

OCF - Betterments and Override - Thursday, April 28, 2022
Lynn Bruneau / Finance Committee Chairman - Meeting Notes

You know, don't you, that these presentations aren't fully scripted and shared ahead of time - so we don't actually know what the other speakers are going to say. All but the first have to be a little flexible - to avoid redundancy - and/or to fill in any gaps. And perhaps to provide a perspective from our own end of the elephant. Going last has some advantages.

General Override - aka NRSD Override

I'll start by picking up where John Kelly and Judy Schumacher left off - talking about the general override - which is being characterized as the Nauset Regional School District (the NRSD) override.

The Finance Committee addressed this topic in our FY22 Annual Report and Letter to the Town which is printed in the Warrant, beginning on page 17. Our letter makes the point that the NRSD enrollment numbers were published and widely available in mid-October (last Fall) but the impact of the shift in the school population on the Town Budget was not recognized by Town Hall until late February, after the draft Budget had been presented to the Select Board and Fin Comm.

The shift changes the allocation of the NRSD budget - increasing the Orleans share from just over 19% of the total to just over 21% of the total - but that shift created almost a \$630k deficit in the Town Budget as initially presented in mid-January. Arguably, the shift in enrollment should have been recognized earlier, and baked into the draft Budget. But it wasn't. Thus the District ends up looking like the Bad Guy in all of this.

In a Select Board meeting in early March or thereabouts, Kevin Galligan gallantly suggested letting the District take the hit - with a general override pinned to the District - with the rest of the Budget intact, and some spare capacity to accommodate funding for other wants and needs. The Select Board proceeded to approve the funding of 3 new full-time positions - a second mechanic for DPW, an Assistant Town Planner, and a very much-needed Assistant Facilities Manager. Total cost, with benefits, for these 3 positions is about \$285k - an amount not included in the original draft budget. The override could just as easily have been pinned to these 3 positions - rather than naming it after the school district. And of course other budget components would have to be included in the override contingent amount as well.

I did some research over Easter weekend - looking at the detail of a dozen overrides between May 2007 and October 2021 - looking at Warrant Articles and matching ballot question language. In May 2011 for FY2012 - the 3 components to that general override - \$120k as part of the budget for all the schools, \$150k for the Town's drainage improvement programs; \$300k for pavement management programs for a total general override of \$620k. In May 2014 for FY2015 - \$450k for OPEB funding and \$275k for AHTB funding for a general override total of

\$725K. And just last fall, a \$495k general override for Universal Pre-K. We've done this before - sometimes w/ special Articles - and sometimes as part of the budget. Several times in the past 15 to 20 years it's been schools related - but just as often, funding for other town projects - needs and wants. Perhaps the frustration this time - the delayed reaction from Town Hall in recognizing the need for the general override - and then seeming to pin the blame on the school district.

And to clarify - yes, if the general override passes as part of the Town Meeting vote for the Budget, and then at the Polls on May 17, the \$637k will be baked into the tax levy going forward. But it won't be pinned to the School District. The \$495k general override for Universal Pre-K isn't in a dedicated account for funding Universal Pre-K going forward.

The Finance Committee supports the general override - but continues to look for greater financial transparency from Town Hall.

Betterments / Wastewater Funding

Going back to the earlier discussion about wastewater projects and funding and betterments: Two and a half weeks ago, Alan McClennen sent me an email, asking for my thoughts on the focus for today's presentation. I sent him 2 pages of notes - single-spaced.

But the bottom line - actually - the opening salvo in my notes to Alan - it's critically important to pass all 5 of the sewer-related Warrant Articles - Articles 18-22 (not just 2 Articles as noted earlier by Meff Runyon). We need to be voting for clean water and water quality and not voting against poor communication or the perceived lack of effective leadership.

Alan has referred to the MHP "next steps" timeline - and noted the importance of meeting State project dates. We need to meet those dates/deadlines and not fall off the rails.

- Annual Town Meeting on May 9 to approve MHP Construction Costs - \$32.9M
- Voter approval of funding at the polls on Tuesday, 5/17
- Submit certified vote to MassDEP - June 30
- Submit Loan Assistance Application to MassDEP - October 2022 (substantially complete)
- Conduct bidding phase - January-March 2023
- Deadline for start of construction - June 30, 2023
- Construction phase - Spring 2023-Spring 2026

Four/five years ago - yes, Select Board said that taxpayers w/ pay for the WWTF and wick wells and that the cost of the collection system w/be paid by users through betterments. But at that time - for whatever reason - they/we weren't thinking about how that w/ play out over subsequent phases. Also at that time - no info about funding that is now available through Cape & Islands Water Protection Fund (as outlined by Meff and Alan) or through the Town's Wastewater Stabilization Fund which absorbs short-term rental taxes (which hadn't been created yet - now bringing in about \$1.5M/year as noted by John Kelly). At the time, we

anticipated zero-percent financing from the State Revolving Fund - but not much more. Now we have the “more”. Meanwhile - during construction - the SRF is footing the bill. We don't start paying until a year after the project is completed. And meanwhile, if we proceed w/ MHP, that construction funding will be free during construction too. Until a year after that project is finished.

The Finance Committee voted overwhelmingly to support all 5 sewer-related Articles - voting to support water quality. We too have been frustrated by the lack of timely communication regarding project financing and property owner costs. We wrote and spoke to both the Board of Water & Sewer Commissioners and the Select Board about the need for more and better communication regarding project costs and property owner costs - but nothing happened. Water over the dam. We need to move forward with these projects.

- Article 18 - Sewer Assessment General Bylaw
- Article 19 - Meetinghouse Pond Area Sewer Collection System Construction (\$32.9M)
- Article 20 - Water Quality Improvements (Drainage) in MHP Sewer Area (\$500k)
- Article 21 - Replacement of Water Mains in MHP Sewer Area (\$575k)
- Article 22 - Replacement of Water Services in MHP Sewer Area (\$500k)

Lynn Bruneau
Finance Committee Chairman
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