



## Admission of New Community to MWRA Water System

**Policy #: OP.10**

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| <b>Approved by Executive Director:</b> Frederick A. Laskey       | <b>Date:</b> 11/12/2014            |

**Purpose** This policy explains the criteria and process the MWRA will use to evaluate a request for admission of a new community to the MWRA water system and requests from state, county, institutional and federal facilities for water service to locations in communities not included in section 8 (d) of MWRA's Enabling Act (St.1984, c.372).

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**Eligibility** This policy applies to communities seeking admission to the MWRA water system, and to state, county, institutional, and federal facilities seeking MWRA water for a location outside MWRA's water service area as set forth in section 8 (d) of MWRA's Enabling Act (St.1984, c.372).

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### **Admission Criteria**

In evaluating whether to permit the admission of new communities to the MWRA waterworks system, the MWRA must evaluate the following two groups of criteria:

#### A. Enabling Act Criteria

- The MWRA must, in accordance with Section 8 (d) of Chapter 372 of the Acts of 1984, find that the following six criteria are met:
  - The safe yield of the watershed system, on the advice of the MDC, is sufficient to meet the new community's demand.
  - No existing or potential water supply source for the community has been abandoned, unless the Department of Environmental Protection (DEP) has declared that the source is unfit for drinking and cannot be economically restored for drinking purposes.
  - A water management plan has been adopted by the community and approved by the Water Resources Commission.
  - Effective demand management measures have been developed by the community, including the establishment of leak detection and other appropriate system rehabilitation programs.
  - A local water supply source feasible for development has not been identified by the community or DEP.
  - A water use survey has been completed which identifies all users within the community that consume in excess of twenty million gallons a year.
- Admission of the applicant community into the MWRA has received approval from the MWRA Advisory Board, the General Court, and the Governor.
- An applicant community has accepted the extension of MWRA's water system to the community by majority vote of the city council if a city or a majority vote of the town meeting if a town.

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### Admission Criteria continued

- Providing water service to a state, county, institutional or federal facility outside MWRA's water service area has received approval from the MWRA Advisory Board.
- B. Other Criteria
- Any expansion of the MWRA water service system shall strive for no negative impact on the interests of the current MWRA water communities, water quality, hydraulic performance of the MWRA water system, the environment, or on the interests of the watershed communities; shall attempt to achieve economic benefit for existing user communities; and shall preserve the rights of the existing member communities. Any evaluation of the impacts of new communities shall clearly evaluate all changes to system reliability.
  - The applicant community has met all legal requirements for admission; and
  - Upon admission, the applicant community will pay fair compensation for past investment in the MWRA waterworks system by existing user communities.

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### Application Process

A. Application

An applicant shall submit three copies of a completed application to the MWRA Executive Director for review. A copy shall also be submitted to the MWRA Advisory Board. MWRA staff will review and evaluate the completed application to determine whether the requirements of the Enabling Act and additional requirements can be met, and whether water service can be provided by MWRA without jeopardizing standards and requirements set forth in this policy.

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### **Application Process, continued**

#### **B. Requirements**

- In a formal application for entrance to the MWRA waterworks system, an applicant community must provide detailed documentation to enable MWRA to make the necessary findings required by MWRA's Enabling Act (Section 8 (d) of St.1984, c.372).

In addition to providing documentation for the Section 8 (d) findings above, the applicant must provide the following.

- Documentation of approvals from the Secretary of Environmental Affairs in the MEPA process, the Water Resources Commission in the Interbasin Transfer Act process, the MWRA Advisory Board, the DEP on local source feasibility, the General Court, and the Governor. Prior to a formal application to MWRA, MWRA will strive to streamline the approval process, by review of application material concurrently with other approval processes, and by coordination with state agencies to document environmental and hydraulic impacts on MWRA's system.
- A detailed description of the water conservation and water accountability programs undertaken by the community and other entities including: leak detection and repair, commercial and industrial water conservation, residential water conservation efforts, large meter downsizing, meter replacement, municipal facility conservation, unaccounted-for water analysis (present data for UAW levels in last 3 years), true cost pricing and conservation based pricing for water and sewer service.
- Communities shall provide a plan for water conservation. MWRA encourages communities to have a plan that adheres to the Commonwealth's water conservation standards, including guidelines for lawn and landscapes. (Enforcement shall be the responsibility of the Water Resources Commission (WRC), Department of Environmental Protection (DEP) and other Commonwealth agencies.)
- A description (and copy) of municipal zoning and non-zoning measures designed to protect local sources of supply with a comparison showing how they meet DEP's regulations and policies for adequate water supply protection measures.

