

**Town of Onancock  
Regional Sewer Study Committee  
September 26, 2019  
Agenda**

**1. Welcome and brief introduction of members**

**2. Frequency of Meetings**

**3. Establishing sub-committees**

**4. Assignment of tasks/questions identified to-date:**

- Firm estimates of capital expenditures necessary over the next 5-10 years for our plant AND our collection system. Preferably agreed upon both by the Town and HRSD to provide consensus to our residents on this major issue.

- Pro forma of both the Town's budget and balance sheet:

- a. If the plant is turned over to HRSD both with and without the current debt on the plant.

- b. If the Town continues to operate the plant. Need to determine our expected sewer rate increases when we have to fund the items in #1 either via cash purchase or additional debt. What measurable benefit(s) may accrue to our residents with such a partnership.

- Understanding of both the legal method and accounting method of the proposed transfer of those assets to HRSD.

- Analysis/discussion of whether proposed asset transfers create a default under existing loan/bond documents. If so (and I expect it to be the case), discussions with lenders and bondholders to determine their position on such transfers.

- Effect to the Town's balance sheet of such transfers. What are the current book values of those assets and what would that do to our net fund balance if the assets are transferred to HRSD both with existing debt and without existing debt?

- How would our bond rating be affected given the transfer and the attendant effect on our net fund balance.

- A comparison of expected future sewer rates for our residents under "status quo" and transfer to HRSD both with or without debt.

- What is the current "enterprise value" or "going concern value" of our plant? Some will be concerned that we may trade \$X million of investment for either nothing (if the debt remains) or for \$4.5MM (if we can eliminate the debt). What is the plant actually worth? Based on our informal discussion with a private provider last year, it is most likely not worth anything close to our net book value or debt on it given the current level of revenues.

- Revisiting of the rate study that was prepared for Town Council several years ago to test the underlying assumptions.

- Evaluation of future sea level rise on our plant. Also, vulnerability to coastal storms and possible uninsured costs to repair such damage.

- Evaluation of readiness for future environmental regulations, such as 2025 TMDL limits. Are we ready? What else may be coming at us of which we are currently unaware.
- What would be our contingency plan should our system become non-operational for any period of time?
- What has been the experience of the other small communities that have joined HRSD. What has gone well and what has not? What would they do differently after-the-fact?
- What is the remaining depreciable life of our plant?

**5. Other tasks/questions to consider?**

**6. Identify outside consulting/professional resources needed**

**7. Next Meeting Date**

**8. Adjourn**