



## FINANCE COMMITTEE MINUTES

The April 11, 2013 meeting of the Orleans Finance Committee was convened by Chairman Ms Gwen Holden-Kelly at 7:00 pm in the Nauset Room of the Orleans Town Hall. Present and constituting a quorum were members Mr. Mark Carron, Mr. Dale Fuller, Mr. Laurence Hayward, Mr. Joshua Larson, Mr. John Laurino, Mr. Paul Rooker, Mr. Rick Sigel, and Mr. William Weil.

### Guests

Mr. Jon Fuller, Chairman of the Orleans Board of Selectmen  
Mr. William Quinn, Orleans Fire Chief

### Reserve Fund transfer requests 0:12 on video recording

- The discussion opened with a reserve fund transfer request from the Orleans Fire Department amounting to \$45,000 to cover funding shortages due to overtime. An additional transfer through town meeting of \$75,000 will be comprised of \$56,000 in storm related reimbursements from the state, and \$15,000 previously set aside for roof repairs. Mr. Quinn noted there would have been a similar shortfall of \$70,000 from last year, but the three major storms accounted for an additional \$23,000 extra in storm coverage.
- Mr. Quinn stated that due to the amount of applicants applying for federal aid after Hurricane Irene, the reimbursement was not received until August. As the funds were received so late, they were not placed back into the budget, and are currently being held in the general account. Mr. Quinn anticipated a similar situation with the new grant request, and anticipates it will be received near the end of the fiscal year. He added that Governor Patrick had petitioned President Obama to declare Blizzard Nemo as a disaster storm, so he may need to apply for an additional grant.
- Mr. Quinn noted the amount of overtime increases during storms, as there is a full department recall for 48 hours during a storm. This constitutes of 20 employees and additional call department staff, and is very labor intensive.
- Mr. Carron stated it was the second year the department had to go to special town meeting to fund overtime. He recognized the board had voted not to approve the request for two additional men, and questioned why doing so would cut back costs. He noted the report numbers reflect a wash in terms of overtime versus hiring two new men.
- Mr. Quinn recognized that in the first year no money would be saved. He noted he would have to purchase two sets of uniforms at a little over \$2,000, and there would also be training and testing expenditures. He did feel that by looking back at the numbers, the additional staff had helped decrease costs, but due to injuries some of the numbers were skewed.

- Ms Holden-Kelly noted it would be useful to go back through the Fire Department figures and annotate them with what injuries had affected overtime. She felt it would be beneficial to understand the conditions of the overtime, instead of just looking at the numbers. Mr. Fuller agreed, and felt specific rather than raw numbers would help the Committee and the Board understand why overtime fluctuates.
- Ms Holden-Kelly requested a report with an explanation of the numbers, so there was a more realistic expectation in regard to overtime and hiring additional staff. Mr. Weil agreed that an analysis of the actual cost would be beneficial.
- Ms Holden-Kelly noted there might be snow removal funds at the end of the year, and they may not see fund requests from the schools.

**On a motion made by Mr. Weil, seconded by Mr. Larson, the Finance Committee approved the reserve fund transfer request of \$45,000 to the Orleans Fire Department 9-0-0.**

**FY 2014 budget reviews 25:17 on video recording**

- Ms Holden-Kelly noted an update on the central phones and purchases. After speaking with Mr. Peter Van Dyke he confirmed he manages the central phones, but when the bills come in he sends to the departments and they pay them. He also noted cell phones appear in the department budgets.
- There has been a reduction in money needed for the wastewater Phase 1A Plan, but it was incorrectly listed at \$350,000 when in fact the number is \$3,500,000.

