



Memorandum

To George Meservey, Director of Planning & Community Development
Michael Domenica, PE, Program Manager

CC Betsy Shreve, AICP, AECOM Project Director
Mark Abrahams, The Abrahams Group
Matt Abrahams, The Abrahams Group
Paula Winchell, AECOM

Subject **Town of Orleans, MA**
Water Quality and Wastewater Planning
Task Number 8 – Financial Modeling Analysis
Deliverable 8.3.2.B - Final Financial Model Update with “Best Case” Scenarios

Project Number 60476644

From Thomas Parece, P.E., AECOM Project Manager

Date 10/13/16

1. Purpose

This Technical Memorandum describes the functionality of the Financial Model available to the Town. The Town originally utilized a financial model developed by its consultant Mike Domenica. A second model, referred to as the “Kluge Model” was developed by Pioneer Consulting in 2015 as part of the Stantec Analysis. Both models included cost, financing, revenue, and user charges functionality. The main objective of this current effort has been to develop a robust Financial Model that provides the Town with flexibility when analyzing Water Quality and Wastewater Planning program costs. While similar concepts and data points are found in the two models the Town utilized and the new financial model, the new financial model was developed from scratch with strong guidance and input from the Town. The new financial model has the flexibility to accept updated costs and display the impact of those costs on different customer groups in Town.

2. Introduction

A. The Financial Model’s Role

The Town has utilized multiple financial models for wastewater planning. As part of the Water Quality and Wastewater Planning program, a new Financial Model has been developed. The new Financial Model can:

- 1) Accept projects costs, broken into capital costs, operating costs, maintenance costs, replacement costs, and monitoring costs, as well as costs tied to one or two wastewater treatment facilities and different amounts of contingency costs;
- 2) Determine costs to finance capital costs over time through SRF, USDA, or conventional financing;
- 3) Determine revenue sources to fund the capital and financing costs, as well as the operating, maintenance, replacement, and monitoring costs;
- 4) Run scenarios to optimize a financial plan;

- 5) Test affordability based on selected criteria;
- 6) Produce data that can aid the Town with its financing plan; and
- 7) Present financial results in a clear and simplified manner.

B. Financial Model Update

The Financial Model Update includes several iterations sought to find a good balance of financing options and revenue options to produce reasonable output cases for the Town's consideration. The different output cases include "Best Case" outputs considering various federal, state and local funding inputs as well as refinement of the Program Cost Estimate.

C. Groups of Customers in New Financial Model

The customer groups in the new financial model were defined through collaboration between AECOM, The Abrahams Group (model developer), and the Town. They are defined differently than they were defined in the Town's other financial models.

- 1) **Downtown Area Commercial Owners** – There are about 400 commercial owners in the Downtown Area to be sewerred, according to plans.
- 2) **Downtown Area Residential Owners** – There are about 600 residential owners in the Downtown Area to be sewerred, according to plans.
- 3) **Meetinghouse Pond Area Users** – There are about 370 Meetinghouse Pond Area users to be sewerred, according to plans. Most of the users are residential.
- 4) **Non-Traditional Technology Area Users** – There are about 2,900 customers that are in nitrogen-sensitive Areas who will remain on on-site systems and that require non-traditional technologies, such as PRBs, Aquaculture/shellfish propagation and the like, for nitrogen remediation.
- 5) **Septic System Only Users** – There are about 2,300 customers that are in non-nitrogen-sensitive Areas that require on-site septic systems to address their wastewater needs.

D. Output Options in Financial Model

The Town is interested in utilizing the format of the customer impact table from the Kluge Model. Therefore, the format is used in a similar table that is created as an output by the new financial model. Although the output cases in the Kluge Model included some financing options and some program costs offsets the Town is considering as options for financing the program, the Town sought the inclusion of additional financing options and costs offsets that are included in the output cases presented in the new financial model.

The output cases in the customer impact table include different combinations of the following:

- 1) Long-term borrowings with 20-year term and zero-percent interest rate;
- 2) Long-term borrowings with 30-year term and zero-percent interest rate;
- 3) Capital and financing costs funded by special assessments;
- 4) Capital and financing costs funded by property taxes;
- 5) Operating, maintenance, replacement, and monitoring costs, annualized and funded by user fees;
- 6) Septage revenue included as an offset to annualized operating, maintenance, replacement, and monitoring costs;
- 7) Grant revenue/principal forgiveness included as an offset to capital costs;
- 8) Design/Build procurement savings included as an offset to wastewater treatment facility capital costs;

- 9) Design/Build/Operate procurement savings included as an offset to annualized operating, maintenance, replacement, and monitoring costs related to the wastewater treatment facility(s); and
- 10) Local Options Tax savings as an offset to annualized operating, maintenance, replacement, and monitoring costs.

