Town of North Reading

Wastewater System Planning/Design

Select Board Presentation

Wednesday, September 28, 2022

Briefly…

- October, 2021 Town Meeting approved an appropriation of $2,893,000 to advance the design/permitting and developing a full funding plan for a wastewater collection system to service Main Street, North Street west through Lowell Road, and Park Street west through Concord Street. This work represents **phase I** of a wastewater project in North Reading.

- **Phase II** would encompass Martin's Pond, specifically the area bounded by Main Street, both sides of Burroughs Road, the Wilmington town line, and the Andover town line. While flow required to service this area is accounted for in the planning assumptions, neither construction plans nor growth projections were part of this past year's work.

- The Town contracted with Wright Pierce to provide Preliminary Design for the Proposed Municipal Wastewater System and for Final Design of a portion of the System located within the MassDOT Project Area of Route 125 & Route 114 Intersection where MassDot is designing now for drainage improvements and roadway resurfacing.

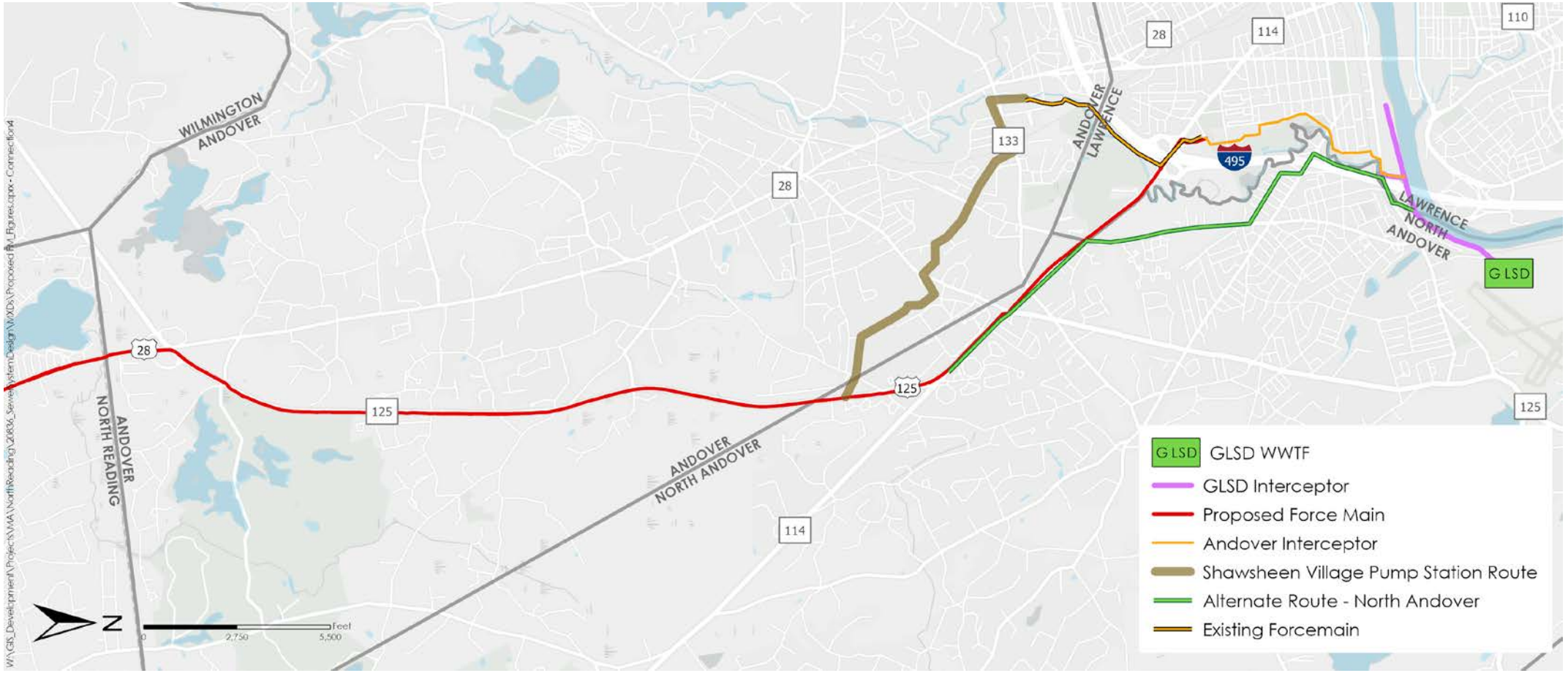
- The Town is designing a system for wastewater flow of 503,000 gallons per day (gpd) to accommodate both the phase I and phase II needs in these areas as well as future new growth needs.

- The Town is also contracted with Kleinfelder to perform a Municipal Wastewater Financial Assessment Study on the options for financing the estimated project cost of the Municipal Wastewater System, including growth projections. A detailed presentation of this information will follow.

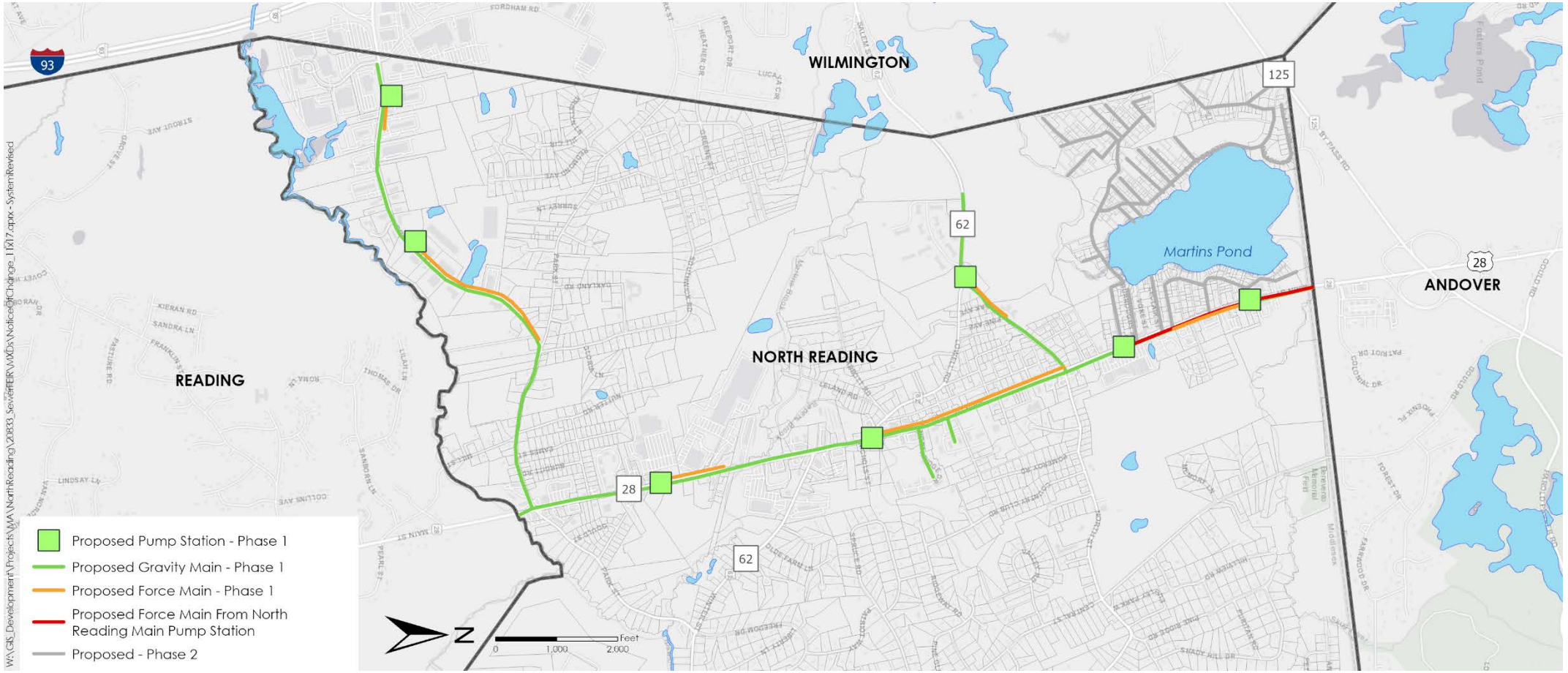
A word about the route…

- Discussions with Andover and North Andover have been ongoing. The intended route to the convey wastewater via a force main to the Greater Lawrence Sanitary District (GLSD) wastewater treatment plant located in North Andover is to follow Route 28 to Route 125 to Route 114.
- Andover and North Andover encouraged the Town to look at other options for a route from slightly south of the Route 125 intersection with Route 114 to GLSD.
- Discussions continue with the two communities regarding the best route to connect to GLSD from this area, including potential use of existing gravity sewer line routes that could be upgraded.

Wastewater Conveyance System to GLSD



In-Town Wastewater Collection System



Summary of Wastewater Flows

- Total Wastewater Design/Permitted Flow Capacity being sought is 503,000 gallons per day (gpd)
  - Reduced by existing Phase I Wastewater Flow Allocation of 186,000 gpd
  - Reduced by Phase II (Martin's Pond) Wastewater Flow Reserve of 32,000 gpd
  - Reduce by Ground Water Infiltration allowance of 29,300 gpd
  - Reduce by 10% Safety Factor for above Allocations & Reserves of 21,800 gpd
- **This results in projected available wastewater flow for future New Growth of 233,900 gpd.** The number could vary, particularly if some users in Phase I or II elect not to connect to the system.

