

City of Berlin

To: Mayor and Council

From: Jim Wheeler, City Manager

CC: Jon Goodreau, Supt.
Holly Larsen, Finance Director

Date: 5/3/2021

Re: FY21 Sewer Rate

Attached is a spreadsheet showing the development of the sewer rate for the past several years, and the proposed FY21 sewer rate.

The Sewer Fund continues to be in strong financial shape and we are charging a rate which is less than the state average.

Consumption is down in most commercial categories and up in most residential categories, likely an effect from COVID measures. We are recommending an increase in the rate of 4.7% to from \$8.66 to \$9.07 per hundred cubic feet. Last year's increase was 4.4%. In order to achieve this rate, you will have to apply \$1,150,000 of Sewer User Fund Balance. The current, estimated, unaudited UFB is \$5,042,029. This will leave an approximate balance of \$3,892,029.

NHDES has prepared a dashboard for comparison of residential water and sewer rates. According to the dashboard, the City of Berlin's current average monthly sewer bill is \$55.58, and the state average monthly sewer bill is \$61.19.

It is recommended that the Mayor and Council pass a motion setting the FY21 sewer rate at \$9.07/hcf, which is a 4.7% increase. According to the dashboard, an increase of 5% will increase the average monthly sewer bill to \$58.36, which is still less than the state average.

SEWER FUND BUDGET AND RATE PROJECTION

Because the City bills only 3 quarters, all flows are about 75% of actual flows.
AVRRDD and Burgess Biopower are done by separate warrant and agreement.

Table 1: Billable Water Consumption

	Metered 100 cu ft	Rate
Commercial:		
Comm./Indust.	8,203	100.0%
District 1	83,237	100.0%
District 2	5,228	100.0%
District 3	1,053	100.0%
District 4	364	100.0%
Wells (Dist. 6)	0	100.0%
NAD (Dist. 7)	48	100.0%
Hydros (Dist. 5)	0	100.0%
AVRRDD	accounted for in separate warrant	100.0%
Burgess Bio.	accounted for in separate warrant	100.0%
*BOP	carried in District 2	
Subtotals		
Residential:		
Residential	36,639	80.0%
District 1	59,194	80.0%
District 2	31,334	80.0%
District 3	499	80.0%
District 4	3,047	80.0%
Wells (Dist. 6)		

1 cu ft = 7.4805 gal
1 gal = .133681 cu ft

% Change

Actual FY13	Actual FY14	Actual FY15	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Projected FY21
5,762	6,437	5,173	5,818	7,031	7,652	7,822	7,303	8,203
53,151	70,995	95,167	103,562	104,032	96,990	101,868	92,095	83,237
7,024	7,002	7,131	7,835	7,189	5,986	5,569	5,439	5,228
1,627	1,717	2,186	1,835	1,571	1,337	1,390	1,245	1,053
213	361	524	418	541	100	69	290	384
256	0	0	0	0	0	0	0	0
520	38	52	50	44	90	91	116	48
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
68,553	86,550	110,233	119,518	120,408	112,155	116,809	106,488	98,153
30,341	30,223	27,618	27,618	28,604	28,578	28,474	28,050	29,311
48,234	48,474	45,736	45,736	45,518	44,790	46,083	44,779	47,355
25,174	25,502	23,898	23,898	24,617	24,446	24,105	23,414	25,067
363	270	252	252	281	252	284	311	399
2,459	2,550	2,598	2,598	2,572	2,467	2,615	2,817	2,438
106,521	107,020	100,070	100,070	101,592	100,533	101,561	99,371	104,570
175,174	193,570	210,303	219,588	222,000	212,688	218,370	205,859	202,723
-1%	11%	9%	4%	1%	-4%	3%	-6%	-2%

Table 2: Sewer Fund Operating Budget

Sewer Fund Operating Budget

Total Operating
% Change

1,350,232	1,320,910	1,388,102	1,456,147	1,647,878	1,778,659	1,868,087	1,980,802	1,953,048
4%	-2%	5%	5%	13%	8%	5%	6%	-1%

Table 3: Debt Service and Capital

Bond Principal \$5M RD Bond for Phase I Improvements
Bond Principal \$6M RD Bond for Phase II @2.375%
Bond Principal \$5M RD Bond for Phase II @2.375%
Bond Principal \$250,924.85 SRF Phase II
Bond Interest \$5M RD Bond for Phase I Improvements
Bond Interest \$6M RD Bond for Phase II @2.375%
Bond Interest \$5M RD Bond for Phase II @2.375%
Bond Interest \$250,924.85 SRF Phase II
Capital Reserve for WWTF Upgrade
Sewer Fund Capital Budget

