

# Section 10

## Financial Considerations

### 10.1 Introduction

This section presents the financial aspects related to implementation of the recommended plan for wastewater collection, disposal and treatment for the Town of Stonington. The financial assessments included in this Section are based on the recommended plan presented in Section 8.

Implementation of the recommended plan would be phased over time, based on the need to provide improved wastewater treatment, implement solutions to the sewer needs areas, and make minor improvements to the existing collection systems. The initial phases of the recommended plan include construction of upgrades to the three existing WPCFs that will enable the Town to meet its projected needs for the 20-year life of this Wastewater Facilities Plan, provide sufficient treatment capacity, and to eventually meet its effluent total nitrogen wasteload allocation. Once these improvements are complete, collection system improvements (i.e., recommended collection system modifications, expansion into sewer needs areas, etc.) would occur. The recommended project schedule is shown in Figure 8-1.

Nine sewer needs areas are included in the recommended plan. These areas have been identified as “critical” or “high” priority based on need. Critical area recommendations include a community system for the Marjorie Street area and collection system extension into the Elm Ridge Road area. High priority area recommendations include collection system extension into the Roseleah Drive, Pequot Trail, Cronin Avenue/ Holly Drive, Latimer Point, Marlin Drive, Greenhaven Road, and Mark Street areas. Recommended improvements to the existing collection system are minimal and assumed to occur as needed over the 20-year planning period, likely occurring after completion of the recommended wastewater treatment and flow transfer facilities.

The impact of the improvements on revenue requirements and user rates has been evaluated for two implementation plans.

- Implementation Plan No. 1 includes construction of:
  - wastewater treatment and flow transfer improvements,
  - collection system modifications,
  - a community system for Marjorie Street area, and
  - extension of the collection system into the Elm Ridge Road area.

- Implementation Plan No. 2 is the full recommended plan as outlined in Section 8 and includes construction of:
  - wastewater treatment and flow transfer improvements,
  - collection system modifications,
  - a community system for Marjorie Street area, and
  - extension of the collection system into the Elm Ridge Road, Roseleah Drive, Pequot Trail, Cronin Avenue/Holly Drive, Latimer Point, Marlin Drive, Greenhaven Road, and Mark Street areas.

Expenses, revenue requirements and rates have been projected using standard industry methods. The analysis relies heavily on data and information provided by the Town of Stonington and dates back to 2005. These projections have been based on the total costs of the recommended improvements. Costs have then been allocated to ratepayers and taxpayers in accordance with current town funding principles. The impact on typical households has then been illustrated.

The Town's required revenue has been assessed taking into account likely changes in capital and operating costs, outstanding debt service and likely changes in sewer demand. A calculation model has been developed that allows quick and systematic evaluation of alternatives and development of "what if" scenarios. The model was utilized to project total revenues and expenditures through fiscal year FY 2025. The projected expenses have taken into account the estimated costs of new projects and improvements, financing costs, and alternative financing methods.

## 10.2 General Assumptions

Projections of the potential impacts of the planned wastewater improvements are based on FY 2005 financial information projected through FY 2025 have been developed using the following key assumptions:

- The cost of operating and maintaining the sewer system would be recovered through sewer user fees assessed to retail customers.
- Operation and maintenance expenses and other expense data used in the water and wastewater rate model have been based on the FY 2005 sewer budget. All Town operating costs for its contract operations are assumed to also follow this inflationary pattern of 4.5 percent except for labor related expenses that are inflated annually by 3 percent. These rates are indicative of current trends given the existing agreement with U.S. Water Service Company and rising energy costs.
- Capital costs are inflated at a three percent average annual rate. It is assumed that no grants are available to defray the capital costs to be incurred by the Town.

- Miscellaneous revenues and other revenue data used in the wastewater rate model have been based on FY 2005 sewer budget.
- Existing debt service has been based on the current debt schedules provided by the Town of Stonington with allocations between betterments and general fund responsibilities.
- Water consumption data used in the wastewater rate model has been based on Table 3-5.
- The Town would fund its capital improvements with general obligation debt assumed to carry a 6-percent interest rate for a 20-year term. The allocation of the resulting debt service costs to customers is discussed in a subsequent subsection.
- There are an estimated 6,800 households in the Town of Stonington, with 4,100 residential sewer customers.
- The number of sewer customers would increase in future years as collection system improvement projects are undertaken. It is projected that the number of customers would grow slightly, approximately 0.04 percent per year. Billable consumption would increase in proportion to the increase in customers.
- As of FY 2004, the WPCA currently bills customers at a rate of \$3.40 per hundred cubic feet (hcf).

