

**Sewer Commissioners Meeting  
Minutes of Tuesday, June 30, 2020  
Zoom Remote – Public Access  
Bourne TV Public Broadcast**

**TA** Tony Schiavi  
**ATA** Glenn Cannon

**Sewer Commissioners**

James Potter, Chairman  
Jared MacDonald, Vice-Chairman  
Judy Froman, Clerk  
Peter Meier  
George Slade

Others: Mary Jane Mastrangelo, Mike Schrader – Tighe & Bond

Note this Zoom videoconference meeting is being televised, streamed and recorded by Bourne TV. If anyone from the public wishes to provide public comment, they can access the conference line by calling: 1-929-205-6099 Meeting ID: 890 3495 8082 Password: 180118. Please MUTE your phone until the Chair asks if anyone wishes to speak. All items within the meeting agenda are subject to deliberation and vote(s) by the Board of Selectmen/Sewer Commissioners.

Note this meeting is being recorded.

**Meeting / Workshop Called to Order**

Chm. Potter called the meeting to order at 6:34 pm.

**1) Salute to the Flag**

**2) Consent Agenda**

A. Approval of Open Session meeting minutes: April 28, 2020

**Voted:** Judy Froman moved and seconded by Peter Meier to approve the open session minutes from April 28, 2020.

**Roll Call Vote:** Judy Froman – Yes, Peter Meier – Yes, George Slade – Yes, Jared MacDonald – Yes, James Potter – Yes

Vote: 5-0-0.

**3) Sewer Business**

**Savary Avenue**

**Savary Avenue septic project update**

- Last ones are 21, 50 & 52,
- 21 needs to be capped at the street
- Part of the systems have been installed on 50 & 52 – need inspections on the leaching fields & need to be capped at the street.

2020 JUL 15 PM 12:40  
TOWN CLERK BOURNE

RECEIVED

- Next step, talk about the removal of the system and remediation.
- The last pumping and who/how much will be charged for pumping.

#### **4) New Business**

##### **A. Correspondence**

**None**

##### **B. Any new sewer business (not foreseen 48 hours ahead of this meeting)**

##### **C. Public Comment**

#### **5) Workshop**

##### **A. Sewer Rate Study presentation by Michael Schrader of Tighe & Bond**

##### **B. Sewer Regulations & Policies — Please reference the Booklet distributed for 4/28/20**

Mike Schrader from Tighe & Bond was hired to do the rate study.

Mike Schrader explained what they looked at and expressed the different impacts.

- The existing collection system was paid for by betterments by the users, billed on a base fee + overage
- New system is designed to support commercial development in the downtown area

Went over:

Rates and Fee Structure

Rate Evaluation Process

- Developing Fees – Connection Fees
- Usage Charges – User Rates

Projecting Expenses

- Operating expenses
- Expenses relating to capital
- New Waste Water Treatment Plant
- Debt for the new treatment plant coming online

Projecting Revenue

- Where the money comes from
- User charges
  - Known Projects
  - Projected Projects
- Transfers from retained earnings or stabilization fund

Projecting Revenue from Development

- Existing fee structure
  - Sewer System Development Charge
  - Commercial Sewer Permit Fee

- Sewer Connection Fee
- Allocation fees
- User Fees

Projected Revenue Known Developments  
Projecting Revenue Projected Development  
Proposed Development Fee Structure  
Projecting Revenue User Fees

2006 & 2017 Sewer Commissioner's policies, in this study, were added together to come up with certain fees to justify the cost of the plant. In many cases those two policies weren't added together. Need to develop the Fee Structure & the Rate Fee; we will vote the rates at the end of July.

