

# Water and Sewer Rate Meeting

Board of Selectmen  
June 22, 2010





# Water and Sewer Rate Meeting

- Introduction
- Enterprise Funds
- Rate Setting Process
- Capital Improvements
- Budget and Revenues
- Rate Recommendation



# Water and Sewer Rate Meeting

- Enterprise Funds Ch. 44 Section 53F1/2
  - Allows communities to account separately for all financial activities associated with various municipal services.
  - Establishes a separate accounting and financial reporting for services for which a fee is charged.
  - Revenues and expenses for the service are segregated into a fund separate for all other governmental activities.
  - Enterprise funds can only be used for their intended purpose and cannot be used for other town costs.



# Water and Sewer Rate Meeting

- **Why Adopt an Enterprise Fund:**
  - Identifies a total Service cost
  - Provides useful management information
  - Retains investment income and surplus within Fund
  - Prevents deficits from impacting General Fund
  - Maintains Department of Revenue oversight
  - Maintains Town Meeting oversight for budgeting



# Water and Sewer Rate Meeting

- Town Establishes Enterprise Funds
  - Sewer Enterprise Fund Adopted 10/1/02
  - Water Enterprise Fund Adopted 5/2/05

# Water and Sewer Rate Meeting



- Process:
  - January rate increase is discussed deficit identified
  - April Six (6) Scenarios are reviewed and assumptions developed
  - Reviewed Plant costs and efficiencies
  - May Discuss rate increase with Advisory Committee
    - Advisory Committee members, David Aznavoorian, Tom Cooke, Tony Ippolito, and Jerry Selissen.
  - June reviewed rates with Board of Selectmen

# Water Enterprise Fund



# Water and Sewer Rate Meeting

## Water



- **Capital Improvements: Water \$19.1 million**
  - **Water Storage Tanks:**
    - Colonial Water Tank \$7.625 million: STM 10/4 and 5/08
    - Ames Hill \$500,000: ATM 5/09
  - **Water Meter Replacement: 5/05-5/10**
    - \$3.5 million bond ATMs 5/05-5/10
  - **Water Treatment Plant Upgrades:**
    - \$3.315 million: ATM 5/02 and STM 10/04
  - **Water System Improvements:**
    - Hydrants \$440,000: ATM 5/05-5/09
    - Water mains: \$3.743 million ATM and STM 2003-2009

# Water and Sewer Rate Meeting

## Water



- Water Budget/Revenue:

	Budget	Revenue
FY07	\$4,268,722	\$3,953,070
FY08	\$4,983,397	\$5,126,450
FY09	\$5,384,337	\$5,411,198
FY10	\$5,711,692	\$4,911,692
FY11	\$6,058,981	\$6,903,675

# Water and Sewer Rate Meeting

## Water



- Debt Service as percent of Water Budget:

• FY2010	\$2,051,339	36%
• FY2011	\$2,293,518	38%
• FY2012	\$2,194,597	36%
• FY2013	\$2,091,948	34%
• FY2014	\$1,866,093	31%

# Water and Sewer Rate Meeting

## Water



- Water Usage

• FY06	780,963,000
• FY07	732,370,000
• FY08	758,946,000
• FY09	725,448,000
• FY10	683,230,000
• FY11 (projected)	704,339,000

# Water and Sewer Rate Meeting

## Water



- Previous Water Rate Increases:
  - January 1, 1991
  - July 1, 2005
  - July 1, 2007
  - January 21, 2009

