

PLYMOUTH DPW & FINANCE

FY 2017 Water & Sewer Rate Recommendations

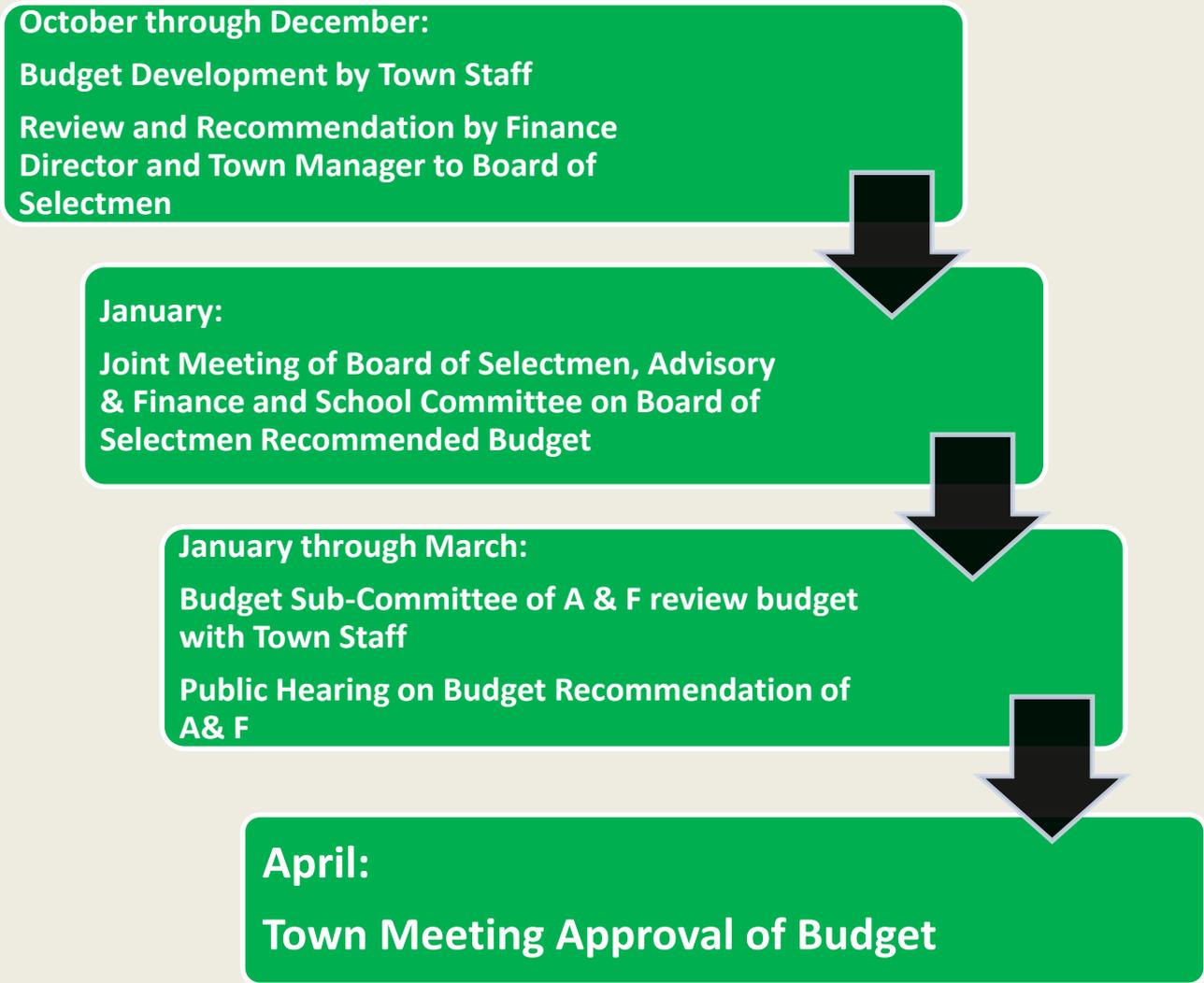
Board of Selectmen

May 24, 2016

FY17 Water & Sewer Rates Meeting Overview

- **Budget & Timelines**
- **Enterprise Funds-Indirect Costs**
- **Water & Sewer Rate Adjustments**
- **Rate Recommendations**
- **Sewer Emergency Timeline**
- **Conceptual Cost Sharing Options**

