

# Water and Sewer Rate Meeting

Informational Meeting



# Water and Sewer Rate Meeting



- Introduction
- Rate Setting Process
- Budget and Revenues
- Rate Recommendation

# Water Enterprise Fund



# Water and Sewer Rate Meeting

## Water



- Previous Capital Improvements: Water \$19.1 million  
(\$16.0 million remaining)
  - 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



- Future Capital Improvements FY12-FY16: \$12.8 million
  - Water Treatment Plant Upgrades:
    - \$5.2 million
  - Water System Improvements:
    - Hydrants Replacement \$100,000 per year
    - Water Mains: \$7.125 million

*The Water Meter Replacement Project may need an additional appropriation of \$300,000, but that will not be determined until the Fall of 2011.*

# Water and Sewer Rate Meeting

## Water



- Water Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
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(Projected)	\$6,058,981	\$6,917,397
FY12(Projected)	\$5,627,676	\$5,805,016

# Water and Sewer Rate Meeting

## Water



- Debt Service as percent of Water Budget:

● FY2011	\$2,293,518	38%
● FY2012	\$2,131,472	38%
● FY2013	\$2,069,916	37%
● FY2014	\$2,165,504	37%
● FY2015	\$2,492,634	39%
● FY2016	\$2,660,033	41%

# Water and Sewer Rate Meeting

## Water



- Water Usage

	<u>(Gallons)</u>
• FY06	780,963,000
• FY07	732,370,000
• FY08	758,946,000
• FY09	725,448,000
• FY10	611,895,000
• FY11(Projected)	704,339,000
• FY12(Projected)	611,895,000

# Water and Sewer Rate Meeting

## Water



### Rate Recommendation:

<u>Current Tier</u>	<u>Current Rate (\$)</u>
0-34,000 gals	7.25 per 1000
35,000-70,000	10.15 per 1000
71,000-140,000	13.09 per 1000
141,000+	15.06 per 1000

<u>Proposed Tier</u>	<u>Proposed Rate (\$)</u>
0-34,000 gals	6.67 per 1000
35,000-70,000	9.44 per 1000
71,000-140,000	12.30 per 1000
141,000+	14.31 per 1000

# Water and Sewer Rate Meeting

## Water



### Rate Recommendation:

<b>Usage</b>	<b>Current(\$)</b>	<b>Estimated(\$)</b>	<b>Change(\$)</b>	<b>%</b>
25,000	181.25	166.75	(14.50)	-8
35,000	256.65	236.22	(20.43)	-8
<b>50,000</b>	<b>408.90</b>	<b>377.82</b>	<b>(31.08)</b>	<b>-8</b>
60,000	510.40	472.22	(38.18)	-7
70,000	611.90	566.62	(45.28)	-7
<b>90,000</b>	<b>873.70</b>	<b>812.62</b>	<b>(61.08)</b>	<b>-7</b>
100,000	1,004.60	935.62	(68.98)	-7
150,000	1,678.80	1,570.72	(108.08)	-6
200,000	2,431.80	2,286.22	(145.58)	-6
300,000	3,937.80	3,717.22	(220.58)	-6

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

# Water and Sewer Rate Meeting

## Water



- Comparison Other Communities
  - Based 2010 rates and on 90,000 gallons per year
  - State Average \$470
  - State Range \$113-\$1,962
  - State Median \$446
  - MWRA Average \$489
  - Tewksbury (current) \$874
  - Tewksbury (proposed) \$813

# Water and Sewer Rate Meeting

## Water



- Future Water
  - Establish rate stability
  - Establish retained earnings
  - Developed 5 year capital plan
  - Review and adjust rates as needed annually
  - Billing

# Sewer Enterprise Fund



# Water and Sewer Rate Meeting

## Sewer



- Previous Capital Improvements: Sewer \$102 million

- Sewer Expansion \$99.6 million

- 10 year project
- Entire Town Sewered
- 35 pump Stations built (46 total)
- \$11 million of road resurfacing

(\$360k -TM 5/01; \$256k TM-5/02; \$80.6 -TM10/02; \$18.4-TM 5/08: \$89.2 remaining)

- Sewer Pump Station Repairs \$2.4 million

- 7 oldest upgraded

(TM 5/7, \$1.78 remaining)

- MWPAT, Phases 4 &5 and Main Street

(\$2.4 remaining)

- Future Sewer Improvements FY12-FY16 - \$765,000

- I/I Improvements and Pump Station Modifications

# Water and Sewer Rate Meeting

## Sewer



- Debt Service as percent of Sewer Budget:

● FY2011	\$ 7,234,255	76%
● FY2012	\$ 7,137,570	76%
● FY2013	\$ 7,093,580	73%
● FY2014	\$ 7,033,959	73%
● FY2015	\$ 6,988,394	72%
● FY2016	\$ 6,928,777	71%

- *In FY2021 Debt Service will peak at \$8.7 million*

# Water and Sewer Rate Meeting

## Sewer No Shift In Debt



- Sewer Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
FY11(Projected)	\$9,467,881	\$9,866,995
FY12(Projected)	\$9,376,255	\$9,518,373

<u>Current Tier</u>	<u>Current Rate (\$)</u>	<u>Proposed Rate (\$)</u>
0-34,000 gals	8.66 per 1000	13.42 per 1000
35,000-70,000	10.41 per 1000	16.66 per 1000
71,000-140,000	13.35 per 1000	21.36 per 1000
141,000+	14.69 per 1000	23.50 per 1000

# Water and Sewer Rate Meeting

## Sewer No Debt Shift



<b>Usage</b>	<b>Current(\$)</b>	<b>Estimated(\$)</b>	<b>Change(\$)</b>	<b>%</b>
25,000	216.50	335.50	119.00	55
35,000	304.85	472.94	168.09	55
<b>50,000</b>	<b>461.00</b>	<b>722.84</b>	<b>261.84</b>	<b>57</b>
60,000	565.10	889.44	324.34	57
70,000	669.20	1,056.04	386.84	58
<b>90,000</b>	<b>936.20</b>	<b>1,483.24</b>	<b>547.04</b>	<b>58</b>
100,000	1,069.70	1,696.84	627.14	59
150,000	1,750.60	2,786.24	1,035.64	59
250,000	3,219.60	5,136.24	1,916.64	60
300,000	3,954.10	6,311.24	2,357.14	60

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

# Water and Sewer Rate Meeting

## Sewer 25% Debt Shift



- Sewer Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
FY11(Projected)	\$9,467,881	\$9,866,995
FY12(Projected)	\$7,665,885	\$7,975,673

<u>Current Tier</u>	<u>Current Rate (\$)</u>	<u>Proposed Rate (\$)</u>
0-34,000 gals	8.66 per 1000	9.96 per 1000
35,000-70,000	10.41 per 1000	12.49 per 1000
71,000-140,000	13.35 per 1000	16.69 per 1000
141,000+	14.69 per 1000	19.10 per 1000

  

<u>Current Tax Rate</u>	<u>Est. Tax Rate FY12</u>	<u>Est. FY12 with Sewer</u>
\$13.46 per 1000	\$13.74 per 1000	\$14.15 per 1000

*Projected tax rate is based upon a 2 1/2 % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 25% Debt Shift



<u>Usage</u>	<u>Current(\$)</u>	<u>Estimated(\$)</u>	<u>Change(\$)</u>	<u>%</u>
25,000	216.50	249.00	32.50	15
<b>50,000</b>	<b>461.00</b>	<b>538.48</b>	<b>77.48</b>	<b>17</b>
70,000	669.20	788.28	119.08	18
<b>90,000</b>	<b>936.20</b>	<b>1,122.08</b>	<b>185.88</b>	<b>20</b>
150,000	1,750.60	2,147.58	396.98	23
200,000	2,485.10	3,102.58	617.48	25
300,000	3,954.10	5,012.58	1,058.48	27

<u>Home Value(\$)</u>	<u>Est. Tax Bill(\$)</u>	<u>Est. w/Sewer(\$)</u>	<u>Change(\$)</u>	<u>%</u>
250,000	3,435.00	3,537.50	102.50	3.0
300,000	4,122.00	4,245.00	123.00	3.0
350,000	4,809.00	4,952.50	143.50	3.0
400,000	5,496.00	5,660.00	164.00	3.0

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 50% Debt Shift



- Sewer Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
FY11(Projected)	\$9,467,881	\$9,866,995
FY12(Projected)	\$5,955,515	\$6,056,518

<u>Current Tier</u>	<u>Current Rate (\$)</u>	<u>Proposed Rate (\$)</u>
0-34,000 gals	8.66 per 1000	6.06 per 1000
35,000-70,000	10.41 per 1000	7.81 per 1000
71,000-140,000	13.35 per 1000	10.68 per 1000
141,000+	14.69 per 1000	12.49 per 1000

  

<u>Current Tax Rate</u>	<u>Est. Tax Rate FY12</u>	<u>Est. FY12 with Sewer</u>
\$13.46 per 1000	\$13.74 per 1000	\$14.55 per 1000

