

TOWN OF PROVINCETOWN - BOARD OF SELECTMEN

SPECIAL MEETING – TUESDAY – OCTOBER 11, 2011 5 PM

- TOWN HALL – JUDGE WELSH ROOM -

Chairman Elaine Anderson convened the meeting at 5:00 PM noting the following
Board of Selectmen attending: Elaine Anderson, David Bedard, Austin Knight, John Santos and David McChesney

Other attendees: Town Manager Sharon Lynn, Assistant Town Manager David Gardner

Recorder: Vernon Porter

The following are minutes, in brief:

Water and Wastewater Update

Attendees: DPW Director David Guertin, Facilitator David Guertin, Environmental Partners Mark White and AECOM Project Manager Rob Adams.

DPW Director David Guertin introduced those attending and gave a brief introduction as to the purpose of this evenings meeting.

Facilitator John Goodrich

Introduction

As you can see from your Report, there have been a lot of excellent developments for both the water and wastewater projects to report on since our last update two months ago. Given all of the information in the report, we have prepared a brief list of highlights for you for reference.

Tonight will be the first of three updates that taken together will provide you with the project planning and financial information required for the important policy decisions that are needed to bring these two major infrastructure improvement programs to a successful completion. We will be providing you with more detailed project updates and policy recommendations for both the water and wastewater projects at your November 14th Meeting, and then following that up with the annual financial review for the two enterprise funds at the November 28th Meeting.

Financial Review

The financial review that was originally planned for tonight for the Water Enterprise Fund for has been postponed until later in November so that all of the details from both the annual review of the FY 2011 fiscal year close-out with the Dept. of Revenue as well as the peak billing data for 2011 can be used as the baseline for the update of the 5-year Pro Forma to be used in the FY 2013 budgeting process. In addition, the Water Team will also have completed their financial and project review for the on-going USDA and Article funded projects at that time, as well as the 5-year capital projects planning.

The FY 2011 Water Enterprise Fund preliminary review shows strong results with actual revenues exceeding budgeted revenues, primarily because of the very good weather in the summer of 2010 and the resulting higher water use and user charges. With increased retained earnings, the Water Department is now in a position to move forward with the funding of capital and operating reserve accounts for the FY 2013 budgeting process, and financial consultant Mark Abrahams will be reviewing this with the Board at the November 28th Meeting.

As is the case with the Water Enterprise Fund, the financial review for the Wastewater Enterprise Fund has also been postponed until November for the same reasons. At that time, Mr. Abrahams will have had an opportunity to update the 5-year Pro Forma to include several scenarios for the future use of sewer system capacity and for projected sewer revenues.

The preliminary results for FY 2011 for the Wastewater Enterprise Fund also show very strong operating results, with actual revenues exceeding budgeted revenues primarily because of Phase 3 prepaid betterments and the recognition of escrowed ACO funds at the time pre-construction betterments were issued in May. Mr. Abrahams and the DPW staff have already completed a careful analysis of all of the betterment accounts so as to provide a clearer financial picture of the accounting for betterments and the “Reserve for Debt” account as a baseline for the review of future scenarios.

Water Project Update

The amount of water pumped in September was one-third lower than a year ago, and the preliminary estimate from the auto read program shows that unaccounted for water was only 10% of the pumpage last month, compared to the 30% of pumpage unaccounted for during calendar year 2010.

This is a huge improvement largely attributable to the success of the leak detection, inspection and compliance program. This continues a trend of reduced pumpage and reduced unaccounted for water that started in June and if this trend continues, as we expect it will as additional water services come into compliance, we will see lower operating costs to be paid for by the water users and a greater ability to meet a wide range of MassDEP requirements including the water quality criteria that can trigger a “boil order” and the annual water withdrawal, which is the key criteria that governs the Town’s growth management allocations each year.

The Water Department has now inspected almost all of the water service accounts and continues to move forward with compliance on the most important priorities – meter integrity and taps before the meter. And, they are working with the Water & Sewer Board on potential non-compliant service abatement and inspection rule changes that can ensure that the leak management progress to date will continue in the future. Now that the Town’s Special Legislation has been approved, three members from Truro will be joining the Water & Sewer Board to participate in all board responsibilities that are related to the water system.

For the past year, the Water Department and their engineering firm, Environmental Partners, have been working on how to achieve all of the program goals that were included in two large USDA grant applications totaling nearly \$17 million with the funding from only one USDA grant award plus additional available grant and borrowing funds that total less than \$12 million. They have succeeded! In addition to the leak inspection program and the recently completed decommissioning of the Winslow 1 storage tank, they have determined that the available funds are sufficient for the water system to be able to achieve all of the important hoped-for goals for both the water quality treatment facility at Knowles Crossing, the new water source at North Union Field, and the transmission mains needed to connect these new facilities to the existing distribution system. This is now possible because of several key developments:

- Excellent engineering analyses by Environmental Partners that has resulted in less expensive options for a number of these program elements.
- Excellent operational management by the Water Department that has reduced the need for some of the proposed plans to improve the quality of stored water
- And, lower than expected construction bids during the current economic downturn.

