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Mayor Peter Vogt
Village of Dansville
14 Clara Barton Street
Dansville, NY 14437

February 4, 2015

Dear Mayor Vogt,

I have reviewed Dansville's water and sewer expenses and revenue and have projected the rates needed to cover projected expenses. I have used the Village's tentative budget numbers for FY 2016 and have made projections on your revenue and expenses for FY 2015. I have also projected expenses thru FY 2019, using 3% inflation for most expenses and debt service estimates from your debt schedules. I have also allowed for some capital expense in the systems, which need much more than I have allowed. The attached charts show projections and the rates needed to meet them. I my recommendations are below:

1. The Village needs noticeable rate increases in both water and sewer rates. The water fund balance has been declining slightly since FY 2012, but it will drop significantly in the current fiscal year. My projections show a decline from of about \$164,000, from \$230,000 to about \$66,000 in FY 15. The sewer fund balance grew well for the past four years from a negative \$152,000 to a positive \$329,000. However, in the current fiscal year, significant new debt service has come on. I project that by the end of FY 15 the fund balance will decline by about \$134,000 for an end of year fund balance of about \$195,000. Projections through 2019, allowing for modest cash capital, show the need for about another \$230,000 in annual water revenue and about \$300,000 in annual sewer revenue. Given the rapidly declining fund balances and future deficits, it is important to increase rates as soon as possible.
2. Water rates are shown on an attached sheet, entitled "Water Rate Increase Calculations." The quarterly base charge should rise from \$72 to \$88 per quarter for Village customers and from \$88 to \$104 per quarter for out of Village customers. The commodity charge should increase from \$3.00 per 1,000 gallons to \$3.50 for Village customers and from \$3.50 to \$4.00 per 1,000 gallons for out of Village customers.
3. The sewer rates are shown on an attached sheet entitled "Sewer Rate Increase Calculations." The base charge should increase from \$65 to \$90 per quarter for Village customers and from \$80 to \$105 per quarter for out of Village customers. The

commodity charge should increase from \$3.00 per 1,000 gallons to \$3.50 for Village customers and from \$3.50 to \$4.00 per 1,000 gallons for out of Village customers.

4. Both rate charts show how to raise or lower the amount of revenue in \$20,000 increments.
5. A caution on numbers. The estimates in this report are based on preliminary expenditure estimates and revenue estimates. There is experience yet to be gained with the new sewer plant. Surprises often happen, especially with old systems. I had up to 2% variation in revenue estimates, depending on method used. A larger variation in volume can easily happen as customer use and habits change. Annual variation will occur, but overall, I think the numbers used are good. I have also projected a 1% drop in rate revenue each year due to expected drops in consumption. This drop is consistent with what is happening in developed other communities.
6. Water Capital Needs. Valves and old mains fail. You have many leaks. The village produced 214,526,000 gallons in 2014. The Village sold about 120,150,000 gallons thru meters and about 1,400,000 gallons as unmetered sales, for a total of 121,550,000 gallons. This means you sold only 57% of the water. A tight system sells about 85% of its water. Long term leaks get bigger and cause damage. The allowance for capital included will likely be needed for surprises and if not, it can help build the fund balance. In 2021, a water bond with current principal of \$330,000 will be paid off. That may allow the Village to begin some real maintenance of the system.
7. Sewer Capital Needs. The sewer system also has large capital needs. Infiltration and inflow has barely been addressed. This can also damage infrastructure. The amount of capital dollars allowed may cover surprises. If the capital is not needed, the Village can restore some fund balance. Significant debt does not drop out of the sewer budget for a very long time.
8. The WWTP project budget allows for some sewer equipment. I recommend buying that from this project budget. You are not likely to be in a position to get much needed equipment out of current funds for a long time.
9. I have used \$460,000 for the annual debt service for the plant project. This assumes a \$2,000,000 grant and spending about half of the contingency. I have not made an adjustment for the composting aid, as the Village does not know when and how it is coming. In the study I did in 2012, I had assumed that the Village would have been paying interest on the borrowing. If the Village had not gotten the interest free loan, rates would need to be far higher.
10. I checked the numbers I used in the 2012 study. There have been increases beyond what I estimated, some of it seeming to reflect policy decisions, such as general fund charges and some cost increases above the 2% increases I had used. The water revenue from the then recommendations would have been about \$75,000 higher than current

revenue. The sewer fund phase 1 rate would have been about adequate, given the interest free loan. The Village would not have needed to go to the phase 2 rate proposed.