#### Questions/Comments

- Add last updated date on each document so everyone knows they are looking at the latest document
- Renegotiate the agreement with Wareham
- Amount of flow going to Wareham
- I&I Study wasn't from the Capital Outlay Plan for the sewer, it has been included in the Sewer Department Capital Plan.
- Where did the information come from – work with the Planning Department, they are involved with the Local Comprehensive Plan
- Discuss with Counsel, if you were to transition to a new fee structure, at what point do you do that regarding people in development
- When do you change the policy
- What is being charged now and what the rate structure will be
- How residential fits in
- Impact of rate changes to current users
- Residential should not be tiered

#### From Mike

- Develop different scenarios
- Specific examples of residential users and business users as to what their fee/base rate would be and what their rate would be

#### Mike needs:

- The latest revenue usage
- Validation of these numbers – do we have any more data we can fill in
- Define a Business Unit



## BOURNE SEWER RATE EVALUATION

### Bourne Sewer Commission

### June 30, 2020 Workshop

Tighe&Bond

## INTRODUCTION

*This handout is designed specifically for use in a virtual meeting environment where some participants may be connected by telephone only. The goal is to provide a comprehensive overview of the evaluation in an intentionally condensed fashion to minimize the total number of pages.*

### Bourne Sewer System History and Overview

#### Existing sewer system

- Constructed in the 1990's
- Services the Downtown, Taylor Point and Hideaway Village Areas
- Paid by owners through betterments
- Sewage goes to Wareham for treatment through Intermunicipal Agreement (IMA)
- Sewer users are billed based upon a base fee which includes 45,000 gallons of use, anything over that billed at \$0.01 per gallon.

#### New Wastewater Treatment Plant

- Need first identified in early 2000's
- Designed to support projected development in existing sewer service area
- Intended to be fully funded by new growth with no impact on existing rate payers.

#### Development Fees

- 2006 Existing fee structure established
- 2017 Capacity management policy developed

### Project Goals

**Rate Evaluation:** Determine if new plant costs **will be supported entirely by growth.**

- Add costs of new plant to existing costs
- Estimate future revenue under existing connection fees and from future users
- Determine user cost impacts

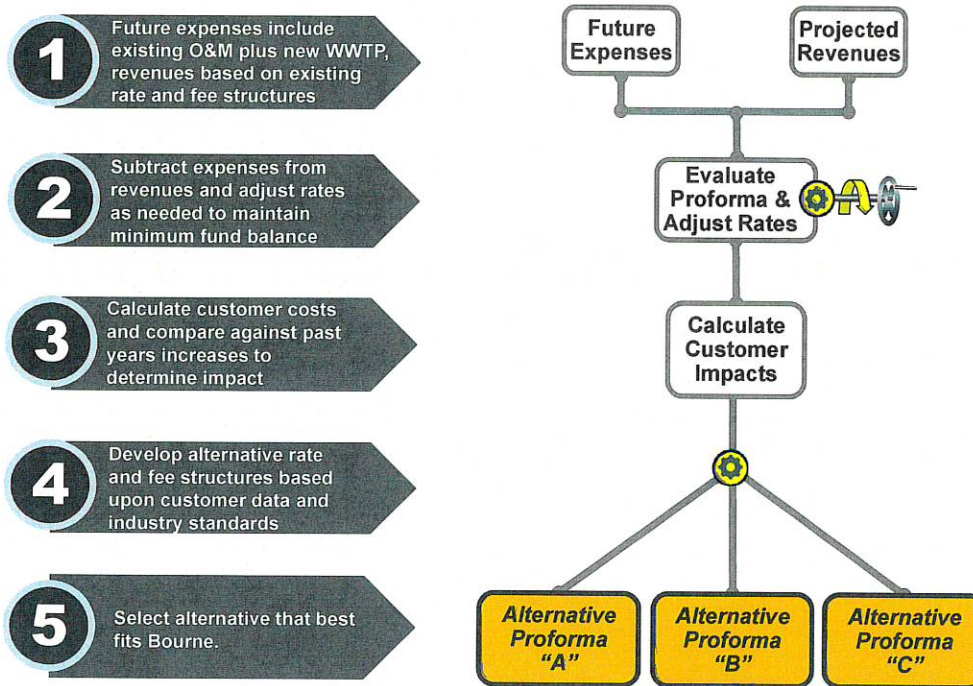
#### Connection Fee and Allocation Evaluation

