

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY



REVIEW OF SANITARY SEWER SERVICE AND CONNECTION FEES

Presented by:



REVENUES AND EXPENSES

Revenues

- Service Fees
- Connection Fees
- Interest on Investments
- Unreserved Retained Earnings

Expenses

- Equipment
- System Operation
- Staff Salaries & Benefits
- City Lease Payment
- Treatment Charges (PARSA)
- Debt Payments



2015 PROPOSED BUDGET: EXPENSES

Expense Category	* 2014 Budget Cost (\$)	* 2015 Budget Cost (\$)	Increase / (Decrease)
Salaries & Wages	\$ 2,143,966	\$ 2,160,425	\$ 16,459
Employee Benefits	\$ 1,083,230	\$ 994,370	\$ (88,860)
PARSA	\$ 2,752,544	\$ 2,843,378	\$ 90,834
City Lease	\$ 1,667,237	\$ 1,686,822	\$ 19,585
Other Expenses	\$ 1,270,607	\$ 1,258,991	\$ (11,616)
Capital Outlay	\$ 120,500	\$ 50,000	\$ (70,500)
Debt Service	\$ 838,135	\$ 848,975	\$ 10,840
Reserves	\$ 100,000	\$ 100,000	-
Total	\$ 9,976,219	\$ 9,942,961	\$ (33,258)

* Information as provided by PMUA



COMPARISON OF OTHER EXPENSES

Expense Category	2014 Sewer Budget	2015 Sewer Budget	Increase / (Decrease)
Vehicle Lease	\$ 4,776	-	\$ (4,776)
Flex Spending & Account Fees	-	\$ 300	\$ 300
Employee Events	\$ 1,000	\$ 1,000	-
Permits & Fees	\$ 10,000	\$ 1,000	\$ (9,000)
Exhibit / Conference Expense	\$ 1,200	\$ 1,200	-
Mileage Reimbursement	\$ 1,450	\$ 1,450	-
Tools & Equipment	\$ 1,500	\$ 1,500	-
Meals	\$ 1,750	\$ 1,750	-
Fed-Ex Delivery Services	\$ 1,800	\$ 1,800	-
Background Service Check	\$ 2,000	\$ 2,000	-
Board Meeting	\$ 2,200	\$ 2,200	-
Furniture	\$ 2,500	\$ 2,500	-
Alarm Service	\$ 2,600	\$ 2,600	-
Printing Service	\$ 6,000	\$ 3,500	\$ (2,500)
Water	\$ 4,300	\$ 4,300	-
Miscellaneous Expenses	\$ 3,600	\$ 4,400	\$ 800
Temporary Help	-	\$ 5,000	\$ 5,000
Janitorial Supplies	\$ 6,000	\$ 6,000	-
Travel Allowance	\$ 6,300	\$ 6,300	-
Boots	\$ 6,500	\$ 6,500	-
Advertisement	\$ 5,000	\$ 7,000	\$ 2,000

