

AGENDA
OPERATIONS COMMITTEE
SEAFORD CITY HALL
414 HIGH STREET
October 26, 2022 – 7:00 p.m.

7:00 p.m. – Committee Chair Councilman James King calls the meeting to order.

PUBLIC COMMENT:

1.

NEW BUSINESS:

1. Mr. Chris Sims with Smart Utility Management to present a proposed water and sewer utility billing revision that would potentially reduce the Equivalent Dwelling Unit (EDU) values from the current 300 gallons per day to 250 gallons per day.

OLD BUSINESS:

1. Berley Mears, Director of Public Works to present the status of the Sussex Highway (north) sewer installation project.

Chairman James King calls for a motion to adjourn the meeting.

NOTE: Agenda shall be subject to change to include or delete Additional items (including executive session) which arise at the time of the meeting. (29 Del. C. S1004 (e) (3))

The Operations Committee is an advisory-only committee of the City of Seaford Mayor and Council and has no authority to finally approve or order any action. The power to act rests exclusively with the City of Seaford Mayor and Council. *

Posted: ASH

Date: 10/04/2022

City of Seaford

Impacts from Eliminating the Over 667,000 Gallons Rate Block

	(A)	(B)	(C)	(D)	(E)	(F)
	Utility Meter Id	Location Id	Actual Fiscal Year 2022 Water Charges	Total Water Charges w/o the Over 667,000 Gallons Block	Increase from Removing the Over 667,000 Gallons Block	
1	13710-1	2273	\$20,934	\$22,091	\$1,157	5.5%
2	40500-2	4116	\$10,320	\$11,103	\$784	7.6%
3	29600-19	3068	\$2,410	\$2,629	\$219	9.1%
4	27000-13	2782	\$5,151	\$5,183	\$32	0.6%
5	27560-2	2824	\$17,077	\$17,086	\$9	0.1%
		Total	\$55,891	\$58,092	\$2,201	3.9%

City of Seaford



Operations Committee Report

Water & Sewer Revenue Adequacy & Retail Rates Review

October 26, 2022

SUM SMART UTILITY MANAGEMENT / LLC
Rates / Budgeting Σ Regulatory Consulting

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City of Seaford

Executive Summary

Background

Due to efficiency improvements in low-flow fixtures and collection systems over the years, the City would like to consider updating its Equivalent Dwelling Unit ("EDU") definition to a more modern value. Currently the City's Code defines 1 EDU equal to the consumption of 300 gallons of water/sewer per day. While new developments with ultra-low flow fixtures can achieve a range of 125-185 gallons per day, Seaford would like to take the first step and consider the impacts from reducing 1 EDU to 250 gallons per day.

Option 1 - Impacts from Reducing 1 EDU to 250 Gallons per Day

Currently, the City of Seaford has installed water meters only on Commercial and Industrial ("C/I") customers; therefore, adjusting the EDU rate down to 250 gallons per day will affect only those approximate 1,200 metered C/I customers and will not affect any of the residential customers since they are all non-metered and charged a flat rate per month. Reducing 1 EDU to 250 gallons per day will increase the total water and sewer charges for this class by approximately \$215,000 (or 10.6% of their total revenue). Even though the average increase for the class is 10.6%, any customers that consume less than 7,500 gallons every month will see no increase and any customer that utilizes more than 7,500 gallons every month will see an increase of 20%. As a result, approximately 70% of the customers will experience no rate increase at all while almost 10% of the class will see the maximum increase of 20%.

Option 2 - Increase Rates by the Same 8.7% Cost of Living Adjustment for Social Security Benefits in 2023

Previously, Seaford's combined Water & Sewer rates were close to the 2.0% Median Household Income affordability measurement set by Delaware's Clean Water State Revolving Fund ("CWSRF") that would provide principal debt forgiveness for the upcoming sewer plant expansion. Recently, Delaware has since increased that CWSRF affordability metric to 3.0% of MHI; as a result, the City's rates would need to be increased by almost 75% in order to receive this principal debt forgiveness. Since Seaford will not consider such a rate increase to customers, alternatively Option 2 shows what the impact to customers would be if the City were to apply the same 8.7% Cost of Living Adjustment for Social Security scheduled for 2023 to its Water & Sewer rates.

Option 3 - Follow the Industry Standard Return on Equity

Currently, the Net Operating Income for the combined Water & Sewer funds is estimated to be just under \$100,000 for Fiscal Year 2023. This amount is equivalent to a Rate of Return of only 0.6% which is significantly below the industry standard of approximately 4-5.0% for municipal utilities. If Seaford were to adopt a policy utilizing a conservative 4.0% Return on System Equity, then retail rates would need to be increased by a total of \$705,000 which represents a 17.6% increase from current rates. Typically revenue deficiencies identified utilizing the Return on Equity methodology are designed to be implemented over a 3 to 5 year time period to spread out the impact to customers over several years and avoid significant rate shock.

