

Town of Maynard

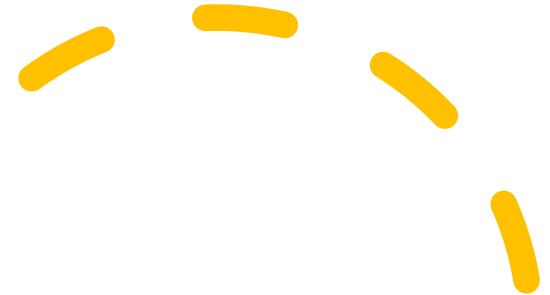
Water and Sewer Rates FY 2022

January 5, 2021

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Pioneer Consulting Group, Inc.



What has Occurred Since We Last Met?



- Consumption has Increased
 - Much of it is Covid Related
 - More people at home
 - Won't continue
 - Will drop back to pre-pandemic levels
 - Additional revenue should be used to boost reserves
- Revenues have increased
- Continue to look long term
 - Proactive! Not Reactive
 - No Tunnel Vision

FY Water2022 Rates

Rates will fund the following:

Distribution Improvements – funds the upgrade of short-term capital improvements

Capital improvements – medium sized, one-time improvements

Capital reserves – increase fund balance – strengthens the enterprise funds

Bring personnel to DEP Minimum Standards (5 Year department staffing plans, submitted)

New debt

Well 4a -\$1,500,000
(included in FY 2020 rates)

Treatment Plant #4
Upgrades - \$1,000,000
(new debt)

Higher future consumption totals

Any increase will fund reserves and ultimately future capital



FREE CASH CALCULATION IS:

- START WITH: LAST YEAR'S FREE CASH BALANCE
- MINUS: APPROPRIATIONS FROM FREE CASH
- PLUS: EXCESS REVENUE (OR MINUS FOR DEFICIT)
- PLUS: BUDGET TURN-BACKS



Free Cash/Reserves/Fund Balance



Free cash is calculated at the end of the year



Funds can be used for capital and other one-time expenditures



Cannot be used to reduce rates



DOF does not have a minimum or maximum amount



DOF has been known to question large balances – Have a plan



PCG recommends a minimum of 50% of annual Direct Cost and debt service



Water: \$561,756 (Current Balance 6/30/2020 – trending up in FY2021)



Sewer: \$1,202,649 (Current Balance 6/30/2020)

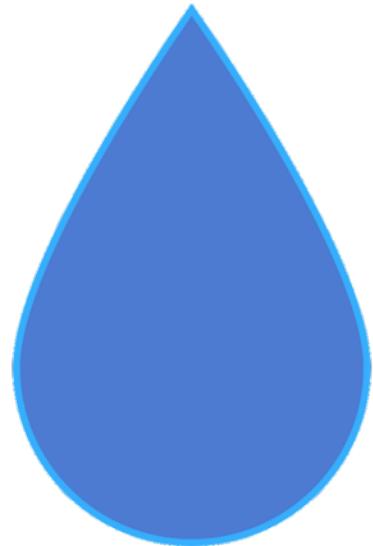


(the FY 2020 FC balance was generated primarily through one-time fees)