Budget & Rate Setting Timeline

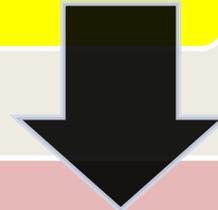


Budget & Rate Setting Timeline

May:

Public Meeting on Rates

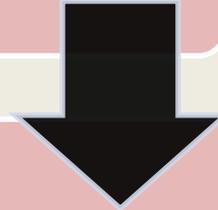
**Board of Selectmen vote rates based on
Town Staff recommendation**



Fall ATM:

Budget Amendments if necessary

Alternative Financing if necessary



December:

**Tax Rate Recap Sheet approved by
DOR**

Schedule A-2 – Enterprise Fund Budget

Enterprise Fund Budgets

	ATM 2016	FATM Debt Adjustments	Total 2017 Budget
Water Budget			
Salaries & Wages	1,123,375		1,123,375
Expenses	1,246,458		1,246,458
Debt	1,139,917	93,906	1,233,823
	3,509,750	93,906	3,603,656
Indirect Costs	1,293,076		1,293,076
Total Budget	4,802,826	93,906	4,896,732
	ATM 2016	FATM Debt Adjustments	Total 2017 Budget
Sewer Budget			
Salaries & Wages	346,165		346,165
Expenses	2,024,311		2,024,311
Debt	2,128,923	(8,982)	2,119,941
	4,499,399	(8,982)	4,490,417
Indirect Costs	293,124		293,124
Total Budget	4,792,523	(8,982)	4,783,541

Indirect Costs	Fiscal Year 2017	
SUMMARY SHEET		
Department	Water	Sewer
Town Manager	65,289	46,254
Human Resources	8,511	3,701
Town Clerk	26,250	8,750
Finance Director & Accountant	78,388	28,278
Procurement	19,663	2,537
Treasurer & Collector	107,936	15,019
Information Technology	56,303	10,555
DPW Administration	43,022	42,516
Engineering	41,786	5,754
Highway	202,054	20,539
Natural Resources	11,638	85,126
Maintenance- Buildings	3,446	0
Maintenance- Fleet	64,603	6,445
Total Departmental	728,888	275,475
Insurance & Expenses		
Health, Life, Dental Insurance	227,921	36,105
Medicare	18,700	2,900
Deferred Comp	6,800	200
Retirement	252,638	50,214
Property Insurance	8,712	16,948
Vehicle Insurance	15,093	9,117
General Liability	58,899	0
Boiler & Machinery	721	1,403
Inland Marine	3,767	1,901
Umbrella Liability	4,017	495
Worker's Compensation Insurance	23,753	3,556
Total Insurance & Expenses	621,021	122,839
Subtotal of Charges:	1,349,909	398,314
General / Airport Fund Charge Backs:		
Airport Treatment Plant Operations		(14,500)
Municipal Consumption of Water	(56,833)	
Municipal Consumption of Sewer		(90,690)
Subtotal Charge Backs:	(56,833)	(105,190)
Total Indirect Costs	1,293,076	293,124

Managing Water & Sewer Rates

- Yearly review process
- Fund Details
- Operation and Maintenance
- Future Capital Projects
- Financial Integrity
- Achieve a balance

Adjusting Rates

- Consumption
- MADEP-20 Year Permit
- Non-rate revenues
- Expenses
- Short/Long Term Debt
- Future Capital

Objectives

- Control variations in rate adjustments
- Build on retained earnings
- Fund Capital Projects/Maintain Infrastructure

Consumption History

	<u>Consumption</u>	<u>Number of Water Accounts</u>	<u>Number of Sewer Accounts</u>
FY2016:	153,370,600 C.F . 1.15 Billion Gals. Water 369 Million Gals. Sewer	13,703	3,119
FY2015:	177,374,300 C.F. 1.33 Billion Gals. Water 426 Million Gals. Sewer	13,700	3,115
FY2014:	169,462,000 C.F. 1.27 Billion Gals. Water 430 Million Gals. Sewer	13,618	3,109
FY2013:	178,497,100 C.F. 1.33 Billion Gals. Water 448 Million Gals. Sewer	13,612	3,112
FY2012:	173,119,900 C.F. 1.29 Billion Gals. Water 434 Million Gals. Sewer	13,528	3,095

5 Year History

	<u>Rate</u>	<u>Ret. Earn.</u>	<u>Sewer</u>	<u>Ret. Earn</u>
FY16:	3.43%		6.40%	
FY15:	3.29%	\$985k	0.56%	\$770k
FY14:	0%	\$894k	0%	\$771k
FY13:	1%	\$1.44M	5.5%	\$1.55M
FY12:	12%	\$1.70M	.73%	\$1.47M
FY11:	0%	\$2.64M	3%	\$1.63M

✓ Water: \$3.89M on projects FY11-FY15

✓ Sewer:\$2.25M on project FY11-FY15

FY 2017 Water Rates

Consumption has declined

Request an average increase of 2.33% to the block rates.