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 50% Debt Shift



<u>Usage</u>	<u>Current(\$)</u>	<u>Estimated(\$)</u>	<u>Change(\$)</u>	<u>%</u>
25,000	216.50	151.50	(65.00)	-30
<b>50,000</b>	<b>461.00</b>	<b>331.00</b>	<b>(130.00)</b>	<b>-28</b>
70,000	669.20	487.20	(182.00)	-27
<b>90,000</b>	<b>936.20</b>	<b>700.80</b>	<b>(235.40)</b>	<b>-25</b>
150,000	1,750.60	1,359.70	(390.90)	-22
200,000	2,485.10	1,984.20	(500.90)	-20
300,000	3,954.10	3,233.20	(720.90)	-18

<u>Home Value(\$)</u>	<u>Est. Tax Bill(\$)</u>	<u>Est. w/Sewer(\$)</u>	<u>Change(\$)</u>	<u>%</u>
250,000	3,435.00	3,638.55	203.55	5.9
300,000	4,122.00	4,366.26	244.26	5.9
350,000	4,809.00	5,093.98	284.98	5.9
400,000	5,496.00	5,821.69	325.69	5.9

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 75% Debt Shift



- Sewer Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
FY11(Projected)	\$9,467,881	\$9,866,995
FY12(Projected)	\$4,245,145	\$4,489,222

<u>Current Tier</u>	<u>Current Rate(\$)</u>	<u>Proposed Rate(\$)</u>
0-34,000 gals	8.66 per 1000	2.60 per 1000
35,000-70,000	10.41 per 1000	4.16 per 1000
71,000-140,000	13.35 per 1000	6.01 per 1000
141,000+	14.69 per 1000	7.35 per 1000

  

<u>Current Tax Rate</u>	<u>Est. Tax Rate FY12</u>	<u>Est. FY12 with Sewer</u>
\$13.46 per 1000	\$13.74 per 1000	\$14.96 per 1000

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 75% Debt Shift



<b>Usage</b>	<b>Current(\$)</b>	<b>Estimated(\$)</b>	<b>Change(\$)</b>	<b>%</b>
25,000	216.50	65.00	(151.50)	-70
<b>50,000</b>	<b>461.00</b>	<b>154.96</b>	<b>(306.04)</b>	<b>-66</b>
70,000	669.20	238.16	(431.04)	-64
<b>90,000</b>	<b>936.20</b>	<b>358.36</b>	<b>(577.84)</b>	<b>-62</b>
150,000	1,750.60	732.36	(1,018.24)	-58
200,000	2,485.10	1,099.86	(1,385.24)	-56
300,000	3,954.10	1,834.86	(2,119.24)	-54

<b>Home Value(\$)</b>	<b>Est. Tax Bill(\$)</b>	<b>Est. w/Sewer(\$)</b>	<b>Change(\$)</b>	<b>%</b>
250,000	3,435.00	3,739.95	304.95	8.9
300,000	4,122.00	4,487.94	365.94	8.9
350,000	4,809.00	5,235.94	426.94	8.9
400,000	5,496.00	5,983.93	487.93	8.9

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 100% Debt Shift



- Sewer Budget/Revenue:

	<u>Budget</u>	<u>Revenue</u>
FY11(Projected)	\$9,467,881	\$9,866,995
FY12(Projected)	\$2,508,663	\$3,198,450

<u>Current Tier</u>	<u>Current Rate (\$)</u>	<u>Proposed Rate (\$)</u>
0-34,000 gals	8.66 per 1000	.87 per 1000
35,000-70,000	10.41 per 1000	1.04 per 1000
71,000-140,000	13.35 per 1000	1.34 per 1000
141,000+	14.69 per 1000	1.47 per 1000

<u>Current Tax Rate</u>	<u>Est. Tax Rate FY12</u>	<u>Est. FY12 with Sewer</u>
\$13.46 per 1000	\$13.74 per 1000	\$15.37 per 1000

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer 100% Debt Shift



<b>Usage</b>	<b>Current(\$)</b>	<b>Estimated(\$)</b>	<b>Change(\$)</b>	<b>%</b>
25,000	216.50	21.75	(194.75)	-90
<b>50,000</b>	<b>461.00</b>	<b>46.22</b>	<b>(414.78)</b>	<b>-90</b>
70,000	669.20	67.02	(602.18)	-90
<b>90,000</b>	<b>936.20</b>	<b>93.82</b>	<b>(842.38)</b>	<b>-90</b>
150,000	1,750.60	175.52	(1,575.08)	-90
200,000	2,485.10	249.02	(2,236.08)	-90
300,000	3,954.10	396.02	(3,558.08)	-90

