Finance Water & Sewer Sub-Committee

Project Update

February, 2017
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Debt Service Incurred to Date vs. 2009 Cost Estimate

• 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

• 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

- 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
How are Homeowners Charged for Sewerage?

• 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?

• 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.
• 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)