# Water and Sewer Rate Meeting

## Water



### Rate Recommendation:

#### Current Tier

0-60 gals

60-150

150+

#### Current Rate

5.58 per 1000

7.25 per 1000

9.03 per 1000

#### Proposed Tier Structure

0-35 gals

35-70

70-140

140+

#### Proposed Rate

7.25 per 1000

10.15 per 1000

13.09 per 1000

15.06 per 1000

# Water and Sewer Rate Meeting

## Water



### Rate Recommendation:

#### Current Rate

5.58 per 1000

7.25 per 1000

9.03 per 1000

#### Proposed Rate Increase

7.25 per 1000

10.15 per 1000

13.09 per 1000

15.06 per 1000

30%

40%

45%

# Water and Sewer Rate Meeting

## Water



### Rate Recommendation:

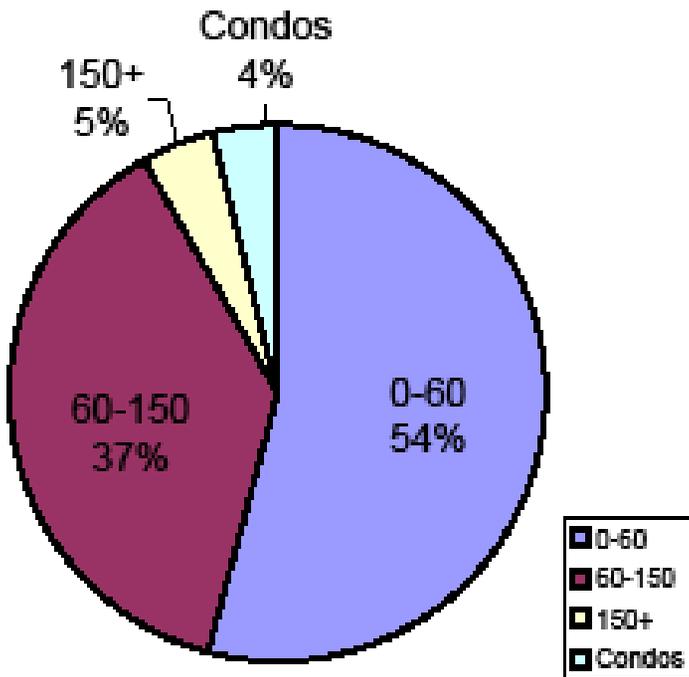
Usage	Current	Proposed	Increase	Percent
25,000	139.50	181.35	41.85	30%
45,000	251.10	355.39	104.29	42%
65,000	371.05	558.39	187.34	50%
80,000	479.80	740.08	260.28	54%
100,000	624.80	1,001.95	377.15	60%
150,000	987.30	1,676.27	688.97	70%
200,000	1,438.80	2,429.14	990.35	69%

