

PARK STREET SEWER EXTENSION PROJECT UPDATE



Finance Committee Presentation

May 1, 2019

Public Outreach Forums

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Public Outreach Forums:

- Board of Selectmen Presentation – December 18, 2018
- Public Forum – January 16, 2019
- Finance Committee Presentation – March 20, 2019
- Board of Selectmen Presentation – April 16, 2019
- Finance Committee Presentation – May 1, 2019

Overall Construction Cost

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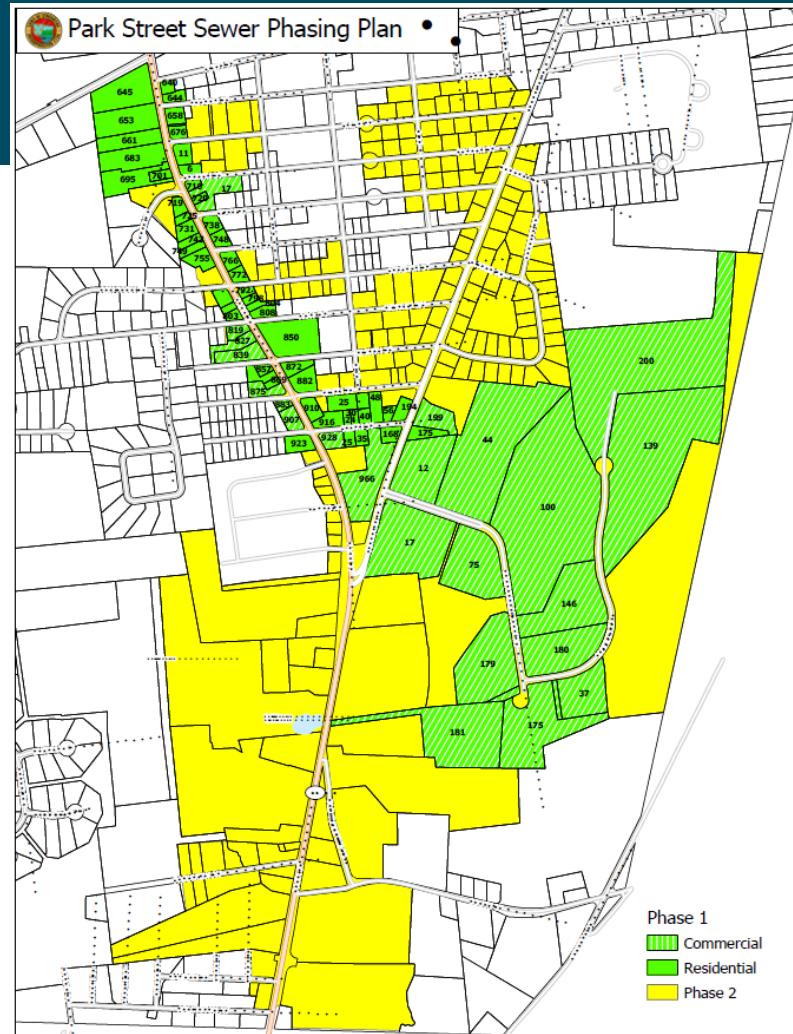
Comment/ Concern:

The Project Cost of \$10M is just too much for the Town to finance at this point considering the current financial situation.

Response:

The project has now been phased into two areas (Phase 1 and Phase 2). The current proposal is to design both phases but to only construct Phase 1. Phase 1 includes the Campanelli Industrial Park area, Tenth Street, and the area along Park Street north of Tenth Street to the connection point near Fano Drive (aka Line Lumber Road). **Project Cost has been reduced from \$10M to \$5.6M. Please see the following Project Map & Bonding Schedules.**

Project Map



Construction Cost Breakdown

Park Street Sewer Phasing Study
Engineer's Estimate of Probable Construction Costs - **CONCEPT LEVEL FOR BUDGETING PURPOSES**
CAMPANELLI INDUSTRIAL PARK ONLY
Stoughton, MA

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Date: April 29, 2019
ENR 20-City CCI Index: 11,230 (May 2019)

