

A glass of water with a splash of water falling into it, set against a blue background. The water is clear and the splash is dynamic, with droplets and ripples visible. The text is overlaid on the image in white.

Water District No.1

May 11, 2011

Water Rate Increase

Public Hearing

INTRODUCTION:

The purpose of this presentation is to provide an overview of the current and proposed rate structure in North Castle Water District No.1.

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Water District No.1 Supply Background

- The source of drinking water for North Castle Water District No.1 comes from a well on South Kensico Avenue in Valhalla, which is softened and disinfected, and currently is capable of delivering twenty five percent (25%) of the district drinking water. The remaining portion is purchased from the New York City Kensico Supply.
- In order to purchase water from NYC, a Water Taking Agreement has been enacted with the NYC Water Board, which requires payment for all water used and an additional charge for usage in excess of the NYC agreement. This is called an excess per capita charge, calculated by NYC relative to the population of the district.
- The Water Board Agreement only considers residential population of our district, no commercial use is part of the excess calculation.
- The increased purchasing costs along with our own depleting supply capabilities make it necessary to increase the water rate in Water District No.1.



Water District No.1 Water Purchasing Costs

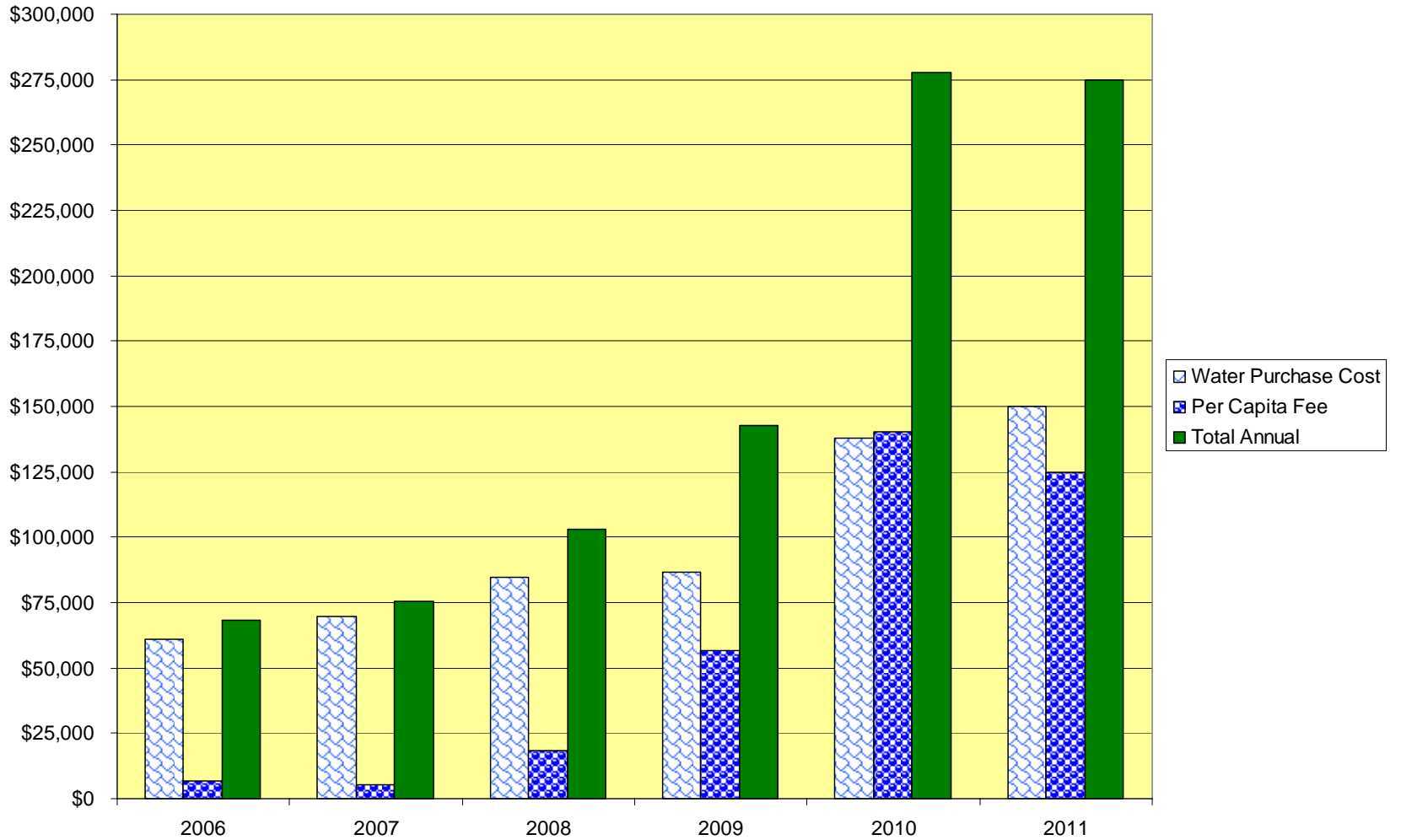
Water District No1 NYC Water Purchasing Costs

