#### REQUEST # 2

"To the extent not included in the response to the prior request, please provide a copy of any studies, reports or other analyses addressing the availability and cost of acquiring additional property in the Scituate Reservoir watershed."

# **RESPONSE**

# **Availability**

- Providence Water owns or controls twenty-eight percent (28%) of the Scituate Reservoir watershed. Only a few hundred acres of additional land are protected by federal, state, local or private organizations. Therefore, approximately 40,000 acres of Scituate Reservoir watershed land are unprotected, and theoretically "available" . . . available for development and potential water quality degradation, . . . or available for potential purchase and protection of water quality (see Figure 2.1).
- Many homes and businesses occur on the watershed, and therefore most likely will NOT be of interest to the proposed Land Acquisition Committee for purchase. Of these approximately 40,000 acres, nearly 4,000 acres are undeveloped woodland (see Figure 2.2). These lands, coupled with "back land" (ie. excess woodland acreage behind an existing house or business) have the greatest potential for acquisition. Figure 2.3 illustrates how "back land" may contribute to protecting the Scituate Reservoir, if acquired.
- The Committee will not have eminent domain powers. It will most likely negotiate under a "willing buyer / willing seller" policy. If a landowner refuses to sell his/her land at a fair price, the Committee will simply pursue other properties.

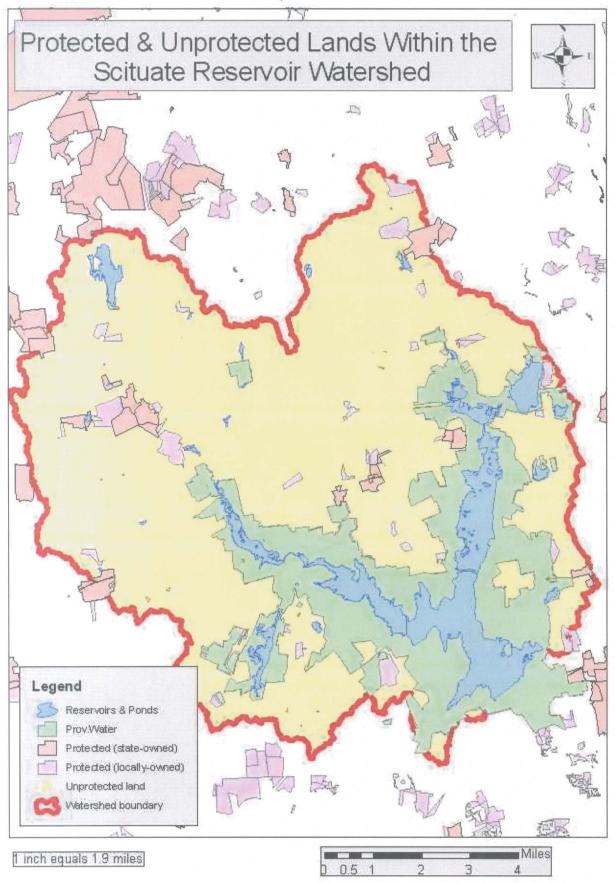
# Cost

• Since 1989, Providence Water has been acquiring watershed land in order to protect the Scituate Reservoir. On average, Providence Water has paid \$8,000 per acre for land without buildings, and zoned residential (as opposed to higher-priced commercially-zoned land), and greater than 25 acres in size (small lots tend to cost more per acre). Figure 2.2, using this average cost per acre figure, estimates the cost of acquiring all undeveloped land in Scituate.

#### Conclusion

- Figure 2.2 shows that the available funds (\$5,000,000) are only enough to purchase a small fraction (1/10th) of undeveloped land which may be available for acquisition. In other words, the supply of land is ten times greater than available funds.
- If land deemed necessary to protect the Scituate Reservoir is not available either due to lack of supply (ie. no one wants to sell), or due to unfair asking prices, then the funds will simply be used for other purposes for the benefit of the ratepayers per PUC direction.

