

Public Hearing: Proposed Sewer Borrowing Authorization Ordinance

Hampden Town Council

March 5, 2018

Angus Jennings, Town Manager



Proposed Sewer Borrowing Ordinance

- Proposed ordinance, if approved by Council, would allow voter referendum on proposed borrowing authorization on June 12th
- Proposed ordinance includes costs for four (4) distinct sewer projects
- Project needs driven by MDOT construction, poor condition of aging infrastructure, and goal of reducing inflow & infiltration (I/I)



CCTV Method

- Robotic pipeline CCTV inspections, footage
- Vendor applies a system for “Criticality and Risk Assessment of Collection Systems”
 - Condition Assessment uses a standardized Pipeline Assessment Certification Program to determine condition and LoF (likelihood of failure)
 - Risk Assessment determines CoF (consequence of failure)
- Results merged into Total Risk Grade



CCTV Review

- Cost estimate for closed-circuit TV (CCTV) review of entire system estimated at \$300k
- Approved FY18 Sewer Budget included \$60k in funding for CCTV – about 1/5 of system
- Locations scheduled for MDOT projects were prioritized
- Bid process and award to Ted Berry Company in March 2017; work began FY18
- Began receiving raw data fall 2017 (ongoing)
- Results of W&C analysis received Jan. 2018



