

Borough of Stone Harbor
WORK SESSION AGENDA
Tuesday, October 18, 2022
Borough Hall, 9508 Second Avenue, Stone Harbor

Call to Order: 4:30pm

Roll Call: Councilmember Moore, Councilmember Parzych, Councilmember Casper, Councilmember Gensemer, Councilmember Dallahan, Councilmember Krafczek

Statement of Public Notice: Adequate notice of the meeting was provided by posting a copy of the time and place on the Municipal Clerk's bulletin board and mailing a copy of same of the Press and the Cape May County Herald on January 5, 2022.

Salute the Flag

Reports of Standing Committees:

PUBLIC SAFETY - Councilmember Dallahan

Reports

Fire Department Report
Police Department Report
Lifeguard Captain
Office of Emergency Management
Beach Safety Update – Manny Parada, Director of Public Works

RECREATION & TOURISM - Councilmember Gensemer

Recreation Director: Mayors Wellness Campaign

Tourism Director:

Special Event Application(s):
Ordinance Update

NATURAL RESOURCES – Councilmember Casper

Doug Gaffney

Update on the Beach Sweep Event

Discussion:

Health benefits Update – Mark Senior, Marsh McLennan
Water/Sewer Rate Increase – 2023

Adjournment

Special Event Applications: Proposed Update to Ordinance

§ 275-4 Exceptions.

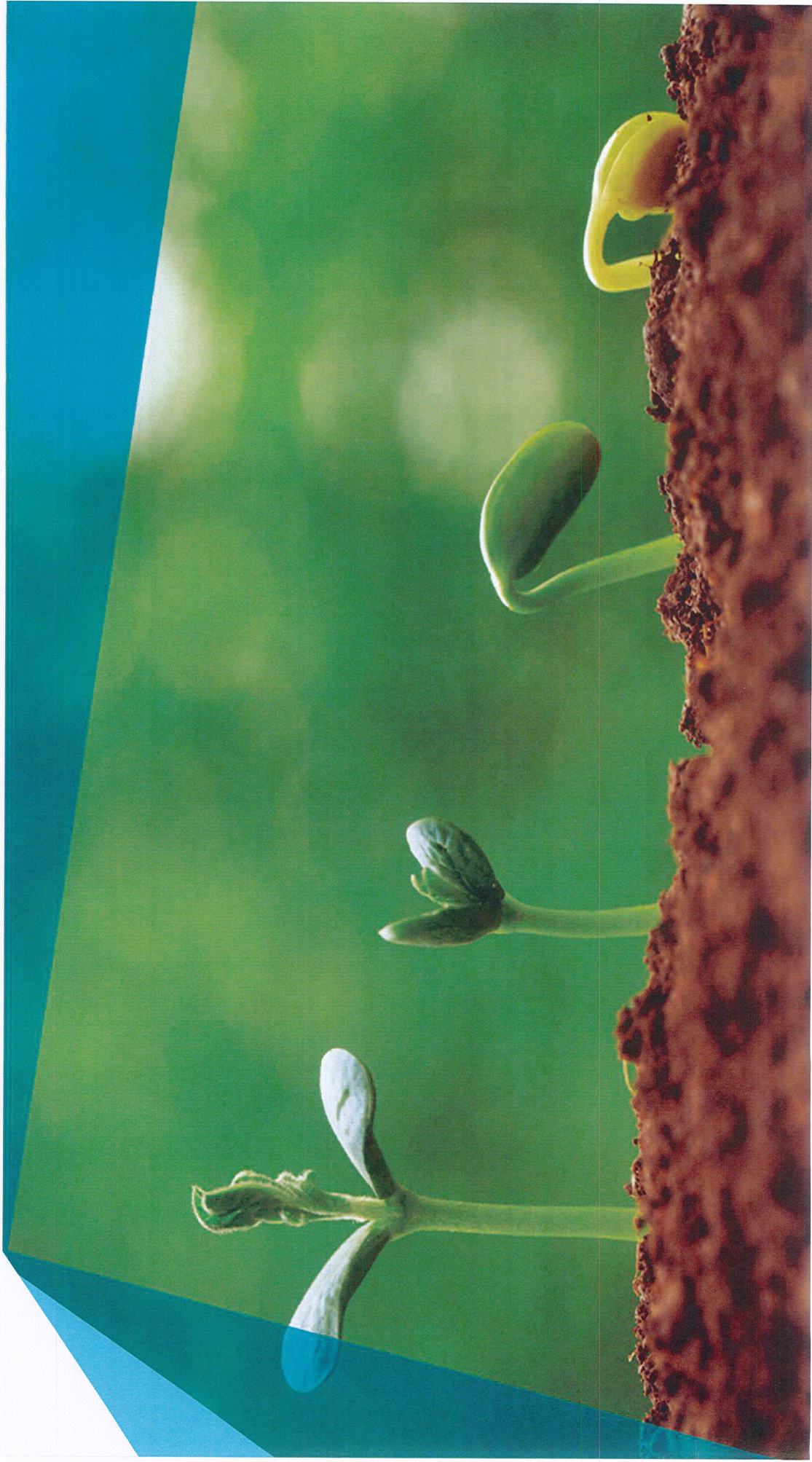
[Amended 10-19-2004 by Ord. No. 1218]