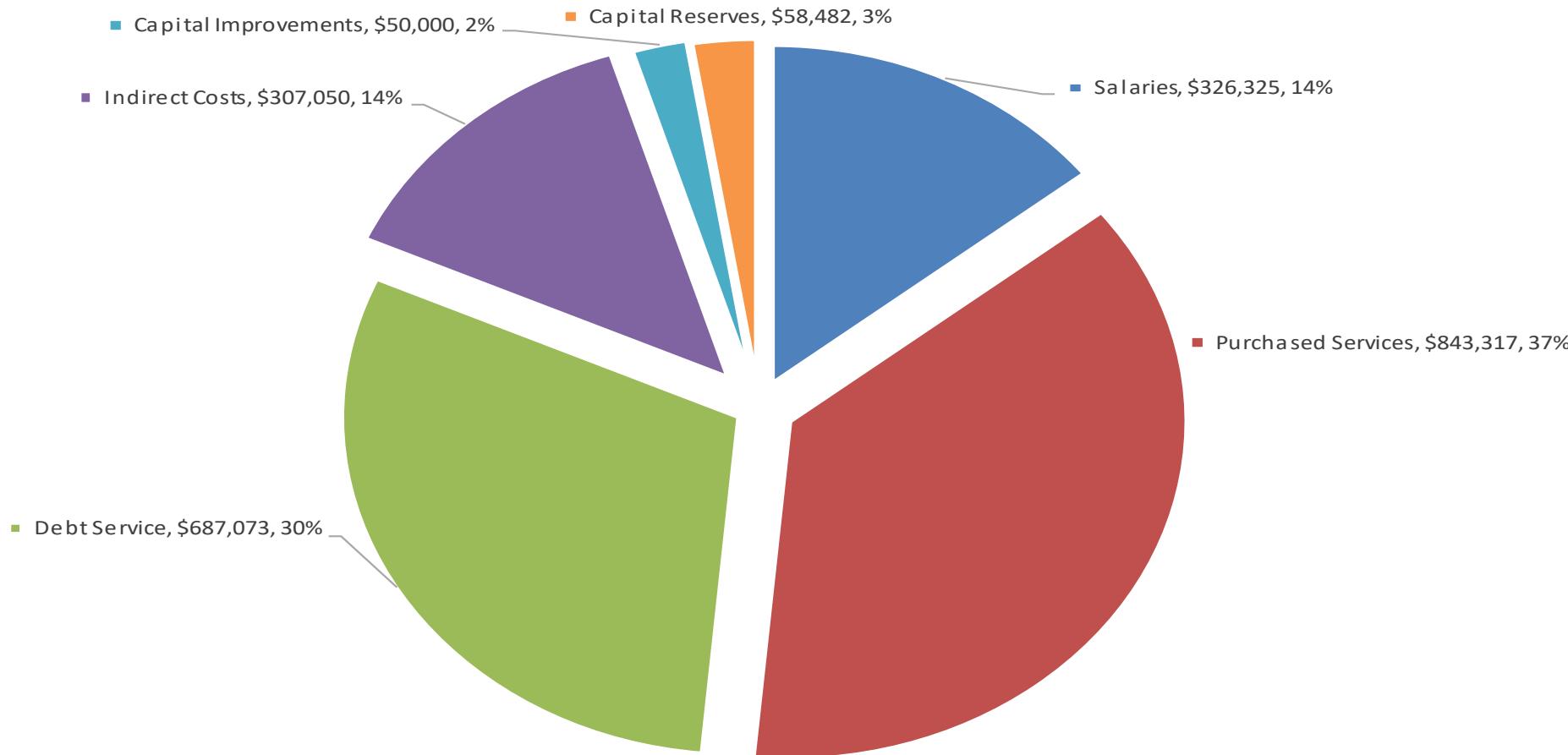
Proposed Rate Structure

- **Maintain Same basic rate structure**
 - Minimum charge
 - 4 step conservation-based flow rate
 - Out of town rates
 - Private fire protection
 - Backflow prevention testing
 - Rates are for FY 2022 Only!
 - Departure from past practices
 - Smaller, more frequent increases