In addition, it has been assumed that the Town's current funding policy for the sewer system would continue. Under that policy, the capital costs for treatment plant upgrades and modifications and other "back-bone" facilities would be paid through the Town's general fund. That means each resident or business would pay a proportionate share of those costs based on the value of their property relative to the total property tax base in the Town. For sewer collection extension projects, 50 percent of the cost would be paid from the general fund and 50 percent of the cost would be paid through special assessments to benefiting properties. Sewer system operating and maintenance costs would be recovered through user charges.

## **10.3 Financial Analysis – Implementation Plan No. 1**

This section describes the financial impact of Implementation Plan No. 1 as outlined above.

### **10.3.1 Revenue Requirements and Projections**

This section defines revenue requirements for the wastewater treatment and collection systems. The three main components of revenue requirements include: operations and maintenance expenses, capital costs, and miscellaneous revenues. For purposes of this analysis, the total revenue requirement was projected even though a portion of it is assumed to be recovered through general taxes.

The costs associated with operations and maintenance expenses are departmental salaries, operating expenses, and administration and general expenses. The capital costs include existing debt service; capital outlay consists of improvement projects and equipment replacement; and new system improvements. The last main component of revenue requirements is miscellaneous revenues that consist of utility interests and liens and other miscellaneous revenues that offset total expenses.

**Table 10-1** summarizes the estimated operations and maintenance costs (O&M) for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. The largest element of the Town's O&M expenses is its contractual obligation to U.S. Water Service Company to operate the wastewater treatment system. It is assumed that the substance of that agreement is carried through the forecast period, though a renegotiation of the existing contract would be in WPCA's interest. Total operating and maintenance expenses are projected to increase from approximately \$2 million in FY 2005 to \$4.7 million in FY 2025.

<b>Table 10-1</b>					
<b>Operations and Maintenance Costs – Implementation Plan No. 1</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Labor	\$ 132,431	\$ 153,524	\$ 177,976	\$ 206,323	\$ 239,185
Contract Operations	\$ 1,550,000	\$ 1,931,582	\$ 2,407,103	\$ 2,999,688	\$ 3,738,157
Equipment	\$ 245,000	\$ 305,315	\$ 156,229	\$ 194,690	\$ 242,619
Other Services	\$ 17,500	\$ 21,808	\$ 27,177	\$ 33,867	\$ 42,205
Manholes set to Grade	\$ 12,000	\$ 14,954	\$ 18,636	\$ 23,223	\$ 28,941
Wastewater Facilities Plan	\$ 2,600	\$ -	\$ -	\$ -	\$ -
Permits Fees	\$ 3,000	\$ 3,739	\$ 4,659	\$ 5,806	\$ 7,235
Purchase Nitrogen Credits	\$ 6,309	\$ 32,536	\$ (8,173)	\$ (5,189)	\$ (239)
New O&M Expenses	\$ -	\$ -	\$ -	\$ 290,412	\$ 361,907
<b>Total O&amp;M Expenses</b>	<b>\$ 1,968,840</b>	<b>\$ 2,463,457</b>	<b>\$ 2,783,606</b>	<b>\$ 3,748,821</b>	<b>\$ 4,660,009</b>

**Table 10-2** summarizes the total (existing and new) debt service. The debt service for the Town would increase from \$1.2 million in FY 2005 to \$4.2 million in FY 2025. Table 10-2 only includes that debt service to be recovered from general revenues and not the amount that may be allocated to properties through betterments. The increase in debt service reflects the construction of the proposed treatment plant upgrades, collection system improvements, and the two critical need areas recommendations. In FY 2015, the planned improvements would increase total debt service by nearly \$2.0 million.

