

BOURNE-WAREHAM INTERMUNICIPAL WASTEWATER SERVICES AGREEMENT A LEGACY FOR FUTURE GENERATIONS

Intermunicipal Agreements – Generally – A Framework to formalize shared use of Wastewater Facilities and Services; with three key FACTORS:

- Legal Issues
- Engineering Issues
- Cost Issues

LEGAL COMPONENTS – The Basics

- Town Meeting Approvals
- Term- Usually 25 years
- Establish financial liability/responsibility
- Record-Keeping provisions and Safeguards
 - Transparency
 - Clear Provisions/Cost Formulas
 - Audits
- Enforcement
- Dispute Resolution
- ***All because termination of the agreement is generally not an option for each town***

GENERAL REQUIREMENTS

- Capacity Allocations
- Cost Sharing Formulas
 - Capital Costs
 - Annual O&M Costs
 - Future Expansion/Upgrade Allocations
 - “Guest” Community shared facility expenses
 - “User” vs “Owner” of facilities/capacity
- Timing Issues
 - Capacity Needs vs Actual Use
 - Availability of System Capacity
 - General Use vs Direct Use Facilities Availability
 - Control of Infrastructure/Sewer Extensions; Bonding Capacity
 - Reserved vs Used Capacity

- Facility Sizing Issues
- Adapting to Regulatory Changes
- Penalties for non-compliance
- System Responsibilities
 - Maintenance of Plant and Sewer System
 - Record-keeping
 - Reporting
 - Capital Planning
 - Billing
- Financial Reserves
 - Capital
 - O&M
- Accounting systems (Enterprise Fund)
- Permit Responsibilities
- Community Cash Flow Needs

MAJOR CHALLENGES

- Agreeable Municipal Officials
- Ability of Municipalities to recognize what is fair **to both sides**
- Host Community needs to take initial risk/ leap of faith
- Communities unwilling to take a risk/ leap of faith
- Nebulous Sewer Extension/Connection Program depending upon future funding
- Inability to “Force” Sewer Connections/Tie-ins
 - Low Flows
 - Limited Users/Rate Payers
 - Significant Fixed Costs to Small User Base
- Uncertain Revenue Expectations
- Potential for widely varying community user charge rates
- Pay Now vs. Pay Later
- Past “History” between communities
 - Real
 - Perceived/Legend
 - Long memories
 - Trust
 - “Payback” Issues
 - Jealousies
 - Competition for Economic Development
 - Guest Community Cost Premiums

SO WHY JOIN FORCES IN A WASTEWATER IMA?

- Economies of Scale/Mutual Savings
- Grant Funding Advantage
- Facility Siting Challenges

- Plant(s)
- Discharge(s)
- Other Municipal Sharing/Cooperation Opportunities
- Regulatory Agency “Encouragement”
- Leadership Vision
- Agreement can be a “win-win”

WHY DID BOURNE-WAREHAM IMA WORK ORIGINALLY?

- Initial Needs/Wastewater Planning Coincided
- Regulatory Agency Intervention
- Financial (Grant) Incentives
- Low initial costs to Bourne and Bourne Users
- Cost Allocation Fairness
- Town Fathers’ Foresight (both towns)
- Cost/Benefit Favored a Regional Approach
- Small Incremental Cost to Wareham; Bourne Cost allocation based on Use Percentage

WHY DID THE AGREEMENT AMENDMENT/EXTENSION WORK?

- Necessity; the existing agreement was expiring:
- Opportunity to clear up cost allocations
- Able to eliminate outstanding Cost Inequities
- Able to Specify Method/Timing of Future Billing and Payments
- Establish Required Communications
 - Capital Improvements
 - Transparent Billing Spreadsheets and Formulas
 - Detailed/Familiar Chart of Accounts
- Schedule of Deliverables/Payments to suit each town
- New Provisions for Required Periodic Interim Reviews of the IMA Language
- Improved Cost Tracking (Bourne Participating Costs)
- Minimize Surprises

RESULTS

THE BOURNE LEGACY CONTINUES

Thanks to the Weston and Sampson Company for their ongoing support and guidance throughout the renegotiation and post successor agreement on technical and financial reviews of the agreement provisions.