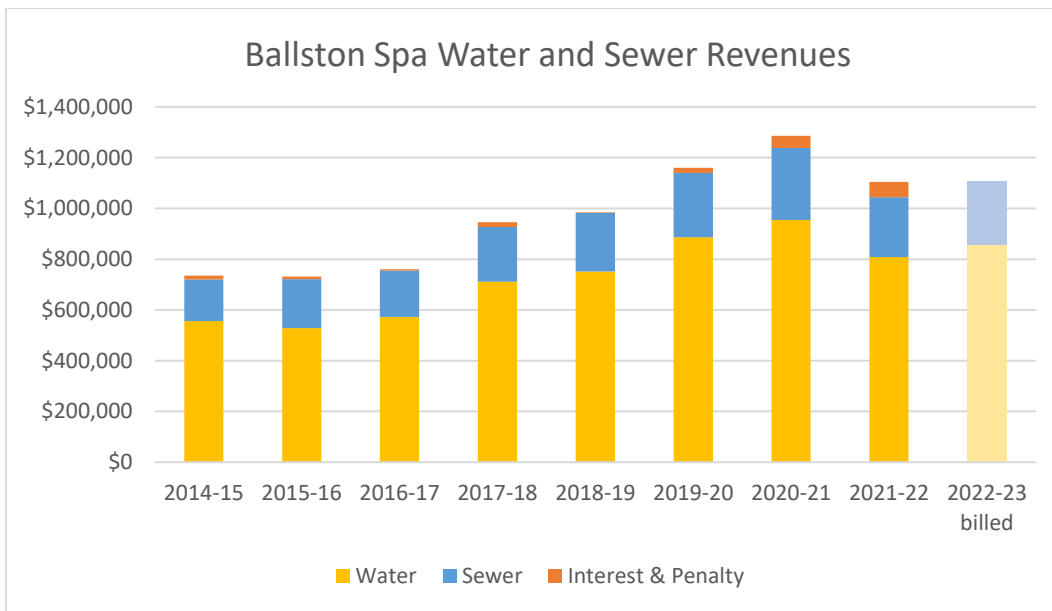


Water and Sewer Proposed Billing Rates ⁱ

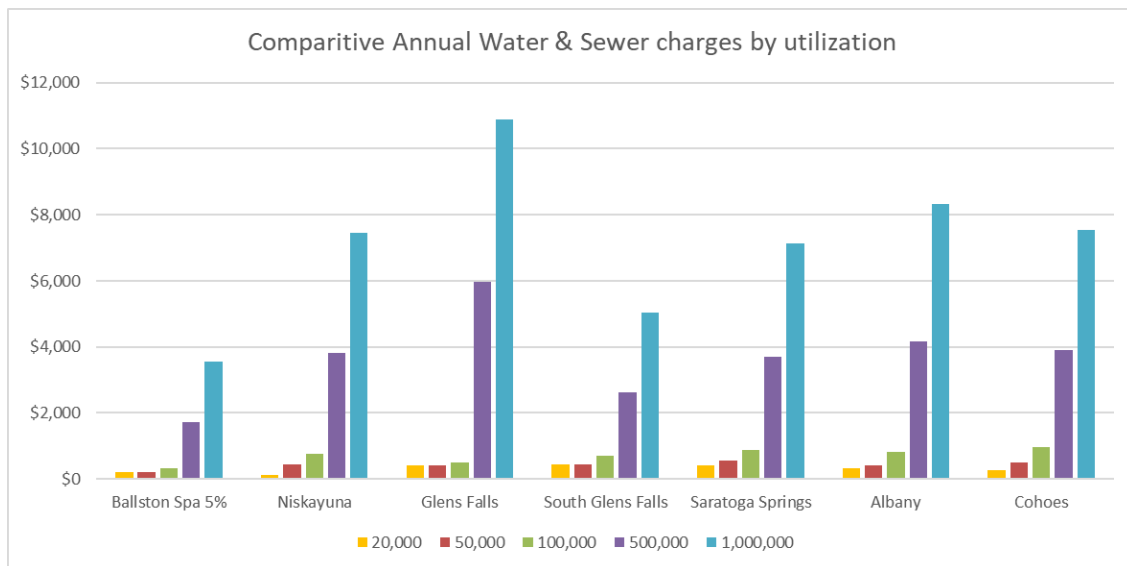
Background

- 74% of water and sewer billing accounts are in-village but only 43% of our revenue is generated by in-village accounts. Out of village users pay about three times the in-village rates.
- We generate about \$1.2 million in water and sewer revenue per year, about \$900K in water funds, \$260K in sewer funds.
- Revenues are down due to increased costs and the loss of revenue from some large users.
- Sewer rates were increased 3% effective in 2023 and water and sewer rates were increased 5% effective in the second half of 2023.
- The County charges \$250.50 per unit for processing our sewage.



Comparative Water Rates

- Compared to other municipalities Ballston Spa charges much less for water and sewer, especially for our large water users (see graph). For example, South Glens Falls charges \$125 for 10,000 gallons per 6 months, we charge \$93.33 (2022 rate). Glens Falls is charging \$5,395 for 500,000 gallons vs we charge only \$1,675 (2022 rate).
- Nationally the average charge for water and wastewater (sewer) is \$118 per month or \$708 per 6 months (source: Bluefield research).