<b>Table 10-2</b>					
<b>Debt Service – Implementation Plan No. 1</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Total Existing Debt Service	\$ 1,157,522	\$ 854,287	\$ 350,072	\$ 11,022	\$ -
New General Obligation Debt	\$ -	\$ 841,968	\$ 2,787,856	\$ 4,049,898	\$ 4,180,228
<b>Total Debt Service</b>	<b>\$ 1,157,522</b>	<b>\$ 1,696,255</b>	<b>\$ 3,137,928</b>	<b>\$ 4,060,920</b>	<b>\$ 4,180,228</b>

Miscellaneous revenues are the third element of revenue requirement. In FY 2005, the Town estimates that it would receive approximately \$34,000 from miscellaneous sources including interest and liens and other miscellaneous revenues. It is assumed that miscellaneous revenues remain flat throughout the forecast period. As noted above, the Town uses general taxes or special assessments to support debt service. This is assumed to continue for both currently outstanding and new debt required to finance the treatment plant upgrades and the sewer extensions.

**Table 10-3** summarizes the total operational and maintenance costs, miscellaneous revenues, and property tax support to calculate rate revenue requirements for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. O&M expenses are projected to increase from \$2 million in FY 2005 to \$4.7 million in FY 2025. Property tax supported debt service is projected to increase from \$1.2 million to \$4.2 million. The total revenue requirement is projected to increase from \$3.1 million in FY 2005 to \$8.8 million in FY 2025. In FY 2025, the bulk of the revenues will be coming from property taxes to meet debt service requirements.

<b>Table 10-3</b>					
<b>Net Rate Revenue Requirement – Implementation Plan No. 1</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
O&M Costs	\$ 1,968,840	\$ 2,463,457	\$ 2,783,606	\$ 3,748,821	\$ 4,660,009
Miscellaneous Revenues	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000
Property Tax Supported Debt Service	\$ 1,157,522	\$ 1,696,255	\$ 3,137,928	\$ 4,060,920	\$ 4,180,228
<b>Net Rate Revenue Requirement</b>	<b>\$ 3,092,362</b>	<b>\$ 4,125,712</b>	<b>\$ 5,887,534</b>	<b>\$ 7,775,741</b>	<b>\$ 8,806,237</b>

### 10.3.2 Impact on Customers

The impact on customers has been evaluated in two stages. The first stage projected the impact of the wastewater treatment and collection system upgrades on operating and maintenance expenses. These costs would be recovered through sewer user fees. The second stage determined the impact of anticipated debt service. As noted previously, the general fund pays for debt service associated with plant upgrades and half of the debt service associated with sewer expansions. The remaining portion of sewer expansion debt service is allocated to project beneficiaries through betterments. Our projections of customer impacts excludes betterments that a particular property may be required to pay.

**Sewer Rate Projections**

Sewer customers are obligated to pay, through use fees, the costs of operating and maintenance expenses. As described above, operations and maintenance costs are projected to increase from approximately \$2 million in FY 2005 to \$4.7 million in FY 2025, an average increase of nearly 5 percent per year. This reflects the change in plant costs, inflation over the forecast period and moderate increases in operating costs resulting from system expansion. It is also assumed that there would be a small increase in the number of customers served by the sewer system.

In 2025, sewer use fees would need to generate an average total of \$4.7 million to maintain the solvency of the sewer fund. The sewer rate would increase from \$3.40 per hcf to approximately \$9.20 per hcf.

**General Fund Impact**

Debt service costs associated with the proposed improvements would be paid out of the general fund. Debt service costs to be paid from the general fund are projected to increase to approximately \$8.8 million by the year FY 2025.

**10.3.3 Typical Household Bills**

The amount a household does pay and would pay for the sewer system is related to whether:

- The household is a sewer customer, or
- The household would be a beneficiary of a collection system project.

In FY 2005, a household connected to the sewer system using 12,000 cubic feet of water per year (approximately 90,000 gallons per year) would pay approximately \$408 per year in sewer use fees. That property would also be supporting debt service payments for half of all sewer system expansions and plant upgrade costs. If the property had benefited from a sewer project in the past then it would also be subject to betterments, the amount of its special assessment might range from \$10,000 to \$25,000 depending on the project’s details and the value of the benefiting property. (This special assessment may be paid in a lump sum or spread over several years.)

**Table 10-4** displays the impact of the recommended plan on household user bills. In FY 2025, a household connected to the sewer system using 12,000 cubic feet of water per year would pay approximately \$1,135 per year compared to approximately \$408 currently. On average, the typical bill would increase at an average rate of approximately 5.2 percent per year.