Annual Appropriation	2006	2007	2008	2009	2010	2011
Water Purchase Cost	\$61,100	\$69,735	\$84,871	\$86,439	\$137,724	\$150,000
Excess Per Capita Fee	\$6,978	\$5,514	\$18,314	\$56,398	\$140,187	\$125,000
Total Annual	\$68,078	\$75,249	\$103,185	\$142,837	\$277,911	\$275,000

These figures do not include any utility, manpower or operational costs!



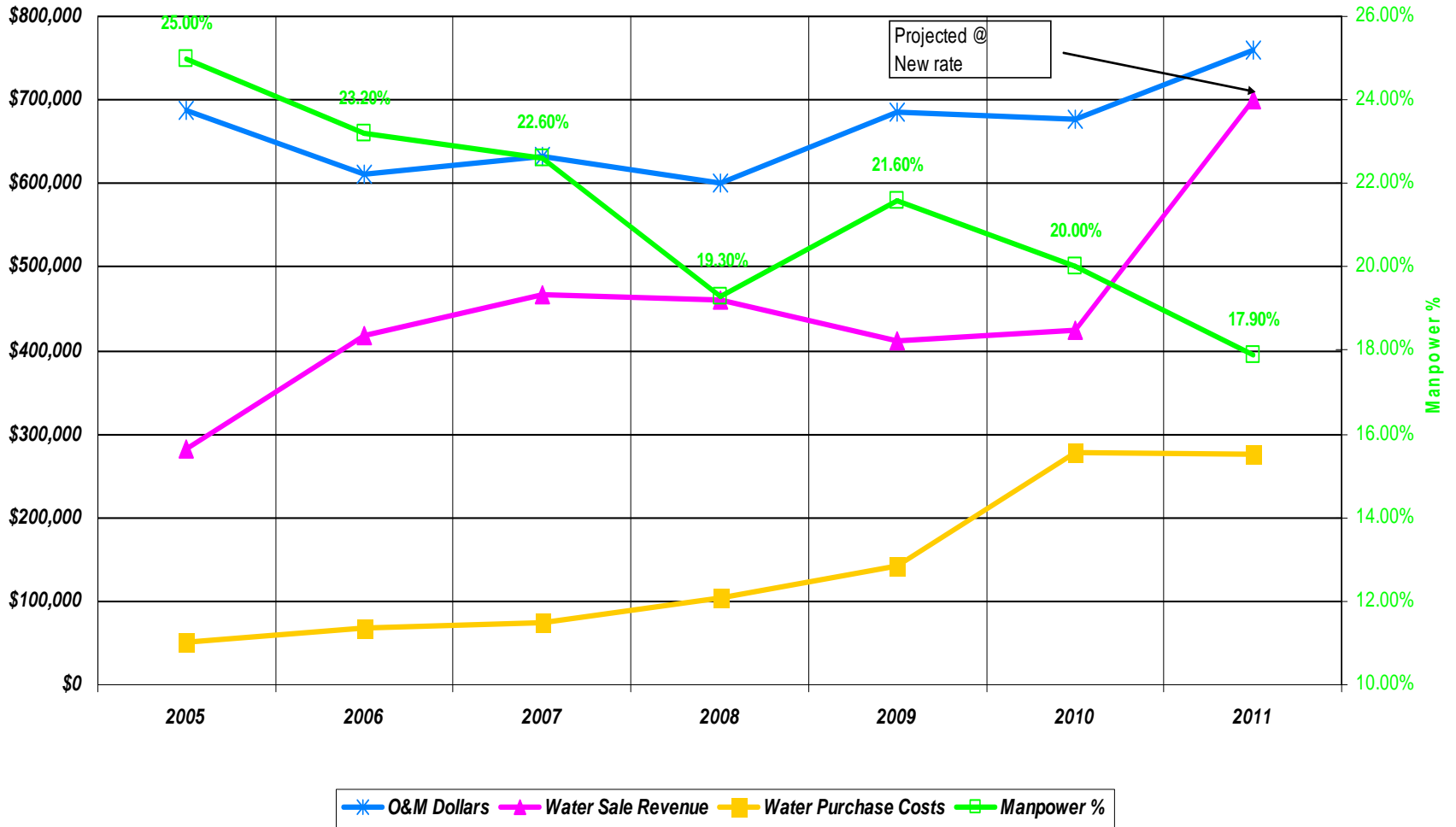
WD No.1 Annual NYC Water Purchasing Cost