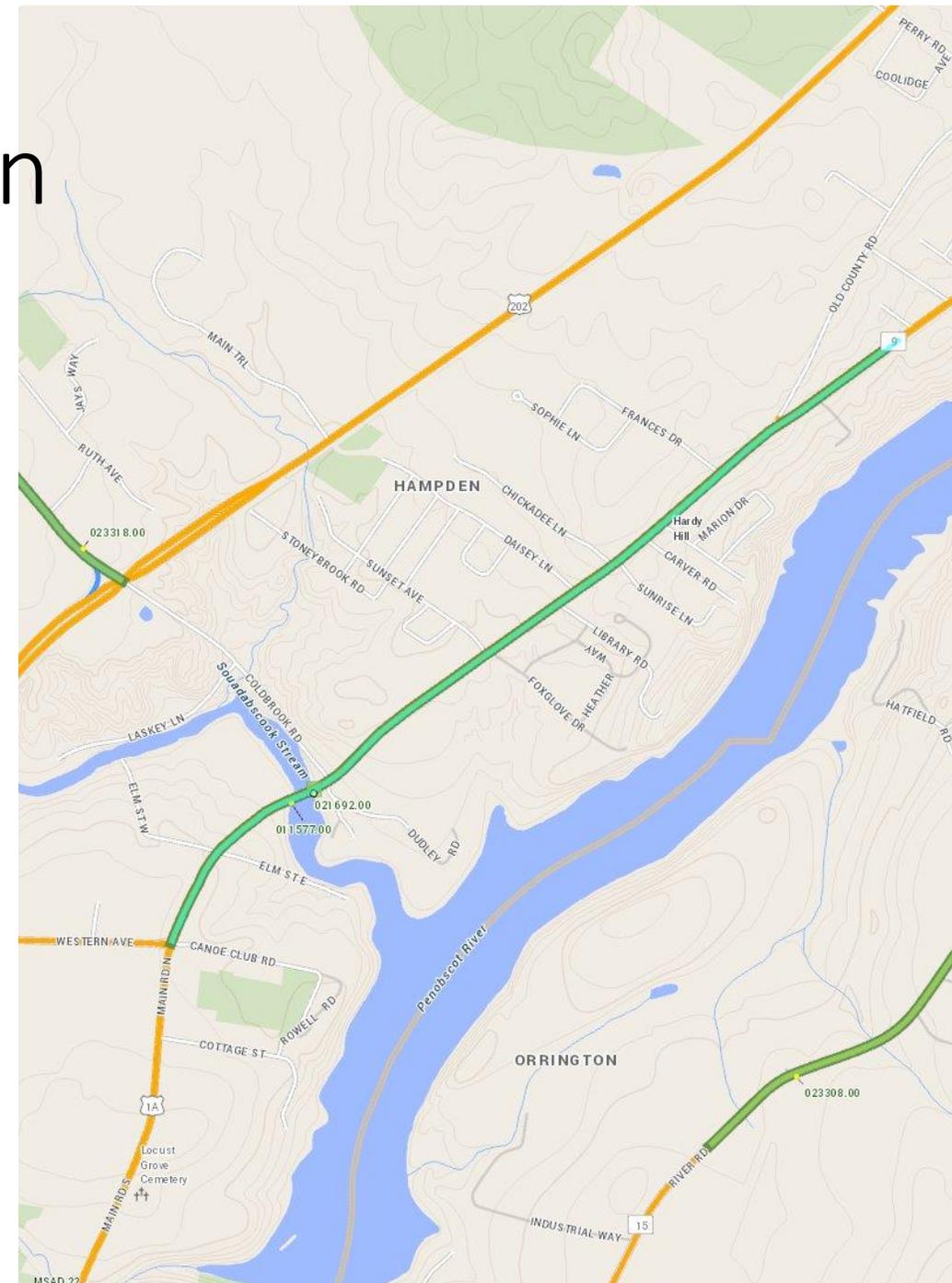
Sewer Projects

1. Rte. 1A – Reconstruction Project Area
2. Grist Mill Bridge
3. Western Ave. – Main Road North to 202
4. Rte. 1A – south of Western Ave. intersection



