



October 5, 2026

WATER & SEWER RATE STUDY UPDATE

TOWNSHIP OF VERONA

COUNCIL PRESENTATION

NewGen
Strategies & Solutions

AGENDA

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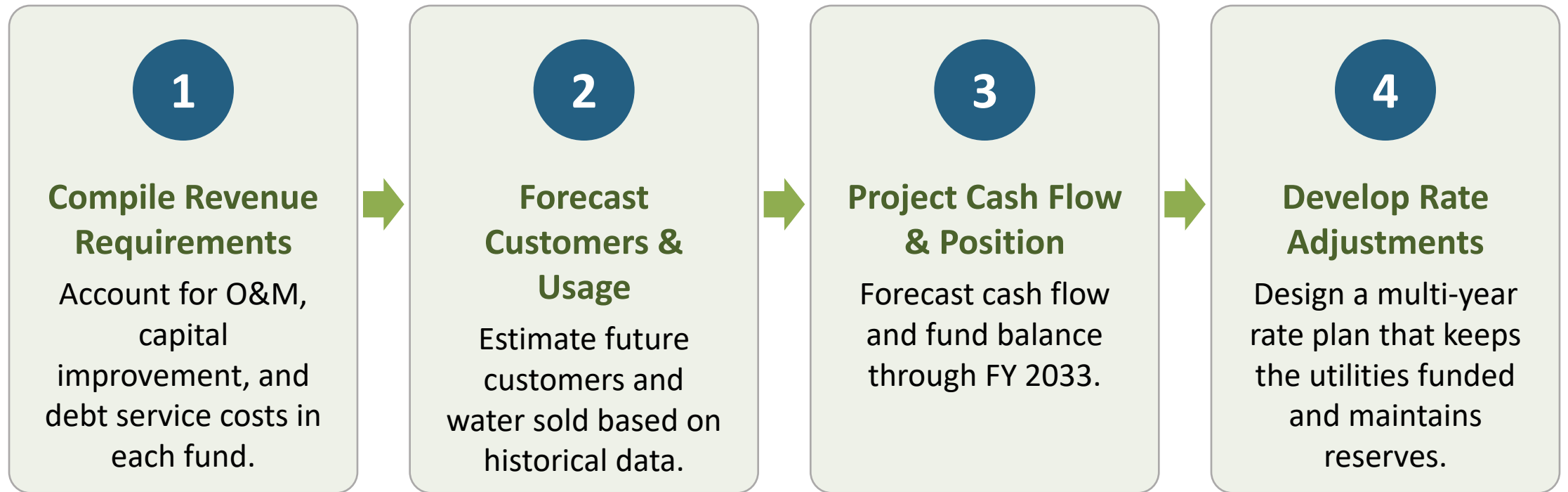
Updated Connection Fees