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### **Application Process, continued**

- Copies of any studies conducted on existing and potential local water source safe yield, protection needs, contamination threats, and water demand forecasts. If no studies are available on a potential local source known to the community or DEP, then the applicant should prepare documentation on estimated safe yield, protection needs and contamination threats, even for those sources previously determined to be infeasible to develop.
- A disaggregation of the community's total water consumption by customer class: residential, industrial, commercial, municipal facilities, unaccounted-for, other, and agricultural. A listing of large customers using over one million gallons a year should be provided.
- A Local Water Supply Management Plan if the applicant is a community. For a plan contents, refer to Attachment A. A Water Management Plan approved by the Water Resources Commission will also satisfy MWRA's Local Water Supply Management Plan requirement. A community's application must address how the requested connection is consistent with the stated objectives of the community's Local Water Supply Management Plan.

All other applicants (*i.e.*, state, county, institutional, and federal facilities) must address how the proposed water connection/water use is consistent with a Local Water Supply Management Plan, if it exists. MWRA also reserves the right to reject applications for those cases in which the community does not have a Local Water Supply Management Plan.

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## Admission of New Community to MWRA Water System (OP.10), Continued

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### **Application Process, continued**

#### C. MWRA Review of Application

Upon receipt of an application for admission to the waterworks system the MWRA will:

- Review the application's documentation on the necessary findings required by the MWRA's Enabling Act, and other criteria listed in the Admission Criteria.
- Review documentation submitted pursuant to the Requirements section of this Policy (Section B.) to help determine if MWRA can make the findings required listed in Admission Criteria.
- Analyze the applicant's demand impact on the MWRA waterworks system and consider the projected long-term demand of the system with the new community and contrast it to the MWRA's operations through average, wet and drought scenarios. The analysis must include the possibility of increased usage of MWRA supplies by partially supplied and non-MWRA communities due to drought conditions. Impacts on service to other community connections under various hydraulic conditions and to reservoir and watershed conditions must also be evaluated.
- Upon the request of the applicant, and subsequent to the completion of application review by MWRA staff and following consultation with the Advisory Board, submit a status report to the Board of Directors to inform it of the request, staffs' review and the status of other pending permits or approvals.

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### **Application Process, continued**

#### D. Concurrent Reviews

Other regulatory approvals or permits may be required before a request for service may be approved. It is the responsibility of the applicant to obtain all such approvals. Copies of all applications or requests for regulatory approval shall be submitted to the MWRA as early as practicable to facilitate MWRA review of the request. MWRA will cooperate with other regulatory agencies to coordinate its review where possible, and will review and comment in other regulatory processes as appropriate. Final action by MWRA cannot be taken until the following regulatory approvals, where required, have been obtained.

- Massachusetts Environmental Policy Act – Executive Office of Environmental Affairs
- Interbasin Transfer Act - Water Resources Commission
- Local water supply source feasibility - Massachusetts Department of Environmental Protection

#### E. Legislation

Legislation is required to extend MWRA's water system to a local body not listed in Section 8 (d). Proposed legislation should be submitted to MWRA for review before filing. MWRA may require that certain conditions be included in the proposed legislation.

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### **Water Supply Agreement**

If MWRA approves the request for new service, it will establish appropriate terms and conditions of service in the form of a water supply agreement for an initial term of five years. The agreement will be consistent with MWRA's Continuation of Contract Water Supply regulations (360 CMR 11.00). Before contract renewal, MWRA will reevaluate and assess the status of the community's demand management efforts.

The agreement will set forth as appropriate:

- Firm limits on usage, including average and maximum daily use of MWRA water and a stipulation that any increase beyond the stated amounts would require a contract revision and recalculation of the entrance fee. Any significant increase will also require new approval by the MWRA Advisory Board and MWRA Board of Directors.
- A requirement that the applicant assume all costs of connection and pay an entrance fee.
- A requirement that the applicant continue to use all local non-MWRA sources of water to the maximum feasible extent.
- A requirement that the applicant continue to implement all practicable conservation measures. Communities shall be encouraged to adhere to the Commonwealth's water conservation standards, including guidelines for lawn and landscapes, and follow the MWRA's regulations for Leak Detection (360 C.M.R. 12.00).
- A requirement that the community protect local sources of supply in accordance with DEP's guidelines for water supply protection measures.
- Other conditions as may be appropriate.

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**Waivers**      The MWRA may, in its discretion, waive any of the conditions or requirements set forth in this Policy and Procedure, not otherwise mandated by law or regulation, if it finds that the community has demonstrated unusual factors or extraordinary circumstances which would make imposition of the condition or requirement upon that community unfair or inappropriate and finds that the proposed action will not jeopardize the MWRA's ability to supply its water communities.

Connection Costs and Entrance Fees outlined in the following sections shall not be waived.