Figure 2.1



# Figure 2.2

# **Land Acquisition Within the Town of Scituate**

s - 2 - 1 - 22 5 l l			
Availability of Land			
acres *	type/category		
3,949	undeveloped land (co		ntial or
		, 3, 1	
2,370	"back land" (parcels which may be valuab purposes)	20 acres of extra	a property,
	purposes		
6,319	sum		
potential cost of	f acquisition		
	potential cost, assum	in - #0 000 nor o	**

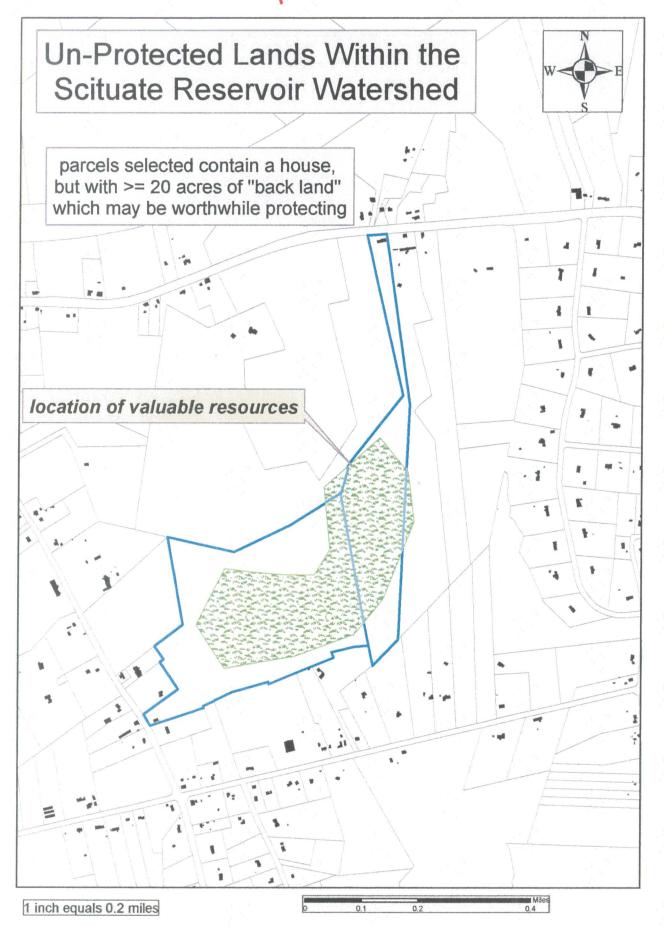
Availability of Funds					
Availability of Farias					
\$5,000,000	funds available				
625	potential acres, ass	suming \$8,00	00 per ac	re	

# Conclusion

There is approximately ten times more land than dollars available.

# **Footnotes**

- \* Figures based on Providence Water GIS data (2004)
- \*\* \$8,000/ac is the historic average price paid for watershed land, for parcels purchased without buildings, and zoned residential, and greater than 25 acres



#### REQUEST #3

"Please explain the review process that the Water Supply Board proposed to utilize to ensure that the \$5 million set aside is prudently spent. Explain the Division's and Commission's proposed role in that process."

#### **RESPONSE**

## **Review Process**

- Providence Water's "Land Acquisition Program" has been effectively protecting the Scituate Reservoir for 20 years. During these twenty years, Providence Water has acquired 49 properties, totaling 2,412 acres at a cost of \$20,342,800. Every parcel of acquired land was reviewed and approved by the Chief Engineer/General Manager, the Board of Providence Water, and/or the Board of the Providence Public Buildings Authority. Appraisals, surveys, environmental reviews and title work have all been completed by professionals.
- Providence Water currently has 127 acres of watershed land under a
  purchase and sales agreement. Additionally, we are in negotiations for
  another 246 acres. Every parcel goes through the same thorough review
  process as the previously-acquired land mentioned above.
- The Land Acquisition Committee will be required to follow Section D (Acquisition Procedures) from the proposed tax agreement (see Figure 3.1).
- Additionally, once the Committee has been formed, it could follow Providence Water's model and develop a list of criteria (see Figure 3.2). From these criteria, Providence Water has created an objective scoring system which is used to rank parcels of land. Figure 3.3 illustrates Providence Water's existing property scoring system.