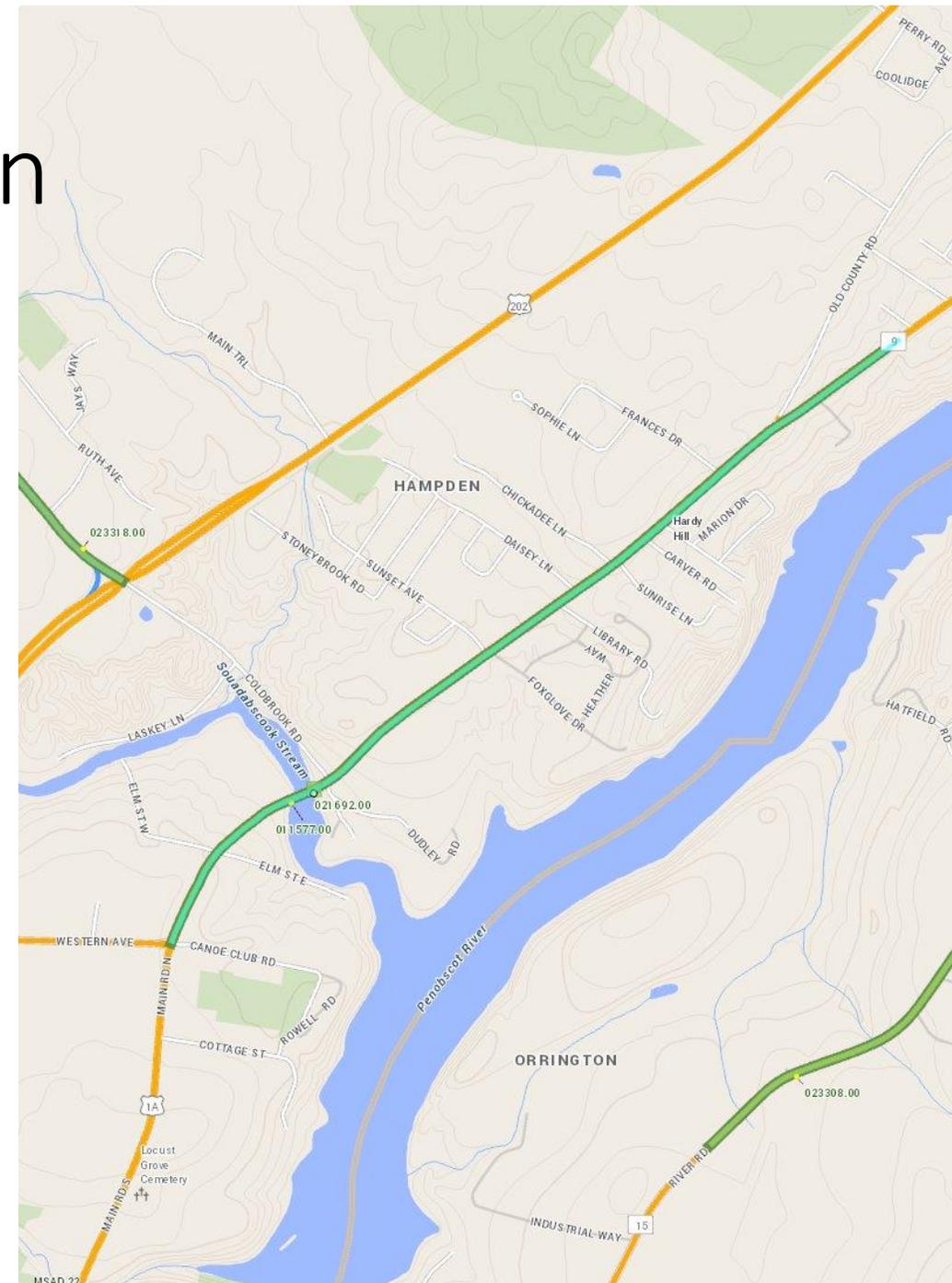
MDOT Rt. 1A Reconstruction

- Project Scope: Full Road Reconstruction
 - Construction starting spring 2019
- Identified Project Impacts:
 - Reset all existing sewer manhole frames to new road grade
 - Possible replacement of section of forcemain piping due to grade conflict with storm drain (test pits planned to confirm)
 - Outlets from clay dam trench drain piping require extension
 - Replace single conduit between Souadabscook PS and CSO PS with duct bank
 - Sewer main between CSO tanks and overflow weir manhole requires replacement



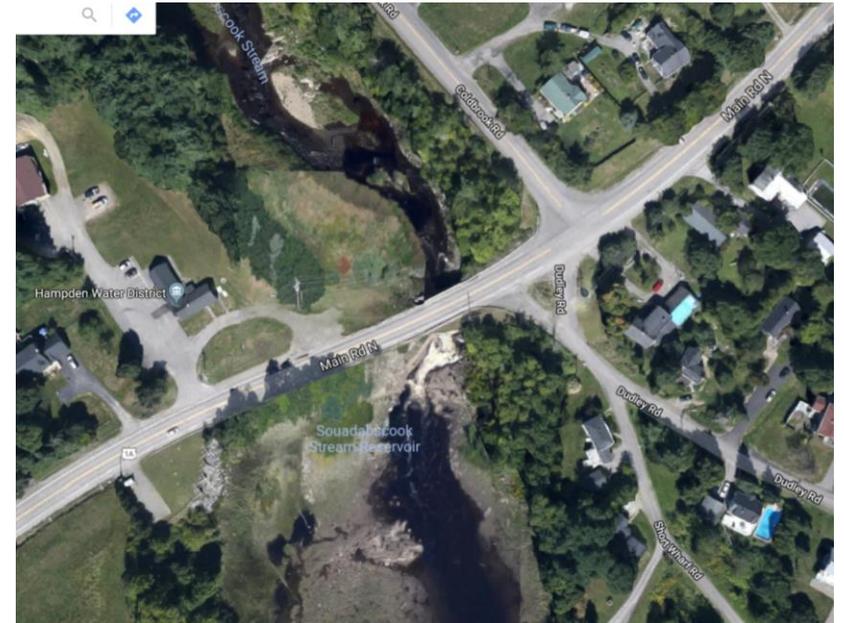
MDOT Rt. 1A Reconstruction

- Sewer Inspection Results
 - Primarily good condition
 - AC sewer main from Old County to Mountainview
 - Masonry block manholes
 - Asset age >50 years
 - Structural deficiencies and I/I sources identified
 - Several undersized/non-standard sewer manhole frames and covers
 - Several suspected non-PVC service laterals requiring replacement
- Recommendations
 - Replace AC sewer main and masonry block manholes
 - Replace in conjunction with MDOT project
- Preliminary Project Cost Estimate
 - \$924,000



Grist Mill Bridge Replacement

- Project Scope: Complete bridge removal and replacement
 - Construction starting spring 2019
 - Existing bridge completely removed before installing new bridge
 - Expected complete detour during construction
- Identified Project Impacts:
 - Existing gravity sewer and force main piping buried in concrete beam
 - New steel beam bridge requires pipe hanger supports and insulation system
 - Replacement of all piping necessary
 - Realignment of gravity sewer pipe and manholes upstream and downstream to Souadabscook PS
 - Temporary system during construction necessary to maintain service