I hope this report can be helpful to the Village in making needed water and sewer decisions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul Bringewatt", with a large, stylized capital "A" at the end.

Paul Bringewatt

Water Rate Increase Calculations, January, 2015

Gallons Sold, Assume 2014 is Base year

July, 2013	29,573,433	Note 88.7 percent of base charges are in Village So assume 88.7% of gallons in Village and 11.3% out
Oct, 2013	34,619,758	
Jan, 2014	27,768,000	
April, 2014	28,195,000	
Total	120,156,191	

88.7% 106,578,541 gal in Village
11.3% 13,577,650 gal out Village

Need to raise \$230,000

Base Charge	Per qtr	Quarters	
2,376 \$	16.00	4	\$ 152,064 Base charge increase in Village
303 \$	16.00	4	\$ 19,392 Base charge increase out Village
			\$ 171,456 Total Base charge increase

Gallons [thousand]

106,578 \$	0.50	\$ 53,289 Commodity Charge in Village
13,577 \$	0.50	\$ 6,789 Commodity Charge out Village
		\$ 60,078 Total Commodity Charge
		\$ 231,534 Total Increase

Proposed Annual Metered Revenue

Base Charge	Per qtr	Quarters	
2,376 \$	88.00	4	\$ 836,352 Base charge increase in Village
303 \$	104.00	4	\$ 126,048 Base charge increase out Village
			\$ 962,400 Total Base charge increase

Gallons [thousand]

106,578 \$	3.50	\$ 373,023 Commodity Charge in Village
13,577 \$	4.00	\$ 54,308 Commodity Charge out Village
		\$ 427,331 Total Commodity Charge
		\$ 1,389,731 Total

Say need to raise or lower \$20,000

Base charges	Per Qtr	Qtrs	Revenue
2,376 \$	1.90	4	18,058 Base charge in Village
303 \$	1.90	4	2,303 Base charge out of Village
			\$ 20,360 Total Base Charge revenue

OR

Gal [Thousand]	Per 1,000 gal	
106,578 \$	0.17	\$18,118 Commodity charge in Village
13,577 \$	0.17	\$2,308 Commodity charge out of Village
		\$20,426 Total Commodity charge

Basis for FY 2016 Metered Water Revenue Before rate increase

\$ 1,178,564	is 2014 rate revenue
\$ 1,166,778	99% for 2015 rate revenue
\$ 1,155,111	99% for 2016 rate revenue

Sewer Rate Increase Calculations

Total Gallons of water sold in FY 14 is 120,156,191, 88.7% or 106,578,541 gallons in Village.
Another 3.9% or 4,156,914 gallons sold out of Village.

Note: 88.7 of water base charges are in Village. 3.9% of water base charges are
are sewer base charges out of Village

Say need increase of \$300,000

Base Charge	Per qtr	Quarters	
2,326 \$	25.00	4 \$	232,600 base charge sewer in Village
94 \$	25.00	4 \$	9,400 base charge sewer out Village
		\$	242,000 base charge revenue
Gallons [thousand]			
106,578	\$0.50		\$53,289 commodity charge in Village
4,156	\$0.50		\$2,078 commodity chargeout Village
			\$55,367 commodity charge revenue
		\$	297,367 Increased revenue