# **Prudent Spending**

- The proposed tax agreement requires that two full, independent appraisals be obtained (see Figure 3.1).
- The Land Acquisition Committee will negotiate aggressively in order to "stretch" its dollars. This approach is consistent with Providence Water's existing Land Acquisition Program.

• The Committee will most likely negotiate under a "willing buyer / willing seller" policy. If the Committee feels that the appraisals have over-valued the land, or that certain conditions have not been included in the appraisals which affect the overall value of the land, or that the prices being sought by the seller are unfair for any reason, the Committee can cease negotiations and withdraw from the purchase at any time.

## PUC's Role

By the terms of the proposed tax agreement, the Commission and the
Division will play a major role in ensuring that the \$5 million is prudently
spent because of the proviso (that Providence Water insisted on) that the
PUC will redirect for the benefit of ratepayers any amount short of \$1
million not spent annually on watershed land acquisition.

Prepared by: Richard Blodgett, Manager of Environmental Resources

# Figure 3.1

The property provides an opportunity for habitat protection and/or protection of agricultural lands in the Scituate Reservoir watershed, and/or the property serves to direct development away from environmentally sensitive areas in the Scituate Reservoir watershed to those areas more suited to economic development.

- D. <u>Acquisition Procedures</u>. Upon approval of the Advisory Board to pursue acquisition of a property, the following general procedures will be followed:
  - 1. Preliminary discussions with landowner.
- 2. Landowner submits letter to Advisory Board requesting consideration of acquiring property (either fee simple, development rights or 100% lease).
- 3. Advisory Board obtains two full independent appraisals, each containing a value for fee simple, development rights, and any other relevant values as determined by the Advisory Board.
  - 4. Purchase price is negotiated with the land owner.
- 5. If agreement is reached, a purchase and sale agreement is signed. At this time, a deposit may be forwarded to land owner.
- 6. Advisory Board will obtain a survey, title report, phase 1 environmental site assessment, and other warranted information.
  - 7. Closing on the property and payment.

8. Mapping, boundary work, inventory, fencing, signage, etc. by the Water Supply Board.

# 3. Termination of Restricted Fund.

The entire Restricted Fund is intended to be spent and/or contractually committed by the Water Supply Board within five (5) years from the date of this Agreement. It is also intended that \$1 million or more of the Restricted Fund will be spent and/or contractually committed by the Water Supply Board for each year of this 5-year period. The parties shall use their best efforts to designate and acquire property in accordance with the procedures set forth above. If less than \$1 million is spent and/or committed on a yearly basis, measured cumulatively on each anniversary of the Effective Date of this Agreement, then the difference between (the total of the amount spent and/ or committed together with the total of the amount previously redirected) and the sum of \$1 million (measured cumulatively each year) shall be redirected in a manner by the Public Utilities Commission ("PUC") for the benefit of the general ratepayers and customers of the PWSB. By way of example: if no money is spent in year 1, \$750,000 in year 2, \$500,000 in year 3, \$250,000 in year 4 and \$1 million in year 5, the following amounts would be redirected:

Year 1 \$1.0M less \$0.0M previously redirected/spent/contractually obligated + \$0.0 spent/contractually obligated = \$1.0M redirected

Year 2 \$2.0M less \$1.0M previously redirected/spent/contractually obligated + \$750,000 spent/contractually obligated = \$250,000 redirected

#### APPENDIX G

# STRATEGIC LANDS INVENTORY PROGRAM

#### BACKGROUND

Land acquisition has been an ongoing program since the establishment of the Providence Water Supply System. The most recent property acquisition occurred in the 1960's on the northeast side of Barden Reservoir.