2021 Final Design and Construction Cost Estimate

Item	Area	Final Design Engineering/ Permitting	Construction of Wastewater Infrastructure	Construction Administration & Inspection[2]	TOTAL
1	**In-Town Wastewater Collection System** includes local gravity collection system along Main Street; North Street and Lowell Road; and Park Street and Concord Street	$1,300,000	$25,700,000	$3,855,000	$30,855,000
2	**Wastewater Conveyance System to GLSD[1]** includes local pump stations and force mains and primary pump station and force main in North Reading continuing along Routes 28, 125 and 114 to the GLSD connection	$1,687,000	$57,800,000	$8,670,000	$68,157,000
	Sub-Total	$2,987,000	$83,500,000	$12,525,000	$99,012,000
3	**Other Project Costs**				
	Land Acquisition (assume 5 lots @ $1M each)	$5,000,000			$5,000,000
	Legal/Administration/Financing Plan	$1,000,000			$1,000,000
	GLSD Connection Fee		$2,000,000		$2,000,000
	4:1 Infiltration/Inflow Reduction		$6,000,000		$6,000,000
	Sub-Total	$6,000,000	$8,000,000	$0	~~$14,000,000~~
	TOTAL	**$8,987,000**	**$91,500,000**	**$12,525,000**	**$113,012,000**
	Town Meeting Funding Request	Oct-22	Oct-22	Oct-22	

Notes

1 includes MassDOT Project - Routes 114/125

2 assumed to be 15% of construction cost

Probable Cost Estimate Adjustments for Design & Inflation

Cost Table for PowerPoint			
	2021 Probable Costs (Mil.)	**2022 Probable Costs (Mil.)**	**Change in Probable Costs (Mil.)**
Gravity System	$34.47	$24.72	($9.75)
Force Main System	$34.93	$38.67	$3.74
Pump Stations	$14.08	$24.61	$10.53
Inflation to Midpoint of Construction (15%)	$0.00	$10.25	$10.25
Total Probably Construction Cost	**$83.48**	**$98.25**	**$14.77**
Technical Services	**$15.53**	**$15.35**	**($0.18)**
Administrative	**$6.00**	**$7.50**	**$1.50**
Connection Fee & I/I Removal Fees	**$8.00**	**$8.00**	**$0.00**
Total Opinion of Probable Project Cost	**$113.01**	**$129.10**	**$16.09**

Do we have the Bonding Capacity to Borrow the Funds needed to construct the Sewer Project?

- The general debt limit of the Town of North Reading consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and Director of Accounts.
- There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include certain school bonds, self-supporting sewer bonds, water bonds, bonds for electric, gas, and community antenna television systems, and telecommunications systems bonds, solid waste disposal facility bonds.
- The Town's current debt limit is $180,383,440 and, with state approval, the debt limit can be raised to $360,766,880. The outstanding debt and debt authorized but not yet issued subject to the debt limit is 15,077,369.75, leaving additional borrowing capacity of $165,306,070 under the normal debt limit and $345,689,510 under the double debt limit.
- The bottom line is that the Town has ample capacity under the statutory debt limits to authorize future capital projects that are subject to the debt limits. However, this capacity should not be confused with the Town's ability to support the payment of additional debt service within the Town's Proposition 2 ½ levy limit or the need for additional revenues (betterment assessment revenues or debt exclusion revenues).

Municipal Wastewater System Financial Assessment Study

An Assessment on Financing Options for the Municipal Wastewater System.

PART I - Municipal Wastewater System Cost & Financing Analysis

- GIS Mapping of the Proposed Municipal Wastewater Service Area.
- Perform a 3 Year Avg. Water Use Analysis to assign Sewer Units.
- Confirm the adequacy of 503,000 gal/day annual sewer discharge.
- Provide a Summary of Betterment Assessment Methods.
- Develop a Wastewater System Project Financing Model, including the use of Sewer Betterments, Debt Exclusion, Grants and other Special Revenues.
- Assist with draft Sewer Betterment Assessment By-Law for Town Meeting Adoption.
- Presentation of Part I cost/financing information to the Select Board June 2022.

PART II - Property Valuation & New Growth Analysis

- Perform a Potential Build-Out Analysis
- Conduct Public Outreach and solicit survey data from property owners/businesses
- Develop a matrix of potential property development
- Recommend Zoning Regulation changes, if any that may be needed, to optimize desired development
- Evaluate Potential Real Estate Market Value Increases and New Growth Tax Dollars
- Calculate a Return on Investment over a 30 Year Debt Service Payment Period.
- Provide Public Outreach Meeting Assistance during outreach meetings with property owners, businesses and with the General Public.
- Presentation of Part II information to the Select Board in summer of 2022

Town of North Reading
Municipal Wastewater System
Financial Assessment Study

Select Board Presentation

September 28, 2022

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Agenda

1	Objectives / Background Benefits of Sewer Project Area & Definitions
2	Betterment Assessment Methodology Example Betterment Calculation Betterment Determination Process
3	Debt Planning Property Valuation New Growth Analysis & ROI

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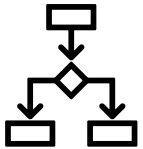
Betterments and Debt Planning Variables

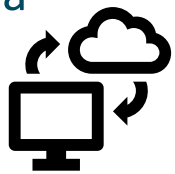
Town Decision Points

- Project Cost Allocations
- Betterment Methodology
- Loan Period and Interest Rate
- Residential Opt-Out Option
- Allowable Residential / Commercial Growth
- Tax Rate Adjustments
- Other Revenue Sources



Universal Base Model Assumptions

- Approx. $68,900,000 Assessed as Betterments
- Water Use Method
- 200,000 gpd Sewer Capacity Reserved for Betterment Area
- 30-Year Loan Period
- 5% Interest Rate
- Constant Tax Rate of $15 / $1,000



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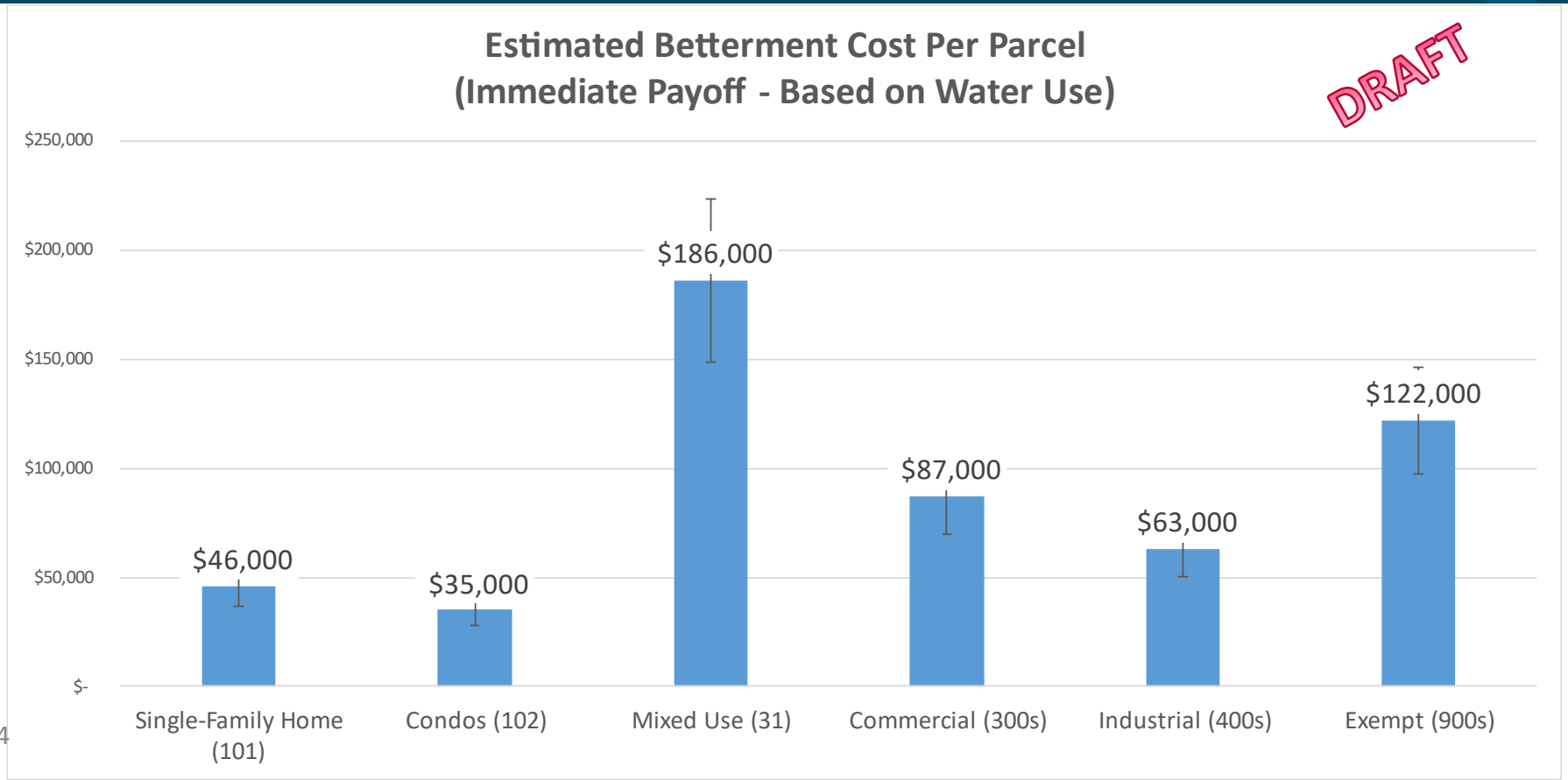
Betterment Estimates: Immediate Payoff

**Based on an estimated Total Project Cost of $131,993,000. The final cost allocations will be determined by the Select Board after final construction costs are known. Values have been rounded.*