The Challenge

- We have the need to fund approximately \$19 million in water and sewer infrastructure in the next five years, \$12.4 million for water and \$7 million for sewer (see estimates from Laberge Group). An additional \$40 million will be needed in the following ten years to repair all our water and sewer infrastructure.
- Assuming a zero percent loan for 30 years we will need at least \$414,000 per year to support the amount needed for water infrastructure and an additional \$230,000 per year or more will be needed for our sewer system for Phase I.
- While we can pay for some of this from our fund balance (~\$4+ million) we have other needs such as buildings and equipment. We previously suggested moving some of the water revenue to the water fund but were told we have to move all or nothing to a water fund. We are currently subsidizing non-water related village expenses with water profits. Using our water fund for only water purposes would mean a significant increase in taxes (estimated 18%).



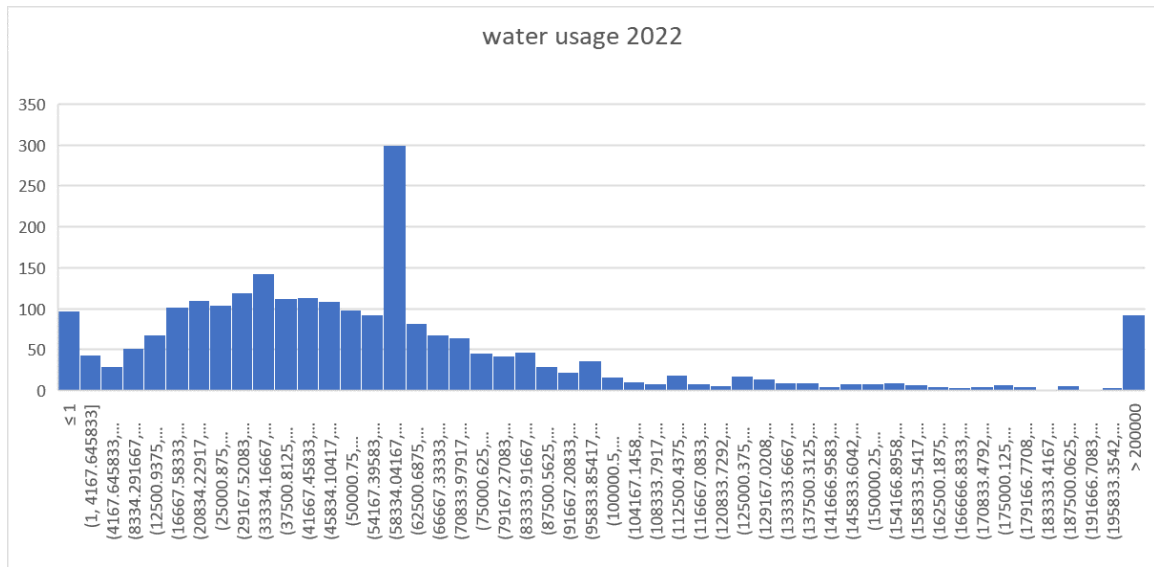
VILLAGE OF BALLSTON SPA
WATER SYSTEM EVALUATION & INFRASTRUCTURE IMPROVEMENT PROJECT
INITIAL PROJECT PRIORITY LIST
FEBRUARY 7, 2023

