

“How Much Am I Going To Have To Pay For Water?”

and other Frequently Asked Questions about the proposed water and sewer rates in LBT
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In the October 2021 Long Beach Township (“LBT”) public meeting, Ordinance 21-30C was formally introduced, which proposes revised fees for LBT’s water and sewer services.

Subsequently, a representative from each of the six taxpayers associations in LBT¹ met together with Commissioner Ralph Bayard and Business Administrator Kyle Ominski to ask and get answers to questions about the proposed changes. This FAQ is a result of that meeting. Use the Find Function in Word to maneuver quickly around the document.

If you have further questions, please direct them to your individual taxpayer association.

- 1) How much am I going to have to pay for water?
- 2) How much am I going to have to pay for sewer?
- 3) What happens if I use more than 15,000 gallons of water in a quarter?
- 4) If I use less than 15,000 gallons of water in one quarter, can the “credit” be rolled over to the next quarter?
- 5) Why is extra water usage calculated above 15,000 gallons per quarter instead of 60,000 gallons per year?
- 6) I only come to LBI occasionally January through March. Can I get a reduction in that quarter’s charge?
- 7) How were the annual base rate for water and the quarterly allotment of 15,000 gallons determined?
- 8) I have paid \$531 for sewer every year for the past nine years. Why would the sewer charge increase so much?
- 9) Would all the areas in LBT be charged the same rates for water and sewer?
- 10) Why are these changes happening at all?
- 11) Are these proposed water usage levels and water and sewer rates set in stone?
- 12) Math was never my strong suit. Can you show me an example of water charges?
- 13) Do I have to pay the full \$650 and \$750 up front?
- 14) When can I expect to receive a bill?
- 15) How can homeowners get access to their actual usage before the bill arrives?
- 16) Are businesses charged at a different rate for water & sewer than residences?
- 17) Where can I find a copy of the actual proposed ordinance?
- 18) When is the vote scheduled for this ordinance?

¹ Brant Beach Taxpayers Association (“TA”); High Bar Harbor TA; Holgate TA; LBT10 TA; Loveladies Property Owners Association; North Beach TA

- 1) **How much am I going to have to pay for water?** \$650 per year is the proposed base charge per water meter on a residential property. The \$650 base charge includes 15,000 gallons of water per quarter.

If you use more than 15,000 gallons of water in any one quarter, you would be billed on a sliding scale for the extra water usage. The full rate schedule for water usage beyond the base allotment of 15,000 gallons per quarter per meter is included in #3 below.

- 2) **How much am I going to have to pay for sewer?** \$750 per year per meter on a residential property. There is one annual, flat-fee charge for sewer services -- no extra charge, as there is for water usage.
- 3) **What happens if I use more than 15,000 gallons of water per quarter?** You would be billed for the amount of water you used in excess of 15,000 gallons. The schedule below shows how much the charges would be per quarter per meter in a residential property:

15,001 – 25,000 gallons	\$2.00 per 1,000 gallons
25,001 – 50,000 gallons	\$4.00 per 1,000 gallons
50,001 – 100,000 gallons	\$8.00 per 1,000 gallons
100,001 – 150,000 gallons	\$12.00 per 1,000 gallons
150,001+	\$16.00 per 1,000 gallons

- 4) **If I use less than 15,000 gallons in one quarter, can the “credit” be rolled over to the next quarter?** No. Every quarter stands alone. Whether you use 10 gallons or 15,000 gallons in one quarter, you would be billed the base charge of \$162.50 because the \$650 ANNUAL water charge divided by 4 quarters = \$162.50 per quarter. The gallon count goes back to zero at the beginning of the next quarter.
- 5) **Why is extra water usage calculated above 15,000 gallons per quarter instead of 60,000 gallons per year (15,000 x 4 = 60,000)?** We have water meters because the State of New Jersey mandated their installation and use in an effort to reduce water consumption across the state and to conserve this important natural resource.

There would be no incentive to reduce water consumption if the base rate were to be calculated annually. By billing quarterly, attention is focused on water usage throughout the year, not just when one bill arrives at year’s end – and then it would be too late to make adjustments in your water usage because the charges would be for the previous 12 months.

You can’t manage what you can’t measure and having a water meter allows you to do both. You will see exactly how much water you are using and then you can make decisions about any changes you might want to make, if necessary, to have a different outcome during the next three months.

- 6) **I only come to my LBI home occasionally January through March. Can I get a reduction in that quarter’s water charge?** No, because the infrastructure behind that service runs 24/7 365 days a year, e.g., pump houses, water plants, pipe and hydrant maintenance. All of this physical equipment must be maintained so that when you turn your faucet on February 15,

you won't have to waste even one second wondering if the water is going to come out of the tap.