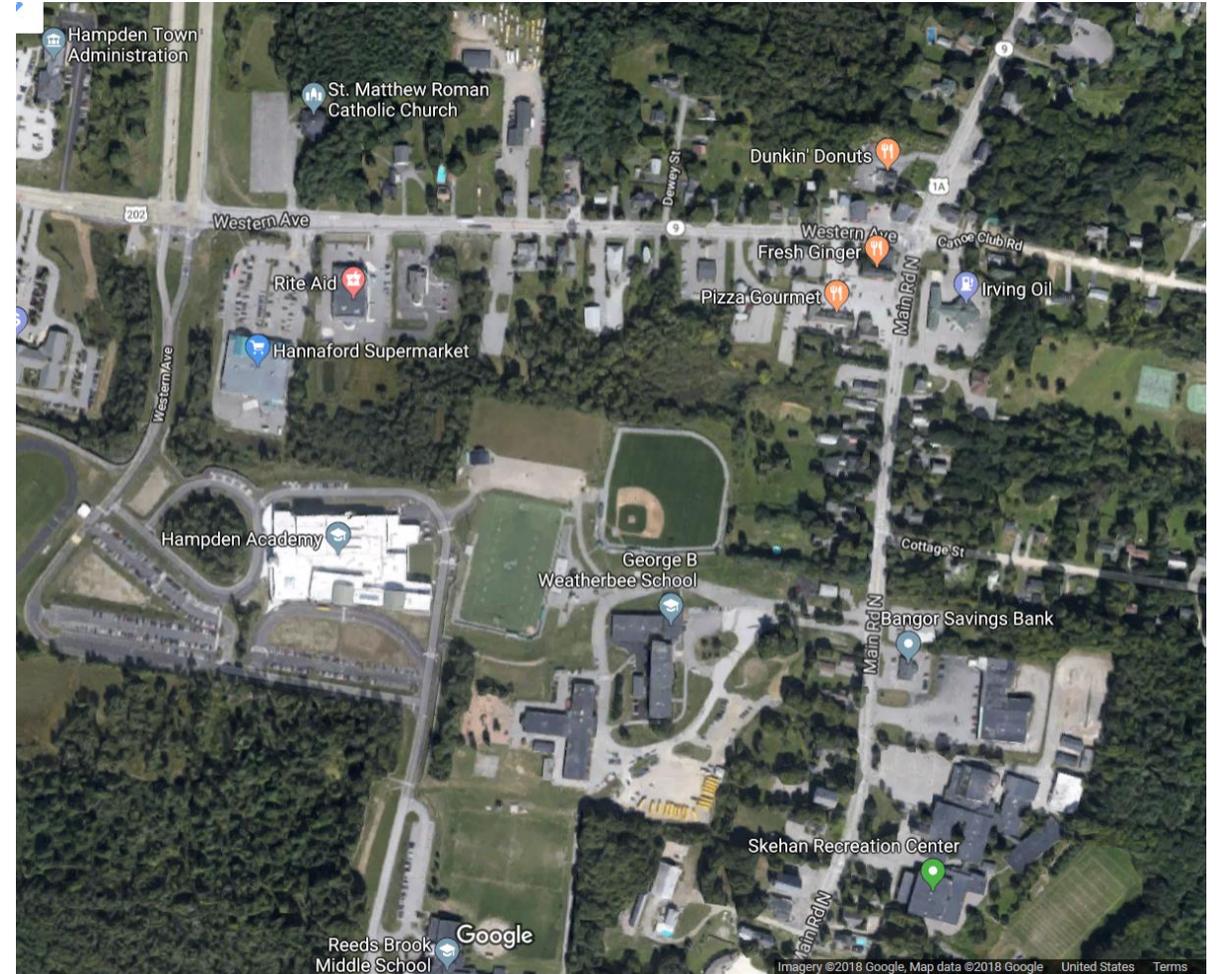
Grist Mill Bridge Replacement

- Recommendations:
 - Install new piping with pipe hanger supports and insulation system
 - Realign gravity sewer pipe and manholes upstream and downstream to Souadabscook PS
- Preliminary Cost Estimate
 - \$435,400



