

**Minutes
Of
The Foxboro Water and Sewer Commissioners
December 12, 2012**

Members in Attendance: Chairman W. Euerle, Vice Chairman M. Stanton, Clerk R. Pacella, Water Superintendent R. Worthley, DPW Superintendent R. Hill, Advisory B. Garber, Town Engineer B. Swanson, Town Manager Kevin Paicos Finance Director Randy Scollins

The meeting was called to order at 5:00 p.m. in the Gala Meeting Room by Chairman Euerle.

Mr. Paicos and others have been working on a funding formula for the new sewer plant for past couple of months. He proposes a funding formula with a revenue stream that is conservative. This formula does not include any funding from the Kraft Organization. If negotiations resume with the Kraft's and a deal is reached, it could be included, but for this purpose, Mr. Paicos did not want to have to rely upon any funding from them.

Mr. Paicos has been working with a consultant who prepared a conceptual spreadsheet for discussion. This spreadsheet takes into consideration the current debt service budget, operation and maintenance costs and inflation over twenty years then adds Foxboro's share of the new treatment plant and the operation and maintenance of the plant to get the cost component. The spreadsheet then looks at the department's revenue and computes the shortfall.

There are fourteen agreements in place with businesses in Foxboro and Mansfield for sewerage. These agreements use DEP formulas to determine the amount of sewerage charges. The actual amount is usually far less. For example, Cannon Forge is paying for 70,000 gallons that they don't use, Invensys also has 70,000 gallons and other entities in town have a total of 180,000 to 200,000 gallons not being used.

Town Counsel has verbally stated that as of July 1, 2013 when the district is established, all these "extra" gallons would accrue to Foxboro, under control of the BWSC as actual use will be used and not DEP numbers.

Mr. Paicos and Mr. Hill met with Cannon Forge and asked if they would give up the rights to these extra gallons to increase the town's capacity. They are still in negotiations, but so far seem agreeable to the idea. The town may have to take over their infrastructure or pay them a fee to use their infrastructure as part of a deal.

Invensys questioned why they should give it up. Mr. Paicos has had conversations with them that included splitting any revenue the town might receive from these gallons with Invensys so they could use it to retrofit their buildings which might allow them to stay in town.

The spreadsheet only uses half of the available capacity from Cannon Forge. If the town could sell 6,000 gallons to a new developer, this would bring in \$180,000 in buy in fees and generate \$21,000 in annual revenue. There is a developer interested in this amount that will be before the Planning Board in the near future, they would need it in 2014. The spreadsheet also assumes that 35,000 gallons could be sold to other developers to generate \$123,000 in annual revenue and \$1 million in buy in fees. This would generate enough revenue for the five year delta. The five year delta is the cost of temporary notes during the design and construction phases of the treatment plant, until the plant goes on line. Additional items included in the spreadsheet are \$100,000 for ads on the reuse tank and rate increases of 4% per year.

The department has not had a rate increase in the past few years so an initially larger increase might be needed. Usually it is good to have a small increase every year to offset inflation.

Not included in the spreadsheet is the sale of any addition gallons or reductions in the budget.

There may be a developer interested in buying 100,000 gallons which would fund the entire proposition as it would be \$3 million in buy in fees and \$300,000 annually.

These basic assumptions are what can be brought to town meeting as safe assumptions. Any other revenue generated would help lower these numbers even more.

A few details still need to be worked out and written opinions are needed from Town Counsel that the IMA will allow the town to get this flow on July 1st and resell it. There is a lot of pent up demand in town for sewers.

Mr. Paicos needs to know if this is a reasonable approach. If the Board agrees, he will work on getting a MOA from Cannon Forge as well as an agreement from Mansfield that the extra capacity belongs to the town.

Mr. Paicos and Mr. Scollins met with Rep Barrows who told them the IMA needs a commitment from the town by early March at the latest. So the next step would be to request a Special Town Meeting date from the Board of Selectmen for early March. Town Counsel could then be directed to prepare warrant articles for the Board.

The costs for the first two years would be minimal as they would be the design and permitting phases. Years three through five would be construction. This would give the department two years to pre sell the capacity so by 2016 they would be generating enough revenue to pay the debt service.

Easton has sent a letter to Mansfield indicating that they are interested in half of the original amount that Foxboro was going to get, so the bond would be for \$3.75 million. There would be cash payments for the first two years, interim notes for the next three years and seventeen years of permanent debt. The interest rate was assumed at 3.5% but actually may be lower.

Mr. Hill has also prepared a baseline scenario of what would happen to the rates if the town does not join the IMA. The town would still have to pay a share for the upgrades at Mansfield's plant. Right now the current average rate is \$17.94, according to Mr. Hill's calculations at the end of six years the average rate would be \$28.44. This does not take into account any other costs to improve the system such as I/I work, etc.

If the town joins the IMA and limits the rate increases to 4% a year starting in year three then in 2018 the average rate would be \$22.70, it would take until 2025 to get to \$28.00. A higher rate increase will be needed for the next couple of years regardless of whether or not the town joins the IMA. Mr. Scollins stated that Town Meeting could be asked to take funds out of retained earnings to balance this year's budget to avoid a high increase this year.

After discussion, the consensus of the Board is to proceed with this financing plan. A request needs to be made to the Board of Selectmen to call a Special Town Meeting. The Board will also need to be prepared to meet with the Advisory Committee in January and publish recommendations two weeks prior to the Town Meeting.

A motion to issue a letter to the Board of Selectmen requesting time on their December 18, 2013 agenda to request a Special Town Meeting on or about March 5, 2013 was approved 3-0-0.

A meeting with Mansfield will also be needed.

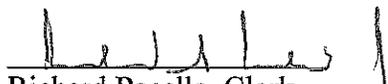
Mr. Hill and Mr. Swanson have reviewed the IMA language and send comments to Town Counsel.

The meeting was adjourned at 6:20

Respectfully Submitted,

Diana Gray

These minutes of December 12, 2012 were approved as amended on January 28, 2013.


Richard Pacella, Clerk