

WHY THE PROPOSED 16” WATER MAIN IS NOT FREE

Summary Some have said that the Cold Spring Road water main project will be “free” to taxpayers. However, based on figures from the town’s documents, the water main would be far from free. According to the town’s numbers, the total cost to the town of building and operating the water line for the next 20 years would be \$1,848,000. The town projects water revenues from the new users over the same period at \$979,000. This would leave a shortfall of \$869,000.

Cost of Loan The town has estimated that debt service on a bond issue at a 5% interest rate would total \$57,000 annually for the first four years, and would jump to \$75,000 annually for the following 16 years. Over 20 years, the total cost of this debt service would be \$1,428,000.

Cost of Water Delivery The town has estimated that labor and service costs associated with the water line extension would be \$17,600 in 2005. The town projects small increases in these expenses every year, reaching \$24,900 in 2024. Over 20 years, these costs are projected to add up to \$420,000.

Income from New Users The town has said it “intends” to pay the debt service on the bonds with water fees from the Clark, Northern Berkshire Health Systems, and Mount Greylock Regional High School. These revenues are expected to be about \$49,000 per year. Over 20 years, these revenues are projected to add up to \$979,000.

Total Shortfall for Williamstown The difference between the total projected costs and the total projected income over a 20-year period, using a 5% municipal bond, would leave Williamstown with a shortfall of \$869,000. If the town is instead able to obtain a loan at a very low 2% rate from the state “revolving fund,” the shortfall over this period would still amount to \$500,000.

This shortfall would have the effect of a “back door” tax on the citizens of Williamstown. The town has not identified how it would make up this shortfall: the only possible sources would be water fees and/or our taxes. This money would not be available for other important public services, such as schools, police, and fire protection.

	Two possibilities for financing the Cold Spring Road water system	
	Conservative Case	Optimistic Case
	Municipal bond 20 years at 5%	Low-cost loan 20 years at 2%
Cost of loan (interest plus principal)	\$1,428,000	\$1,059,000
Cost of 20 years of water delivery	\$420,000	\$420,000
Total cost of new water system during the first 20 years	\$1,848,000	\$1,479,000
Projected income from new water fees from new water line	\$979,000	\$979,000
Total shortfall for Williamstown	\$869,000	\$500,000

Sources: 1. Figures on projected income from fees and cost of water delivery are from the Town of Williamstown’s document entitled “Operating Expense and Debt Repayment Analysis” 2. Schedules of loan repayment courtesy of Peter Fohlin

OTHER RISKS WE FACE

1. This is a general obligation bond. This means that the ultimate revenue stream pledged to repay it is town taxes. The liability falls on all taxpayers.
2. The town is assuming the risk of the entire water main project. In public-private partnerships, it is customary to have legally binding risk-sharing contracts in place. But as we vote tonight, we have none. We do not know who will pay for cost overruns or other unanticipated expenses.
3. There are no written agreements to ensure that the Clark or Northern Berkshire Health Systems will purchase the amount of water the town has projected over the next 20 years. For example, what if Sweetwood doesn’t build all of the projected units? What if the Clark café closes? Any reduction in water use would mean a reduction in water fees.
4. The limited-capacity Cold Spring Road sewer line may fail as a result of the increased flow from the 16” water main. But the town has no contracts with the Clark or Northern Berkshire Health Systems for repair and maintenance to the sewer line. A new sewer line is a multi-million dollar expense: this cost would fall to the residents of Williamstown.

This analysis prepared by Williamstown Citizens for Informed Decisions

EIGHT REASONS TO VOTE “NO” ON THE WATERLINE BOND ISSUE

The Williamstown Citizens for Informed Decisions, an informal study group concerned about Williamstown’s future, urges a NO vote on the proposed bond issue at Town Meeting on December 2nd. After extensive research and analysis, this group has concluded:

1. **This project is not free:** According to the town’s own documents, the proposed bond issue would leave the town with a shortfall of \$869,000 over the next 20 years. If the town is able to obtain a 2% loan from the state revolving fund (instead of the 5% bond that forms the basis of the town’s cost projections) we would still be left with a \$500,000 shortfall. This money would not be available for other important public services.
2. **This project invites more questions than it answers:** Why are we rushing into this? How would we pay for repairs to our unusual pressurized sewer line in the event it fails? What would we do in the event of delays, cost overruns, or other problems associated with the project? Would our zoning by-law withstand challenges to our 2.5-acre zoning by those proposing to develop along the line or beyond, perhaps offering to extend the water line for “free”? We might not know the answers to these questions until it is too late.
3. **We don’t need this project:** As a town, we have repeatedly determined that, as a matter of sound planning and economic analysis, we should maintain the rural quality of the Cold Spring Road corridor. This 16” water main would run contrary to our careful master planning over the last decade, which advises us to concentrate new development in the town center and to leave the outlying areas as our scenic currency, an asset to the town for generations to come.
4. **This bond issue creates an obligation of all taxpayers in Williamstown:** While the town has stated its intention that all of our borrowing costs will be covered by water receipts from the new users, this is not guaranteed. We would face financial risk in the event these water revenues are lower than anticipated, are postponed by construction delays, or are more than offset by steep labor and service costs associated with the new line.
5. **Mt. Greylock’s water issues can be addressed in the short-term:** The students are safely drinking bottled water at a modest cost. An important, and belated, first step is a careful investigation of the source of perchlorate. Three Williams scientists have volunteered to conduct this analysis for the school. Continuing with bottled water, and/or using proven filtration technology, are viable short-term solutions.
6. **Mt. Greylock’s water issues can be addressed in the long-term:** Several options exist for replacing the school’s two wells should that become necessary in the future. One of the wells drilled 15 months ago on Mt. Greylock property was deemed insufficient for the combined uses of Mt. Greylock/Clark/NBHS, but it may have sufficient water for the high school alone. This well (located 1500 feet from the school and at a depth of 690 feet) should be carefully analyzed for output and water quality. This study has never been done. Other public water supplies exist locally which have been offered to Mt. Greylock.
7. **The water main will not change fire suppression techniques at Mt. Greylock for at least two years:** The school does not currently have any sprinklers, and when the water main would be completed in about two years, that fact would not change. The only trigger for sprinklers, with or without a water main, would be new construction or a “substantial renovation” of the existing facility, which would occur only after years of careful planning. Such a project would include significant state funding (under a moratorium until 2007) and a Lanesboro share. In the meantime, the school is adequately meeting its fire safety obligations by means of fire extinguishers, fire doors, fire exits, and - most importantly - fire drills.
8. **This is a huge project which should not be undertaken in haste:** In the last several weeks, many new issues have arisen as to the financial and other risks entailed with a project of this magnitude, as well as the potential unintended consequences for further development in South Williamstown. Our town is meeting on Dec. 2 only because the Clark’s Board is meeting on Dec. 3. It’s time to step back, take a deep breath, and figure out just where we are and where we want to go as a town, before rushing into a decision we may regret.

This analysis prepared by Williamstown Citizens for Informed Decisions