Implementation of Rate Increase

Since reducing the EDU to 250 gallons per day has a significant impact on the higher usage metered commercial customers (such as the hospital), the City could limit the impact to those larger customers by separating the retail rates for all of the C/I customers to be separate from the residential customers. That way the fixed rate for a C/I customer could be increased so that the small C/I customers that use less than 7,500 gallons per month will pay more than a residential customer that also utilizes less than 7,500 per month. This will have the effect of increasing all of the C/I customer's rates by the same percentage so that the larger customers are not shocked by large rate increases as the City works towards more equitable rates over the coming years/decade.

City of Seaford

Impacts Reducing EDU to 250 Gallons per Day

Combined Water & Sewer Rates

	(A)	(B)	(C)	(D)	(E)
	Metered Commercial/Industrial Customers ONLY	Current Revenues at 300 GPD	Proposed Revenues at 250 GPD	Proposed Revenue Impacts	Average Rate Increase Percentage
1	Water	\$745,741	\$827,450	\$81,710	11.0%
2	Sewer	\$1,270,282	\$1,403,162	\$132,880	10.5%
3	Total	\$2,016,022	\$2,230,612	\$214,590	10.6%
4					
5					
6	Individual Customer Impact Range	Number of Com/Ind Customers in Range	Percentage of Com/Ind Customers in Range		
7					
8	Exactly 0% Rate Increase	841	69.2%	← Use less than 7,500 gallons every month	
9	0.1 to 4.9% Rate Increase	110	9.1%		
10	5 to 9.9% Rate Increase	51	4.2%		
11	10 to 14.9% Rate Increase	37	3.0%		
12	15 to 19.9% Rate Increase	66	5.4%		
13	Exactly 20% Rate Increase	110	9.1%	← Use more than 7,500 gallons every month	
14	Total	1,215	100.0%		

For Informational/Discussion Purposes Only

Below would be the impacts to the Commercial and Industrial Metered Customers if the EDU were to be reduced to 225 Gallons Per Day

	(A)	(B)	(C)	(D)	(E)
	Metered Commercial/Industrial Customers ONLY	Current Revenues at 300 GPD	Proposed Revenues at 225 GPD	Proposed Revenue Impacts	Average Rate Increase Percentage
21	Water	\$745,741	\$882,606	\$136,865	18.4%
22	Sewer	\$1,270,282	\$1,493,030	\$222,748	17.5%
23	Total	\$2,016,022	\$2,375,636	\$359,613	17.8%

City of Seaford

Minimum Bills Analysis Required for Debt Forgiveness

	(A)	(B)	(C)	(D)
	City of Seaford	Monthly	Annually	% of Total MHI
1	2020 Median Household Income ("MHI")	\$4,403.33	\$52,840	100.00%
2				
3	Minimum Combined W&S Bills to Qualify for Debt Forgiveness	\$132.10	\$1,585	3.00%
4	Minimum Water Bills to Qualify for Debt Forgiveness	\$44.03	\$528	1.00%
5	Minimum Sewer Bills to Qualify for Debt Forgiveness	\$88.07	\$1,057	2.00%
6				
7	Current Combined W&S Bills	\$75.91	\$911	1.72%
8	Current Water Bills	\$25.74	\$309	0.58%
9	Current Sewer Bills	\$50.17	\$602	1.14%
10				
11	Increase in Combined W&S Bills to Qualify for Debt Forgiveness	\$56.19	\$674	1.28%
12	Increase in Water Bills to Qualify for Debt Forgiveness	\$18.29	\$220	0.42%
13	Increase in Sewer Bills to Qualify for Debt Forgiveness	\$37.90	\$455	0.86%
14	Percentage Increase in Bills to Qualify for Debt Forgiveness	74.02%	74.02%	

City of Seaford

Combined Water & Sewer Operating Expenses & Revenues

**Combined Water
& Sewer Totals**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Fiscal Year Ending 2021 Actual	Fiscal Year Ending 2022 Actual Unaudited	Fiscal Year Ending 2023 Budget	Total Change from FYE 2021 to FYE 2023		Avg. Annual Change FYE 2021 to FYE 2023
1	Combined Operating Revenues						
2	Retail Sales Revenue	\$3,395,236	\$3,886,792	\$3,994,217	\$598,982	17.6%	8.5%
3	Other Revenues	\$775,494	\$958,091	\$902,361	\$126,867	16.4%	7.9%
4	Operating Revenues Subtotal	\$4,170,730	\$4,844,883	\$4,896,578	\$725,849	17.4%	8.4%
5							
6	Combined Operating Expenses						
7	Payroll & Other Costs	(\$791,663)	(\$998,294)	(\$1,063,074)	(\$271,411)	34.3%	15.9%
8	Repairs and Maintenance	(\$283,228)	(\$379,016)	(\$250,201)	\$33,027	(11.7%)	(6.0%)
9	Insurance	(\$420,413)	(\$350,817)	(\$408,117)	\$12,296	(2.9%)	(1.5%)
10	Utilities	(\$213,857)	(\$235,189)	(\$235,000)	(\$21,143)	9.9%	4.8%
11	Other Supplies and Expenses	(\$444,256)	(\$732,280)	(\$824,578)	(\$380,322)	85.6%	36.2%
12	Depreciation	(\$1,179,395)	(\$1,223,619)	(\$1,238,619)	(\$59,224)	5.0%	2.5%
13	Operating Expenses Subtotal	(\$3,332,812)	(\$3,919,214)	(\$4,019,589)	(\$686,777)	20.6%	9.8%
14							
15	Combined Non Operating Expenses						
16	Interest Expense	(\$129,601)	(\$117,670)	(\$108,683)	\$20,918	(16.1%)	(8.4%)
17	Transfer Out	(\$800,000)	(\$800,000)	(\$800,000)	\$0	0.0%	0.0%
18	Capital Contribution	\$328,676	\$122,217	\$125,000	(\$203,676)	(62.0%)	(38.3%)
19	Non-Operating Expenses Subtotal	(\$600,925)	(\$795,453)	(\$783,683)	(\$182,758)	30.4%	14.2%
20							
21	Net Operating Income (Loss)	\$236,993	\$130,216	\$93,307	(\$143,686)	4.2%	

