



Town of Belmont

Department of Public Works

Interdepartmental Memo

To: Thomas G. Younger, Town Administrator

From: Peter J. Castanino, Director 

Date: April 12, 2006

Re: FY 2007 Water and Sewer Rate Recommendation

MWRA

The MWRA charges for FY 2007 are about 43% of the total Water budget and 68% of the total Sewer and Stormwater budget. The expected MWRA increases for FY 2007 are 10.6% for Water and 11.6% for Sewer.

These MWRA increases are driven by the same costs that increase our budget as well as enormous debt from court-ordered and regulated required improvements. For the foreseeable future these costs will drive rates for our customers.

The balance of revenue and expenses for both the water and sewer programs is affected by a variety of factors including: the weather, water conservation, town capital programs and MWRA charges (including the MWRA Capital Programs).

Water Rate Recommendation

The Water Advisory Board met on April 6, 2006 and voted to approve the recommendation to increase the customer charge and water rate by 2.4%. This increase would use \$368,000 from the Water Retained Earnings account to subsidize the water budget given the large MWRA increase.

I request that the Board of Selectmen approve the recommendation for the customer charge and the water rate be increased by 2.4% for FY 2007.

The Department of Public Works Water Division is in the process of reviewing all of the rates and charges related to water services to develop a long term plan to stabilize rates given the expected significant increases from the MWRA. I expect that this will be completed and discussed by the Water Advisory Board and Board of Selectmen this fall prior to setting FY 2008 rates.

Sewer Rate Recommendation

I have reviewed the sewer rate with Town Accountant Barbara Hagg and Sewer and Stormwater Committee Chairman Ralph Jones. It is our recommendation that the FY 2007 sewer rate and related charges be increased by 4% to support the Sewer and Stormwater Programs.

I have attached the rate histories for both the water and sewer along with the 5-year projected sewer expenses and revenues.

Thank you for your consideration of these requests.

cc: Michael A. Santoro, Asst. Director of Public Works
Gerard Schultz, Water Superintendent
Barbara Hagg, Town Accountant

Budget for Sewer Enterprise Fund
FY07 - FY11

	FY07	FY08	FY09	FY10	FY11
Sanitary Sewer					
Personal Services	\$733,212	\$791,869	\$855,218	\$923,636	\$997,527
Purchased services	\$74,194	\$77,162	\$80,248	\$83,458	\$86,796
Supplies	\$50,780	\$52,811	\$54,924	\$57,121	\$59,405
Capital/debt service					
Trucks/Other Capital	\$159,700	\$126,900	\$126,900	\$126,900	\$126,900
Debt Service	\$289,750	\$289,750	\$231,898	\$231,898	\$231,898
GIS software, licensing and consulting	\$19,600				
MWRA cost	\$3,909,193	\$4,091,491	\$4,405,561	\$4,852,447	\$4,960,277
Reserve for unforeseen expenses	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Indirect cost reimb to Town	\$120,000	\$100,000	\$100,000	\$120,000	\$100,000
Stormwater maintenance					
Personal services	\$158,934	\$171,649	\$185,381	\$200,211	\$216,228
Purchased services	\$48,370	\$50,305	\$52,317	\$54,410	\$56,586
Supplies	\$15,220	\$15,829	\$16,462	\$17,120	\$17,805
Total costs	\$5,603,953	\$5,792,765	\$6,133,909	\$6,692,201	\$6,878,423
Revenues from customers	\$6,038,066	\$6,279,589	\$6,530,773	\$6,857,311	\$7,200,177
Fees		\$10,000	\$15,000	\$20,000	\$20,000
Total Revenues	\$6,038,066	\$6,289,589	\$6,545,773	\$6,877,311	\$7,220,177
Surplus	\$434,113	\$496,824	\$411,864	\$185,110	\$341,754
Rate increases	4.0%	4.0%	4.0%	5.0%	5.0%

Notes

1. We anticipate obtaining a loan from the Clean Water State Revolving Fund at 2% in FY07 or FY08. This will reduce debt service, currently calculated at 5%.
2. The House passed an appropriations bill that included \$25M of "ratepayer relief" for the MWRA. If the Senate concurs, this will reduce MWRA costs to Belmont by about 2.5%.
3. No provision has been made for amortizing the unfunded liability associated with OPEB owed to employees who are paid by this enterprise fund.
4. The revenues anticipated from customers assume a 4% increase in rates and rate of water consumption equal to that of FY06. If consumption declines, as it did in FY05, revenues will also decline. The operating surplus could become a deficit.

Water Rate History

FY	Water Rate per 100 cubic feet	% Increase	Quarterly Customer Charge	Lifeline Rate
1996	\$ 2.55		\$ 11.00	\$ 1.75
1997	\$ 2.55		\$ 11.00	\$ 1.75
1998	\$ 2.55		\$ 11.00	\$ 1.75
1999	\$ 2.55		\$ 11.00	\$ 1.75
2000	\$ 2.55		\$ 11.00	\$ 1.75
2001	\$ 2.99	15%	\$ 11.00	\$ 1.75
2002	\$ 3.45	13%	\$ 11.55	\$ 1.75
2003	\$ 3.62	5%	\$ 12.13	\$ 1.75
2004	\$ 3.87	6%	\$ 13.38	\$ 1.75
2005	\$ 3.87	0%	\$ 13.38	\$ 1.75
2006	\$ 4.10	6%	\$ 14.18	\$ 1.75
2007	\$ -		\$ -	\$ -

Sewer Rate History

FY	Sewer Rate per 100 cubic feet	% Change	Quarterly Customer Charge 5/8"	Quarterly Customer Charge 3/4"	Quarterly Customer Charge 1"	Quarterly Customer Charge 1 1/2"	Quarterly Customer Charge 2"	Quarterly Customer Charge 3"	Quarterly Customer Charge 4"	Quarterly Customer Charge 6"	Other	Lifeline Rate	Septage Charge per 1000	% Increase
1996	\$ 4.95													
1997	\$ 4.95													
1998	\$ 4.95													
1999	\$ 4.95													
2000	\$ 5.56	11.0%												
2001	\$ 5.56	0.0%												
2002	\$ 5.91	5.9%	\$ 4.25	\$ 4.48	\$ 5.15	\$ 6.05	\$ 8.53	\$ 26.75	\$ 33.50	\$ 48.25	\$ 67.25	\$ 4.73	\$ 48.00	100%
2003	\$ 6.17	4.2%	\$ 4.31	\$ 4.54	\$ 5.22	\$ 6.14	\$ 8.65	\$ 27.15	\$ 34.00	\$ 49.99	\$ 67.25	\$ 5.24	\$ 48.00	0.0%
2004	\$ 7.21	14.4%	\$ 5.04	\$ 5.31	\$ 6.10	\$ 7.17	\$ 10.11	\$ 31.73	\$ 39.73	\$ 58.41	\$ 67.25	\$ 6.13	\$ 67.00	28.4%
2005	\$ 7.62	5.4%	\$ 5.31	\$ 5.60	\$ 6.43	\$ 7.56	\$ 10.66	\$ 33.44	\$ 41.88	\$ 61.56	\$ 70.88	\$ 6.46	\$ 82.00	18.3%
2006	\$ 7.62	0.0%	\$ 5.31	\$ 5.60	\$ 6.43	\$ 7.56	\$ 10.66	\$ 33.44	\$ 41.88	\$ 64.56	\$ 70.88	\$ 6.46	\$ 82.00	0.0%
2007		#####												#DIV/0!