3. Important Data and Functionality in New Financial Model

A. Customer Groups

- 1) **Downtown Area Commercial Owners** – There are about 400 commercial owners in the Downtown Area to be sewered, according to plans.
- 2) **Downtown Area Residential Owners** – There are about 600 residential owners in the Downtown Area to be sewered, according to plans.
- 3) **Meetinghouse Pond Area Users** – There are about 370 Meetinghouse Pond Area users to be sewered, according to plans. Most of the users are residential.
- 4) **Non-Traditional Technology Area Users** – There are about 2,900 customers that are in nitrogen-sensitive Areas who will remain on on-site systems and that require non-traditional technologies, such as PRBs, Aquaculture/shellfish propagation and the like, for nitrogen remediation.
- 5) **Septic System Only Users** – There are about 2,300 customers that are in non-nitrogen-sensitive Areas that require on-site septic systems to address their wastewater needs.

B. **Special Assessments** - Special assessments are assessed to the sewered commercial and residential users in the Downtown Area and Meetinghouse Pond Area. Special assessments may be assessed for the non-traditional capital costs in the nitrogen-sensitive Areas. These assessments are based on the capital and financing costs related to the wastewater collection, treatment, and disposal for the Downtown Area and Meetinghouse Pond Area facilities, septage costs at the Downtown Wastewater Treatment Facility, and capital and financing costs for the non-traditional technologies. These costs are allocated to users based on residential equivalent dwelling units (EDUs), which are based on actual water usage. Special assessments are assessed based on apportionments not to exceed 20 years, unless the Town adopts MGL Chapter 83, Section 1A to extend the apportionments beyond 20 years, but no greater than 50 years. Committed interest is applied to any apportioned special assessments, based on Town Meeting vote of either up to 2 percent over the borrowing rate or 5 percent.

C. **Inputs to the Financial Model** - The new Financial Model relies on data in a Cost Estimates input file for the costs (capital and operating, maintenance, replacement, and monitoring) related to the treatment types. The Cost Estimates input files are in a consistent format such that, if cost estimates change, the updated ones can be loaded into the Financial Model seamlessly. The data in the Cost Estimates file used by the Financial Model include program-level costs and phasing costs, which are presented as annual costs over a 40-year implementation period. The Financial Model can accept costs related to a one-treatment facility solution or a two-treatment facility solution. The Financial Model can accept costs containing any level of contingency costs.

D. **Operating, Maintenance, Monitoring, and Replacement Costs** - The Financial Model extracts operating, maintenance, monitoring, and replacement costs for each of the engineering solutions included in the Costs Estimates file, including (Aquaculture/Shellfish Propagation, Permeable Reactive Barriers, Floating Constructed Wetlands, and Sewering and includes them as part of any financial analysis it presents.

E. **Borrowing Schedules** - Based on user-defined criteria, the Financial Model produces long-term principal and interest schedules for SRF, USDA, and conventional borrowings. For SRF financing, origination and administrative fees are included. The interest percentage used to determine origination fees can be set to accommodate interim-financing costs, if any.

- F. **Public-Private Partnerships** - The Financial Model contains functionality to measure the financial impact of public-private partnerships related to Orleans' wastewater system, in the form of a percentage to represent an offset to project-wide capital and operating costs. The current version of the model does not have this functionality active and available to the user. However, this functionality can again be activated and used if the Town desires to use it.
- G. **Output Options** - The Financial Model produces multiple output cases in the customer impact table detailed previously in this document. Additionally, the model produces graphical outputs that show project costs and costs per user in a clear and succinct manner. In the future, additional functionality could be added to the Financial Model which would allow the user to define other output cases.