Proposed Annual Metered Revenue

Base Charge	Per qtr	Quarters	
2,326 \$	90.00	4 \$	837,360 base charge sewer in Village
94 \$	105.00	4 \$	39,480 base charge sewer out Village
		\$	876,840 base charge revenue
Gallons [thousand]			
106,578	\$3.50		\$373,023 commodity charge in Village
4,156	\$4.00		\$16,624 commodity chargeout Village
			\$389,647 commodity charge revenue
		\$	1,266,487 Total

Say need increase or decrease of \$20,000

Base Charge	per qtr	Quarters	
2,326 \$	2.07	4 \$	19,259 base charge sewer in Village
94 \$	2.07	4 \$	778 base charge sewer out Village
		\$	20,038 base charge revenue

OR

Gallons	Per 1,000 gal	
106,578	\$0.18	\$19,184 commodity charge in Village
4,156	\$0.18	\$748 commodity chargeout Village
		\$19,932 commodity charge revenue

Basis for FY 2016 Metered Sewer Revenue

\$	971,402	FY 14 Sewer Revenue
\$	961,688	99% for 2015 metered revenue
\$	952,071	99% for FY 2016 metered revenue

Village of Dansville, Water Revenue and Expense Actuals and Projections, January, 2015

Revenues	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15 Bud	FY 15 Proj	FY 16 Proj	FY 17 Proj
Metered Water Sales	939,046	901,561	920,214	1,266,442	1,178,564	1,396,466	1,180,000	1,155,000	1,143,450
Unmetered Water Sales	5,450	7,511	7,847	7,800	6,906	7,500	6,500	7,000	7,000
Water Service Charges	675	615	720	1,216	1,215	1,500	1,500	1,500	1,000
Int and Penalties	17,586	19,836	12,292	20,445	40,140	24,000	50,000	30,000	25,000
Interest Earnings	307	182	149	249	-	-	-	-	-
Permits	320	308	132	322	254	300	200	300	300
Sales, Comp property loss	247	1,928	4,014	1,856	215	-	2,000	-	-
Miscellaneous	712	351	-	(140)	29	-	20,000	-	-
	964,343	932,292	945,368	1,298,190	1,227,323	1,429,766	1,260,200	1,193,800	1,176,750
Expenses	2009-10	2010-11	2011-12	2012-13	2013-14	FY15 Bud		FY 16 Proj	FY 17 Proj
Total Gen Gov't Support	38,901	38,901	45,930	44,714	65,685	68,394	107,871	90,000	116,497
Admin Salaries	37,245	45,076	15,689	20,501	37,916	42,225	54,000	45,171	46,526.13
Admin Equipment	730	1,760	2,037	1,251	2,449	3,000	-	1,500	1,545.00
Admin, Contractual	8,000	7,790	9,582	6,336	7,665	8,700	5,500	6,400	6,592.00
Source of Supply, Salaries	108,474	112,208	115,063	162,172	175,015	187,900	200,000	191,698	197,448.94
Source of Supply, Equip	-	2,281	-	-	3,000	3,000	-	1,500	1,545.00
Source of Supply, Contract	9,749	8,526	6,442	5,962	5,583	7,500	5,000	7,500	7,725.00
Purification, Equipment	-	-	-	-	-	500	500	1,000	1,030.00
Purification, Contractual	61,164	63,954	58,145	73,189	50,927	131,600	147,000	65,900	67,877.00
Trans and Dist, Salaries	79,170	96,259	97,895	52,714	18,834	72,300	60,000	52,985	54,574.55
Trans and Dist, Equipment	125	3,725	991	4,369	65,396	42,300	30,000	19,000	19,570.00
Trans and Dist, Contractual	19,290	14,630	17,838	44,806	69,499	94,500	118,000	82,251	84,718.53
Employee Benefits	81,230	115,979	119,143	115,208	118,195	147,644	140,000	138,000	142,140.00
Debt Principal	378,208	391,748	398,978	402,000	418,000	421,000	424,000	431,000	439,000
Debt Interest	184,091	173,840	123,401	120,531	107,349	159,726	150,563	139,232	126,600
Total	1,006,377	1,083,706	1,009,918	1,074,724	1,148,222	1,429,766	1,424,563	1,299,634	1,316,884
Cash Capital					83,778			120,000	85,000
Total with cash capital					1,232,000			1,419,634	1,401,884
Surplus (Deficit)							(164,363)	(225,834)	(225,134)
Fund Balance at end of year	391,519	240,105	296,922	271,930	230,394		66,031		

note, uncertain about 2013 fund balance, could be 56,435?