7) ***How were the annual base rate for water and the quarterly allotment of 15,000 gallons determined?***

Base rate for water: The annual base rate of \$650 per water meter on a residential property was determined by taking the total amount of LBT's water budget and dividing the amount by the number of LBT properties.

There is no way to know in advance how much water LBT residents will choose to use in 2022. New Jersey law restricts the ability of municipalities to budget for "anticipated" revenues," which would be the money collected next year for water use above 15,000 gallons per quarter per meter. In other words, revenue projections must be based only on a historical context and projected revenues for extra usage cannot be factored into the current budget numbers. That is why the \$650 annual base charge was established the way it was.

The mayor, commissioners and LBT Water/Sewer Department personnel will review how much revenue was collected in the coming year and, if there is a surplus, the \$650 annual charge could be adjusted downward for 2023. As mentioned below in #11, it is the intention that over-collections would be used to lower the 2023 rate, barring, of course, any unexpected emergency expenses or added costs related to unforeseen challenges like a pandemic. Conversely, under-collections would most likely be charged for by adjusting the following year's rates.

Quarterly allotment: The quarterly allotment of 15,000 gallons was determined by looking at similar municipalities, such as Avalon, who already have water meters, and by determining what has been successful for them.

The commissioner has been very clear (so clear that it is also stated in the answer to question #11 below): To the Township, water/sewer charges are not a money maker; the idea is for revenue to cover expenses and, thus, to break even. It is required by law in the state of New Jersey that the water/sewer budget must be kept separate from the general Township budget and the revenues cannot mix. Water and sewer revenues are never used to cover other capital expenses or for any other budget items.

8) ***I have been paying \$531 for sewer for the past nine years. Why would the sewer charge increase so much?*** There are several reasons for the rate increase: The pandemic resulted in many more people staying on the island longer than in previous years or moving here full-time.

In addition, there was an increase in the number of sewer projects in LBT. It costs money to fund the Township's strategy to rebuild the entire infrastructure and to maintain a proactive maintenance schedule. Adhering to such a strategy significantly reduces the probability that Township residents would face crippling emergency outages in the future.

Also, the cost for service charged by the Ocean County Utility Authority, which does all of our sewer processing, has increased dramatically.

The fact that there has been no increase in sewer rates for the last nine years – the last one was in 2013, right after Sandy – also contributed to the need for such a dramatic adjustment. In retrospect, it would have been better to have raised the rate gradually over that period of time. That did not happen, obviously, so now it all comes down to the math, with the intent to break even: Sewer expenses divided by the number of properties.

- 9) ***Would all the areas in LBT be charged the same rates for water and sewer?***² Yes. In the past, some areas of LBT paid a disproportionately higher amount for water and sewer than other areas of LBT. This new structure eliminates that imbalance.

How much you pay for water, for example, is based only on your own, actual usage: If your house is bigger than your neighbor's and you have more teenagers taking showers and an irrigation system, you presumably use more water than they do and you would be charged accordingly.

- 10) ***Why are these changes happening at all?*** Because the State of New Jersey mandated the installation and use of water meters in an effort to reduce water consumption across the state and to conserve this important natural resource. Since the presence of water meters required a new system of billing and changes in the rate structure, it seemed like a logical time to also make a change in the billing rate for sewer services.

- 11) ***Are these proposed rates and quarterly usage levels set in stone?*** No. After the first year, and every year after that during the budget process, current levels will be assessed. These proposed rates are based on the combined 2022 water and sewer budget of approximately \$13M.

The mayor, commissioners and Water/Sewer Department personnel will review how much revenue was collected during the previous year and, if there is a surplus or deficit, the annual charge – proposed for 2022 at \$650 for water and \$750 for sewer -- would be adjusted appropriately. Unexpected emergency expenses and the added costs of unforeseen situations, such a pandemic, would also factor into these adjustments.

Until the Township has reliable metered data from all users, however, they won't be able to adjust or fine tune the rate structure. For example, in the past, no one knew how many gallons of water the Township purchased from our suppliers. Currently, LBT pays a percentage of the overall water budget or is billed by our suppliers Harvey Cedars, Ship Bottom, Surf City, Barnegat Light and Beach Haven. Going forward, flow meters will be installed on all interconnections with other water systems so LBT will know -- for the first time ever -- exactly how much water the Township purchases.