<b>Table 10-4</b>					
<b>Household Impact – Implementation Plan No. 1</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Sewer	\$ 408	\$ 600	\$ 677	\$ 913	\$ 1,135

**Table 10-5** displays the amount paid through property tax bills based on assumed property values and projected grand list totals for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. Existing amounts reflect previous improvements to the system and the bills below represent that portion recovered through the general fund. If the property would benefit from one of the two collection system expansion projects it would also face a special assessment – between \$10,000 to \$25,000 depending on the project’s details. (This amount may be paid over several years and is not an annual ongoing payment.)

<b>Table 10-5</b>						
<b>Tax (Existing Debt Service) - Implementation Plan No. 1</b>						
Assessed Property Value	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025	
\$ 100,000	\$ 57	\$ 36	\$ 13	\$ 0	\$ -	
\$ 150,000	\$ 85	\$ 54	\$ 19	\$ 1	\$ -	
\$ 200,000	\$ 114	\$ 72	\$ 26	\$ 1	\$ -	
\$ 250,000	\$ 142	\$ 90	\$ 32	\$ 1	\$ -	
\$ 300,000	\$ 170	\$ 109	\$ 38	\$ 1	\$ -	
\$ 350,000	\$ 199	\$ 127	\$ 45	\$ 1	\$ -	
\$ 400,000	\$ 227	\$ 145	\$ 51	\$ 1	\$ -	
\$ 450,000	\$ 256	\$ 163	\$ 58	\$ 2	\$ -	
\$ 500,000	\$ 284	\$ 181	\$ 64	\$ 2	\$ -	

**Table 10-6** summarizes the anticipated impact on property tax bills for the anticipated improvements – treatment plant upgrades and a portion of the collection system expansions. In accordance with the Town’s existing policy, sewer expansion projects are financed 50 percent from the general fund and 50 percent from betterments paid by directly benefiting properties. It should be noted that a property not connected to the sewer system would also be paying a combined tax bill for all existing and new sewer debt service. If the property had benefited from one of the proposed collection system projects it would also face a special assessment – between \$10,000 to \$25,000 depending on the project’s details.

<b>Table 10-6</b>						
<b>Tax (New Debt Service) - Implementation Plan No 1</b>						
Assessed Property Value	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025	
\$ 100,000	\$ -	\$ 36	\$ 102	\$ 94	\$ 68	
\$ 150,000	\$ -	\$ 53	\$ 153	\$ 141	\$ 102	
\$ 200,000	\$ -	\$ 71	\$ 203	\$ 188	\$ 137	
\$ 250,000	\$ -	\$ 89	\$ 254	\$ 235	\$ 171	
\$ 300,000	\$ -	\$ 107	\$ 305	\$ 282	\$ 205	
\$ 350,000	\$ -	\$ 125	\$ 356	\$ 329	\$ 239	
\$ 400,000	\$ -	\$ 143	\$ 407	\$ 376	\$ 273	
\$ 450,000	\$ -	\$ 160	\$ 458	\$ 423	\$ 307	
\$ 500,000	\$ -	\$ 178	\$ 509	\$ 470	\$ 342	

The amount of property tax support for sewer improvements (new and existing) would increase significantly. For a property worth \$250,000, the tax contribution would increase from approximately \$180 in FY 2010 to nearly \$285 in FY 2015 and then decline to \$170 in FY 2025.

### 10.4 Financial Analysis – Implementation Plan No. 2

This section describes the financial impact of Implementation Plan No. 2 as outlined above. This alternative increases total capital costs by approximately \$16.1 million above Implementation Plan No. 1. The annual average operating costs would also increase with the implementation of the high priority need areas. These costs would be expected occur toward the end of the 20-year planning period as shown in Figure 8-1.

#### 10.4.1 Net Rate Revenue Requirement

**Table 10-7** summarizes the estimated operations and maintenance costs (O&M) for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. Total operating and maintenance expenses are projected to increase from approximately \$2 million in FY 2005 to \$5.1 million in FY 2025.