# Water and Sewer Rate Meeting

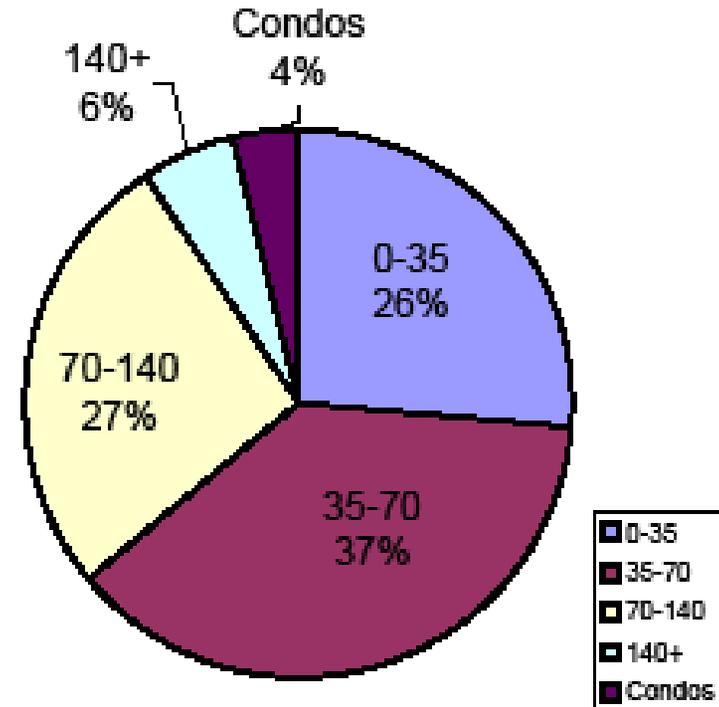
## Water



**Water - Current Account Distribution**



**Water - New Accounts Distribution**

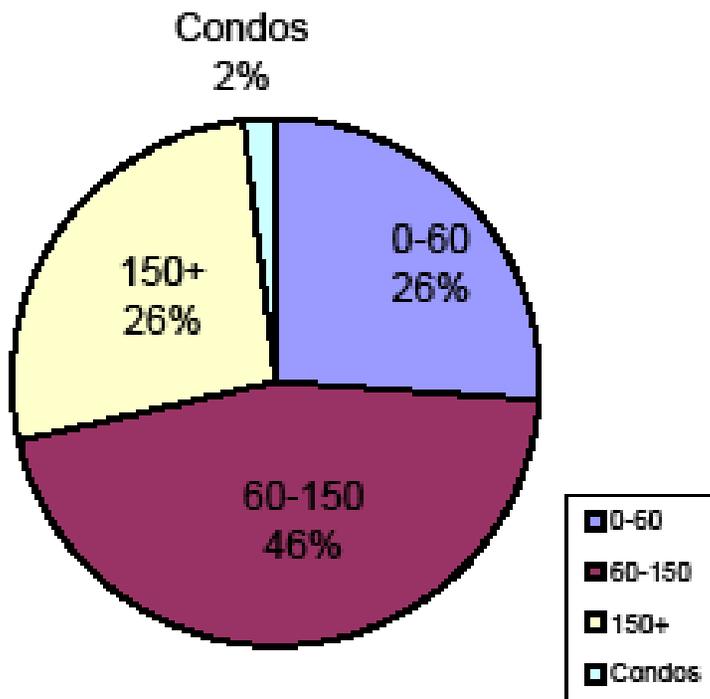


# Water and Sewer Rate Meeting

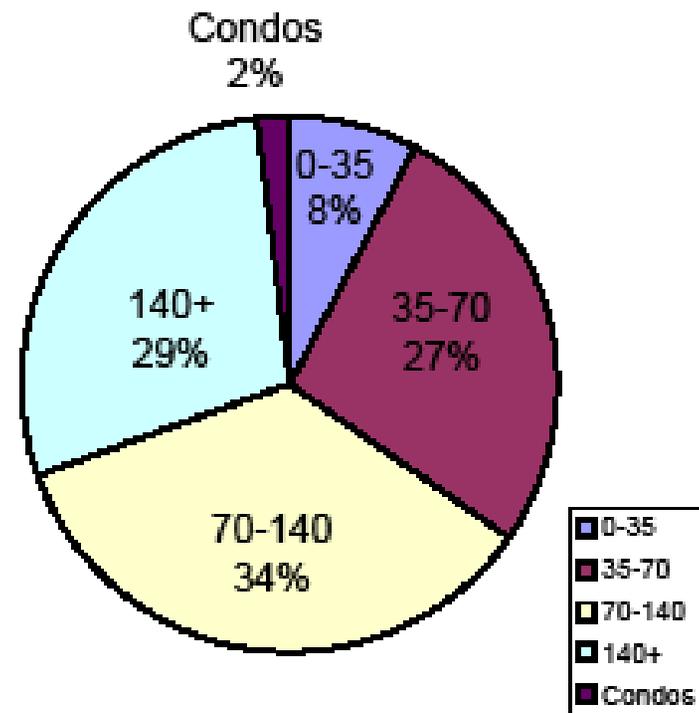
## Water



Water - Current Usage Distribution



Water - New Usage Distribution

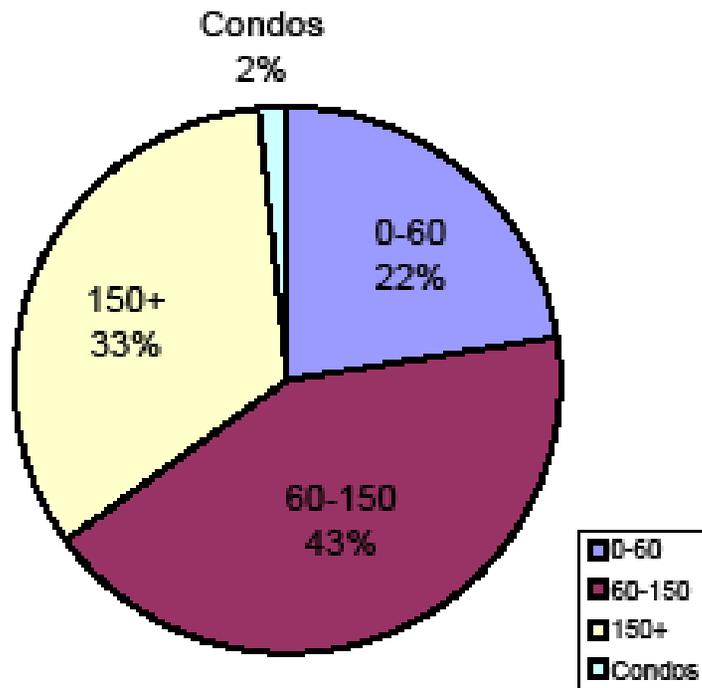


# Water and Sewer Rate Meeting

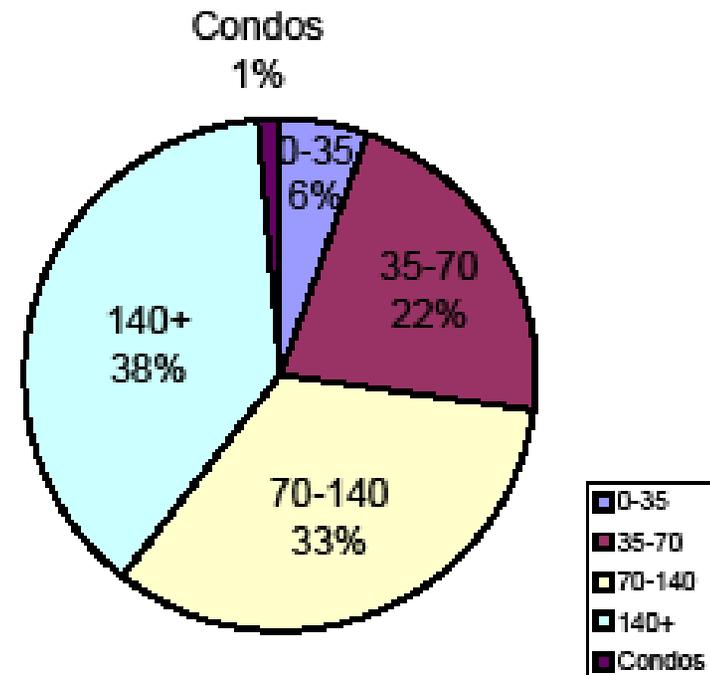
## Water



Water - Current Revenue Distribution



Water - New Revenue Distribution



# Water and Sewer Rate Meeting

## Water



- Comparison
  - Based 2009 rates and on 90,000 Gallons per year
  - State Average \$426
  - State Range \$113-\$1,962
  - Tewksbury (current) \$552
  - Tewksbury (proposed) \$871

# Water and Sewer Rate Meeting: **Water**



- Future Water:
  - Current deficit addressed as required by DOR
  - Establish rate stability
  - Establish retained earnings
  - Develop 5 year capital plan
  - Review and adjust rates as needed annually

# Sewer Enterprise Fund



# Water and Sewer Rate Meeting

## Sewer



- Capital Improvements: Sewer \$101.3 million
  - Sewer Expansion \$98.6 million
    - 10 year project
    - Sewer installed throughout entire Town
    - 35 pump Stations built (46 total)
    - \$11 million roads resurfaced
  - Sewer Pump Station Repairs \$2.7 million
    - 7 oldest upgraded

# Water and Sewer Rate Meeting

## Sewer



- Sewer Budget/Revenue:

	Budget	Revenue
FY07	\$5,056,345	\$5,145,457
FY08	\$6,687,622	\$6,445,539
FY09	\$7,502,728	\$8,079,994
FY10	\$8,735,266	\$8,013,174
FY11	\$9,467,881	\$9,860,687