**Final review of Finance Committee 2013 Report to Town voters that will be included in the Warrants document front matter 27:40 on video recording**

**On a motion made by Mr. Carron, seconded by Mr. Weil, the Finance Committee voted to recommend approval to send the warrant document to town voters 9-0-0.**

**Warrant Articles for May 13, 2013, Annual and Special Town Meetings 30:57 on video recording**

**On a motion made by Mr. Carron, seconded by Mr. Weil, the Finance Committee voted to recommend approval of Annual Town Meeting articles 24-28 9-0-0.**

**On a motion made by Mr. Carron, seconded by Mr. Fuller, the Finance Committee voted to recommend approval of Special Town Meeting articles 3-7 9-0-0.**

**Warrant Articles for May 13, 2013, Annual and Special Town Meetings 42:20**

on video recording

**On a motion made by Mr. Carron, seconded by Mr. Sigel, the Finance Committee voted to recommend approval of article 44 of the Annual Town Meeting concerning disposal of solid waste 9-0-0.**

- The solid waste article had additional information provided by Mr. McGrath. Mr. McGrath represents Orleans at the SEMASS negotiations, but almost all the towns in the county, except Brewster and Bourne, are involved in negotiations. Mr. McGrath sent out the latest proposed SEMASS contract, but he noted it is not complete. The cover memo notes where they are in negotiations, and that they do expect the contract to be modified. The pricing is almost fixed, and once rates are decided they will be set, but the weight tonnage affecting the floor and ceiling numbers may be reset and recalculated. Mr. Carron noted the Board would have difficulty editing any paragraphs after the county negotiates.

The Committee agreed to delay voting on Article 45, the layout of Aspinet Road, as the Board voted to place that on the warrant, with no recommendation until town meeting. Mr. Jon Fuller stated three law firms were involved, and negotiations were still ongoing, but he hoped by town meeting there would be movement on some of the issues.

The Committee also delayed voting on Article 53 for the bowling alley zoning. Mr. Jon Fuller noted that petitions have gone to the zoning board of appeals to get special permit. If there are only a few conditions the petition will become moot, but they have not had a hearing of appeals yet. The planning board took no action due to the petitioner not attending the hearing last week. The planning board was unable to make a decision due to the lack of attendance, but the only issues would be septic and buses being unable to park at a general business. He believes the bowling alley has spoken to the health department, and these issues could be easily resolved. Ms Holden-Kelly stated the Committee could vote at town meeting, but would hope to be able to vote beforehand.

**On a motion made by Mr. Carron, seconded by Mr. Hayward, the Finance Committee voted to recommend approval of the fire department's request for additional overtime 9-0-0.**

**On a motion made by Mr. Carron, seconded by Mr. Fuller, the Finance Committee voted to recommend approval of Article 2, the Town School budget for FY14 9-0-0 as amended.**

- The Committee agreed to vote on the town budget so it would be available in the warrant, but to revisit the budget if any of the numbers should change. Ms. Holden-Kelly noted she would also follow up on the EMT program, and any open issues can be addressed at the presentation of the budget articles at Town Meeting. Mr. Fuller noted he was very concerned about the school budget, and that should be reviewed at Town Meeting.

### **Preparation for deliberation of Wastewater Articles 75:13 on video recording**

Mr. Larson opened the discussion by noting his background as an investment banker and director of a power company made him very familiar with projects similar to the wastewater project. He noted that concerns he voiced on the project would be raised from a primarily financial and due diligence perspective. He felt the issues raised would have an impact on the total outcome of the project and to the town. He questioned the risks associated with factors of the project, and how to address these risks. He recommended inviting an unbiased individual who could address any questions and assist in understanding the wastewater project from a purely informative point of view.

The main items Mr. Larson touched upon as important on his review of the wastewater articles were:

**Engineering** - the Weston & Sampson report was used as the basis for the engineering questions. Mr. Larson noted the report from Weston & Sampson was generated more as an initial consultant study than an engineering report, with only a visual survey done. There was no soil boring, and this report was created with no actual testing done.

- Mr. Larson felt some of the biggest risks that occurred in the power industry was the engineers who design the sewage systems are often from another area in the state or country, and don't fully appreciate the aspects of the individual town. He felt it was important to communicate to the engineer Orleans's specific needs, and to try to avoid paying \$3.5 million for a design that does not match what the town really wants.
- He noted on page three of the Weston & Sampson report that the initial design was not sized to accommodate future pipes, which may be needed when entering phases two and three. He noted they would then have to build separate pipelines to the sewage points, and was concerned about the size of the main pipe, and how much of an additional cost it would be to hook up pipes added later. Mr. Larson recognized that if the pipes were unable to connect to each other, it would be required to build another additional long pipe system directly to the septic plant in any new area where the pipes had to be installed. He noted the consequence of doing this project in phases instead of as a whole was that it would be more difficult to add more pipes.
  - o Mr. Jon Fuller noted the system will ultimate only be done for 55% of the town.
  - o Mr. Sigel felt it was important to begin the project, and even designing and implementing one area would be beneficial. He did not want people to be thrown off of the project by thinking of the design as affecting the whole town.