4. Conclusions

The new Financial Model available for the Town's use has gone through several iterations as AECOM, The Abrahams Group (model developer), and the Town sought to find a good balance of financing options and revenue options to produce reasonable output cases for the Town's consideration. Additionally, part of the intent with the creation of different output cases was to show the impact of including septage costs and revenue, grant revenue/principal forgiveness, and design/build and design/build/operate savings to show different ways the Town could save on project costs to make the project more affordable. Throughout its development, the Financial Model produced many different output cases, many of which were created as an exercise to see what the results indicated. Currently, the Financial Model produces 12 output cases defined in Table 1. These cases are the ones that AECOM, The Abrahams Group (model developer), and the Town believe to be the best representation of the different options available to the Town to finance the Water Quality and Wastewater Planning program.

A. Financing Options

- 1) **20-Year SRF with 0 percent Interest Rate** – Schedules with SRF financing include total yearly payments that are similar over the life of the loan. With no interest, principal payments are equal each year. The schedules also include a per-payment administrative fee, which is a percentage of the outstanding principal balance at the time of payment, and a one-time up-front origination fee, which is a percentage of the overall loan amount.
- 2) **30-Year SRF with 0 percent Interest Rate** – The option for this type of financing is similar to the 20-Year SRF with 0 percent Interest Rate one, but with a longer term.

B. Funding of Capital and Financing Costs

- 1) **100 percent Property Taxes** – All project and financing costs are paid via property taxes. Applying these costs to the tax base spread them equally to all properties in town.
- 2) **100 percent Special Assessments** – All project and financing costs are paid via special assessments. Assessing these costs to individual properties ensures that properties in certain Areas only pay for capital and financing costs related to projects completed in their Area. For example, properties in the Downtown Area would be assessed their portion of capital and financing costs for work related to the Downtown Area Wastewater Treatment Facility only and would not pay for capital work completed in other Areas.
- 3) **80 percent Special Assessments/20 percent Property Taxes** – A combination of the two previous options, this option allows most of the capital and financing costs tied to certain Areas to be assessed to properties in those Areas only, but also allows the remainder of capital and financing costs to be spread across all properties in town via property taxes.
- 4) **30 percent Special Assessments/70 percent Property Taxes** – A combination of the first two options, this option allows a small portion of the capital and financing costs tied to certain Areas to be assessed to properties in those Areas only, but also allows the remainder of capital and financing costs to be spread across all properties in town via property taxes.

Table 1 – Financial Model Output Cases

Description	Output Cases											
	1	2	3	4	5	6	7	8	9	10	11	12
Financing Options												
20-Year SRF with 0% Interest Rate	X											
30-Year SRF with 0% Interest Rate		X	X	X	X	X	X	X	X	X	X	X
Funding of Capital and Financing Costs												
100% Property Taxes	X	X	X				X	X	X	X	X	
100% Special Assessments				X	X							
80% Special Assessments/20% Property Taxes						X						
30% Special Assessments/70% Property Taxes												X
Number of Wastewater Treatment Facilities												
Two (Downtown Area and Meetinghouse Pond Area)	X	X	X	X	X	X	X			X		
One (Downtown Area only)								X	X		X	X
Contingency Costs												
25% Contingency – Capital/Replacement Costs	X	X	X	X	X	X	X	X	X			
15% Contingency – Capital/Replacement Costs										X	X	X
Project Costs Offsets												
90% Grant/Principal Forgiveness					X							
25% Grant/Principal Forgiveness						X	X	X		X	X	X
21% Design/Build Savings on Capital Costs						X	X	X		X	X	X
7% Design/Build/Operate Savings						X	X	X		X	X	X
Septage Revenue			X	X	X	X	X	X	X	X	X	X
5% Local Options Taxes						X	X	X		X	X	X

C. Number of Wastewater Treatment Facilities

- 1) **Two (Downtown and Meetinghouse Pond)** – The original Cost Estimates data includes costs for the implementation of two wastewater treatment facilities.
- 2) **One (Downtown only)** – A separate analysis has been included in the Cost Estimates file that reflects costs for the implementation of one wastewater treatment facility in the Downtown Area only. This facility would serve customers in the Downtown Area as well as the Meetinghouse Pond Area. Any costs associated with the facility that would be funded by customers in the Downtown Area would also be funded by customers in the Meetinghouse Pond Area for the cases with the implementation of only one facility. Implementing one facility instead of two results in capital costs savings of almost \$5 million and annualized operating, maintenance, replacement, and monitoring costs savings of about \$200,000.