Phase	Project Name	Project Description	Assumed Schedule	Preliminary Opinion of Probable Cost
1A	Geyser Road Well Generator	Add standby generator and associated electrical switching for Wells 4A and 4B	2024	\$95,000.00
1A	John Street Tank Rehabilitation	Remove and replace interior & exterior tank coating. Relocate attached communications equipment to a monopole.	2024	\$1,830,000.00
1A	Colonial Hills & Rowland Street Rehabilitation	Repair existing storage tanks to address deficiencies	2024	\$453,000.00
1B	Water Leak Detection Survey	Retain a qualified contractor to locate and map existing drinking water mains and valves, and identify potential water system leaks	2025	\$190,000.00
1B	Inflow/Infiltration (I/I) Evaluation	Retain a qualified contractor to clean and televise existing sanitary sewer infrastructure, record wet and dry weather flows, and determine I/I Sources	2025	\$190,000.00
1C	Water Service Meter Replacement	Replace 1,750 service meters with new radio read systems	2026	\$1,767,800.00
1C	Water Valve Replacements	Replace obsolete valves with new operable valves	2026	\$948,000.00
1D	Chester/Lewis Utility Improvements	Install drinking water distribution infrastructure "loop" to address water quality issues (Off-pavement construction)	2027	\$927,000.00
1D	Columbia Ave Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027	\$2,244,000.00
1E	McClean Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2028	\$4,691,000.00
1E	McMaster Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2028	\$1,530,000.00
Phase 1 Sub-Total:				\$14,865,800.00
30 % Contingency Budget:				\$4,460,000.00
Phase 1 Total:				\$19,325,800.00

2	Water Service Meter Fixed Base Read System	Install equipment required to automate meter reading without requiring "drive by" routes	2027-2031	\$316,000.00
2	Beach Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$1,122,000.00
2	Court Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$1,428,000.00
2	East Grove Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$2,142,000.00
2	Ford Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$2,550,000.00
2	W. High/Charlton Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$1,428,000.00
2	Kent Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$1,938,000.00
2	King Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$359,000.00
2	Union Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$1,836,000.00
2	Vanburen, Thompson, Fenwick Street Utility Improvements	Replace drinking water distribution and sewer collection infrastructure	2027-2031	\$2,652,000.00
Phase 2 Total:				\$15,771,000.00
30 % Contingency Budget:				\$4,731,000.00
Phase 2 Total:				\$20,502,000.00

3	Lowell Street Drinking Water Pump Station	Upgrade outdated pump station building, pumps, and pump controls for continued service	2031-2036	\$948,000.00
3	Water Master Meters	Install master meters on drinking water mains that supply water to adjoining town's.	TBD*	\$2,210,000.00
3	Well 4A Development	Develop existing well to increase output and improve quality	TBD*	\$127,000.00
3	Rowland Street Storage & Wellfield Improvements	Replace storage tank and improve wells to provide additional storage for future water demands	TBD*	\$12,627,000.00
*Scheduled linked to out Village supply contracts				
Phase 3 Total:				\$15,912,000.00
30 % Contingency Budget:				\$4,774,000.00
Phase 3 Total:				\$20,686,000.00