The main cost saving that has recently been identified for the North Union Field program has to do with the alternatives for the new transmission main that will need to be built from North Union Field

to South Hollow. Environmental Partners has determined that a less expensive approach can be used by treating all of the water at South Hollow, rather than at multiple locations. This approach has both construction cost and operational benefits, and will mean that the Town will no longer need to pursue an alternative utility corridor through the Truro Central School and Walsh family property, since this alternative no longer offers any cost or operational advantages. Therefore, we can move forward now with this project.

Since all of the permitting and approvals for North Union Field are moving forward as planned, the Water Department is now ready to have Environmental Partners undertake the design for the water source, and recommends that the Board approve a contract amendment for this purpose. The MEPA Certificate has been issued which means that MassDEP can now draft the permit approval and Environmental Partners can complete the submission of the Water Management Permit. The Cape Cod National Seashore continues to be very supportive, including providing any MassDEP-requested documents.

Now that the approach and cost for the North Union Field project has been decided and the remaining USDA grant funding determined, the final program planning and costing for the Knowles Crossing treatment plant can be finalized. Although the available funds are not sufficient to provide for all of the facilities hoped for at the time that the Town submitted the two grant proposals to USDA, they will allow the Water Department to have not only the necessary treatment facilities but also some of the important additional features, such as storage, that the Water Department would like to have. Once the possible options have been fine tuned by Environmental Partners and the Water Department, we expect to bring a contract amendment for the final design to the Board in November. A new raw water transmission main from South Hollow to Knowles Crossing will also be built as a part of the water system improvements program. Although not included in the final USDA stimulus grant funding, we do have very positive indications from USDA that we are high on their list for a low interest loan under their current Rural Development funding program, and we expect to hear shortly. Whether or not the Town does receive a loan from USDA, the Water Department would like to move forward with the construction of this transmission main now so that the work on the shoulder of Route 6 can be completed within the construction timeline that is allowed by MassDOT. We have borrowing authorization available from the fall 2009 Special Town Meeting article and the budget assumes we will need to have market borrowing.

Six bids were received, including two bids that were substantially less than our working budget, and Environmental Partners has recommended after performing due diligence on the low bidder that the Board should award a contract to Robert B. Our. The DPW Director has also recommended that the Board award a contract amendment to Environmental Partners for construction oversight.

Wastewater Project Update

Phase 3 construction work restarted right after Labor Day as planned and will continue through the spring of 2012. A week-by-week construction schedule will be communicated on the Town's website and through notices to town officials, the business community, abutters and others who may need to know about the possible disruptions and inconveniences. The construction work that started last week on Rte. 6A requires detouring traffic and considerable efforts have been taken to plan carefully for this disruption with the Truro and Provincetown Police Departments, and with NSTAR who is also doing work in this area at the same time. The remaining work to be done on Bradford Street will not start until after this Rte. 6A work is completed so that the Town can avoid having two detours at the same time. AECOM is working with the Conservation Commission to determine where to pump the groundwater from dewatering and they are sampling the dewatering discharge following protocols established by EPA.

The capacity at the Plant will be increased during 2012, once the permits and approvals for the construction work have been received. Given the MassDEP-approved ratio that the Town is allowed to use for Title 5 design flows versus the actual peak flow recorded at the plant over the July 4th holiday this year, this will increase the system capacity to approximately 1,100,000 GPD of Title 5 design flow. This expanded plant capacity will be twice what was thought would be needed when the Plant was planned and approved 10 years ago, demonstrating the large amount of interest for a Phase 3 connection that is funding this expansion. The connected flow to date is 700,000 GPD, and the connected plus committed flow that includes the remaining Phase 1 and 2 properties and those Phase 3 properties that have been assessed their betterment will be about 900,000 GPD, representing nearly 40% of the buildable lots in town. This leaves 200,000 GPD of capacity for any additional Phase 3 connections, sewer extensions to new areas, and future town uses including meeting public health, economic development and other public service needs and priorities.

Over the summer, the Sewer Team conducted an outreach program to determine whether there was any additional interest in a sewer connection, both from areas served by the sewer and from several other areas that have the potential to be served. Once again, the Sewer Team has been very pleasantly surprised by all of the interest that has been generated by this outreach program. The good news is that there is a great deal of interest in a sewer connection, and that interest has only continued to increase over the past several years since the Phase 3 sewer extension was first approved by the Board and voters at Town Meeting. If all of the additional properties that have expressed an interest can be served, at that point 50% of the buildable lots in Provincetown would be connected to the sewer. But the other news is that the Town may need to begin looking right now at ways to increase the capacity at the Treatment Plant even more, and AECOM will be looking at the options for increasing future plant capacity by an additional 150,000 to 300,000 GPD of Title 5 design flow. The disposal beds are not expected to be a limiting factor for future increases in capacity.