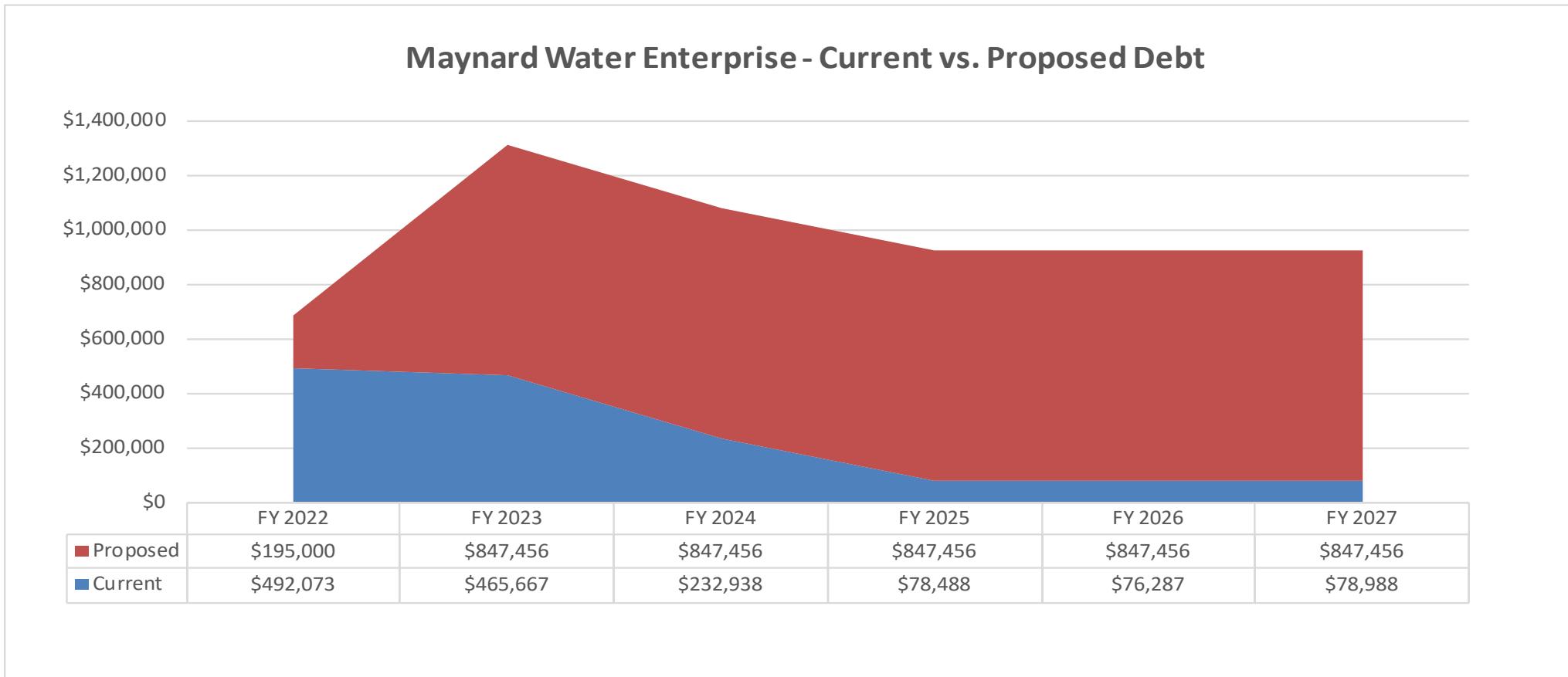
FY 2022 Water Rates

Maynard Water Enterprise Revenue Requirements Fy 2022



Budget Category	FY 2021	FY 2022	Increase
Salaries	\$305,830	\$326,325	\$20,495
Purchased Services	\$829,399	\$843,317	\$13,918
Debt Service	\$506,533	\$687,073	\$180,541
Indirect Costs	\$307,050	\$307,050	\$0
Capital Improvements	\$50,000	\$50,000	\$0
Capital Reserves	\$56,761	\$58,482	\$1,721
	\$2,055,573	\$2,272,247	\$216,674

Current & Proposed Water Debt



Proposed Debt	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Well 4A	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000
Old Marlborough WTF	\$0	\$652,456	\$652,456	\$652,456	\$652,456	\$652,456
Treatment Plant #4	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Total Proposed Debt	\$195,000	\$847,456	\$847,456	\$847,456	\$847,456	\$847,456

Water FY 2022 Water Rates

TOWN OF MAYNARD, MA

Current vs Proposed Rates & Charges

Exhibit 1

Water Division

IN TOWN CUSTOMERS

Minimum Charge - Quarterly - Includes 0 CF

Meter Water Charges - Quarterly - per 100 CF

1st Step 1-500 CF
2nd Step 501-1,000 CF
3rd Step 1,001-2,500 CF
4th Step Over 2,500 CF

