

**Appendix W**

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**Town of Chatham 2006 Fiscal Analysis**

# **WASTEWATER PRESENTATION**

## **Fiscal Impact**

April 4, 2006



# SUMMARY

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- Demonstrate the Worst Case Fiscal Impact to Homeowners
- Discuss Betterment versus Property Tax Payment Options

# Costs Associated with Sewer Installation

- Connection
- Annual User Charge
- Betterment
- Tax Rate

# Connection Costs

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\$5,000-\$7,000

Home Equity Loan  
10 Years @ 7%

\$972/yr  
\$81/month

# Annual User Charge

- \$400/year average \$33/month

# Fixed Costs

Annual/Monthly

- Home Equity Loan \$972/\$81
- Annual User Charge \$400/\$33

Total Fixed Cost \$1,372/\$114

# Property Tax Impact

Prop Value	0% Betterment Annual/Monthly (\$)
400,000	\$201 / \$17
500,000	\$251 / \$21
600,000	\$302 / \$25
700,000	\$352 / \$29
800,000	\$402 / \$34
900,000	\$453 / \$38
1,000,000	\$503 / \$42
1,100,000	\$553 / \$46
1,200,000	\$603 / \$50

Notes: \$50 per 100k  
in valuation

# BETTERMENTS

- Improves Value to Homeowner  
(Some versus All)
- Payment may be banked by Town

# Betterment (Options)

- 50% (\$30,000 Unit Cost) = \$15,000
- 25% (\$30,000 Unit Cost) = \$ 7,500

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Betterment @ 50%

- \$750/year or \$62.50/month

Betterment @ 25%

- \$375/year or \$31.25/month

# Property Tax Impact

Prop Value	0% Betterment Annual/Monthly (\$)	25% Betterment Annual/Monthly (\$)	50% Betterment Annual/Monthly (\$)
400,000	\$201 / \$17	\$107 / \$ 9	\$53 / \$ 4.41
500,000	\$251 / \$21	\$134 / \$11	\$66 / \$ 5.50
600,000	\$302 / \$25	\$160 / \$13	\$79 / \$ 6.58
700,000	\$352 / \$29	\$187 / \$16	\$92 / \$ 7.66
800,000	\$402 / \$34	\$214 / \$18	\$105 / \$ 8.75
900,000	\$453 / \$38	\$241 / \$20	\$119 / \$ 9.91
1,000,000	\$503 / \$42	\$268 / \$22	\$132 / \$11.00
1,100,000	\$553 / \$46	\$294 / \$25	\$145 / \$12.08
1,200,000	\$603 / \$50	\$321 / \$27	\$158 / \$13.16
Notes:	\$50 per \$100k in valuation	\$27 per \$100k in valuation	\$13 per 100k in valuation

# Total Cost (600,000 Valuation) Yearly/Monthly

## Without Real Estate Transfer Tax

User Fee	\$	400 / 33
Connection		972 / 81
50% Betterment		750 / 62.50
Property Tax		<u>79 / 7</u>
Total	\$	2,201 / 183.50

User Fee	\$	400 / 33
Connection		972 / 81
25% Betterment		375 / 31.25
Property Tax		<u>160 / 13</u>
Total	\$	1,907 / 158.25

User Fee	\$	400 / 33
Connection		972 / 81
0% Betterment		0
Property Tax		<u>302 / 25</u>
Total	\$	1,674 / 139

## With Real Estate Transfer Tax

User Fee	\$	400 / 33
Connection		972 / 81
50% Betterment		750 / 62.50
Property Tax		<u>0</u>
Total	\$	2,122 / 176.50

User Fee	\$	400 / 33
Connection		972 / 81
25% Betterment		375 / 31.25
Property Tax		<u>86 / 7</u>
Total	\$	1,833 / 152.25

User Fee	\$	400 / 33
Connection		972 / 81
0% Betterment		0
Property Tax		<u>164 / 14</u>
Total	\$	1,536 / 128

# Property Tax Impact with Real Estate Transfer Tax

Prop Value	0% Betterment Annual/Monthly	25% Betterment Annual/Monthly	50% Betterment Annual/Monthly
400,000	\$109 / \$ 9	\$57 / \$ 5	\$0
500,000	\$136 / \$11	\$72 / \$ 6	\$0
600,000	\$164 / \$14	\$86 / \$ 7	\$0
700,000	\$191 / \$16	\$100 / \$ 8	\$0
800,000	\$218 / \$18	\$114 / \$10	\$0
900,000	\$245 / \$20	\$129 / \$11	\$0
1,000,000	\$273 / \$23	\$143 / \$12	\$0
1,100,000	\$300 / \$25	\$157 / \$13	\$0
1,200,000	\$327 / \$27	\$171 / \$14	\$0
Notes:	\$27 per 100k in valuation	\$14 per 100k in valuation	

# Betterment vs. Property Tax Impact

Prop Value	0% Betterment 100% Property Tax	25% Betterment 75% Property Tax	50% Betterment 50% Property Tax
	Monthly (\$)	Monthly (\$)	Monthly (\$)
600,000	$0 + 25 = 25$	$31.25 + 13 = 44.25$	$62.50 + 6.58 = 69.08$
700,000	$0 + 29 = 29$	$31.25 + 16 = 47.25$	$62.50 + 7.66 = 70.16$
800,000	$0 + 34 = 34$	$31.25 + 18 = 49.25$	$62.50 + 8.75 = 71.25$

## With Real Estate Transfer Tax

600,000	$0 + 14 = 14$	$31.25 + 7 = 38.25$	$62.50 + 0 = 62.50$
700,000	$0 + 16 = 16$	$31.25 + 8 = 39.25$	$62.50 + 0 = 62.50$
800,000	$0 + 18 = 18$	$31.25 + 10 = 41.25$	$62.50 + 0 = 62.50$

# SUMMARY COSTS PER YEAR (600,000) Valuation

## Fixed Costs

User Fee	\$	400
Connection Fee		<u>972</u>
Total		\$1,372

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## Property Tax

25% Betterment +  
75% Property Tax  
 $375 + 160 = 535$

0% Betterment +  
100% Property Tax  
 $0 + 302 = 302$

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## With Real Estate Transfer Tax

$375 + 86 = 461$

$0 + 164 = 164$

Savings for Average Homeowner with R.E. Transfer Tax

25% Betterment      \$74/year

0% Betterment      \$138/year

# SUMMARY COSTS PER Month (600,000) Valuation

## Fixed Costs

User Fee	\$	33
Connection Fee		<u>81</u>
Total	\$	114

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## Property Tax

25% Betterment +  
75% Property Tax  
 $31.25 + 13 = 44.25$

0% Betterment +  
100% Property Tax  
 $0 + 25 = 25$

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## With Real Estate Transfer Tax

$31.25 + 7 = 38.25$

$0 + 14 = 14$