Betterment Estimates:
30-Year Loan, 5% Interest Rate

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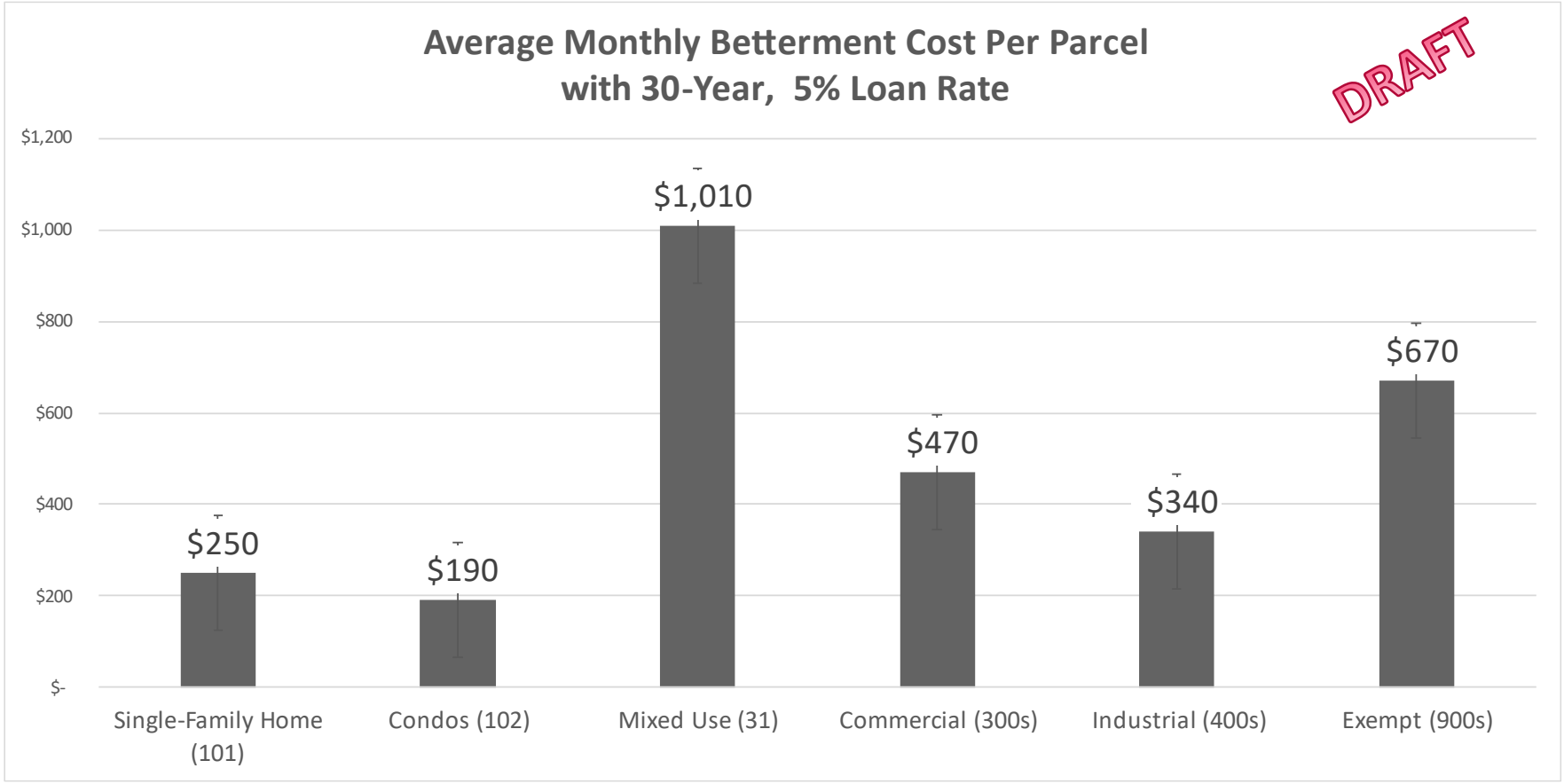

Potential Impact on Residential Taxes

No Alternative Funding Scenario
(No grants, land sale, revenue from projected growth)

FY 22 Tax Rate: $15 / $1,000 Evaluation

Over 30-Years
Average +$0.96 / $1,000 Evaluation
or approximately
+$660 Increase in Annual Tax for Average Single-Family Home

Values for Demonstrative Purposes Only. Final Project Cost Allocations to Be Determined By Select Board

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Agenda

1
- Objectives / Background
- Benefits of Sewer
- Project Area & Definitions

2
- Betterment Assessment Methodology
- Example Betterment Calculation
- Betterment Determination Process

3
- Debt Planning
- Property Valuation
- New Growth Analysis & ROI

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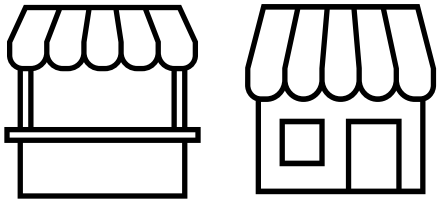
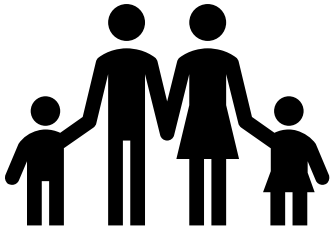
Background

- The primary goal of this project is to **determine how the Town will pay for the Proposed Municipal Wastewater Project,** as well as the financing mechanisms to be used over the long term.
  - **Part I. Municipal Wastewater System Cost and Financing Analysis**
    - GIS Mapping
    - Water Usage Analysis
    - Wastewater Capacity
    - Betterment Assessment
  - **Part II. Property Valuation and New Growth Analysis**
    - Build-Out Analysis
    - Zoning Recommendations
    - Evaluate Potential New Growth Revenue

Why Do We Need Public Sewer?

- **Promote Economic Growth**
  - Increased services
  - Increased job opportunities
  - Increased property values





- **Limited Multi-Family Housing on Main St.**
  - Guided growth in population density to support business

- **Promote Public Health & Environmental Protection**
  - Improve surface and groundwater quality

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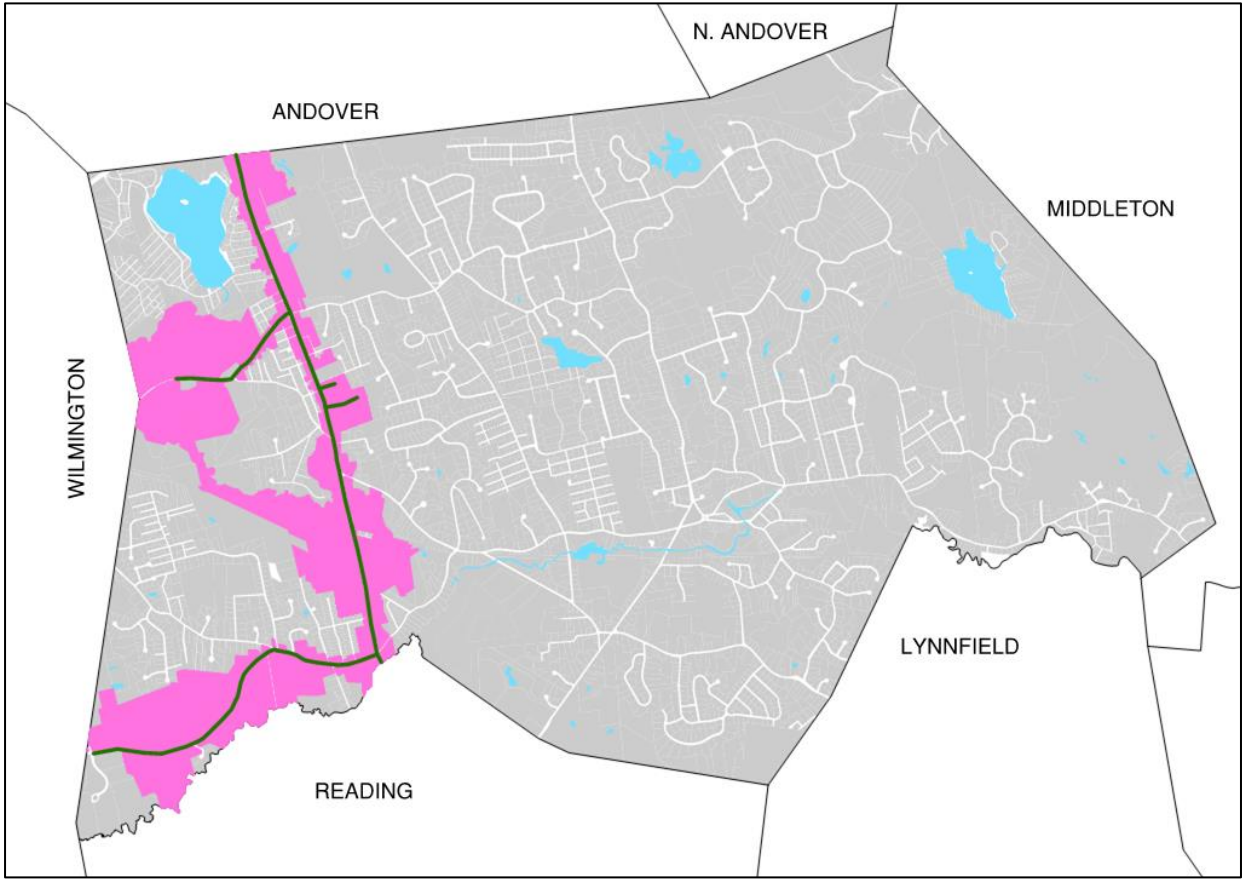
Project Area for Betterments



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What is a Betterment?

- A **Betterment** is a special property tax that is permitted where property within a limited and determinable area receives a special benefit or advantage from the construction of a public improvement. *M.G.L. Ch. 80 §1.*

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

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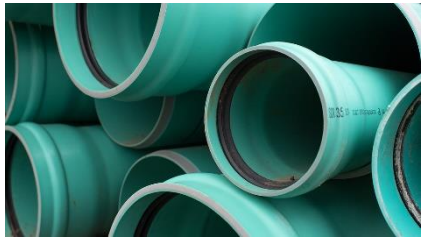
Why Do We Need a Betterment?

Sewer Special Assessments: Cities and towns may assess all or a portion of the costs of sewer system plant and facilities (*M.G.L. Ch. 83 §15)* to help pay for municipal project costs. These costs may include:

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



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How does a Betterment Work?

- A betterment is a **municipal lien** on a property. The property owner may elect to pay all or a potion of the lien when assessed, stretching the remainder over the bonding period, or portion thereof.

This lien must be paid at time of sale if the property is sold.

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Who Decides on a Betterment?

A Town meeting and vote must occur to create a betterment. The vote may occur once cost estimate is available or when construction bids are received, and prices are identified.