- Review existing development fees
- Review capacity allocation policy



## RATE EVALUATION PROCESS

Determine if new plant costs will be supported entirely by growth



3

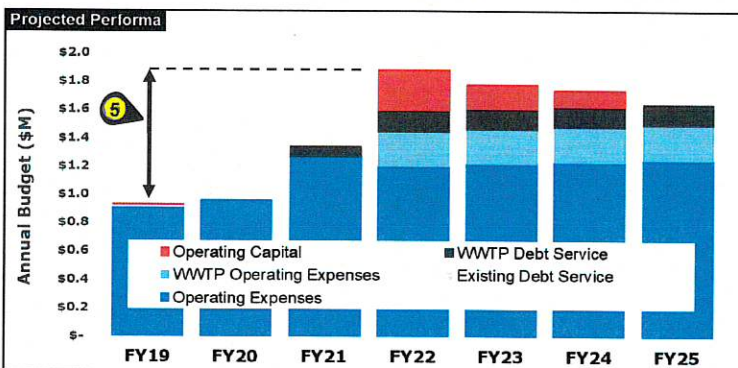
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## 1 PROJECTING EXPENSES

	Actual Values FY19	Actual Values FY20	Budget Values FY21	Projected Values FY22	Projected Values FY23	Projected Values FY24	Projected Values FY25
<b>Operating Expenses</b>							
Wareham - Operating	\$213,912	\$400,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000
Personnel Services	\$170,024	\$106,494	\$197,380	\$243,315	\$249,397	\$255,632	\$262,023
Wareham - Capital	\$186,478	\$186,478	\$186,478	\$186,478	\$186,478	\$186,478	\$186,478
Transfer Out (Indirects)	\$158,607	\$128,607	\$140,944	\$142,877	\$150,963	\$156,267	\$161,736
Purchase of Services	\$145,524	\$92,776	\$107,850	\$79,796	\$81,791	\$83,636	\$85,532
Other Charges and Expenditures	\$47,408	\$32,614	\$105,375	\$108,009	\$110,710	\$113,477	\$116,314
Transfer Out (Reserve)	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0
Supplies	\$12,691	\$8,719	\$20,020	\$20,616	\$21,223	\$21,851	\$22,490
<b>Subtotal</b>	<b>\$906,615</b>	<b>\$955,684</b>	<b>\$1,270,055</b>	<b>\$1,196,091</b>	<b>\$1,212,582</b>	<b>\$1,229,541</b>	<b>\$1,246,982</b>
Delta Previous	3.4%	0.0%	0.6%	-5.2%	1.4%	1.4%	1.4%
<b>Capital</b>							
Operating Capital	\$3,679	\$0	\$0	\$280,000	\$170,000	\$115,000	\$0
New Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt Service	\$20,500	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$24,179</b>	<b>\$0</b>	<b>\$0</b>	<b>\$280,000</b>	<b>\$170,000</b>	<b>\$115,000</b>	<b>\$0</b>
<b>New WWTP</b>							
Operating Expenses	\$0	\$0	\$0	\$250,000	\$250,000	\$250,000	\$250,000
Debt Service	\$0	\$0	\$72,000	\$146,776	\$146,776	\$146,776	\$146,776
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,000</b>	<b>\$396,776</b>	<b>\$396,776</b>	<b>\$396,776</b>	<b>\$396,776</b>
<b>TOTAL EXPENSES</b>	<b>\$930,794</b>	<b>\$955,684</b>	<b>\$1,342,055</b>	<b>\$1,682,867</b>	<b>\$1,779,358</b>	<b>\$1,741,317</b>	<b>\$1,643,758</b>

### Key points:

- Operating expenses projected to increase by about 3.5% each year
- Wareham costs based on June 2019 settlement agreement.
- Plant O&M cost based upon estimate actual cost will vary based upon future contracts costs and actual startup – based upon March 2021 completion
- From Mary Jane
- Budget levels nearly double by FY22 which tends to bring out any inequities in a water or sewer rate structure

