

Pelham Village Board of Trustees

PELHAM HEIGHTS WATER SYSTEM TRANSFER

October 21, 2014

Prepared by: Adam Kagan
Trustee
Village of Pelham, NY

GOALS

- Remove liability for 80 year old system
- Reduce Pelham Heights water bills
- Re-distribute Village staff
- Redirect water fund balance to Village-wide use (approximately \$250,000)
- Improve services (repair, billing, customer service).

HISTORY

- Built in 1934 at the cost of \$230k.
- Miles: Approximately 7.5
- Pipe sizes
 - 6": 3,793 feet
 - 8": 28,286 feet
 - 10": 46 feet
 - 12": 5,927 feet
 - Total 38,052 feet
- Serving 521 residential / 14 commercial users
- Mayor Cassidy, Trustee Kagan, Administrator Yamuder, and DPW Foreman Shriman meeting with United Water since 2012.

Built in 1934 (source: The Pelham Sun, February 16 1940)

The tremendous potential purchasing power of the residents of the Pelhams makes the Pelham Sun an effective vehicle for obtaining maximum results for advertising.

THE PELHAM SUN

The Pelham Sun is a newspaper circulating in wealthiest sections of West County. A fertile field wide awake advertiser to

Circulating in Pelham Manor, Pelham Heights, North Pelham and Pelhamwood. Official paper of the Town of Pelham, the Villages of Pelham, North Pelham, Pelham Manor, and Union Free School District

VOLUME 29

TWELVE PAGES

PELHAM, N. Y., FRIDAY MORNING, FEBRUARY 16, 1940.

Price Six Cents

NUM

S. R. GUARD IS 3RD DISTRICT CHOICE

Water Rates Reduced Throughout Pelhams

Pelham Heights Cuts Rate from 35 to 30 Cents; New Rochelle Water Co. Compromises Public Service Commission Case Agreeing to Reduction for Pelham Manor and North Pelham, Along With Other Communities.

Lower water rates for Pelham consumers were announced this week. Efficient management of the village-owned water system in Pelham Heights has made possible a rate cut from 35 to 30 cents per 100 cubic feet, according to Mayor Talbert W. Sprague. The New Rochelle Water Company is putting into effect a new rate on March 1 which will mean material savings for Pelham Manor and North Pelham consumers. The latter reduction is in accordance with a compromise of litigation before the Public Service Commission.

The rate cut in Pelham Heights is the second since the village assumed operation of its own water system in 1935, after continued difficulty in service of the New York Inter-Urban Water Co. and its successor, the Westchester Joint Water Works No. 1. During the administration of Mayor William M. McBride, 1931-1933, the work in the development of the municipal water system was started. Mayor Sprague then a village trustee was active in the sponsorship of the project, and faulty water service prompted the Board to decide to lay its own mains paralleling those of the water district. Before construction was started the water district sold its system to Pelham Heights for \$25,000 but in the construction of the new distributing plant it was almost entirely scrapped. The system was installed at a cost of \$231,888.68 in 1934. A self-

FREE TRANSFERS ON BUS LINES BEGIN MONDAY

Mayor Amato Successful in His Effort to Obtain Five Cent Fare Throughout Pelham.

Beginning Monday, Feb. 19, transfers between the Pelham Manor and the North Pelham buses will be issued without charge. Mayor Dominic Amato of North Pelham has been successful in his effort to have a five-cent bus fare on all lines of the Surface Trans-

Funmakers in the Men's Club Minstrel Show



Here's the cast of the Modern Minstrel Show which was presented in the Auditorium of Pelham Memorial High School on Tuesday night as the Men's Club's Valentine greeting at the annual Ladies' Night Meeting. —Photos by Pierpont

J. L. CLEVELAND IS ADVANCED IN GUARANTY TRUST

Pelhamite Formerly District Manager is Now Associated With the General Management of Bank.