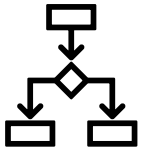
The Betterment Vote must decide on the following issues:

1. Authorization to Borrow Money for the Project
2. Amount of Construction Costs to Collect through Betterments
3. Method to Assess Betterments
4. Interest Surcharge to Be Added by the Town (Allowed up to 2% over borrowing interest rate)

Betterments and Debt Planning Variables

Town Decision Points

- Project Cost Allocations
- Betterment Methodology
- Loan Period and Interest Rate
- Residential Opt-Out Option
- Allowable Residential / Commercial Growth
- Tax Rate Adjustments
- Other Revenue Sources



Universal Base Model Assumptions

- Approx. $68,900,000 Assessed as Betterments
- Water Use Method
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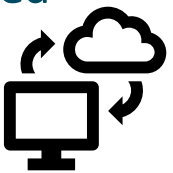

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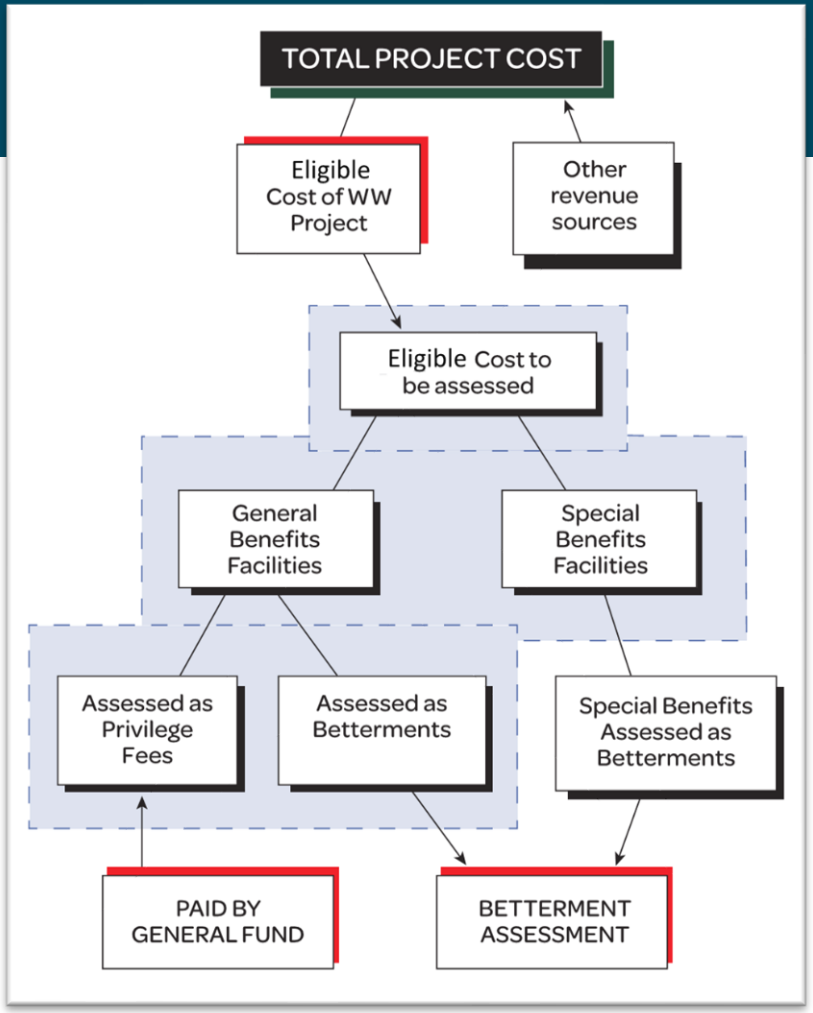
Betterment Cost Determination



- The cost used to determine betterment assessments is based on a portion of the total eligible cost of the project.
- The Select Board will vote to determine the division of costs.
- Final betterments are determined upon project completion, once project costs are finalized.

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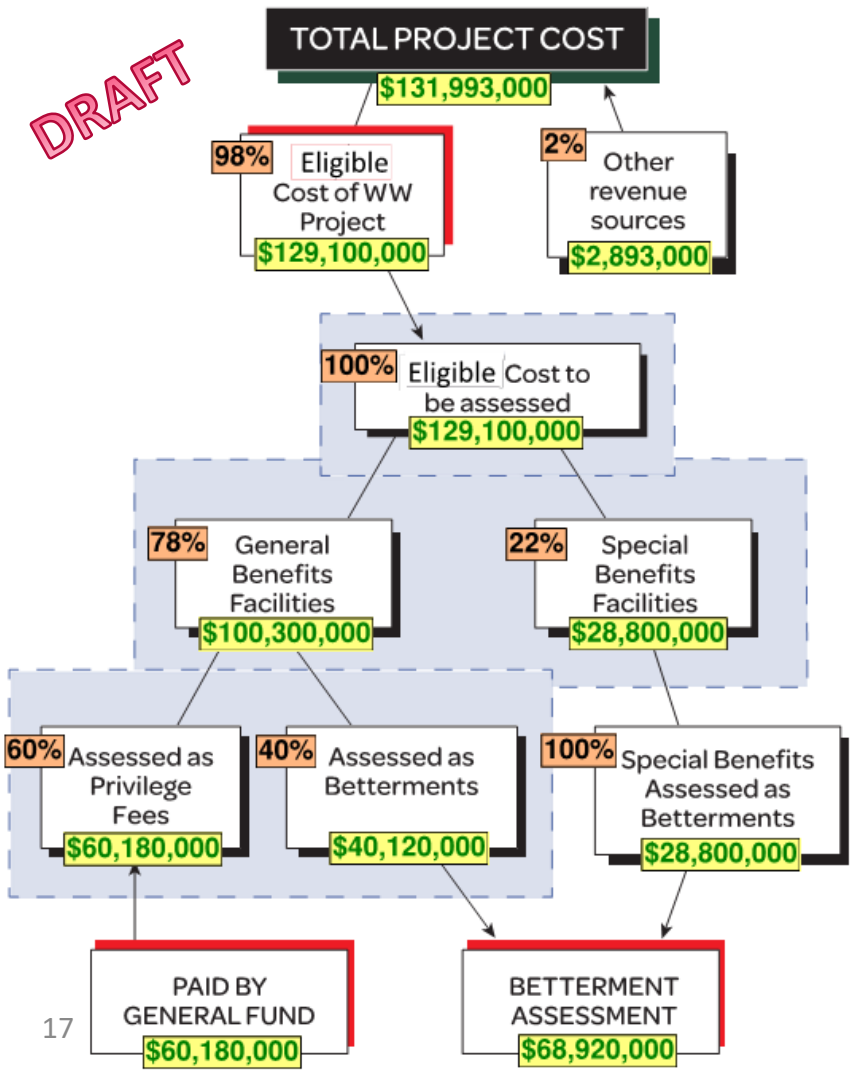
Base Model Cost Allocations



Base Model Assumptions for Demonstrative Purposes Only

**Based on an estimated Total Project Cost of $131,993,000. The final cost allocations will be determined by the Select Board after final construction costs are known. Values have been rounded.*

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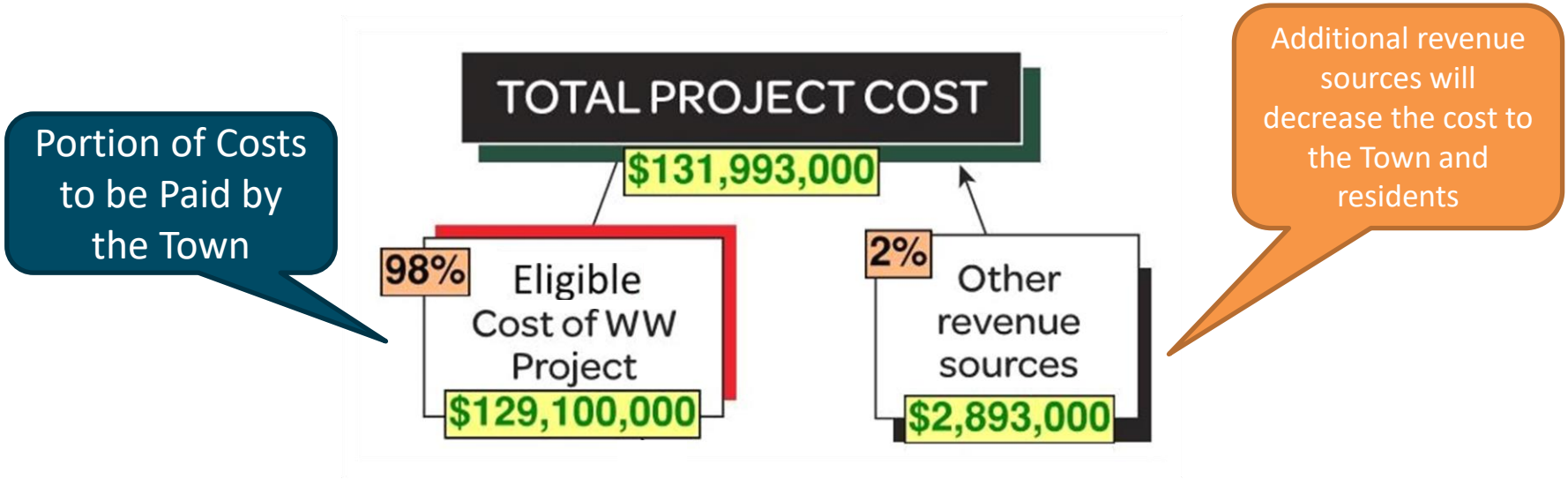
Base Model Cost Allocations

Base Model Assumptions for Demonstrative Purposes Only



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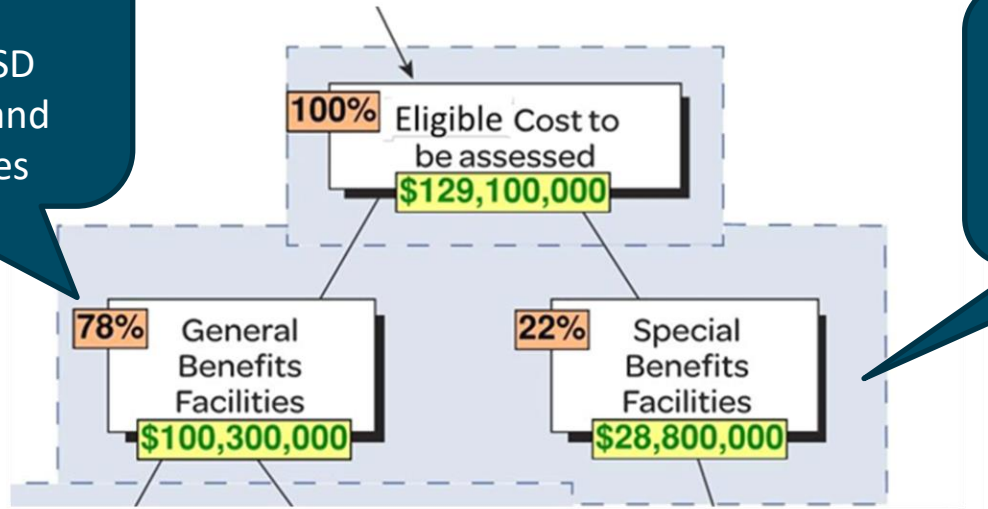
Base Model Cost Allocations

Base Model Assumptions for Demonstrative Purposes Only

*All residents benefit from:
1. Wastewater Conveyance & Connection to GLSD
2. Land Acquisition and Administrative Fees



Parcels Receiving Special Benefits from In-Town Wastewater Collection System

Recent revision to the Sewer Bylaw allows for cost split to be determined by board vote.