City of Seaford

Combined Water & Sewer Return on Equity

Combined Water
& Sewer Totals

	(A)	(B)
		Return on Equity Methodology (Most Common Industry Standard)
1	Total Assets	\$48,005,670
2	Accumulated Depr	(\$27,007,782)
3	Net Book Value	\$20,997,888
4	Outstanding Principle on Debt	\$4,283,238
5	System Equity	\$16,714,650
6	Interest on Debt	3.0%
7	Return on System Equity	4.0%
8	Interest on Debt	\$129,601
9	Return on System Equity	\$668,586
10	Target Net Operating Income	\$798,187
11		
12		
13	FY 2023 Forecast Revenues	\$4,896,578
14	FY 2023 Forecast Expenses	(\$4,803,272)
15	FY 2023 Forecast NOI	\$93,307
16	Target Net Operating Income	\$798,187
17	Revenue Deficiency	\$704,880
18	<i>Revenue Increase Necessary</i>	<i>17.6%</i>

City of Seaford

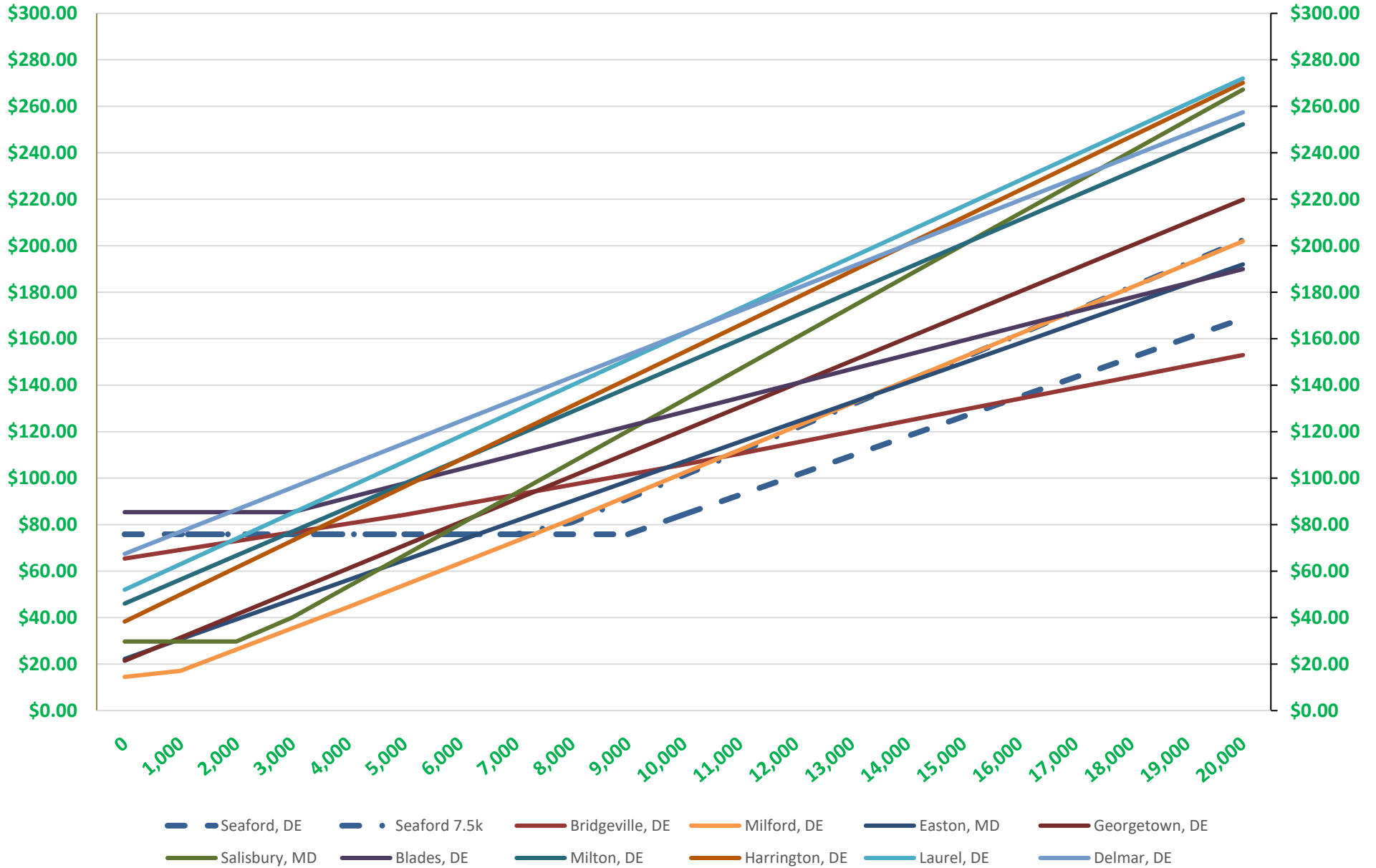
Combined Water & Sewer Rate Increase Options & Impacts