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Questions and Discussion

STUDY PROCESS AND GUIDING PRINCIPLES

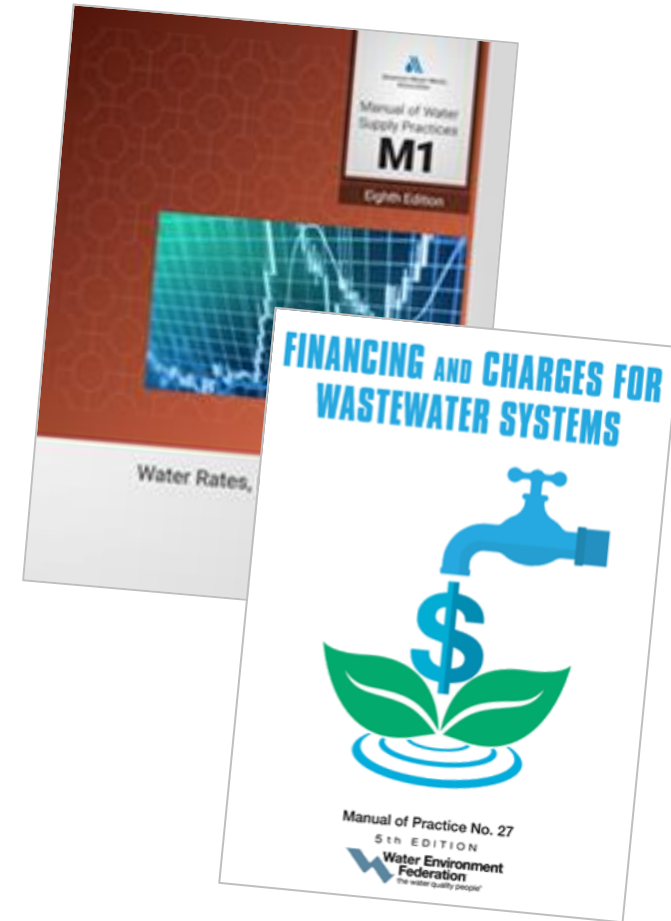
RATE STUDY PROCESS



Scenario development under multiple key forecast assumptions.

GUIDING PRINCIPLES OF A RATE STUDY

- The Systems Must Be Financially Self-Sufficient
 - No subsidies from General Fund.
 - Those who cause the expenses pay for the expenses, i.e., users.
- Objective is to Keep Rates and Fees Low Over Time
 - Adequate funding to support an appropriate level of system rehabilitation, replacement and improvement.
 - The Township shall maintain sufficient reserves in the Water and Sewer Fund to provide for rate stabilization and unplanned expenses.



PROJECT BACKGROUND

PROJECT BACKGROUND



The Township previously engaged NewGen in 2023 to complete a Water and Sewer Rate Study (2023 Study).



The 2023 Study was driven by the need to fund major Well Upgrades due to PFAS regulations, meet operating cost requirements, and maintain reserves.



NewGen recommended a 27% increase in water and sewer rate revenues, including a PFAS Surcharge, between FY 2023 and FY 2025 with 4.0% increases thereafter.



This update builds on the 2023 Study with more up to date information.

CONTEXT FOR TODAY'S DISCUSSION



Current rates

Adopted yearly increase from 2023 Study:

4.0%

The Township has already adopted rates through FY 2028.



Evaluation of future pressures

Update focused on a new five-year period:

FY 2027 – FY 2031

Driven by additional capital project needs and new staff.

