



Town of Clayton
Sewer/Stormwater Committee Meeting Minutes
Monday, September 19, 2022
Town Hall, 414 Main Street, Clayton

Attendance:

Chairperson:	Mr. Carrow
Committee Members:	Mr. Paisley Ms. Burnett
Councilors:	Mr. Smith, Mayor
Staff:	Mr. Cote, Town Manager Melissa Knight, Recording Secretary
Guest:	
Absent:	

1. Call to Order

Mr. Carrow called the meeting to order at 6:30 p.m.

2. Old Business - None

3. New Business

a. Sewer Rate Structure

Mr. Carrow turned the floor over to the Town Manager. The Town Manager prepared a packet with the current information on the sewer rate structure and three (3) different options to discuss potentially going to one of the other options or stay at the same sewer rate structure the Town is currently using.

The Town Manager explained the spreadsheet. The first few columns show the average usage from August 2021 to August 2022. The column that has the blue and green colors basically shows the sewer usage 0-999 is .05% affecting 74 accounts, 1000-1999 is .90% affecting 1,360 and 9000-128999 is .05% affecting 79 accounts. The majority sewer usage range is 1000-1999.

The beige columns show the current sewer rate \$17.07 for the first 2,000 gallons \$6.50 each additional 1,000 gallons. The 0-999 usage for the 74 customers times the average usage of \$17.07 is \$1,263.18 an average of .03% sewer income. The 1000-1999 usage for the 1,360 customers is an average of .78% sewer income. The 9000-

128999 usage for the 79 customers is an average of .19% sewer income. This formula is used for the remaining columns in the spreadsheet, this is an average.

The Town Manager broke it down into three (3) options. The Town Manager and Mayor have had a couple of discussions as well as councilman Paisley. The Town Manager just wanted to put it down on paper to discuss the options. The Town Manager explained the options to the committee.

Option #1: The minimum sewer rate would remain the same at \$17.07 the \$6.50 would change to \$6.50 per 1,000 gallons; this option would give the Town an estimated total annual sewer revenue \$831,776.92 and an estimated net income of \$360,663.48.

Option #2: The minimum sewer rate would reduce to \$10.57 (which is a difference of \$6.50) the \$6.50 per additional 1,000 gallons; this option would give the Town an estimated total annual sewer revenue \$7183,762.92 and an estimated net income of \$242,649.48.

Option #3: The minimum sewer rate would reduce down to \$4.07 with \$6.50 per 1,000 gallons; this option would give the Town an estimated total annual sewer revenue of \$595,748.92 and an estimated net income of \$124,635.48.

The average sewer income at the current rate per month is \$49,356.91, option #1 is \$66,731.41, option #2 is \$56,896.91 and option #3 is \$47,062.41.

The average estimated annual late charges is \$31,000.00; this is very conservative. The Town Manager used this across the three (3) options. The annual late charges could be higher or lower depending on the customers paying on time.

The Town Manager used an estimated annual sewer expenses across the three (3) options in the amount of \$471,113.44.

The Town Manager opened for questions and discussion.

Chairman inquired about pricing on the sewer to be Town of Smyrna and Kent County.

The Town Manager stated the last time the Town experienced a price increase with Kent County was July 1, 2019, charging \$83.25 flat rate per customer. Flat rate meaning gravity feed into the Kent County pipeline in Southern View. This is where Kent County is charging the Town 1800 bdu's times \$83.25. We are basically charged two (2) different fees when it comes to sewer. The first half is what I just talked about. So your Old County Farms, Huntington Mills, Providence Crossing and few other homes on that side of Town that is what we pay Kent County per bdu's. The other part is what I call Old Town or Town Center that goes to our sewer treatment plant and gets pumped to the force main over to the manhole on the side of Xbo's and Smyrna Community Hardware on Route 300. That gets billed a little differently. I have done some research, the contract that was signed with Town of

Smyrna in 1984 is the other portion of the pumping fees that are calculated by algebraic. It's pretty simple, it just sounds difficult. It's the number of gallons from Clayton pumped to Smyrna divided by the total number of gallons from Smyrna pumped to Kent County that gives you a percentage, take that percentage and multiply that by Smyrna's total monthly bill that gives you a sum; that sum all times 10% overhead fees and usage charges we pay Smyrna on a monthly basis. The contract is for 60 years with the Town of Smyrna. The increase is passed down to us when Kent County increases their rates.

Committee Member Burnett using option #1 the average billing using 2,000 gallons' average billing will be \$30.07, option #2 \$23.57 and option #3 \$17.07, but that doesn't change anything but the 1,000's. The only one that would benefit would be those that used 1,000 gallons. So it would benefit our lower users who would pay less. The Town Manager said that was the thought process. We don't want this to be on the backs of the elderly or other people that are not using as much water or on a fixed income then some of the other folks. The difference is the Town will charge per 1,000; this will be in-line with Artesian billing.

Committee Member Burnett asked what is our thought process and what are we trying to accomplish? Is it because of the higher price or to make a profit? What is our ultimate goal?