Combined Water & Sewer Rates

	(A)	(B)	(C)	(D)	(E)
	Customer Class	FY 2023 Budgeted Revenues	Option 1 Impacts From 250 Gallons/Day EDU Change Only	Option 2 Impacts From the Same 2023 Social Security COLA	Option 3 Impacts For 4.0% Minimum Return on Equity
1	Flat Residential Non-Metered	\$1,924,847	\$0	\$167,462	\$338,854
2					
3	Metered Commercial/Industrial	\$2,016,022	\$214,590	\$175,394	\$356,639
4			10.6%		
5	Flat Commercial Non-Metered	\$53,348	\$0	\$4,641	\$9,387
6					
7	Total	\$3,994,217	\$214,590	\$347,497	\$704,880
8	Total Average Rate Impact		5.4%	8.7%	17.6%
9					
10	Current Retail Rate	Per EDU	\$75.91	\$75.91	\$75.91
11	% of MHI (Debt Forgiveness Min. 3.0%)		1.72%	1.72%	1.72%
12					
13	Monthly Bill Increase		\$0.00	\$6.60	\$13.37
14					
15	Proposed Retail Rate	Per EDU	\$75.91	\$82.51	\$89.28
16	% of MHI (Debt Forgiveness Min. 3.0%)		1.72%	1.87%	2.03%

Current "In-Town" Combined Water & Sewer Bills Comparisons

Based on a Range of Consumption in Increments of 1,000 Gallons per Month



City of Seaford

Combined Water & Sewer Rate Comparisons

Combined Water & Sewer Rate Comparisons

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Utility	First 3,000 Gallons	First 3,000 Gallons Diff. to Seaford	First 9,000 Gallons	First 9,000 Gallons Diff. to Seaford	Next 1,000 Gallons	Next 1,000 Gallons Diff. to Seaford
1	Seaford, DE	\$75.91		\$75.91		\$8.43	
2	Bridgeville, DE ¹	\$76.70	1.0%	\$101.50	33.7%	\$4.72	(44.0%)
3	Blades, DE ¹	\$85.42	12.5%	\$122.32	61.1%	\$6.15	(27.1%)
4	Easton, MD	\$47.73	(37.1%)	\$98.64	29.9%	\$8.49	0.6%
5	Delmar, DE	\$95.95	26.4%	\$152.95	101.5%	\$9.50	12.6%
6	Milford, DE	\$35.42	(53.3%)	\$92.27	21.6%	\$9.97	18.2%
7	Milton, DE	\$77.01	1.4%	\$138.87	82.9%	\$10.31	22.2%
8	Georgetown, DE	\$51.21	(32.5%)	\$110.73	45.9%	\$9.92	17.6%
9	Laurel, DE	\$85.00	12.0%	\$151.00	98.9%	\$11.00	30.4%
10	Harrington, DE	\$73.10	(3.7%)	\$142.64	87.9%	\$11.59	37.4%
11	Salisbury, MD	\$40.08	(47.2%)	\$120.24	58.4%	\$13.36	58.4%

Note: 1) Bridgeville and Blades are outliers with Sussex County Sewer that is fixed at \$50.42 per month meant for small residential customers only