OUT OF TOWN CUSTOMERS

Minimum Charge - Quarterly - Includes 0 CF

1st Step 1-500 CF
2nd Step 501-1,000 CF
3rd Step 1,001-2,500 CF
4th Step Over 2,500 CF

Private Fire Protection - Annual Charge

Hydrant
2"
3"
4"
6"
8"
10"

Backflow Prevention

Per Test

Water Division	Current Rates FY 2021	Proposed 1 Year Rate FY 2022	Dollar Increase	Percentage Increase
IN TOWN CUSTOMERS				
Minimum Charge - Quarterly - Includes 0 CF	\$22.00	\$25.00	\$3.00	13.64%
Meter Water Charges - Quarterly - per 100 CF				
1st Step 1-500 CF	\$2.78	\$2.78	\$0.00	0.00%
2nd Step 501-1,000 CF	\$7.11	\$7.34	\$0.23	3.23%
3rd Step 1,001-2,500 CF	\$7.72	\$7.97	\$0.25	3.24%
4th Step Over 2,500 CF	\$8.88	\$9.25	\$0.37	4.17%
OUT OF TOWN CUSTOMERS				
Minimum Charge - Quarterly - Includes 0 CF	\$30.00	\$34.00	\$4.00	13.33%
1st Step 1-500 CF	\$3.89	\$3.89	\$0.00	0.00%
2nd Step 501-1,000 CF	\$9.96	\$10.28	\$0.32	3.21%
3rd Step 1,001-2,500 CF	\$10.81	\$11.16	\$0.35	3.24%
4th Step Over 2,500 CF	\$12.43	\$12.95	\$0.52	4.18%
Private Fire Protection - Annual Charge				
Hydrant	\$250.00	\$250.00	\$0.00	0.00%
2"	\$40.00	\$40.00	\$0.00	0.00%
3"	\$80.00	\$80.00	\$0.00	0.00%
4"	\$125.00	\$125.00	\$0.00	0.00%
6"	\$250.00	\$250.00	\$0.00	0.00%
8"	\$400.00	\$400.00	\$0.00	0.00%
10"	\$580.00	\$580.00	\$0.00	0.00%
Backflow Prevention				
Per Test	\$75.00	\$75.00	\$0.00	0.00%

Impact analysis how will new water rates impact me?

**TOWN OF MAYNARD, MA
WATER ENTERPRISE FUND
IMPACT ANALYSIS - FY 2022**

Exhibit 2a

Meter Size	Quarterly Quantity Cubic Feet	Current Rates Quarterly	Proposed Rates Quarterly	Difference	Percentage Difference
Low usage	0	\$22.00	\$25.00	\$3.00	13.64%
	100	\$24.78	\$27.78	\$3.00	12.11%
	200	\$27.56	\$30.56	\$3.00	10.89%
	300	\$30.34	\$33.34	\$3.00	9.89%
	400	\$33.12	\$36.12	\$3.00	9.06%
	500	\$35.90	\$38.90	\$3.00	8.36%
	1,000	\$71.45	\$75.60	\$4.15	5.81%
	1,500	\$110.05	\$115.45	\$5.40	4.91%
	2,000	\$148.65	\$155.30	\$6.65	4.47%
	2,500	\$187.25	\$195.15	\$7.90	4.22%
Average usage	3,000	\$231.65	\$241.40	\$9.75	4.21%
	3,500	\$276.05	\$287.65	\$11.60	4.20%
	4,000	\$320.45	\$333.90	\$13.45	4.20%
	4,500	\$364.85	\$380.15	\$15.30	4.19%
	5,000	\$409.25	\$426.40	\$17.15	4.19%
	6,000	\$498.05	\$518.90	\$20.85	4.19%
	7,000	\$586.85	\$611.40	\$24.55	4.18%
	8,000	\$675.65	\$703.90	\$28.25	4.18%
	9,000	\$764.45	\$796.40	\$31.95	4.18%
	10,000	\$853.25	\$888.90	\$35.65	4.18%
	12,500	\$1,075.25	\$1,120.15	\$44.90	4.18%
	15,000	\$1,297.25	\$1,351.40	\$54.15	4.17%
	17,500	\$1,519.25	\$1,582.65	\$63.40	4.17%
	20,000	\$1,741.25	\$1,813.90	\$72.65	4.17%
	30,000	\$2,629.25	\$2,738.90	\$109.65	4.17%
	40,000	\$3,517.25	\$3,663.90	\$146.65	4.17%