Item No.	Description	Unit Cost	Quantities	Units	Cost
1	5% Mobilization/Demobilization	\$ 200,800	1	%	\$200,800
2a	Pipe - PVC 8-10 inch diameter	\$ 150	9100	LF	\$1,365,000
3a	Pipe - PVC 4-inch diameter FORCE MAIN	\$ 75	4500	LF	\$337,500
4a	6" PVC sanitary sewer services, Local Roads	\$ 80	1150	LF	\$92,000
4b	6" PVC sanitary sewer services, State Roads	\$ 80	1110	LF	\$88,800
5	Manhole - Precast 4-Foot Diameter (every 250 feet)	\$ 600	300	VF	\$180,000
6a	Wastewater Pumping Station - small	\$ 500,000	1	LS	\$500,000
7	Exploratory Investigations	\$ 90	600	CY	\$54,000
8	Rock Excavation	\$ 150	4000	CY	\$600,000
9	Utility Support and Coordination	\$ 40,000	1	LS	\$40,000
10	Excavation of Unsuitable Material Below Grade	\$ 50	250	CY	\$12,500
11a	Trench Pavement (4.5-inch, Local Roads), including services	\$ 150	1400	TON	\$210,000
11b	Trench Pavement (7.5-inch, State Roads), including services	\$ 150	1400	TON	\$210,000
11c	Curb-to-Curb Overlay (State Roads Only), 2-inch	\$ 150	830	TON	\$124,500
12a	Police Details - Main Line Crew	\$ 1,200	140	DAYS	\$168,000
12b	Police Details - Service Crew	\$ 800	41.5	DAYS	\$33,200

Assumes 40% of Trench Volume is Ledge

Construction Costs	\$4,220,000
Construction Contingency (25%)	\$1,060,000
Construction Total	\$5,280,000
Engineering Design	\$581,000
Engineering Support During Construction	\$200,000
Resident Project Representative	\$175,000
Contract Total	\$6,236,000

Design Services - Phase 1 Only

FINAL DESIGN BUDGET RECOMMENDATION

PARK STREET SEWER EXTENSION DESIGN

ANNUAL TOWN MEETING 2019

BACKGROUND

The Town of Stoughton Engineering Department is sponsoring an \$800,000 article at Annual Town Meeting to design sewer extensions to the Park Street area. The Town's immediate interest (Phase I) is to extend sewer service to the Campanelli Industrial Park located on Campanelli Parkway and Shuman Avenue to spur economic development. The budget to design Phase I is \$581,000. Subsequent phases may extend sewer to local adjacent neighborhoods and Park Street towards the Brockton line to alleviate public health and environmental concerns associated with failing septic systems. **Figure A** illustrates the extent of the project that the Town is immediately interested in.

The current project budget includes an assumption that a significant quantity of ledge (40% of the volume of the excavated trench for sewer installation) will require removal from the trench. Prior to completing the design of Phase I, the Town will complete a comprehensive subsurface exploration program to validate this assumption. The Town will update its construction cost estimate after completion of the subsurface exploration program.

Design of the project will not proceed until after the subsurface exploration program has been conducted and only if the updated construction cost estimate confirms the project is in the Town's best interest to continue.

The scope of services listed below outlines how the funds will be spent. A detailed scope of work follows this summary table.

Task #	Design Task (Phase I)	Budget
1	Subsurface Investigations	\$86,000
	Traffic Details (subsurface investigations)	\$12,000
<i>Remaining Work Tasks Subject to Town Authorization</i>		
2	Survey and Baseplan Development	\$56,000
3	Financial Assistance (MassWorks)	\$28,000
4	Preliminary Design	\$60,000
5	Easement Survey	\$18,000
6	Permitting	\$34,000
7	Final Design	\$144,000
8	Quality Control	\$24,000
9	Project Meetings, Utility Coordination and Site Visits	\$62,000
10	Project Administration	\$44,000
	<i>Design Sub-Total</i>	\$568,000
	Traffic Details (survey, site visits)	\$8,000
	DPW Bond	\$5,000
	Total Article Budget	\$581,000

Bonding Schedule

No MassWorks Grant

Bonding Information:

Project Cost = \$5.65M

MassWorks Grant = \$2.5M

Interest Rate = 4%

YR	PRINCIPAL	PRINCIPAL	INTEREST	TOTAL
	BALANCE	PAYMENT	PAYMENT	PAYMENT
1	\$5,655,000	\$282,750	\$226,200	\$508,950
2	\$5,372,250	\$282,750	\$214,890	\$497,640
3	\$5,089,500	\$282,750	\$203,580	\$486,330
4	\$4,806,750	\$282,750	\$192,270	\$475,020
5	\$4,524,000	\$282,750	\$180,960	\$463,710
6	\$4,241,250	\$282,750	\$169,650	\$452,400
7	\$3,958,500	\$282,750	\$158,340	\$441,090
8	\$3,675,750	\$282,750	\$147,030	\$429,780
9	\$3,393,000	\$282,750	\$135,720	\$418,470
10	\$3,110,250	\$282,750	\$124,410	\$407,160
11	\$2,827,500	\$282,750	\$113,100	\$395,850
12	\$2,544,750	\$282,750	\$101,790	\$384,540
13	\$2,262,000	\$282,750	\$90,480	\$373,230
14	\$1,979,250	\$282,750	\$79,170	\$361,920
15	\$1,696,500	\$282,750	\$67,860	\$350,610
16	\$1,413,750	\$282,750	\$56,550	\$339,300
17	\$1,131,000	\$282,750	\$45,240	\$327,990
18	\$848,250	\$282,750	\$33,930	\$316,680
19	\$565,500	\$282,750	\$22,620	\$305,370
20	\$282,750	\$282,750	\$11,310	\$294,060
TOTAL		\$5,655,000	\$2,375,100	\$8,030,100

Annual Average Bonding Cost

\$401,505

With MassWorks Grant

YR	PRINCIPAL	PRINCIPAL	INTEREST	TOTAL
	BALANCE	PAYMENT	PAYMENT	PAYMENT
1	\$3,155,000	\$157,750	\$126,200	\$283,950
2	\$2,997,250	\$157,750	\$119,890	\$277,640
3	\$2,839,500	\$157,750	\$113,580	\$271,330
4	\$2,681,750	\$157,750	\$107,270	\$265,020
5	\$2,524,000	\$157,750	\$100,960	\$258,710
6	\$2,366,250	\$157,750	\$94,650	\$252,400
7	\$2,208,500	\$157,750	\$88,340	\$246,090
8	\$2,050,750	\$157,750	\$82,030	\$239,780
9	\$1,893,000	\$157,750	\$75,720	\$233,470
10	\$1,735,250	\$157,750	\$69,410	\$227,160
11	\$1,577,500	\$157,750	\$63,100	\$220,850
12	\$1,419,750	\$157,750	\$56,790	\$214,540
13	\$1,262,000	\$157,750	\$50,480	\$208,230
14	\$1,104,250	\$157,750	\$44,170	\$201,920
15	\$946,500	\$157,750	\$37,860	\$195,610
16	\$788,750	\$157,750	\$31,550	\$189,300
17	\$631,000	\$157,750	\$25,240	\$182,990
18	\$473,250	\$157,750	\$18,930	\$176,680
19	\$315,500	\$157,750	\$12,620	\$170,370
20	\$157,750	\$157,750	\$6,310	\$164,060
TOTAL		\$3,155,000	\$1,325,100	\$4,480,100

Annual Average Bonding Cost

\$224,005

Tax Levy Growth Projections

Comment/ Concern:

Growth projection from Town Assessor in Tax Levy of 1M+ by year 10 seems excessive and not believable. A more conservative analysis should be used in the revenue projection.

Response:

Initial assessment from Town Assessor indicated growth could possibly reach \$1.5M per year after 10 years. \$1.0M growth was considered to be probable for both Phase 1 and Phase 2 areas.

The financial models have been re-analyzed to include only Land Value for Phase 1 Commercial/ Industrial properties using current tax rates. The increased Tax Levy due to Land Value for Phase 1 seweried commercial/ industrial properties is estimated to approach \$1.0M/ year by year 10 (see next slide for details). We have conservatively utilized the increased Tax Levy in our Financial Analysis. We have modeled tax levy growth (Land Value Only) of \$100,000 at year 3 and capped growth at \$500,000 at years 10-20. This equates to 50% of the calculated growth for the Land Value Tax assessment only.