City of Seaford

Water Operating Expenses & Revenues

Water Department

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Fiscal Year Ending 2021 Actual	Fiscal Year Ending 2022 Actual Unaudited	Fiscal Year Ending 2023 Budget	Total Change from FYE 2021 to FYE 2023		Avg. Annual Change FYE 2021 to FYE 2023
1 Water Operating Revenues							
2	Retail Sales Revenue	\$1,192,117	\$1,373,044	\$1,413,082	\$220,965	18.5%	8.9%
3	Other Revenues	\$137,317	\$101,626	\$105,916	(\$31,401)	(22.9%)	(12.2%)
4	Operating Revenues Subtotal	\$1,329,434	\$1,474,670	\$1,518,998	\$189,564	14.3%	6.9%
5							
6 Water Operating Expenses							
7	Payroll & Other Costs	(\$309,359)	(\$393,907)	(\$413,913)	(\$104,554)	33.8%	15.7%
8	Repairs and Maintenance	(\$133,386)	(\$229,709)	(\$103,944)	\$29,442	(22.1%)	(11.7%)
9	Insurance	(\$149,131)	(\$121,250)	(\$153,351)	(\$4,220)	2.8%	1.4%
10	Utilities	(\$78,143)	(\$75,132)	(\$78,500)	(\$357)	0.5%	0.2%
11	Other Supplies and Expenses	(\$131,962)	(\$201,499)	(\$270,809)	(\$138,847)	105.2%	43.3%
12	Depreciation	(\$305,157)	(\$287,421)	(\$294,921)	\$10,236	(3.4%)	(1.7%)
13	Operating Expenses Subtotal	(\$1,107,138)	(\$1,308,918)	(\$1,315,438)	(\$208,300)	18.8%	9.0%
14							
15 Water Non Operating Expenses							
16	Interest Expense	(\$32,265)	(\$28,848)	(\$27,262)	\$5,003	(15.5%)	(8.1%)
17	Transfer Out	(\$200,000)	(\$200,000)	(\$200,000)	\$0	0.0%	0.0%
18	Capital Contribution	\$90,713	\$38,641	\$40,000	(\$50,713)	(55.9%)	(33.6%)
19	Non-Operating Expenses Subtotal	(\$141,552)	(\$190,207)	(\$187,262)	(\$45,710)	32.3%	15.0%
20							
21	Net Operating Income (Loss)	\$80,744	(\$24,455)	\$16,298	(\$64,446)	5.4%	

City of Seaford

Water Return on Equity

	(A)	(B)
		Return on Equity Methodology (Most Common Industry Standard)
1	Total Assets	\$14,053,619
2	Accumulated Depr	(\$6,702,382)
3	Net Book Value	\$7,351,237
4	Outstanding Principle on Debt	\$911,367
5	System Equity	\$6,439,870
6	Interest on Debt	3.5%
7	Return on System Equity	4.0%
8	Interest on Debt	\$32,265
9	Return on System Equity	\$257,595
10	Target Net Operating Income	\$289,860
11		
12		
13	FY 2023 Forecast Revenues	\$1,518,998
14	FY 2023 Forecast Expenses	(\$1,502,700)
15	FY 2023 Forecast NOI	\$16,298
16	Target Net Operating Income	\$289,860
17	Revenue Deficiency	\$273,562
18	<i>Revenue Increase Necessary</i>	<i>19.4%</i>