FY 2022 Sewer Rates



FY Sewer2022 Rates

Rates will fund the following:

Capital reserves – increase fund balance – strengthens the enterprise funds

Bring personnel to DEP Minimum Standards (5 Year department staffing plans, submitted)

WWTP Treatment Plant Capital Improvements
\$20,000 (new line item)

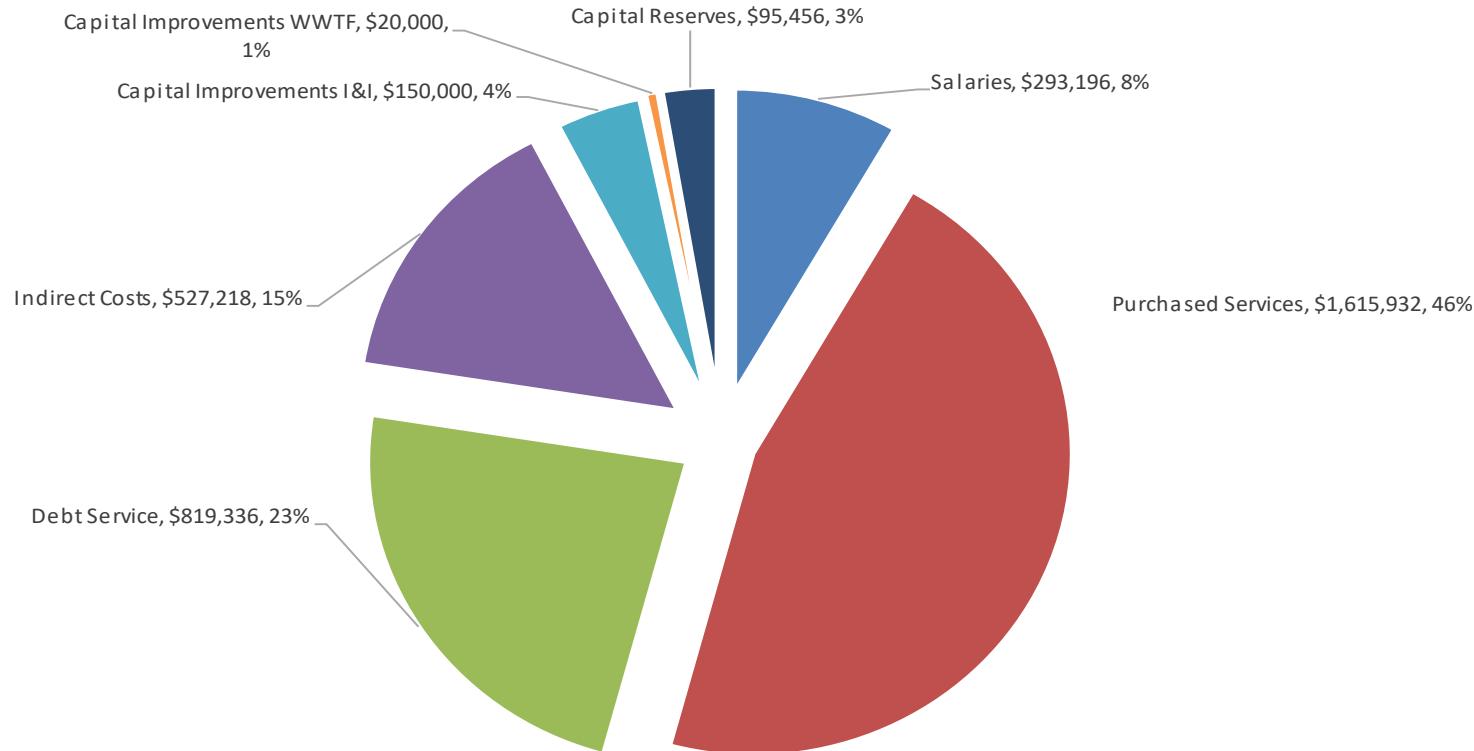
Transfer from Reserves

\$500,000 Vacuum Truck

Higher future consumption totals

Any increase will fund reserves and ultimately future capital

Maynard Sewer Enterprise Revenue Requirements FY 2022



Budget Category	FY 2021	FY 2022	Increase
Salaries	\$253,651	\$293,196	\$39,545
Purchased Services	\$1,505,762	\$1,615,932	\$110,171
Debt Service	\$843,648	\$819,336	-\$24,312
Indirect Costs	\$527,218	\$527,218	\$0
Capital Improvements I&I	\$150,000	\$150,000	\$0
Capital Improvements WWTF	\$0	\$20,000	\$20,000
Capital Reserves	\$87,971	\$95,456	\$7,485