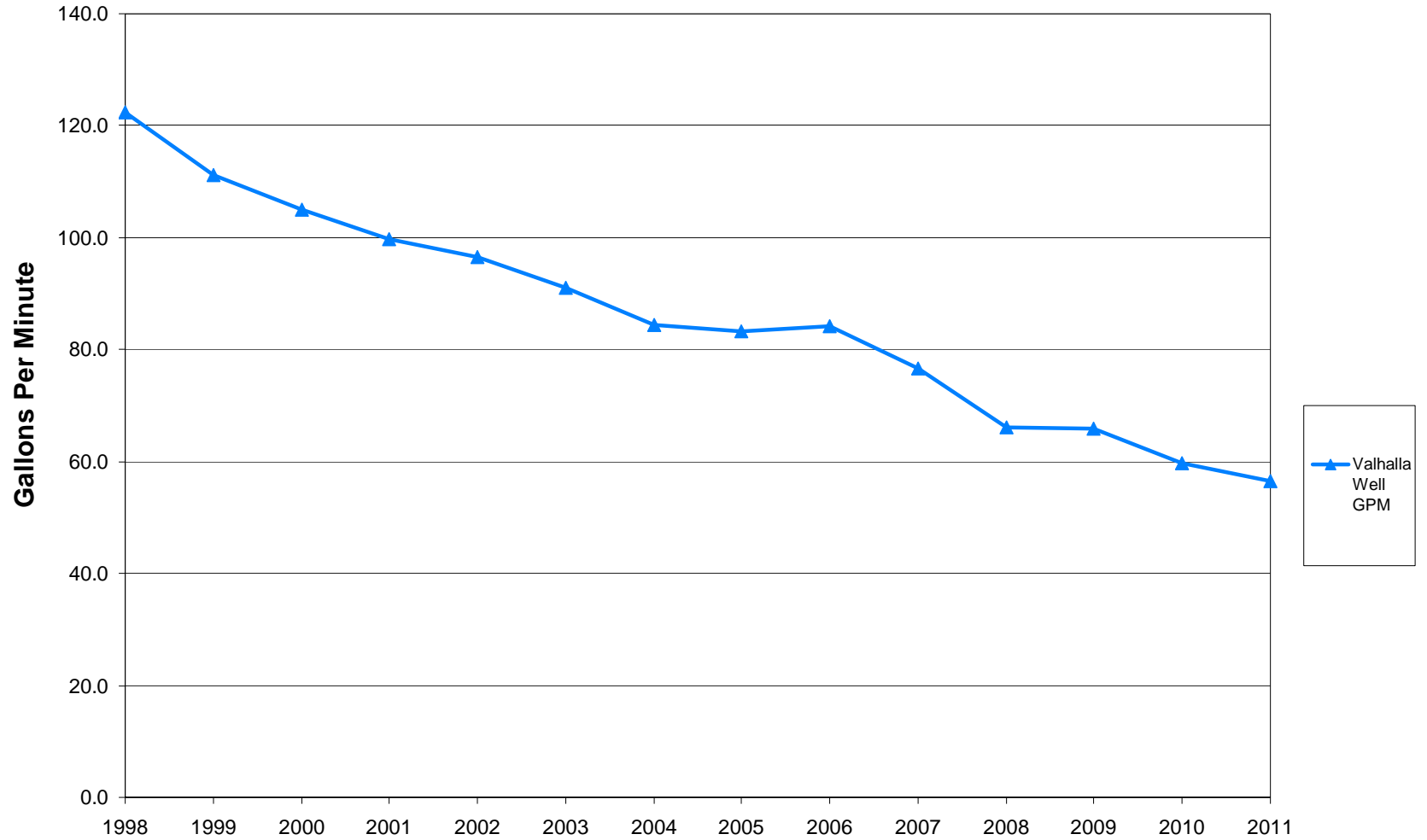
WATER DISTRICT No. 1- O&M / Revenue Expenditure History