Overall increase of 1.54% to the average user who uses 5,000 cubic feet semi-annually.

Increase would generate approximately \$375,000 in additional estimated revenue if water consumption remains flat.

FY17 Debt-\$1.14M (24% of Budget)

5 year Capital Plan is now at \$25 million.

ATM16 appropriated \$1.47M towards Capital

Recommendation-FY17 Water Rates

No change to the Bi-Annual base charge

Meter Water Charges-Bi-Annual per 100 cubic feet (CF)

<u>Block Rates</u>	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>
1 st Step / 0-3,000 CF	\$1.35	\$1.38	2.00%
2 nd Step/ 3,001-9,000 CF	\$2.15	\$2.20	2.50%
3 rd Step/ 9,000 + CF	\$2.68	\$2.78	2.50%
Avg. user of 5,000 CF/ Bi-Annually	\$123.50	\$125.40	1.54%

<u>Miscellaneous Charges:</u>	<u>Current</u>	<u>Proposed</u>	<u>%Increase</u>
Cross Connection Testing	\$75.00	\$100.00	
Non Emergency Turn On/Off	\$60.00	\$100.00	
Seasonal Turn On/Off	\$25.00	\$50.00	
Final Read	\$25.00	\$50.00	
<u>Add new Item:</u>			
Emergency Turn On/Off	\$0	\$300.00	

FY 2017 Sewer Rates

Consumption has declined

Requesting an average increase of 2.69% to the block rates.

Overall increase of 9.75% to the average user who uses 5,000 cubic feet semi-annually.

Increase would generate approximately \$357,000 in additional estimated revenue if water consumption remains flat.

Emergency Sewer Repair-\$48.2M. Generate increased revenues to offset future debt service.

FY17 Debt-\$2.13M (45% of Budget)

5 year Capital Plan is now at \$2.4 million.