The Town Manager explained the Statement of Revenue and Expenditures in 2019 the net income was \$120,37.40, in 2020 the net income was \$55,952.89. Committee Member Burnett, asked why was there a big difference? The Town Manager said in 2020 the pumping fee expenditure was not in line with Kent County pumping increase and the sewer line maintenance expenditures were higher as well. When I started to drill down into the expenditures for the line items I didn't understand why some of the expenses were there. It could have been a miss representation of what the expenses should be. Mayor stated the increase may have been from more residents being home during COVID causing the increase in expenditures. Chairman Carrow stated the issue on Wilson Avenue and Duck Creek sewer collapses the cost for those collapses were about \$100,000.00. The Town Manager believes they were coded incorrectly. With the net income in 2019 at \$120,137.40 at 2020 55,952.89, 2021 at 115,361.42 and \$63,265.13. With the different expenditures we have or the sewer brakes or those unanticipated expenditures the cost for infrastructure or replacements repairs I don't know if our net income margin is good enough and with all the work we have plan to refurbish the sewer in the next couple of years just finishing up Phase 1 of the CIPP lining infrastructure and getting ready to start Phase 2 and Phase 3.

The Town Manager recommend to the committee option #2, if we are not going to stay with the current rate structure. Option #1 is too much of a stretch.

Committee Member Burnett said with more people staying home, the cost of product and additional Public Works Crew the revenue needs to increase at some point to cover those expenditures. Is there an advantage for the front office for billing per 1,000 vs. 2,000 gallons?

The Town Manager thought about doing a flat rate like Kent County. The estimate per unit per month was \$38.00, currently Kent County is \$27.75 per month, that's astronomically higher than Kent County. This would be extremely burdensome on the lower sewer users. Committee Member Burnett, I would not be in favor of this option.

Committee Member Burnett, I feel that #1 and #3 is not an option. I feel that #2 or a variation of #2. If we jump from \$17.07 to \$23.57 I think that would be an option, but is \$10.07 the right amount for the minimum or some other kind of number. That would be my recommendation.

Committee Member Paisley selected option #2 if any adjustments need to be made. He also stated on behalf of all committee members we want the economic impact to be less as possible.

Chairman Carrow the Town has experienced infiltration with storm water with the lining. Will the Town continue to have this issue or will lining the sewer lines help the storm water infiltrating the sewer lines? Town Manager the lining will help the infiltration. If we see that the Town has a lot of money, will this be revisited to reduce the rate?

Town Manager if the Town net income is higher than it needs then we can revisit the rate structure down the road. Committee Member Burnett option #2 is my version so if you have any ideas for options, let's discuss those versions.

Committee Member Burnett with the electric rates increasing and other goods increasing this is a strain on households. To minimize the increase, we might be able to get \$23.57 at some point down the road, so it's not so drastic. For example, if we raised it did a minimum of \$8.07 and \$6.50 per 1,000 gallons a customers using 2,000 gallons, the billing would be \$21.07 or a minimum of \$7.07 and \$6.50 per 1,000 gallons a customer using 2,000 gallons the billing would be \$20.07. \$23.57 just seems much, but it does. In my opinion, this gives the Town a cushion and if we have to increase at a later date we could. Option #2 with a modified minimum.

Town Manager stated option #2 would be an increase of \$6.50 per unit, \$78.00 increase per year, based on 2,000 gallons.

Kent County raised the sewer rate in 2019 to \$83.25, prior to that the sewer fees were \$76.20 from 2008 to 2019. The Town of Clayton last sewer increase was January 2019 to the current rates.

Chairman Carrow stated it sounds like option #2 as written is the majority, the effective date being January 1, 2023.

Mr. Burnett made a motion to accept option #2 to increase the sewer rate to \$10.57 for the first 1,000 gallons and \$6.50 for every additional 1,000 gallons, effective January 1, 2023. Mayor Smith stated the motion was to increase, it's actually decreasing the first 1,000 gallons. Motion was amended.

Mr. Burnett made a motion to accept option #2 to decrease the sewer rate for the first 1,000 gallons to \$10.57 and \$6.50 for every addition 1,000 gallons, effective January 1, 2023, seconded by Mr. Paisley. Motion carried unanimously.

b. Possibility of 2nd Water Meter Buy Back

Chairman Carrow stated since the water system was sold to Artesian the question from homeowners is: Are we going to be reimbursed for the 2nd water meter, now that Artesian will be charging for that meter with no usage? The stats for the 2nd water meter is as follows: Total 132 water meters, two (2) purchased 09/2020 to 09/2021, prior to 2020, 130 were purchased and the cost for the 2nd water meter was \$250.00.

Artesian took possession of the water system on May 27, 2022. The agreement between the Town and Artesian that they would not do any increases or changes for six (6) months.

The Town Manager recommends to the committee to table this agenda item; not to purchase any 2nd water meters back from customers since 130 of them have had the 2nd water meter for three (3) years or more.

Chairman Carrow stated that his 2nd water meter was removed. He contacted Artesian to have them inspect to ensure that the removal was completed properly. Artesian did take the 2nd water meter. If they are taking the meter, how are we as a Town going to reimburse the customer for the meter?

The Town Manager stated Artesian is not supposed to take the meter. Lt. Scott had his 2nd water removed; Artesian tried to take the meter. Lt. Scott told them he purchased the meter; Artesian did not take his.

Mayor Smith stated the water meters are the assets of the water system so in reality Artesian owns the 2nd water meters.

Mr. Burnett made a motion not to purchase any water meter back; the Town Manager will address any question or concerns that our residents have regarding this issue, seconded by Mr. Paisley. Motion carried unanimously.

4. Scheduling of Next Meeting

No meeting scheduled at this time.

5. Adjournment

Mr. Paisley made a motion to adjourn the meeting at 7:58 p.m., seconded by Mr. Burnett. Motion carried unanimously.