# Water and Sewer Rate Meeting

## Sewer



- Debt Service as percent of Sewer Budget:

• FY2010	\$ 6,057,603	69%
• FY2011	\$ 7,234,255	76%
• FY2012	\$ 7,098,570	75%
• FY2013	\$ 7,055,530	74%
• FY2014	\$ 6,996,859	73%
  
- *In FY2021 Debt Service will peak at \$8.7 million*

# Water and Sewer Rate Meeting

## Sewer



- Previous Sewer Rate Increases:
  - July 1, 1990
  - July 1, 2003
  - July 1, 2008

# Water and Sewer Rate Meeting

## Sewer



### Rate Recommendation:

#### Current Tier

0-60 gals

60-150

150+

#### Current Rate

7.53 per 1000

9.05 per 1000

11.61 per 1000

#### Proposed Tier Structure

0-35 gals

35-70

70-140

140+

#### Proposed Rate

8.66 per 1000

10.41 per 1000

13.35 per 1000

14.69 per 1000

# Water and Sewer Rate Meeting

## Sewer



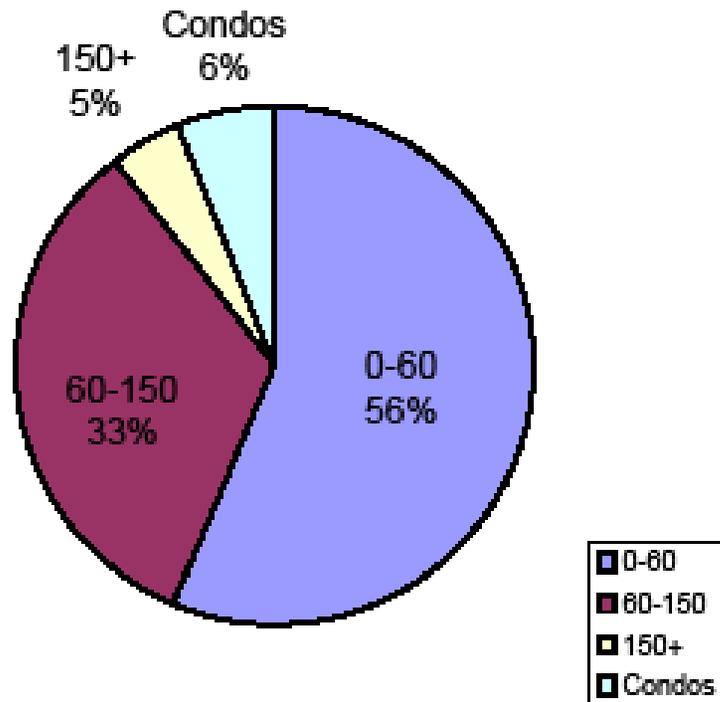
### Rate Recommendation:

Usage	Current	Proposed	Increase	Percent
25,000	188.25	216.49	28.24	15%
45,000	338.85	407.16	68.31	20%
65,000	497.05	615.31	118.26	24%
80,000	632.80	800.86	168.06	27%
100,000	813.80	1,067.89	254.09	31%
150,000	1,266.30	1,748.82	482.53	38%
200,000	1,846.80	2,483.16	636.36	34%