The provisions of this chapter shall not apply to any special event conducted by or on behalf of the Borough of Stone Harbor and/or its municipal agencies. Such special events shall be governed by applicable Borough policies. Additionally, Council retains the discretion to waive any provision of this chapter where deemed appropriate in the sole discretion of the Borough Council. **Waiver of any provision shall take into account the following factors, including but not limited to:**

- A. Impact on traffic and public access**
- B. Impact on the Borough's ability to supply appropriate municipal services (Fire, Police, Emergency Services, Public Works)**
- C. Overall benefit/detriment to the health, safety and well-being of the public and of the Borough**
- D. Other factors, considerations, and criteria deemed to be in the best interest of the Borough by the Council**



Borough of Stone Harbor Employee Presentation - 2023



Summary of the 2023 NJ SHBP Renewal (Active Employees)

- The average total overall cost increase for the 2023 plan year is 21.6%:
 - Medical increase of 24%
 - Rx increase of 3.7%
- The Direct 20/30 plan is experiencing a cost increase of 22.2% for 2023 plan year
- A transition to the Direct 20/35 plan would result in a cost increase of 6.9% for 2023 plan year
- Proposed change from Direct 20/30 plan to Direct 20/35 plan effective 1/1/2023
 - Decreased monthly employee contributions compared to Direct 20/30 plan
 - Increased HRA allowance to offset additional out of pocket expenses
- No changes to current network

SUMMARY of Water/Sewer proposed changes in rates for 2023

The proposal is to change the rate structure for Stone Harbor's water/sewer bills to more reflect lower charges for property owners who use far less water. Homeowners who use far more water will pay more for that water. There are four charges that make up the water/sewer bills.

Reduce Quarterly Minimum Charge		Current Rates:	
2022 Est. Revenues	\$ 2,364,516.00	Water Qtr Rate	\$ 114.75
2023 Est. Revenues	\$ 1,996,020.00	Sewer Qtr Rate	<u>\$ 116.25</u>
		Combined Rate	\$ 231.00
Decrease in Revenues		Proposed Rate:	
	<u>\$ (368,496.00)</u>	Water/Sewer	\$ 195.00

About the Quarterly Minimum Charge

Currently, there is a flat-rate charge to property owners for connection to the clean water delivery system which includes a base rate of water usage of 10,000 gallons per quarter. (\$114.75 per quarter)

Also currently, there is a flat-rate charge to property owners for connection to the sewer system. (\$116.25 per quarter)

Proposed new Quarterly Minimum Charge:

The current separate flat-rate charges for connection to the town's water and sewer infrastructure have been combined and reduced into one connection flat-rate fee of **\$195.00 per quarter** which includes water usage of 10,000 gallons per quarter.

This proposed rate reduction in the Quarterly Minimum Charge will result in a decrease in revenues of \$368,496 and the reduction is spread over all property owners at the reduced rate of \$36 per quarter per property.

Increase in Quarterly Excess Water/Sewer and Combine		Current Rates:	
2021 Revenues	\$ 397,233.00	Water Excess	\$ 2.25
2023 Est. Revenues	\$ 516,402.90	Sewer Excess	<u>\$ 2.25</u>
		Combined Rate	\$ 4.50
Increase in Revenues		Proposed Rate:	
	<u>\$ 119,169.90</u>	10K to 50K Gallons used	\$ 5.50
		Adding \$1.00 per 1k/Gallons over 50,000 Gallons used	
		Adding \$1.00 per 1k/Gallons over 80,000 Gallons used	

About Excess Fees

The excess water and sewer fees help pay for the infrastructure of the clean water delivery system (water pumps, water mains, water tower, chlorination, etc.) and the cost of Stone Harbor's collection of sewage before it gets to the MUA (lift stations, sewer mains, etc.) and the associated labor, equipment, debt service, etc. These excess fees are on primary water lines only. Currently, the water excess fee is \$2.25 per 1000 gallons over 10,000 gallons used per quarter. An additional \$2.25 rate applies to the excess sewer rate for water use of over 10,000 gallons per quarter.