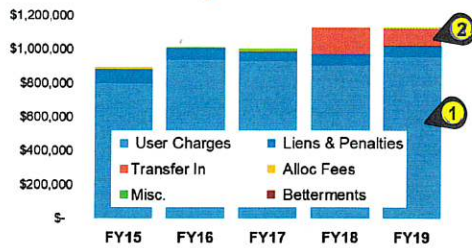


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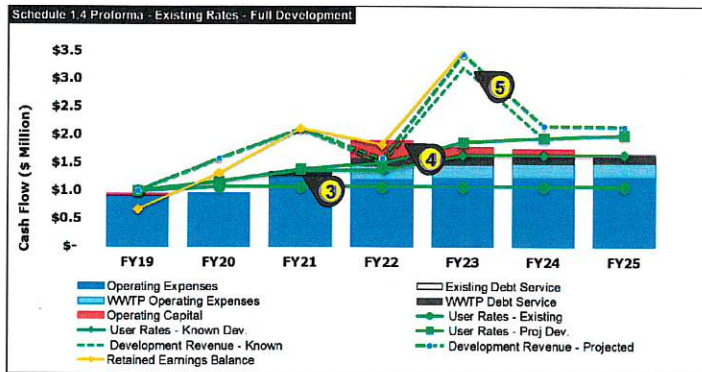
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# 1 PROJECTING REVENUE

## Historic Revenue by Source



## Projected Revenue Existing Rate Structure



### Key points:

1. The majority of revenue has come from user charges
2. In the past, transfers were used to minimize rate increases
3. Revenue from user rates might be enough to cover projected expenses in FY21
4. Once debt and CIP costs hit development revenue becomes more important.
5. Development revenue could be significant but it depends on timing and billing

5

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# 1 PROJECTING REVENUE FROM DEVELOPMENT

## Existing Development Fee Structure

Fee	Amount and Basis
<b>Existing Fee Structure (as of 2006)</b>	
Design Review and Construction Inspection Fee	\$1,500 (commercial only)
Commercial Sewer Permit Fee	\$150 + \$0.010 per square foot of building floor space
Sewer Connection Fee	Annual sewer fee times the number of business units.
Residential Sewer Permit Fee	\$100 + \$100 for each additional unit.
Sewer System Development Charge	\$5,769.678 per acre plus \$36,703 per foot of frontage.
<b>2017 Commercial Allocation Policy Fees</b>	
Application Fee	\$1,500
Preliminary Allocation Fee	\$5,000 plus \$1 per projected flow
Operational Allocation Fee	Number of units x current annual base rate sewer fee

### Key points:

1. Business unit should be defined
2. All rates and fees should be described and included in sewer use regulations or other format.
3. Additional guidance relative to application and tracking of fees recommended.

## Proposed Development Fee Structure

### Service Development Charge

#### 1. Determine number of Equivalent Residential units

Divide total plant capacity by average residential usage

Total Capacity	100,000	gpd
Residential usage	150	gpd
<b>Equals</b>	<b>667</b>	<b>ERU's</b>

#### 2. Determine ERU cost

Cost to be recovered	<u>\$2,400,000</u>	
Total ERU's	667	
<b>Equals</b>	<b>\$3,600</b>	<b>Per ERU</b>

6

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# 1 PROJECTING REVENUE – KNOWN DEVELOPMENT

2017 Commercial Allocation Policy							
Development	Flow Year	Units	Expected Flow (gpd)	Application Fee	Preliminary Allocation Fee (calc)	Operational Allocation	Total Allocation Fee
Hampton Inn	2020	100	6,859	\$1,500	\$21,743	\$93,060	\$116,303
Oak Bay Brewery	2020	1	747	\$1,500	\$8,756	\$16,074	\$26,330
Veterinary Clinic	2020	1	-	\$1,500	\$6,681	\$846	\$9,027
Blended Berries	2020	1	198	\$1,500	\$6,940	\$3,384	\$11,824
Calamar/ 25 Perry	2021	120	7,560	\$1,500	\$23,300	\$101,620	\$126,320
GENCON/Robert Gendron	2021	109	7,988	\$1,500	\$24,250	\$121,824	\$147,574
Mahoney's on Main	2021	1	1,559	\$1,500	\$9,965	\$24,534	\$35,999
100 Main	2023	121	11,736	\$1,500	\$32,580	\$102,366	\$136,446
Bay Motor Inn	2023	1	83	\$1,500	\$6,684	\$1,692	\$9,876
Bourne Scenic Park	2023	20	7,965	\$1,500	\$24,200	\$121,824	\$147,524
Choubah Engineering	2023	1	18	\$1,500	\$6,541	\$846	\$8,887
CMP Development LLC	2023	1	23,067	\$1,500	\$52,975	\$846	\$55,321
James McLaughlin	2023	1	149	\$1,500	\$6,830	\$2,538	\$10,868
MMA Cadet Housing	2023	1	3,182	\$1,500	\$13,570	\$49,068	\$64,138
Vincent Michienzi (85-93 Main)	2023	1	5,850	\$1,500	\$19,500	\$89,676	\$110,676
total				\$22,500	\$264,514	\$730,098	\$1,017,112