- We need to raise water and sewer rates to fund needed water infrastructure needs such as the John Street water tower.
- The 5% increase effective in this next cycle will generate only about \$58,000 in additional income, which is not near the amount we need.
- The current rate schedule has those using 10,000 gallons or less paying for 30,000 gallons per 6 months when the median use is around 20,000 gallons.
- Seventy percent of village users use 30,000 gallons or less every 6 months, 93% use less than 40,000 gallons every 6 months. Annual use is shown below (Note the negative water use and a peak due to non-reports being assigned 30,000 gallons per 6 months (addressed below))



Proposed Rate Structure

- In the proposed rate structure, there would be a base or service fee charged to everyone regardless of the amount of water they use (tentative \$100 in village, \$200 outside village) plus a fee per gallon starting at 10,001 gallons. This structure is how utilities charge for electricity and gas.

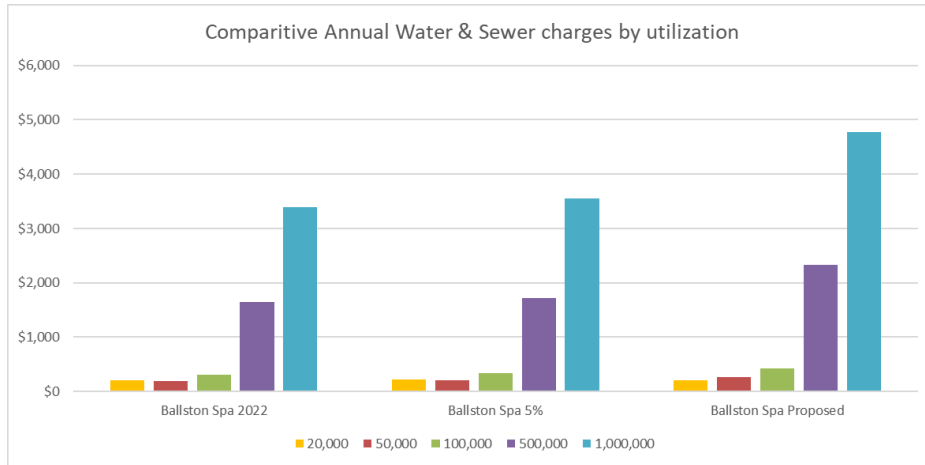
Proposed Rate Schedule

InVillage Water			InVillage Sewer		
Base rate		\$60			\$40
From	To	Add to Rate	From	To	Add to Rate
0.0	10,000.0	0.00	0	10,000	0.00
10,001.0	20,000.0	\$1.30	10,001	20,000	\$0.65
20,001.0	50,000.0	\$2.00	20,001	50,000	\$1.00
50,001.0	100,000.0	\$3.00	50,001	100,000	\$1.50
100,001.0	500,000.0	\$3.25	100,001	500,000	\$1.63
500,001.0	Plus	\$3.25	500,000	Plus	\$1.63

Proposed Rate Schedule

OutVillage Water			OutVillage Sewer		
Base rate		\$180			\$120
From	To	Add to Rate	From	To	Add to Rate
0	10,000		0	10,000	
10,001	20,000	\$3.90	10,001	20,000	\$1.95
20,001	50,000	\$6.00	20,001	50,000	\$3.00
50,001	100,000	\$9.00	50,001	100,000	\$4.50
100,001	500,000	\$9.75	100,001	500,000	\$4.88
500,001	Plus	\$9.75	500,000	Plus	\$4.88

- The amount for the users of 10,000 gallons or less in 6 months would pay only slightly more than is charged now (\$100 vs \$98.96 in village). The rate would be progressive as usage increases similar to how other municipalities now charge.



- The rates proposed below are preliminary and the amounts charged can be adjusted to reach a targeted amount of revenue over time.