City of Seaford

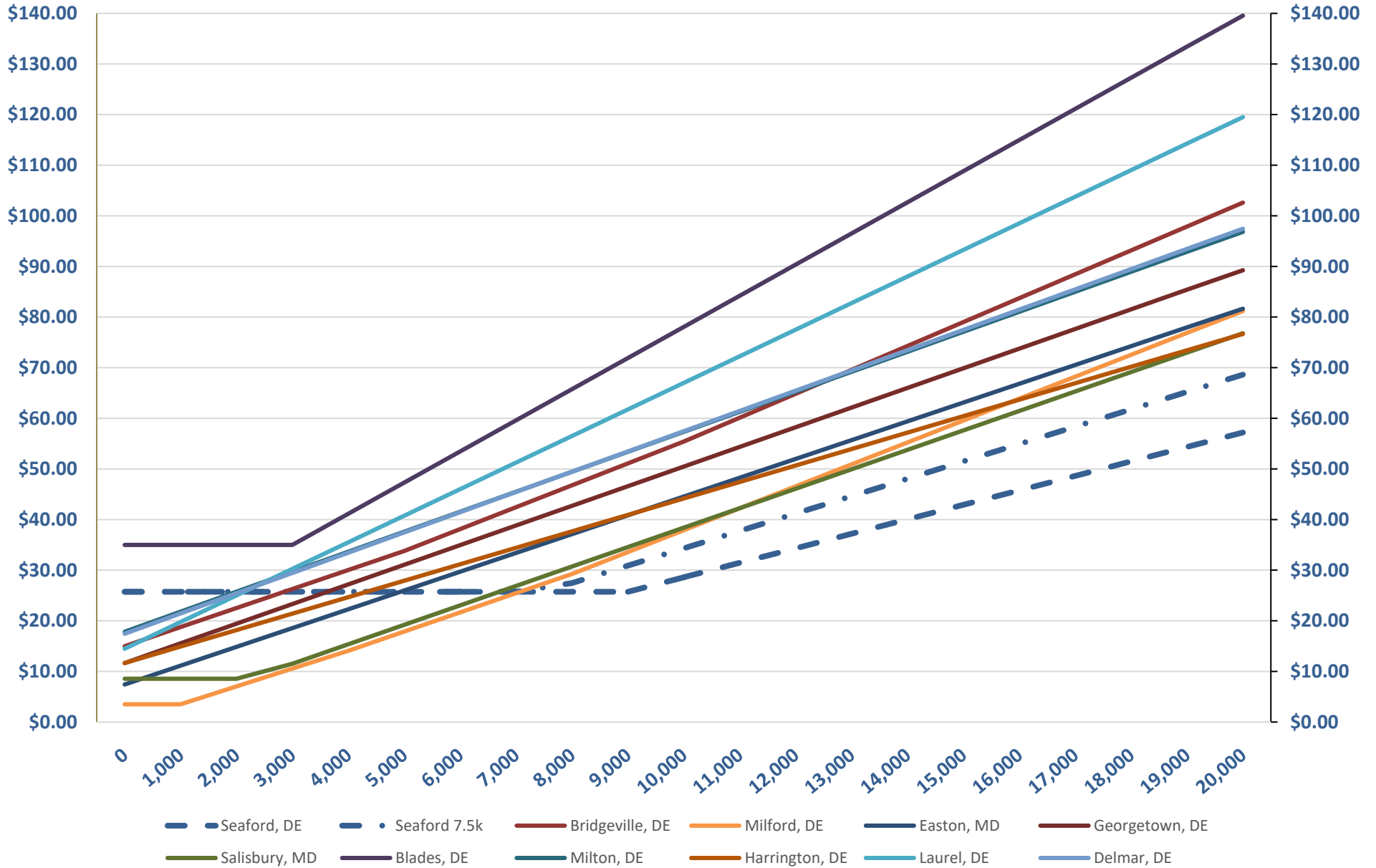
Water Rate Increase Options & Impacts

Water Department

	(A)	(B)	(C)	(D)	(E)
	Customer Class	FY 2023 Budgeted Revenues	Option 1 Impacts From 250 Gallons/Day EDU Change Only	Option 2 Impacts From the Same 2023 Social Security COLA	Option 3 Impacts For 4.0% Minimum Return on Equity
1	Flat Residential Non-Metered	\$649,521	\$0	\$56,508	\$125,743
2					
3	Metered Commercial/Industrial	\$745,741	\$81,710	\$64,879	\$144,370
4			11.0%		
5	Flat Commercial Non-Metered	\$17,819	\$0	\$1,550	\$3,450
6					
7	Total	\$1,413,082	\$81,710	\$122,938	\$273,562
8	Total Average Rate Impact		5.8%	8.7%	19.4%
9					
10	Current Retail Rate per EDU <i>First 667,000 gals.</i>		\$25.74	\$25.74	\$25.74
11	% of MHI (Debt Forgiveness Min. 1.0%)		0.58%	0.58%	0.58%
12					
13	Monthly Bill Increase		\$0.00	\$2.24	\$4.98
14					
15	Proposed Retail Rate per EDU <i>First 667,000 gals.</i>		\$25.74	\$27.98	\$30.72
16	% of MHI (Debt Forgiveness Min. 1.0%)		0.58%	0.64%	0.70%

Current Monthly "In-Town" Water Bill Comparisons

Based on a Range of Consumption in Increments of 1,000 Gallons per Month



City of Seaford

Water Rate Comparisons

Water Rate Comparisons

(A)	(B)	(C)	(D)	(E)	(F)	(G)
Utility	First 3,000 Gallons	First 3,000 Gallons Diff. to Seaford	First 9,000 Gallons	First 9,000 Gallons Diff. to Seaford	Next 1,000 Gallons	Next 1,000 Gallons Diff. to Seaford
1 Seaford, DE	\$25.74		\$25.74		\$2.86	
2 Harrington, DE	\$21.42	(16.8%)	\$40.92	59.0%	\$3.25	13.6%
3 Easton, MD	\$18.56	(27.9%)	\$40.83	58.6%	\$3.71	29.8%
4 Milton, DE	\$29.68	15.3%	\$53.38	107.4%	\$3.95	38.1%
5 Salisbury, MD	\$11.52	(55.2%)	\$34.56	34.3%	\$3.84	34.3%
6 Bridgeville, DE	\$26.28	2.1%	\$51.08	98.4%	\$4.72	65.0%
7 Georgetown, DE	\$23.31	(9.5%)	\$46.59	81.0%	\$3.88	35.7%
8 Delmar, DE	\$29.45	14.4%	\$53.45	107.7%	\$4.00	39.9%
9 Milford, DE	\$10.56	(59.0%)	\$33.57	30.4%	\$4.33	51.4%
10 Laurel, DE	\$30.25	17.5%	\$61.75	139.9%	\$5.25	83.6%
11 Blades, DE	\$35.00	36.0%	\$71.90	179.3%	\$6.15	115.0%