Tax Levy Growth Projections

Response continued: (calculation of \$1.0M tax levy growth)

We evaluated 23 non-sewered commercial/ industrial properties in the Phase 1 project area. These properties have **\$4.51 of Land Value/ square foot.**

Comparatively, we evaluated 11 seweraged properties on Technology Drive in North Stoughton. These properties have **\$9.64 of Land Value/ square foot.**

Considering factors that affect the value of land (i.e. Infrastructure, highway access, proximity to Boston, etc.) we conservatively utilized **\$7.00 of Land Value/ square foot** for the seweraged Phase 1 commercial/ industrial properties to arrive at growth in the Tax Levy to **\$1.0M/ year.**

Land Value Calculation – Phase 1

Commercial Sites Park Street Corridor						
Address	Owner	Acres	SqFeet	TotalVal	Land Value Only	Land Val/ Sqfeet
12 CAMPANELLI PARK WY	STAG STOUGHTON 2 LLC	3.960	172,498	\$2,393,100	\$983,200	\$5.70
17 CAMPANELLI PARK WY	FRANKLIN SPORTS INDUSTRIES INC	7.350	320,166	\$4,963,800	\$1,753,700	\$5.48
44 CAMPANELLI PARK WY	44 CAMPANELLI HOLDINGS LLC	12.830	558,875	\$4,380,200	\$1,697,300	\$3.04
75 CAMPANELLI PARK WY	NCHWU LLC	4.360	189,922	\$3,038,500	\$1,082,600	\$5.70
100 CAMPANELLI PARK WY	STAG STOUGHTON 1 LLC	18.410	801,940	\$8,980,000	\$4,571,100	\$5.70
146 CAMPANELLI PARK WY	ONE FORTY SIX CAMPANELLI	4.860	211,702	\$1,610,100	\$712,200	\$3.36
175 CAMPANELLI PARK WY	ELAN REALTY LLC	5.840	254,390	\$1,630,700	\$669,400	\$2.63
179 CAMPANELLI PARK WY	179 CAMPANELLI PARKWAY LLC	5.230	227,819	\$3,193,100	\$1,043,000	\$4.58
180 CAMPANELLI PARK WY	180 STOUGHTON LLC	4.100	178,596	\$3,636,100	\$1,018,000	\$5.70
181 CAMPANELLI PARK WY	181 CAMPANELLI PKWY LLC	7.110	309,712	\$3,562,700	\$1,133,200	\$3.66
CAMPANELLI PARK WY	181 CAMPANELLI PKWY LLC	0.244	10,642	\$12,100	\$12,100	\$1.14
17 FOURTH ST	ART AND FAMILY CENTER LLC	1.441	62,760	\$385,900	\$268,100	\$4.27
819 PARK ST	KLA LLC	0.360	15,685	\$431,100	\$226,500	\$14.44
827 PARK ST	PAPANTONIADIS PROPERTIES LLC	0.615	26,791	\$352,000	\$232,400	\$8.67
839 PARK ST	386 WASHINGTON ST LLC	0.807	35,153	\$577,700	\$372,500	\$10.60
875 PARK ST	FAMILY REALTY LLC	0.570	24,832	\$586,800	\$295,100	\$11.88
883 PARK ST	883 PARK REALTY LLC	0.159	6,920	\$327,100	\$136,700	\$19.75
907 PARK ST	RMK907PARK LLC	0.510	22,200	\$871,200	\$275,400	\$12.41
928 PARK ST	928 PARK STREET LLC	0.498	21,684	\$472,100	\$271,500	\$12.52
37 SHUMAN AV	NCHWU LLC	2.750	119,790	\$1,574,600	\$530,400	\$4.43
139 SHUMAN AV	SHUMAN REALTY LLC	16.310	710,464	\$10,932,100	\$2,856,200	\$4.02
200 SHUMAN AV	TSC SHUMAN 200 LLC	18.580	809,345	\$7,307,000	\$2,869,000	\$3.54
SHUMAN AV	NCHWU LLC	0.249	10,864	\$12,400	\$12,400	\$1.14
Totals		117.143	5,102,749	\$61,230,400	\$23,022,000	\$4.51