Updated study information

2026 Budget

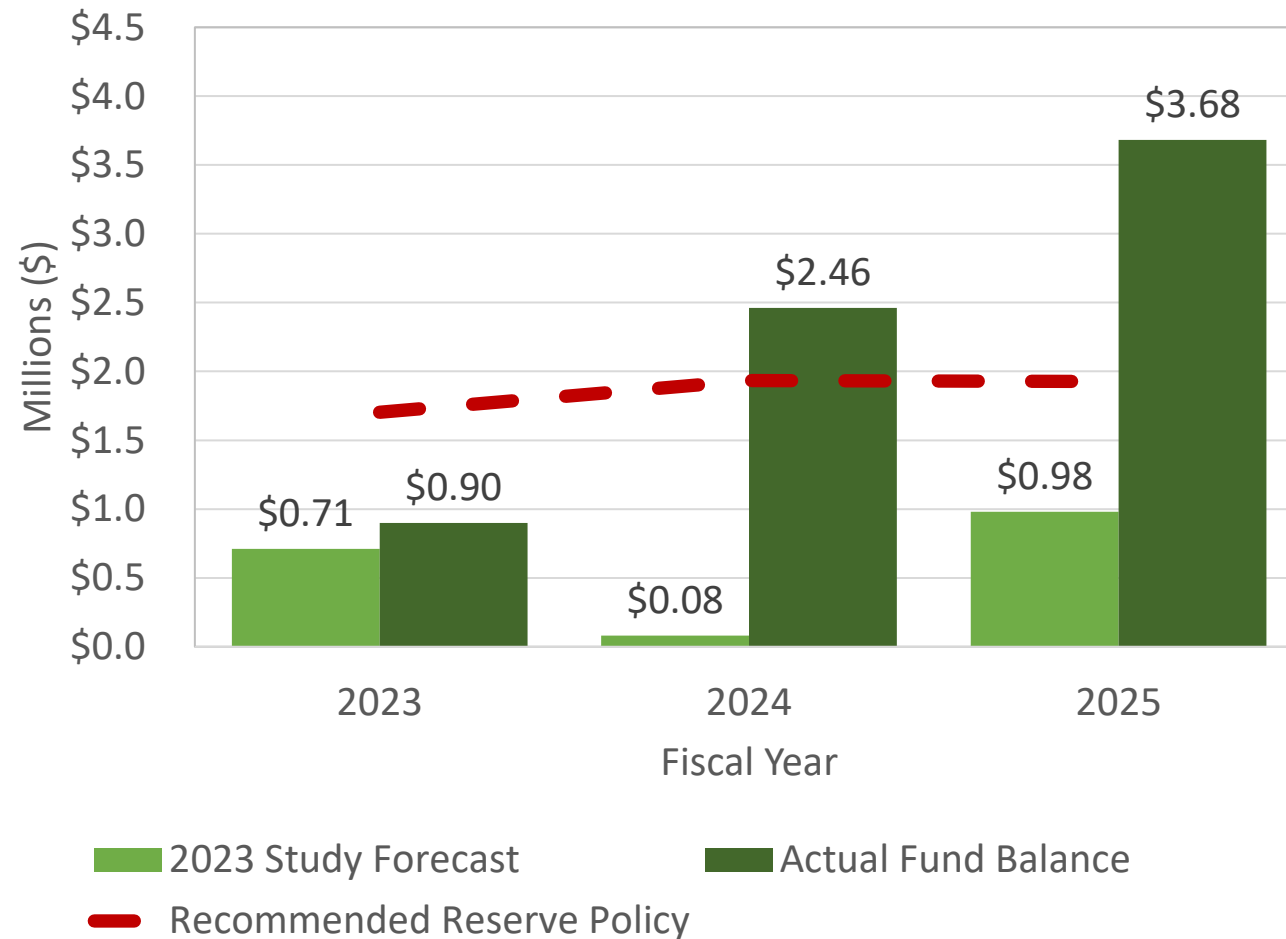
New debt since 2023

Updated Capital
Improvement Plan (CIP)

Updated customer
demand data

2023 FORECAST VS ACTUALS

FUND BALANCE: 2023 STUDY FORECAST VS ACTUAL



- Key Drivers:

- Lower debt service related to Series 2026 and NJIB 2026 Loan vs. forecast.
- Reduced Capital Spending in FY 2024 and FY 2025 vs. forecast.
 - Reduction due to timing of projects, not infrastructure needs.

BASIS FOR RECOMMENDATION

CHANGES INCORPORATED INTO UPDATED RECOMMENDATION



Capital projects

Prior

Updated

\$14M → \$31M

More than double the prior plan for FY 2027 – FY 2031. Adds \$9.5M in new projects: filter/UV, valves and hydrants, and clarifier.



New staff

Anticipated FY 2027 budget

+\$80K

Brings water and sewer staff up to required level.



