

Memorandum

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Subject **Town of Orleans, MA
Water Quality and Wastewater Planning
Task Number 5.1 – Financial Evaluation
Technical Memorandum on Revenue Generating Options and Revenue
Generating Plan**

Project Number 60476644

From Thomas Parece, P.E., AECOM Project Manager

Date 12/07/15

1. Background

- a. Purpose of Revenue Generating Options and Revenue Generating Plan Technical Memorandum (1 paragraph).

2. Introduction

- a. Describe Revenue Generating Options and Revenue Generating Plan (1 paragraph).
- b. Definitions (Define the Revenue Generating Options and Other Terminology).
- c. Describe revenue functionality in the latest version of the financial model developed by the Town.
- d. Describe the planned role and impact of the Revenue Generating Options in the updated financial model.

3. Description of Revenue Generating Options

- a. Describe, in detail, each of the Revenue Generating Options to be considered for the financing of capital costs, including treatment costs, collection costs, and disposal costs, for both wastewater and septage; financing costs; connection costs; septic costs; operating and maintenance (O&M) costs; monitoring costs; and replacement costs. The Revenue Generating Options include, but are not limited to, funds from the following:
 - i. Real Estate Taxes.
 - ii. Betterments and/or Special Assessments.

- iii. Connection Fees.
 - iv. User Charges.
 - v. Septage Revenue.
 - vi. Water Infrastructure Fund, which would be funded by a real estate tax surcharge and could be used for infrastructure-related expenditures.
 - vii. Local Option Taxes, like, meals tax and hotel tax, designed to have seasonal visitors pay for some of the costs since they contribute to nitrogen loads.
 - viii. District Improvement Financing, which can be used to fund projects by allocating future, incremental tax revenues collected from a predefined district.
 - ix. Local Infrastructure Development Program, which includes tax-exempt bonds for public-private partnerships paid via special property tax assessments.
 - x. Water Mil Charges, which are taxes on water consumption, the proceeds of which may be used to finance wastewater costs.
 - xi. Other Fees, like stormwater fees, which could finance wastewater costs.
- b. Describe applicability of Revenue Generating Options to certain cost types and to portions of the customer base. An example is betterments for capital costs, but not operating costs, and may apply only to those areas to be sewered.
 - c. Describe potential offsets that could be included to lower overall project costs.
 - d. Describe potential Town reserves that could be used as funding sources.
 - e. Describe plans to determine user charges that provide equity amongst Town-wide wastewater users, whether users are commercial or residential.
 - f. Describe key factors related to the use of Revenue Generating Options, like:
 - i. Different considerations for day-trippers, seasonal visitors, and full-time residents and businesses.
 - ii. Different considerations for residential and commercial users.
 - iii. Instances when taxes and fees shall be used.
 - iv. The steps by which these options are implemented, including what approvals are needed.

4. Development of Revenue Generating Scenarios

- a. Determine the revenue requirement based on total project costs.
- b. Using the updated financial model, develop seven scenarios that present different combinations of Revenue Generating Options. Present the scenarios in a straightforward, comparative manner, both in table format and in graph format.

- c. Determine an updated revenue requirement if/when cost projections change
- d. Develop new scenarios if/when the combination of Revenue Generating Options changes.

5. Conclusion

- a. Prepare a summary of the findings and recommendations for Revenue Generating Options, including a revenue generation plan showing optimal balance of tax revenue, betterments, connection fees, user fees, and other revenue sources (e.g. septage) to generate equitable, value-based user rates.