City of Seaford

Sewer Operating Expenses & Revenues

Sewer Department

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		Fiscal Year Ending 2021 Actual	Fiscal Year Ending 2022 Actual Unaudited	Fiscal Year Ending 2023 Budget	Total Change from FYE 2021 to FYE 2023		Avg. Annual Change FYE 2021 to FYE 2023
1	Sewer Operating Revenues						
2	Retail Sales Revenue	\$2,203,119	\$2,513,748	\$2,581,136	\$378,017	17.2%	8.2%
3	Other Revenues	\$638,177	\$856,465	\$796,445	\$158,268	24.8%	11.7%
4	Operating Revenues Subtotal	\$2,841,296	\$3,370,213	\$3,377,581	\$536,285	18.9%	9.0%
5							
6	Sewer Operating Expenses						
7	Payroll & Other Costs	(\$482,304)	(\$604,387)	(\$649,161)	(\$166,857)	34.6%	16.0%
8	Repairs and Maintenance	(\$149,842)	(\$149,307)	(\$146,257)	\$3,585	(2.4%)	(1.2%)
9	Insurance	(\$271,282)	(\$229,567)	(\$254,766)	\$16,516	(6.1%)	(3.1%)
10	Utilities	(\$135,714)	(\$160,057)	(\$156,500)	(\$20,786)	15.3%	7.4%
11	Other Supplies and Expenses	(\$312,294)	(\$530,781)	(\$553,769)	(\$241,475)	77.3%	33.2%
12	Depreciation	(\$874,238)	(\$936,198)	(\$943,698)	(\$69,460)	7.9%	3.9%
13	Operating Expenses Subtotal	(\$2,225,674)	(\$2,610,296)	(\$2,704,151)	(\$478,477)	21.5%	10.2%
14							
15	Sewer Non Operating Expenses						
16	Interest Expense	(\$97,336)	(\$88,822)	(\$81,421)	\$15,915	(16.4%)	(8.5%)
17	Transfer Out	(\$600,000)	(\$600,000)	(\$600,000)	\$0	0.0%	0.0%
18	Capital Contribution	\$237,963	\$83,576	\$85,000	(\$152,963)	(64.3%)	(40.2%)
19	Non-Operating Expenses Subtotal	(\$459,373)	(\$605,246)	(\$596,421)	(\$137,048)	29.8%	13.9%
20							
21	Net Operating Income (Loss)	\$156,249	\$154,671	\$77,009	(\$79,240)	3.6%	

City of Seaford

Sewer Return on Equity

Sewer Department

	(A)	(B)
		Return on Equity Methodology (Most Common Industry Standard)
1	Total Assets	\$33,952,051
2	Accumulated Depr	(\$20,305,400)
3	Net Book Value	\$13,646,651
4	Outstanding Principle on Debt	\$3,371,871
5	System Equity	\$10,274,780
6	Interest on Debt	2.9%
7	Return on System Equity	4.0%
8	Interest on Debt	\$97,336
9	Return on System Equity	\$410,991
10	Target Net Operating Income	\$508,327
11		
12		
13	FY 2023 Forecast Revenues	\$3,377,581
14	FY 2023 Forecast Expenses	(\$3,300,572)
15	FY 2023 Forecast NOI	\$77,009
16	Target Net Operating Income	\$508,327
17	Revenue Deficiency	\$431,318
18	<i>Revenue Increase Necessary</i>	<i>16.7%</i>

