



Warrant Article #11

SEWER SERVICE TO NEWFOUND LAKE Bristol, New Hampshire

March 16, 2019

Prepared by:



Project Description

The Town is proposing to extend its wastewater collection system to the residential neighborhoods near and adjacent to the Newfound Lake area. The project is consistent with previous efforts and is intended to be a proactive step to protect the water quality of the lake. The preliminary sewer design includes four planning phases, of which Phase 1 and Phase 2 are being pursued initially as they capture much of the Town's lakefront properties. A map of the proposed plan is included as Figure 1 of this handout. For a copy of the full Preliminary Engineering Report and Environmental Review, see Bristol's Town website at: www.townofbris tol nh.org

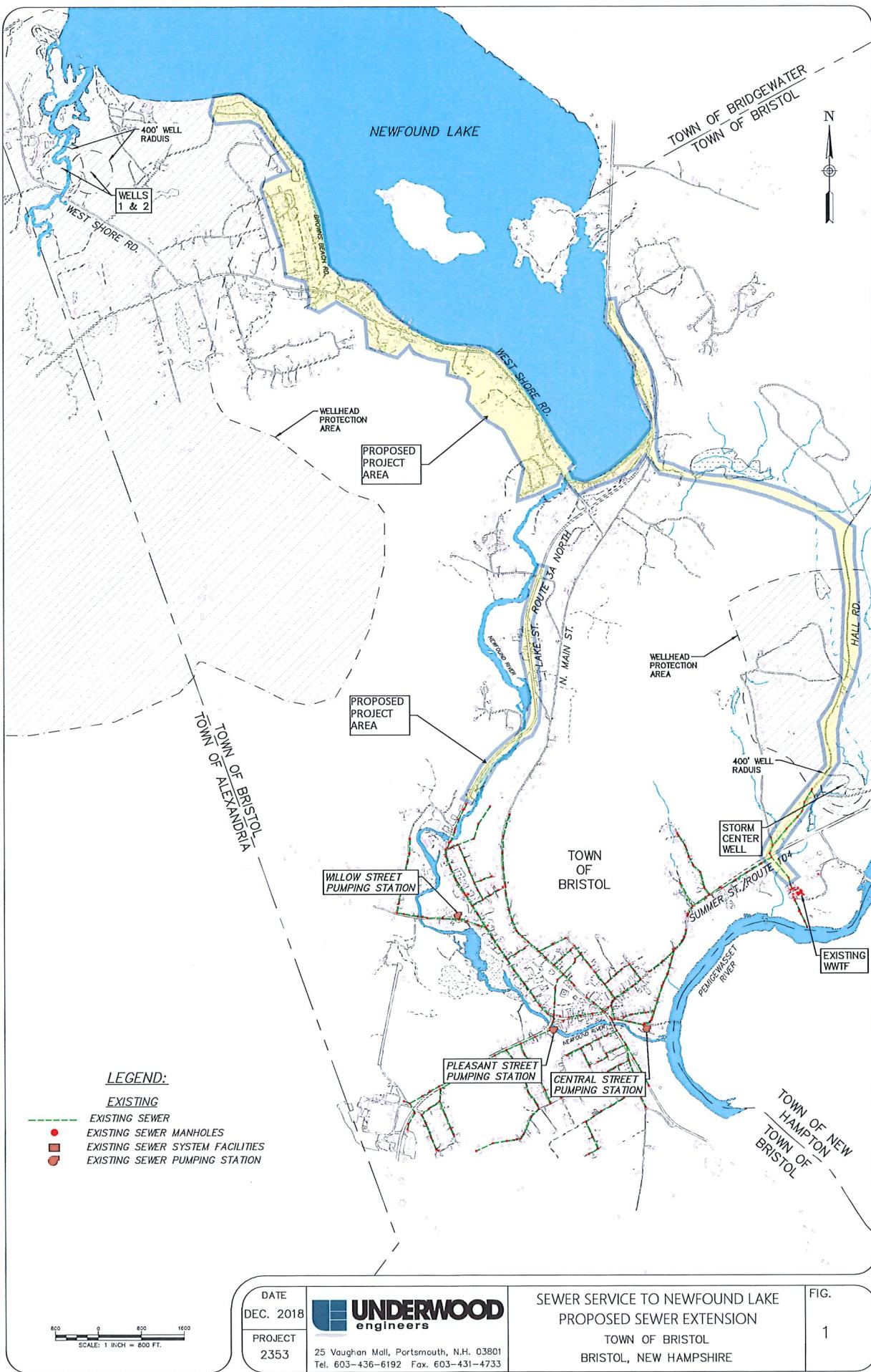
Streets Included in Project Area

- Hall Road
- Hillgate Road
- Holiday Hill Drive
- Lakeside Road
- Lake Street (Rte. 3A) from Riverdale Road to Crescent Street
- Shore Drive
- West Shore Road from Bungalow Village to Lake Street
- Arrowhead Point Road
- Belmore Court Road
- Birch Drive
- Browns Beach Road
- Bumpi Road
- Danforth Brook Road
- Gallahad Lane from Lancelot Lane to Gareth Lane
- Gareth Lane
- Hector Lane
- Juniper
- Kay Lane
- Lakeview Avenue
- Lancelot Lane
- Manor Estates Drive
- Shacketts Road
- Waring Road
- West Shore Road from Lakeview Avenue to Bungalow Village
- Woodbury Drive
- Wulamat Road

Project Facts

- Total Capital Cost is \$19.8 M.
- Project includes approximately 7.5 miles of new sewer pipe.
- Town applied for federal assistance through the U.S. Department of Agriculture Rural Development Water and Waste Disposal Loan & Grant program in December of 2018. Additional funding opportunities are being pursued including NHDES SRF, CDBG, and others.
- At project completion, approximately 500 units (mostly residential, some commercial) will have the option to connect to the municipal sewer system.
- Early phases target densely populated lake-front properties.
- Project area includes the Route 3A (Lake Street) village commercial district.





Rate Impact Summary