In-Village Water and Sewer Results Out-Village Water and Sewer Results

In-Village Use in 6 months	2023 Rate (5% raise)	Proposed Kormos	Out-Village Use in 6 months	2023 Rate (5% raise)	Proposed Kormos
Gallons Used			Gallons Used		
10,000	\$98.96	\$100.00	10,000	\$296.90	\$300.00
20,000	\$98.96	\$119.50	20,000	\$296.90	\$358.49
40,000	\$131.89	\$179.50	40,000	\$395.67	\$538.49
60,000	\$198.23	\$254.50	60,000	\$594.68	\$763.49
120,000	\$400.25	\$532.00	120,000	\$1,200.75	\$1,595.99
500,000	\$1,777.04	\$2,384.50	500,000	\$5,331.13	\$7,153.49
1,000,000	\$3,606.40	\$4,822.00	1,000,000	\$10,819.22	\$14,465.99

Tentative Revenue Generated (note: revenue based on data received November 2022)

Water and Sewer Fee Proposal

Estimated amounts calculated based on 2022 billing data

	Total Accounts	Percent Accts	2022 billed*	Percent Billed	2023 Est. Revenue - 5% Raise*	Revenue - Kormos Proposed Variable Rate*
Inside users	1,797	73.7%	\$464,641	43.7%	\$492,655	\$612,378
Outside Users	642	26.3%	\$598,979	56.3%	\$628,928	\$805,442
Total	2,439		\$1,063,620		\$1,121,583	\$1,417,820
Diff to 2022 Billed					\$57,963	\$354,200

*Based on water and sewer 2022 data received 11/28/22 with no penalties

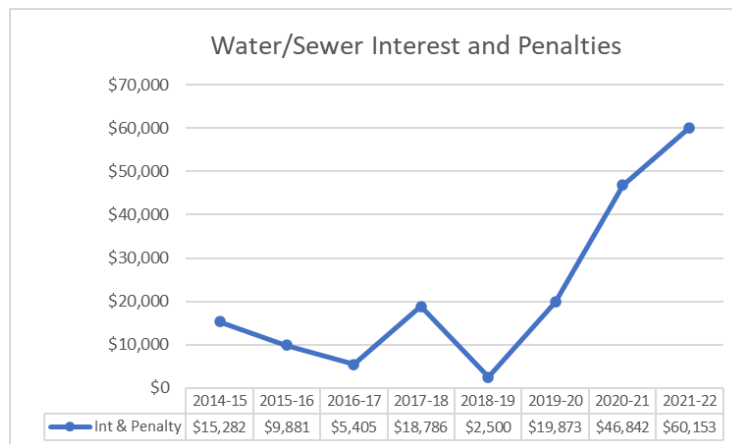
Other Issues

1. The revenue committee needs to address the fact that there are still 374 accounts (down from 477 in 2020) not reporting their water usage. The \$50 penalty put in place a few years ago hasn't done the job of significantly reducing non-reporting but did add approximately \$40,000 in fees a year.
 - The amount assumed for non-reporting could be raised from the minimum of 30,000 gallons or the fine could be increased.
 - Trustee Baskin suggested that those not reporting three times, or more be made to pay for a meter including installation that can be read from outside the home and that those still not reporting be charged for readings made by DPW as it is now.

Reporting Water Usage

	Total Accounts	No Report? 30K- 2022/1	No Report? 30K- 2022/2
Inside users	1,797	322	282
Outside Users	642	102	92
Total	2,439	424	374
Percent		17.4%	15.3%

Note: Based on assumption those reported as 30,000 gallons did not report their meter reading and data received in November 2022



2. There are significant negative water usage numbers in the database.

	Neg Numbers 2022/1	Neg Numbers 2022/2
Inside users	36	78
Outside Users	8	25
Total	44	103
	1.8%	4.2%

3. The village is currently unable to accurately determine our actual water use. Water production in 2022 was a total of 273,944,104 gallons. Total billed water usage was 152,266,659 gallons (including the 33,208,235 negative gallons). It is not possible to determine actual water use from our current data.
- The long-term solution is to install remote radio water meters. The estimated cost of such a system is approximately \$1.8 million.

ⁱ Data shown and calculated is based on 2022 water billing data received on 11/28/22 and may not reflect actual billed amounts.