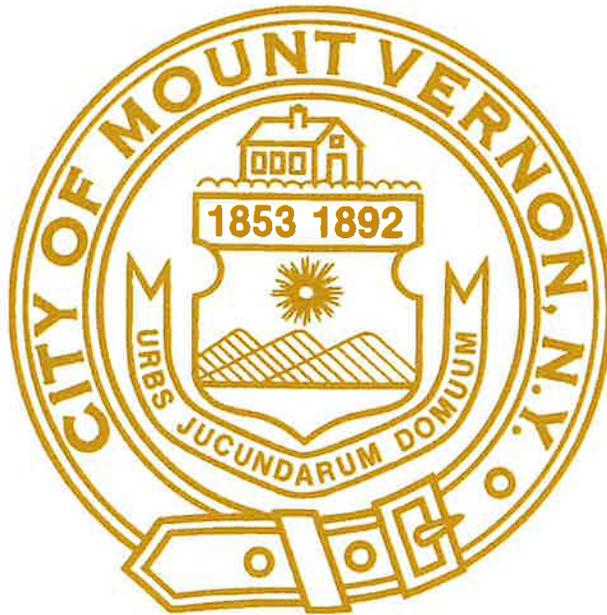


MOUNT VERNON

Board of Water Supply



PROPOSED WATER RATE INCREASE

Legislation Submission City Council Mount Vernon, New York

July 18, 2024

Carlton C. Spruill
Commissioner

Honorable City Council Members
 Honorable Mayor Shawyn Patterson-Howard
 City of Mount Vernon NY
 1 Roosevelt Square
 Mount Vernon, NY 10550

RE: PROPOSED WATER RATE INCREASE

Honorable Council Members,

The Board of Water Supply respectfully requests consideration and authorization to implement a **Water Rate Increase Effective January 1, 2025**. The legislation narrative substantiates the cash flow concerns of the Mount Vernon Board of Water Supply and serves as *an official request* for a rate increase to constituents for the cost of water and operations.

I would like to propose a rate increase of 18.1%. The increase represents a \$0.66 increment in the billable rate from \$3.64 to \$4.30. The minimum billable amount per quarter will change from \$54.60 to \$64.50 per quarter.

I would like to inform the Council of the compounding factors. The impact of the pandemic on the operation of the agency has been far-reaching. Also, the fiscal and legal challenges pre-pandemic are prevailing influences. We have made considerable recovery and progress over the past 5 years. Fiscal accountability has been re-established and operations have been advanced. The agency looks forward to even greater operational efficiency.

Inflation Cost of Water

The cost of water to Mount Vernon residents remains one the lowest in Westchester County. The Mount Vernon Board of Water Supply has not initiated a rate increase since 2018. However, the cost of goods and services has increased by approximately 50%. The direct cost of water has increased 21% (\$982,702) over the past 6 years.

Water Purchased Rate Increase Analysis						
	2018	2019	2020	2021	2022	2023
Previous Avg. rate	1,782.99	1,728.99	1,808.53	1,888.06	1,971.35	2,069.06
New Avg. rate	1,728.99	1,808.53	1,888.06	1,971.35	2,069.06	2,153.90
Rate Increase \$		79.54	79.53	83.29	97.71	84.85
Rate Increase %		5%	4%	4%	5%	4%

- Total increment in average water rate since 2018 is approximately 25 %

Historic Rates Per 100 Cubic Feet

Year	Amount	Variation	Percentage
2012	\$2.24	0	0%
2013	\$2.70	0.46	20.5 %
2014	\$2.90	0.20	7%
2015	\$3.05	0.15	5.1 %
2015	\$3.30	0.40	13.1 %
2016	\$3.30	0	0%
2017	\$3.30	0	0%
2018	\$3.75	0.45	13.63%
*2019	\$3.64	-0.11	-3%
2020	\$3.64	0	0
2021	\$3.64	0	0
2022	\$3.64	0	0
2023	\$3.64	0	0
2024	\$3.64	0	0

* Reduction in rate

Annual Cost of Water

Year	Per Mg	Cost
2018	1728.99	4,770,217
2019	1808.53	4,587,550
2020	1888.06	5,070,394
2021	1971.35	5,324,005
2022	2069.05	5,574,307
2023	2153.90	5,752,919

Inflation Cost of Operation

The cost of employee salaries, benefits and contract obligations have increased due the rise in cost of living. Salaries have increased by 31.20% in 2024. In 2019 the Board of Water Supply was severed from the City's benefit program. The Board of Water Supply established a new health benefit account for employees. The new cost of health benefits was considerably more and has increased by 120% since 2018.

