

## Report of Rate Consultant

October 25, 2019

Charles G. Houghton III, Chair  
and the Members  
Albany Water Board  
10 North Enterprise Drive  
Albany, New York 12207

Members of the Board:

Pursuant to Section 6.2(b)(3) of the Financing Agreement between the City of Albany, the Albany Municipal Water Finance Authority (the "Authority"), and the Albany Water Board (the "Board"), dated October 1, 1987, and in our capacity as rate consultant pursuant to Section 709 of the Albany Municipal Water Finance Authority Water and Sewer System General Revenue Bond Resolution (as amended), we have completed a study of the Board's current rate structure for the purpose of providing recommendations as to any necessary or advisable revisions of rates, fees, and charges, as required under the Financing Agreement, and for the purpose of determining the Board's requirements as to system cash flow and compliance with its minimum debt service coverage ratio of 115%.

Our recommendation as to the system's rate structure is principally based on current cash flow, certain historical experience, and estimated future trends which may effect revenues and operating expenses. We have considered in our recommendation the debt service requirements under the Authority's current outstanding bond obligations and the effect of the future issuance of certain additional bond obligations, principally under the Long-Term Control Plan, which are expected to occur in future years (generally relating to federal and state governmental project mandates). The recommended rate structure contemplates the continued cash flow funding of certain planned capital projects and, in addition, continued enhancements to billing efficiencies and practices. The recommended rate structure also takes into account the conclusions of an independent engineering firm regarding the adequacy of funding levels for planned capital projects.

In connection with our study, and as more fully detailed in the attached *Schedule of Proposed Rate Structure*, we recommend a 2½ percent increase to the system's rate structure (which was last modified on January 1, 2019) to be effective on January 1, 2020. Our study also contemplates the likelihood that rate increases and/or other increases in revenues will be required in future years to both sustain the operations of the system and ensure compliance with the debt service coverage ratio. However, the specific need and timing for such increases, if any, will be evaluated and quantified in future years.

Very truly yours,

**UHY ADVISORS NY, INC.**



William M. Kahn

**ALBANY WATER BOARD**  
**SCHEDULE OF PROPOSED RATE STRUCTURE**  
**PROPOSED TO BE EFFECTIVE JANUARY 1, 2020**

	RESIDENTIAL/ COMMERCIAL RATE (A) <u>(per 100 cf)</u>	TIER I LARGE USER RATE (B) <u>(per 100 cf)</u>	TIER II LARGE USER RATE (B) <u>(per 100 cf)</u>	VACANT PROPERTY (per front foot, per year) <u>per year</u>
Rates Prior to January 1, 2019	\$2.67	\$4.85	\$5.82	\$2.41
Rates through December 31, 2019	\$2.72	\$4.95	\$5.94	\$2.46
Rates Effective January 1, 2020	<b>\$2.79</b>	<b>\$5.07</b>	<b>\$6.09</b>	<b>\$2.52</b>

----- SEWER CHARGE IS BILLED AT 100% OF ABOVE WATER RATES -----

- (A) *The minimum water charge for residential customers will be increased 2.5% from \$35.61 per 120 day billing cycle to \$36.50 per 120 day billing cycle (or, approximately \$0.30 per day).*
- (B) *A Tier I large user customer is defined as a customer who utilizes in excess of 120,000 cubic feet of water per month. A Tier II large user customer is defined as a customer who utilizes in excess of 600,000 cubic feet of water per month. Tier I and Tier II large user rates apply to all water usage for those customers who meet the user definition.*
- (C) *A 1% monthly finance charge (or 12% annually) is currently charged on any unpaid accounts (those not paid within 30 days of the date billed) based on the average monthly balance of the account.*
- (D) *A one-time penalty of 5% is currently charged to all accounts not paid within 30 days of the initial date of billing. An additional penalty of 5% is currently charged to all accounts delinquent as of November 15 of each year and, as such, subject to rollover and collection by the City of Albany on the City's general taxes.*
- (E) *Albany's water measurements, billings and rates are expressed in units of 100 cubic feet (cf). Approximately 1 cf is equivalent to 7.48 gallons; approximately 100 cf is equivalent to 748 gallons.*
- (F) *The system provides certain senior citizen residential owners, meeting age and income limitations, with discounts to the usage rates detailed in the above table.*
- (G) *For users outside the City of Albany's municipal borders who do not have an inter-municipal water purchase agreement, the water rates are effective at 1.5 times the usage rates detailed in the above table.*

**ALBANY WATER BOARD**  
**SCHEDULE OF COST RECOVERY AND OTHER COMMERCIAL RATES**  
**EFFECTIVE JANUARY 1, 2019 (UNCHANGED ON JANUARY 1, 2020)**

**Air Conditioning (Annual)**

Recirculating	\$19.50/H.P.
Non-recirculating	\$94.00/H.P.