D. Contingency Costs

- 1) **25 percent Contingency – Capital/Replacement Costs** – The original Cost Estimates data includes capital and replacement costs that include a contingency of 25 percent.
- 2) **15 percent Contingency – Capital/Replacement Costs** – Changing the contingency for capital and replacement costs from 25 percent to 15 percent results in a savings of over \$7 million in capital costs and almost \$200,000 in replacement costs annually.

E. Project Costs Offsets

- 3) **90 percent Grant/Principal Forgiveness** – With this capital costs offset, the Town would not be responsible for 90 percent of the capital costs of the project. Only 10 percent of the capital costs would remain and be put into borrowing schedules.
- 4) **25 percent Grant/Principal Forgiveness** – This option is similar to the previous one, but, with this one, the Town would be responsible for 75 percent of the capital costs.
- 5) **21 percent Design/Build Savings** – If the Town were to complete the Downtown Area and Meetinghouse Pond Area Wastewater Treatment Facilities, Collection System and Effluent Disposal Facilities as design/build projects, the Town could recognize capital costs savings of 21 percent.
- 6) **7 percent Design/Build/Operate Savings** – If the Town were to complete the Downtown Area and Meetinghouse Pond Area Wastewater Treatment Facilities, Collection System and Effluent Disposal Facilities as design/build/operate projects, the Town could recognize operating and maintenance savings of 7 percent.
- 7) **Septage Revenue** – If the Downtown Area Wastewater Treatment Facility were to be built to handle septage, then the Town could realize \$584,000 in annual septage revenue, based on 16,000 gallons processed per day at a rate of 10 cents per gallon. Operating and maintenance costs related to septage are estimated at \$200,000 annually. Capital costs related to septage are estimated at \$500,000. If amortized over 40 years, capital costs are \$12,500 annually. Ignoring financing costs, the Town could see an annual net septage revenue amount of \$371,500.
- 8) **5 percent Local Options Taxes** – The Town could collect additional local options taxes to use as an offset to project costs. The Financial Model uses this revenue as offsets to operating and maintenance costs, replacement costs, and monitoring costs. The Town would have to consider raising its meals and/or rooms tax (or some other tax measure) in order to accomplish this.

E. Miscellaneous - Additionally, the following list contains an explanation on a nuance related to case 6:

- 9) In Output Case 6, the special assessments in the Downtown Area are split between commercial properties and residential properties at a rate of 60 percent to 40 percent, respectively.

5. APPENDIX

Appendix A contains a detailed breakdown of what makes up each of the 12 cases.

Appendix A - Output Cases

Each of the model runs completed consisted of the following parameters:

- The special assessments and user charges amounts were determined using number of owners, which is 1,024 for the Downtown Area, 372 for the Meetinghouse Pond Area, and 2,912 for the Non-Traditional Technology Area, and 2,300 for the Septic System Only Area. The total amount of owners is 6,608.
- The property taxes amounts were determined using number of parcels, which is 391 for the Downtown Area, 372 for the Meetinghouse Pond Area, and 2,912 for the Non-Traditional Technology Area, and 2,300 for the Septic System Only Area. The total amount of owners is 5,975.
- For Cases 8, 9, 11, and 12, which are the one-facility cases, the user base described for the Downtown Area and the Meetinghouse Pond Area are combined.

The following information details the different output cases included in each model run:

Case 1

- **Long-term Borrowings:** 20-year term, SRF financing, 0% interest rate
- **Funding of Capital and Financing Costs:** 100% property taxes
- **Grant/Loan Forgiveness:** None
- **Design/Build Procurement Savings:** None
- **Design/Build/Operate Procurement Savings:** None
- **Septage Processing Included for Downtown Area Facility:** No
- **Additional Savings Due to Local Options Taxes:** No
- **Other Notes:** None

Case 2

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** None
 - **Design/Build Procurement Savings:** None
 - **Design/Build/Operate Procurement Savings:** None
 - **Septage Processing Included for Downtown Area Facility:** No
 - **Additional Savings Due to Local Options Taxes:** No
 - **Other Notes:** None
-

Case 3

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
- **Funding of Capital and Financing Costs:** 100% property taxes
- **Grant/Loan Forgiveness:** None
- **Design/Build Procurement Savings:** None
- **Design/Build/Operate Procurement Savings:** None
- **Septage Processing Included for Downtown Area Facility:** Yes
NOTE: These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
- **Additional Savings Due to Local Options Taxes:** No
- **Other Notes:** None

