

**MINUTES**  
**BOARD OF SELECTMEN**  
Tuesday, March 26, 2013 5:00PM

**REVISED**

*Location:* Earle Mountain Room

*Present:* Selectman Aimee J. Eckman, Chair; Selectman John F. Knight, Vice-Chair; Selectman Wallace F. Adams, Clerk; Selectman Linda S. Burt; Selectman Martin F. McDonald; Sheila Vanderhoef, Town Administrator, Assistant Town Administrator Nan Balmer

*Also Present:* Jeffery H. Davis, DBA Organization Renewal Associates

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The meeting was called to order at 5:00pm.

**Municipal Water Discussion**

Mr. Jeffery H. Davis, DBA Organization Renewal Associates, was present and acted as Moderator Facilitator of the meeting, as contracted by the Town to do so.

The Board of Selectmen were present to discuss and answer questions of the public as to Why a Municipal Water System Financing and Operation.

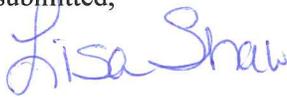
The powerpoint presentation and the list of questions asked by the public at this meeting are attached to these minutes.

**ADJOURNMENT**

*The meeting was adjourned at 6:27pm*

Respectfully submitted,

Lisa Shaw



## QUESTIONS FROM THE WATER MEETING TOWN HALL MARCH 26, 2013

1. Does the cost of the entire system include all properties in Eastham – including those on public, private, dirt and paved roads – for residences, businesses and undeveloped lots?
2. Will the town be able to apply for/seek funds for the project from state and federal sources even after the project has started?
3. How will this whole scenario affect real estate transfers? Does the seller have to pay the whole tax upon transfer?
4. If you do not hook up, do you still pay for the system?
5. If we approve the whole project now, what happens if we run out of money before the last phase(s) is (are) complete?
6. How many cost estimators did you consult before settling on this budget number? What firms did you use?
7. You have been saying the cost will be a 5% investment for each home to pay for the system. 5% of what?
8. Would the town consider billing taxes quarterly instead of biannually to lessen the amounts to be paid at the time of billing (for those without mortgage payments)?
9. Please talk about the impact to taxpayers of not doing municipal water? Reduction of property values? Federal and state testing requirement expenses? Normal maintenance cost for wells?
10. How much are our taxes going up already for the new Library? (So we can budget this expense and the water system expense together)
11. Regarding voluntary hookups, what is Eastham's plan to avoid the situation Wellfleet is in due to fewer than anticipated hookups and far less than anticipated revenue? How will you make up this lack of revenue?
12. If people get abatements, how will the difference in the loan amount be made up?
13. A few meetings back, you said you would have more info on whole-house alternative filtration/purification systems. Is that available now? Can we please get the cost for a whole-house system that will clean out both nitrates and chemicals such as dioxin 1,4?
14. At a meeting in Eastham with our legislative representatives, state and federal, Senator Wolfe and Representative Peake talked about legislation they are proposing which would provide zero interest loans. I understand that we will not have a definitive answer until after Town Meeting. What is the current status and what would be the impact on the home owner if this bill passes?

15. The cost of this town wide water venture is \$114,800.00. At 2% interest paid out over 30 years, the overall cost jumps to \$207,944,310. The 30 year interest would be \$93,144,310. If the Town of Eastham cannot get an interest free loan, will this water project go forward?
16. Will there be a difference in the tax rate for businesses vs. private residences? Will there be a difference in the tax rate for full time vs. part time residents?
17. What about fixed-income seniors and low income homeowners who simply cannot pay for this? We may have to sell and leave Eastham. Is there any plan for assistance? Your thoughts on where this impending long-term expense puts our property values and the marketability of our homes?
18. If you are providing the same access to all residential properties why can't the cost be equal? Usage is usage; we will be paying usage fees according to what we use! [rbmcgorr@hotmail.com](mailto:rbmcgorr@hotmail.com)
19. Assuming the project is approved by Town Meeting, in the 5<sup>th</sup> year of this project, will the overall cost still be \$114,800,000?
20. Do we pay for connection to our houses?
21. Have you identified the number of properties the town will need to take some land over in order to provide water to everyone? Have you calculated the amount of extra money taxpayers will have to pay for this? Does the cost of the project include this expense?
22. This winter has shown us how quickly our bayside dunes can erode. A great deal of piping will go down on Eastham's bayside – paid for by taxpayers – currently scheduled for phase 2. Can you justify this financial burden on taxpayers when in 20 years the piping may no longer be there?
23. What means of relief will you provide for elderly residents who will not be able to pay the additional tax burden?
24. Will all 6000  $\pm$  lots be taxed or will some be exempted because of perceived inability to pay?
25. If there is an over run on this project, how do you plan to cover the expense?
26. Isn't it correct that if a person files a Schedule A with their tax return they are able to take a tax deduction for real estate taxes, but a filer who takes a standard deduction cannot deduct their real estate taxes to Eastham which includes the cost of water"?
27. How is it fair that non residents, who will be paying the increased taxes for the water system, have no say in voting? "taxation without representation"
28. Could we see the slides outlining the tax impact for \$300/\$400/\$500 K homes again (slowly)?
29. What is the annual operating cost per household? This includes water department personnel and materials.
30. What is the anticipated annual tax impact of all related water costs including water usage?
31. Did you compare operation cost to other similar towns? If so, which towns?