Village of Dansville, Sewer Revenue and Expense, Actual and Projections, January, 2015

	FY 10	FY 11	FY 12	FY 13	FY 14	FY15 Bud	FY15 Project	FY 16 Proj	FY 17 Proj	FY 18 Proj
Revenues										
Sewer Rents	484,311	714,292	716,432	977,335	971,402	1,180,000	970,000	952,000	942,480	933,000
Sewer Charges	5,243	5,188	11,082	8,594	10,526	8,000	20,000	8,000	8,000	8,000
Interest and Penalties	11,747	16,187	9,930	16,090	33,546	2,500	34,000	25,000	25,000	25,000
Interest Earnings	156	217	164	238	-	-	-	-	-	-
Sale and Compen for loss	-	-	-	-	979	1,000	-	-	-	-
Refunds Prior Years	-	-	-	-	18,212	-	-	-	-	-
Unclassified	383	55,416	4,204	-	-	-	1,500	-	-	-
Metered Sewer Sales	-	-	-	-	-	75,000	-	-	-	-
Total	501,840	791,300	741,812	1,002,257	1,034,665	1,266,500	1,025,500	985,000	975,480	966,000
	2009-10	2010-2011	2011-2012	2012-2013	2013-2014	FY 15 Bud	FY15 Project	FY 16 Proj	FY 17 Proj	FY 18 Proj
Expense, Budget										
Fiscal Agent Fees	-	-	-	-	-	-	-	-	-	-
Admin, Pers Services	-	-	-	-	-	-	-	-	-	-
Unallocated Insurance	-	-	-	-	-	-	-	-	-	-
Other Gen Govt	67,441	7,433	18,898	41,130	53,949	69,394	52,519	81,697	84,147.91	86,000
Admin, Pers, Contr	41	41	15,687	22,851	37,224	48,725	48,500	50,671	52,191.13	53,000
Sewers, Equipment	-	-	6,363	2,703	33,885	67,150	47,500	27,500	28,325.00	29,000
Sewers, Contractual	8,207	9,933	5,417	20,321	26,206	66,119	35,800	61,119	62,952.57	64,000
WWTP Personal Serv	114,885	120,409	120,100	124,143	130,751	136,300	156,000	137,760	141,892.80	146,000
WWTP Equipment	-	-	-	4,895	5,266	10,700	5,000	-	-	-
WWTP Contractual	84,955	366,379	271,734	310,885	392,504	259,800	266,800	180,750	186,172.50	191,000
Employee Benefits	26,898	40,388	43,795	63,165	76,265	91,148	85,000	82,248	84,715.44	87,000
Debt Principal	88,841	108,750	132,446	39,526	183,255	486,199	73,430	73,445	73,445	45,000
Debt Interest	18,411	18,170	8,240	45,637	8,700	30,965	13,917	12,500	10,800	9,000
New Plant	-	-	-	-	-	-	375,000	460,000	460,000	460,000
Total	409,679	671,503	622,680	675,256	948,005	1,266,500	1,159,466	1,167,690	1,184,642	1,174,000
Capital	-	-	-	50,900	-	-	-	100,000	85,000	85,000
Total Expenses and Capital	-	-	-	726,156	-	-	-	1,267,690	1,269,642	1,259,000
Surplus (Deficit)	-	-	-	-	-	-	(133,966)	(282,690)	(294,162)	(293,000)
Fund Balance at end of year	(152,563)	(32,766)	181,562	256,903	328,968	-	195,002	-	-	-