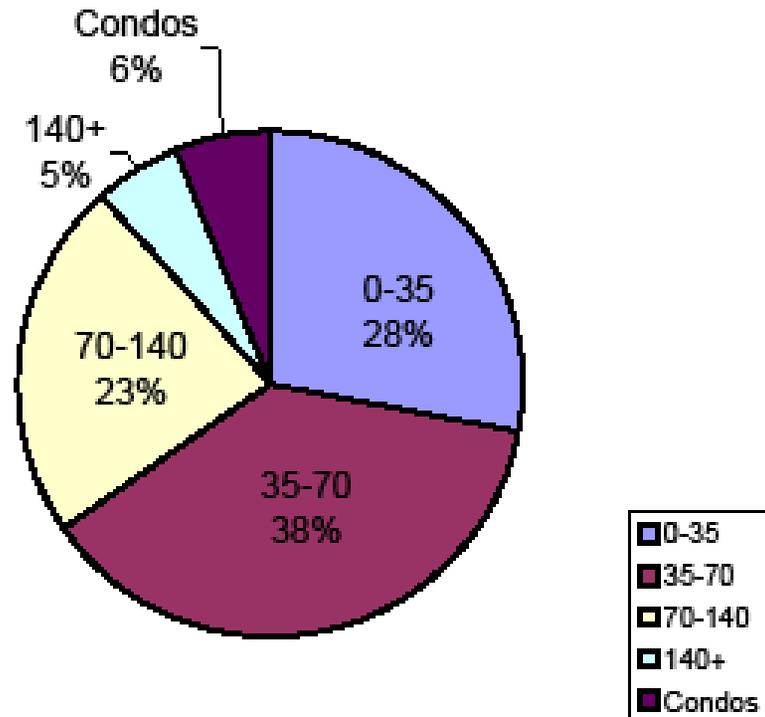
# Water and Sewer Rate Meeting Sewer



**Sewer - Current Account Distribution**



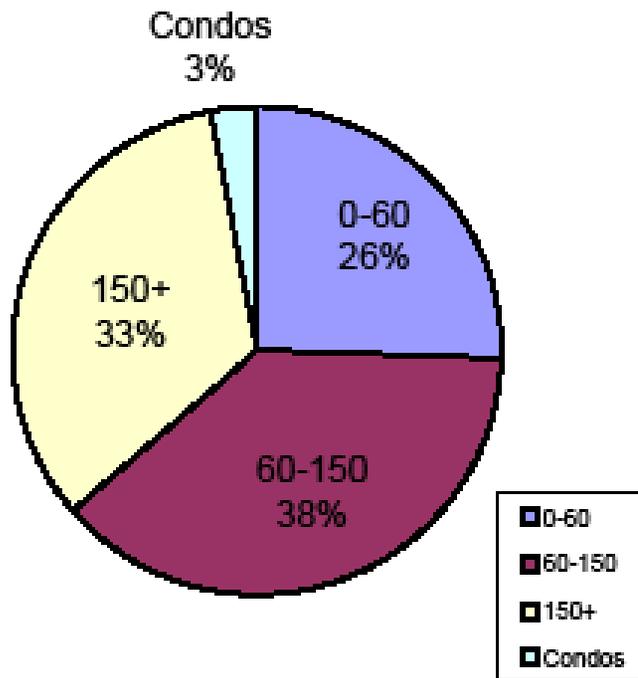
**Sewer - New Accounts Distribution**



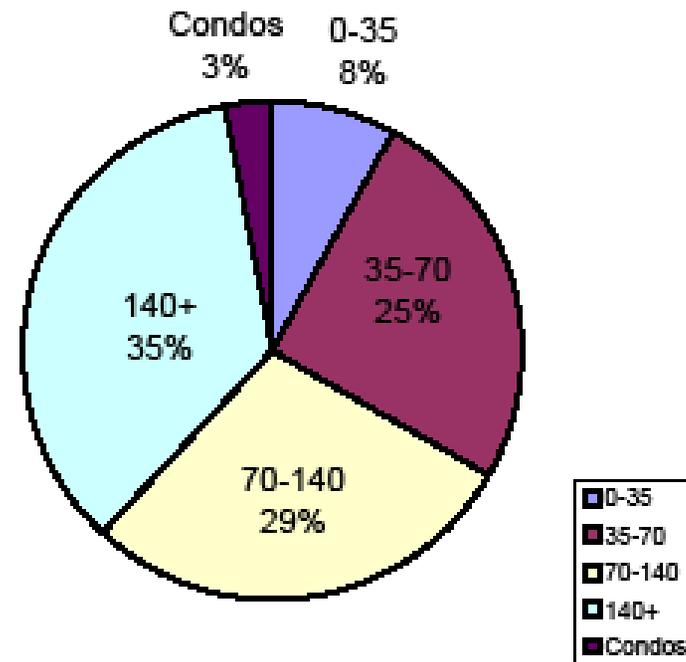
# Water and Sewer Rate Meeting Sewer



**Sewer - Current Usage Distribution**



**Sewer - New Usage Distribution**

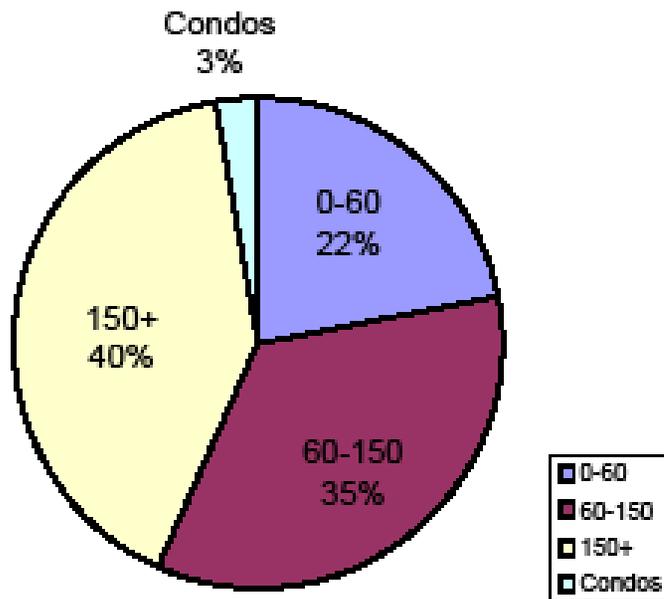


# Water and Sewer Rate Meeting

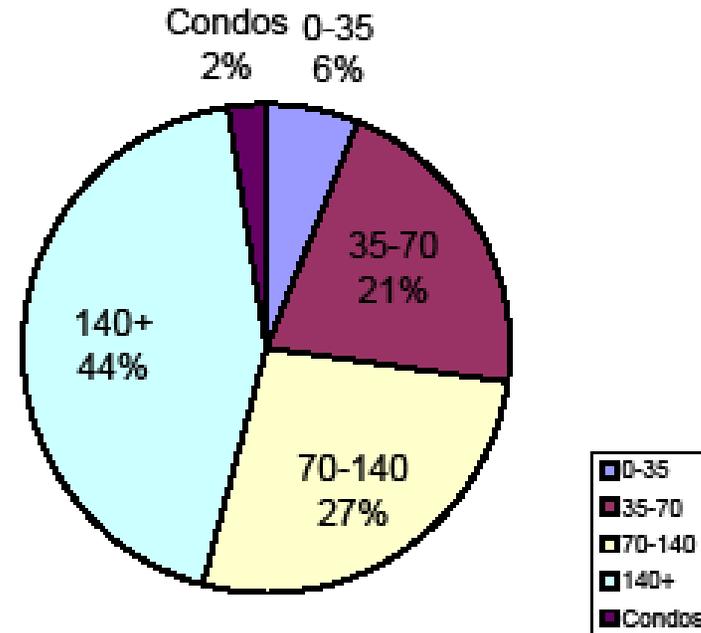
## Sewer



Sewer - Current Revenue Distribution



Sewer - New Revenue Distribution



# Water and Sewer Rate Meeting

## Sewer



- Comparison Other Communities
  - Based 2009 rates and on 90,000 Gallons per year
  - State Average \$584
  - State Range \$168-\$1,632
  - Tewksbury (current) \$723
  - Tewksbury (proposed) \$924

# Water and Sewer Rate Meeting

## Sewer



- Future Sewer
  - Prepare and plan for the future
  - Establish retained earnings
  - Develop 5 year capital plan
  - Review and adjust rates as needed annually

# Water and Sewer Rate Meeting Conclusion



- Why Now:
  - Address outstanding water deficit
  - Plan for the future
  - DOR Requirements
  - Future Borrowing and Bond Rating