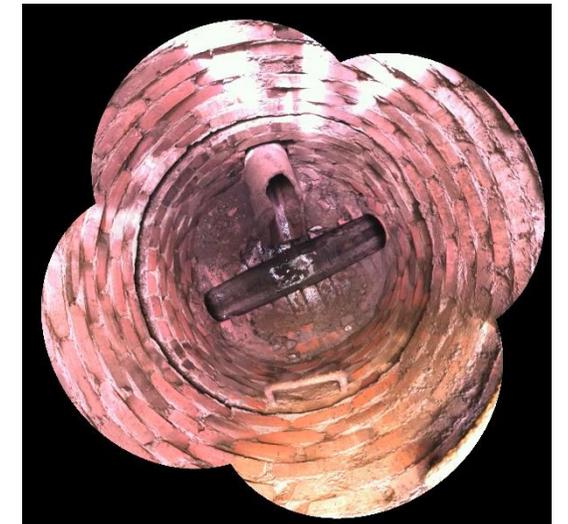
Western Avenue and Main Road North

- Proposed BACTS road reconstruction project for Western Avenue
 - Construction proposed for 2022
- Main Road North
 - Western Ave south to Skehan Center
 - HWD water main replacement
 - Town sidewalk and pedestrian crossing projects
- Project Impacts
 - Sewer identified as part of Priority Area 4 (MRN) and all of Priority Area 5 (Western Ave)



Western Avenue and Main Road North

- Sewer Inspection Results
 - Poor condition vitrified clay (VC) sewer main and brick manholes
 - Numerous structural deficiencies and I/I sources identified
 - Root intrusion and grease clogging
- Recommendations
 - Full replacement of existing sewer, including Dewey St.
- Preliminary Cost Estimate
 - Total \$1.4MM
 - Western Ave: \$754,000
 - Main Road North: \$635,000



Estimated Project Costs

Project	Est. Cost	Date of Estimate
Rte. 1A Reconstruction	\$924,000	February 16, 2018
Grist Mill Bridge	\$435,400	January 5, 2017
Western Ave. & Dewey St.	\$754,000	January 26, 2018
Rte. 1A south of Western	\$635,000	January 26, 2018
TOTAL:	\$2,748,400	

- Cost estimates:
 - Based on consulting engineer Opinion of Probable Costs
 - Include contingency, engineering, and construction administration services
 - Are likely conservative (i.e. higher than actual)



Preliminary Estimate of Debt Service

- Assuming a 20-year term, and assuming the full amount was borrowed at one time, debt service is estimated at varying interest rates:
 - 3.00% interest = \$184,000 (total interest \$927k)
 - 3.75% interest = \$197,000 (total interest \$1.18M)
 - 4.25% interest = \$210,000 (total interest \$1.45M)
- If lower interest secured (through SRF):
 - 1.5% interest = \$160,000 (total interest \$445k)



Potential Funding Sources: Pre-Borrowing

- Proceeds from existing debt authorization (up to \$53,000)
- FY18 Sewer Revenue: would require Budget Adjustment to authorize expenditure from projected FY18 surplus (\$73,500)
- FY19 Sewer Debt Service will decrease by about \$101,000 from FY18 (due to payoff of 1996 Sewer SRF, matured 10/1/17) – so, \$101,000 of debt service could be added in FY19 without increasing Sewer Budget



Potential Funding Sources: Debt Service

- Could revisit prior (pre-2000's) policy of splitting sewer debt service 1/3 General Fund and 2/3 Sewer Fund
- Could reduce amount of repayment of interfund transfers from General Fund (budgeted at \$100,000 in FY17 and FY18)
- Could reduce or eliminate annual payment of \$60,000 from Sewer to General Fund
- Could increase sewer rates
- Future Coldbrook Corners TIF revenues



Potential Borrowing Sources

- Maine Municipal Bond Bank (MMBB)
 - Other than recent borrowing for overdue bills and Bangor cost-share, all prior sewer borrowing had been through MMBB
 - Borrowing term of 5 to 30 years
 - Interest rate not known; will vary based on market conditions at time of borrowing
 - Applications will be due early August 2018
 - Proceeds available early November 2018



Potential Borrowing Sources

- State Revolving Loan Fund (SRF)
 - Sewer projects eligible for Clean Water Program
 - Borrowing term of 1 to 30 years
 - Interest rate 2% lower than MMBB's cost of funds, with minimum interest rate of 1%
 - New eligibility requirements (incl. to develop and implement a Fiscal Sustainability Plan)
 - Initial project request forms due March 30
 - Financing applications considered at any time



Next Steps

- Upon Council approval of Ordinance, Town Manager will work on Treasurer's Statement and work with Town Clerk on ballot language
- Woodard & Curran will continue to work on refining budget estimates; if FY18 budget adjustment approved, can authorize work to advance engineering design this fiscal year
- **Extensive public outreach will be needed**

