

## Natick – MWRA

### Timeline

- Approximately 2 years to navigate permitting, regulatory, and legislative processes
- Minimum of 2 years, likely at least 4 years, to design and build infrastructure to connect Natick's water system to the nearest MWRA water main with sufficient flow capacity.
  - This would include reaching intermunicipal agreements with and building infrastructure through neighboring communities.

### Regulatory Process

1. Legislative action to amend the MWRA's enabling legislation to include Natick
2. MEPA process, including approval of the inter-basin transfer of water
3. MWRA Advisory Board approval
4. MWRA Board of Directors approval

### Cost Estimates to Join/Connect to MWRA

#### 1. MWRA Entrance Fee: approximately \$16 million

Communities joining the MWRA are charged an entrance fee of \$4.4 million per million gallons of permitted water. The Town's entrance fee would be based on the MWRA Policy #: OP.10 governing new members. This estimate is based on the MWRA Policy, but it would not be finalized until a later date with the MWRA. The MWRA would provide Natick a loan to pay its entrance fee, which would reduce the immediate fiscal impact of the entrance fee.

The terms of the loan would be:

- 25-year loan
- 0% interest
- Payments deferred for three years

Cost Estimate: Annual costs to pay the MWRA Entrance Fee with these terms:

- \$14 million entrance fee: \$560,000
- \$16 million entrance fee: \$640,000
- \$18 million entrance fee: \$720,000
- Personnel: \$1,302,799
- Operations: \$1,232,528
- Emergency Reserve Fund: \$100,000
- Debt Service: \$1,100,000
- Allocated Expenses: \$1,400,000
- Employee Benefits: \$480,000

#### 2. Infrastructure: approximately \$12 million

Natick would be responsible for designing and constructing the infrastructure to directly connect to the MWRA's infrastructure in Wayland. Haley and Ward estimates these

costs conservatively at \$2.75 million per mile. Depending on the route followed, the distance could be 4.2 miles, resulting in costs approximately \$12 million. Once constructed, the Town would own and be responsible for maintaining the infrastructure between Natick and the MWRA connection.

Alternatively, the Town could connect to an MWRA community's water infrastructure, Which would require an intermunicipal agreement with the community as well as confirmation that the infrastructure would support the increased demand. Infrastructure improvements would be paid by the Town. In addition, the communities may charge Natick a "reasonable metering fee" for water flowing through their infrastructure to Natick.

The Town would also continue to be responsible for maintaining its existing water infrastructure, such as water mains, water towers, and water department equipment. Natick would not receive funding from the MWRA for capital projects or operations. The MWRA, however, does offer financing assistance to member communities through its Local Water System Assistance Program which provides 10 year, no interest loans for certain water infrastructure projects. In addition, the MWRA offers technical support to its member communities.

Cost Estimate: Using the upper-level estimate of \$12 million to design and construct the MWRA connection, the Town could finance these costs through a debt issuance. Under M.G.L., the Town can issue debt for water mains up to 40 years, but a more likely scenario would be a 20-year amortization, as an extended amortization would increase interest payments.

Assumption for \$12 million in infrastructure costs:

- Interest rate: 3%
- Amortization: 20 years
- Level principal payments: total debt service will decline annually
- Year 1 payment: \$960,000

### **3. Water Supply: approximately \$4.7 million annually**

The MWRA would sell water to Natick at a cost of [\\$4,021.42 per million gallons](#), as of FY2020. The Town's 2020 water production costs were estimated at \$1,500 per million gallons.

Cost Estimate: In calendar year 2020, the Town pumped 1,161 million gallons which would have resulted in approximately \$4.7 million in MWRA assessment water costs.

The Fiscal Year 2021 Water Enterprise Fund budget is \$4,500,000: