

City of Salem, Massachusetts



**"Know Your Rights Under the Open Meeting Law, M.G.L. c. 39 §23B, and
City Ordinance Sections 2-2028 through 2-2033."**

The City Council Committee on Administration & Finance

met in the Council Chamber on June 9, 2011 at 6:00 P.M.

for the purpose of discussing the matter(s) listed below. Notice of this meeting was posted on

June 2, 2011 at 6:45 PM.

(This meeting is being recorded.)

ATTENDANCE

ABSENT WERE: None

SUBJECT(S)

#348 - \$360,000 approp. from Retained Earnings Water Fund to reduce gross amt. raised through water rates to fund FY12

#349 - \$148,000 approp. from Retained Earnings Sewer fund to reduce gross amt raised through sewer rates to fund FY12

348

Mr Viscay spoke to the issue of the increase. Stated that with our new water meter program, there is a hope to capture the missing water.

Councillor Bevey asked if we have never done this before Mr Viscay stated it was the first ~~time~~ time in hrs tenure this has been done.

Councillor Roxon. asked what happens with the enterprise fund. at the end of the year.

Mr Viscay stated the increase ~~was~~ would be
10.6%. If appropriated ~~was~~ would be
3% increase to the energy bill.

Councillor Pinto moves to approve
Councillor Prany seconds
Approved

349.

Mr Viscay stated it was pretty much the same thing

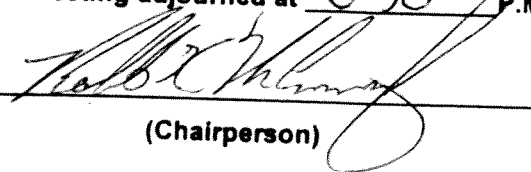
Councillor Roman asked what would happen if we did not
take action.

Mr Viscay Goes up to 3.9% if no action taken.
Stays at 2.0% if we approve the appropriation.

Councillor ~~Prany~~ Moves to approve
Councillor Pinto seconds
Approved

On the motion of C. Pinto

the meeting adjourned at 6:30 P.M.


(Chairperson)

2011 COMBINED RETAIL WATER AND SEWER RATE COMMUNITY CHARGE COMPARISON

	Water		Sewer		Discounts	Fund	Last Rate Adjustment from FY2010	% change	Annual Cost per 120 HCF (approx 80,000 gallons)
	Residential	Commercial	Residential	Commercial					
Salem - current	\$ 236	\$ 320 HCF	\$ 509	\$ 772 0-250 HCF	yes	Enterprise Fund	7/1/2010	4.70%	Water: \$ 283.30 Sewer: \$ 611.10 Combined: \$ 894.40
Salem - 7/1/2011 Proposed	\$ 243	\$ 330 HCF	\$ 519	\$ 787 0-250 HCF	10% water if pd. within 15 days	Enterprise Fund	7/1/2011	2.50%	Water: \$ 291.80 Sewer: \$ 623.32 Combined: \$ 915.12
Beverly	\$ 245	same HCF	\$ 534	same HCF	no	Enterprise Water & Sewer	7/1/2010	3.50%	Water: \$ 294.00 Sewer: \$ 640.80 Combined: \$ 934.80
Chelsea	\$ 391	same 0-10 HCF	\$ 737	same 0-10 HCF	no	Enterprise Fund	1/1/2010	10.50%	Water: \$ 469.20 Sewer: \$ 884.40 Combined: \$ 1,353.60
	\$ 476	same 11-50 HCF	\$ 803	same 11-50 HCF		Water & Sewer			
	\$ 569	same balance	\$ 923	same Over 50 HCF					
Danvers	\$ 479	0-20 HCF	\$ 567	0-20 HCF	yes	General Fund	7/1/2010	10.50%	Water: \$ 574.80 Sewer: \$ 680.40 Combined: \$ 1,255.20
	\$ 535	20-24 HCF	\$ 585	20-24 HCF	15% water elderly/low income	Water & Sewer			
	\$ 699	24 - Greater HCF	\$ 703	24-Greater HCF					
		\$ 479 0-40 HCF		\$ 567 0-40 HCF					
		\$ 535 40- Greater HCF		\$ 585 40- Greater HCF					
Gloicester	\$ 875	same HCF	\$ 1060	same HCF	no	Enterprise Fund	4/1/2010	-4.00%	Water: \$ 1,050.00 Sewer: \$ 1,272.00 Combined: \$ 2,322.00
Lynn	\$ 333	same 0-27 HCF	\$ 612	same 0-27 HCF	yes	Enterprise Fund	7/1/2010	3.80%	Water: \$ 400.80 Sewer: \$ 736.92 Combined: \$ 1,137.72
	\$ 343	same 27-73 HCF	\$ 633	same 27-73 HCF	owner occ.	Water & Sewer			
	\$ 347	same 73-2,812 HCF	\$ 639	same 73-2,812 HCF	elderly/disabled				
	\$ 352	same balance	\$ 644	same balance	single @ 15%, 2-fam @ 7.5%, 3-fam @ 5%				
Marblehead	\$ 390	same 0-30 HCF	\$ 595	same 0-30 HCF	no	Enterprise Fund	7/1/2010	5.20%	Water: \$ 521.00 Sewer: \$ 752.00 Combined: \$ 1,273.00
	\$ 420	same balance	\$ 630	same balance		Water & Sewer			
Peabody	\$ 244	\$ 290 0-15 HCF	\$ 325	\$ 375 0-15 HCF	no	General Fund	3/1/2003	0.00%	Water: \$ 306.00 Sewer: \$ 409.80 Combined: \$ 715.80
	\$ 266	\$ 316 15-30 HCF	\$ 358	\$ 413 balance		Water & Sewer			
	\$ 290	\$ 344 balance							
Revere	\$ 322	\$ 470 HCF	\$ 1005	\$ 1420 HCF	yes senior	Enterprise Fund	7/1/2010	14.50%	Water: \$ 386.40 Sewer: \$ 1,206.00 Combined: \$ 1,592.40
Swampscott	\$ 640	same HCF	\$ 499	same HCF	no	Enterprise Fund	7/1/2010	4.80%	Water: \$ 812.00 Sewer: \$ 633.80 Combined: \$ 1,445.80

NOTE: All data taken from MWRA Annual Water and Sewer Retail Rate Survey - December 2010 except Danvers (gathered from Danvers Accounting office April 2010)

Average Costs of listed communities:	
Water:	\$ 534.91
Sewer:	\$ 801.79
Combined:	\$ 1,336.70

**Five Year Financial Forecast
Water and Sewer Enterprise Funds
FY10 - FY15**

Updated 6/9/2011

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
			2%			
			3%			
					3%	
					3%	
projected percent increase						
Sewer Rates						
Residential	4.85	5.10	5.20	5.35	5.51	5.68
Non-Residential < 25,000 cu ft	7.35	7.72	7.87	8.11	8.35	8.60
Non-Residential > 25,000 cu ft	9.42	9.89	10.09	10.39	10.70	11.02
SEWER REVENUE						
User Charges	6,854,778	7,162,055	7,311,510	7,530,855	7,756,781	7,989,484
Other Department Revenue	315,718	225,000	225,000	231,750	238,703	245,864
	7,170,496	7,387,055	7,536,510	7,762,605	7,995,483	8,235,348
OFS (new meters) Retained Earnings Appropriated SESD Trans In						
			148,000	174,723	176,110	179,049
	360,389	200,000	200,000	201,908	197,716	197,216
	360,389	200,000	348,000	376,631	373,826	376,265
SEWER OFS/Trans In						
	7,530,885	7,587,055	7,884,510	8,139,236	8,369,309	8,611,613
TOTAL SEWER REVENUE						
SEWER EXPENSES						
3% Administration	800,694	778,395	800,933	824,961	849,710	875,201
Short Term Debt	33,840	24,547				
Long Term Debt		36,923	166,125	158,050	150,125	147,275
Long Term Debt - FY12 CIP				31,250	30,750	30,250
3% SESD Assessment	5,922,201	5,987,926	6,140,989	6,325,219	6,514,975	6,710,424
Retained Earnings Expended						
Other Financial Uses						
	6,756,735	6,827,791	7,108,047	7,339,480	7,545,560	7,763,151
3% Indirect Costs	749,940	759,264	776,463	799,757	823,750	848,462
	7,506,675	7,587,055	7,884,510	8,139,237	8,369,310	8,611,613
TOTAL SEWER EXPENSES						
	7,506,675	7,587,055	7,884,510	8,139,237	8,369,310	8,611,613
NET CHANGE IN FUND BALANCE (Projected)	24,210	-	-	(0)	(0)	0

Five Year Financial Forecast
Water and Sewer Enterprise Funds
FY10 - FY15

Updated 6/9/2011

	Desc	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014
	<i>Projected percent increase</i>			<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>
Water Rates	Residential	2.27	2.36	2.43	2.50	2.58	2.65
	Non-Residential	3.08	3.20	3.30	3.40	3.50	3.60

WATER REVENUE

User Charges	4,129,081	4,578,851	4,721,992	4,863,652	5,009,561	5,159,848
Other Department Revenue	141,886	150,000	150,000	154,500	159,135	163,909

WATER RATES

	4,270,967	4,728,851	4,871,992	5,018,152	5,168,696	5,323,757
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OFS (new meters)
 Retained Earnings Appropriated

		360,000	311,388	245,319	200,361
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WATER OFS/Trans in

	-	-	360,000	311,388	245,319	200,361
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TOTAL WATER REVENUE

	4,270,967	4,728,851	5,231,992	5,329,540	5,414,015	5,524,118
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WATER EXPENSES

3% Administration	1,076,882	1,048,433	998,236	1,028,183	1,059,029	1,090,799
Short Term Debt	111,700	92,649				
Long Term Debt	432,690	581,692	1,130,050	1,104,539	1,083,914	1,064,114
3% SBWSB Assessment	2,241,401	2,313,119	2,403,095	2,475,188	2,549,443	2,625,927
Retained Earnings Expended						
Reserve Fund						

Subtotal	3,862,673	4,035,893	4,531,381	4,607,910	4,692,386	4,780,840
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3% Indirect Costs

	680,125	692,958	700,611	721,629	721,629	743,278
Subtotal	4,542,798	4,728,851	5,231,992	5,329,539	5,414,015	5,524,118

TOTAL WATER EXPENSES

	4,542,798	4,728,851	5,231,992	5,329,539	5,414,015	5,524,118
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NET CHANGE IN FUND BALANCE (Projected)

	(271,831)	-	-	1	(0)	(0)
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