J. Luther Cleveland, Jr., of Pelham Manor Road, who has been a vice-president and district manag-

Minstrels' Greeting Is Valentine Of Men's Club At Annual Ladies' Night

Fast-Paced Program of Music and Fun is Presented by Talented Cast of Pelhamites, With Felix Knight, Margaret McLaren and Rodeo Rangers as Guest Stars in Production Staged by Daniel S. Tuthill.

In its gayest program of the

COMMUNITY CHEST AGENCIES TO GET 95% OF BUDGETS

\$39,649 Pledged; Quota was \$44,000. President Bristol Reports That Aid Must be Reduced.

With \$39,649 pledged, and a \$44,000 budget, the Pelham Community Chest will pay 95% of the budget of the

Fire Commissioner W Designation Of North Pelham G.O.P. Group

Louis Engerud Appointed Trustee; Will be Candidate for Election Along With Henry Zeller and Roy R. Guard. Republican Primary Election to be Held Feb. 26.

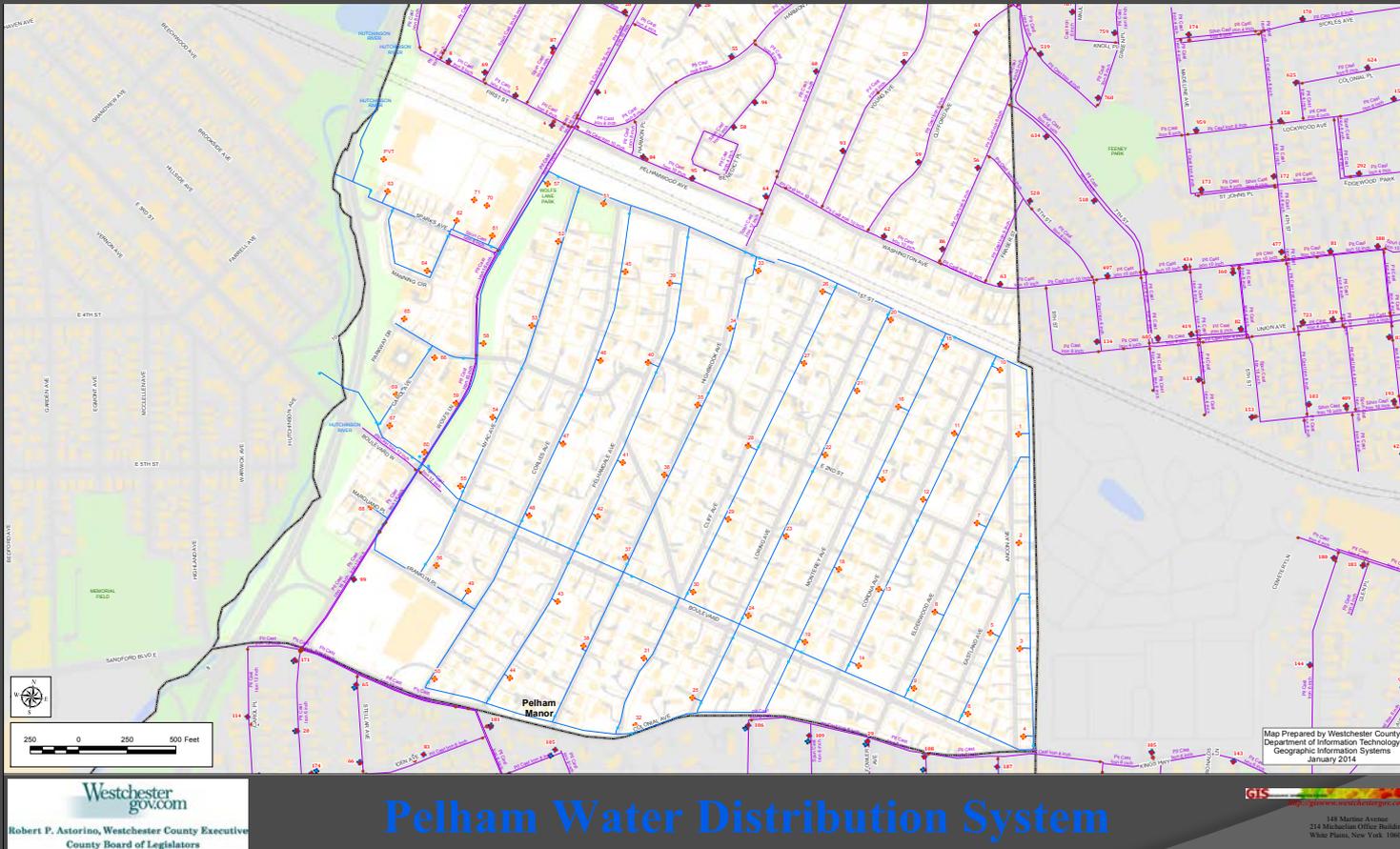
Fire Commissioner Shirley R. Guard, former Trustee, won a Republican designation for candidate Trustee when the North Pelham Republican Committee met behind closed doors at the Town night. Trustee Henry Zeller and Louis Engerud designated. The latter was appointed a member of the Board on Wednesday night to fill a vacancy the choice of the Third District Committee, won Frank A. Williams, President of the Pelhamwood Union in a poll of the committee. Williams was favored the designation by Mayor Dominic Amato, but his failure to enroll as a Republican in previous failed to meet with the approval of Third District Charles S. Nelson.

