

2019 Water/Sewer Rate Equalization

September 9, 2019

RESOLUTION OVERVIEW

This resolution proposes moving from quarterly billing for water and sewer to monthly billing.

This resolution proposes no current change to water/sewer usage rates \$/Gallon and is intended to commit the Boro to providing monthly water/sewer billing in similar fashion to most private utilities and in similar fashion to our electric utility billing.

WHY:

- There are many benefits to providing monthly billing in lieu of quarterly billing. The greatest of all is to provide the Boro and Boro Residents with more precise data to anticipate costs and planning.
- By improving our ability to forecast increases in costs and plan for improvements, the data provided by the current method of quarterly billing leaves much guess work to setting and implementing the appropriate water & sewer utility rates.
- This will further allow residents to budget and plan accordingly for water & sewer bills.

Benefits of Monthly Billing

- Residents/Water Customers
 - Improve service to Residents
 - Facilitate household budgeting
 - Reduce un-answerable questions regarding bills
 - Create equality among all water customers
- Boro
 - Identify and Address operational deficiencies
 - Account for “un-accountable water”
 - Identify high and low demand periods to plan work accordingly
 - Provide data for Engineering and Financial analysis
 - Reduce delinquency of collections

Current Vs. Proposed Tier Quantities

Usage Tier	Current Tier Structure (Quarterly)	Proposed Tier Structure (Monthly)
Minimum Volume /Rate	7,500 Gallons / \$165.97	2,500 Gallons / \$57.26
Tier 2 Volume / Rate	7,501 – 15,000 Gallons / \$15.09 per thousand.	2,501 – 5,000 Gallons / \$15.09 per thousand.
Tier 3 Volume / Rate	15,001 – 22,500 Gallons / \$19.51 per thousand gallons	5,001 – 7,500 Gallons / \$19.51 per thousand gallons
Tier 4 Volume / Rate	22,500 Gallons and up / \$24.59 per thousand gallons	7,501 Gallons and up / \$24.59 per thousand gallons

Milltown Water/Sewer Department Customers

- The following information was generated by analyzing the past 1 year of billing data for the Boro of Milltown, and provides a cursory understanding of the current Boro Quarterly Billing system.
- The Boro is divided into 8 Cycles
- The 8 Cycles are combined to generate 3 billing groups
- Every month, 1 of the 3 billing groups is metered and billed.
- After 3 Months, all 3 Billing groups (8 cycles) have been billed.
- Total of 2,592 accounts.

Cycles 1, 2 & 6 – 954 Customers

Consists of:

- 864 Residential Units,
- (44) 2 Family Homes,
- (3) 3 Family Homes
- (2) 4 Family Homes
- (1) 5 Family Homes
- (2) 6 Family Homes
- (38) Commercial Units
- (0) IND

Billing Dates:

- January – For usage in October, November & December.
- April – For usage in January, February & March
- July – For usage in April, May & June
- October – For usage in July, August & September

Cycles 3, 4, & 7 – 836 Customers

Consists of:

- 755 Residential Units,
- (25) 2 Family Homes,
- (2) 3 Family Homes
- (4) 4 Family Homes
- (2) 5 Family Homes
- (0) 6 Family Homes
- (47) Commercial Units
- (1) IND.

Billing Dates:

- February – For usage in November, December & January
- May – For usage in February, March & April
- August – For usage in May, June & July
- November – For usage August, September & October

Cycles 5 & 8 - 802 Customers

Consists of:

- 725 Residential Units,
- (15) 2 Family Homes,
- (4) 3 Family Homes
- (1) 4 Family Homes
- (0) 5 Family Homes
- (1) 6 Family Homes
- (51) Commercial Units
- (5) IND.

Billing Dates:

- March – For usage in December, January & February
- June – For usage in March, April & May
- September – For usage in June, July & August
- December – For usage September, October & November

2018 – 2019 Available Data (Residential Only)

	Current Tier 1 (minimum)			Tier 2	Tier 3	Tier 4
	Less than 1,000 Gallons	1,0001 to 6,000 Gallons	6,0001 to 7,500 Gallons	7,501 to 15,000 Gallons	15,000 to 22,500 Gallons	Over 22,500 Gallons
3 rd Quarter - 2018	98 (4.18%)	304 (12.98%)	130 (5.55%)	893 (38.15%)	519 (22.17%)	397 (16.97%)
4 th Quarter - 2018	86 (3.67%)	339 (14.46%)	171 (7.30%)	981 (41.87%)	487 (20.79%)	279 (11.91%)
1st Quarter – 2019	86 (3.67%)	384 (16.38%)	173 (7.38%)	1059 (45.17%)	446 (19.03%)	196 (8.37%)
2 nd Quarter - 2019	84 (3.58%)	398 (16.97%)	234 (9.98%)	1063 (45.33%)	410 (17.47%)	156 (6.67%)

HOW:

- To implement monthly billing for water and sewer the Boro will have to take several steps to ensure the financial and operational success of the Boro.
 - Approve Resolution to move forward.
 - Identify additional operational needs of the Boro office staff
 - Identify additional operational needs of the Boro field staff
 - Identify financial impacts of taking on this endeavor
 - Plan, address, remedy current deficiencies to ensure success

HOW:

ITEM	CURRENT	PROPOSED
Billing Frequency	Quarterly (every 3 months)	Monthly
Annual Qty of Bills	10,368	31,104
Employed Meter Readers	2 Part Time	3 Part Time
Employed Office Staff	2 Full Time, 1 Part Time	2 Full Time, 2 Part Time
Current Bill Minimum Usage	7,500 Gallons	2,500 Gallons

Preliminary Financial Considerations:

- The below table identifies and accounts for the additional needs associated with implementing a monthly water & sewer billing program and the financial impact of those needs.

Additional Preliminary Costs				
	Qty	Units	\$/Unit	Extended Cost
Office				
Part Time staff	1	Year	\$ 20,000.00	\$ 20,000.00
Post Card Bills	20,736	Ea	\$ 0.15	\$ 3,110.40
Postage	20,736	Ea	\$ 0.35	\$ 7,257.60
Field				
Meter Reader	1	Year	\$ 20,000.00	\$ 20,000.00
Scanner Guns	2	Ea	\$ 4,800.00	\$ 9,600.00
Total Additional Cost				\$ 59,968.00
Total Number of Bills to be generated				31,104
Additional Cost to Resident Per Month w/o \$/Gallon rate change				\$ 1.93

What's Next:

- With Approval of the Resolution to move forward we can perform a more in-depth analysis of the financial needs of the Boro, and amend the rate ordinance to address monthly billing.
- It is imperative over the next several months we take the required action in approving:
 - Part Time Office Personnel – To Start March 2020
 - Part Time Meter Readers – To Start March 2020
 - Procurement of Additional Meter Reading Equipment
- Replace the approximate 430 “estimated” or “inaccessible” meters.
- Amend the water/sewer rate ordinance to address
 - Monthly Billing
 - Automatic Rate Adjustment for increases from Boro Water Supplier
 - Set Fees for failure to comply with Boro requests for meter access
 - Amend Rate Ordinance to address service diameter similar to that of other municipalities & set rates.

QUESTIONS ?