**Refrigeration (applies to existing services only)**

Recirculating	\$19.50/Ton
Non-recirculating	\$94.00/H.P.

**Fire Service/Sprinklers (Annual)**

3" service or less	\$185.00
4" service	\$300.00
6" service	\$550.00
8" service	\$730.00
Over 8" service	\$1,100.00

**Fire Hydrant Charges**

Base permit charge for up to 5,000 gallons (Up to 10 calendar days)	\$485.00
Charge for each additional day (beyond 10 days)	\$45.00
Charge for each 1,000 gallons (Over 5,000 gallons)	\$7.30
Fire hydrant meter deposit	\$510.00
Fire hydrant meter back flow valve (city owned) deposit	\$205.00
Daily use fee (up to 10 calendar days)	\$10.00
Charge for each additional day beyond (10 calendar days)	\$20.00
Fire hydrant meter back flow valve (private owned) inspection only	\$25.00
Unauthorized hydrant use fee/penalty	\$1,000.00

**Closing Meter Reading Charge**

A charge of \$50.00 will be made for each closing reading taken by Water Department personnel.

**Fire Flow Charges**

\$340.00 each test.

**Turn On/Shut Off Charges**

Curb box \$40.00; branch valve \$55.00 (4" or larger).

**Missed Appointment Charge**

A charge of \$50 will be assessed for any missed appointment/no show (after the second attempt).

**Denial of Access Charge**

A charge of \$250.00 will be assessed for denial of access to replace, repair, inspect, or otherwise access Water and Sewer devices and equipment that may be located at private residences.

**Theft of Services Charge**

A charge of \$650.00, plus value of services stolen, will be assessed to property owners who receive water that is not recorded by the meter. This includes tampering with the meter and/or bypassing the meter.

**Other**

Charges for labor and materials, for work performed on private property pursuant to a signed consent form, will be billed at the Department of Water and Water Supply's direct costs, plus a 30% overhead fee.

**ALBANY WATER BOARD**  
**SCHEDULE OF MATERIAL AND LABOR FEES**  
**EFFECTIVE JANUARY 1, 2019 (UNCHANGED ON JANUARY 1, 2020)**

**Tapping Charges**

3/4"	\$457.00
1"	\$570.00
1 1/2"	\$685.00
2"	\$801.00
4"	\$1,032.00
6"	\$1,258.00
8"	\$1,487.00
12"	\$1,707.00

*All tapping rates include material and equipment charges.*

**Fees on Water Meters**

Meter with Orion Head 5/8"	\$250.00
Meter with Orion Head 1"	\$386.00
Meter with Orion Head 1-1/2"	\$759.00
Meter with Orion Head 2"	\$898.00
Meter only: 5/8"	\$78.00
Meter only: 1"	\$229.00
Meter only: 1-1/2"	\$593.00
Meter only: 2"	\$807.00
Orion Head only: 5/8" through 2"	\$188.00

*Fees on water meters are based upon current market conditions and are subject to change. Please call for current prices of meters or heads in excess of 2".*

*Due to uncertain freight costs, the Albany Water Board reserves the right to adjust the costs for meters and heads.*

**ALBANY WATER BOARD**  
**SCHEDULE OF MATERIAL AND LABOR FEES**  
**EFFECTIVE JANUARY 1, 2019 (UNCHANGED ON JANUARY 1, 2020)**

**Frozen meter replacements**

Customer will be charged for the cost of a new meter, for the size currently in place, plus labor and materials:

- Labor charge during working hours: \$175.00 (Plus cost of meter)
- Labor charge during non-working hours: \$260.00 (Plus cost of meter)

<b><u>Water Service Repair Charges/Termination</u></b>	
¾" up to 1" service repair	\$4,750.00
1 ¼" up to 2" service repair	\$5,200.00

<b><u>Fire Branch and Private Water Main Repair Charges</u></b>	
4"	\$4,831.00
6"	\$4,970.00
8"	\$5,083.00

**Other Fees/Charges**

Base permit fee on all water and sewer applications: \$50.00

New sewer connection fees:

Residential	\$160.00
Commercial	\$370.00
Industrial	\$700.00

Hydrant Repair/Replacement Fees:

Repair	\$530.00 (plus materials)
Replacement	\$4,750.00

Meter Selection:

All meters shall be selected for a minimum 95% accuracy at anticipated low flows. Meter selection and cross-connection control device selection shall be reviewed and approved by the Department of Water and Water Supply.