Water District No. 1

O&M Budget vs. Water Sale Revenue, Water Purchase Costs & Manpower %



Valhalla Well Yield / GPM



WATER DISTRICT No. 1 -----Rate History

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
W1	2.25/Kgal	2.90/Kgal					2.75 /Kgal					3.45/Kgal	4.00 /Kgal			

Current Rate
 =\$4.00/1000 gallons
 Minimum charge= \$25.00 up to 8,900 gals

Proposed Rate Structure

Residential Rate Table	
Up to 4,250 gals - minimum of \$25.00	
Gallons	Rate per 1000 gallons
<i>First</i> - 4,250-15,000	\$5.90
<i>Next</i> - 15,000-25,000	\$6.00
<i>Next</i> - 25,000-40,000	\$6.10
<i>Next</i> - 40,000 & over	\$6.25

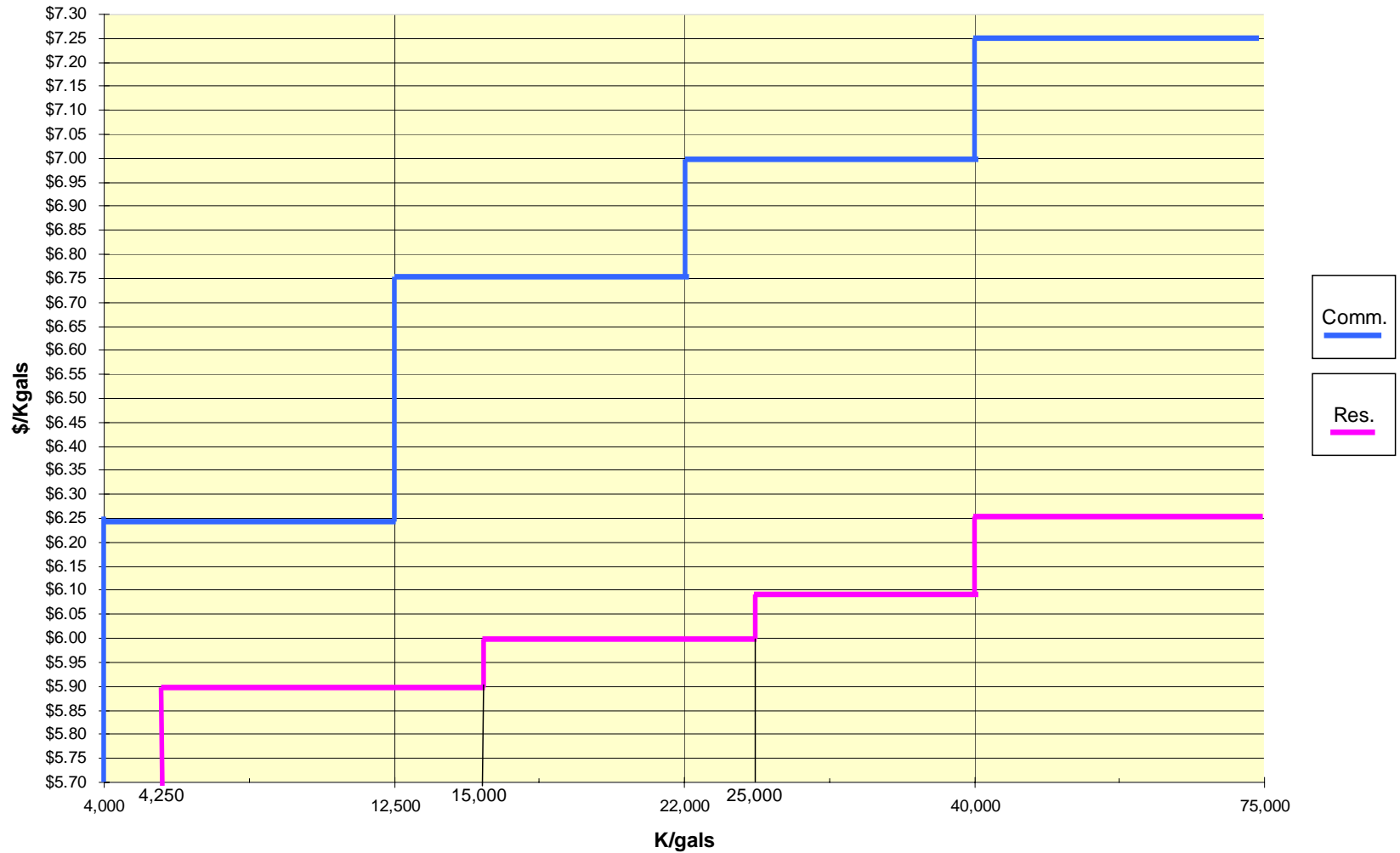
Commercial Rate Table	
Up to 4,000 gals - minimum of \$25.00	
Gallons	Rate per 1000 gallons
<i>First</i> - 4,000-12,500	\$6.25
<i>Next</i> - 12,500-22,000	\$6.75
<i>Next</i> - 22,000-40,000	\$7.00
<i>Next</i> - 40,000 & over	\$7.25



