




Financing Sewers

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Status Report on the Next Phase of Sewers

- What is the area to be served – TBD 
- Proposed Schedule – TBD 
- Projected Cost of the project – TBD 

Vocabulary

- Assessment – Betterment
- SBU (Sewer Betterment Unit) – the per unit cost of construction
- Monthly User Fee – the monthly operation and maintenance Fee
- Hook-up Fee -- \$100/ resident to fund inspection of connection to the sewer system.

Town By-Law Provisions

- . **Assessment Rates.** *The Sewer Commissioners shall establish the*
 - *assessment rate ... based on total construction costs for the sewerage system serving such area*
 - *including all costs of land acquisition, engineering and design, financing and construction, divided by the total number of existing and potential sewer units within such area.*

Town By-Law Provisions

- **Assessment Rates cont'd.**
 - *In establishing such rate,*
 - *the Sewer Commissioners shall apportion the total construction costs between costs required to serve the Middle Fort Pond Brook area and costs required to serve future areas within the Town*
 - *and shall assess owners within the Middle Fort Pond Brook area only such costs as are reasonably necessary to serve such area.*

Town By-Law Provisions

- Section D- 10
 - D.10.1 – The entire cost of laying out, constructing and operating a sewer system shall be “borne by the land benefited”
 - D.10.2 Betterments by the Uniform Unit Method
 - A single family unit and multi-family unit of 3 bedrooms or more = 1 Sewer Betterment Unit (SBU)
 - Multi-family Unit of 2 bedrooms or less = $\frac{2}{3}$ of a unit
 - Business = Max. Floor Area by Zoning

4000

State Law Provisions

- Chapter 80 – Betterments in General
- Chapter 83 – Sewers, Drains and Sidewalks
 - Overview
 - If your property abuts a sewer line
 - The owner has a right to access sewers
 - The Owner shall pay betterments according to Town By-law D.10
 - Sewer betterment units calculated on the basis of by-right zoning then in effect
 - Non-Profits and charitable uses are subject to betterments, even if tax exempt
 - Abatements must be filed within 6 months of final betterment assessments
 - Term 20 equal payments and interest rate of 5% or 2% above borrowing costs
 - Allows re-determination of betterments

Acton's Special Legislation

Benefits not Available to Other Communities

- Chapter 340 of the Acts of 2000
 - Allows extended repayment schedule to a number of periods that equals the term of the bonds times 4 (quarterly payments)
 - Allows the betterment interest rate to be set at Town's net borrowing cost

Lessons Learned

1. Ledge Removal Costs are highly volatile and represent a significant portion of construction costs. Therefore, more testing is needed or greater contingency dollars are needed.
2. Trenching in the Water Table
 1. Flowable fill or better fill and compaction testing is required to eliminate washboard road surfaces.
3. Minimum asphalt depth of 3 inches is needed to avoid repaving

Lessons Learned

4. Absence of Working Capital is a significant financial hurdle to overcome
5. Prevailing Wage
 1. In recessionary times, statutory wage rates may not decrease to reflect current market conditions

Bonding

- Requires 2/3rds Town Meeting vote
- Two Methodologies:
 - Mass Water Pollution Abatement Trust
 - Offers low interest loans based upon market conditions
 - Eligible Costs only (Design and Permitting Costs are ineligible)
 - 3/4^{ths} of a percent annual fee
 - Keeps any interest earned on unexpended funds
 - Public Market
 - Net Interest Cost
 - Interest Expense minus Interest Income
 - IRS Regulations on Non-taxable Bond Issues

Bonding cont'd

- Water Pollution Abatement Trust vs. Market Rate
 - Both are Required
- The mix is dependent on
 - Market Conditions
 - Net Interest Rate Calculation
 - (Interest Expense – Interest Income)

Estimated Monthly Betterment Cost

(Single Family Home)

- Expected 30 year term
- Monthly Cost
 - Low Construction Estimate - approx. \$200
 - High Construction Estimate - approx. \$300

Current User Fee

- Residential 1.54 cents per gallon
 - Billable flow – 76,356 gpd
 - Avg. SFR flow 152 gpd @ \$68.23/month
- Commercial 2.10 cents per gallon
 - Billable flow – 32,871 gpd
 - Avg. not applicable
- Monthly based upon actual AWD winter usage
 - Total monthly billing \$56,670

Thank You

The Moderator will now open the
Question and Answer Segment of
Tonight's Agenda