## Key points:

1. Assumed – Validate
2. Assumed – Validate
3. Total if all components assessed (shown on previous chart)
4. Total billed to date – Validate
5. Future revenue? - Validate

2006 (Pre-existing) Fee Structure								
Development	Design Review and Construction	Commercial Sewer Permit Fee	Sewer Connection Fee	System Development Charge	Total Existing Fees	Grand Total	Total Billed	Total Remaining
Hampton Inn	\$1,500	\$23,672	\$89,320	\$39,231	\$153,723	\$270,026	\$48,533	\$105,190
Oak Bay Brewery	\$1,500	\$150	\$15,428	\$8,757	\$25,835	\$52,165	\$8,756	\$17,079
Veterinary Clinic	\$1,500	\$2,546	\$812	\$10,514	\$15,372	\$24,398		\$15,372
Blended Berries	\$1,500	\$21,233	\$3,248	\$31,816	\$57,797	\$69,621		\$57,797
Calamar/ 25 Perry	\$1,500	\$48,763	\$97,440	\$70,922	\$218,625	\$344,945	\$21,800	\$196,825
GENCON/Robert Gendron	\$1,500	\$116,928	\$31,450	\$149,978	\$297,552	\$22,750		\$127,228
Mahoney's on Main	\$1,500	\$1,300	\$23,548	\$5,414	\$31,762	\$67,761		\$31,762
100 Main	\$1,500	\$1,509	\$98,252	\$9,875	\$111,136	\$247,582		\$111,136
Bay Motor Inn	\$1,500	\$26,199	\$1,624	\$49,184	\$78,507	\$88,383		\$78,507
Bourne Scenic Park	\$1,500	\$16,954	\$116,928	\$58,951	\$194,343	\$341,867		\$194,343
Choubah Engineering	\$1,500	\$37,350	\$812	\$68,358	\$108,020	\$116,907		
CMP Development LLC	\$1,500	\$35,608	\$812	\$39,491	\$77,411	\$132,732		\$77,411
James McLaughlin	\$1,500	\$100	\$2,436	\$15,011	\$19,047	\$29,915	\$6,579	\$12,468
MMA Cadet Housing	\$1,500	\$11,134	\$47,096	\$18,586	\$78,316	\$142,454	\$13,570	\$64,746
Vincent Michienzi (85-93 Main)	\$1,500	\$9,210	\$86,072	\$20,810	\$117,592	\$228,268	\$19,500	\$98,092
<b>Total</b>	<b>\$22,500</b>	<b>\$235,829</b>	<b>\$700,756</b>	<b>\$478,379</b>	<b>\$1,437,464</b>	<b>\$2,454,576</b>	<b>\$141,488</b>	<b>\$1,187,956</b>