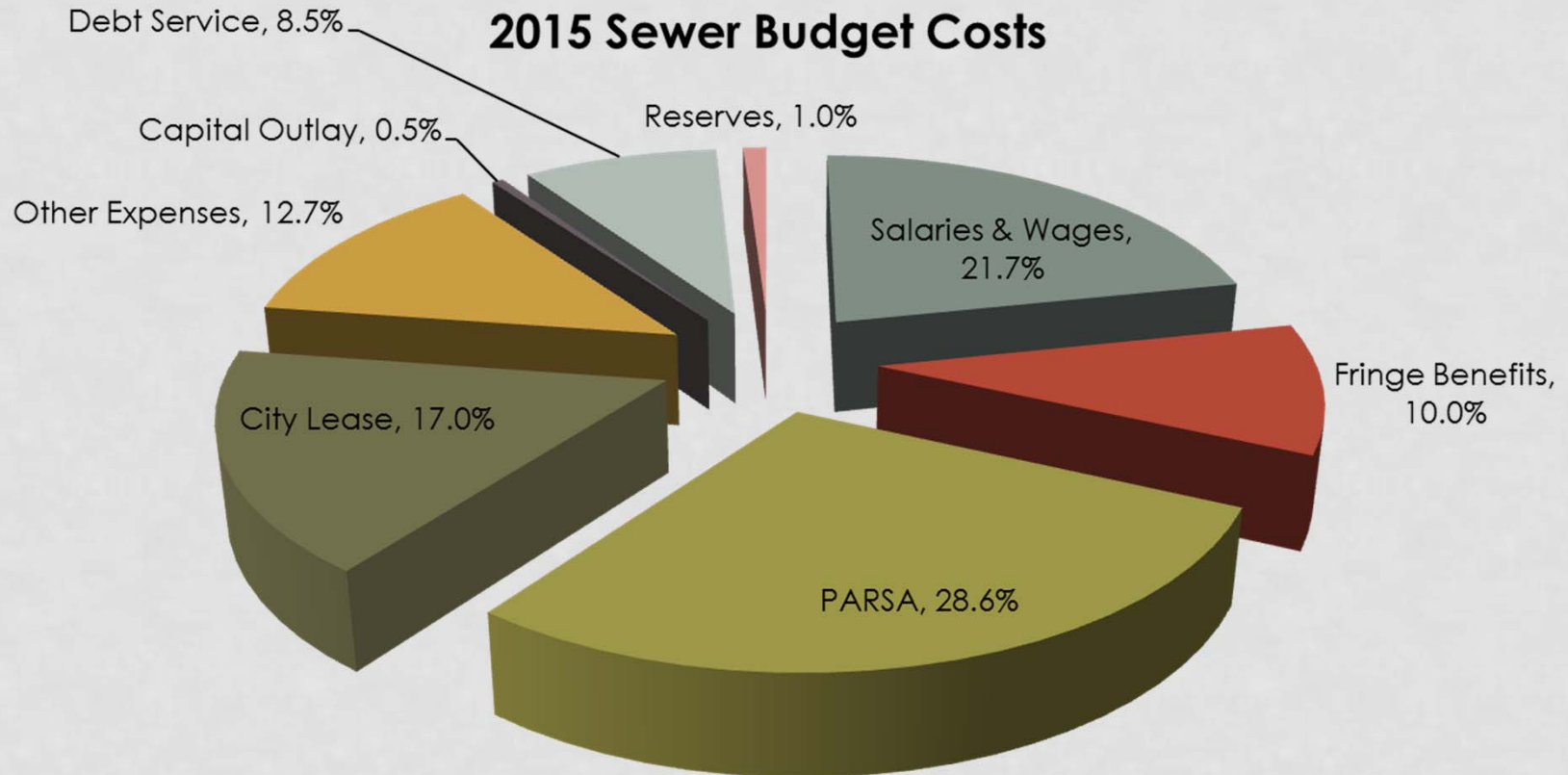
COMPARISON OF OTHER EXPENSES (CONT.)

Expense Category	2014 Sewer Budget	2015 Sewer Budget	Increase / (Decrease)
Trustee Fees	\$ 8,000	\$ 8,000	-
Copy Supplies, Repairs & Maintenance	\$ 9,100	\$ 9,100	-
Membership Dues / Subscriptions	\$ 9,500	\$ 9,500	-
Environmental Fair	\$ 10,000	\$ 10,000	-
Travel & Accommodations	\$ 11,600	\$ 11,600	-
Uniforms / Clothing expenses	\$ 14,700	\$ 12,700	\$ (2,000)
Bank Charge	\$ 15,000	\$ 15,000	-
Billing / Accounting / Collection	\$ 40,000	\$ 15,000	\$ (25,000)
Public Relations	\$ 15,000	\$ 15,000	-
Pump Station Repairs & Maintenance	\$ 24,000	\$ 15,000	\$ (9,000)
Public Official Liability Insurance	\$ 17,388	\$ 16,066	\$ (1,322)
Office Supplies	\$ 18,300	\$ 18,300	-
Vehicle Repairs & Maintenance	\$ 38,500	\$ 23,300	\$ (15,200)
Computer & Telephone Leases	\$ 22,000	\$ 22,000	-
Time Clocks / Payroll Service	\$ 18,000	\$ 25,000	\$ 7,000
Vehicle Parts & Supplies	\$ 38,500	\$ 40,000	\$ 1,500
Telephone	\$ 26,180	\$ 26,180	-
Training / Seminars	\$ 40,100	\$ 27,100	\$ (13,000)
Postage	\$ 22,800	\$ 30,800	\$ 8,000
Building Repair & Maintenance	\$ 27,500	\$ 32,500	\$ 5,000
Rent	\$ 30,700	\$ 36,700	\$ 6,000

COMPARISON OF OTHER EXPENSES (CONT.)

Expense Category	2014 Sewer Budget	2015 Sewer Budget	Increase / (Decrease)
Sewer Line Repairs	\$ 20,000	\$ 44,000	\$ 24,000
Engineering / Consulting	\$ 50,000	\$ 50,000	-
Materials & Supplies	\$ 47,500	\$ 51,000	\$ 3,500
Wireless Communications	\$ 34,975	\$ 53,625	\$ 18,650
Gas & Electric	\$ 61,500	\$ 61,500	-
Gasoline	\$ 59,800	\$ 45,000	\$ (14,800)
Umbrella Liability Insurance	\$ 68,863	\$ 70,295	\$ 1,432
Computer Maintenance & Supplies	\$ 75,000	\$ 76,800	\$ 1,800
Audit / Financial Services	\$ 85,000	\$ 85,000	-
Settlement Agreement	\$ 90,625	\$ 90,625	-
Legal – General	\$ 150,000	\$ 150,000	-
Total	\$1,270,607	\$ 1,258,991	\$ (11,616)

