



**PUBLIC WORKS DEPARTMENT
TOWN OF ARLINGTON**
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Memo to: Adam Chapdelaine, Town Manager
From: Mike Rademacher, DPW Director
Date: March 6, 2020
Subject: FY21 Water/Sewer Rate Recommendation

As directed by the Select Board, analysis has been performed to determine what the impact to Water and Sewer Rates would be for the next several years in order to eliminate the current shift of General Fund dollars to the Water/Sewer Enterprise Fund. The Select Board asked that the offset be eliminated over three years. Based on that, it is my recommendation that in FY21 the Water Rates increase by 17.2% and Sewer Rates increase 16.0%. Although future anticipated rate increases are shown below, these will need to be revisited annually to verify future expense projections hold true. This recommendation assumes the following:

- Rates are structured to eliminate the General Fund Offset evenly over FY21, FY22 and FY23.
- The General Fund shift would decrease from \$5,593,112 to \$3,691,454 in FY21
- Rate projections include payment of future debt service related to capital projects including the DPW Facility
- All user fees increase by the same percentage at the proposed average rate increase
- Water use is assumed to level off around 1,210,000 CCF's based on current trends

Proposed Rate Chart

Water	FY20 (Exist)	FY21 (Prop)
0-15 ccf/3 months	\$5.36	\$6.28
16-30 ccf/3 months	\$5.73	\$6.72
Over 30 ccf/3 months	\$6.96	\$8.16
Sewer	FY20 (Exist)	FY21 (Prop)
0-15 ccf/3 months	\$6.42	\$7.45
16-30 ccf/3 months	\$6.85	\$7.94
Over 30 ccf/3 months	\$8.31	\$9.63

	<u>Current FY20 Rates</u>	<u>FY21 Rates 33% Reduction</u>	<u>FY22 Rates Additional 33% Reduction</u>	<u>FY23 Rates Final 33% Reduction</u>	<u>FY24 Rates Offset Eliminated</u>
Cost Ave. Arlington Home Use: <u>60ccf/yr.</u>	\$753	\$877	\$1,003	\$1,133	\$1,162
Cost Ave. Arlington Home per bill: <u>3 months</u>	\$188	\$219	\$251	\$283	\$290
Approx. Rate increase Over previous FY:					
Water:	<u>7.5%</u>	<u>17.2%</u>	<u>14.5%</u>	<u>14.0%</u>	<u>2.4%</u>
Sewer:	<u>7.5%</u>	<u>16.0%</u>	<u>14.0%</u>	<u>12.0%</u>	<u>3.0%</u>
Ave:	<u>7.5%</u>	<u>16.6%</u>	<u>14.3%</u>	<u>13.0%</u>	<u>2.7%</u>