Total Debt & Capital

326,700	326,700	326,700	326,700	164,923	180,000	185,000	195,000	205,000
-	-	354,603	709,204	206,044	210,965	216,005	221,167	226,451
-	-	-	-	223,489	228,828	234,295	239,892	245,624
-	-	-	-	-	10,119	10,321	10,527	10,738
-	-	-	-	161,777	113,356	106,056	98,456	90,456
-	-	-	-	134,156	129,235	124,195	119,033	113,749
-	-	-	-	145,515	140,170	134,709	129,112	123,380
-	-	-	-	4,615	4,413	4,207	3,998	3,788
-	-	-	588,000	275,480	275,480	275,480	275,480	275,480
165,000	200,000	377,500	10,000	184,520	184,520	184,520	184,520	184,520
491,700	526,700	1,058,803	1,633,904	1,495,904	1,477,294	1,474,994	1,477,394	1,479,394

Operating plus Debt and Capital

Table 4: Sewer Fund Total (Table 2 + Table 3)

Sewer Fund Total
% Change Over Prior Year

1,841,932	1,847,610	2,446,905	3,090,051	3,143,782	3,255,954	3,343,081	3,458,196	3,432,442
3%	0%	32%	26%	2%	4%	3%	3%	-1%

Table 5: Sewer Rate Calculation

Est. Flows from Table 1
Act./Est. Budget from Table 4
% Change Over Prior Year

Less:

Septage Fees
SAG payment
SAG C-837 East Milan Road
SAG C-838 I&I Ph 1 Contract 1
SAG C-890 WSTWTR/SAG
Interest
Rev. from AVRRDD
Rev. from Miscellaneous
Rev. from Burgess Biopower Warrant
Rev. from UFB

Net Estimated Budget

Est. Rate
% Change

FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Projected FY21
175,174	193,570	210,303	219,588	222,000	212,688	218,370	205,859	202,723
1,841,932	1,847,610	2,446,905	3,090,051	3,143,782	3,255,954	3,343,081	3,458,196	3,432,442
2.7%	0.3%	32.4%	26.3%	1.7%	3.6%	2.7%	3.4%	-0.7%
20,000	20,000	30,000	25,000	40,000	35,000	40,000	60,000	100,000
50,546	50,546	50,546	50,546	50,546	50,546	50,547	50,546	50,546
231,166	231,166	231,166	231,166	231,166	231,166	-	-	-
6,245	6,245	6,245	6,245	6,245	6,245	6,245	6,245	6,245
12,000	5,000	20,000	5,000	20,000	20,000	17,000	31,095	31,095
162,600	133,816	133,133	136,422	157,389	130,000	136,299	136,299	92,318
-	-	-	362,400	1,000	-	4,000	3,000	3,000
-	17,733	100,000	265,287	250,000	190,000	180,000	170,379	140,000
-	-	195,000	615,000	602,500	850,000	1,097,000	1,200,000	-
1,596,786	1,383,104	1,680,814.56	1,755,384.42	1,785,935.86	1,742,998.72	1,811,990.24	1,783,632.05	2,992,238.39
\$7.99	\$7.99	\$7.99	\$7.99	\$8.04	\$8.20	\$8.30	\$8.66	\$14.76
0.0%	0.0%	0.0%	0.0%	0.6%	1.9%	1.3%	4.4%	70.4%

Table 6: Sewer Rate History

Year	Rate	% Chg.
2000	\$ 5.13	
2001	\$ 5.30	3.3%
2002	\$ 5.30	0.0%
2003	\$ 5.30	0.0%
2004	\$ 5.30	0.0%
2005	\$ 5.69	7.4%
2006	\$ 6.32	11.1%
2007	\$ 6.63	4.9%
2008	\$ 7.01	5.7%
2009	\$ 7.99	14.0%
2010	\$ 7.99	0.0%
2011	\$ 7.99	0.0%
2012	\$ 7.99	0.0%
2013	\$ 7.99	0.0%
2014	\$ 7.99	0.0%
2015	\$ 7.99	0.0%
2016	\$ 7.99	0.0%
2017	\$ 8.04	0.6%
2018	\$ 8.21	2.1%
2019	\$ 8.30	1.1%
2020	\$ 8.66	4.3%

Sewer Rate Recommendation

Net Funds to Raise	UFB Applied	Sewer Rate	Dollar Increase	Percent Increase
\$2,989,238	\$1,233,000	\$8.66	(\$0.00)	-0.01%
\$2,989,238	\$1,150,000	\$9.07	\$0.41	4.71% Recommended
\$2,989,238	\$900,000	\$10.31	\$1.64	18.95%
Use of Undesignated Fund Balance				
Estimated Sewer Fund UFB FY21:				\$5,042,029
Estimated UFB Applied FY21				\$1,150,000
Projected Balance after FY21 (w/o additions)				\$3,892,029