**Entrance Fees**

The MWRA will charge an entrance fee to cover the new community's fair share of the costs of the waterworks system in place at the time user joins. The entrance fee may be paid in one lump sum, or may be paid pursuant to up to a 25-year, interest-free payment plan with a grace period for the first three years, with payments to be made in years 4-25. The 25-year, interest-free payment plan shall be subject to review by the Board of Directors every five years. To be eligible for this multi-year, interest-free payment plan, a new community must take substantive steps toward admission to the MWRA prior to the adoption of any revised policy by the Board of Directors. Substantive steps include any of the following: affirmative vote to join MWRA by Town Meeting, City Council or Board of Directors, or submission of MEPA documentation indicating MWRA is the preferred option and subsequent completion of MEPA process in a timely manner.

New communities joining the MWRA waterworks system as well as communities admitted to the MWRA since 2002 who desire to increase their MWRA-approved withdrawal shall be eligible for the interest-free payment plan. The entrance fee recovers the new user's proportional share of the waterworks system's asset base, which has already been paid for by the existing users of the system. The net asset value charge will be determined through allocating 25% of the net asset value to peak use and the remaining 75% to average use.

MWRA system average annual use and peak six-month average use will be based upon the prior five calendar years of average of water consumption. The user's projected need for MWRA water will be based upon a detailed analysis of local supplies and shortfalls. Its average annual use and peak six-month average use may be based upon its projected need, but in no case shall the projected need be more than the amount approved under MEPA and the Interbasin Transfer Act. Firm contract limits will be established based upon the usage volumes used in the entrance fee calculation.

The formula is as follows:

75% of NAV Allocated to Average Use + 25% of NAV Allocated to Peak Six-month system use = Total Entrance Fee

*Average Use*

$$\frac{\text{New user's projected MWRA "average use" needs}}{\text{System "average use"}} \times \text{NAV of Total Waterworks System}$$

*Peak Use*

$$\frac{\text{New user's projected MWRA "peak use" needs}}{\text{System "peak use"}} \times \text{NAV of Total Waterworks System}$$

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### **Entrance Fees, continued**

If the applicant community has purchased MWRA water under an emergency supply agreement and has paid charges, which include asset value contributions, then those contributions will be treated as credits against the total entrance fee. Payments of premium charges under an emergency supply agreement are not credited against the entrance fee.

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### **Connections and Connection Costs**

All new community water system connections shall be made directly to the MWRA transmission system wherever practical. The applicant community must pay all the costs of providing the connection. The MWRA will charge the costs to the new user as they are incurred, and as well as expenditures by MWRA for outside services necessary to make the connection. These costs may include, but are not limited to, costs of preliminary and final design, land acquisition, environmental review, pumping and storage facilities, and actual construction including construction services and resident inspection. The new user will pay only the connection cost incurred to serve its own needs. If other existing users will benefit from the new pipelines and facilities, the MWRA will assume an appropriate portion of the connection costs that will be added to the overall capital costs for water.

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### **Application of Individual Users**

The MWRA Enabling Act allows for arrangements involving the extension of the waterworks system to any local body, institution, agency or facility of the commonwealth or federal government if MWRA finds that the additional demand will not jeopardize the delivery of water to existing users and the MWRA Advisory Board approves arrangements beyond six months in length. All requests from state, county, institutional, and federal facilities outside the water service area will be subject to the policies and procedures outlined above, including the payment of entrance fees and connection costs. Connections and withdrawals by private entities outside the water service area shall remain prohibited. In the event exceptions arise to this prohibition, the applicant will be subject to the policies and procedures outlined above and shall obtain approval from: the receiving community; the transporting community; regulatory bodies, where required; the MWRA Advisory Board; the MWRA Board of Directors; and the Governor and General Court.

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**Annual Update** MWRA staff shall provide an annual update to the MWRA Board of Directors on the status of any new connections (connections approved within the preceding five years) into the MWRA system. This annual update shall at a minimum include information regarding the proponent entity's compliance with the conditions of approvals as stipulated within the water supply agreement and/or other affiliated contractual arrangements with the MWRA; and the status of payments due to either the MWRA or the proponent entity.

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## **Attachment A**

### **Local Water Supply Management Plan Outline**

#### **Water Supply**

- Identify existing and potential water supplies in the community, zone II delineations, Interim Wellhead Protection Zones, and/or Zones A and B delineations for surface water sources, and watershed boundaries.
- Describe source water protection program, including compliance with DEP source water protection regulations.
- Identification of all water supply options, including compliance with DEP water protection regulations.
- Identification of all water supply options, including local, regional and conservation options.

#### **Regional Plans**

- Describe any existing regional or watershed plans and how these plans relate to the plans of the local community. Refer to reports and plans developed by regional planning agencies, local watershed associations, and other appropriate regional and/or non-governmental agencies.

#### **Future Plans**

- Analysis of existing zoning and master plan, including EOE A build-out analyses available from Massachusetts GIS.
- Identification of future water and wastewater needs and various alternatives for meeting these needs.
- Summary and evaluation of water infrastructure plans based on build-out and future needs.
- Overall summary based on above information.

#### **Analysis and Conclusions**

- An action plan, with timetables for implementation of the recommendations of the plan, a budget, and identification of people responsible for implementation.