An escalated rate of development on the watershed in the early 1970's was met by the Water Board's interest in acquiring land for protection of its reservoirs. Since that time, a small number of landowners have approached the Water Board, wishing to sell their land. Often their motive was to be assured that their land would remain in its natural state. They most likely have assumed that their best chance was to have the Water Supply Board as its steward. At the same time, professional foresters began to inventory properties deemed important to water resource protection.

## PROPERTY SELECTION

In anticipation of the implementation of the RI Drinking Water Protection Act, a more aggressive approach to acquiring land has occurred.

The following nine criteria were developed in order to better assess a parcel of property.

- 1. The land abuts a main tributary and/or wetland or is within 200 feet of the same.
- 2. The land abuts PWSB property.
- 3. The land will provide access to PWSB property.
- 4. The land will consolidate PWSB holdings to simplify property bounds and control access.
- 5. The land is developable.
- 6. The land is presently for sale or has been sold for development but no development has taken place.
- 7. The land is zoned for uses highly incompatible with watershed protection.
- 8. The land is part of a groundwater recharge area.

9. The land currently supports a use suspected of impacting our surface water supply.

# INSPECTION AND ASSESSMENT

After a given property has been selected, the land is inspected for features which will help to assess its value in protecting water quality. Streams, wetlands, ponds and other natural characteristics are noted during the inspection.

Other considerations are the types of soils that are found on the property. The depth of the water table and the soil's ability to properly support a septic system are reviewed.

After the initial inspection is completed, a brief report is written. The report contains a narrative, describing the parcel's location; it's water, soil and vegetative characteristics; development potential; a summary; and a recommendation on its value to the Water Supply Board. The report also contains a summary sheet which includes which of the nine criteria have been met. The report concludes with location, plat and soils maps. Follow-up inspections are made to determine whether the property's natural characteristics have changed.

# SCORING SYSTEM

A scoring system was developed in order to rank the properties. The scoring system was based on the nine criteria mentioned above. Five categories were developed, basically by grouping the nine criteria. The five categories are:

- 1. Water.
- Site developability.
- 3. Location.
- 4. Status or availability.
- Professional opinion.

The following section contains the scoring system, as used in evaluating the properties.

# SLI SCORING SYSTEM - OVERVIEW

CATEGORY I - WATER (Total points = 35)

CATEGORY II - SITE DEVELOPABILITY (Total points = 30)

CATEGORY III - LOCATION (Total points = 20)

CATEGORY IV - STATUS (Total points = 15)

CATEGORY V - PROFESSIONAL OPINION (Total points = 10)

To obtain the total score, add the scores from the five categories. A potential of 110 points is available. A decision was made to have the maximum equal 100, for the sake of simplicity. Therefore, take the final score, and multiply it by 0.9091.

# SCI SCORING SYSTEM

# CATEGORY I - WATER (total points = 35)

#### I. SURFACE WATER

# A. TERMINAL RESERVOIR (SCITUATE)

PTS	
30	abuts reservoir
30	< 200 ft. from reservoir
30	contains primary streams **
29(+1)	contains secondary streams ***
29(+1)	<200 ft. from primary streams
28 (+1)	contains unnames, int. stream ****
28(+1)	<200 ft. from secondary streams
27 (+1)	<200 ft. from unnames, int. stream
25	<400 ft. from reservoir
24	<400 ft. from primary stream
23	<400 ft. from secondary stream
22	<400 ft. from unnamed, int. stream
20	<600 ft. from reservoir
19	<600 ft. from primary stream
18	<600 ft. from secondary stream
17	<600 ft. from unnamed, int. stream
15	<800 ft. from reservoir
14	<800 ft. from primary stream
13	<800 ft. from secondary stream
12	<pre>&lt;800 ft. from unnamed, int. stream</pre>
	<1000 ft. from reservoir
9	<1000 ft. from primary stream
8	<1000 ft. from secondary stream
7	<1000 ft. from unnamed, int. stream
5	<1200 ft. from reservoir
4	<1200 ft. from primary stream
3	<1200 ft. from secondary stream
2	<1200 ft. from unnamed, int. stream

