



# Town of North Reading **Municipal Wastewater System Financial Assessment Study**

**Businesses Workshop**  
Tuesday, October 25<sup>th</sup>



# Agenda

1

Background

2

Betterment  
Determination

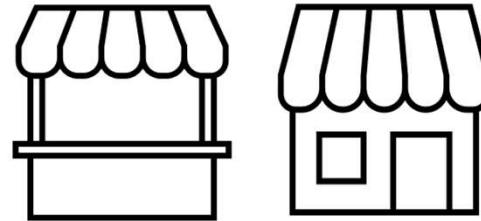
3

Return on Investment

# Why Do We Need Public Sewer?

- **Promote Economic Growth**

- Increased services
- Increased job opportunities
- Increased property values



- **Guided Residential Growth**

- Guided growth in population density to support business



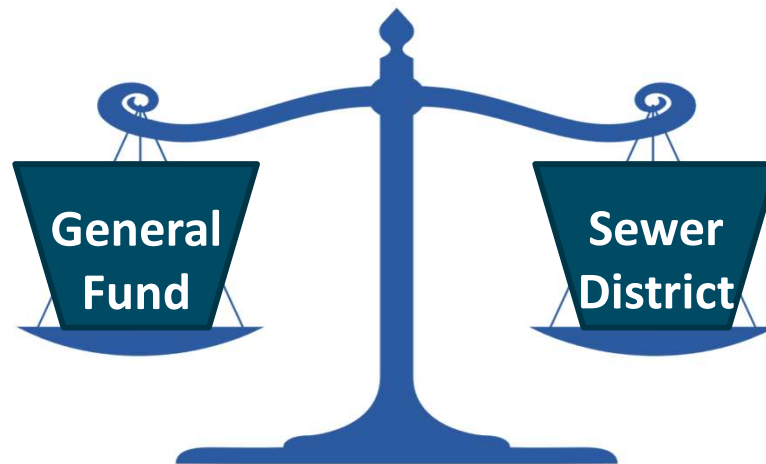
- **Promote Public Health & Environmental Protection**

- Improve surface and groundwater quality



## How is the Project Funded?

The project cost will be divided between the properties in the sewer district (based on their sewer capacity) and the General Fund. The remaining Sewer Reserve Capacity will be allocated & assessed to properties in the future. There will be both direct and indirect benefits to the sewer district and the rest of the community.



## How Will Existing Businesses Benefit?



- Increased sewer capacity
- No septic backups, odors, or maintenance costs
- Increased property value
- New jobs and increased population in the area
- Increased commercial traffic

## What are the Benefits to the rest of the Community?

- Economic Growth within the Sewer District
  - More diverse Commercial and Industrial Business District
- New Growth Tax Levy to support Town Services
- Increased job opportunities within the Sewer District



# What Will it Cost Me?

## Trade Offs

- Betterment Costs
- Sewer Connection Cost
- Cost to abandon existing septic system
- Sewer Use Fees (based on water use)

*Any investment takes time to reach fruition*



# What is a Betterment and What Does it Pay For?

A **Betterment** is a special property tax used for the construction of a public improvement. For sewers, these costs cover:

