



Department of Utilities Water Pollution Control Fund Operating Expenses and Revenues for FY2020

May 1, 2019



Water Pollution Control Division

Wastewater Management

- Wastewater Treatment Facility
- Washington St CSO Treatment Facility
- Wellington Ave CSO Treatment Facility
- 14 Sewage Pump Stations
- Gravity Sanitary Sewer- 82 miles
- Force Mains- 24 miles
- Privately owned force mains- 9 miles

Storm Water Management

- Storm Drains- 47 miles; 8"-72" diameter
- Catch Basins- 2400
- UV Storm Water Disinfection System

Wholesale Wastewater Treatment Accounts

- Middletown- 2 sewer connections
- Naval Station Newport- 3 sewer connections



WPC Division Funding

- Sewer Use Rate revenue is used for operations, capital program, and debt service of wastewater system *AND* storm water system. Rate is assessed to metered water usage of accounts connected to sanitary sewer system.
- Combined Sewer Overflow (CSO) Fixed Fee established in FY 2008 to create fixed revenue stream for capital and debt service expenses associated with the CSO Program/ System Master Plan. CSO Fixed Fee schedule is based on water meter size
- Middletown- Billed quarterly based on **fixed %** of operating costs per 1985 contract. Billed for share of debt service (ICI, LWFM, and DBO Plant Improvements).
- Naval Station Newport- Billed quarterly based on flow proportional share of operating costs; no debt service
- Water Treatment Plants- sewer use charge assessed to volume of residuals from water treatment process
- Industrial Pretreatment Program- Fee Schedule for regulated industries and restaurants



Newport Customer Accounts ...

- 9414 water accounts (does not include private fire service or irrigation accounts)

Of Which...

- 9227 are sewer accounts that are assessed the sewer use charge and CSO Annual Fixed Fee
- 187 accounts not connected to City Sewer System and assessed only the CSO Annual Fixed Fee
- Approx. 90 sewer accounts are estimated to be seasonal residential



Challenges for FY2020 and future

- Projects identified in Consent Decree with compliance dates
 - Washington CSO (June 30, 2016) – completed
 - Wellington CSO (June 30, 2017)- completed
 - Ruggles PS (December 31, 2017)- completed
 - WWTF Upgrades (June 28, 2019)- On schedule
 - CSO Program Assessment #1 (June 30, 2020)
 - North End Sewer Reroute (June 30, 2021)- Preliminary design in progress
 - CSO Program Assessment #2 (June 30, 2025)
- Ongoing underground infrastructure improvement program identified in Consent Decree
 - Sanitary Sewer Improvements
 - Catch Basin Separation
 - Storm Drain Improvements
- Sea Level Rise/Climate Change Impacts
- Consumption decline results in less revenue than projected
- Wholesale Contract Issues



**SEWER USE FEE
Metered Water Use
1000 Gallons per Year**

Fiscal Year

	2014	2015	2016	2017	2018	2019	2020	2021
Projected	720,000	717,000	650,000	650,000	650,000	630,000	630,000	630,000
Actual	647,968	713,092*	620,044	633,100	603,887	525,228**		

*- FY 2015 includes 14 months of water usage due to conversion to monthly billing. FY 2015 includes the July 2014 bill which is the last quarterly bill

** - as of April 2019 Billing



RECOMMENDED RETAIL RATES FOR FY2020

Assumptions

- Projected water usage remains at 630,000,000 gal.
- Middletown: O&M costs based on actual percent of flow received at LWPS and WWTF
- Naval Station Newport: contributes to share of WWTF Debt
- Level Funding for O&M of sewers and drains
- CIP at \$4.4 million

Sewer Rate – 0% increase

- \$19.80 per 1000 gallons of metered water usage
- CSO Fixed Fee- no change
- IPP Fees- no change



FY2020 Proposed Expenses and Revenue

EXPENSES

Admin

Salaries	\$	354,250.00
Benefits	\$	251,799.00
Contract Operations	\$	6,448,145.00
Electricity	\$	800,000.00
Internal Services	\$	425,000.00
Operating Expenses	\$	644,680.00
	\$	8,923,874.00

Sanitary Sewer

Salaries	\$	294,401.00
Benefits	\$	171,546.00
Internal Services	\$	45,000.00
O&M Expenses	\$	314,000.00
	\$	824,947.00

Storm Drains

Salaries	\$	295,906.00
Benefits	\$	159,775.00
Internal Services	\$	45,000.00
O&M Expenses	\$	184,000.00
	\$	684,681.00