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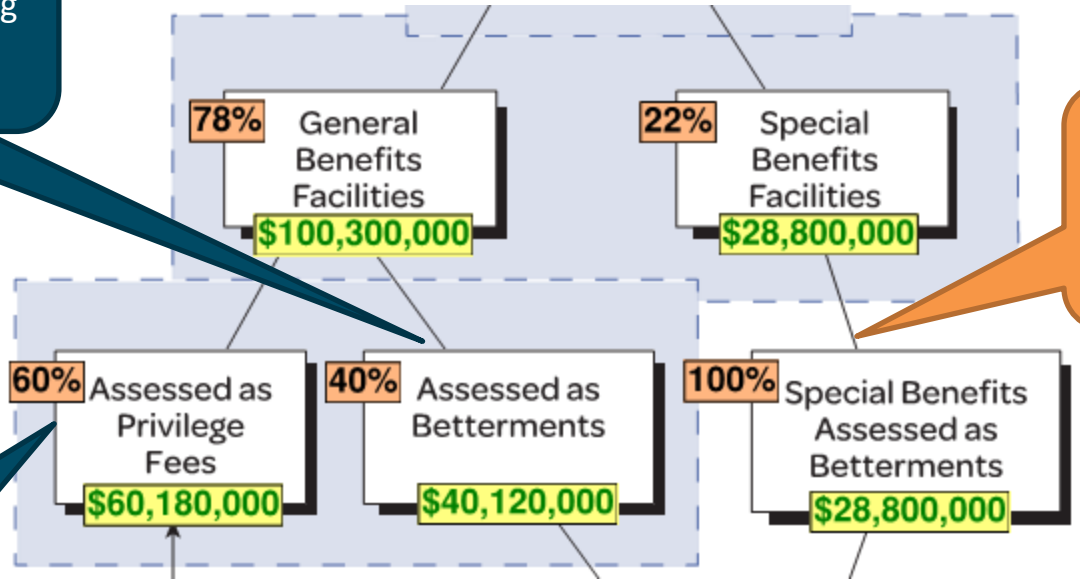
Base Model Cost Allocations

Base Model Assumptions for Demonstrative Purposes Only

Proportion of general benefit facilities costs assigned to parcels along proposed collection system



Costs assessed to pay towards debt services

Costs assigned to future sewer users upon connection

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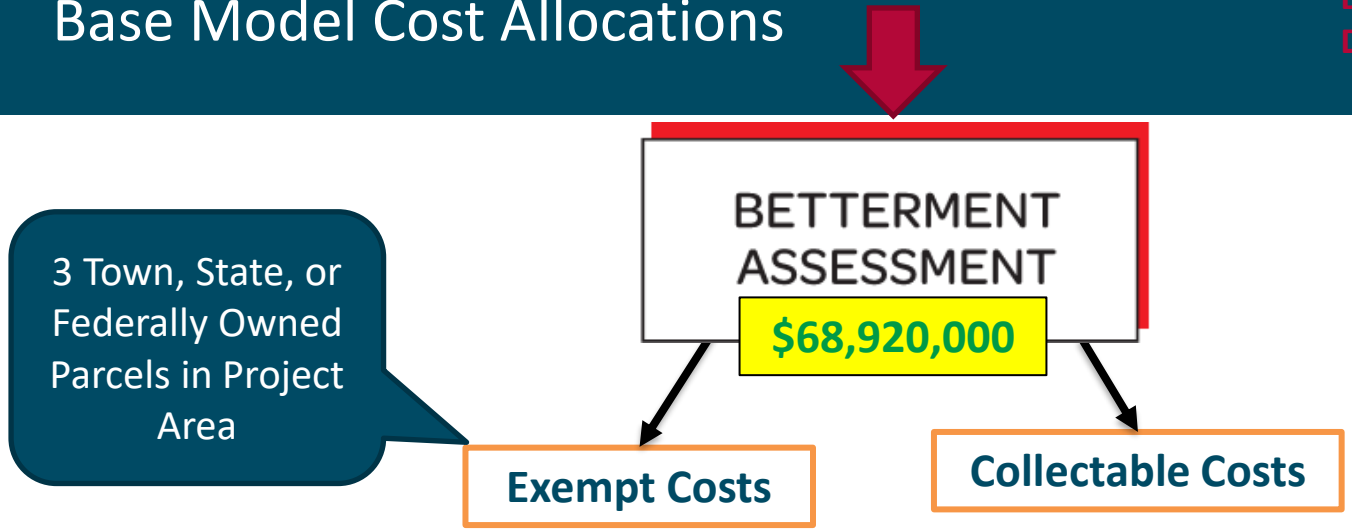
Base Model Cost Allocations

Base Model Assumptions for Demonstrative Purposes Only



Collectable	Use Type	Betterment Share
Yes	Residential	$48.8 Million
Yes	Mixed Use	$2.4 Million
Yes	Commercial	$14.5 Million
Yes	Industrial	$2.9 Million
No	Exempt*	$0.4 Million

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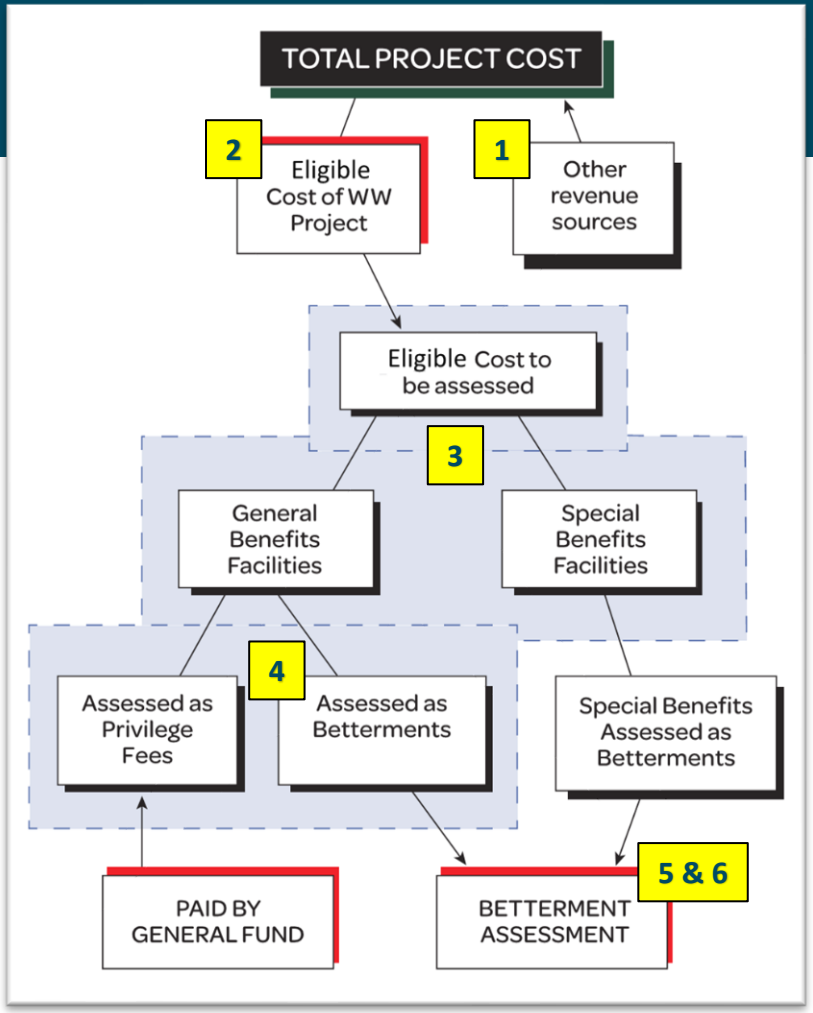
Betterment Determination Process



Decision Points:

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

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	Impact to General Fund Obligation	Impact on Res. Betterments	Impact on Com. & Ind. Betterments
1. Increase Alternative Revenue Sources			
2. Decrease Project Costs to be Assessed as Betterments			
3. Decrease % Special Benefits			
4. Decrease % General Benefits to be Assessed as Betterments			

Agenda

1
Objectives / Background
Benefits of Sewer
Project Area & Definitions

2
Betterment Assessment Methodology
Example Betterment Calculation
Betterment Determination Process

3
Debt Planning
Property Valuation
New Growth Analysis & ROI

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Betterment Assessment Methodology

- **Unit Uniform Method:** A method for assigning betterments based on dividing costs between existing and potential residential equivalent sewer units based on existing zoning *M.G.L. Ch. 83 §15*

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

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Determining Equivalent Sewer Units