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# 1 PROJECTING REVENUE – PROJECTED DEVELOPMENT

Land Use Description	Estimated Flow (gpd) (Title VI)	Est. No. Units	Application Fee	Preliminary Allocation Fee (calc)	Operational Allocation	Subtotal Allocation	Design Review and Construction	Commercial Sewer Permit Fee	Sewer Connection Fee	System Development Charge	Total Existing Fees	Grand Total
Vacant, Selectmen or City Council (Municipal)	1,468	12	\$ 1,500	\$ 7,968	\$ 10,152	\$ 19,620	\$ 1,500	\$ 3,085	\$ 9,744	\$ 18,570	\$ 32,900	\$ 52,520
Developable Commercial Land	1,411	12	\$ 1,500	\$ 7,911	\$ 10,152	\$ 19,563	\$ 1,500	\$ 2,973	\$ 9,744	\$ 18,273	\$ 32,490	\$ 52,053
Undevelopable Commercial Land	501	5	\$ 1,500	\$ 7,001	\$ 4,230	\$ 12,731	\$ 1,500	\$ 1,152	\$ 4,050	\$ 5,805	\$ 12,516	\$ 25,247
Undevelopable Commercial Land	735	6	\$ 1,500	\$ 7,236	\$ 5,076	\$ 13,812	\$ 1,500	\$ 1,622	\$ 4,872	\$ 7,089	\$ 15,083	\$ 28,895
Vacant, Selectmen or City Council (Municipal)	645	6	\$ 1,500	\$ 7,145	\$ 5,076	\$ 13,721	\$ 1,500	\$ 1,439	\$ 4,872	\$ 19,619	\$ 27,430	\$ 41,151
Vacant, Selectmen or City Council (Municipal)	954	8	\$ 1,500	\$ 7,454	\$ 6,768	\$ 15,722	\$ 1,500	\$ 2,058	\$ 6,496	\$ 15,593	\$ 25,647	\$ 41,369
Developable Commercial Land	1,015	9	\$ 1,500	\$ 7,515	\$ 7,614	\$ 16,629	\$ 1,500	\$ 2,180	\$ 7,308	\$ 9,809	\$ 20,797	\$ 37,426
Developable Commercial Land	1,346	11	\$ 1,500	\$ 7,846	\$ 9,306	\$ 18,652	\$ 1,500	\$ 2,842	\$ 8,932	\$ 15,678	\$ 28,952	\$ 47,604
Developable Commercial Land	1,699	14	\$ 1,500	\$ 8,199	\$ 11,844	\$ 21,543	\$ 1,500	\$ 3,548	\$ 11,368	\$ 9,639	\$ 26,054	\$ 47,597
Developable Commercial Land	1,668	14	\$ 1,500	\$ 8,160	\$ 11,844	\$ 21,512	\$ 1,500	\$ 3,487	\$ 11,368	\$ 10,732	\$ 27,087	\$ 48,599
Vacant, Selectmen or City Council (Municipal)	4,252	35	\$ 1,500	\$ 10,752	\$ 29,610	\$ 41,862	\$ 1,500	\$ 8,653	\$ 28,420	\$ 23,962	\$ 62,535	\$ 104,396
Vacant, Selectmen or City Council (Municipal)	23,392	190	\$ 1,500	\$ 29,892	\$ 160,740	\$ 192,132	\$ 1,500	\$ 46,933	\$ 164,280	\$ 50,596	\$ 293,308	\$ 485,440
-	9,061	74	\$ 1,500	\$ 15,561	\$ 62,604	\$ 79,665	\$ 1,500	\$ 10,271	\$ 60,088	\$ 38,683	\$ 118,542	\$ 198,207
Undevelopable Commercial Land	684	6	\$ 1,500	\$ 7,184	\$ 5,076	\$ 13,760	\$ 1,500	\$ 1,518	\$ 4,872	\$ 14,071	\$ 21,960	\$ 35,720
<b>total</b>	<b>48,831</b>	<b>402</b>	<b>\$21,000</b>	<b>\$139,831</b>	<b>\$340,092</b>	<b>\$500,923</b>	<b>\$21,000</b>	<b>\$99,761</b>	<b>\$326,424</b>	<b>\$298,116</b>	<b>\$745,302</b>	<b>\$1,248,225</b>

## Assumed Development Timeline

Year	Start	End
FY21	5%	
FY22	30%	5%
FY23	30%	30%
FY24	20%	30%
FY25	15%	20%
FY26		15%
FY27		
	100%	100%

