

**Capital Outlay Committee
October 12, 2017 / 9:00 A.M.**

RECEIVED

**Bourne Town Hall
Lower Conference Room
24 Perry Avenue, Buzzards Bay**

2018 FEB -7 AM 10: 53

TOWN CLERK BOURNE

Present: Mary Jane Mastrangelo, John Redman, Rick Mastria and Carol Lynch

Excused: John O'Brien

Others present: Administrator Guerino, Selectman Slade, Finance Director Linda Marzelli and Consultant Wes Ewell

Handouts: Bourne Wastewater Facility [slide show presentation dated October 4, 2017], Concept Study Cost Details, Bourne Wastewater Treatment Facility proposed budget dated 9.29.2017 and Estimated Revenue from new projects

Chairman Mastrangelo opened meeting at 9:05 A.M.

In the Cape Cod Commission Report back in 2012 it was recommended that the Town of Bourne construct a Wastewater Treatment Plant. Wastewater Facility Design and Building Committee started in August 2017 with the following members: Stanley Andrews as member at large; Selectman Michael Blanton; Elmer Clegg – Wastewater Committee representative; Town Administrator Thomas Guerino; Brian Lemee – Finance Committee representative; Nolan LeRoy as member at large; Mary Jane Mastrangelo – Capital Outlay representative; William Meier as member at large. Weston & Sampson has been working on the project for a couple of years along with the Hydrological Study since 2013. Operation Project Manager [OPM] for the Wastewater Treatment Plant is Joe Sullivan from Daedalus and he is also the OPM for the Police Station.

Project Cost:

Facility Construction Cost	\$5,249,000
Administration	\$ 121,000
Engineering Fees	\$ 385,000
Testing Services	\$ 15,000
Design Contingency	\$ 788,000
Utilities	\$ 30,000
Furniture and equipment	\$ 5,000
Construction Contingency	\$ 300,000
Project Total	\$6,893,000
Less May ATM Funding	\$ -335,000
Total Project Request at STM	\$6,558,000

Chairman Mastrangelo went over the design plan titled "DRAFT adjustments to be made based on site survey". Cost of \$100,000 for aesthetic upgrade to match the Police Station. Wastewater Treatment Facility in size will be 40 x 100.

Proposed project at 12 Wagner Way went before Sewer Commissioners 2 years ago but has been waiting since there is no allocation. The proposed hotel is before the Planning Board and the Building Inspector has been authorized to approve.

Administrator Guerino met with department staff yesterday [Building Inspector Roger Laporte, Health Agent Terri Guarino and DPW Director George Sala to review the application process for "Application for Preliminary Commercial Wastewater Management Allocation". Applications will be put on a routing slip and sent to departments for comments. Mr. Gendron will get a call to come in to start the application process and be placed on a waiting list. Board of Sewer Commissioners have approved the Application Process Fees, Application for Preliminary Commercial Wastewater Management Allocation and Commercial Wastewater Management Allocation Policy.

Chairman Mastrangelo said Wes Ewell was instrumental with the Mass Works Grant. Will know by Town Meeting if the town will receive any funding.

Also waiting to hear back from the Federal Economic Development on a grant for \$2.6 million. The town applied and was awarded the FED grant but had to turn it back because we weren't ready to start the project within the year. If this grant is received, it is 50% of the project cost and doesn't have to be paid back.

Sewer rates will remain the same for the current users as well as the new users at \$776.00 and a .010 for every gallon of water in excess of 45,000. Rates are reviewed annually by the Sewer Commissioners.

Administrator Guerino said based on DEP's numbers, Phase 1 & Phase 2 [hotel and apartments] and 100 Main Street block are good on existing allocation and that would leave approximately 20,000 gallons left. If you use 180,000 gallons per day, need to notify the Town of Wareham.