- \* The number in the parentheses indicate the additional number of points which is given if the parcel of property has an additional water characteristic. For example, if a parcel of land abuts a Tributary reservoir, it gets a score of 27. If the parcel also contains a primary tributary, it gets an additional 2 points. If the same parcel contains a secondary stream also, it gets an additional 1 point.
- \*\* Primary streams include: Brandy, Cork, Coventry, Dolly Cole, Hemlock, Huntinghouse, Kent, Peeptoad, Pine Swamp, Ponaganset, Quonopaug, Spruce, Swamp, Rush, Westconnaug Brook, Westconnaug Stream, Wilbur Hollow.

\*\*\*\* Unnamed, intermittent streams include those without names and/or those which flow for only part of the year.

## B. TRIBUTARY RESERVOIRS (BARDEN, REGULATING, WESTCONNAUG)

```
27
               abuts reservoir
               <200 ft. from reservoir
23
               contains primary streams
21(+2)
20(+1)
               contains secondary streams
20(+1)
               <200 ft. from primary streams
             contains unnamed, int. stream
18(+1)
              <200 ft. from secondary streams
18(+1)
               <200 ft. from unnamed, int. stream
17(+1)
               <400 ft. from reservoir
15
               <400 ft. from primary stream
14
13
               <400 ft. from secondary stream
               <400 ft. from unnamed, int. stream
12
10
               <600 ft. from reservoir
9
               <600 ft. from primary stream
8
               <600 ft. from secondary stream
7
               <600 ft. from unnamed, int. stream
5
               <800 ft. from reservoir
4
               <800 ft. from primary stream
               <800 ft. from secondary stream
3
2
               <800 ft. from unnamed, int. stream</pre>
```

#### C. SECONDARY RESERVOIRS (MOSWANSICUT, PONAGANSETT)

```
abuts reservoir
22
               <200 ft. from reservoir
18
               contains primary streams **
18(+2)
               contains secondary streams ***
15(+1)
15(+1)
               <200 ft. from primary streams
               contains unnamed, int. streams
14(+1)
               <200 ft. from secondary streams
14(+1)
               <200 ft. from unnamed, int. stream
13(+1)
               <400 ft. from reservoir
10
               <400 ft. from primary stream
9
               <400 ft. from secondary stream
8
7
               <400 ft. from unnamed, int. stream
5
               <600 ft. from reservoir
               <600 ft. from primary stream
4
3
               <600 ft. from secondary stream
               <600 ft. from unnamed, int. stream
```

# II. Ground Water

5	>=1/2 property contains a recharge area
4	< 1/2 property contains a recharge area
3	property is within 200 feet of a recharge
	area

# CATEGORY II - SITE DEVELOPABILITY (total points = 30)

# of lots = Total acreage \* (1 - % area with perched/apparent
water tables) ÷ town's required minimum lots size

# OF LOTS	SCORE
1	6
2 3 4 5	7
3	8
4	9
	10
6	11
7	12
8	13
9	14
10	15
11	16
12	17
13	18
14	19
15	20
16	21
17	22
18	23
19	24
20	25
20+	30
40.	30