Equivalent Sewer Units is based on estimated wastewater contributions

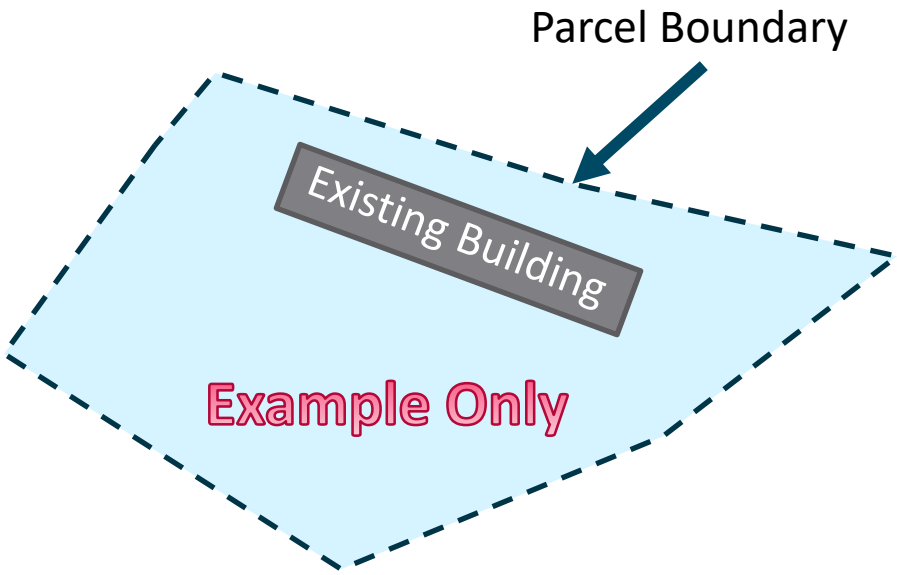
Three methods were considered to determine wastewater contribution:

1. **Water Use Method** – Based on historical water use
2. **Title V Current Build Method** – Based on existing building footprint (commercial / industrial) and current use (e.g., restaurant, office space)
3. **Title V Full Buildout Method** – Based on parcel size and flow projections under current zoning

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

Example: Betterment Calculations

- **Address:** Example
- **Number of Water Accounts:** 1
- **Number of Units on Account:** 10
- **Average Water Use:** 415 gpd (Total)
- **Use Code:** 343 (Office Space)
- **Zoning:** Highway Business (HB)
- **Lot Size:** 43,560 sq. ft.
- **Existing Building Area:** 15,000 sq. ft.



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Example: Water Use Method

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

Example Parcel

415 gpd / 130 gpd = 3 Sewer Units

Notes:

1. Parcels without historical water use were estimated based on use type.
2. Covid-19 impacts to water use have not been determined; however, consideration should be given to the likelihood that the pandemic increased residential use and decreased commercial / industrial use.
3. Estimated Residential Flow = 1 Equivalent Sewer Unit = 130 gpd (average water use for single-family homes).
4. Sewer Units rounded up to nearest 0.25

Example: Title V Current Build Method

$$No.\,of\ Sewer\ Units = \frac{Existing\ Building\ Area \times Title\ V\ Flow}{Equivalent\ Sewer\ Units}$$

Example Parcel

$$\frac{15{,}000\ /\ 1{,}000\ \text{sq. ft.} \times 75\ \text{gpd}}{330\ \text{gpd}} = 3.5\ \text{sewer units}$$

Notes:

1. Flows based on use code and Title V Projections (see table)
2. Estimated Residential Flow = 1 Equivalent Sewer Unit = 330 gpd (from *Title V)*
3. Sewer Units rounded up to nearest 0.25
4. Current Build for apartment complexes only is based on No. of bedrooms x 110 gpd / 330 equivalent sewer units

Current Use	Projected Sewer Flows	Units
Residential	110	gpd per bedroom
Store	50	gpd per 1000 S.F.
Office	75	gpd per 1000 S.F.
Supermarket	97	gpd per 1000 S.F.
Restaurant	1,000	gpd Minimum
Use Not Listed	200%	Existing Water Use

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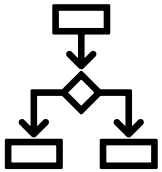
Betterment Determination Variables

Town Decision Points

- Project Cost Allocations
- Betterment Methodology
- Loan Period and Interest Rate
- Residential Opt-Out Option



Base Model Assumptions

- Approx. $68,900,000 Assessed as Betterments
- Water Use Method
- 30-Year Loan Period
- 5% Interest Rate
- No-Residential Opt-Out

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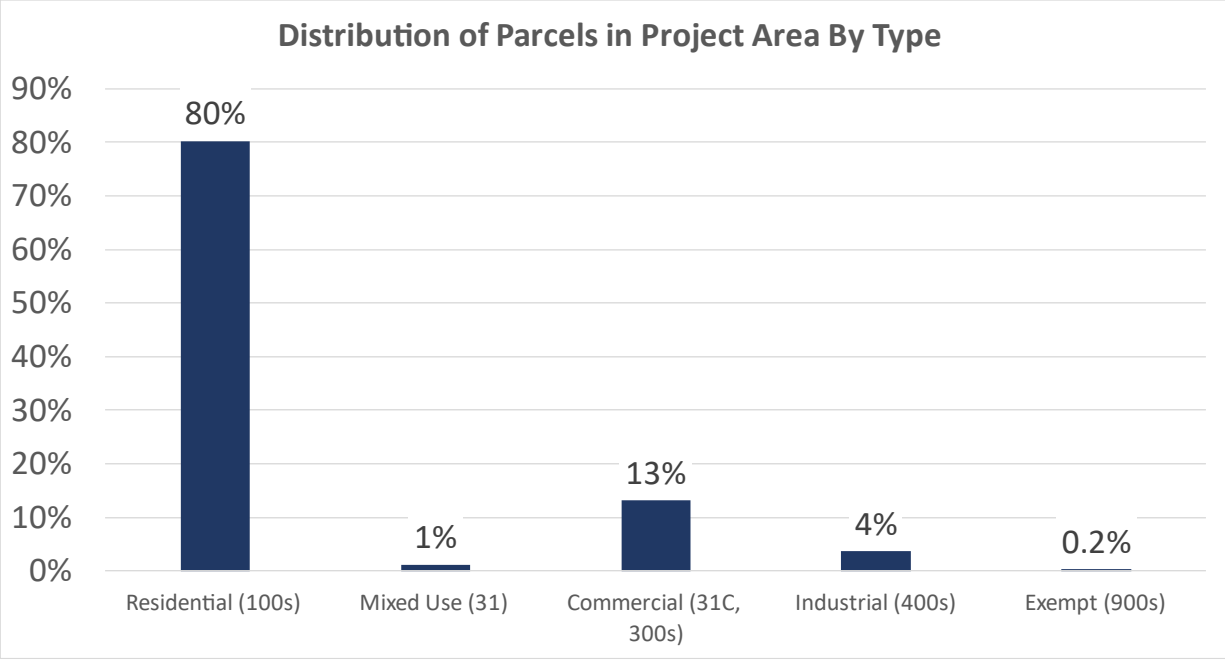
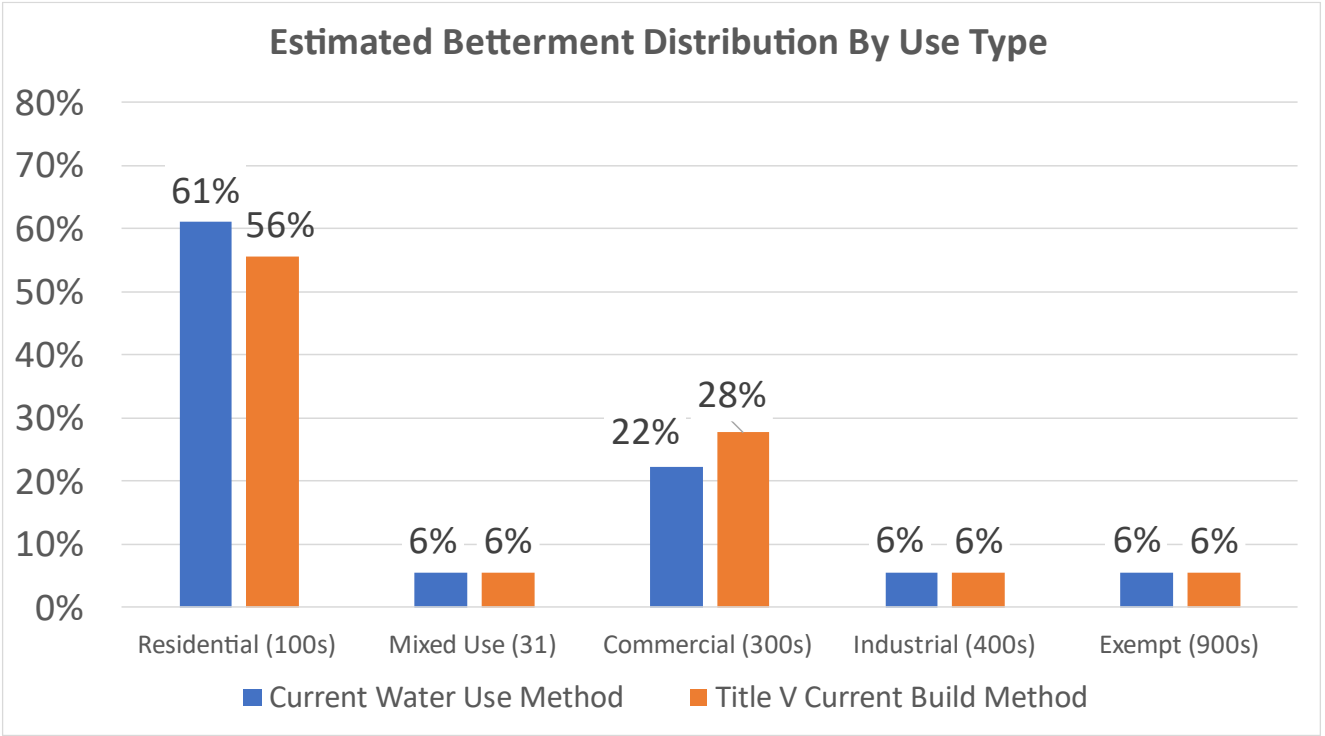
Distribution of Parcels Under Current Zoning