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Project Tax Revenue – Current Planning Board Projects

• New Hotel	Assessed Value	\$21,000,000	Annual Tax Revenue	\$216,300
• +55 Apartments	Assessed Value	\$24,000,000	Annual Tax Revenue	\$247,000

[Tax revenue based on the FY17 tax rate [possible abatements and current payments not included]

Potential Additional Projected Annual Tax Revenue

• *100 Main Street	Assessed value	\$20,000,000	Tax revenue	\$206,000
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• **12 Wagner Way	Assessed value	\$15,000,000	Tax revenue	\$154,500
• ***25 Perry Phase 3	Assessed value	\$24,000,000	Tax revenue	<u>\$247,200</u>
				\$607,700

❖ *Preliminary allocation granted

❖ **Waiting on preliminary allocation due to no allocation available

❖ ***Discussed but allocation not requested due to no allocation available

[Tax revenue based on the FY17 tax rate [possible abatements and current payments not included]

Total projected Annual Tax Revenue

• Projects before Planning Board with allocation	\$463,500
• Pending projects with preliminary allocation	\$206,000
• Projects waiting for preliminary allocation	\$154,500
• Known projects on hold due to no allocation	<u>\$247,200</u>
Total projected revenue	\$1,071,200

- \$104,000,000 in projected property improvements

[Tax revenue based on the FY17 tax rate [possible abatements and current payments not included]

Wastewater Project Financing:

• Total project cost	\$6,893,000
• Less ATM appropriation	<u>-\$ 335,000</u>
• STM appropriation	\$6,558,000
• Mass Works Grant	<u>-\$1,500,000</u>
• Balance after Mass Works Grant	\$5,058,000

Financing with full EDA Grant:

• Balance after Mass Works Grant	\$5,058,000
• Federal EDA Grant	<u>-\$2,600,000</u>
• Financed by Sewer Enterprise	\$2,458,000

Financing with No EDA Grant:

Balance after Mass Works Grant	\$5,058,000
Federal EDA Grant	\$ 0
Financed by Taxpayers Subsidy	<u>-\$2,600,000</u>
Financed by Sewer Enterprise	\$2,458,000

Current and Proposed Sewer Rate Assumptions

- Current Base rate \$776
- Current rate of 1 cent per gallon over 45,000 gallons per year

Sewer Fund Financing:

Projected initial new units	450
Projected Based Fee Revenue	\$349,000 at current \$776 annual rate
Projected chargeable gallons revenue	<u>\$ 67,322</u> at 1 cent per excess gallon
Total Revenue from Initial New Units	\$416,522

Projected revenue based on DEP estimated flows and current rates

Only units have been granted or are next in line or preliminary allocations are included

**Projected New Facility
Expenses vs. Revenue**

- New facility operation costs \$250,000
- Projected sewer annual debt service \$177,520
- Projected annual expenses \$427,520

Projected initial new unit annual revenue \$416,522

What if the Federal Economic Development Administration grant awarded is less than \$2,600,000?

- What if there is no Federal Grant awarded?
- Highest anticipated principal and interest cost of \$2,600,000 based on current rates is about \$240,000 per year for about 20 years
- Anticipated new growth in tax revenue should offset this cost
- The Capital Stabilization fund could be used to pay initial debt service until anticipated tax and sewer revenues are realized

Project Benefits

- Increased tax revenue
- Increased growth and economic vitality in Buzzards Bay
- Limited impact on taxpayers and sewer rate payers
- Potential for revitalization of Buzzards Bay
- More likely long term success for projects being proposed
- Better for the environment

There was discussion regarding the 208 Plan and how this is the first step towards achieving the goals of the Cape Cod Commission in cleaning up our waterways. The plant would be Bourne's first step toward achieving that goal, benefiting the town as a whole, not just Buzzards Bay.

John Redman made a **MOTION** and **SECONDED** by Rick Mastria that the Capital Outlay Committee recommend approval of the construction of the Wastewater Facility project at Queen Sewell Park in the amount of \$6,558,000. **UNANIMOUS VOTE**

Rick Mastria made a **MOTION** and **SECONDED** by Carol Lynch to approve the minutes of January 25, 2017 as submitted. **UNANIMOUS VOTE** - John Redman abstained

John Redman made a **MOTION** and **SECONDED** by Carol Lynch to approve the minutes of April 4, 2017 as submitted. **UNANIMOUS VOTE** – Rick Mastria abstained

John Redman made a **MOTION** and **SECONDED** Rick Mastria to adjourn at 10:13 A.M. **UNANIMOUS VOTE**

Respectfully submitted by:

Debbie Judge
Recording Secretary