- Mr. Larson recognized that it was a scaleable approach, and the RFP can be written to request the diameter of the pipe be contemplated for this type of system.
- Mr. Rooker felt it was also important to raise the question of how this project would meet the goals of nitrogen levels and water quality issues. He would like to see how the project downtown would meet the goals, and how the completion of these goals would be measured. He questioned what the main objective was, and how it would be measured as successful and complete.

### **Procurement**

- Mr. Larson felt this was the least complicated issue. He assumed if a competent contractor were hired, Orleans would simply have to police the contractor and ensure any procurement of equipment was done in a straightforward manner.

### **Construction**

- Mr. Larson felt the construction would be a more complicated area. He first questioned the half a million-dollar cost of hiring 3-4 sworn police officers to stand at each construction site. He wished to determine if this was a requirement by law, or if a traffic agent could be put in the place of an officer. Mr. Jon Fuller noted the current policy was that police officers monitor construction roads, but that policy could be changed.
- Another issue Mr. Larson noted was how the roads would be affected. He did not know how much surfacing would have to be done to install the pipes. The report made assumptions that not all the roads would have to be surfaced. In the report it was assumed the pipes would be put in with an open cut method beneath the pavement on the shoulders of the road. The report noted that most of the water mains were found along the curb line or on the edge of line, so unless another utility such as a gas or drain were located on the side, not much of the road would have to be surfaced. However, roads such as Old Colony Way will be required to be completely dug up and the pipes placed in the middle of the street. Mr. Larson was unsure what streets had a state mandate to resurface roads, but the best option was to put the pipe on the side and do as little resurfacing as possible. He noted again no tests had been performed, so when construction begins and roads are excavated issues may arise.

### **Execution Risks, Delays, and Cost Overruns**

- Mr. Larson recognized any public project would have delays and cost overruns. He felt it was especially probable due to the lack of preliminary work done, and that the basis for the information in the report was all from a visual survey of the town. He recognized that it was not known what they would find once construction began, and Main Street could be found to have old gas pipes or water mains under its roads.

- Mr. Sigel recommended questioning Chatham about their process, and if they encountered any curve balls after digging up their roads.
- Mr. Larson also noted the construction risks, and questioned whether the project would be a technologically new project, or a standard construction of sewage. Any delays caused by a new project, or even being forced to stop for a month for a winter storm, would impact on the Orleans tourist season and businesses. He recommended being honest about what certain delays would cost.
- Mr. Laurino noted it was impossible to cost out everything, and the town could currently borrow money at 3% and compound it over several years. He felt it was less expensive to begin now then wait for and risk 3% increasing to 5%.
  - Mr. Larson agreed noting if five years down the line they find it necessary to move forward, they could be forced to enact a project that is not liked or specifically designed by the town.
  - Mr. Sigel agreed, and felt they should question construction individuals, and have them offer the worst-case scenarios to better prepare for unexpected expenditures.

#### **Safety for those installing and running the system**

- Mr. Larson stated the safety issues were mostly generic. He felt it would be beneficial to understand if the system items would break down, and how long they would last. He also felt it important to know how easy it was to operate the plant, and to check with past municipalities and see any safety issues they had with that technology.
  - Mr. Fuller agreed and felt it was important to pin down any pending regulations that may affect the continuation of the project four or five years down the road.