<b>Operations and Maintenance Costs – Implementation Plan No. 2</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Labor	\$ 132,431	\$ 153,524	\$ 177,976	\$ 206,323	\$ 239,185
Contract Operations	\$ 1,550,000	\$ 1,931,582	\$ 2,407,103	\$ 2,999,688	\$ 3,738,157
Equipment	\$ 245,000	\$ 305,315	\$ 156,229	\$ 194,690	\$ 242,619
Other Services	\$ 17,500	\$ 21,808	\$ 27,177	\$ 33,867	\$ 42,205
Manholes set to Grade	\$ 12,000	\$ 14,954	\$ 18,636	\$ 23,223	\$ 28,941
Wastewater Facilities Plan	\$ 2,600	\$ -	\$ -	\$ -	\$ -
Permits Fees	\$ 3,000	\$ 3,739	\$ 4,659	\$ 5,806	\$ 7,235
Purchase Nitrogen Credits	\$ 6,309	\$ 32,536	\$ (8,173)	\$ (5,189)	\$ (239)
New O&M Expenses	\$ -	\$ -	\$ -	\$ 290,412	\$ 789,088
<b>Total O&amp;M Expenses</b>	<b>\$ 1,968,840</b>	<b>\$ 2,463,457</b>	<b>\$ 2,783,606</b>	<b>\$ 3,748,821</b>	<b>\$ 5,087,190</b>

**Table 10-8** summarizes the total (existing and new) debt service. The debt service for the Town would increase from \$1.2 million in FY 2005 to \$4.3 million in FY 2025.

Table 10-8 only includes that debt service to be recovered from general revenues and not the amount that may be allocated to properties through betterments. The increase in debt service reflects the construction of the proposed wastewater treatment plant upgrades, collection system improvements, and the two critical need areas recommendations. In FY 2012, the planned improvements would increase total debt service by nearly \$3.1 million.

<b>Table 10-8</b>					
<b>Debt Service – Implementation Plan No. 2</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Total Existing Debt Service	\$ 1,157,522	\$ 854,287	\$ 350,072	\$ 11,022	\$ -
New General Obligation Debt	\$ -	\$ 841,968	\$ 2,787,856	\$ 4,416,055	\$ 4,308,106
Total Debt Service	\$ 1,157,522	\$ 1,696,255	\$ 3,137,928	\$ 4,427,077	\$ 4,308,106

**Table 10-9** summarizes the total operational and maintenance costs, existing and new debt service, miscellaneous revenues, and property tax support to calculate rate revenue requirements for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. Total O&M are projected to increase from \$2 million in FY 2005 to \$5.1 million in FY 2025. Property tax supported debt service is projected to increase from \$1.2 million to \$4.3 million. The total revenue requirement is projected to increase from \$3.1 million in FY 2005 to \$9.4 million in FY 2025. In FY 2025, the bulk of the revenues will be coming from property taxes to meet debt service requirements.

<b>Table 10-9</b>					
<b>Net Rate Revenue Requirement – Implementation Plan No. 2</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
O&M Costs	\$ 1,968,840	\$ 2,463,457	\$ 2,783,606	\$ 3,748,821	\$ 5,087,190
Miscellaneous Revenues	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000	\$ 34,000
Property Tax Supported Debt Service	\$ 1,157,522	\$ 1,696,255	\$ 3,137,928	\$ 4,427,077	\$ 4,308,106
<b>Net Rate Revenue Requirement</b>	<b>\$ 3,092,362</b>	<b>\$ 4,125,712</b>	<b>\$ 5,887,534</b>	<b>\$ 8,141,898</b>	<b>\$ 9,361,296</b>

### 10.4.2 Impact on Customers

The impact on customers has been evaluated in two stages. The first stage projected the impact of the wastewater treatment and collection system upgrades on operating and maintenance expenses. These costs would be recovered through sewer user fees. The second stage determined the impact of anticipated debt service. Debt service is allocated to tax payers through the general fund for plant upgrades and half of the sewer system expansion projects. (The balance of sewer expense projects is allocated directly to benefiting properties.)

#### Sewer Rate Projections

As described above, operations and maintenance costs are projected to increase from approximately \$2 million in FY 2005 to \$5.1 million in FY 2025, an average increase of 5.1 percent per year. This reflects the change in plant costs, inflation over the forecast period and moderate increases in operating costs resulting from system expansion. It is also assumed that there would be a small increase in the number of customers served by the sewer system.

In 2025, sewer use fees would need to generate an average total of \$5.1 million to maintain the solvency of the sewer fund. The sewer rate would increase from \$3.40 per hcf to approximately \$9.61 per hcf.

**General Fund Impact**

Debt service costs associated with the proposed improvements would be paid out of the general fund. Debt service costs are projected to increase to approximately \$9.4 million by FY 2025.