32. If someone donated a winning power ball ticket to the town, would the town have to pay state/federal taxes?
33. How much might the numbers change if we qualify for 30 year financing at 0%?
34. What abatements will be afforded to those who can't pay their taxes?
35. Last year a taxpayer could pay the complete cost of the water in one payment, thus avoiding the 2% interest cost. Is this still an option?

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36. How can we ensure that costs associated with this project won't go up?
37. What if we run out of money before the project is completed?
38. Are private roads and public roads treated the same as far as costs are concerned?
39. If you are paying the one million for management of the water system and the money comes from the water bills, what would happen if many fewer homes hook up to the system?
40. How many Eastham taxpayers currently take advantage of the 65+ age programs for tax assistance or deferral?
41. What happens to all your figures if fewer homes are hooked up than you have projected?
42. The estimated average water bill is \$250.00 per household. Is this an annual bill or monthly?
43. At a recent Selectman's meeting it was stated that our town would seek a 30 year loan with zero % interest, which requires legislative approval in Boston. What happens to this Municipal Water project if our State Legislature will not or cannot provide a 30 year "interest free" loan?
44. Will the installation of hydrants result in more property insurers willing to write policies in Eastham and thus more competitive property insurance costs? In other words, is it possible that taxpayers may offset increased tax cost with reduction in property insurance cost?
45. Can you give more information about the deferral of tax program? What does this mean (deferral of what tax)? How can residents 65 and older find out if they qualify?
46. Are all of your figures based on today's costs or future costs based on projected inflation rates?
47. Is my tax for the water system tax deductible?
48. Is the tax based on the value of the house or on the value of the entire property?
49. You mention the value of a house being the basis for allocating cost, but it is actually the assessed value of the entire property. Why not base the cost on the value of the dwelling alone?

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50. How can you expect people to pay for a system that may have no access to for 10-15 years? Is this what you consider fair?

51. Can you break down the components of the water system in dollars, i.e. taxes, hookup, usage, permits, plumbers, etc. In other words, can you tell us what to budget (based on whatever home value you have this data on)?
52. Is it possible to have a "not to exceed" amount in the contractor agreement to cap the cost?
53. In regard to potential insurance savings, what % of town will have access to fire protection via water mains?
54. If the number of unsold properties in Eastham continues to climb relative to other towns with town water, what would the impact on the value of my home be?
55. Can you please explain how the tax payment escalates? The first years appear to be lower? For example, on a \$400,000 house, how do my taxes change? The chart is too small to read.
56. What would we do without Sheila, the Selectmen, Finance Committee and the many people who have given so much time and energy to this project? Say thank you! Thank you! Thank you!
57. Can you please explain/comment on the attached pink analysis?

## FINANCING & OPERATING THE WATER SYSTEM

HOW MUCH WILL IT COST ME AND WHO WILL DO IT

## AGENDA

- TOWN MEETING ARTICLE
- PROJECTED COST
- BONDING/PHASING SCHEDULE
- MEDIAN HOUSE AND TAX IMPACT
- OPERATIONS
- COSTS/SAVINGS
- IS PROJECT ASSISTANCE AVAILABLE?