## Key points:

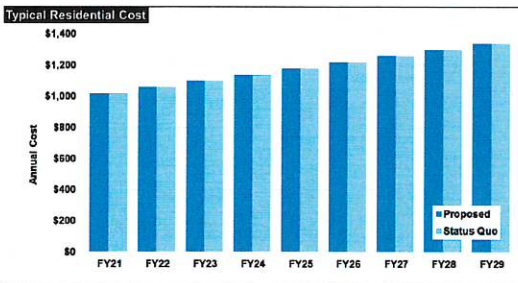
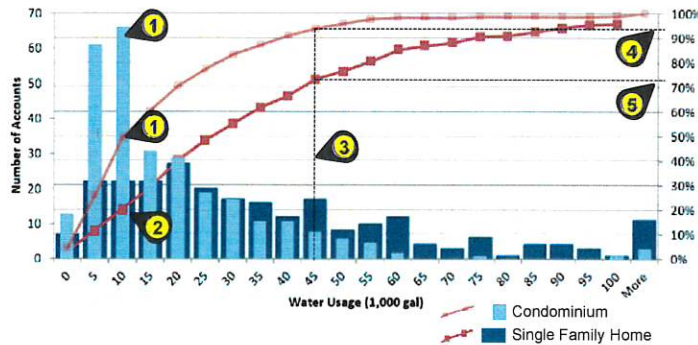
1. Assumed Timeline
  - Start: Allocation Fees
  - End: Remaining Fees
2. Does this feel realistic?

Tighe &amp; Bond

# 1 PROJECTING REVENUES – USER FEES

## Evaluating Existing Fee Structure

### Residential Condo and Single Family Usage Evaluation



### Pros and Cons of existing rate structure

The generous usage allowance means most residential customers never exceed the minimum charge.



Users are effectively paying for more usage than they actually need.

### Key points:

1. Example data point. This shows that out of all the condominium customer accounts, 65 of them (or 50% of them) used a total of 10,000 gallons of water in 2018.
2. Similarly, 21 of the single family customers (~20% of them) also used 10,000 gallons of water in 2018. This means condo's use less water than houses.
3. Bourne's current sewer user rate includes 45,000 gallons of usage before customers are charged for overage.
4. More than 90% of condominium customers used less than the included usage.
5. More than 70% of single family homes used far less than the included usage.

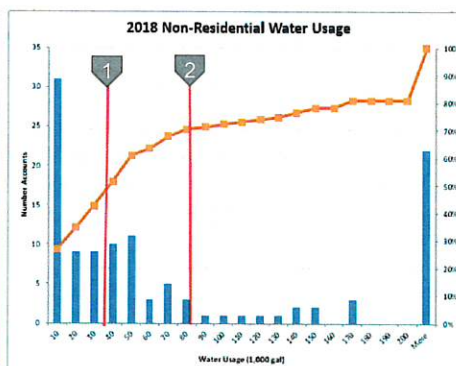
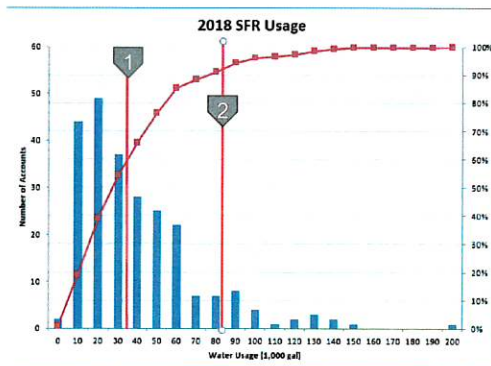
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# 1 PROJECTING REVENUES – USER FEES

## Proposed Fee Structure

Schedule 4.1 - Tiered ERU Rates - 50% Projected Dev.									
Category	Type	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Base Fee	Annual	\$752	\$776	\$812	\$879	\$600	\$600	\$600	\$612
Tier 1	Usage					\$0.0065	\$0.0065	\$0.0065	\$0.0066
Tier 2	Usage					\$0.0098	\$0.0098	\$0.0098	\$0.0101
Tier 3	Usage					\$0.0130	\$0.0130	\$0.0130	\$0.0135