Comparison of Betterment Distribution

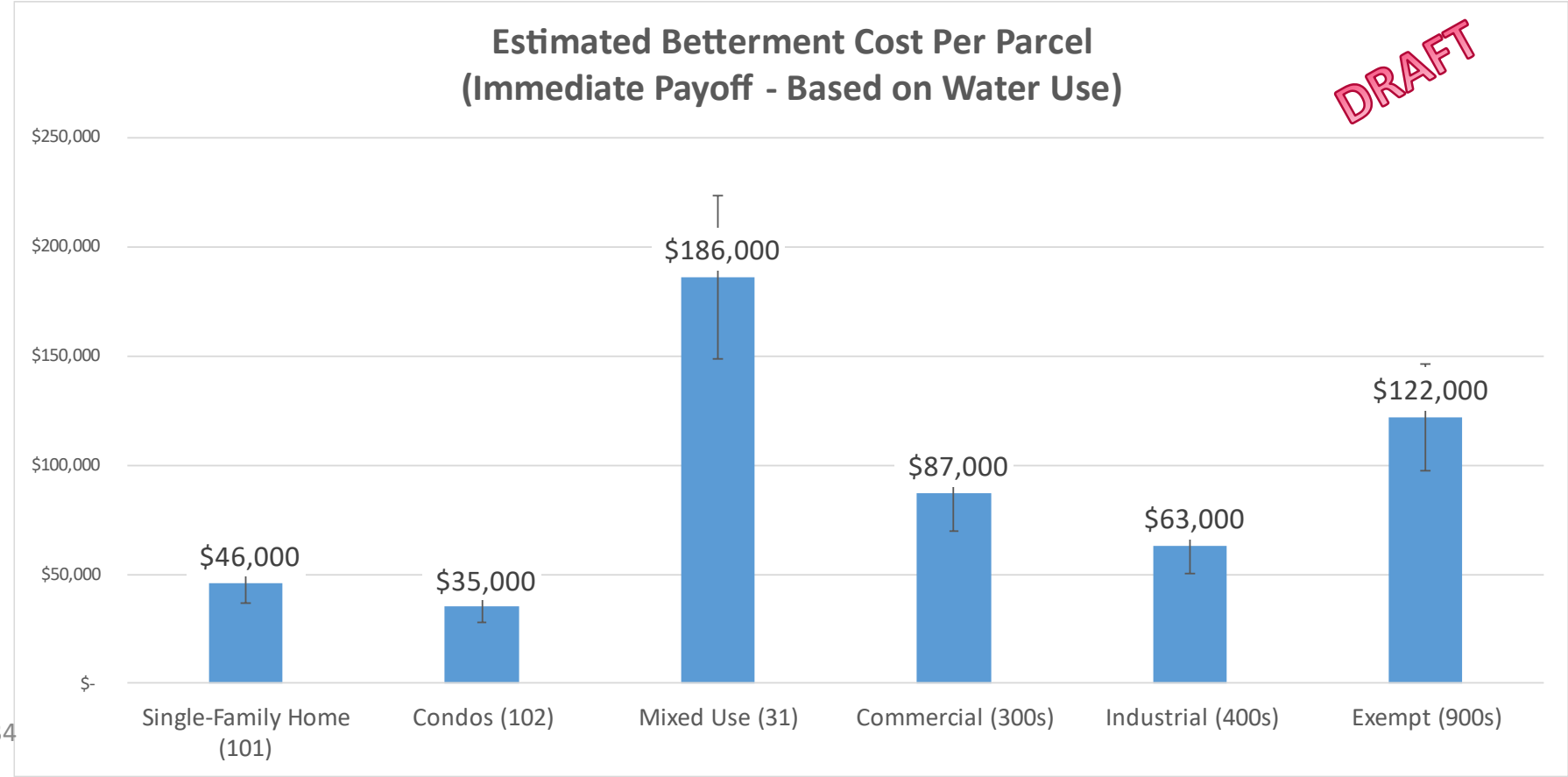


Comparison of Betterment Distribution

Decision Point	Residential Betterment Impact	Commercial Betterment Impact	Industrial Betterment Impact
Method Choice			
Water Use	61%	22%	6%
Title V Current Build	56%	28%	6%

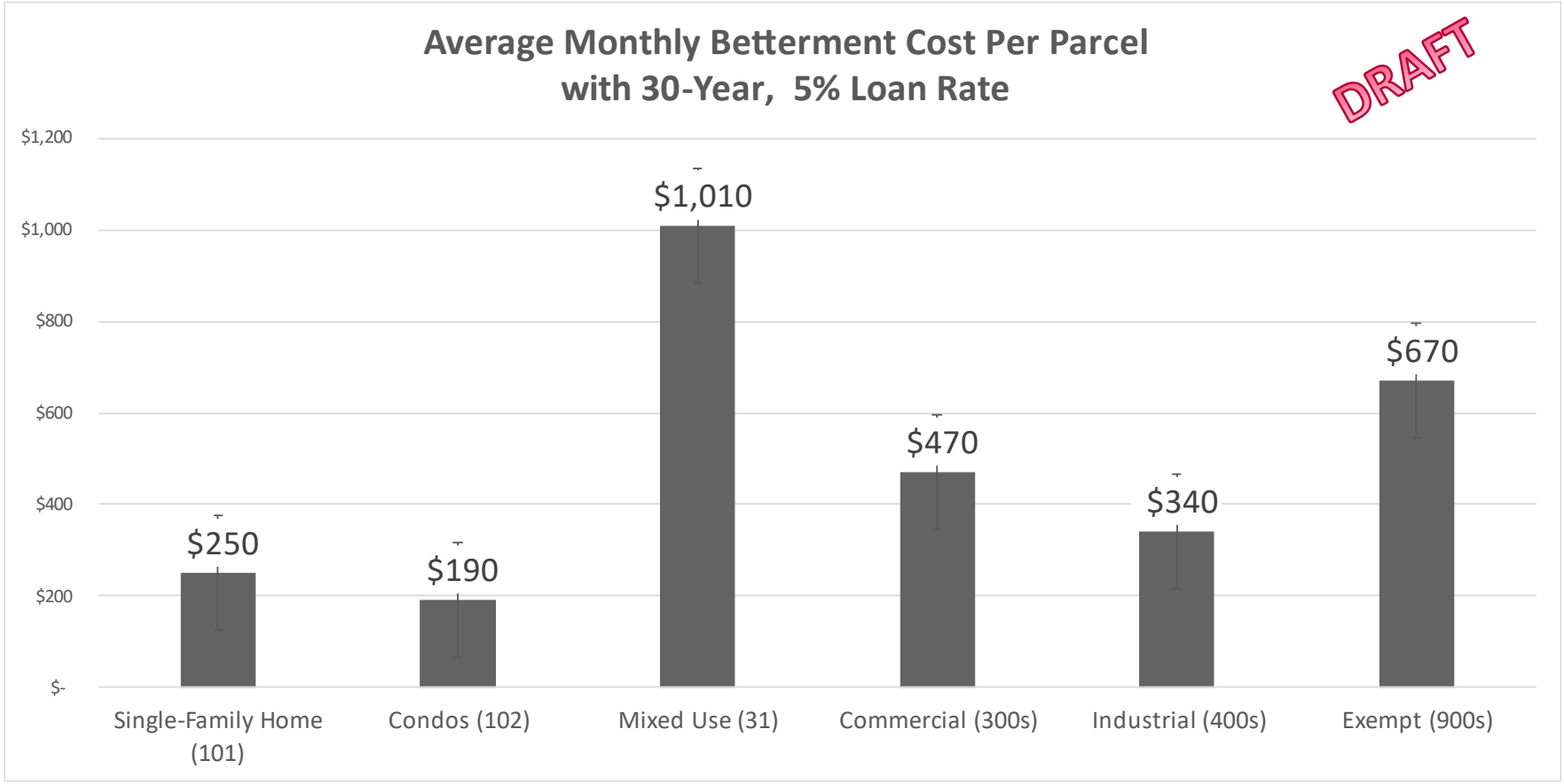
Betterment Estimates: Immediate Payoff

**Based on an estimated Total Project Cost of $131,993,000. The final cost allocations will be determined by the Select Board after final construction costs are known. Values have been rounded.*



Betterment Estimates:
30-Year Loan, 5% Interest Rate

**Based on an estimated Project Cost of $131,993,000. The final cost allocations will be determined by the Select Board after final construction costs are known. Values have been rounded.*



Agenda

1
Objectives / Background
Benefits of Sewer
Project Area & Definitions

2
Betterment Assessment Methodology
Example Betterment Calculation
Betterment Determination Process

3
Debt Planning
Property Valuation
New Growth Analysis & ROI

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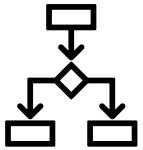
Betterments and Debt Planning Variables

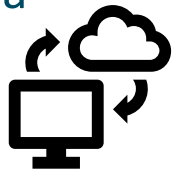
Town Decision Points

- Project Cost Allocations
- Betterment Methodology
- Loan Period and Interest Rate
- Residential Opt-Out Option
- Allowable Residential / Commercial Growth
- Tax Rate Adjustments
- Other Revenue Sources



Universal Base Model Assumptions

- Approx. $68,900,000 Assessed as Betterments
- Water Use Method
- 200,000 gpd Sewer Capacity Reserved for Betterment Area
- 30-Year Loan Period
- 5% Interest Rate
- Constant Tax Rate of $15 / $1,000



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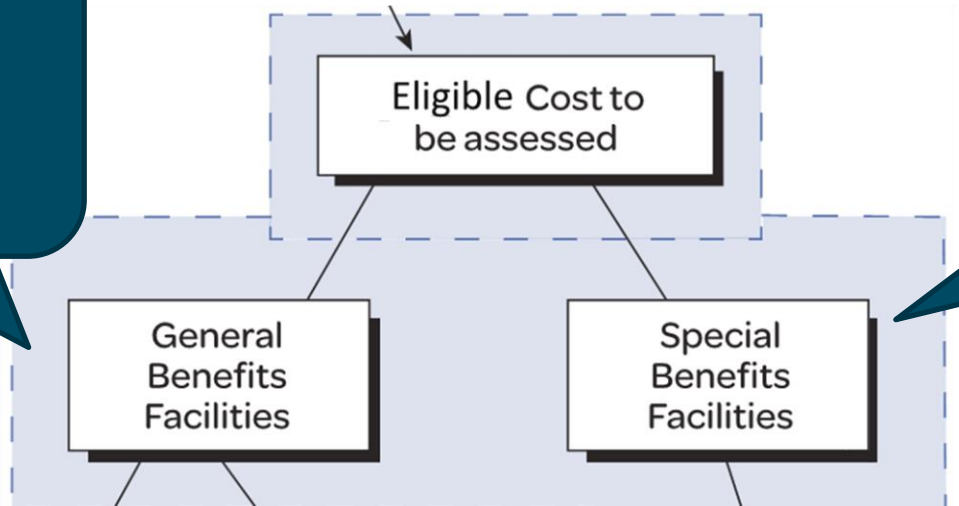
Residential Opt-Out Option

