

Public Information Meeting  
March 2, 2015

# Richmond Water & Sewer West Main Street Utility Extension Bond

# Agenda

- Presentation (20 minutes)
  - Why the proposal to extend water and sewer through the Gateway?
  - Who will benefit from this extension?
  - Who much will it cost to do this?
  - How will this be paid for – who will pay the debt?
  - What needs to happen in order for this to actually work?
  - What are the risks & negative impacts and what could go wrong?
- Open Discussion (20 minutes)

# Why is the West Main Extension proposed?

- Extending the lines to the MHP and through the Gateway could support additional development
- Development in this area would lead to additional tax and water/sewer revenues
- Extending the lines to the MHP could ensure that more residents have access to high-quality water and sewage treatment
- Expanding the water and sewer systems would increase the number of users paying for capital repairs
- We could extend fire protection with hydrants into more areas of town
- The Gateway represents a unique combination of location, zoning and density that appear to make the project feasible and desirable

# Who will benefit?

- All town residents could benefit from additional tax revenues, improved fire protection and new employment opportunities from new commercial development
- The water and sewer system benefits from a larger customer base and utilization of surplus capacity
- Property owners benefit from the advantages of a public water and sewer connection
- MHP residents benefit from all of the above

# How much will this cost us?

- The extension to the MHP will cost more than \$2,500,000
- We are asking for the authority to borrow that amount
- Additional funding will be from connection fees and allocation fees, including substantial investment from the MHP owner
- We believe the income of the residents of the MHP will qualify the town for a significant grant amount
- The Town intends to apply for USDA-Rural Development funding, which would be a grant/loan program
- This would lower the debt required for the balance of the project

# How will this be paid, and who will pay for it?

- Grants-
  - Income qualified by MHP residents
  - Correction of potential health issues
  - Maintaining high quality water supply and wastewater treatment
- Loans -
  - MHP has large concentration of users
  - One account: MHP. Fees based on aggregate flow from park
  - Financial analysis shows MHP can service debt, even at a reduced rate
- Allocation Fees and Connection Fees -
  - Up-front investments from known connections
  - On-going connection and allocation fees help fund maintenance
- Water Commission has passed a resolution committing to avoid negative cost impacts to existing customers

# What else needs to happen?

- Three important results are needed:
  - Approval of bond authority by the voters
  - Advantageous agreement to connect with MHP owner
  - Approval of advantageous grant/loan funding from USDA-RD
- If any one of the above does not happen, the project will not be started or attempted by the town
- Need borrowing authority BEFORE we apply to USDA-RD
- Gateway zoning:
  - Some changes requested by those ready to create new development
  - Proposed changes not perfect but designed to prevent run-away development before the new Town Plan is approved in two years

# What are the risks, impacts and what could go wrong?

- The town may not be able to reach an agreement with the MHP to do the extension
- Some other conditions may prove politically difficult to negotiate and take too long to resolve
- Pricing of the service for MHP users must remain affordable
- Additional development may take advantage of the public sewer capacity – a point of concern for many in the community
- A 20 or 30 year bond is quite a long time. We cannot predict what the needs of the MHP might be before the end of the debt term
- The town must be careful to avoid cost overruns
- Ultimately, the taxpayers of Richmond are responsible for all debt. If the financial plan for this extension fails during the term of the debt, we will need to cover the payments

# Article 1

Shall general obligation bonds of the Town of Richmond in an amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), subject to reduction from the receipt of available state and federal grants-in-aid (estimated to be \$1,125,000), be issued for the purpose of financing the cost of extending municipal water and sewer lines into the Gateway Zoning District and westerly as far as the Riverview Commons Mobile Home Park, the aggregate estimated cost of all such improvements being Two Million Five Hundred Thousand Dollars (\$2,500,000)?

# What might happen if the bond is defeated?

- Extension of the lines to the MHP becomes impossible and will not be pursued
- Extension of the lines to the Gateway becomes potentially cost-prohibitive to those property owners
- Extension to Phase 1 is possible but will require a new plan
- New development of Phase 1 could potentially shut the door on the opportunity to extend water and sewer into this area for many years to come
- Expansion of the water and sewer system will not happen for the foreseeable future; only redevelopment and additions in the village will help support the user base