton distributed the attached documents (attachment 1) to supplement his remarks.



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Presentation of Mr. Paul Ammann "Water Quality Issues for Pleasant Bay and Rock Harbor:

In his introduction Mr. Ammann emphasized his presentation (attachment 2) reviewed data and drew conclusions exclusively from information provided in reports issued by MEP and DEP. The major points made in the presentation were: Rock Harbor considered "impaired" has better water quality than Namskaket Marsh, the break in the barrier beach had no impact on the already improving trend line in the water quality of Pleasant Bay, the TMDL's for both water bodies should be recalculated.

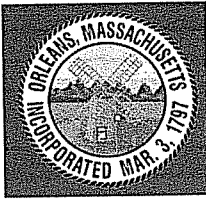
During and following his presentation the Committee asked a number of questions including:

- Why are there substantial differences in the "input" and "output" quantities of nitrogen in the water bodies reviewed?
- How does the water quality in the "harbor" portion of Rock Harbor compare with the quality of water in comparable boat basins, e.g., Wellfleet, Barnstable, Sesuit harbors?
- Is it possible to calculate the effect of boat bottom paint and mooring anchor movement on the benthic community in ponds of known water quality deterioration such as Arey's and Meetinghouse?
- What is the impact of other sources of contamination of impaired ponds? Have the effects of road runoff, carbon emissions from boat motor exhaust, etc. been quantified?
- Is it the objective of the MEP/DEP to reduce nitrogen substantially below the "red line" limits illustrated in your charts or is it acceptable to parallel the line just fractionally below it, i.e., how do we measure success?
- Of the 35 questions posed by the Validation Committee and transmitted to MEP/DEP by the Board of Selectman how many have been answered?
- What would be the cost or recalculation of the TMDL's?

With the exception of the final two questions above, Mr. Ammann had no answers to these questions. He did respond that only one of the original 35 questions has been answered and the committee has most likely since posed an additional 35. He said, to the best of his recollection, the cost of calculation of the TMDL's would be in the area of \$2,500. Jeff Eagles pointed out that the study proposed by Barnstable County will not answer these issues and, indeed, should not be viewed as a substitute for the study proposed by NAS as the two approaches are designed to answer entirely different issues.

Proposal for Joint Budget Review with the Board of Selectman:

Jon Fuller, liaison for the Board of Selectman was asked to review his suggestion that the Finance Committee and the Board of Selectman hold joint reviews of the proposed budget requests with the various department managers. He reasoned that more and better data would be obtained and considerable time would be saved if we adopted this approach.



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In the discussion that followed the Finance Committee expressed concern about a number of issues including:

- Do we have time to change the way we have been doing things at this late date in the process? Can we accommodate the Wednesday schedule of the BOS and/or can they accommodate our Thursday schedule?
- To what degree does this violate the "independent review" dictate of the Town Charter?
- Can we have more than two joint meetings? Is this a decision making meeting or an information gathering meeting?
- Who will facilitate the dialogue and ensure that the focus is on the department manager answering the questions?
- How do we diminish the potential for this to become "grilling" and/or intimate town managers by having 14 people simultaneously firing questions?
- Should we prepare questions in advance and present them to the department managers so they know what they will be asked in advance?
- Should we do all the six departments we originally planned to bring before us or should we just test this joint concept with a sample of them?
- How do we handle the departments we did not plan to bring before us, e.g., what do we do when the BOS plans a review with a department we did not plan to review as a group?

After discussion it was agreed that Chairman Hayward will meet with the Chair of the BOS to work out the issues raised and the logistics and report back the results to enable the committee to formally vote on the proposal at the meeting scheduled for January 20, 2011.

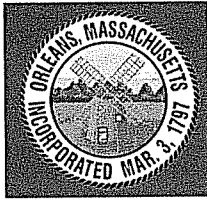
Uses of the Finance Committee Web Page

Mr. Sigel's request for postponement of discussion on this topic was approved by the Chair.

The Ambulance Fund

Mr. Fuller and Mr. Rooker reported on their meeting last week with the Chief and Deputy Chief of the Fire Department to discuss the sources and use of the ambulance fund. They indicated ambulance services generate about \$650K in revenue which, while not enough to cover all costs of the service, is uniquely segregated in an "enterprise fund" versus the practice of many towns which simply put ambulance revenues into the general fund.

