

Subject **Projected needed increases to water and sewer rates**
From Curtis Roberts <curtisrobertscpa@gmail.com>
To <royce@elkridgecity.org>
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Royce,

Based on my projections, the City needs to increase both the water and the sewer rates. The ranges for the increases are as follows:

Water

Low - raise additional \$110,000 per year or approximately \$13 per customer per month. This rate should be adequate to last 2-3 years before needing to be adjusted again.

High - raise additional \$327,000 per year or approximately \$39 per customer per month. This rate should be adequate to last 8-12 years before needing to be adjusted again.

Water is the area that can really put financial strain on any city. Impact fees help but the projects are typically so large that it is hard to build without issuing bonds. The City is in a strong position to borrow money. However, building new projects creates more to maintain and replace and the bonds must be repaid with interest. The water rates have not been adjusted for years because of solid rate planning in the past. The pumping costs have increased in recent years causing more concern. As I have stated in the past, we might be able to go one or two more years without a rate increase but we are only causing the future increase to be even larger.

Sewer

Low - raise additional \$14,000 per year or approximately \$2 per customer per month. This is in addition to the rate increase by Payson. This rate should be adequate to last 2-3 years before needing to be adjusted again.

High - raise additional \$57,000 per year or approximately \$7 per customer per month. This is in addition to the rate increase by Payson. This rate should be adequate to last 8-12 years before needing to be adjusted again.

We have discussed the need to raise sewer rates for a number of years. Sewer regulations are only increasing, especially at the treatment plants. There is more risk to rate increases due to compliance requirements than actual replacement of machinery, equipment or parts. This means that the rate could have significant increases in a year when new regulations are being implemented or plans are made to comply.

Curtis