## ARTICLE 7

- That if the Town will use to establish a town-wide water supply and wastewater system pursuant to Section 20A of Chapter 40A of the General Laws and
- to appropriate the sum of \$114,800,000 for establishing such a system for the Town, including without limitation the siting or purchase of water sources or water or pumping rights, the siting or purchase of land or easements for the water system or for the protection of the water system, the construction and development of wells, the construction of water towers, the construction of buildings for water treatment and pumping stations, the laying and replacing of water mains, the purchase and installation of water meters, the pumps and other water department equipment, and design and engineering and other, not included therein, and including without limitation all costs thereof as defined in Section 1 of Chapter 26C of the General Laws and
- that to meet this appropriation the Treasurer with the approval of the Board of Selectmen is authorized to borrow \$13,800,000 and issue bonds or create liabilities under Chapter 44 of the General Laws, and provided however, that of this appropriation, \$13,800,000 shall be expended upon the passage of a debt reduction under Massachusetts General Laws Chapter 59, Section 21E (reposition 2), created and
- that the Treasurer with the approval of the Board of Selectmen is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust established pursuant to Chapter 26C and its continuation (hereinafter, to enter into a loan agreement and/or security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan for any feature or cost not payable by the project or for the financing thereof and

## ARTICLE 7 (CON'T)

- that the Board of Selectmen is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project.
- provided further that, pursuant to General Law Chapter 40, section 20A, the Board of Selectmen is hereby authorized to set a water appropriation and to exercise all of the powers of water administration pursuant to General Law Chapter 41, section 69B, and
- provided further that the Town hereby accepts the provisions of Section 20A of Chapter 40A, sections 20A through 20C and Chapter 80, Section 21E to authorize the exercise of water rates and to permit the imposition of rates of water use charges by certain homeowners/occupants and
- provided further, to authorize the Selectman to petition the General Court to seek legislation, or may be referred to petition the Town to exercise judicial review, establish a water emergency fund and each other duties as are hereafter assigned to Water Commissioner, and further provided that the General Court may make any clerical or editorial changes of form only to the bill submitted by the selectmen and may other amendments to the bill submitted, as the Selectman may approve before enactment by the General Court, and to authorize the Selectman to approve amendments which shall be within the scope of the general public good of the people, as take an action relative thereto.
- By Order of Selectman

## TOWN WIDE SYSTEM COST

• \$114,800,000 M

BOND TERM 20 YEARS

## BONDS ISSUED PER PHASE

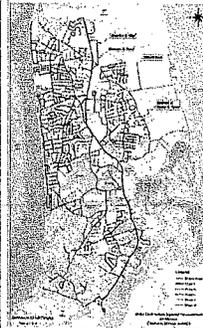
- PHASE 1 \$40.8m
  - INCLUDES ONE TANK, WELL DEVELOPMENT, PIPES AND 2056 PROPERTIES, (80% OF COMMERCIAL)
- PHASE 2 \$15.5m
  - INCLUDES 1,036 PROPERTIES
- PHASE 3 \$19.9m
  - INCLUDES \$1,049 PROPERTIES AND ONE TANK

## BONDS ISSUED PER PHASE

- PHASE 4 \$16.3m
  - INCLUDES 915 PROPERTIES
- PHASE 5 \$18.2m
  - INCLUDES 1,316 PROPERTIES
- PHASE 6 \$4.1m
  - INCLUDES 274 PROPERTIES, PLUS NATIONAL SEASHORE BEACHES

## Town-Wide Water System

Six phases of construction



## TAX IMPACT

- ANNUAL TAX IMPACT PER THOUSAND \$ ASSESSED VALUE PER YEAR VARIES
- AVERAGE ANNUAL \$1.54
- PER THOUSAND \$ ASSESSED VALUE

### TAX IMPACT MEDIAN HOUSE 400K

- TOTAL TAX IMPACT (29 YEARS) \$17,875
- AVERAGE ANNUAL TAX IMPACT \$616
- AVERAGE MONTHLY TAX IMPACT \$52

### ESTIMATED 400K MEDIAN HOUSE TAX IMPACT

	EST. TAX	PROP.	DIFFERENCE
2007	\$ 2,250.00	9409	\$166.75
2008	\$ 2,250.00	9607	\$187.50
2009	\$ 2,250.00	9805	\$208.25
2010	\$ 2,250.00	1003	\$229.00
2011	\$ 2,250.00	1205	\$249.75
2012	\$ 2,250.00	1407	\$270.50
2013	\$ 2,250.00	1609	\$291.25
2014	\$ 2,250.00	1811	\$312.00
2015	\$ 2,250.00	2013	\$332.75
2016	\$ 2,250.00	2215	\$353.50
2017	\$ 2,250.00	2417	\$374.25
2018	\$ 2,250.00	2619	\$395.00
2019	\$ 2,250.00	2821	\$415.75
2020	\$ 2,250.00	3023	\$436.50
2021	\$ 2,250.00	3225	\$457.25
2022	\$ 2,250.00	3427	\$478.00
2023	\$ 2,250.00	3629	\$498.75
2024	\$ 2,250.00	3831	\$519.50
2025	\$ 2,250.00	4033	\$540.25
2026	\$ 2,250.00	4235	\$561.00
2027	\$ 2,250.00	4437	\$581.75
2028	\$ 2,250.00	4639	\$602.50
2029	\$ 2,250.00	4841	\$623.25
TOTAL	\$ 65,250.00	129,111	\$17,875.00
ANNUAL AVERAGE	\$ 2,250.00	4452	\$616.00
MONTHLY AVERAGE	\$ 187.50	371	\$51.33