	\$3,368,250	\$3,521,139	\$152,889

Sewer FY 2022 Sewer Rates

TOWN OF MAYNARD - DPW
Current vs Proposed Rates & Charges
Sewer Division

Exhibit 1a

IN TOWN CUSTOMERS

Minimum Charge - Quarterly - Includes 0 CF

	Current Rates FY 2021	Proposed One Year Rate FY 2022	Dollar Increase	Percentage Increase
Minimum Charge - Quarterly - Includes 0 CF	\$50.00	\$50.00	\$0.00	0.00%
Meter Sewer Charges - Quarterly - per 100 CF				
1st Step 1-500 CF	\$5.78	\$5.95	\$0.17	2.94%
2nd Step: 501-2,500 CF	\$11.13	\$11.46	\$0.33	2.96%
3rd Step: Over 2,500 CF	\$13.65	\$14.06	\$0.41	3.00%
OUT OF TOWN CUSTOMERS				
Minimum Charge - Quarterly - Includes 0 CF	\$73.75	\$73.75	\$0.00	0.00%
Meter Sewer Charges - Quarterly - per 100 CF				
1st Step: 1 - 500 CF	\$8.09	\$8.33	\$0.24	3.00%
2nd Step: 501 - 2,500 CF	\$15.58	\$16.05	\$0.47	3.00%
3rd Step: Over 2,500 CF	\$19.11	\$19.68	\$0.57	3.00%