Land Value Calculation – Technology Drive

Technology Drive		Acres	SqFeet	TotalVal	Land Value Only	Land Val/ Sqfeet
Address	Owner					
1 TECHNOLOGY CTR DR	CAMPANELLI-TRIGATE 100 TCD	10.070	438,649	\$13,233,100	\$7,150,000	\$16.30
2 TECHNOLOGY CTR DR	BATES THOMAS W TRUSTEE	4.160	181,209	\$8,458,200	\$2,953,700	\$16.30
400 TECHNOLOGY CTR DR	BELL FUND V STOUGHTON LLC	13.080	569,783	\$36,393,900	\$6,720,000	\$11.79
501 TECHNOLOGY CTR DR	R K STOUGHTON LLC	11.820	514,879	\$8,021,267	\$6,833,700	\$13.27
401 TECHNOLOGY CTR DR	BINGO 27 STOUGHTON	1.370	59,677	\$1,337,811	\$923,100	\$15.47
601 TECHNOLOGY CTR DR	701TECH CTR DR ASSOCIATES LLC	5.010	218,236	\$4,667,996	\$2,116,000	\$9.70
800 TECHNOLOGY CTR DR	CURRAN 800 TECHNOLOGY	14.290	622,472	\$11,642,300	\$5,821,700	\$9.35
1000 TECHNOLOGY CTR DR	LINCOLN ASB STOUGHTON LLC	34.450	1,500,642	\$16,942,500	\$6,175,300	\$4.12
701 TECHNOLOGY CTR DR	POTOROO LLC	8.155	355,227	\$11,480,600	\$3,939,400	\$11.09
901 TECHNOLOGY CTR DR	GERSHMAN PROPERTIES LLC	11.110	483,952	\$13,003,800	\$6,485,200	\$13.40
301 TECHNOLOGY CTR DR	1031 S. WOOSTER PARTNERS L P	6.210	270,508	\$1,480,347	\$1,147,300	\$4.24
Totals		119.725	5,215,234	\$126,661,821	\$50,265,400	\$9.64

Four Large Commercial Sites		Acres	SqFeet	TotalVal	Land Value Only	Land Val/ Sqfeet
Address	Owner					
1 IKEA WY	NSHE STOUGHTON I LLC	24.575	1,070,487	\$29,763,512	\$16,592,500	\$15.50
TURNPIKE ST	COSTCO WHOLESALE CORP	2.900	126,324	\$3,130,700	\$2,059,100	\$16.30
1 HAWES WY	TARGET CORPORATION -T-2258	6.678	290,894	\$10,224,911	\$3,951,900	\$13.59
301 PAGE ST	DIBLASI JOHN S & GERALD J TRS	17.114	745,477	\$5,748,753	\$2,241,900	\$3.01
Totals		51.267	2,233,182	\$48,867,876	\$24,845,400	\$11.13

Comment/ Concern:

More clarification on the Financial Model scenarios that were produced is needed.

What is the “most probable” scenario?

What is the Return on Investment (ROI)?

How can we ensure that the projected revenues will be realized?

Response:

We re-analyzed the models to produce the “most probable” scenario. For the “most probable” scenario we have calculated the payback period (ROI) and year cash flow positive consistent with a Draft Sewer Connection Policy. The Draft Sewer Connection Policy will ensure that users connect to the system and contribute to the project by a specified time. See the following slides regarding the Draft Sewer Connection Policy.

DRAFT SEWER CONNECTION POLICY

Policy Element	Draft Policy: - Residential (10 BRs or fewer)	Draft Policy: - Commercial / Industrial - Multi-Family (>10 BRs)
Requirement to Connect to Sewer	Required within ten (10) years: - Sewer Connection and I/I Fee waived, if connect within the first 3 years from the date of the Letter to Connect.	Required within three (3) years: - Sewer Connection and I/I Fee waived, if connect within the first year from the date of the Letter to Connect.
Exceptions	Owner has a newly installed septic system (within prior 5 years): - connection requirement extended by 5 years	
	Hardship as approved by the discretion of the Board of Selectmen	Hardship as approved by the discretion of the Board of Selectmen
Exception Overrides	Failed Cesspool or Septic System	Failed Cesspool or Septic System
	Transfer of Property Ownership	Transfer of Property Ownership
	Increase in Flow that would cause existing septic system to be undersized	Increase in Flow (due to change of use, building expansion, etc.) that would cause existing septic system to be undersized
	New Construction (new dwelling)	New Construction
Sewer User Charges	Sewer User Charges will be assessed if a property owner does not connect within the timeframes indicated above.	Sewer User Charges will be assessed if a property owner does not connect within the timeframes indicated above.