Case 4

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
- **Funding of Capital and Financing Costs:** 100% special assessments
- **Grant/Loan Forgiveness:** None
- **Design/Build Procurement Savings:** None
- **Design/Build/Operate Procurement Savings:** None
- **Septage Processing Included for Downtown Area Facility:** Yes
NOTE: These savings reduce annual costs (O&M, Replacement, and Monitoring) for the Downtown Area only.
- **Additional Savings Due to Local Options Taxes:** No
- **Other Notes:** None

Case 5

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
- **Funding of Capital and Financing Costs:** 100% special assessments
- **Grant/Loan Forgiveness:** 90%
- **Design/Build Procurement Savings:** None
- **Design/Build/Operate Procurement Savings:** None
- **Septage Processing Included for Downtown Area Facility:** Yes
NOTE: These savings reduce annual costs (O&M, Replacement, and Monitoring) the Downtown Area only.
- **Additional Savings Due to Local Options Taxes:** No
- **Other Notes:** None

Case 6

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 80% special assessments, 20% property taxes
 - **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
 - **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
 - **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
 - **Septage Processing Included for Downtown Area Facility:** Yes
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas, but with a split of 80% of the septage revenue applied to the Downtown Area and 20% split between the Meetinghouse Pond and the Non-Traditional Technologies Areas.
 - **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas.
 - **Other Notes:** Commercial properties in the Downtown Area are assessed 60% of the special assessment amount for the Area and residential properties are assessed 40%.
-

Case 7

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
 - **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
 - **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
 - **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
 - **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas.
 - **Other Notes:** None
-

Case 8

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
 - **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
 - **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
 - **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
 - **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas
 - **Other Notes:** Costs reflect the construction and use of one facility to service the Downtown and Meetinghouse Pond Areas, instead of two. Any costs listed as Downtown Area applies to both the Downtown and Meetinghouse Pond Areas.
-

Case 9

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** None
 - **Design/Build Procurement Savings:** None
 - **Design/Build/Operate Procurement Savings:** None
 - **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
 - **Additional Savings Due to Local Options Taxes:** No
 - **Other Notes:** Costs reflect the construction and use of one facility to service the Downtown and Meetinghouse Pond Areas, instead of two. Any costs listed as Downtown Area applies to both the Downtown and Meetinghouse Pond Areas.
-

Case 10

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
 - **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
 - **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
 - **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
 - **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas.
 - **Other Notes:** Contingency for capital replacement costs reduced from 25% to 15%.
-

Case 11

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
 - **Funding of Capital and Financing Costs:** 100% property taxes
 - **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
 - **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
 - **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
 - **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas equally.
 - **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas.
 - **Other Notes:** (1) Costs reflect the construction and use of one facility to service the Downtown and Meetinghouse Pond Areas, instead of two. Any costs listed as Downtown Area applies to both the Downtown and Meetinghouse Pond Areas; and (2) Contingency for capital replacement costs reduced from 25% to 15%.
-

Case 12

- **Long-term Borrowings:** 30-year term, SRF financing, 0% interest rate
- **Funding of Capital and Financing Costs:** 30% special assessments, 70% property taxes
- **Grant/Loan Forgiveness:** 25%
 - **NOTE:** These savings reduce capital costs for all Areas.
- **Design/Build Procurement Savings:** 21%
 - **NOTE:** These savings reduce capital costs for Downtown and Meetinghouse Pond Areas only.
- **Design/Build/Operate Procurement Savings:** 7%
 - **NOTE:** These savings reduce annual O&M costs for Downtown and Meetinghouse Pond Areas only.
- **Septage Processing Included for Downtown Area Facility**
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas, but with a split of 65% of the septage revenue applied to the Downtown and Meetinghouse Pond Areas and 35% applied to the Non-Traditional Technologies Areas.
- **Additional Savings Due to Local Options Taxes:** 5%
 - **NOTE:** These savings reduce annual costs (O&M, Replacement, and Monitoring) for all Areas.
- **Other Notes:** (1) Costs reflect the construction and use of one facility to service the Downtown and Meetinghouse Pond Areas, instead of two. Any costs listed as Downtown Area applies to both the Downtown and Meetinghouse Pond Areas; and (2) Contingency for capital replacement costs reduced from 25% to 15%.