

# DHY Clean Waters Community Partnership



## Third Party Review

Presentation to Joint Board of Selectmen Meeting  
February 27, 2020

# Bottom Line of Cost Review

Cost information generated is:

- Comprehensive
- Consistent with industry standards
- For budgeting & planning purposes
- Will change with final design
- Subject to bid climate
- Sufficient for a decision point regarding participation in DHY

Demonstrates that economies of scale will benefit each community

# Bottom Line of Agreement Review

- Modeled after existing MFN agreement
- DHY working group has modified to accommodate needs of each community
- DHY working group has addressed issues raised and substantially finalized agreement.
- Remaining issues are largely transitional and can be accommodated by Appendix

# DHY Third Party Review Presentation Agenda

- Introductions
- Scope of Services
- Schedule
- Backup Information Provided
- General Observations
- Specific Comments
- Summary
- Questions & Discussion

# DHY Third Party Review

## Scope of Services

- Review DHY Draft Operating Agreement
- Review DHY Planning Level Cost Estimates
- Workshop Participation
- Prepare Summary Memorandums
- Presentation to Joint Boards of Selectmen Meeting

# DHY Third Party Review

## Schedule

- Executed Agreement – 12/24/2019
- Receipt of Backup Information – 1/8/2020
- Kick-off Conference Call – 1/13/2020
- Workshop – 1/30/2020
- Draft Summary Memos
  - DHY Operating Agreement Review – 2/13/2020  
(Revised 2/22/2020)
  - DHY Project Costs Review – 2/21/2020
- Joint Boards of Selectmen Meeting – Today

# DHY Third Party Review

## Backup Information Provided

- Special Legislation – Chapter 88 of the Acts of 2019 (Passed October 11, 2019)
- DHY Draft Operating Agreement – 1/17/2020
- Most Recent DHY Planning Level Cost Estimates, Late 2019, Early 2020
- Various Memos from 2018 & 2019 – Summarized in 1/7/2020 CDM Smith Memo

# DHY Third Party Review

## Operating Agreement (General Observations)

- Enabling Legislation in Place
- Many Hours of Agreement Review by Each Town
- Based on MFN – Modified to Suit DHY
- Reflects General Agreement to Terms and Mutual Understandings and Commitments
- Effectively Establishes Needed Partnership Framework and Terms



# DHY Third Party Review

## Operating Agreement (General Observations)

- The Agreement Approvals at Town Meetings Creates the DHY Clean Waters Partnership
- Final Review of the Agreement by Respective Town Counsels (if required) for:
  - Conformance with Mass General Laws (MGLs)
  - Acceptable Terms under Section 7 of the Special Legislative Act
- Agreement Acceptable in Current Form
  - Consider Clarifications Through Appendices

# DHY Third Party Review

## Operating Agreement (Specific Comments)

- Annual Budget Approval Process to “Maintain and Operate” the Partnership Facilities
  - Suggest that a Similar Process for Transition Steps Leading up to Construction be Attached to the Agreement
- Financing Options to Recover Costs of “Expanding” the DHY system
  - Agreement should Clarify that the same Financing Options are Available for the Initial Systems

# DHY Third Party Review

## Operating Agreement (Specific Comments)

- Recommend that System Flow Data be Routinely Shared (more often than Quarterly)
- Clarification of Expansion Formulas
  - Separate Tracking/Billing of DHY Annual Capital Costs for Initial System Construction and System Expansion

# DHY Third Party Review

## Operating Agreement (Next Steps)

- Recommend more Detailed Master Schedule to Provide Details of Pre-Construction “Transition Items”
- Consider DHY System-Focused Preliminary Design Report for use by the Partnership for Permitting and Regulatory Agencies once the Commission is Formed

# DHY Third Party Review

## Cost Estimates (General Observations)

- **A Planning Level Cost Review**
- Comprehensive and Consistent with Industry Standards for Planning Level Costs
- Costs will be Updated as Design Details are Available
- Economy of Scale for DHY Option Demonstrated to Benefit all Member Towns

# DHY Third Party Review

## Cost Estimates (Specific Comments)

- Collection System Costs Comprise High Percentage of the Towns' Project Costs
- Hybrid Systems Proposed for all Three Member Towns
  - Recommend Further Analysis of Collection System Technologies and Cost Refinement
- Towns Need to Decide on Grinder Pump Policies/Construction Responsibilities
- Doesn't Affect Cost Benefit of DHY

# DHY Third Party Review

## Cost Estimates (Specific Comments)

- Recommend “Soft Costs” be Shown Separately from Unit Costs
- Budgeted Annual Pump Station O&M Costs should be Based on Pump Station Type
- WWTF Costs from Curve in 2014 Cost Report
  - Data Points Limited at Higher DHY Design Flow
  - Site & Facility-Specific Estimate Recommended Prior to Construction Appropriation

# DHY Third Party Review

## Cost Estimates (Specific Comments)

- Recommend Further Review of Initial WWTP O&M Costs
- Unit Costs for Effluent Recharge Should Reflect Specific Site and Disposal Option



# DHY Third Party Review

## Additional Considerations

- Timing of Construction
  - Bidding Climate
  - Coordination Between Member Towns
- Contract Sizing and Packaging
- Scheduling Projects to Maximize Funding
  - 0% SRF Loans
  - Principle Forgiveness
- Coordination with MassDOT (Route 28)

# DHY Third Party Review

## Summary

- Planning Level Cost Information Generated Adequate to Support Decision to Proceed with DHY from a Cost Perspective
- Operating Agreement is Substantially Finalized and could be Enhanced with a few Appended Provisions



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# Questions & Discussion

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