ATM16 appropriated \$6.75M towards Capital

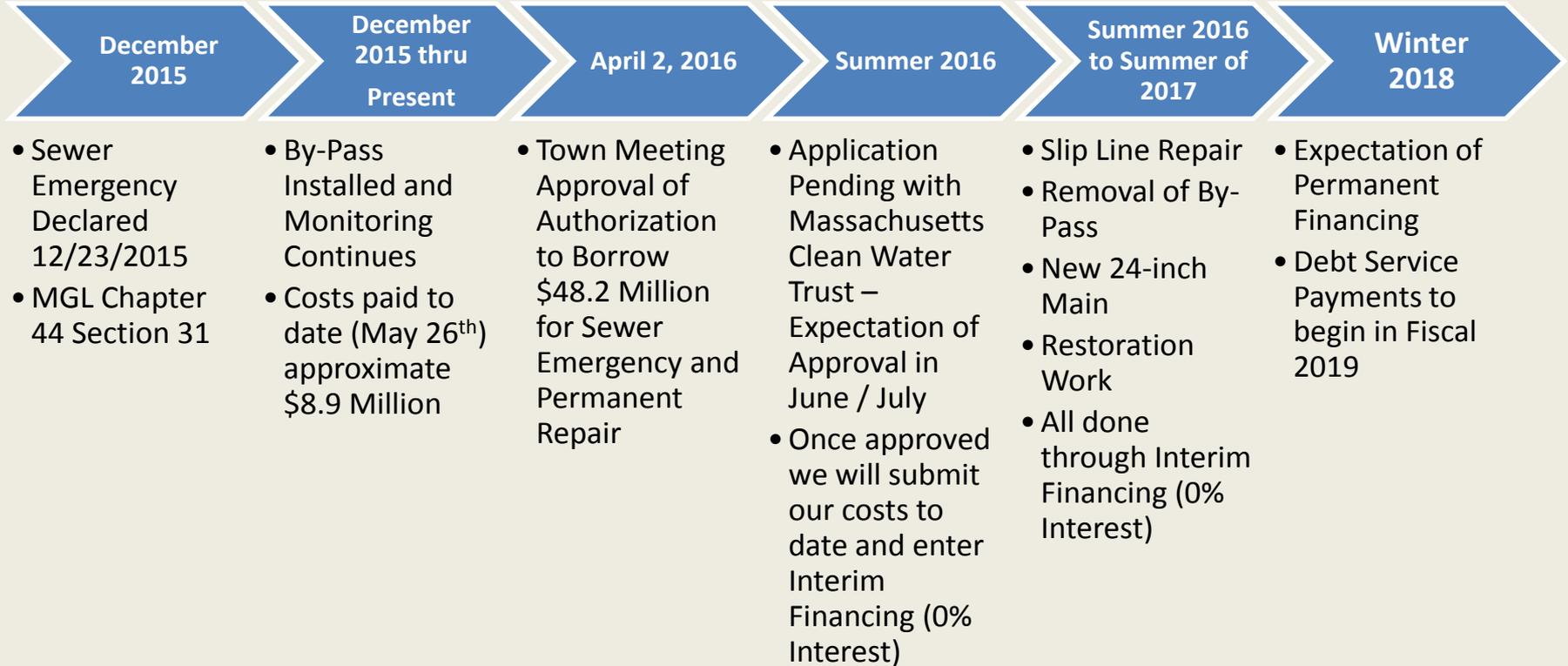
Recommendations- FY17 Sewer Rates

Increase to the Bi-Annual base charge from \$100 to \$130

Meter Water Charges-Bi-Annual per 100 cubic feet (CF)

	<u>Current</u>	<u>Proposed</u>	<u>% Increase</u>
1 st Step / 0-3,000 CF	\$4.56	\$4.60	0.80%
2 nd Step/ 3,001-9,000 CF	\$6.20	\$6.40	3.23%
3 rd Step/ 9,000 + CF	\$7.40	\$7.70	4.05%
➤ Avg. user of 5,000 CF/ Bi-annually	\$360.80	\$396.00	9.75%
➤ Annual Water/Sewer Combined Bill Average 4-family residence, 5,0000 CF (Semi-annually)	\$969	\$1,043	7.64%

Sewer Emergency Project Time Line



Example Increases over Fiscal 2016 Estimated Annual Bill		Town Staff Recommendation		With Estimated Sewer Emergency Project Debt (If it were to happen in FY2017 all at once)							
Example Sewer Rate Payer	Fall 2016 Consumption	Proposed FY2017 Rate	% Increase	What if 100%	% Increase	What if 75%	% Increase	What if 50%	% Increase	What if 25%	% Increase
Senior Living Alone	3200	\$554	11.19%	\$777	55.81%	\$715	43.51%	\$654	31.22%	\$596	19.51%
Average	5000	\$792	9.73%	\$1,183	63.97%	\$1,074	48.79%	\$964	33.61%	\$860	19.16%
2 Family Home	8600	\$1,253	7.24%	\$1,973	68.95%	\$1,770	51.55%	\$1,567	34.14%	\$1,373	17.57%
Waterfront Restaurant	292600	\$44,977	4.14%	\$76,353	76.78%	\$67,325	55.88%	\$58,297	34.98%	\$49,699	15.07%
Large Govt Facility	1060000	\$163,152	4.07%	\$277,381	76.94%	\$244,502	55.97%	\$211,624	34.99%	\$180,310	15.02%
Laundry Mat	144000	\$22,093	4.22%	\$37,426	76.56%	\$33,016	55.75%	\$28,607	34.95%	\$24,407	15.14%
Industrial Park Entity	622000	\$95,702	4.09%	\$162,643	76.90%	\$143,377	55.94%	\$124,111	34.99%	\$105,763	15.03%
Assumptions:		\$3 Million Annual Debt Service, 2% Int, 20 Year, LD									
		1st Bi-Annual Bill multiplied by 2 for Full Year Estimate - Based on Fiscal 2016 Consumption in Fall									
		Tier 1 - .80% Tier 2 - 3.23% Tier 3 - 7.7% \$260 Annual Flat Rate		77% Increase on each Consumption Tier, \$260 Annual Flat Rate		56% Increase on each Consumption Tier, \$260 Annual Flat Rate		35% Increase on each Consumption Tier, \$260 Annual Flat Rate		15% Increase on each Consumption Tier, \$260 Annual Flat Rate	

