



2019

Utility Increase Information

Effective January 1, 2019 the Village of Sparta will be making changes to its utility rates. This will be reflected in your February bill (which bills for January usage).

What is happening?

Currently the Water Ready to Serve (WRTS) generates approximately \$500,000 per year in revenue to help pay for capital equipment in the water plan and the water distribution system. In comparison the Sewer Ready to Serve (SRTS) generates \$227,000 to pay for capital equipment in the waste water treatment plant and the sewer collection system. This large discrepancy is due to the fact that in 2000 the Village issued a bond for water line replacement that requires a \$270,000 per year annual payment. This payment is scheduled to be paid off in three years (FY 2021). In anticipation of this bond being paid off the Village is lowering the WRTS charge this year and raising the SRTS charge to help rebalance these charges. The goal of rebalancing is to lower the WRTS and raise the SRTS by the same amount so that that customers of both utilities do not receive an increase. Water and Sewer capital projects are similar in cost and having a rate structure that is 2 to 1 higher for Water than Sewer does not provide the Village the resources to fund the necessary repairs and improvements for the sewer capital fund. The Village has avoided financing projects in recent history and is working to pay for repairs with cash on hand as much as possible.

Water Ready to Serve Decrease Breakdown:

<u>Meter Size</u>	<u>Current Monthly Fee</u>	<u>Proposed Monthly Fee</u>	<u>Monthly Decrease</u>	<u>Annual Decrease</u>	<u>Customers</u>	<u>Revenue Decrease</u>
¾"	\$18.04	\$15.04	\$3.00	\$36.00	1,291	\$46,476.00
1"	\$32.47	\$30.47	\$2.00	\$24.00	198	\$4,752.00
1 ½"	\$72.15	\$66.15	\$6.00	\$72.00	52	\$3,744.00
2"	\$129.87	\$109.87	\$20.00	\$240.00	37	\$8,880.00
3"	\$288.60	\$205.60	\$83.00	\$996.00	6	\$5,976.00
4"	\$519.47	\$394.47	\$125.00	\$1,500.00	2	\$3,000.00

Sewer Ready to Serve Increase Breakdown:

<u>Meter Size</u>	<u>Current Monthly Fee</u>	<u>Proposed Monthly Fee</u>	<u>Monthly Increase</u>	<u>Annual Increase</u>	<u>Customers</u>	<u>Additional Revenue Generated</u>
¾"	\$8.17	\$11.17	\$3.00	\$36.00	1,291	\$46,476.00
1"	\$14.71	\$16.71	\$2.00	\$24.00	198	\$4,752.00
1 ½"	\$32.69	\$38.69	\$6.00	\$72.00	52	\$3,744.00
2"	\$58.84	\$78.84	\$20.00	\$240.00	37	\$8,880.00
3"	\$130.76	\$213.76	\$83.00	\$996.00	6	\$5,976.00
4"	\$235.36.15	\$360.36	\$125.00	\$1,500.00	2	\$3,000.00

This rebalancing will result in the Sewer Capital Fund receiving approximately \$72,000 in additional revenue per year and the Water Capital Fund receiving approximately \$72,000 less in revenue per year. With this change the Water Capital Fund is projected to generate \$431,000 annually and the Sewer Capital Fund will generate \$299,000 annually.

The Village is also increasing water and sewer commodity (usage) rates slightly to help cover operational costs of the water plan and distribution system and the wastewater treatment plant and collection system. The Village has not increased the commodity charge for water or sewer since January 1, 2016.

- Sewer Commodity (Use) is going up \$0.06 per 100 cubic ft. The current rate is \$2.98 per 100 cubic ft. and will increase to \$3.04 per 100 cubic ft. The annual increase will depend on usage. This will generate approximately \$8,000 in additional revenue for the Village.
- Water Commodity (Use) is going up \$0.04 per 100 cubic ft. The current rate is \$1.75 per 100 cubic ft. and will increase to \$1.79 per 100 cubic ft. The annual increase will depend on usage. This will generate approximately \$7,550 in additional revenue for the Village.

Example of Bill Increase under New Rate Structure (3/4 inch meter) for water/sewer customer:

<u>Cubic Ft Used</u>	<u>Old Bill</u>	<u>New Bill</u>	<u>Monthly Increase</u>	<u>Annual Increase</u>	<u>% Increase</u>
400	\$55.89	\$56.29	\$0.40	\$4.80	0.72%
600 (4,488 gal)	\$65.35	\$65.95	\$0.60	\$7.20	0.92%
800 (5,984 gal)	\$74.81	\$75.61	\$0.80	\$9.60	1.07%
1,000 (7,480 gal)	\$84.27	\$85.27	\$1.00	\$12.00	1.19%
1,200 (8,976 gal)	\$93.73	\$94.93	\$1.20	\$14.40	1.28%
1,500 (11,220 gal)	\$107.92	\$109.42	\$1.50	\$18.00	1.30%

Why is it going up?

The Village is constantly reviewing upcoming operational expenses to determine the cost of the system and determine the revenue necessary to be generated to meet that obligation. This review determined that the Village needs to increase what is charging for both the water and sewer operation funds. The Village will be completing a full rate study of both the water and sewer funds by an outside agency in 2019.

Upcoming Sewer Projects:

The Village is planning on estimated to spend \$1,438,000 in capital projects relating to the Wastewater Treatment Plan and the Sanitary Sewer Collection system. This includes replacement of the S. Elm St. sanitary sewer line, lining the sanitary sewer line on W. Averill between Anderson St. & Pine St., Significant repairs at the Wastewater Treatment Plant to rehab Oxidation Ditch #1 and a number of other projects at the Waste Water Treatment Plan. If you are interested in seeing more about the upcoming projects please check out the 2019-2024 Capital Improvement Plan. The plan can be found under the Services tab “Finance and Transparency” on the Village website at www.spartami.org.

If you have any questions please contact Julius Suchy, Village Manager at (616) 887-8251.