A portion of the sewer project costs may be transferred to the General Fund. Through special legislation, the Town can create a **Residential Opt-Out** for properties in the proposed Sewer District. *This would shift more of the project costs onto the General Fund.*

*All residents benefit from:

1. Wastewater Conveyance & Connection to GLSD
2. Land Acquisition and Administrative Fees



Parcels Connecting to the Collection System

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Residential Opt-Out Debt Modeling

With No-Residential Opt-Out

North Reading Tax Information	
FY22 Town Property Valuation	$4,287,829,300
FY 22 Tax Rate	$15.00
Total Real Estate Taxes Assessed	$64,317,440
FY22 Avg Residential Home Value	$659,180

	Debt Planning Base Model No Alternative Revenues Available
Project Borrowing Cost	$129,100,000
Interest	$122,055,000
Project Total Cost	$251,155,000
Betterment Principal Revenue	$68,555,000
Betterment Interest Revenue	$53,244,000
Betterment Revenue Total	$121,799,000
General Fund Tax $ Obligation	$131,869,000
Avg. Tax $ Annual Obligation	$4,254,000
Avg Res. Annual Tax Increase	**$660**

Assumes All Betterments Are Paid Over 30-Years at 5% Interest Rate & No Alternative Revenues Applied

Values for Demonstrative Purposes Only. Final Project Cost Allocations to Be Determined By Select Board

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Residential Opt-Out Debt Modeling

Modeled Under the Assumption of No Alternative Revenue towards Debt Services

Scenario A	Avg. Annual Res. Tax Increase
0% Residential Opt-Out	$660

Scenario B	Avg. Annual Res. Tax Increase
25% Residential Opt-Out	$760

Scenario C	Avg. Annual Res. Tax Increase
50% Residential Opt-Out	$880

Scenario D	Avg. Annual Res. Tax Increase
100% Residential Opt-Out	$1,080

Assumes all betterments are paid over 30-years at % interest rate.
Values for Demonstrative Purposes Only. Final Project Cost Allocations to Be Determined By Select Board

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Estimated Single-Family Home Costs Under Opt-Out Scenarios

Non-Sewered Residents

Percent Residential Opt-Out	Avg. Monthly Tax Increase	Total Annual Cost
0%	$55	$660
25%	$63	$760
50%	$73	$880
100%	$90	$1,080

Values for Demonstrative Purposes Only. Final Project Cost Allocations to Be Determined By Select Board.

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Estimated Single-Family Home Costs Under Opt-Out Scenarios

Sewered Residents

Percent Residential Opt-Out	Avg. Monthly Tax Increase	Monthly Betterment Cost	Total Monthly Cost	Total Annual Cost
0%	$55	$250 (to opt-in)	$305	$3,660
25%	$63	$250	$313	$3,760
50%	$73	$250	$323	$3,880
100%	$90	$250	$340	$4,080

Values for Demonstrative Purposes Only. Final Project Cost Allocations to Be Determined By Select Board.

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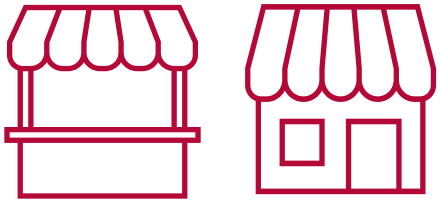
Why Do We Need Public Sewer?

- **Promote Economic Growth**
  - Increased services
  - Increased job opportunities
  - Increased property values



- **Limited Multi-Family Housing on Main St.**
  - Guided growth in population density to support business

- **Promote Public Health & Environmental Protection**
  - Improve surface and groundwater quality

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Part II – Property Valuation and Potential New Growth

FXM Associates Scope of Work

- There are two significant financial benefits from construction of a sewer
  - Property value increases for property owners abutting the proposed sewer
  - New growth tax dollars for the Town

Answer the questions: ***What is the potential new growth? & What are the potential financial benefits related to this growth?***

  - Compared property sales in North Reading with similar nearby communities with sewer
  - Assessed potential increase in value of existing properties
  - Assessed net new growth

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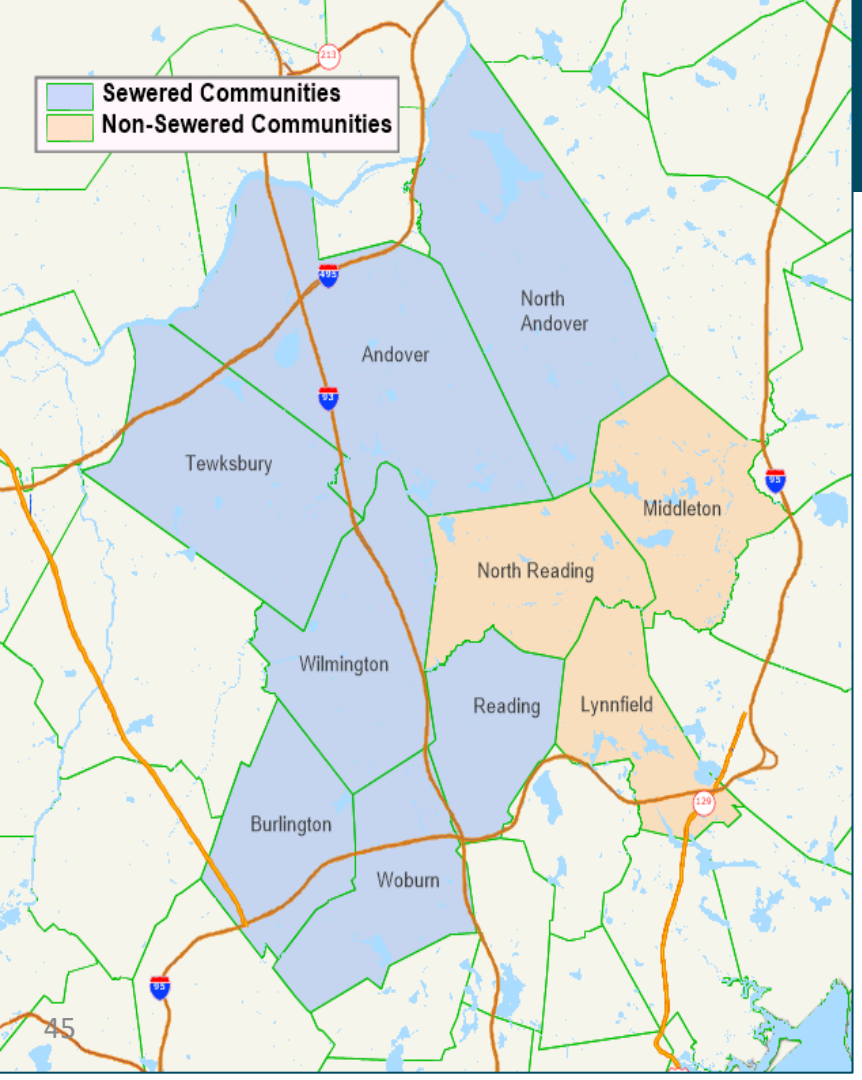

- FXM Projected Commercial / Industrial, and Multi-Family Residential Growth in the Sewer District is based on Projected Demand in Surrounding Sewered Towns
- Assumes constant tax rate of $15 / $1,000 valuation
- Not a feasibility study – for long term planning purposes only

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

Part II – Property Valuation and New Growth

Summary Findings Potential Finanical 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)	**Retail**	**Industrial/Flex**	**Office**	**TOTAL**
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

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

Market Demand Potential Only
Actual Growth Impacted By Town Decision Making

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Return on Investment

Goal: $ Returned ≥ $ Invested

$ Returned

$ Invested

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Debt Repayment

To Avoid Increasing General Tax Rates: Increase $ In Decrease $ Out

Betterments

Existing Property Value Increase Tax Levy

Residential New Growth Tax Levy

Commercial New Growth Tax Levy

Alternative Revenues (Grants, Land Sale)

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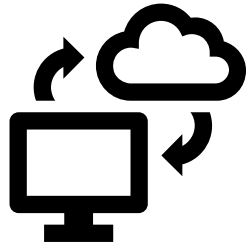
ROI Base Model Assumptions

- $131,993,000 Project Cost
- Approx. $68,900,000 Assessed as Betterments
- Water Use Method
- Town Borrowing & Betterments:
  - 30-Year Loan Repayment Period (2027 – 2057)
  - 5% Interest Rate
- Projected New Growth Evenly Distributed Over 30 Years
- 0% Residential Opt-Out
- Starting Tax Rate of $15 year / $1,000, Plus Prop 2 ½ Increase to Prior Year Tax Levy (on commercial new growth only)
- No Alternative Revenues (grants, land sale)



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ROI Sewer Related New Growth

30 Year Average Percentage of New Growth Potential[1]	30 Year Total Debt Obligation[2]	30 Year Total Sewer Related Prop 2 1/2 New Growth Tax Revenue	30 Year ROI Calculation
25% Residential 25% Commercial	$133,871,000	$110,250,000	0.8
50% Residential 50% Commercial	$133,871,000	$220,500,000	1.6
75% Residential 75% Commercial	$133,871,000	$330,748,000	2.5
100% Residential 100% Commercial	$133,871,000	$440,997,000	3.3

(1) Based on market demand potential for new growth evenly distributed over 30 years.
(2) Assuming 0% residential opt-out and betterments payments evenly distributed over 30 years

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REMEMBER: *Financial Planning is a Balancing Act*

- Burden on General Fund
- Burden on Residents in Sewer District
- Burden on Commercial & Industrial Users in Sewer District
- Borrowing Rates and Impact on Bond Rating
- Desired Residential Growth
- Desired Commercial Growth