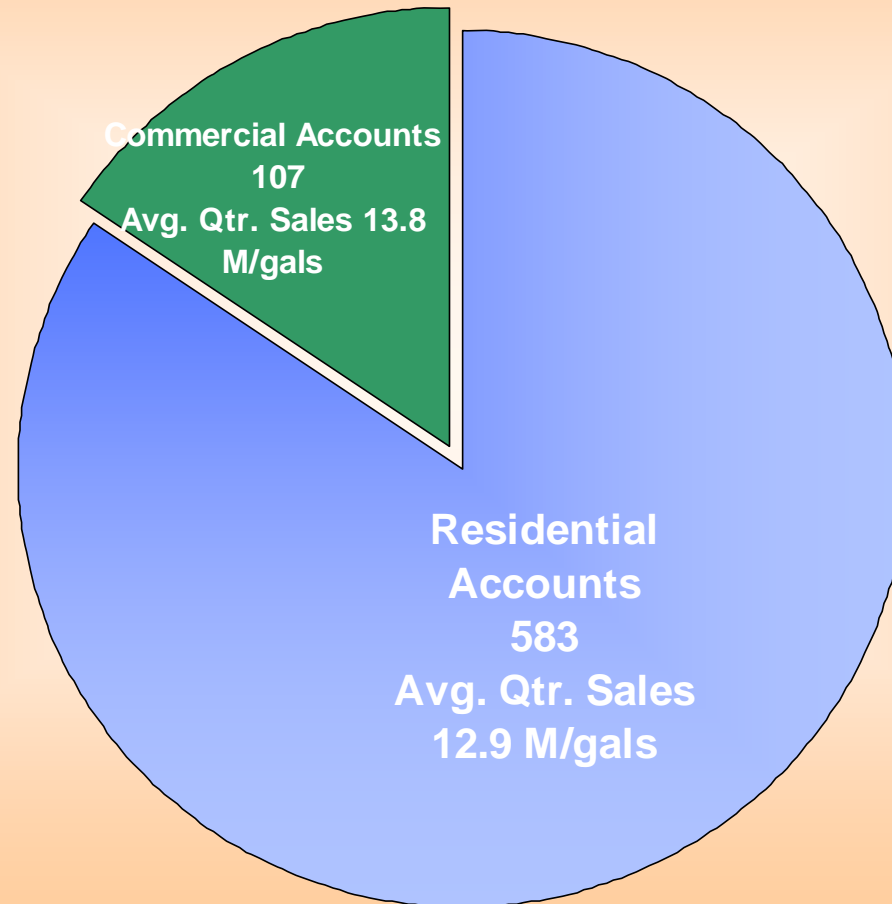
Determining the new rate structure

- The NYC Water Taking Agreement only considers **residential** usage based upon population, with an average daily allotment in their calculation of charges. Commercial or transient usage is not considered in the calculation. As a result, the high commercial usage in NWP is forcing the excess per capita costs up, thereby increasing the monthly per capita charge which becomes a burden to the entire district rather than the properties who are actually using the water.
- Based upon the escalating per capita costs we are proposing a *fair* rate increase based upon levels and type of usage. We propose a separate progressive rate structure for residential and commercial properties.
- An analysis of water use data was performed covering a period of four (4) years. The residential data was key in determining the new rates. Our information shows that the new rate structure would have a slight impact on the residents, and more of an impact on the commercial users who have been the contributing factor to the increase in Per Capita Costs.
- The new rate structure shows the highest incremental rate for residential is the starting rate for commercial, and the breakpoints where the rate increases based upon the consumption also come sooner than in the residential table.

Inverted Block / Progressive Rate Structure



Water District No.1 Water Users



District Water User Statistics

Residential

Average Sales Consumption data

Avg. Residential sales 12.9 M gallons per quarter

Avg. res consum. = 22,224 gals per qtr

349 of 583 accts are below the avg

189 accts less than 15k per qtr

401 accts less than 25k per qtr

56 accts greater than 40k per qtr

How will the new rate affect the average residential user?

Avg	Current	Proposed	Diff
22,224	\$88.90	\$131.84	\$42.95

Commercial

Avg. Commercial sales 13.8 M gallons per quarter

Avg. Comm consumption 129,139 per qtr



SUMMARY / CONCLUSION

What is being done to help reduce excessive water costs?

- We will have some rehabilitation work done on our Valhalla well. If we can bring the well production back it will offset the need to purchase additional water from NYC supply. The plan should put us back to where we were not exceeding the per capita limits.
- Due to the new census data, we are currently looking at getting our residential population number adjusted in our water taking agreement. The higher the population number the more water you can take without penalty.
- We are conducting leak surveys to determine water loss possibilities.
- In the mean time, changing the rate structure would help to cover the additional O&M costs and recover the budget deficient from the 2010 budget. This change will distribute the financial burden equitably.