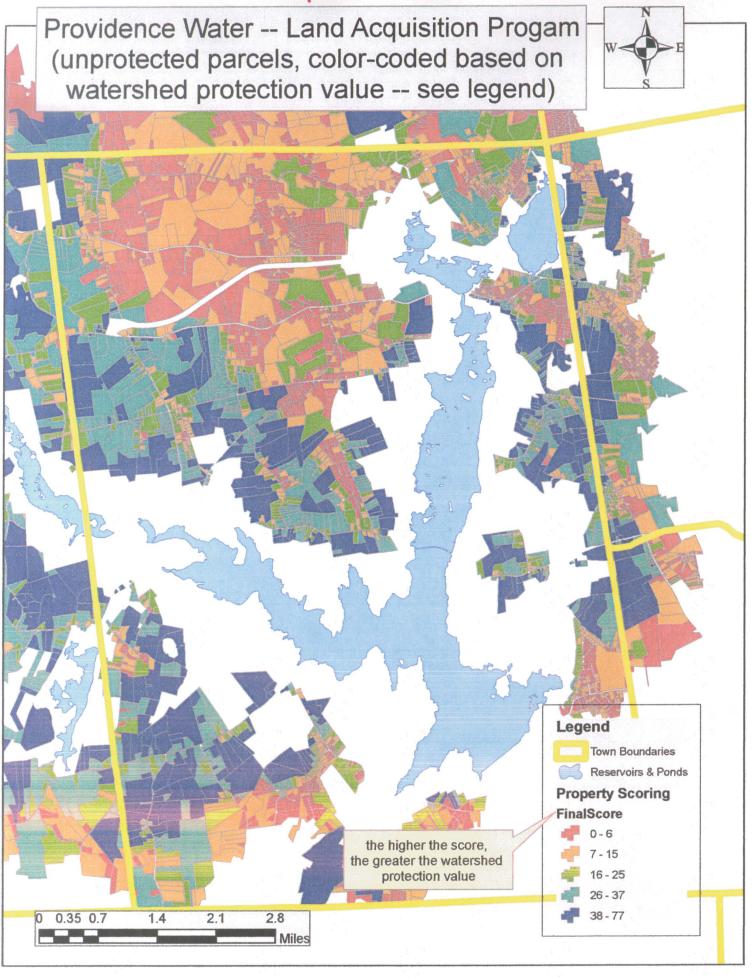
# CATEGORY III - LOCATION (Total points = 20)

#### PTS

10	abuts PWSB property
5	provides access to PWSB property
5	consolidates PWSB landholdings (i.e. simplify
	bounds, control access)

CATEGORY IV - STATUS (Total points = 15)

	PTS	
	lar	nd is for sale
traction of the state of the st	13 10 10 5	recently sold for development offered to PWSB currently on the market recently sold, but no intention to develop
	10	land zoned as a use incompatible with water quality protection
	10	land currently supports a use which is suspected of impacting water quality
	(any combination o	of the above will yield a maximum of 15 points)
] 7	CATEGORY V - PRO	OFESSIONAL OPINION (total points = 10)
	PTS	
		nd management protection considerations general increased vandalism general increased trespass general increased property complaints/ considerations fire potential
	Lan 2 2 2 2	<pre>general increased vandalism general increased trespass general increased property complaints/ considerations</pre>
	Lan. 2 2 2 2 Loc 4 2	general increased vandalism general increased trespass general increased property complaints/ considerations fire potential cation urbanizing



4. Please explain and show the calculation of the \$9 million reduction in taxes scheduled to be paid in tax years 2008 through 2017 that is identified on page 7 of Mr. Spinelli's testimony.

Answer:

The reduction in taxes scheduled to be paid in tax years 2008 - 2017 was calculated by taking the actual taxes paid in tax year 2007 and projecting what the 2008 - 2017 tax year payments would be, in the absence of any tax treaty, and assuming that Scituate would increase the tax levy each year by the maximum percentage increase allowable by law, this calculation is as follows:

TAX YEAR	TAXES <u>PAID</u>	TAX <u>LEVY CAP</u>	PROJECTED TAXES
2007	\$5,601,052		
2008		5.00%	\$5,881,101
2009		4.75	6,160,454
2010		4.50	6,437,674
2011		4.25	6,711,275
2012		4.00	6,979,726
2013		4.00	7,258,915
2014		4.00	7,549,272
2015		4.00	7,851,243
2016		4.00	8,165,293
2017		4.00	<u>8,491,904</u>
	TOTA	AL 2008 - 2017	\$71,486,857

The next step was a similar calculation incorporating the 12.5% reduction in taxes specified in the tax treaty. This calculation is as follows:

TAX YEAR	TAXES <u>PAID</u>	TAX <u>LEVY CAP</u>	PROJECTED <u>TAXES</u>
2007	\$5,601,052		
12.5% reduction	4,900,920		
2008		5.00%	\$5,145,964
2009		4.75	5,390,397
2010		4.50	5,632,965
2011		4.25	5,872,366
2012		4.00	6,107,261
2013		4.00	6,351,551
2014		4.00	6,605,613

Prepared by: Boyce Spinelli, 1/13/09

#### 4. Continued

2015	4.00		6,869,838
2016	4.00		7,144,631
2017	4.00		<u>7,430,416</u>
	TOTAL	2008 - 2017	\$62,551,002

## Projected Tax Payments 2008 - 2017

Without Agreement	\$ 71,486,857
With Agreement	62,551,002
Reduction in Taxes	\$ 8,935,855

Page 10 of the agreement references the annual tax payments for the period 2008 - 2017 totaling \$62,551,002.

Providence Water and the Town of Scituate mutually agreed however to a modified tax payment schedule designed to lessen the immediate impact of reduced cash flow to Scituate. The following table summarizes the resulting agreed upon tax payment schedule.

#### PROJECTED TAX PAYMENTS

TAX <u>YEAR</u>	WITHOUT AGREEMENT	WITH <u>AGREEMENT</u>	MODIFIED PAYMENT SCHEDULE
2008	\$ 5,881,101	\$ 5,145,964	\$ 5,824,651
2009 2010	6,160,454 6,437,674	5,390,397 5,632,965	5,824,651 5,199,933
2011	6,711,275	5,872,366	5,439,334
2012	6,979,726	6,107,261	5,674,228
2013	7,258,915	6,351,551	6,351,551
2014	7,549,272	6,605,613	6,605,613
2015	7,851,243	6,869,838	6,869,838
2016	8,165,293	7,144,631	7,144,631
2017	<u>8,491,904</u>	<u>7,430,416</u>	<u>7.430,416</u>
TOTAL	\$ 71,486,857	\$ 62,551,002	\$ 62,364,846

Prepared by: Boyce Spinelli, 1/13/09

5. To the extent not identified in the response to the previous question, please identify the expected tax payments to Scituate for 2008 through 2010.

Answer: The expected tax payments to Scituate for the terms of the agreement are as follows:

	FISCAL YEAR	EXPECTED
TAX YEAR	<b>ENDING JUNE 30</b>	TAX PAYMENTS
2008	2009	\$ 5,824,651
2009	2010	5,824,651
2010	2011	5,199,933
2011	2012	5,439,334
2012	2013	5,674,228
2013	2014	6,351,551
2014	2015	6,605,613
2015	2016	6,869,838
2016	2017	7,144,631
2017	2018	<u>7,430,416</u>
	TOT	AL \$62,364,846

Prepared by: Boyce Spinelli, 1/13/09

6. Please explain how the Water Supply Board proposes to treat the reduction in tax payments to Scituate under the agreement for years subsequent to 2007 compared to the \$5,446,674 included in rates in Docket No. 3832 until the Water Supply Board's next rate case.

Answer:

Providence Water pays Scituate taxes from a combination of rate revenue and Water Quality Protection Funds (WQPF).

The 2008 tax year payment is \$5,824,651. Providence Water will pay this amount utilizing \$251,655 from WQPF and \$5,572,995 from rates which slightly exceeds the \$5,446,674 provided by rates in Docket 3832.

Providence Water anticipates submitting its next rate case to be effective January 1, 2010, at which time Providence Water will file for the exact rate revenue needed to pay the taxes due during calendar 2010.

If the proposed tax agreement is approved Providence Water, at the time of the next rate filing, will also know the dollar amount required for Scituate taxes for the remaining term of the agreement (through tax year 2017) and may present for the Commission's consideration alternate funding methods to stabilize the impact on rate payers over a number of years.

