

WPCA'S RESPONSE TO SUSAN WRIGHT INQUIRY 1/21/2022

Q #1 Are sewer maintenance costs paid by users?

A #1 Yes. The system users pay all annual maintenance costs.

Users pay an annual fee based on the amount of water consumption their connected property discharges into the sanitary sewer system.

Some examples of scheduled routine maintenance tasks include: sewer lines and manholes inspection and cleaning, pump station Wi-Fi monitoring system, hourly pump run times, sewerage flow volumes daily reporting and emergency alarm notifications, deep well grinder pumps (2) inspections and cleaning, electrical tests of Eversource primary voltage load and emergency generator load tests, verification of emergency transfer switch operations, alarm notifications and call outs for Deep River's assistance, videos of sewer lines when necessary to identify blockage/pipe failure, monitoring and enforcement of storm water sump pump discharges into sanitary system and enforcement of restaurant (FOG) fat, oil and grease waste separation prior to discharge into sanitary sewer lines. These repetitive maintenance measures are essential to efficient system operations, reliable sewerage pump capacity and avoidance of costly sewer pipe and equipment failure.

Chester's sanitary sewer pipes and manholes are almost 40 years old. This infrastructure, if properly maintained, is normally expected have life cycle use for over 50 years.

Requested ARPA funds are for five projects: (1) replacement of sewer pipe and manhole behind 43-51 Main Street, (2) sewer pipe relining behind 4 Water Street, both projects recommended by WPCA's engineer, (3) installation of a manual transfer switch on the emergency generator at the pump station for safer and faster portable equipment connections, (4) payment of insurance deductibles for repairs (wires/monitoring components and rental of portable generator) to emergency generator necessitated by rodent damage in November 2021, and (5) revisions to the 2006 sewer area map using GIS software to create and manage data base for each parcel connected to the sewer system.

WPCA's FY 21-22 total budget is \$134,300, \$103,450 is revenue collected from user fees and \$34,350 is from a portion FY 20-21 fund balance. In preparing each year's budget the WPCA determines an amount that can be applied from the prior year's fund balance to moderate user fee costs and avoid spikes in operating expenses. For FY 21-22 budget the WPCA determined that \$34,350 was an appropriate amount necessary to hold fees at \$750 per EDU for residential uses and \$800 per EDU for commercial/mixed use properties.

The reasons for this decision are twofold: lower customer water consumption during the Covid year which reduced revenue and recognition of the Covid pandemic impacts on village commerce. The WPCA's operating budget allocations are: \$56,950 (42%) dedicated to system maintenance; \$71,000 (53%) for contracted fees paid to Deep River for pump operations and disposal of Chester's sewerage at the treatment facility; and \$6,350 (5%) for WPCA's administration expenses.

Q. #2 What is the average cost per user and future cost increases?

A. #2 Average cost per user calculation is misleading measure of current and future costs because user fees are based on water consumption equivalent dwelling unit (EDU) of 157 gpd and land use classification.

Chester's sanitary sewer system is very small and compact. The present system has only fifty connected properties, twenty-four residential and twenty-six commercial/mixed use customers.

In FY 21-22 residential customer revenue will be \$32,250, average fee per connection of \$1,344 and the commercial /mixed use income will be \$71,200, average fee per connection of \$2,738. This FY21-22 user fee revenue is less than the amount collected in FY 20-21 by \$ 6,250, 6% decrease. The lower water consumption at restaurants during Covid necessitated the allocation of a higher amount of FY20-21 fund balance reserve.

Using the \$93,000 of ARPA funds as an example possible projected future cost to present sanitary sewer users the average cost to each of the fifty customers would increase their FY21-22 assessment by \$1,860 (\$93k/50). The average residential fee would increase to \$3,204 (\$1,344 /\$1,860), a 138 % increase. The average commercial/mixed use fee cost would increase to \$4,598 (\$2,738/\$1,860), a 68% increase.

Average fee costs are a misleading measure of current and future expenses because actual user cost is calculated based on variables of water consumption and land use classifications. For example, in FY 21-22 the residential rate is \$750 for 1 EDU, which equals less than 157 gpd of water consumption per day. Only six of the twenty-four residential customers use more than 157 gpd, the remaining eighteen residential customers use less than 1 EDU. The fee for these eighteen customers would increase to \$2,610 (\$750/\$1860) a 248% increase. The commercial/mixed use fee is \$800 per EDU, a customer charged for 5 EDUs pays \$4,000 per year, the added cost would increase the fee to \$5,860 (\$4,000/\$1,860), a 47% increase.

Q. #3 If the Town assumes some of WPCA's costs what is allocation to users/town and decision process?

A. #3 This question is hypothetical and not what the WPCA is asking for and not within the WPCA purview to determine.

The WPCA is not requesting the Town to allocate any general tax base revenue to pay for annual routine maintenance operations.

The use of ARPA federal grant funds now enables construction improvements that are not routine repetitive maintenance tasks but are long term investments to the Town's sanitary system's essential components, reliable pumps and safe sewer pipes and manholes. These utility improvements are necessary and implement proactive system care without additional user fees or the allocation of Chester taxpayer's dollars.

An example of how general tax revenue and user fees are determined and shared is the process followed in 2007 when the Town referendum approved discontinuance of the failed Maple Street treatment facility in favor of extension of the sewer system to Deep River's treatment plant.

The cost to Chester for this \$2.5 million project was \$1.25 million. To pay this cost voters approved the share of 25% obligation from sewer users and 75% from general tax revenue. Property owners within

the sewer service area pay an assessment of benefit charge, \$2,000 for residential uses and \$6,000 for commercial uses. This assessment cost can be spread over 20 years at a 2% finance rate. The 75% Town share is paid by a 20-year Clean Water Fund loan, the annual debt service on this loan is \$68,296.

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