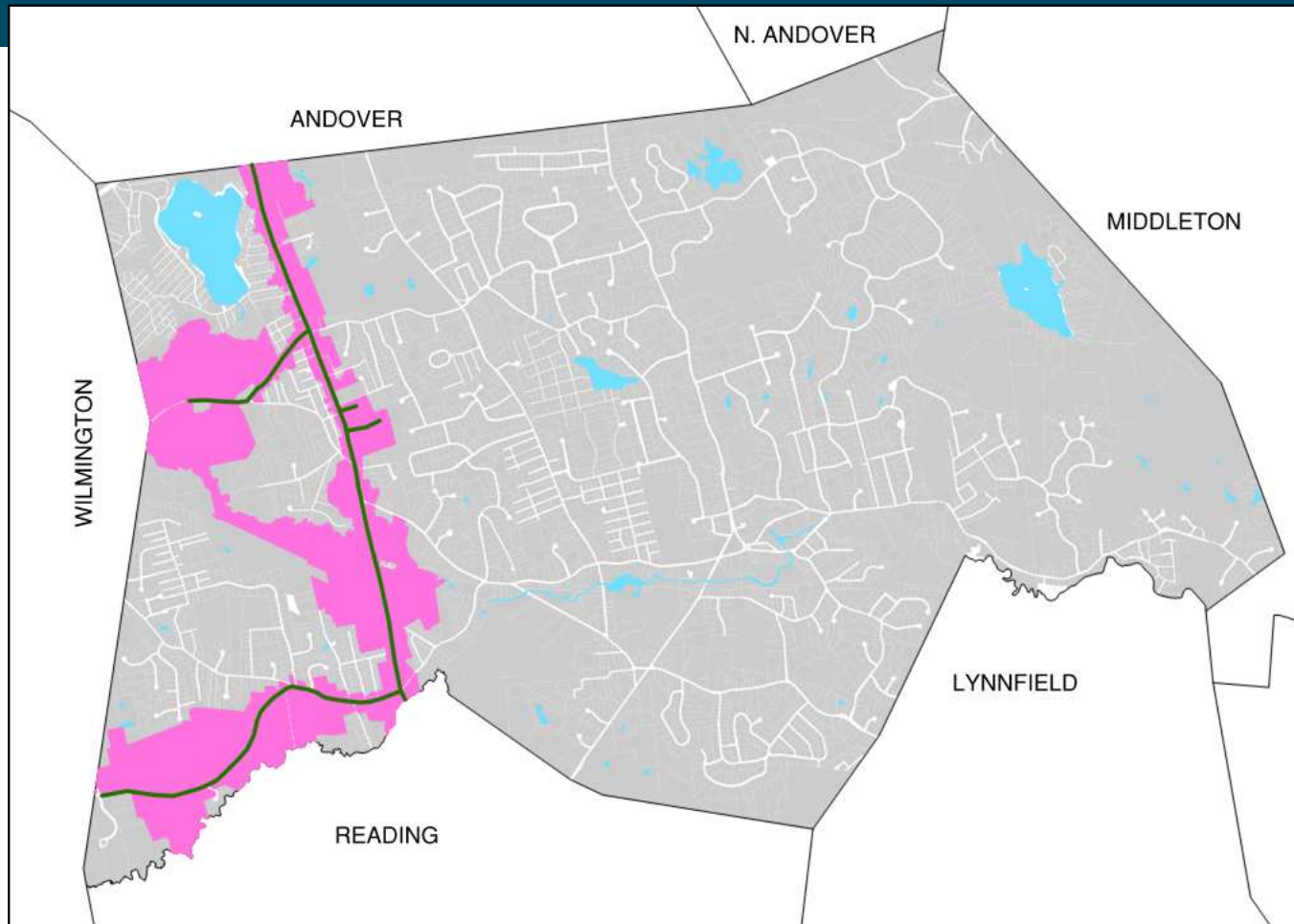
- **General Benefit Facilities**, such as pumping stations, trunk sewers and force mains, and
- **Special Benefit Facilities**, such as sewer mains and service laterals serving adjacent properties.

Betterments do NOT cover cost to connect to the sewer system, or to decommission your existing septic system.





## Who is Assessed a Betterment?



**All parcels abutting the proposed sewer main may be assessed a betterment to help cover the costs of the project.**

## How Does a Betterment Work?

- A property owner may elect to pay all or a portion of the lien when assessed, stretching the remainder over the bonding period, or portion thereof.
- If paid over the bonding period, a betterment becomes a **municipal lien** on a property. **This lien must be paid at time of sale if the property is sold.**



*Coming Soon!*

*See the Town's site for project specific FAQs*

<https://www.northreadingma.gov/new-sewer-information>

# Who Decides on a Betterment?

Town Meeting, and a Special Election if required, will vote whether or not to approve funding for the Sewer Project and the Assessment of Betterments.