City of Seaford

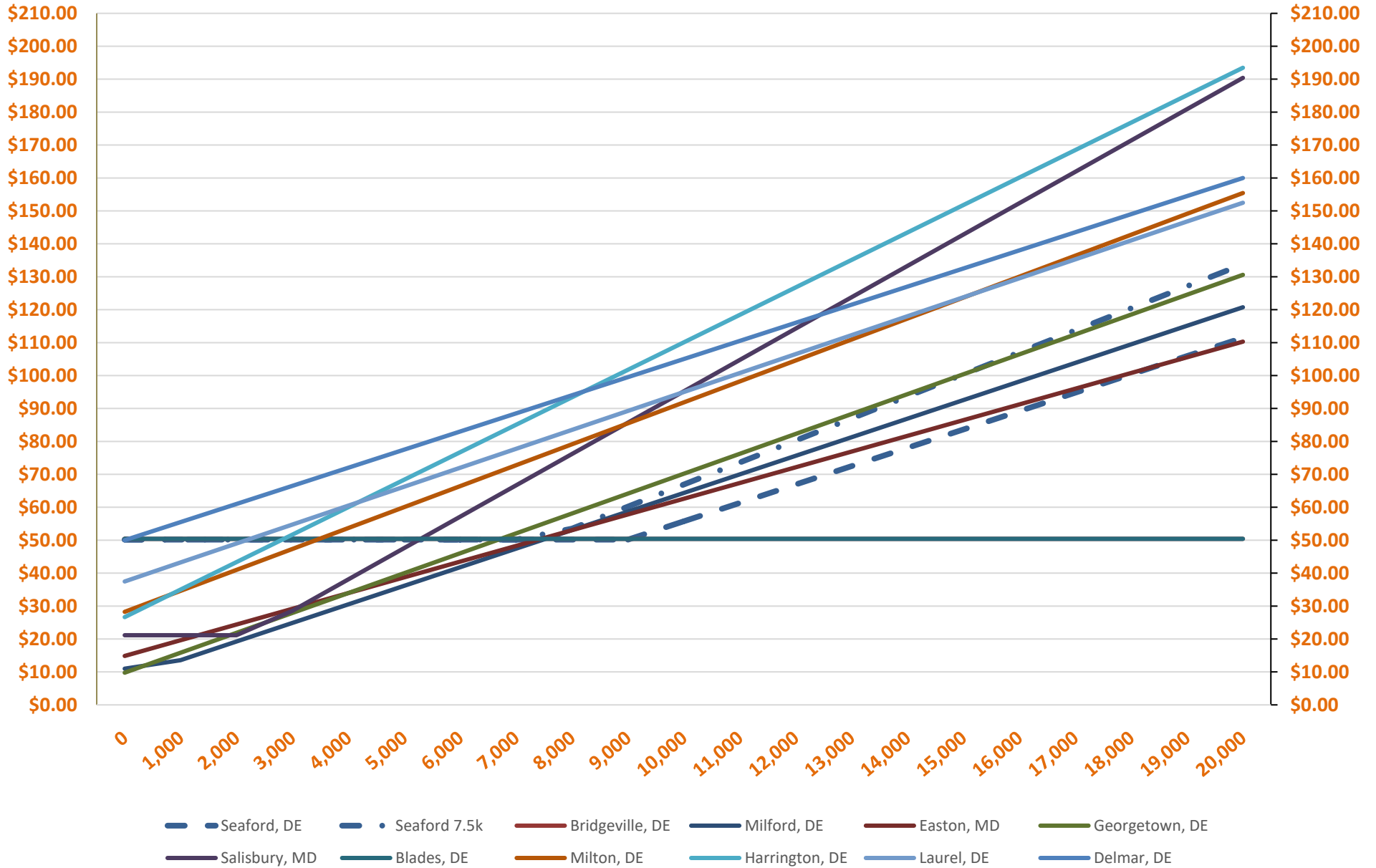
Sewer Rate Increase Options & Impacts

Sewer Department

	(A)	(B)	(C)	(D)	(E)
	Customer Class	FY 2023 Budgeted Revenues	Option 1 Impacts From 250 Gallons/Day EDU Change Only	Option 2 Impacts From the Same 2023 Social Security COLA	Option 3 Impacts For 4.0% Minimum Return on Equity
1	Flat Residential Non-Metered	\$1,275,326	\$0	\$110,953	\$213,112
2					
3	Metered Commercial/Industrial	\$1,270,282	\$132,880	\$110,514	\$212,269
4			10.5%		
5	Flat Commercial Non-Metered	\$35,529	\$0	\$3,091	\$5,937
6					
7	Total	\$2,581,136	\$132,880	\$224,559	\$431,318
8	Total Average Rate Impact		5.1%	8.7%	16.7%
9					
10	Current Retail Rate	<i>Per EDU</i>	\$50.17	\$50.17	\$50.17
11	% of MHI (Debt Forgiveness Min. 2.0%)		1.14%	1.14%	1.14%
12					
13	Monthly Bill Increase		\$0.00	\$4.36	\$8.38
14					
15	Proposed Retail Rate	<i>Per EDU</i>	\$50.17	\$54.53	\$58.55
16	% of MHI (Debt Forgiveness Min. 2.0%)		1.14%	1.24%	1.33%

Current Monthly "In-Town" Sewer Bill Comparisons

Based on a Range of Consumption in Increments of 1,000 Gallons per Month



City of Seaford

Sewer Rate Comparisons

Sewer Rate Comparisons

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Utility	First 3,000 Gallons	First 3,000 Gallons Diff. to Seaford	First 9,000 Gallons	First 9,000 Gallons Diff. to Seaford	Next 1,000 Gallons	Next 1,000 Gallons Diff. to Seaford
1	Seaford, DE	\$50.17		\$50.17		\$5.57	
2	Bridgeville, DE ¹	\$50.42	0.5%	\$50.42	0.5%	\$0.00	(100.0%)
3	Blades, DE ¹	\$50.42	0.5%	\$50.42	0.5%	\$0.00	(100.0%)
4	Easton, MD	\$29.17	(41.9%)	\$57.81	15.2%	\$4.77	(14.4%)
5	Milford, DE	\$24.86	(50.4%)	\$58.70	17.0%	\$5.64	1.2%
6	Delmar, DE	\$66.50	32.5%	\$99.50	98.3%	\$5.50	(1.3%)
7	Laurel, DE	\$54.75	9.1%	\$89.25	77.9%	\$5.75	3.1%
8	Georgetown, DE	\$27.90	(44.4%)	\$64.14	27.9%	\$6.04	8.4%
9	Milton, DE	\$47.33	(5.7%)	\$85.49	70.4%	\$6.36	14.1%
10	Harrington, DE	\$51.69	3.0%	\$101.73	102.8%	\$8.34	49.6%
11	Salisbury, MD	\$28.56	(43.1%)	\$85.68	70.8%	\$9.52	70.8%

Note: 1) Bridgeville and Blades are outliers with Sussex County Sewer that is fixed at \$50.42 per month meant for small residential customers only