### TAX IMPACT HOUSE 300K

- TOTAL TAX IMPACT (29 YEARS) \$13,406
- AVERAGE ANNUAL TAX IMPACT \$462
- AVERAGE MONTHLY TAX IMPACT \$39

### TAX IMPACT HOUSE 500K

- TOTAL TAX IMPACT (29 YEARS) \$22,343
- AVERAGE ANNUAL TAX IMPACT \$770
- AVERAGE MONTHLY TAX IMPACT \$64

### TAX IMPACT CALCULATOR

- ONLINE CALCULATOR AVAILABLE APRIL 1

### SYSTEM OPERATIONS

- WHO/HOW/COST
  - PRIVATE SYSTEM OPERATOR
    - ON CONTRACT WHO WILL REPAIR, MAINTAIN, BILL, AND COLLECT FEES
  - HOW CHOSEN
    - COMPETITIVE BID PROCESS AS REQUIRED BY STATE LAW
  - COST TO TOWN
    - ESTIMATED BASED ON PROJECTED NUMBER OF USERS AT BUILD OUT 2026 - 1 MILLION ANNUALLY

### POTENTIAL SAVINGS & BENEFITS

- WATER AVAILABLE DURING POWER OUTAGES
- ELIMINATION OF IN HOUSE TREATMENT SYSTEMS
  - BALANCED PH FOR LONGER PIPE LIFE
  - NO IRON BACTERIA/STAINS
- ELIMINATION OF PRIVATE WELL MAINTENANCE/OPERATION EXPENSE

### POTENTIAL SAVINGS & BENEFITS

AVERAGE POTENTIAL INSURANCE SAVINGS BASED ON SPECIFICS OF CARRIER AND COVERAGE

- "tax deductible for itemizers—precise savings depends on your marginal tax bracket. Under current law it ranges from 10% to 39.6%"

### POTENTIAL SAVINGS & BENEFITS

- HIGHEST WATER QUALITY STANDARD THRU MANDATED PUBLIC WATER SUPPLY TESTING
- PRESERVATION AND STABILIZATION OF PROPERTY VALUES

### OTHERS COSTS

- AVERAGE WATER BILL (RES) \$250
- HOME HOOK FROM STREET TO RES \$12-\$16/PER FOOT FOR TRENCHED INSTALLATION
- IN HOUSE CONNECTION COSTS WILL VARY BASED ON COMPLEXITY (EST SIMPLE \$250)

### IS PROJECT ASSISTANCE AVAILABLE?

- GRANTS/LOW OR REDUCED INTEREST LOANS
  - UNITED STATES DEPARTMENT OF AGRICULTURE CLEAN WATER REVOLVING LOAN/GRANT (USDA)
  - STATE REVOLVING LOAN FUND (SRF)
  - ENVIRONMENTAL PROTECTION AGENCY (EPA) TECHNICAL ASSISTANCE

### TAXPAYER ASSISTANCE

- EXEMPTIONS
- DEFERRALS
- PAYMENT ASSISTANCE

### EXEMPTIONS

- STATE STATUTE SETS MAXIMUM AMOUNTS FOR CERTAIN ELIGIBLE TAXPAYERS

#### ELIGIBLE TAXPAYERS:

- SERVICE CONNECTED DISABILITY
- BLIND
- AGE 65 WITH INCOME FROM ALL SOURCES LESS THAN \$40,000

### DEFERRALS

- STATE STATUTE ALLOWS FOR DEFERRAL OF TAX
- (CLAUSE 41A)
- ELIGIBILITY REQ:
  - AGE 65
  - INCOME (LESS THAN \$40,000 FOR TWO) UNDER CIRCUMSTANCES (CLAUSE 41A)

### TAXPAYER ASSISTANCE

- NO KNOWN PROGRAMS FOR ALL AGE RANGES FOR TAX PAYMENT ASSISTANCE.