The Select Board can pre-determine how Betterments are to be Assessed by holding a meeting to vote on certain criteria that affect the ultimate cost of Betterment Assessments.

## The Betterment Vote must decide on issues such as:

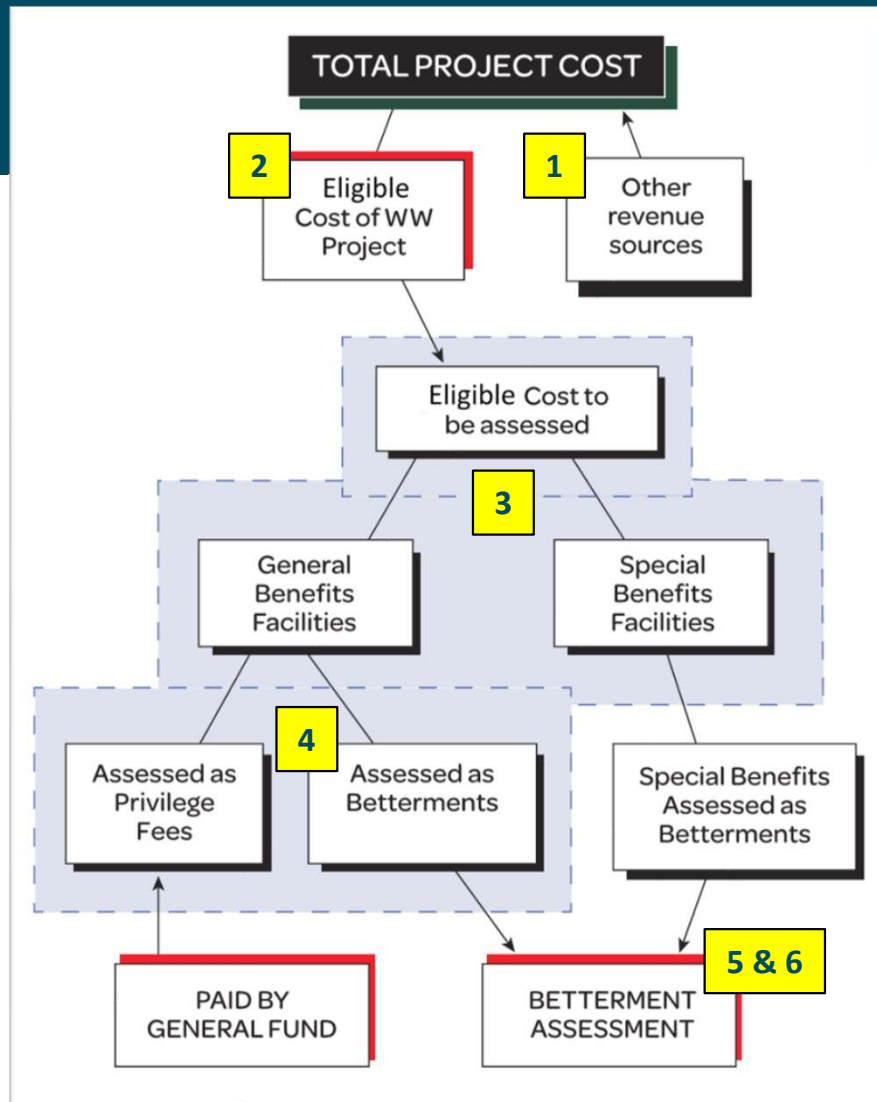
1. Percentage of Eligible Project Costs to Collect through Betterments
2. Method to Assess Betterments
3. Interest rate charged to unpaid balance of Apportioned Betterment Assessments (Allowed up to 2% over borrowing interest rate)



# What Decisions Must Be Made?

## Decision Points:

1. Establish Alternative Revenue Sources
2. Determine Eligible Project Costs
3. Determine Cost Distribution Between General and Special Benefits
4. Determine % of General Benefits Facilities Costs Assessed as Betterments
5. Select Betterment Methodology
6. Calculate Betterments Costs Once Project Costs are Finalized



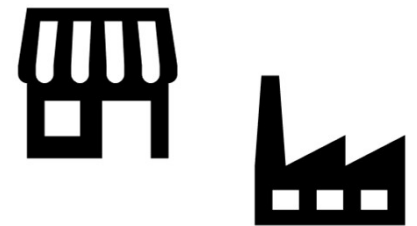
## How is a Betterment Determined?