QUESTIONS & COMMENTS





ANTHONY FUTIA
 Superintendent
 914-273-1882
 914-273-3075 FAX

watersewer@northcastleny.com

SEWER & WATER DEPARTMENT
 15 Business Park Drive
 Armonk, New York 10504

www.northcastleny.com



Member
 American Water Works Association
 N.Y. Rural Water Association
 N.Y. Water Environment Association
 Westchester Water Works Conference

MEMORANDUM

Date: April 7, 2011

To: Supervisor Weaver and Town Board Members
 Cc: Roland Baroni, Jr., Town Attorney
 Re: **Water District No.1----- Water Rate Increase**

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As discussed with the Town Board during our budget hearings, there is a necessity to raise the Water Rate in Water District #1. Due to depleted fund balance, and a shortfall in 2010 which is listed in the 2011 budget as a deficit, the O&M costs and shortfall must be raised by means of a water rate.

The dynamics of Water District No.1 is quite different than that of any of our other water districts because we purchase the majority of water supplied from New York City. There are 3 components that make up the cost of the H2O. There is the cost per gallon, the cost to get the finished product to the consumer (electric costs, chemicals, sampling, etc), and the cost for what NYC rules as excess per capita usage. **The major portion of the cost is the Excess per Capita.**

The NYC water taking agreement only considers **residential** usage based upon population, with an average daily allotment in their calculation of charges. Commercial or transient usage is not considered in the calculation. As a result, the high commercial usage in NWP is forcing the per capita costs up, thereby increasing the monthly per capita charge which becomes a burden to the entire district rather than the ones who are actually using the water.

Based upon the escalating per capita costs we are proposing a *fair* rate increase based upon levels and type of usage. We propose a separate progressive rate structure for residential and commercial properties.

The current water rate is \$4.00/1000 gallons; with a \$25.00 minimum for the first 8,900 gallons. The increase will be as follows:

Residential Rate Table	
Up to 4,250 gals - minimum of \$25.00	
Gallons	Rate per 1000 gallons
First - 4,250-15,000	\$5.90
Next - 15,000-25,000	\$6.00
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Commercial Rate Table	
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Next - 40,000 & over	\$7.25

The aforementioned will serve as a request for the Board at their April 13th meeting to call for a Public Hearing, which will be set for the April 27th Town Board meeting.

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