The money in the ambulance fund is then allocated at Town Meeting to pay for most of the expenses of providing ambulance services including: vehicles, EMT supplies, cost of 911 services and overtime required in the process of providing ambulance services. They indicated \$100K was specifically allocated as an overtime subsidy. Mr. Fuller said the Chief strongly emphasized that residents should not consider the cost of ambulance services in a medical emergency and stated, "Do not even think of driving to Hyannis".



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At this time billing for services is done by a part time town employee but, due to retirement, this will soon be contracted out to Coastal Medical Billing a firm that specializes in this service. Coastal will charge for services based on a percentage of collections and the Chief anticipates billing services will cost about \$2,000 more per year than present in-house billing.

In response to questions from the Committee regarding a written policy on collections Mr. Fuller said the Chief indicated the old policy was updated on December 20, 2010 in anticipation of the outsourcing of billing. Four bills are sent before consideration of collection action and bills may be abated by the Chief for financial reasons using the generally accepted "Hill-Burton" guidelines.

In fiscal year 2010 the "collected to billed" ratio was reported as 73% but this number may vary from 65% to 95% depending on the components of the numerator and denominator... there are a variety of methods the calculation may be made. Mr. Fuller believes a better measure may be total abatements to total billed which, in his opinion, is acceptable at 7%,

In response to the questions raised by the committee regarding the year end balance of \$800K in the ambulance account, Mr. Fuller explained this is not really a "surplus" but rather represents working capital for the upcoming fiscal year as the state does not permit town meeting approval of allocations from an enterprise account until the money is actually in the account.

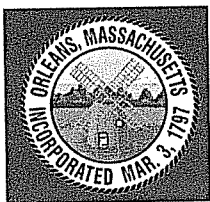
Other Business:

No new other business was introduced but the Chair indicated we will carry over the discussion of the Finance Committee web site and the logistics of joint budget review meetings with the BOS as other business items.

Board, Committee and Department Reports:

- A) Affordable Housing – Mr. Sigel reported there is activity but nothing of a significant financial concern to report.
- B) Board of Health and Board of Selectman – Mr. Barr reported on the Board of Health/ Board of Selectman joint meeting of January 5, 2011. The BOH recommended increasing the transfer station fees \$10 per sticker for the primary sticker and \$5/sticker for additional stickers and discussed establishing a policy that subsequent increases will be set to yield at least 75% of the cost of operation. Some members of the Board of Selectman indicated the objective should be to set fees to cover 100% of the cost of operation but no definitive action was taken on this suggestion.

John Kelly opined that the Brewster contract, if applied to Orleans, would impact us about \$8/sticker at the first step in the contract and about \$19/sticker at the second step. He said sticker revenues now represent about 69% of the actual costs of running the transfer station and a \$10/sticker increase would bring us to about 75% of costs (based on 3300 stickers /\$33,000 increase in revenues)



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The joint meeting was adjourned at 7:27 p.m. following are items discussed in the Board of Selectman meeting:

Mark Budnik updated the BOS on the status of highway and road drainage projects. Note: The spreadsheet handout used for this review was not in the FinComm package making it impossible to follow the discussion. The significant financial statement made during this presentation was that "Paving invoices have not been settled" presumably referring to paving work done last summer. FinComm should follow up on this when Mr. Budnick appears before us.

Mr. Budnick reported that the design phase of the Skaket Beach parking lot/septic system replacement project is 75% complete. He expects to put the project out to bid in late February or early March and get some work done by Memorial Day. Work on the septic replacement will be held until fall 2011.

He said design work to eliminate the road drainage from Locust Road into Cedar Pond has been completed. It is anticipated the cost will be about \$160K and we have applied for a grant to cover 75% of the cost (\$120K) so the budget will be hit \$40K for this project. He plans to put it out to bid in early March but actual timing will be dependent on receipt of the grant.

In the Town Administrator's report John Kelly mentioned that a new 3 year contract has been negotiated through the county for electrical power. The price is 21.7% less than the prior contract and, after adjusting for distribution charges, will yield savings of about \$25K/year or 4.7%.