*Once the division of costs is determined and costs are finalized, the cost will be divided by the total number of equivalent sewer units.*



Flow from a single-family residential home = 1  
equivalent sewer unit

- **Unit Uniform Method**: Each property is assigned a number of equivalent sewer units based on estimated wastewater contributions.
  - Single-Family Residential Home = 1 Sewer Unit
  - Residential Condominiums = 0.75 Sewer Units
  - Commercial Condominiums
  - All else based on historical water use



# Water Use Method

$$\text{No. of Sewer Units} = \frac{\text{Historical Water Use}}{\text{Equivalent Sewer Unit Flow}}$$

Example: A store using 390 gpd is assessed 3 sewer units.  
 $390 / 130 = 3$

## Notes:

1. Average Water Use for Single-Family Homes = 130 gpd = 1 Equivalent Sewer Unit
2. All single-family homes assigned 1 sewer unit
3. All condo units assigned 0.75 sewer units
4. Commercial & Industrial Properties are assigned a number of sewer units based on historical water use
5. Sewer Units rounded up to nearest 0.25

$$\text{Cost (\$) Per Sewer Unit} = \frac{\text{Total Betterment Assessment Cost}}{\text{Total Number of Sewer Units}}$$



## What does this mean for you?

Estimated Water Usage (Gallons per day)	Sewer Units	Estimated Betterment <b>(Worst Case)</b>
130	1	\$46,000
250	2	\$92,000
500	4	\$184,000
750	6	\$276,000
1,000	7.75	\$356,500
1,500	11.5	\$529,000
2,000	15.5	\$713,000
2,500	19.25	\$885,500