Notes:

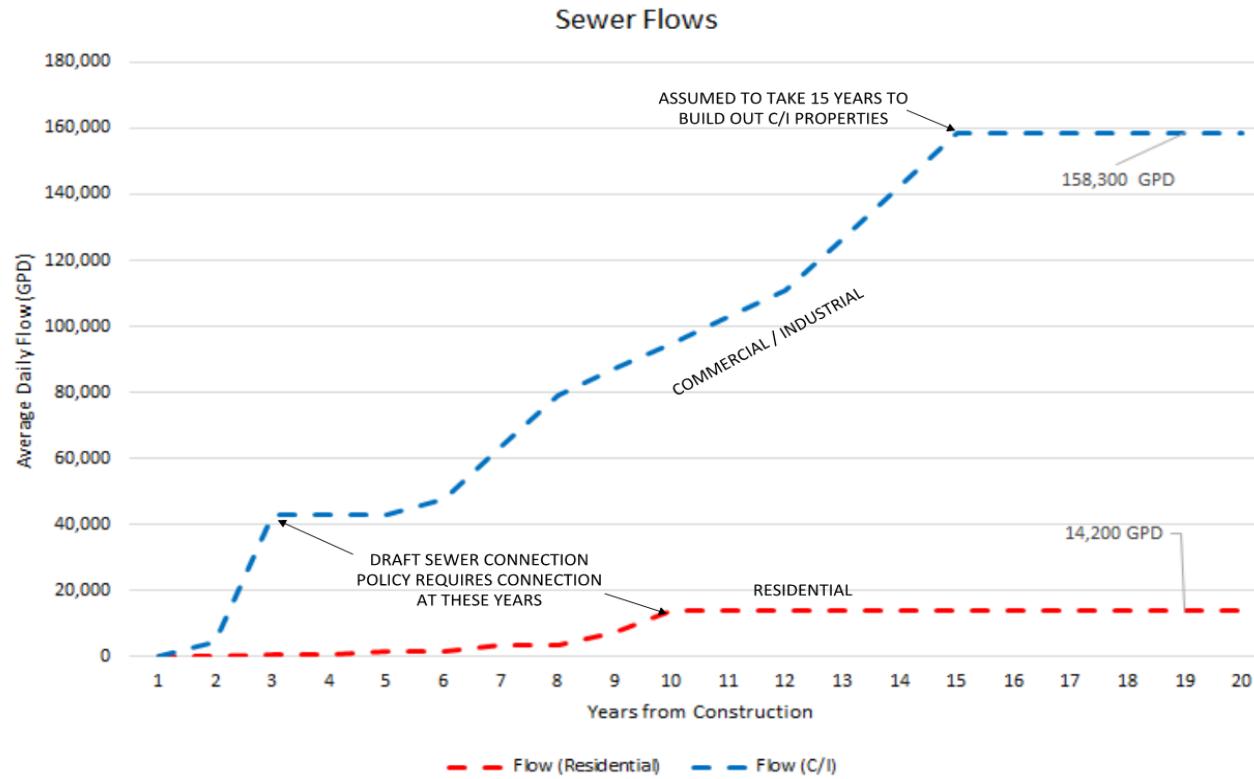
1. Classification based on current use, not zoning district.
2. Draft Policy only applicable to the proposed Park Street Sewer Extensions project area.

“Most Probable” Financial Model – Assumptions

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- MassWorks Grant (2 scenarios):
 1. No Award
 2. \$2.5 million Award
- Revenues:
 - Sewer Revenue – increases as properties connect and redevelop
 - Draft Sewer Connection Policy allows for reliable revenue projection
 - Assumes it takes 15 years for C/I redevelopment to maximize
 - Assumes a 1% annual increase to sewer user rate
 - Water Revenue – increases proportionally to C/I sewer use increase
 - Tax Growth – increases in proportion to increase in land values
 - 25% of the Town Assessor’s projections allowed in this assessment