Proposed new Excess Water/Sewer Rate Combined:

Combine both \$2.25 water excess and \$2.25 sewer excess and add \$1.00 for a new proposed:

Excess Water/Sewer Rate Combined of \$5.50 per 1000 gallons water used **over 10,000 gallons** per quarter.

Increase charge to **\$6.50** per 1000 gallons used **over 50,000 gallons** per quarter.

Increase charge to **\$7.50** per 1000 gallons used **over 80,000 gallons** per quarter.

This proposed new Excess Water/Sewer Rate Combined will bring an increase of \$119,169.90 over 2021 revenues. All rates were increased and property owners who use more water, pay more increases.

Increase in MUA Fee		Current Rate: \$4.50 per 1K/Gallons
2022 Est. Revenues	\$ 957,654.00	Proposed Rate: \$6.25 per 1K/Gallons
2023 Est. Revenues	\$ 1,598,625.00	Adding \$2.50 per 1k/Gallons over 50,000 Gallons used Adding \$2.50 per 1k/Gallons over 80,000 Gallons used
Increase in Revenues	\$ 640,971.00	

About MUA Charges:

Stone Harbor allocates to the individual property owners their share of the Borough's MUA charges based on individual water usage via the primary water line to a property. It is assumed that all water that flows into the property via the primary water line will end up in our sewers and eventually go through processing by the MUA. (Even the water used in landscaping and pools—if that water originates from the primary water line—the MUA Fee is paid on that water usage.) There is no base level of water usage that is not measured and charged for MUA processing if the water comes through the primary water line. For MUA Fees, the summer quarter water usage is measured in the beginning of October and those 'third quarter' usage numbers are used to set the new MUA segment of the fourth quarter water bill due Dec. 1st. In the new year, the MUA charges due March 1st are again set by the previous 'third-quarter' number—as are the MUA charges due June 1st and September 1st. At the end of the third (summer) quarter, the process starts again when the water meters are read in October.

The individual property owner's share of Stone Harbor's big MUA bill is charged throughout all four quarters even though the water may be turned-off throughout some of the year. The reason for this is that the MUA facility must have a capacity to process all wastewater and sewage during the season of highest demand (summer season). Stone Harbor's MUA charges are based on the percentage of sewage that Stone Harbor supplies to the entire MUA operation in summer—and we are charged that same large fee every quarter of the year. We have to pass on those fees year-round to our consumers, even though those consumers may not be producing any sewage in three of the four quarters.

Proposed new MUA Fees:

1 gallon of water usage to 50,000 gallons during third quarter is charged at \$6.25 per 1000 gallons

50,000 gallons to 80,000 gallons during the third quarter is charged at \$8.75 per 1000 gallons

Over 80,000 gallons of water usage during the third quarter is charged at \$11.25 per 1000 gallons

This proposed rate will result in an increase of \$640,971 in 2023 revenues over 2022 revenues which brings us much closer to paying Stone Harbor's share of the MUA charges. All rates were increased and property owners who use more water, pay more increases.

Reduce Quarterly Minimum Charge - Exclusion Meter		Current Rates:	
2022 Revenues	\$ 320,382.00	Exclusion Meter Qtr Rate	\$ 114.75
2023 Revenues	\$ 237,320.00	Proposed Rate:	
		Exclusion Meter Qtr Rate	\$ 85.00
Decrease in Revenues	\$ (83,062.00)		

About Exclusion Meters:

An Exclusion Meter is an additional water meter which measures water usage drawn from a second water line unconnected to the primary water line on the property. Exclusionary water usage is for outside use only—water that will not go through the sewer system, but drains or seeps into the ground or back bay. Since the exclusionary water does not go through the sewer system, there is no associated MUA charge. Currently, the flat fee for connection to Stone Harbor's water infrastructure is \$114.75 per quarter—for four quarters—even if the water is turned off over the colder months. The rates climb for excess exclusionary water use to discourage the wasting of water on discretionary outside use, which is mostly landscaping, but could also include pools. The current exclusionary water usage rates are not proposed to change. They are:

\$3.00 per 1000 gallons for the first 50,000 gallons used per quarter.

\$4.25 per 1000 gallons for water usage between 50,000 gallons and 80,000 gallons per quarter.

\$10.00 per 1000 gallons of water usage over 80,000 gallons per quarter.

This proposed reduction in the Quarterly Minimum Charge for Exclusion Meters will decrease revenues over 2022 by \$83,062.00. The current rates for usage remain the same.

**If proposal is passed, the *Net Increase in Revenues* is \$308,582.90
or approximately 7.5% increase over 2022 expected receipts**