<b>Home Value(\$)</b>	<b>Est. Tax Bill(\$)</b>	<b>Est. w/Sewer(\$)</b>	<b>Change(\$)</b>	<b>%</b>
250,000	3,435.00	3,841.35	406.35	11.8
300,000	4,122.00	4,609.62	487.62	11.8
350,000	4,809.00	5,377.90	568.90	11.8
400,000	5,496.00	6,146.17	650.17	11.8

*Approximately 50,000 gallons is the Town average use and approximately 90,000 gallons per year is the State average use.*

*Projected tax rate is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer



- Comparison Other Communities
  - Based 2010 rates and on 90,000 gallons per year
  - State Average \$638
  - State Range \$193-\$1,455
  - State Median \$600
  - MWRA Average \$764
  - Tewksbury (current) \$936
  - Tewksbury (proposed) \$700

# Water and Sewer Rate Meeting Sewer Summary of All Options



Estimated Sewer Bill and Tax Bill Increase (FY12):

	Usage (\$)			Home Value and Est. Tax Bill FY12 (\$)			
	50k	90k	150k	250k	300k	350k	400k
<b>Current Bill:</b>	461.00	936.20	1,750.60	<b>Est. Bill: 3,435</b>	<b>4,122</b>	<b>4,809</b>	<b>5,496</b>
<u>Add</u>				<u>Add</u>			
No Shift	261.84	547.04	1,035.64	0.00	0.00	0.00	0.00
25% Shift	77.48	185.88	396.98	102.50	123.00	143.50	164.00
50% Shift	(130.00)	(235.40)	(390.90)	203.55	244.46	284.98	325.69
75% Shift	(306.04)	(577.84)	(1,018.24)	304.95	365.94	426.94	487.93
100% Shift	(414.78)	(842.38)	(1,575.08)	406.35	487.62	568.90	650.17

Adding Usage increase + Tax increase = Total Cost in FY12

*Projected tax bill and is based upon a 2 1/2 % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer Summary of All Options



If there is not a shift in Sewer Debt the following is the estimated increase in Sewer:

**50,000 gallons: \$261.84      90,000 gallons: \$547.04      150,000 gallons: \$1,035.64**

Estimated Sewer Bill and Tax Bill Increase (FY12) with 50% Shift:

A Home Valued at \$250,000 using 50,000: Total Change Taxes and Sewer: \$ 73.55  
\$300,000 using 50,000: Total Change Taxes and Sewer: \$114.46  
\$350,000 using 50,000: Total Change Taxes and Sewer: \$154.98  
\$400,000 using 50,000: Total Change Taxes and Sewer: \$195.69

A Home Valued at \$250,000 using 90,000: Total Change Taxes and Sewer: \$(31.85)  
\$300,000 using 90,000: Total Change Taxes and Sewer: \$ 9.06  
\$350,000 using 90,000: Total Change Taxes and Sewer: \$ 49.50  
\$400,000 using 90,000: Total Change Taxes and Sewer: \$ 90.29

A Home Valued at \$250,000 using 150,000: Total Change Taxes and Sewer: \$(187.35)  
\$300,000 using 150,000: Total Change Taxes and Sewer: \$(146.44)  
\$350,000 using 150,000: Total Change Taxes and Sewer: \$(105.92)  
\$400,000 using 150,000: Total Change Taxes and Sewer: \$ (65.21)

*Projected tax bill and is based upon a 2 ½ % increase in the FY11 tax levy plus \$600,000 estimated for new growth and does not include the debt for the new high school.*

# Water and Sewer Rate Meeting

## Sewer



- Future Sewer
  - Rates will continue to increase regardless of debt shift in part to make up lost revenue from sewer assessments
  - The overall future cost change to property owners will vary depending upon property value and sewer use
  - Prepare and plan for the future
  - Establish retained earnings
  - Develop 5 year capital plan
  - Review and adjust rates as needed annually
  - Billing

# Water and Sewer Rate Meeting Recommendation



- Adjust water rates as Recommended Effective July 1, 2011 for the first billing cycle in FY12 which is based upon prior usage.
- Shift Sewer Debt 50% and adjust sewer rates Effective July 1, 2011 for the first billing cycle in FY12 which is based prior usage
- Place the following Question on the Election Ballot in April:  
*“Shall the Town of Tewksbury be allowed to exempt from the provisions of proposition two and one-half, so-called, the amounts required to pay for 50% of the Town’s debt service on all existing sewer bonds which were issued in order to construct the municipal sewer system and which were not previously exempted from the provisions of proposition two and one-half, so called?”*  
*Yes* \_\_\_\_\_ *No* \_\_\_\_\_
- Submit a warrant for Special Town Meeting in May 2011 to ask for approval to submit special legislation immediately to allow for the 50% sewer debt exemption.