

The Greenburgh Town Board held a public hearing on June 12, 2019 to hear comments for a proposed water rate increase of the Greenburgh Consolidated Water District No. 1.

This presentation provides information to the residents about the Water District Finances, recent projects, and outlines future plans and direction of the District through the careful and consistent attention of the Water District Advisory Committee. The Town Board created this Committee on March 28, 2012 to determine appropriate water rates, address existing and future concerns of the Town's water supply, educate ratepayers of necessary and vital infrastructure requirements, and to help provide for a safe and sustainable water supply and delivery infrastructure for the future. (see TB-2, of 3/28/2012)

Slide 1

The Town has contracted with Raftelis, a financial consulting firm with a focus on utilities and public sector organizations, to review the water district's finances and provide financial guidance to help align the districts planning and financial footing. The following slides provide an overview of the current district financial needs and an outlook toward future years. These steps reflect a commitment to capital planning for the future and a financial plan to pay for the improvements.

Slide 2

It is recommended by the WAC and Commissioner of Public Works that the Town adopt a 5-year water rate plan as follows: For the remainder of 2019 and increase of 8.5% effective August 1, 2019, an 8% increase effective January 1, 2020, a 7.5% increase effective January 1, 2021, a 7.5% increase effective January 1, 2022, and 5% increase effective January 1, 2023. If so authorized, the cumulative effective of the recommended increases is approximately 28% compared to the current water rates. The 5-year Capital Improvement plan is the major force driving this rate increase proposal.

Slide 3, Slide 4, Slide 5

The following slides show past and current capital improvements examples, such as a water tank before and during painting, water main replacement work, and water main cleaning and cement lining.

The district operates about 200 miles of water pipes, 2 water pump stations, and 6 water storage tanks. The system infrastructure is aging. Some of the tanks were constructed in the 1920's, some pipes are nearing 100 years old, and the main water pump station is from the 1950's. The district is now on a path to restore its infrastructure and make improvements for the future. To date, about \$7,755,493 million dollars has been reinvested into the systems to rehabilitate 3 water tanks, with the 4th nearing completion, an additional \$3,026,700 to replace 7,800 feet of water mains, and \$3,069,000 to clean and line 16,850 feet of water main, with an additional 39,100 feet under design for construction later this year and next. The Town has sought and been awarded \$9,626,000 dollars in grants over the past two years to help with our infrastructure rehabilitation. In total, \$13.8 million is reinvested into the system over the past 6 years.

Slide 6

A significant Capital Improvement project, anticipated to begin construction in the fall of 2019, is the installation of a 30-inch water transmission main to link the Rumbrook and Knollwood water pump stations. This project will install over 6,000 feet of new water main from Rumbrook to Knollwood, and will involve installing the 30-inch main under the Sprain Brook Parkway. This very important project, estimated to cost 12 million dollars, will provide a secondary supply of water. Absent this new pipeline infrastructure, the Town water supply could be interrupted by a system failure at Knollwood. Looking further into the future, the Capital Improvement Plan identifies replacement of the Knollwood Pump Station in 2023. By 2023, we project capital investment into the Town water infrastructure to have totaled just over 54 million dollars. Paying for these improvements does have its challenges.

Slide 7

Challenges facing the district include limited account growth. No significant changes are anticipated to meaningfully increase our user base. Compounding lack of growth is a trend toward reduced water consumption. As system revenue is tied to water use, a decrease in consumption does result in a decrease in revenue.

In addition, cost to operate continue to increase. Purchased water from NYC, the electricity to operate the water pumps, chemicals to treat the water, and other supplies and equipment to maintain the network costs continue to rise.

Slide 8

Any rate increase is difficult; the challenge facing the district is maintaining financial health and infrastructure integrity while controlling the affordability of the water. The district Capital needs are the drivers of the increases above normal inflationary rates.

Slide 9

The next 5-year Capital Project Funding shows infrastructure investment plans from \$6.5 million in 2019 rising to \$7.4 in 2020, with a slight dip in 2021 and then the large anticipated expense in 2022 with the anticipated rehabilitation or replacement of the Knollwood pump station. This 5-year Capital Plan and rate model development is shaped to offer predictable rate changes over the five years and to temper the use of General Obligation Bonds with cash reserves when appropriate.

Slide 10

This infrastructure improvement plan does put pressure on the district cash flow, with debt service payments projected to increase annually to over \$4 million by 2023.

Slide 11

Absent proper planning and managing, the district will be unable to meet its payment obligations by FY 2023, underfunding the needs by 26%.

Raftelis advises the District that an acceptable target to provide sufficient financial health of the district is achieving net revenue of 105% compared to the obligated debt payments. The proposed water rate increases do provide that level of funding; assuring the District meets its financial obligations.

Slide 12

Overall, with the proposed increases, the financial health of the district will remain solid, even with the projected \$54 million total investment in capital expected by 2023. The cost of water to a typical resident, as reflect by the median household income, is about 4 tenths of a percent; the District will maintain at least 90 days of operating funds and keep debt coverage above the targeted 105%. The District will review projections annually and recommend adjustments as necessary.

Slide 13

How will the proposed rate increases impact a typical water bill?

Slide 14

A typical customer uses 15,000 gallons per quarter. This typical customer water bill is around \$53 per quarter. It could increase by about \$4 in total over those three months. For a larger residential customer, it may increase about \$8, and some of the largest residential users may see an increase of \$15 over the three-month billing period. Over the course of the next 5 years, under this expected plan, a large water user will see a quarterly increase of \$73 compared to the current payment, while a more conservative user will see that water bill change by only \$22. These are estimates based upon analysis of several years of water consumption data and compiled to reflect three typical water user categories.

Slide 15

A typical low user will see \$4.48 per quarter this year, \$4.58 per quarter next year.

Slide 16

Compare the rates of our district to some nearby water districts with generally the same water source. A typical monthly bill of 15,000 gallons consumption represents about 50% of all our water users, and a monthly bill is about \$30.79. This would increase to \$33.41.

Slide 17

The single largest expense to the District remains the cost to NYC to purchase the water, followed by the costs to provide and maintain the service and system, the debt service, other operating costs such as maintaining the buildings and facilities, utilities, repairs, maintenance.