Price Ratio	
Tier	Ratio
1	1.00
2	1.50
3	2.00

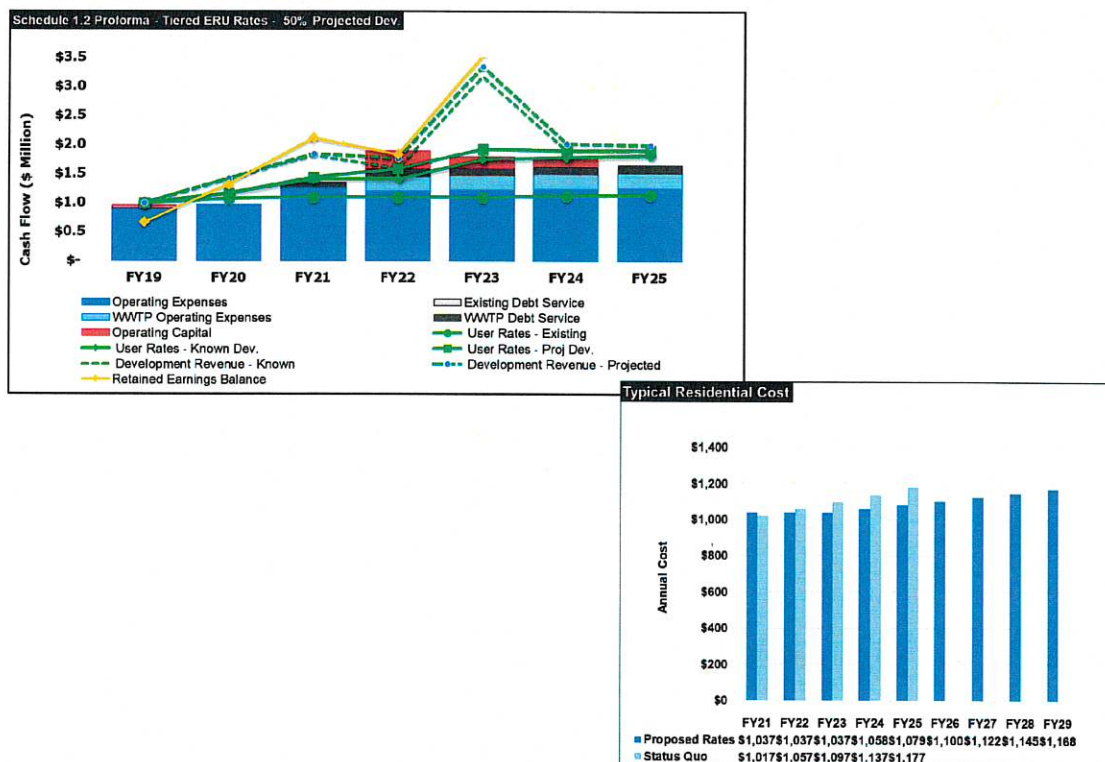


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# 1 PROJECTING REVENUES – USER FEES

## Proposed Fee Structure



Tighe&Bond

## B. Sewer Regulations & Policies — Please reference the Booklet distributed for 4/28/20

- Need consensus that this is the way to go, keep everything in one document
- Attachment A is where we would fill in the final formula and rate structure; and it can be changed if necessary
- We can develop what we want the rates to be and the sewer development charges to be.
- Go through section by section
- States what is applicable for each applicant.

### Future Agenda Items [Tracking] 1<sup>st</sup> half of 2020

- Sewer Commissioner Regulations & Policies Guidebook and implementation
- Joint Base Cape Cod Sewer Meeting Update
- Bourne/Wareham Inter-municipal Agreement subcommittee update
- Upper Bay Project (Bourne-Wareham-Marion-S. Plymouth) Regional Sewer Update
- Sewer Rate setting/vote — end of July 2020

**6) Adjourn**

**Voted:** Jared moved and seconded by Meier to adjourn at 8:55 P.M.

**Roll Call Vote:** Judy Froman - Yes, Peter Meier - Yes, Jared MacDonald - Yes, George Slade - Yes, James Potter - Yes

Vote: 5-0-0.

Respectfully submitted – Carole Ellis, secretary.