#### **Operating costs pertaining to running the sewage system, and how much revenue it would generate/Reliability and maintenance**

- Mr. Larson felt operating costs should include the systems reliability and the cost of maintenance.
- He questioned how many people it would take to run this system, and if it would require new hires, or if town staff would be able to run the system.
- He also felt it important to consider what the proposed hook up fees would be, and how the proposed annual sewage fees would affect the townspeople.
  - Mr. Laurino felt it important not to focus too much on hook up costs, as big numbers could turn people off the project. He felt it was equally important to show how the town could manage costs in the report.
  - Mr. Carron also questioned if the running of the plant would be public or private. He also felt the most important issue, which began the whole discussion, would be the environmental impact of the system.

### **Useful life of the septic system compared to other systems**

- Mr. Larson felt the system the town chose should be compared to other systems and determined if it was a better, neutral, or worse option in terms of useful life. He felt if the town were to invest they would want the system to last as long as possible.

### **EPA requirements**

- Mr. Larson recognized an important issue would be if the town continued to move into bigger and bigger phases, how the pumping would impact the environment. He also noted that if they did not begin the plan now, the EPA might impose another plan Orleans would like even less. He questioned what the environmental benefits would be.
  - o Mr. Carron agreed and felt the current issue, which the reports did not go into, was how the waste was sitting in the marsh. Mr. Larson noted the tide also flushed the waste out twice a day.
  - o Mr. Weil also questioned how much freshwater was being put out into the salt-water environment.

### **Reliable costs and dollar figures as well as the risks associated with this expenditure**

- Mr. Larson felt it would be very beneficial to find an individual who could offer hard data while also being unbiased. He felt it important to receive more information on the system, but ensure the individual spoke about the concerns of the project without having a stance as advocate or opponent.
- Mr. Fuller felt the best they could do create the best design they could for the moment, as they did not know how to prepare for things that would occur in fifty years.
- Mr. Larson agreed, and felt it was important to go into great detail in the RFP, and ensure they and the Board were confident in the design, and felt it would meet the requirements
- Ms Holden-Kelly agreed, and felt it would be important to review the questions with someone with background in the area. She recognized there were two potential projects, and whichever one went forward the Committee could address with these questions and concerns while it was still in design phase. She felt the obligation of the Committee to the town was to do the financial planning, without being concerned about the actual cost. She noted it was important to consider the possible sources for this expenditure, and what effects would occur depending on what source they chose to fund the project. She recognized someone should look for the funding source, and also question Mr. Kelly on who would take charge of the new system, and be the authority figure.
- Mr. Carron recommended that due to his experience Mr. Larson should compare the Weston and Sampson proposal to the downtown proposal, and pinpoint the differences.

- Mr. Laurino felt it was also important to recognize the Committee was acting from a fiscal point of view, and determining the potential in Phase 1A. He noted the Committee members were not engineers, and they should not get caught up in the engineering aspects, such as how big the pipe should be in order to connect all septic systems. He felt that the Committee could not know if it would be beneficial to have separate loops with many connections, or one large pipe, and that they should focus on understanding an engineers recommendations. He added it precludes the larger question of where to go from these reports.
  - o Mr. Larson agreed and felt it was important to make a statement about how complicated the engineering would be, and how things become more difficult as the construction begins and more issues are uncovered.
- Mr. Jon Fuller noted the article drawn up is only for phase 1, but included studies for phase 2 that were not bondable, so it could be attached to funding. This allows the preliminary design of phase 2 to be planned only after the voting is done on phase 1.

**Future meetings 153:53 on video recording**

Thursday, April 18, 2013

- Review of/action on outstanding Articles for Annual/Special Town Meeting
- Discussion regarding Committee Articles presentations
- Mr. Rooker noted he would be unable to attend the April 18, 2013 meeting.
- Ms. Holden-Kelly stated the Committee was on target for voting and could focus on discussing and gathering information on the wastewater articles. She added the summaries for the articles would be available by the April 18, 2013 meeting.

**Adjournment 155:45 on video recording**

There being no further business before the Committee, Mr. Carron moved to adjourn. Mr. Hayward seconded the motion, and the meeting was adjourned at 9:37pm.

Respectfully submitted

Joshua Larson

Recording Secretary



Susan Belgrade

Temporary Recording Secretary

**Next Meeting**

Thursday, April 18, 2013