The Town applied for Federal funding assistance through the USDA Rural Development (RD) Water and Waste Disposal Loan & Grant program. In the event that the application is approved for funding, the Town will receive a combination loan and grant package. Current interest rates through the RD program range from 2.375% to 4.00% for up to a 40-year repayment term. Grants are awarded based on community eligibility, which is determined by RD during the review process. In preparation for a successful application, the Town has begun to evaluate a loan payback strategy that is equitably distributed to Bristol property owners and sewer rate payers. Initial calculations determined that a loan of \$19.8M to cover the full cost of the project is unaffordable as it will create an unreasonable financial burden on Town residents.

The Town has targeted a maximum loan amount of \$10 Million to keep the project manageable.

There are a variety of strategies used by municipalities to pay the debt service and O&M from infrastructure improvement projects. For debt service, common approaches include assessing betterment fees, paying a portion through the Town's general fund, and distributing the debt to sewer users through sewer rates. Several scenarios have been considered using a combination of these approaches. The following summarizes the potential ranges depending on the scenario considered.

General Fund	\$0 - \$400,000
Tax Rate Impact (per \$1,000)	\$0 - \$0.85
Betterment Fee (per EDU)	\$0 - \$610
Current User Increase (annual)	\$0 - \$590
New User Cost (annual)	\$410 - \$3,480

Based on the scenarios considered and feedback from meetings held with the Board, the target scenario is as follows:

Table 1: Rate Impact Summary Table

Project Total (Phase 1 and Phase 2)	\$19,800,000
Target Grant/Other Amount	\$9,800,000
Target Loan Amount	\$10,000,000
Interest Rate	3.5%
Target Rate Structure	
General Fund	\$400,000
Tax Rate Impact (per \$1,000)	\$0.85
Tax Increase on Median Home Price (\$164,400)	\$140
Betterment Fee (per EDU)	\$610
Existing User Rate (typical annual)	\$270 to \$390
User Rate Increase (annual)	\$140 to \$160