Capital Outlay	\$	4,400,000.00
Debt Service (P&I)	\$	6,342,278.00

TOTAL	\$	21,175,780.00
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REVENUES

Sewer Use Charge	\$	12,474,000.00
CSO Fixed Fee	\$	2,136,000.00
Sewage Treatment- Middletown	\$	1,800,000.00
Sewage Treatment- Water Utility	\$	575,190.00
Sewage Treatment- Navy	\$	1,400,000.00
Disposal Permits	\$	93,938.00
Industrial Pretreatment Prog.	\$	117,000.00
Sewer Assessment Fees	\$	10,680.00
Middletown- ICI Debt Service	\$	120,011.00
Middletown- LWFM Debt Service	\$	337,200.00
Middletown - WWTF Debt Service	\$	887,223.00
Navy- WWTF Debt Service	\$	488,000.00
Maritime Fund	\$	50,000.00
Parking Fund	\$	200,000.00
Grant Proceeds	\$	425,000.00
Other	\$	96,000.00

	\$	21,210,242.00
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WPC Capital Plan – 2018 thru 2022

Project Title	CD	Proposed FY2018	Proposed FY 2019	Proposed FY 2020	Proposed FY2021	Proposed FY2022		
	Compliance Date							
CSO Program Management- Washington CSO Facility Imprv	ongoing 6/30/2016	500,000	550,000	500,000	500,000	600,000		
Wellington CSO Imprv (Engr'g)	7/15/2015							
Wellington CSO Imprv (Constr)	6/30/2017							
City Advisor for DBO Procure. WPCP Upgrades	6/30/2019	1,000,000 20,000,000	1,000,000 12,000,000	400,000				
Sanitary Sewer Sys Improve 4	ongoing			800,000	200,000			
Sanitary Sewer Improvements 5	ongoing			200,000	800,000	2,000,000		
Sanitary Sewer Improvements 6	ongoing					200,000		
Ruggles Ave- Pump Sta Imprv	12/31/2017	302,465						
North End sewer reroute (design)			300,000	200,000	100,000			
North End sewer reroute (constr)	6/30/2021				4,000,000	2,000,000		
Catch Basin Separation	ongoing			100,000	800,000	100,000		
Storm Drainage Improvements	ongoing	1,000,000	1,500,000	1,465,000	500,000	1,000,000		
Almy Pond TMDL		100,000						
Flood Mitigation Measures			700,000	500,000	460,000	500,000		
Stormwater Utility Fee- Implementation			25,000	75,000				
Equipment			130,000	160,000	110,000	35,000		
Total		\$ 22,902,465.00	\$ 16,205,000.00	\$ 4,400,000.00	\$ 7,470,000.00	\$ 6,435,000.00		
SRF- Debt Funded		\$ 20,000,000.00	\$ 12,000,000.00	\$ -	\$ 4,000,000.00	\$ 2,000,000.00		
Rate/ CSO FF Funded		\$ 2,902,465.00	\$ 4,205,000.00	\$ 4,400,000.00	\$ 3,470,000.00	\$ 4,435,000.00		



IMPACT ON RATE PAYERS- FY2020

Average Residential Customer

Monthly water usage- 4000 gallons

Newport rate- sanitary sewer + storm drainage costs

Middletown rate- sanitary sewer costs

	<u>Newport FY 2020</u>	<u>Middletown FY2020</u>
Proposed Sewer Rate (per 1000gal.)	\$ 19.80	\$ 15.69
Annual Sewer Charge	\$ 950.40	\$ 753.12
CSO Fixed Fee	\$ 192.00	\$ n/a
Excess I & I Charge	n/a	\$ 34.25
Customer Service Charge	<u>n/a</u>	<u>\$ 36.31</u>
 TOTAL	 \$1,142.40	 \$ 823.68



Revenue Requirements vs Rate Options & Impacts to Support WPC System

- Existing customer base cannot absorb required rate increase to support the revenue requirements- Rate Shock
- What is acceptable and affordable level of service
- FY 2020 continues to defer asset capital improvements (sanitary sewers, storm drains)
- Continue to negotiate with wholesale customer contracts for fair and equitable contribution
- Who are the beneficiaries from improvements to the wastewater and storm water systems?
- How to address the storm water infrastructure and increasing incidences of localized flooding associated with storm intensities and sea level rise.



Questions/Comments