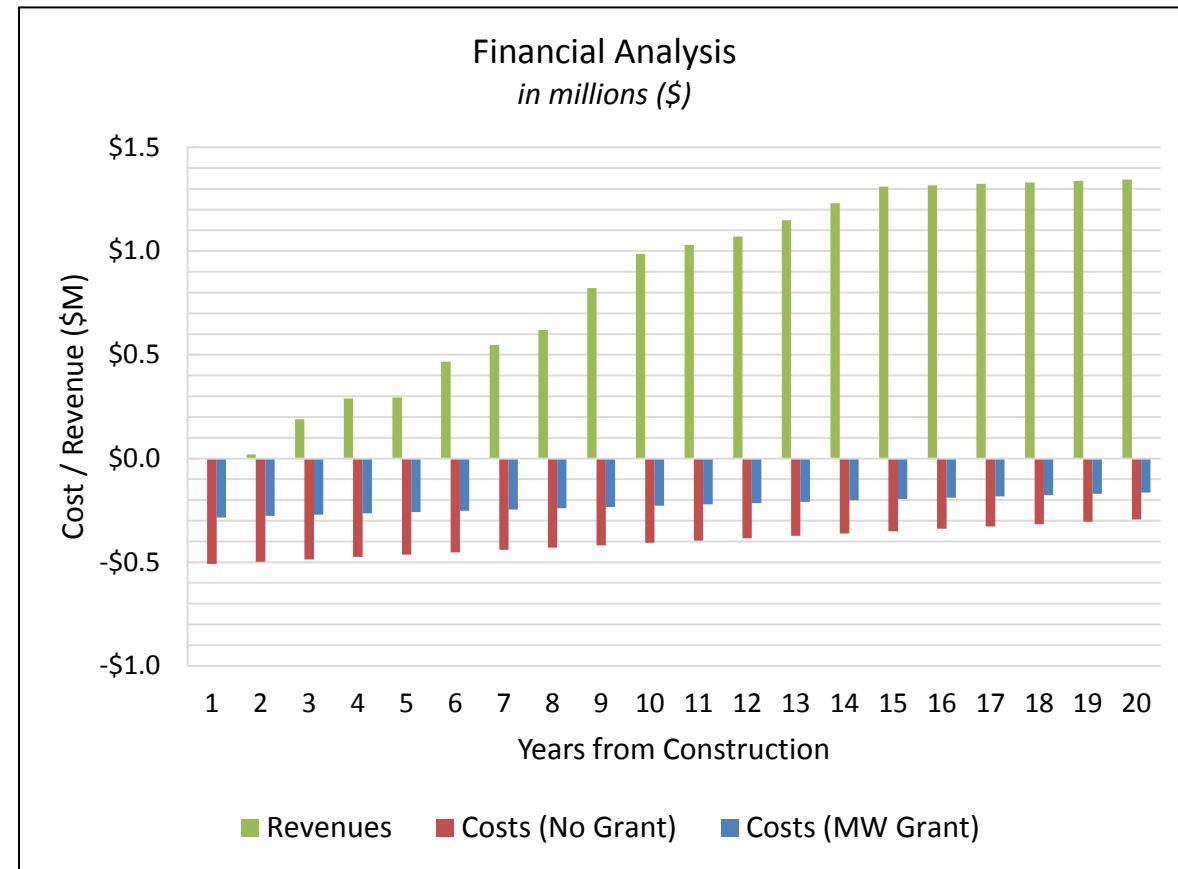
Financial Model - Sewer Flow Projections



Financial Model Projection (Phase 1 Only)