**10.4.3 Typical Household Bills**

**Table 10-10** displays the impact of the recommended plan on household user bills. In FY 2025, a household connected to the sewer system using 12,000 cubic feet of water per year would pay approximately \$1,240 per year compared to approximately \$408 currently. On average, the typical bill would increase at an average rate of approximately 5.7 percent per year.

<b>Table 10-10</b>					
<b>Household Impact – Implementation Plan No. 2</b>					
	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
Sewer	\$ 408	\$ 600	\$ 677	\$ 913	\$ 1,240

**Table 10-11** displays the amount paid through property tax bills based on assumed property values and projected grand list totals for FY 2005, FY 2010, FY 2015, FY 2020, and FY 2025. Existing amounts reflect previous improvements to the system and the bills below represent that portion recovered through the general fund. If the property would benefit from one of the nine collection system expansion projects it would also face a special assessment – between \$10,000 to \$25,000 depending on the project’s details. (This amount may be paid over several years and is not annual ongoing payment.)

<b>Table 10-11</b>					
<b>Tax (Existing Debt Service) - Implementation Plan No. 2</b>					
Assessed Property Value	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
\$100,000	\$57	\$36	\$13	\$0	\$-
\$150,000	\$85	\$54	\$19	\$1	\$-
\$200,000	\$114	\$72	\$26	\$1	\$-
\$250,000	\$142	\$90	\$32	\$1	\$-
\$300,000	\$170	\$109	\$38	\$1	\$-
\$350,000	\$199	\$127	\$45	\$1	\$-
\$400,000	\$227	\$145	\$51	\$1	\$-
\$450,000	\$256	\$163	\$58	\$2	\$-
\$500,000	\$284	\$181	\$64	\$2	\$-

**Table 10-12** summarizes the anticipated impact on property tax bills for the anticipated improvements – treatment plant upgrades and a portion of the collection system expansions. In accordance with the Town’s existing policy, sewer expansion projects are financed 50 percent from the general fund and 50 percent from betterments paid by directly benefiting properties. It should be noted that a property not connected to the sewer system would also be paying a combined tax bill for all existing and new sewer debt service. If the property had benefited from one of the proposed collection system projects it would also face a special assessment – between \$10,000 and \$25,000 depending on the project’s details.

<b>Table 10-12</b>					
<b>Tax (New Debt Service) - Implementation Plan No.2</b>					
Assessed Property Value	FY 2005	FY 2010	FY 2015	FY 2020	FY 2025
\$ 100,000	\$ -	\$ 36	\$ 102	\$ 105	\$ 105
\$ 150,000	\$ -	\$ 53	\$ 153	\$ 158	\$ 158
\$ 200,000	\$ -	\$ 71	\$ 203	\$ 210	\$ 210
\$ 250,000	\$ -	\$ 89	\$ 254	\$ 263	\$ 263
\$ 300,000	\$ -	\$ 107	\$ 305	\$ 315	\$ 315
\$ 350,000	\$ -	\$ 125	\$ 356	\$ 368	\$ 368
\$ 400,000	\$ -	\$ 143	\$ 407	\$ 420	\$ 420
\$ 450,000	\$ -	\$ 160	\$ 458	\$ 473	\$ 473
\$ 500,000	\$ -	\$ 178	\$ 509	\$ 525	\$ 525

The amount of property tax support for sewer improvements (new and existing) would increase significantly. For a property worth \$250,000, the tax contribution would increase from approximately \$180 in FY 2010 to \$285 in FY 2015 and then gradually increase to \$263 by FY 2025.

## 10.5 Summary

The Town of Stonington faces a major capital improvement program. This program would have a significant impact on the Town’s taxpayers and the ratepayers. The impact on customers is complicated because the system is supported financially from sewer use fees, property taxes and special assessments.

Sewer user fees would increase at 5.2 percent per year, upgrade for the first plan and 5.7 percent per year for the second plan. Due to the Town’s policy on debt service, property tax payments for sewer would increase significantly. Between FY 2005 and FY 2015, property tax support would increase by a total of approximately 200 percent for both implementation plans. (This again ignores the potential betterment payments that a particular property owner may be required to pay.)

The sewer rate for Implementation Plan No. 1 will grow from a rate of approximately \$3.20 per hcf in 2005 to \$9.20 per hcf in 2025. The sewer rate for Implementation Plan No. 2 will grow from \$3.20 per hcf in 2005 to \$9.61 per hcf in 2025.