



# Town of Middlebury

FY18 Water & Wastewater  
Budget & Rate Presentation  
Infrastructure Committee  
September 14, 2017

# FY18 Water Budget Major Drivers

## FY18 Water Department Major Drivers:

- Inflationary increases in benefits - \$6,385
- First interest payment of \$13,000 on \$1M bond authorized by voters in 2010. The bond will be issued in December of 2017, with the first interest payment due May 2018.
- FY17 budget was more than the FY18 budget proposal due to water meter project expense and offsetting proceeds from borrowing, \$128,541.
- FY17 water receipts reduced by a significant abatement associated with a bankruptcy.
- \$30,870 in additional water charges revenue required to balance budget, based on FY17 actual revenue (not FY17 budgeted amounts)
- 3,000 gallons/per quarter included in base rate eliminated; increased revenue used to boost capital improvements line item by \$23,310.

# FY18 Wastewater Budget Major Drivers

## FY18 Wastewater Department Major Drivers:

- Inflationary increases in benefits - \$26,906
- Reduction of \$32,000 in expenses in Treatment Plant Supplies, and Biosolids Handling.
- FY17 budget was more than the FY18 budget proposal due to water meter project expense and offsetting proceeds from borrowing, \$116,766, and one-time revenue of \$190,480 from AgriMark.
- Capital spending, which was boosted in FY17 to reflect the one-time payment from AgriMark, has been reduced by the amount of the one-time payment of \$190,480.
- The September 14 budget proposal includes an increase of \$.02/gallon in the septage disposal fee effective January 1. Estimated additional revenue of \$15,000 used to increase Capital Improvement spending by \$15,000.

## Typical Residential User – Quarterly (Assuming 10,800 gal/qtr)

Eliminating 3,000 gallons included in minimum water rate

	Current FY17	Proposed FY18	\$ Change
Water Base Rate ( <i>no usage included in base rate</i> )	35.52	35.52	-
<u>Water Usage (\$3.04/1000 gal)</u>	<u>23.71</u>	<u>32.83</u>	<u>9.12</u>
Water Total	\$59.23	\$68.35	\$9.12
Wastewater Base Rate ( <i>base rate includes 3,000 gal/quarter</i> )	39.60	39.60	-
<u>Usage (\$7.78/1000 gal)</u>	<u>60.68</u>	<u>60.68</u>	<u>-</u>
Wastewater Total	\$100.28	\$100.28	\$-
Combined Base Rate	75.12	75.12	-
<u>Combined Usage</u>	<u>84.39</u>	<u>93.51</u>	<u>9.12</u>
Combined Total	\$159.51	\$168.63	\$9.12

# Water Revenue & Expense Budget Revisions

Eliminating minimum usage of 3,000 gallons/quarter, while maintaining the base rate and use rate boosts water revenue by \$23,310. The chart below shows the corresponding adjustment in capital improvement spending and the bottom line of the water budget.

Line Item	8/10 Budget	Change	9/14 Budget
Revenue from Water Charges	\$1,192,836	\$23,310	\$1,216,146
Line Item	8/10 Budget	Change	9/14 Budget
Capital Improvement Expense	\$212,000	\$23,310	\$235,310
Line Item	8/10 Budget	Change	9/14 Budget
Total Budget	\$1,210,036	\$23,310	\$1,233,346

# Water Budget & Rate Recommendations

## FY18 Budget Recommendation:

If the Committee is amenable to adopting the water fund budget as presented, the following motion would be in order: *I move that the Committee recommend the proposed FY18 Water Fund budget of \$1,233,346 to the Selectboard for adoption.*

## FY18 Rate Recommendation:

If the Committee is amenable to adopting water rates as presented, the following motion would be in order: *I move that the Committee recommend to the Selectboard eliminating the minimum usage of 3,000 gallons/quarter and maintaining the water base rate of \$35.52 and usage rate of \$3.04 per 1,000 gallons, effective at the start of the fourth billing quarter of 2017.*

# Wastewater Revenue & Expense Budget Revisions

If the Committee accepts the recommendation of a 2¢ per gallon increase in charge for septage effective January 1, 2018, we estimate that wastewater revenue would increase by approximately \$15,000 in FY18.

Line Item	8/10 draft	Change	9/14 proposal
Septage Dumping	\$175,000	\$15,000	\$190,000
Line Item	8/10 draft	Change	9/14 proposal
Capital Improvement Expense	\$333,059	\$15,000	\$348,059
Line Item	8/10 draft	Change	9/14 proposal
Total Budget	\$2,522,900	\$15,000	\$2,537,900

# Wastewater Budget & Rate Recommendations

## FY18 Budget Recommendation:

If the Committee is amenable to adopting the wastewater fund budget as presented, the following motion would be in order: *I move that the Committee recommend the proposed FY18 Wastewater Fund budget of \$2,537,900 to the Selectboard for adoption.*

## FY18 Rate Recommendation:

If the Committee is amenable to adopting wastewater rates as presented, the following motion would be in order: *I move that the Committee recommend to the Selectboard retain the same wastewater rates as in FY17, with the base rate of 39.60/quarter, with 3,000 gallons/quarter included in the base rate and the usage rate remaining at \$7.78 per 1,000 gallons, effective at the start of the fourth billing quarter for 2017.*



# Wastewater Budget & Rate Recommendations - continued

## FY18 Septage Disposal Rate Recommendation:

If the Committee is amenable to increasing the septage disposal rate as recommended by Wastewater Superintendent Robert Wells, the following motion would be in order: *I move that the Committee recommend to the Selectboard an increase of 2 cents per gallon in the septage disposal rate, from \$.09 to \$.11 per gallon, effective January 1, 2018.*