All of these data points and others would drive rate changes in the future. A separate over/under account would be maintained to track actual revenues. As mentioned above and elsewhere in this document, it is the intention that over-collections would be used to lower the 2023 rates , barring, of course, any unexpected emergency expenses or added costs related to unforeseen challenges like a pandemic. Conversely, under-collections would most likely be charged for by adjusting the following year's rates.

² From north to south: High Bar Harbor, Loveladies, North Beach, Brant Beach, LBT10, Holgate

The commissioner has been very clear (so clear that it is also stated in the answer to question #7 above): To the Township, water/sewer charges are not a money maker; the idea is for revenue to cover expenses and, thus, to break even. It is required by law in the state of New Jersey that the water/sewer budget must be kept separate from the general Township budget and the revenue cannot mix. Water and sewer revenues are never used to cover other capital expenses or for any other budget items.

12) **Math was never my strong suit. Can you give me an example of water charges?**

	<u>Gallons Used</u>	<u>You would be billed</u>
First quarter water usage:	14,000 gallons	\$162.50 (base rate only)
Second quarter water usage:	18,000 gallons	\$168.50
Third quarter water usage:	31,000 gallons	\$206.50
Fourth quarter water usage:	16,000 gallons	\$164.50
	TOTAL	\$702.00

Show your work, please:

First quarter: Less than the allotted 15,000 gallons per quarter was used during that quarter so there is no extra charge beyond the base amount, which is \$650 *per year*. \$650 divided by 4 = \$162.50

Second quarter: No extra charge up to the base allotment of 15,000 gallons, but an extra charge of \$2.00 was applied for every 1,000 gallons above the base amount. 3 x \$2 = \$6 + the base amount of \$162.50 = \$168.50

Third quarter: An extra charge of \$2.00 was applied to every 1,000 gallons beyond 15,000 up to 25,000. After that amount was reached, an extra charge of \$4.00 per 1,000 gallons was applied to gallons 25,001 – 31,000.

$$\begin{aligned} & \$162.50 + (\$2 \times 10) + (\$4 \times 6) = \$206.50, \text{ which paid for} \\ & 15,000 \text{ gallons} + 10,000 \text{ gallons} + 6,000 \text{ gallons} = 31,000 \text{ gallons} \end{aligned}$$

Fourth quarter: No extra charge up to the base allotment of 15,000 gallons, but an extra charge of \$2.00 was applied for every 1,000 thousand gallons above the base amount, which in this case was \$2. Base amount \$162.50 + \$2 = \$164.50

13) **Do I have to pay the full \$650 and \$750 up front?** No. You will be billed quarterly for water and sewer – two separate charges on one bill. The billing schedule is included in the answer to #14 below.

14) **When can I expect to receive a bill?** You can expect to receive four invoices during the calendar year on the following schedule:

- 2022 First quarter (“Q”) billing date: February 5, due by March 1 (base rate only)
- Second quarter billing date: May 5, due by June 1 (base rate + Q1 excess)
- Third quarter billing date: August 5, due by September 1 (base rate + Q2 excess)

Fourth quarter billing date: November 5, due by December 1 (base rate + Q3 excess)
2023 First quarter billing rate: February 5, due March 1 (base + excess 2022 Q4)

The amount of your excess charges on each invoice would be determined by how much water you used during the previous quarter.

- 15) **How can homeowners get access to their actual usage before the bill arrives?** The Township is working on creating an app. More information will follow.
- 16) **Are businesses charged at different rates for water and sewer than residences?** Yes. Commercial water rates would be \$800 for the year plus \$6.00 for each 1,000 gallons used per meter per quarter. Non-residential units would be charged \$1,200 for sewer services.
- 17) **Where can I get a copy of the actual proposed ordinance?** Call the LBT Municipal Clerk's office at 609.361.6633 and request a copy be sent as an attachment to your email address. Until the ordinance is passed, it is not available online on the LBT website.
- 18) **When is the vote scheduled for this ordinance?** November 1, 2021, at the next regularly scheduled LBT public meeting, **IF** there are no changes or rewrites between now and then. If there are no revisions, the ordinance would come up for a vote and Mayor Mancini, Commissioner Ralph Bayard and Commissioner Joseph Lattanzi would cast their votes yea or nay. If the majority vote is yea, the ordinance becomes an official Township regulation. Township public meetings are open to the public. They are scheduled on the first Monday of the month beginning at 4 pm in the courtroom of the LBT Municipal Building on 68th Street in Brant Beach. Before the mayor and commissioners vote on any ordinance at these meetings, the mayor invites members of the audience to come forward and speak about it or ask questions.