OUT OF TOWN CUSTOMERS
Minimum Charge - Quarterly - Includes 0 CF

Meter Sewer Charges - Quarterly - per 100 CF

1st Step: 1 - 500 CF

2nd Step: 501 - 2,500 CF

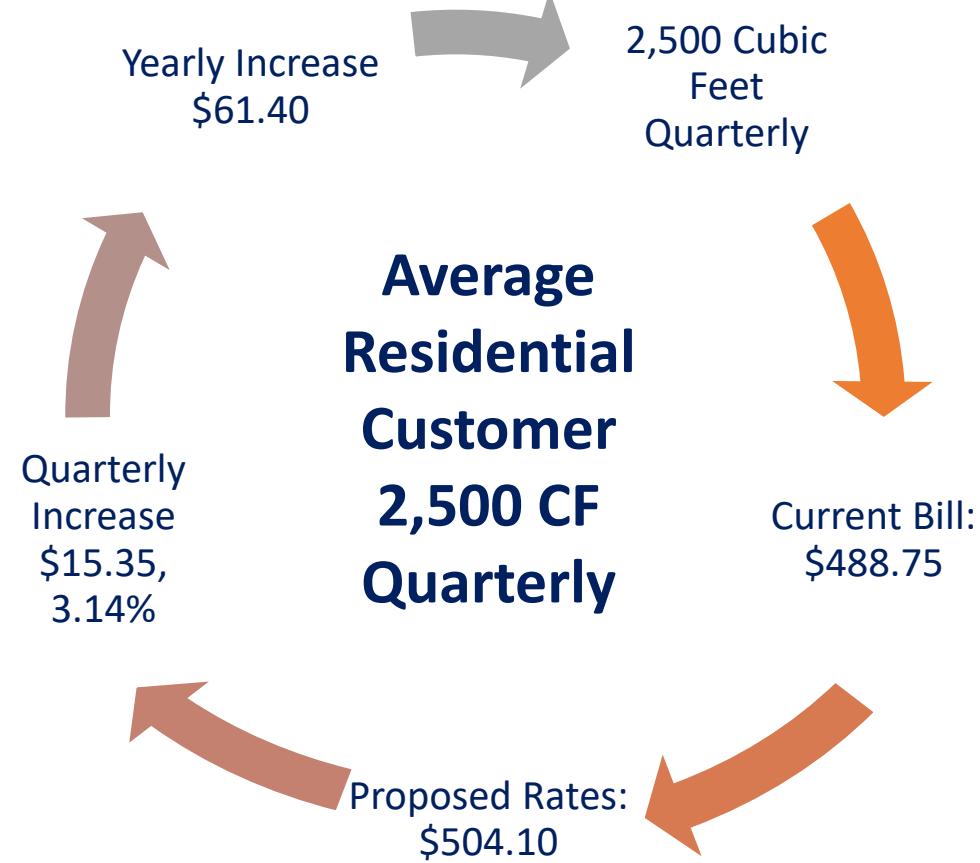
3rd Step: Over 2,500 CF

Impact analysis - how will new sewer rates impact me?

TOWN OF MAYNARD - DPW
IMPACT ANALYSIS
Sewer Division - FY 2022

Exhibit 2a

Meter Size	Quarterly Quantity Cubic Feet	Current Rates Quarterly	Proposed Rates Quarterly	Difference	Percentage Difference
All Sizes	0	\$50.00	\$50.00	\$0.00	0.00%
	100	\$55.78	\$55.95	\$0.17	0.30%
	200	\$61.56	\$61.90	\$0.34	0.55%
	300	\$67.34	\$67.85	\$0.51	0.76%
	400	\$73.12	\$73.80	\$0.68	0.93%
Low Usage	500	\$78.90	\$79.75	\$0.85	1.08%
	1,000	\$134.55	\$137.05	\$2.50	1.86%
	1,500	\$190.20	\$194.35	\$4.15	2.18%
	2,000	\$245.85	\$251.65	\$5.80	2.36%
Average User	2,500	\$301.50	\$308.95	\$7.45	2.47%
	3,000	\$369.75	\$379.25	\$9.50	2.57%
	3,500	\$438.00	\$449.55	\$11.55	2.64%
	4,000	\$506.25	\$519.85	\$13.60	2.69%
	5,000	\$642.75	\$660.45	\$17.70	2.75%
	6,000	\$779.25	\$801.05	\$21.80	2.80%
	7,000	\$915.75	\$941.65	\$25.90	2.83%
	8,000	\$1,052.25	\$1,082.25	\$30.00	2.85%
	9,000	\$1,188.75	\$1,222.85	\$34.10	2.87%
	10,000	\$1,325.25	\$1,363.45	\$38.20	2.88%
	20,000	\$2,690.25	\$2,769.45	\$79.20	2.94%
	30,000	\$4,055.25	\$4,175.45	\$120.20	2.96%
	40,000	\$5,420.25	\$5,581.45	\$161.20	2.97%

