



**PUBLIC WORKS DEPARTMENT
TOWN OF ARLINGTON**
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Memo to: Adam Chapdelaine, Town Manager

From: Mike Rademacher, DPW Director

Date: March 4, 2021

Subject: FY22 Water/Sewer Rate Recommendation

Last year the Select Board requested that Water and Sewer Rates be structured in order to eliminate the shift of General Fund dollars in the Water and Sewer Enterprise Fund. We are entering into year two of that three year effort. In year one, the Water Rates increased by 17.2% and Sewer Rates increased 16.0%. At the same time, it was projected that FY22 rates would increase by 14.5% and 14.0% for Water and Sewer respectively. Late last spring, the MWRA made adjustments to community assessments in an effort to help with any financial struggles related to the Covid Pandemic. As a result, FY22's MWRA assessments are lower than previously projected. Adjusting for this reduction, it is my recommendation that in FY22, the Water Rates increase by 12.75% and Sewer Rates increase by 11.95%. 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:

- Health and Retirement Indirect Costs have not yet been finalized
- Potential bargained salary increases have not been finalized but a placeholder estimate has been included.
- Rates are structured to eliminate the General Fund Offset evenly over FY21, FY22 and FY23.
- The General Fund shift would decrease from \$3,691,454 I to \$1,845,727 in FY22
- 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 1,215,000 CCF's based on current trends

Proposed Rate Chart	<u>Water</u>		<u>Sewer</u>	
	FY21 (Exist)	FY22 (Prop)	FY21 (Exist)	FY22 (Prop)
0-15 ccf/3 months	\$6.28	\$7.08	\$7.45	\$8.34
16-30 ccf/3 months	\$6.72	\$7.58	\$7.94	\$8.89
Over 30 ccf/3 months	\$8.16	\$9.20	\$9.63	\$10.78

	FY21 Rates	FY22 Rates <u>Additional 33% Reduction</u>	FY23 Rates <u>Final 33% Reduction</u>	FY24 Rates <u>Offset Eliminated</u>
Cost Ave. Arlington Home Use: <u>60ccf/yr.</u>	\$877	\$986	\$1,125	\$1,162
Cost Ave. Arlington Home per bill: <u>3 months</u>	\$219	\$246	\$281	\$290

Approx. Rate increase Over previous FY:				
Water:	<u>17.2%</u>	<u>12.8%</u>	<u>14.4%</u>	<u>3.6%</u>
Sewer:	<u>16.0%</u>	<u>11.9%</u>	<u>13.9%</u>	<u>3.1%</u>
Ave:	<u>16.6%</u>	<u>12.4%</u>	<u>14.2%</u>	<u>3.4%</u>