

# The Bordentown Sewerage Authority

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## **Sewer Rate Increase Effective January 1, 2018**

Throughout the existence of the Authority, the Authority staff, financial professionals, and Board members have closely reviewed the rates that are charged to our customers on an annual basis to make sure all financial obligations and operational requirements could be met. For many years, the rate base was stable and no rate increases were considered. In 2001 and 2004, the Authority was able to provide rebates to our customers.

In May 2011, the Authority was advised that Ocean Spray (its largest industrial customer which accounted for 12% -15% of its revenues) was leaving Bordentown. In July 2012, the Authority was forced to increase the Sewer service charge by 5% primarily due to the pending departure of Ocean Spray. This was the first rate increase since 1991.

The Authority's sewer rents, which are comprised of a flat quarterly service charge and a charge for every 1,000 gallons of water used, have historically remained consistent and were subsidized by the connection fees that were collected by the Authority from new users for many years. With the economic downturn in 2008, new construction slowed and the connection fee revenue we anticipated slowed.

The Board carefully reviewed and deliberated for many months on the rate structure in 2016. The depletion of collected connection fees and the loss of Ocean Spray made it necessary to increase the rates by ten percent (10%) in 2016. In addition to the Ocean Spray impact, the Authority debt service is increasing between now and 2021. For these reasons, the rates have increased twelve percent (12%) for 2017, and an additional five percent (5%) for 2018. Any customers who qualify for the Senior Citizen discount will see no increase in rates.

The Authority will continue to review the rate structure on an annual basis to keep the Authority strong financially and efficient as we pursue our mission to keep Bordentown Township and Bordentown City environmentally safe.