

**SEWER RATE
PRESENTATION**

**BY: HERMANN
ARNDT, TOWN OF
SOUTH BRISTOL**

JANUARY 27, 2011

§ 121.

Duty to Supply Sewage-Works Facilities.

A sewage-works corporation shall supply each city, town, village or other municipal area or district wherein such corporation operates, and the inhabitants therein, with facilities or make provision for the collection, treatment and disposal of sewage at **fair, reasonable and adequate rates agreed to between the corporation and the local governing body** or bodies, and in addition, in the county of Suffolk, the county sewer agency, notwithstanding the provisions of any general, special or local law.

Rates shall be reviewable at intervals of not more than five years or at any time by petition of the corporation or motion by the local governing body on written notice after a period of ninety days. The petition of a corporation shall be determined within ninety days of its filing, and in the event a determination is not rendered within such period of time, the petition shall be deemed approved. The local governing body of a city or village, or of a county or town on behalf of a sewer district or for a special sewer improvement shall have the power to contract with a sewage-works corporation for collection, treatment or disposal of sewage. No contract for such services shall be executed for a period greater than ten years.

Rate Review Cost Categories

Existing Loan Obligation for 2006 Sewer Project

Tap-in-Fees for New Users

Charging Distribution for Classes of Users

Monthly User Rates

Other Users

(F)

RESOLUTION #21 – 2006

WHEREAS, the Bristol Sewerage Disposal Corporation facility is more than thirty years old, and

WHEREAS, the Corporation has indicated a need to upgrade its existing sewage treatment facility, and

WHEREAS, the South Bristol Town Board is required by law to approve the funding for such projects, and

WHEREAS, the residents and Bristol Sewerage Disposal Corporation have met, and have agreed in principle to a proposed funding plan, now therefore be it

RESOLVED, that the South Bristol Town Board approve the following funding proposal amending Resolution #25-2005:

1. The Bristol Sewerage Disposal Corporation to take out a **14-year** term loan for the full amount through a local lending institution.

2. Existing Unit owners will be assessed an additional **\$23.50** per month in addition to their current charge, which will be placed in a separate escrow account.

3. The commercial users, the Lodge & Hotel will be assessed **7.75** units (Hotel), and **5** units (Lodge).

4. New Units will be assessed a one time **\$2,500** tap-in-fee. The tap-in-fee will be applied to the principal of the term loan. The new unit will also, then pay the new monthly charge.

5. Once a year, the Bristol Sewerage Disposal Corporation will provide a general accounting of all funds to the Town Board and the Bristol Harbour Village Association.

6. Upon termination of the loan the **\$2,500** in fees will be directed to the capital reserve fund.

And further,

RESOLVED, that copies of this resolution be sent to the representatives of both the Bristol Sewerage Disposal Corporation and the Bristol Harbour Village Association.

Loan Obligation

Determination

At the December 27, 2010 Special Meeting of the South Bristol Town Board, the motion was accepted and carried authorizing Bristol Sewerage Disposal Corp. Inc. to restructure the existing loan obligation for the sewage plant project of 2006 as follows:

Set the fixed portion of the loan to \$450k, amortized for 7 years at 5% with a renewable option in 5 years, and

Set the variable portion of the loan to \$93k. Pay down \$12k on January 1, 2011, thereby leaving a balance of \$81k at a rate of 3.25%.

The following are discussion points to aid in our decision rationale for the Monday meeting

Existing Balances

Fixed	\$510k
Variable	\$33k
Total	\$543k

Proposal

Effective 2-1-11

Set the Fixed amount at	\$450k
5% interest for 5 years with 7 year amortization	
Principal and interest for this loan is	\$6,360.23
Set the variable amount at	\$93k
Pay down \$12k on 1-1-11	
Balance left on this loan as of 1-1-11	\$81k
Interest Rate of 3.25%	
Monthly payment this loan	\$1,079.44
Approximate monthly payments	\$7,440
Monthly revenue generated to pay down loans	\$8,000

Points to consider

- o As mentioned before, there is approximately \$17k in reserve at this time. Reason for only paying down \$12k is that loan payment doesn't coincide with revenue collection
- o Variable rate may change over time as a result of interest change and principle change
- o If 7 lots are sold next year then the \$17.5k will be applied to this loan and the extra \$157/month revenue generated will build the reserve.
- o This is renegotiated after 5 years at which time the amounts will be much less
- o This scenario lessens the term of the loan from the original 14 years to 12 years
- o The monthly rate is the same for the homeowners
- o This has no bearing upon the rate setting initiative regarding who pays what percentage, it only covers the prior obligation to the lender.

I believe that this is a good approach as it allows the prepayment without penalty and affords flexibility to lessen the burden.

Tap-In Fee:

Determination:

Upon discussion and deliberation, the Board moved and accepted that the tap-in fee of \$2500 remain unchanged for all new customers and that the fee be used to retire the loan obligation as detailed in Town Resolution #21-2006.

Distribution of Charges:

Determination:

Upon discussion and deliberation, the Board moved and accepted that all residential customers of Bristol Sewerage Disposal Corporation District be charged at the rate of one unit per residence; the Lodge be charged at the rate of 12 units and that the Hotel be charged at the rate of 10.3 units. The stated unit rates apply to the monthly usage charge as well as to the loan obligation.

Monthly Fee for Users:

Determination:

Upon discussion and deliberation, the Board moved and determined that the 1987 established rate of \$39.14 per unit monthly fee plus applicable taxes be continued and that this rate is fair, equitable and adequate for the service provider as well as the users of the facility.

Other Users of the Sewage Facility:

Determination:

Upon discussion and examination of information regarding the usage by the Caprini Center, Marina, Snack Shop, and Repair Facility, the Board determined those uses offset each other and will not be taken into consideration at this time.

Applying Ontario County Law #8 of 2007 to Lodge and Hotel

Lodge

Law = 3 units for first 100 seating capacity the 1 unit for each 50 or fraction thereof

Description	Seating Capacity		Was	Delta
Dining Room	147			
Cocktail Lounge	85			
Lodge Addition	317			
	549			
First 100 seating = units	3			
449/50 additional seating = units	9			
	12	units	5	7

Hotel

Law = 1/3 unit for each hotel unit

31/.333	10.3	Units	7.75	2.55
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