Cash reserve

FY 2031 target

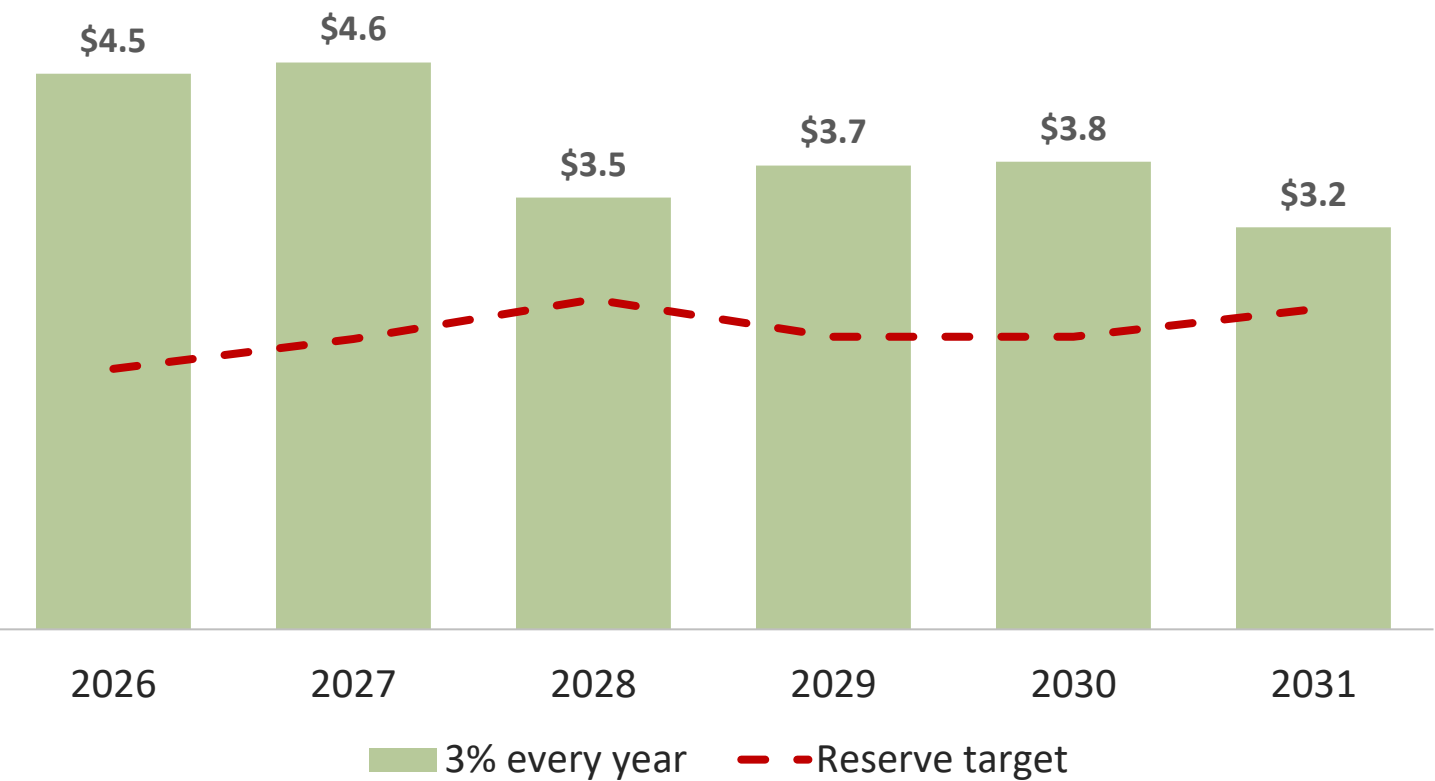
+\$200K

Higher costs raise the reserve. Goal is unchanged: 90 days of operating costs plus 90 days of cash-funded projects.

RECOMMENDED RATES

UPDATED WATER AND SEWER RATES RECOMMENDATION

Projected combined fund balance, \$M



PFAS surcharge

Keep as is (\$18/qtr)

Increases, FY 2027–2031

3.0% each year

Quarterly residential bill

+\$40.77 (+14.7%) by FY 2031

FY	Bill	\$ chg.	% chg.
2026	\$276.44	—	—
2027	\$284.03	+\$7.59	+2.7%
2028	\$291.71	+\$7.68	+2.7%
2029	\$299.46	+\$7.75	+2.7%
2030	\$308.29	+\$8.83	+2.9%
2031	\$317.21	+\$8.92	+2.9%

CONNECTION FEES

UPDATED CONNECTION FEES

How NJ law sets the fee

N.J.S.A. 40A:31-11 (water) and 40A:26A-11 (sewer)

- 1 Add up capital costs**
Debt service paid + capital not funded by bonds
- 2 Subtract outside funding**
Grants, gifts and other subsidies
- 3 Divide by service units**
1 unit = average home using 300 gallons/day

Assumptions

- Asset history from Township original cost records
- Outstanding debt removed from capital value

Water Connection Fee

\$4,563

Per $\frac{3}{4}$ " Meter

+\$1,063 (+30%) vs. current \$3,500

Sewer Connection Fee

\$8,303

Per $\frac{3}{4}$ " Meter

+\$4,803 (+137%) vs. current \$3,500



QUESTIONS AND DISCUSSION

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