

# **Finance Water & Sewer Sub-Committee**

## **Project Update**

**February, 2017**

# Table of Contents

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- **Debt Service Incurred to Date vs. Original 2009 Cost Estimate**
- **Project Cost Estimates Going Forward**
- **Review Program & Plan for Hook-Ups to Homeowners**
- **How are Homeowners Charged for Sewerage?**
- **When, if at all, Will Sewers be Self Sustaining?**
- **Update on Joint Agreement Discussions with Harwich**

# Debt Service Incurred to Date vs. 2009 Cost Estimate

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- **2009 Total Project Estimated Cost:**
  - Phase 1     **\$ 226M**
  - Phase 2     **\$ 64M**
  - Total       **\$ 290M**
  
- **Debt Service (Loan Payments) Incurred through FY16:**
  - Expected   **\$ 8.1M**
  - Actual      **\$ 9.4M**
  - Delta      **\$ 1.3M**
  
- **Reasons for the debt service discrepancy**
  - **Front loaded debt to maximize grant and 0% interest monies**
    - + received **\$20M** in grant/stimulus monies
    - + received **\$21M** in 0% interest loan monies
  
- **Wastewater debt service now = \$0.35 on property tax rate**

# Project Cost Estimates Going Forward

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- **2009 Original Cost Estimate = \$296M**
  - Phase 1    **\$ 226M**
  - Phase 2    **\$ 70M**
  
- **2015 Revised Cost Estimate = \$314M**
  - Phase 1    **\$ 243M**
  - Phase 2    **\$ 70M**
  
- **Phase 1 \$18M Upward Revised Cost Estimate Due to:**
  - **Borrowing term reduced from 50 to 40 years**
  - **Errors in original spreadsheet calculation**

# Review Program & Plan for Hook-Ups to Homeowners

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- **448 Connection Orders** have been issued.
- **203** new hookups have occurred since program began in 2013
- **86 properties** are currently moving forward
  - **20 permits issued, 66 permits processing**
- **548 Properties** are currently impacted by Wastewater phase 1C
  - **These are expected to be completed by 2021 phase 1C completion**
- **Future hookup expectations are:**
  - **2017/2018: 86 (above referenced in process properties)**
  - **2019: 182**
  - **2020: 182**
  - **2021: 183**
- **Expect ~750 hookups to be on line by YE 2021**
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# How are Homeowners Charged for Sewerage?

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- Sewer hook up cost + sewer rate cost = total sewerage cost
- Hook up costs thus far average **\$4,400**
- Sewerage charges are based on water usage (Water usage = sewer usage)
- Sewer rates currently are **1.25** times the current water rate
  - (e.g. **\$100** water bill incurs incremental **\$125** sewer bill at hookup)
- Average homeowner total sewerage cost:
  - One time hook up average fee of **\$4,400**
  - Incremental annual sewer fee average of **\$935**

# When, if at all, Will Sewers be Self Sustaining?

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- Sewer Revenue FY'12 (prior to sewer project) = **\$299k**
- Sewer Revenue FY'16 = **\$489k**
- 203 new hookups since FY'12
- Average revenue/year per new hookup = **\$935**
- Expected Sewer debt 2017-2066 (40 years) = **\$276M**
  - Average debt cost per year = **\$6.9M**
- Water/sewer revenues will not cover annual debt cost for the foreseeable future.

# **Update on Joint Agreement Discussions with Harwich**

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- **Chatham and Harwich continue discussion on developing an Intermunicipal Agreement (IMA) to allow Harwich to use (at a TBD price) Chatham's wastewater treatment facility to address East Harwich's wastewater nitrogen issue.**
- **Current Projected Timeline:**
  - **Negotiations conclude 1Q'17**
  - **Harwich/Chatham BOS review IMA**
  - **IMA voted at Chatham/Harwich 2017 Town Meeting**
  - **Harwich requests funding to tie in to Chatham's wastewater facility**
  - **Chatham requests ~\$2.5M in engineering funds for next portion of project (Route 137/Morton Road/Commerce Park)**