

11/14/16 Sewer Rate Proposal

Information on Proposed Sewer Rate Increase

Nov. 14, 2016

Expense Summary

	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Category	Budgeted	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Alarm Services	280	264	264	258	252	252	246	240	240
Bill Printing	565	556	553	552	552	553	551	543	543
Dues	112	112	112	112	-	-	-	-	-
Electric	1,500	1,314	1,413	1,192	1,109	1,239	1,317	1,407	1,710
Inspections/Calibrations	685	-	100	685	100	569	569	70	1,003
I&I Work & Smoke Test	2,500	-	-	2,485	-	-	-	-	-
Maintenance	5,000	4,231	6,704	3,045	3,674	1,224	130	-	2,897
Mileage	1,200	1,027	1,076	1,038	1,127	1,249	1,046	1,080	1,349
Mowing	450	330	320	350	335	440	275	290	100
Other/Supplies	200	923	-	-	803	-	26	480	296
Payroll	11,803	10,688	11,456	11,110	9,303	9,998	9,162	10,774	9,767
Postage	350	59	-	32	-	-	-	110	-
Sewage Disposal	67,700	59,422	50,625	61,643	59,053	63,897	52,029	47,070	42,470
Telephone	240	227	225	222	225	213	222	176	170
Expenses grand total	92,585	79,152	72,848	82,724	76,534	79,633	65,573	62,240	60,544

Omnibus Budget Voted	92,585	87,865	87,865	79,230	79,042	67,740	66,166	66,047	51,916
Extra Voted to Budget		-	-	3,500	-	12,000	-	-	11,000
Budget minus Expenses		8,713	15,017	6	2,508	107	593	3,806	2,371

	Average								
% expenses - Sewage Disposal	75%	75%	69%	75%	77%	80%	79%	76%	70%
% all other expenses	25%	25%	31%	25%	23%	20%	21%	24%	30%
total all other expenses		19,730	22,222	21,081	17,480	15,736	13,544	15,170	18,074
incr all other expenses/prior yr	2.2%	-11.2%	5.4%	20.6%	11.1%	16.2%	-10.7%	-16.1%	

36-month total gallons sent to Montague	28,717,600	average yearly non-disposal expenses (last 3 years)	21,011
average gallons for 12 months	9,572,533	average increase to non-disposal expenses (last 3)	5%
estimated disposal cost - old rate \$6.33/1000	\$ 60,594	(A) average yearly non-disposal expenses plus 5%	22,062
(B) estimated disposal cost - NEW rate \$7.41	\$ 70,932	budgeted for non-disposal expenses	24,885
budgeted for disposal	\$ 67,700		
expected shortfall	\$ 3,232	non-disposal costs (average) (A)	\$ 22,062
		estimated disposal costs (new rate) (B)	\$ 70,932
		contingency for nonpayments & build reserves	\$ 10,000
		total to bill	\$ 102,994

Revenue Summary

There are currently 115 sewer accounts.

Current Rate	0.165 \$/cubic foot (adopted for bills in Dec 2015)
less 10% discount	0.0165 (all customers receive the discount)
Effective Rate	0.1485

Sewer Commitments - aka Invoices to Users

Period	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
		93,303.22	86,514.47	85,216.25	73,688.53	\$ 49,266	\$ 51,262	\$ 52,310	\$ 57,168

Current Projected Revenue

RWD Water Use (current average)	13,078 gal/day	(average of last 8 quarters)
equals	4,773,470 gal/year	
equals	638,165 cu ft/year	
x current Effective Rate	0.1485 \$/cu ft	
Total Invoiced to Sewer Users	\$ 94,768	

11/14/16 Sewer Rate Proposal

Proposed Projected Revenue - FULL YEAR

<u>Scenario A</u>			<u>Scenario B</u>		
Possible New Rate (+3.6%)	0.171	\$/cu ft	Possible New Rate (+6.1%)	0.175	\$/cu ft
Possible Effective Rate	0.1539	\$/cu ft	Possible Effective Rate	0.1575	\$/cu ft
Estim. Total Full Year	\$ 98,214		Estim. Total Full Year	\$ 100,511	

<u>Scenario C</u>			<u>Scenario D</u>		
Possible New Rate (+9.1%)	0.180	\$/cu ft	Possible New Rate (+13.9%)	0.188	\$/cu ft
Possible Effective Rate	0.1620	\$/cu ft	Possible Effective Rate	0.1692	\$/cu ft
Estim. Total Full Year	\$ 103,383		Estim. Total Full Year	\$ 107,978	