- C) Board of Water and Sewer Commissioners – Ed Barr reported viewing the video of the January 5, 2011 meeting in Walt Bennett's absence. Significant items are: 1) Water production in 2010 was good and the peak day in 2010 (July 5, 2010) matched the best peak day ever achieved on July 5, 2003. 2) Budget YTD is on track with expenditures at 45.1% of budget. 3) Discussion re: funding a replacement dump truck. Current vehicle, a 2003 GMC, has out of warranty repair issue estimated at \$6,000. The Board may have to postpone and/or patch the backhoe which is also in bad shape. Some discussion took place regarding coming to FinComm for a "loan" to purchase new truck to be repaid based on allocation approval at Town Meeting. 4) DEP has requested additional data to complete the "punch list" to certify the Water Quality Lab. Request must be answered by February 15, 2011. Much discussion regarding how to respond as the lab can not be certified without a director (role Lou Briganti was to play) and DEP (at least this piece of DEP) has not been notified of Lou's passing. We have significant investment in time and money in this project and do not want to go back to square one based on lack of a Director. Decision was made to hold any response to early February to allow more time to see how search is going for new Water Supt. (Six applications had been received as of 1/5/11 and a meeting on recruitment was scheduled for 1/7/11).
- D) Community Preservation Committee – The Chair reported on the CPC meeting of January 6, 2011 based on an email from Mark Carron: Sea Call Farm is requesting funds for the Rehabilitation of Sea Call Farm Pasture. Mr. James



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Snow indicated the work to be done is considered "restoration" as the CPC can not make awards for maintenance. Mr. Snow said the restoration would turn to maintenance once the pasture was returned to its original state as farming land.

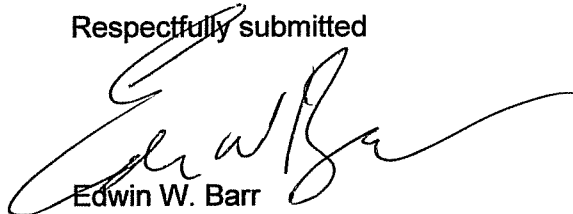
A second application was for the Putnam Farm. Mr. Alan McClennen indicated that 20% of the application was for Engineering & Site Work, 56% was for appraisals. He indicated that the barn on site needs repair, 5-7 acres can be farmed, but the debris on that acreage needs to be removed and the soil enhanced. The town will need to install a new driveway between the court house and the bike trail. The grants received to date (roughly \$660,000) can only be used for "purchase" of open space and not for these projects.

- E) Nauset Regional and Orleans Elementary – John Hodgson distributed copies of the recently received Orleans Elementary school budget proposal and reminded the committee that the Chair had already distributed the Nauset Regional budgets for the Middle and High School via email. He categorized all budgets as preliminary at this stage but indicated that committee members should review them and forward questions to him for follow up with the Superintendent and respective school committees.
- F) Renewable Energy Committee – Paul Rooker had no report on this Committee.

Adjourn:

On a motion by Dale Fuller seconded by Rick Sigel the committee voted to adjourn at 9:50 p.m.

Respectfully submitted



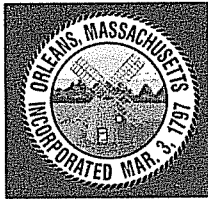
Edwin W. Barr
Acting Secretary

Next Meeting:

Thursday, January 20, 2011 at 7:00 in the Nauset room at the Town Office Building.

Attachments:

- o Attachment 1 – notes from Pubic Comment of Mr. Mr. Gary P. Clinton
- o Attachment 2 – PowerPoint slide presentation of Mr. Paul Amman



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Future Agenda Topics:

- Get detail on unfunded Retirement liabilities
- Get details on unfunded Insurance liabilities
- Invite Mark Budnick in to give report on expenditures
- Invite Ken Hull in to review drop in valuation/fluctuation
- Invite in Ed Daly to update the committee on the Orleans Peer Review
- School sustainability issues
- Debrief on the Town Hearings on Budget and Capital Plan issues
- Discuss Finance Committee WEB site opportunities
- Review and vote on proposed joint FinComm/BOS budget review meetings