New Trustee



The primary election party will be held at Hall on the night of Feb. 26. Van Twick is Chairman Theodore J. Van Twick avenue was unanimous Chairman. Myron Mel new vice-chairman; V. Clarke, secretary and Nelson, treasurer. The Third District followed the precedent a day night when Louis was recommended for a to the Board, as a candidate for the First District.

MAP



WHY ARE HEIGHTS WATER BILLS HIGHER THAN REST OF VILLAGE?

- Village buys water at retail rate and must charge an additional amount for system operation, meter reading, lost water, billing, testing, and maintenance
- Village is billed monthly by UWNR
- Village reads meters and bills quarterly
- Village must also test the water and issue water quality reports, even though UWNR already tests the water!

VILLAGE RISKS

- System is 80 years old
- Most recent break (May 2014) cost \$25,000 for 1 user with the smallest line
- Village pays for water monthly, up to 3 months before Heights users do
- Water bought by the Village but not sold to customers (leakage, fires, hydrant flushing, street-cleaning, etc.) is paid for by water fund.
- In 2013: 10,085 ccf (7.54 million gallons or 9.95% of water bought totaling approximately \$69,000).

COSTS TO THE VILLAGE

- Equivalent of 1 Village employee spends 40 working days/year reading meters
- 1 Village employee spends 25% of the year doing water billing related tasks
- Village Administrator and DPW Foreman must manage
- Village repairs fire hydrants and replaces 3 each year at \$5,000 per hydrant=\$15k
- Village replaces approximately 20 water meters per year at \$500 each=\$10k

VILLAGE ASSETS

- 521 homes
- 14 businesses
- 82 Fire Hydrants
- Turn-key system with in-the-ground infrastructure
- Fund balance of approximately \$250k

PROPOSAL

- After several meetings with UWNR, Village signed letter of intent August 2014.
- Offer is to buy the system for \$1.
- If Public Service Commission approves, UWNR would own/operate system and charge same as other Pelham customers.
- Village keeps fund balance but sheds the costs and responsibilities.

WHY ONLY \$1?

- ◉ Valued the 80 year old system using [guidebook](#) from NY State Comptroller's office; Estimated useful life was 40 years.
- ◉ Using book value of the system, the residual value after depreciation was [\\$195,882.](#)
- ◉ UWNR must pay to upgrade approximately 300 meters (\$150,000)
- ◉ UWNR will pay property tax on buried pipes
- ◉ The value is redistributing employees, retaining fund balance, reducing rates and NOT being responsible for long-term maintenance.