FY17 Proposed Projected Revenue - Sept. bill @ Old Rate, Jan/Apr bills @ New Rate

Bill Date	<u>Scenario A</u>			<u>Scenario B</u>		
	Avg Cu. Ft	Disc. Rate	Bill Total \$	Avg Cu. Ft	Disc. Rate	Bill Total \$
Sept '16 - Actual			\$ 24,916			\$ 24,916
Jan '17 (4-month bill - use 1.33 times avg last 2 Dec bills)	214,615	0.1539	\$ 33,029	214,615	0.1575	\$ 33,802
Apr '17 (avg last 2 Mar bills)	143,950	0.1539	\$ 22,154	143,950	0.1575	\$ 22,672
Jul '17 (avg last 2 Jun bills) - won't be received until FY18)			\$ -			\$ -
			\$ 80,099			\$ 81,390

Bill Date	<u>Scenario C</u>			<u>Scenario D</u>		
	Avg Cu. Ft	Disc. Rate	Bill Total \$	Avg Cu. Ft	Disc. Rate	Bill Total \$
Sept '16 - Actual			\$ 24,916			\$ 24,916
Jan '17 (4-month bill - use 1.33 times avg last 2 Dec bills)	214,615	0.1620	\$ 34,768	214,615	0.1692	\$ 36,313
Apr '17 (avg last 2 Mar bills)	143,950	0.1620	\$ 23,320	143,950	0.1692	\$ 24,356
Jul '17 (avg last 2 Jun bills) - won't be received until FY18)			\$ -			\$ -
			\$ 83,003			\$ 85,585

Impact on Average Sewer User

	Cubic Feet	Discounted Rate	Billed Amount	Amount Over Current	% Over Current	Scenario
Current Avg. Quarterly Amount (last 8 quarters)	1396	0.1485	\$ 207			
Current Avg. Annual Amount (last 8 quarters)	5583	0.1485	\$ 829			
Possible Avg. Quarterly Amount	1396	0.1539	\$ 215	\$ 7.54		
Possible Avg. Annual Amount	5583	0.1539	\$ 859	\$ 30.15	3.6%	A
Possible Avg. Quarterly Amount	1396	0.1575	\$ 220	\$ 12.56		
Possible Avg. Annual Amount	5583	0.1575	\$ 879	\$ 50.25	6.1%	B
Possible Avg. Quarterly Amount	1396	0.1620	\$ 226	\$ 18.85		
Possible Avg. Annual Amount	5583	0.1620	\$ 904	\$ 75.37	9.1%	C
Possible Avg. Quarterly Amount	1396	0.1692	\$ 236	\$ 28.90		
Possible Avg. Annual Amount	5583	0.1692	\$ 945	\$ 115.57	13.9%	D

Sewer Fund Balances

	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Starting Balance	78,330.04	51,007.40	47,215.67	75,623.82	57,467.72	89,251.00	99,559.18	100,773.71	107,797.54
minus Transfer to Omnibus	53,720.00	49,000.00	49,000.00	45,000.00	45,000.00	67,600.09	66,165.55	66,046.70	51,355.00
minus Extra to Omnibus		-	-	-	-	12,000.00	-	-	11,000.00
plus Actual/Estimated Receipts	TBD	91,457.41	91,656.73	84,675.85	63,156.10	47,816.81	55,857.37	64,832.17	55,331.17
plus Transfer from Free Cash		15,017.20							
plus Unspent from Omnibus		8,713.03							
minus Reserved from Receipts	38,865.00	38,865.00	38,865.00	68,084.00	-	-	-	-	-
Ending Balance	TBD	78,330.04	51,007.40	47,215.67	75,623.82	57,467.72	89,251.00	99,559.18	100,773.71

Notes

= Higher than it should have been. \$34,042 of Reserved from Receipts wasn't transferred to General Fund until following fiscal year.

= Lower than it should be. Special Town Meeting vote is needed to transfer \$15,017 (unspent from FY15 sewer budget) from Free Cash back into Sewer Fund.

	FY16	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Ending Balance after adjusting for two "Notes" boxes		78,330.04	66,024.40	47,215.67	41,581.82	57,467.72	89,251.00	99,559.18	100,773.71