7. Please provide a summary of the Water Quality Protection Plan revenues and expenditures for fiscal years 2003-2008.

Answer:

Attached is a spreadsheet which contains the cash receipts and disbursements from the Water Quality Protection Fund from July 1, 2002 through December 31, 2008.

Please note that property taxes reflect the amount charged on all properties acquired with WQPF monies since 1989. The debt service reflects the net disbursement for debt service on funds borrowed to acquire land since 1989.

Beginning Cash Balance	Fiscal Year 2003 \$3,363,912	Fiscal Year <u>2004</u> <b>\$3,976,471</b>	Fiscal Year <u>2005</u> <b>\$4,300,204</b>	Fiscal Year <u>2006</u> <b>\$3,336,628</b>	Fiscal Year <u>2007</u> <b>\$3,692,485</b>	Fiscal Year <u>2008</u> <b>\$3,273,169</b>	Fiscal YTD <u>Dec/08</u> <b>\$3,743,561</b>
Receipts: Transfers Interest earned <b>Total Receipts</b>	\$2,012,988 43,155 2,056,143	\$2,089,561 <u>33,401</u> <b>2,122,962</b>	\$2,354,620 65,072 <b>2,419,692</b>	\$1,760,220 102,071 1,862,291	\$1,766,778 126,887 <b>1,893,665</b>	\$1,826,344 106,789 1,933,133	\$1,547,451 <u>18,824</u> <b>1,566,275</b>
Disbursements: Land Purchases Property Taxes Alternative Road Salt Debt Service Other Water Quality Protection * Total Disbursements	\$12,500 272,482 130,629 665,160 362,813 1,443,584	\$262,091 305,737 74,782 659,121 497,498	\$2,096,121 309,999 135,779 657,600 183,769 3,383,268	\$31,000 326,805 0 656,403 492,225 <b>1,506,433</b>	\$801,927 331,977 0 676,974 <u>502,103</u> <b>2,312,981</b>	\$0 358,171 0 691,401 413,169 <b>1,462,741</b>	\$1,409,935 208,932 0 647,802 360,555 <b>2,627,224</b>
Ending Cash Balance	\$3,976,471	\$4,300,204	\$3,336,628	\$3,692,485	\$3,273,169	\$3,743,561	\$2,682,612

<sup>\*</sup>Includes survey, title, appraisal, environmental and legal work associated with the acquisition of Land. Also includes, but not limited to: water quality sampling and analyses, land use investigations, education & outreach, geographic information systems, and pollution source monitoring.

# Utilities Data Requests, Set 1

# REQUEST #8

"Please provide a listing of land acquisitions made with Water Quality Protection Plan revenues for the fiscal years 2003 - 2008. Please include the following information in the listing: date acquired, former owner, acreage, city/town where land is located and purchase price."

# **RESPONSE**

- Attached is a spreadsheet (Figure 8.1) which contains the information requested
- In summary, during this period of time, Providence Water acquired:
   □ 6 parcels
   □ 309 acres
   □ cost of \$4,510,000.

Prepared by: Richard Blodgett, Manager of Environmental Resources

Figure 8.1

# WATERSHED LAND ACQUISITION PROGRAM PROPERTIES PURCHASED JANUARY 1, 2003 - DECEMBER 31, 2008

	YEAR	FORMER		ACRE			TOTAL	
1	ILAK	FORWIER		ACKE	, 1		TOTAL	
A	CQUIRED	OWNER		AGE		TOWN	PRICE	
	2003			0			0	
	2004	Relahan		30		Scituate	\$275,000	
	2005	Verde		70		Johnston	\$2,065,000	*
	2006	Allen		95		Foster	\$620,000	*
	2007	Mansolillo		15		Scituate	\$200,000	
	2007	DiColo		17		Foster	\$0	**
	2008	DECA Realty		82		Johnston	\$1,350,000	
1		SUM		309			\$4,510,000	
	. 1		4 9			3 %		, a . 10

# footnotes

develop rights only

\*\* donation