# Return on Investment

Goal: \$ Returned  $\geq$  \$ Invested

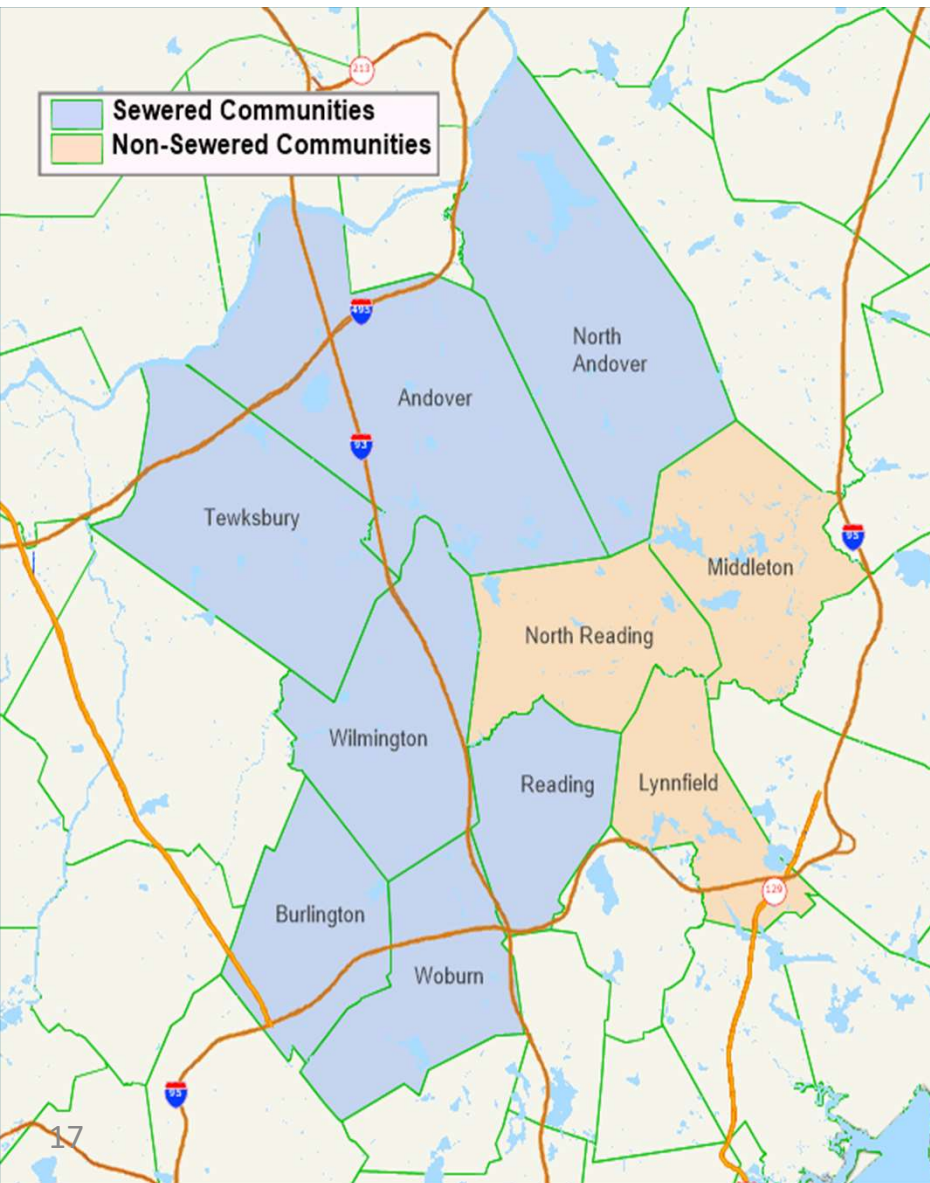
\$ Returned



\$ Invested







## Sewer Based Market Demand

- FXM Projected Commercial / Industrial, and Multi-Family Residential Growth in the Sewer District is based on Projected Demand in Surrounding Sewered Towns
- Assumes constant tax rate of \$15 / \$1,000 valuation
- Not a feasibility study – for long term planning purposes only

**Conclusion: There is sufficient demand within the market area to absorb the projected commercial SF potential and number of units projected**

# Property Valuation and New Growth

## Summary Findings Potential Financial Impacts of Proposed Wastewater Management System Commercial & Industrial Properties

	Retail	Industrial/Flex	Office	TOTAL
Potential Increases in Value of Existing Properties (\$2022)	\$ 126,325,000	\$ 41,618,000	\$ 22,118,000	\$ 190,055,000
Potential Net New Growth (2026-2056)				
Inventory (SF)	359,000	1,954,000	305,000	2,618,000
Property Values	\$ 127,841,000	\$ 624,790,000	\$ 149,845,000	\$ 902,476,000
Tax Revenues	\$ 1,918,000	\$ 9,372,000	\$ 2,248,000	\$ 13,537,000

**Market Demand Potential Only**  
Actual Growth Impacted By Town Decision Making

Projections Define  
100% Potential Residential Growth,  
100% Potential Commercial Growth

## Summary Findings Potential Financial Impacts of Proposed Wastewater System Multifamily Residential Properties

Potential Net New Growth (2026-2056)		
Inventory (number of units)		1,302
Property Values	\$	698,587,000
Tax Revenues	\$	10,479,000

## Where can you find out more?

For additional information refer to the Town's website:

<https://www.northreadingma.gov/new-sewer-information>

- Community workshop, Tuesday, October 11<sup>th</sup>
- Resident workshop, Tuesday, October 18<sup>th</sup>
- Business workshop, **Tuesday, October 25<sup>th</sup>**
- Community workshop, **Wednesday, November 2<sup>nd</sup>**
- Community workshop, **Tuesday, November 15<sup>th</sup>**