Health Insurance Cost Analysis			
Year	Paid Premiums	\$ Amount Increased	% Increased
2017	519,566.78	-	0%
2018	519,566.78	-	0%
2019	540,715.20	21,148.42	4%
2020	1,060,218.88	519,503.68	96%
2021	966,188.10	(94,030.78)	-9%
2022	1,042,082.19	75,894.09	8%
2023	1,140,682.66	98,600.47	9%

- Health benefits cost increment is 120 %.

Salaries and Wages Cost Analysis

Year	Budgeted	Recorded Salaries	Difference from Previous Year
2017	-	2,479,831.61	-
2018	-	2,489,570.74	9,739.13
2019	-	2,540,989.38	51,418.64
2020	2,467,606.90	2,683,959.95	142,970.57
2021	2,709,511.92	2,504,066.20	(179,893.75)
2022	2,794,991.74	3,054,425.40	550,359.20
2023	2,889,938.99	2,883,611.59	(170,813.81)
2024*	3,246,403.32	-	362,791.73
Increase compared to 2017			766,571.71
% Increase compared to 2017			31%

- Net salaries and wage increments in 2024 is 31%
- Include 17.75% contract increment.

Budget Summary & Recommendations

The increase in the cost of operations and the unsustainable budget revenue over the past 6 years encourages an increase in the billable rate of water. An increase in the billable rate of water per 100-cubic feet will stabilize the operational cash flow and balance the operational budget for the future.

The proposed increase will provide approximately \$1,842,318 in budget revenue based upon average water consumption. The increment will ease the operational budget disparity.

Propose Legislative Rate Increase and Implementation

Proposed Billable Rate: \$4.30

Implementation: Date January 1, 2025

Proposed Water rate and Consumption Revenue

Current Water Billable Rate		\$3.64	Per 100 Cubic ft			
Current Minimum Billable Amount/Qtr		\$54.60	Per Quarter			
Consumption for 2023		2,791,391.00	Con. 100 Cubic ft			
Consumption Revenue for 2023		\$10,160,663.24				
Proposed Billable rate	\$ Change in Rate	Proposed Increase %	Minimum Billable amount	Increment with Minimum Bill/Quarter	Proposed Consumption revenue	Incremental Revenue
\$3.80	\$0.16	4.4%	\$57.00	\$2.40	\$10,607,285.80	\$446,622.56
\$3.90	\$0.26	7.1%	\$58.50	\$3.90	\$10,886,424.90	\$725,761.66
\$4.00	\$0.36	9.9%	\$60.00	\$5.40	\$11,165,564.00	\$1,004,900.76
\$4.10	\$0.46	12.6%	\$61.50	\$6.90	\$11,444,703.10	\$1,284,039.86
\$4.20	\$0.56	15.4%	\$63.00	\$8.40	\$11,723,842.20	\$1,563,178.96
\$4.30	\$0.66	18.1%	\$64.50	\$9.90	\$12,002,981.30	\$1,842,318.06
\$4.40	\$0.76	20.9%	\$66.00	\$11.40	\$12,282,120.40	\$2,121,457.16
\$4.50	\$0.86	23.6%	\$67.50	\$12.90	\$12,561,259.50	\$2,400,596.26
\$4.60	\$0.96	26.4%	\$69.00	\$14.40	\$12,840,398.60	\$2,679,735.36

The timing of implementation is as important as the needed increase. With consideration of all related concerns in the city and the effort to resolve the historic challenges, the initiation of the proposal will require review.

Rate Increment Justification

1. The Mount Vernon Board of Water Supply has not initiated a rate increase since 2018.
2. The **direct cost of water** has increased 21% to 25% (\$982,702) over the past 6 years.
3. The **cost of health benefits** for employees has increased by 120% since 2018.
4. The **cost of employee salaries**, benefits and contract obligations have increased due to cost of living and inflation. Salaries has increase by 31% in 2024.
5. The **impact of inflation** upon all operation goods and services.
6. Present negative operational cash flow without cash reserve.

Respectfully submitted,



Carlton C. Spruitt
Commissioner

CC: Nauman Ahamd, Chief Accountant
Dior Phillips, Business Analyst