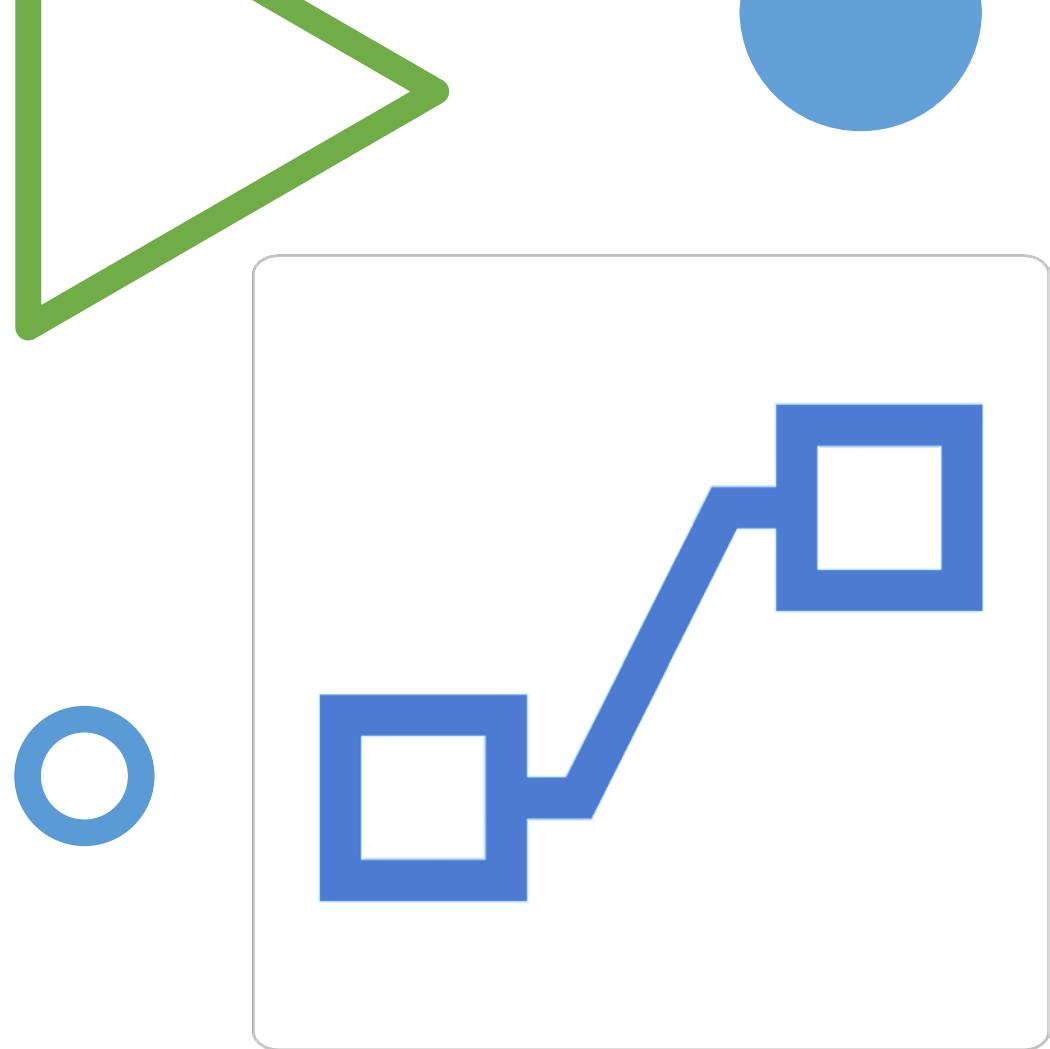


Average Residential Customer

Combined Water and Sewer Bill
2,500 CF Quarterly

Conclusion

- CONTINUE THE GOOD WORK OF THE PAST FEW YEARS
- OFTEN HEARD “IT IS NOT A GOOD TIME TO RAISE RATES”
- FACT: IT IS LESS EXPENSIVE TO INVEST IN INFRASTRUCTURE TODAY, THAN IT WILL BE TOMORROW OR NEXT YEAR.
- FACT: SMALLER, YEARLY RATE INCREASES RESULT IN LOWER RATES IN THE LONG RUN. THE DAYS OF RAISING RATES EVERY 3 TO 5 YEARS ARE OVER.
- FACT: FUNDING CAPITAL THROUGH A COMBINATION OF RATES, NEW DEBT AND RESERVES RESULTS IN LOWER RATES IN THE LONG RUN.
- MUST CONTINUE TO BUILD RESERVES





Questions