

OUT-OF-TOWN WATER SALES POLICY

Whereas, the Town of Spencer owns and maintains water lines in adjoining communities, and

Whereas, the Town has received a request to provide water service to a private commercial enterprise in one of those communities, and

Whereas, although the amounts have been dramatically reduced in the past five years, the Water Department rates continue to receive a modest subsidy from the Spencer real estate taxpayer, and

Whereas, this enterprise will not pay real estate taxes to the Town of Spencer, and

Whereas, the Town currently has sufficient capacity and pressure to service such a request, and

Whereas, the charge of the Water Commissioners is to maximize revenues to cover the costs of operation of the Water system, and

Whereas, the charge of the SelectBoard is to have a more global concern for the overall health of the community at large and the real estate taxpayer in specific,

Now therefore do we jointly resolve that, effective July 1, 2005, sales of water outside of the corporate limits of the Town of Spencer will be in compliance with the following policy:

PRACTICES:

- 1.) Existing customers (as named in Exhibit A) will continue to be serviced in accordance with current practice. However, all new customers and services shall be supplied in accordance with this policy.
- 2.) The rates for out-of-town connections to the main and water service will be 1.5 times the rates established for those users within the Town of Spencer.
- 3.) All out-of-town customers, to whom service is commenced after this date, shall put on deposit with the Spencer Water Department a sum of money sufficient to cover six months of anticipated water bills. Said required sums may be increased from time to time if actual usage, in the sole opinion of the Water Department, exceeds the anticipated usage. Said sums shall be held by the Town Treasurer and accounted for in accordance with statute and sound business practice and disbursed to the Water Department or Customer in accordance with procedures to be developed by the Treasurer and Water Department.
- 4.) All out-of-town customers, to whom service is commenced after this date, shall be subject to the payment of an additional impact fee to be paid to the general fund of the community. Such impact fee shall be certified to the Water Department by the Town Administrator and shall be the greater of:
 - a.) The present value of the avoided costs the customer would otherwise have had to make in the first five years of operation (i.e., drilling a well, testing, and the like). Such

costs shall be based upon information the Town Administrator shall request of the enterprise at the time of application.

Or

b.) The present value of the real estate taxes the customer is projected to have paid to the Town in the first five years of operation if they had constructed within the Town of Spencer. Such amount shall be certified to the Town Administrator by the Board of Assessors based upon information it shall request of the enterprise at the time of application.

Such amounts shall be paid in full prior to connection being made.

Such amounts may be waived by the SelectBoard for other government entities where the customer is deemed to merit the service in the best public policy interests of the residents of Spencer (i.e., the Courthouse).

5.) The SelectBoard commits to seeking an appropriation of at least one-third (1/3) of any such impact fees so received at the subsequent Town Meeting for economic development activities (such as brochures, so-called "Main Street" programs, physical improvements, and the like) and one-third of any such impact fee for the exclusive use of the water department, with the remainder flowing to the general fund as an unanticipated revenue.

6.) Prior to proceeding with any out-of-town sales, the Board of Water Commissioners and the SelectBoard shall be given notice of the proposed connection, the estimated annual sales revenue and impact fee, and the effect upon the then-current yield and usage rates of the water system.

If either board shall declare the connection will pose a "major negative impact" to the water supply or economy, such connection may not proceed until the two boards have met to review and resolve the matter. Such declaration must be made within 14 days of being notified of the request and the potential revenue and impact fees. Said meeting must be held within 14 days of one of the two boards making such a declaration to resolve whether the connection may be made.

RESPONSIBILITY:

The Town Administrator is primarily responsible for ensuring the faithful administration of this policy. This responsibility shall flow to any person fulfilling the duties of the Town Administrator under a delegation designation.

EVASION OF THIS POLICY:

Any violations of this policy will result in disciplinary action against the party failing to fulfill its obligations.

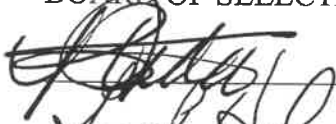
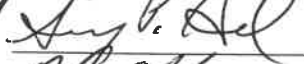

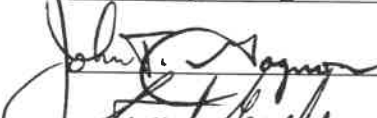

PERIODIC REVIEW AND REVISIONS:

No less than every third year, at the time of goal setting for the budget, the Town Administrator shall review this policy with staff and managers to determine how effectively it is meeting its purpose. Suggested revisions shall be submitted to the SelectBoard for consideration and adoption with the annual budget message submitted by the Town Administrator.

ADOPTION:

Whereas this fulfills the intent of our policy, provides adequate provision for emergency and extraordinary circumstances which might not fit this policy, and provides adequate opportunity for periodic review, we do hereby adopt this policy on this 20th day of June, 2005.

BOARD OF SELECTMEN

 Chairman
 Vice Chairman
 Clerk
 Member
 Member

BOARD OF WATER COMMISSIONERS

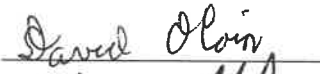
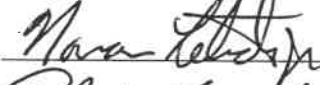

 Chairman
 Member
 Member

Exhibit A: Existing Out-of-Town Water Sales Customers as of July 1, 2005

1. Michael Cole, 34 Bond Street, Leicester, MA
2. Charles Krikorian, 85 Watson Street, Leicester, MA
3. Philip Quinn, 4 Bond Street, Leicester, MA
4. Western Worcester District Courthouse, 544 East Main Street, East Brookfield, MA
5. East Brookfield Elementary School, 410 East Main Street, East Brookfield, MA