Since many of the interested properties are located in areas that may not be cost-effective to serve unless more properties are interested, there is sufficient time to look carefully at additional plant capacity options while ensuring that the Town reserves adequate capacity for its future priorities, including public health needs, economic development and other public service uses. The sewer team has grouped the interest from this summer's outreach program into several categories. The first category includes those properties located in the new Phase 3 and the earlier Phase 2 Shank Painter service areas that will be very easy to connect while the construction is on-going this winter and spring. The Sewer Team recommends that we add about 45 properties with an estimated Title 5 design flow of 45,000 to the Phase 3 project. This is an increase of 10,000 from the number in your Report, since we received notice today that an important Beach Point waterfront condominium association would like to connect.

The Sewer Team has also recommended that at the October 24th Special Town Meeting, the voters approve an additional \$1 million of borrowing authorization so that the work to connect these properties during the Phase 3 construction can be done. The benefits of proceeding with this request at this time are:

- Ability to serve additional properties that are likely to need a connection in the future from a public health standpoint because they either have cesspools or older systems and/or are located in environmentally-sensitive low-lying areas.
- Ability to provide for these connections while construction is on-going, which is less costly and will reduce the need to dig up paved areas in the future. This work will not require additional major street or other disruptions.
- Ability to channel additional betterment revenues to paving of areas where sewer construction will have occurred.

The Sewer Team is still reviewing the other categories of Phase 3 interest and will prepare a full report on this review for the November 14th Selectmen's Meeting. These include properties located on or near the sewer along either Bradford or Commercial Street that require additional review as to whether they can be served cost-effectively, or in the case of additional interest for a connection to the vacuum system, a careful review as to whether there is sufficient vacuum main capacity to serve them and still maintain adequate capacity for future downtown economic development. AECOM will also be looking at possible options for increasing future capacity for the vacuum system.

The Sewer Team is also reviewing the interest for several areas that would need to be served by a possible "Phase 4". None of these areas were included in the MassDEP or environmental reviews and approvals, nor have there been any funding authorizations for engineering work for these areas. They include requests for connections from Coastal Acres Campground, Maushope Housing, several potential economic development expansion requests, the preliminary request from the Cape Cod National Seashore for the new Herring Cove bathhouse, and a "placeholder" for a new Police facility at the DPW Garage Site. Although the Campground area and the Herring Cove bathhouse are likely to be cost-effective to serve, the Maushope area would likely need a grant or other funding to help cover the cost, such as the next round of MCDBG funding.

Key Highlights for the Water and Wastewater Projects

WATER PROJECT

1. Strong FY 2011 financial results mean can fund capital and operating reserve account and have a solid baseline for future water system capital improvements.
2. Huge reduction in pumpage and associated reduction in Unaccounted for Water for June through September 2011 from leak management program has numerous benefits.
3. New Water & Sewer Board members for water system matters will participate in upcoming abatement and inspection rule change workshops.
4. New engineered approach which reduces the cost for North Union Field water source transmission and treatment means that there are sufficient USDA funds to move forward now with both the North Union Field water source and the Knowles Crossing treatment plant final design and construction so as to meet all of the important hoped for water system goals.
5. Excellent low bids received for South Hollow to Knowles Crossing raw water transmission main means Water Department is ready to move forward now with construction at less of a cost to the water system users than budgeted.

WASTEWATER PROJECT

1. Strong FY 2011 financial results mean can rebuild the "reserve for debt" account and have a solid baseline for future sewer system capital improvements.
2. Remaining Phase 3 construction moving ahead as planned starting in the Beach Point area and to continue through the Spring of 2012, and permitting for the plant expansion is also moving ahead as planned.
3. About 40% of the properties in town are either connected to or already committed to connect to the sewer, and another 10% of the properties have expressed an interest through the recent summer outreach program.

4. Sewer Team recommends allocation of 60,000 GPD of the available 210,000 GPD of Title 5 design flow plant capacity now for additional Phase 3 hook ups and a “reserve” for the CCNS Herring Cove bathhouse and the potential relocation of the Police Station to the DPW site.

5. Sewer Team will review options for serving an additional <115,000 GPD of interest either with Phase 3 or with a future Phase 4, including looking at how to increase the capacity of both the Treatment Plant and the Vacuum Sewer in the future to meet the ever increasing interest including important public health needs, town priorities, and public service uses for economic development and affordable housing.

MOTIONS: *Move that the Board of Selectmen vote to award:*

(1) a contract in the amount of \$584,234.70 to Robert B. Our, Inc. for the construction of the raw water main transmission main from South Hollow to Knowles Crossing.

Motion by: David Bedard Seconded by: Austin Knight Yea 5 Nay 0

(2) a contract amendment in the amount of \$56,200 to Environmental Partners for construction oversight and supervision for the construction of this water main, both contracts to be funded from the September 2009 STM Article 1.

Motion by: David Bedard Seconded by: John Santos Yea 5 Nay 0

(3) a contract amendment in the amount of \$138,250 to Environmental Partners for design and engineering services for the North Union Field water source development, to be funded from the USDA Water grant.

Motion by: David Bedard Seconded by: Austin Knight Yea 5 Nay 0

Motion to adjourn by David Bedard at 5:50 PM

Minutes transcribed by: Vernon G. Porter, Secretary to Board of Selectmen
October 11, 2011