OTHER OPTIONS CONSIDERED

- Continue to operate and charge Heights users additional money for increased replacement obligations down the road.
- Dig a new water line from a neighboring municipality at great expense.
- Petition Public Service Commission for rate reduction for Village costs of billing and delivery not performed by UWNR.

IS THIS THE BEST OPTION FOR PELHAM?

- ◉ UWNR has tools and preventative technology we do not, including emergency crews standing-by 24x7.
- ◉ UWNR will upgrade meters where necessary so they can be read remotely (less trips by vehicles, quicker notice of abnormal use).
- ◉ UWNR is held to a higher maintenance standard than Village.
- ◉ More billing options (online, credit card).
- ◉ Redirects our employees to other areas of service to entire Village.

IS THIS THE BEST OPTION FOR PELHAM?

- No longer responsible for maintenance
- Eliminates risk of catastrophic failure wiping out fund balance (25k = small break)
- Re-invest the fund balance to other uses in the Village
- Adds property tax revenue for buried pipes
- Projected reduction in Heights water bills between 5-20% depending on use (subject to Public Service Commission approval).

IS THERE ANY COST TO PELHAM?

- We will have to pay our legal fees.
- We have to petition the Public Service Commission for approval.
- Residents will rent the Heights hydrants from UWNR but the cost will be included with all other Village hydrant rentals and spread across all taxpayers in the Village. UWNR will be responsible for maintenance, upgrades and lost water.

NEXT STEPS

- Village retained counsel in July to review Letter of Intent and subsequent contract.
- Contract received October 9, 2014 and is being negotiated.
- Village is required to request approval from Public Service Commission.
- We will enlist our elected state officials to expedite with the Public Service Commission.

Special Thanks to:

- Mayor Tim Cassidy
- Administrator Robert Yamuder
- DPW Foreman Michael Shriman and the entire DPW staff
- Deputy Village Treasurer Deborah DelGrosso
- United Water of New Rochelle

QUESTIONS?

Email: kagantrustee@gmail.com and
robert.yamuder@pelhamgov.com

Rate Comparison

Village of Pelham vs. United Water New Rochelle
Bill scenario comparison based on average quarterly usage

Scenario #1 - Customer @ 30 ccf

	Village of Pelham	United Water New Rochelle	
Consumption Rate (per ccf)	\$ 7.14	\$	5.51
Surcharge (per ccf)	\$ -	\$	1.90
Total Rate (per ccf)	\$ 7.14	\$	7.40
5/8" Meter Base Charge	\$ 67.93	\$	-
5/8" Minimum Charge (up to 12 ccf)	\$ -	\$	66.10
Quarterly Usage CCF	30		30
Quarterly Customer Bill	\$ 282.13	\$ 222.10	21.28%

Scenario #2 - Customer @ 3 ccf

	Village of Pelham	United Water New Rochelle	
Consumption Rate (per ccf)	\$ 7.14	\$	5.51
Surcharge (per ccf)	\$ -	\$	1.90
Total Rate (per ccf)	\$ 7.14	\$	7.40
5/8" Meter Base Charge	\$ 67.93	\$	-
5/8" Minimum Charge (up to 12 ccf)	\$ -	\$	66.10
Quarterly Usage CCF	3		3
Quarterly Customer Bill	\$ 89.35	\$ 71.79	19.66%

Scenario #3 - Customer @ 60 ccf

	Village of Pelham	United Water New Rochelle	
Consumption Rate (per ccf)	\$ 7.14	\$	5.51
Surcharge (per ccf)	\$ -	\$	1.90
Total Rate (per ccf)	\$ 7.14	\$	7.40
5/8" Meter Base Charge	\$ 67.93	\$	-
5/8" Minimum Charge (up to 12 ccf)	\$ -	\$	66.10
Quarterly Usage CCF	60		60
Quarterly Customer Bill	\$ 496.33	\$ 444.20	10.50%