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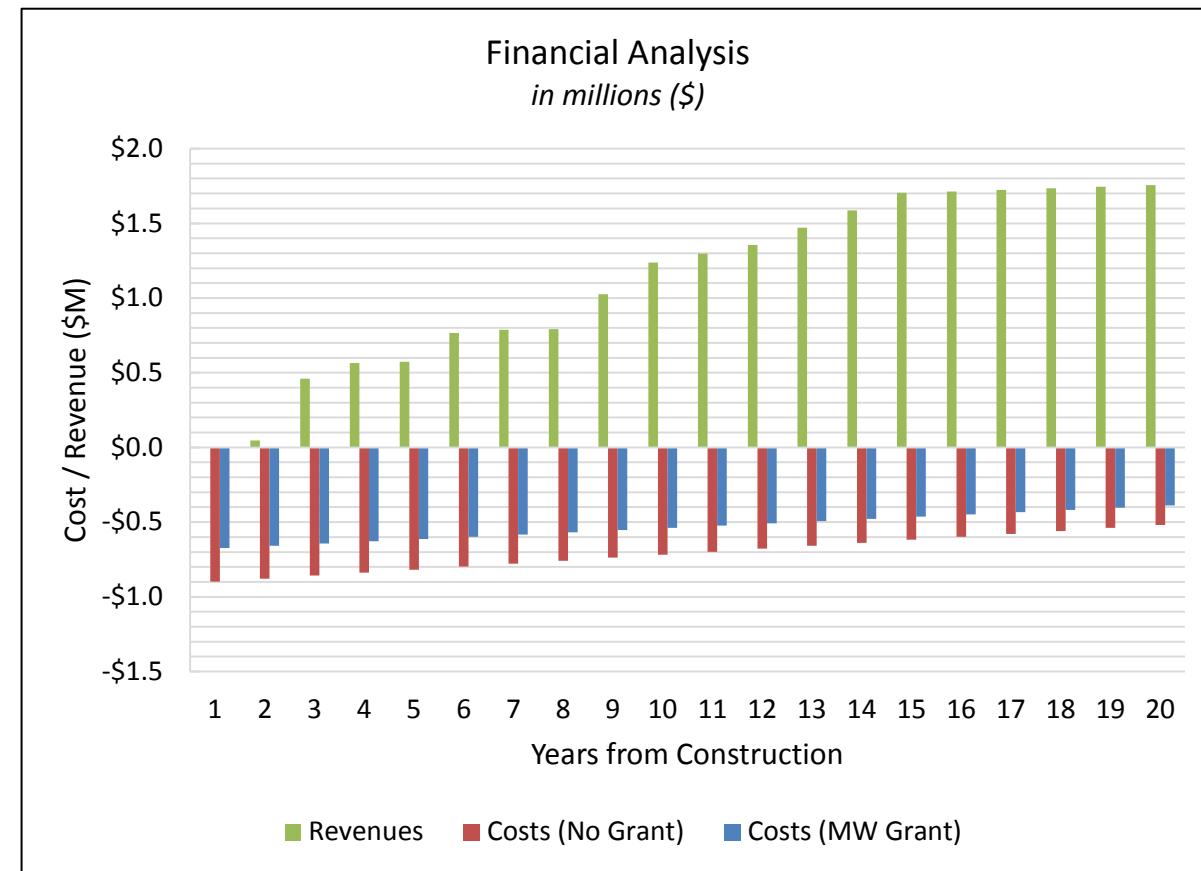
	With MassWorks	No MassWorks
Total Revenue		\$16.7M
Total Cost	\$3.16M	\$5.66M
Net Revenue	\$12.20M	\$8.65M
Year Cashflow Positive	4	6
Simple Payback (ROI)	8	11



Previous Financial Model Projection (Phase 1 & 2)

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	With MassWorks	No MassWorks
Total Revenue		\$22.3M
Total Cost	\$10.6M	\$14.2M
Net Revenue	\$11.7M	\$8.2M
Year Cashflow Positive	6	7
Simple Payback	10	13



MassWorks Grant

Comment/ Concern:

More proof is needed to justify that a MassWorks Grant is likely for the project.

Response:

The MassWorks Program provides capital funds to eligible communities for the improvements to and/or construction of public infrastructure that helps spur economic activity. The program is highly competitive; each year receiving a large number of great applications, but having a limited pool of funding available to distribute. The highest rankings will be given to proposed projects that are likely to lead to private investment, economic growth and/or revitalization of an economically distressed area. Projects must be "shovel ready" for eligibility.

Recent Awards:

- 1. Taunton – \$2.4 million for paving, water/sewer work in Myles Standish Industrial Park**
- 2. Gloucester – \$3 million for road and sewer improvements in the Trask Street area**
- 3. Tyngsborough – \$2.5 million for Phase 2 construction of a water and sewer main project**

Our Economic Development Director has worked closely with the MassWorks Program and believes this project will score very high and have a likely award in the \$2M-\$3M range.

Project Support

- Board of Selectmen
- Board of Health
- Public Works Department
- Commercial/ Industrial Property owners in Phase 1 (ongoing)
- Commercial/ Industrial Real Estate Brokers (ongoing)
- Commercial/ Industrial Real Estate Developers (ongoing)

Questions?