BUDGET BREAKDOWN



2015 PROPOSED BUDGET: REVENUES

Revenues Category	2014 Budget Revenue (\$)	2015 Budget Revenue (\$)	Increase / (Decrease)
Sewer User Fees	\$ 9,119,361	\$ 8,845,985	\$ (273,376)
Sewer User Fees – Reduction in CCF's	\$ 317,954	-	\$ (317,954)
Fanwood/Scotch Plains Interlocal	\$ 80,904	\$ 78,976	\$ (1,928)
Interest on Delinquent Accounts	\$ 300,000	\$ 350,000	\$ 50,000
Unrestricted Net Assets Anticipated	\$ 100,000	\$ 600,000	\$ 500,000
Renewal and Replacement Reserves	\$ 58,000	\$ 68,000	\$ 10,000
Total	\$ 9,976,219	\$ 9,942,961	\$ (33,258)

2015 SANITARY SEWER RATE CALCULATION

Minimum Annual Sewer Charges

Revenue required from minimum charges = \$ 2,330,765

Total number of customers = 10,672

Minimum Charge = $\frac{\$ 2,330,765}{10,672}$ = \$ 218.40 annually or \$ 54.60 quarterly

Excess Sewer Charges (Water usage greater than 40 ccf)

Revenue required from excess charges = \$ 6,515,220

Estimated annual excess water use for the City of Plainfield = 1,192,551 ccf

Excess Sewer Charge = $\frac{\$ 6,515,220}{1,192,551}$ = \$ 5.46 per ccf

2015 SANITARY SEWER RATE CALCULATION

Example of Sewer Charge

Annual Water Usage = 100 CCF (1 EDU)

Residential Rate Components	Current Sewer Charge	Proposed 2015 Sewer Charge	\$ Increase / (Decrease)
Annual Minimum Sewer Charge *	\$ 225.20	\$ 218.40	\$ (6.80)
Usage Charge (60 CCF)	\$ 337.80	\$ 327.60	\$ (10.20)
Annual Sewer Charge per EDU	\$ 563.00	\$ 546.00	\$ (17.00)
Quarterly Sewer Charge per EDU	\$ 140.75	\$ 136.50	\$ (4.25)

* Includes first 40 CCF's of water usage

Proposed Quarterly Single Family Residential Rate = \$ 136.50



CONNECTION FEE

- Fee collected by the PMUA from an Owner or Occupant of a property at the time of connection to the sanitary sewer collection system.
- Calculated by adding all debt service, capital expenditures, subtracting gifts/contributions and then dividing by the number of Equivalent Dwelling Units(EDU's).
- Calculation method is mandated by the State Statute N.J.S.A. 40:14B-22 and is recalculated each fiscal year.



2015 CONNECTION FEE CALCULATION

In accordance with N.J.S.A. 40:14B-22

$$\text{Connection Fee per EDU} = \frac{\text{Debt Service Costs} + \text{Capital Outlay}}{\text{Number of Equivalent Dwelling Units}}$$

Original Connection Fee = \$1,500

Current Connection Fee = \$2,130

Current Number of Equivalent Dwelling Units (EDU's) = 16,339



2015 CONNECTION FEE CALCULATION (CONT.)

Sewer Revenue Bond Series	* Debt Service Cost Paid Through 12/31/14	Year	* Capital Outlay
Note Interest	\$ 414,320	2004	\$ 73,349
1999A – Interest	\$ 2,598,008	2005	\$ 50,569
1999B – Principal	\$ 3,255,000	2006	\$ 29,861
1999B – Interest	\$ 1,235,645	2007	\$ 25,158
2003 – Principal	\$ 845,000	2008	\$ 35,631
2003 – Interest	\$ 632,885	2009	\$ 125,524
2009 – Principal	\$ 1,630,000	2010	\$ 476,259
2009 – Interest	\$ 1,048,981	2011	\$ 147,550
		2012	\$ 352,430
		2013	\$ 8,908
		2014	\$ 784,034
		<u>Less:</u> Vehicle Purchases (1)	\$ (661,536)
Total	\$ 11,659,839		\$ 1,447,737

* Information as provided by PMUA

(1) – Sewer Jet Vac purchases in 2012 and 2014

Additional Connection Fee = $\frac{\$11,659,839 + \$1,447,737}{16,339} = \$800$
(Rounded)

Proposed Connection Fee = \$2,300 (Original Fee + Additional)

SUMMARY

- **Quarterly Sewer Charge**
 - Decrease of \$4.25 from \$140.75 per service unit (EDU) to \$136.50 per service unit (EDU)
- **Sanitary Sewer Connection Fee**
 - Increase of \$170 from \$2,130 per equivalent dwelling unit (EDU) to \$2,300 per equivalent dwelling unit (EDU).