The Town of Rutland’s Sewer Enterprise Fund is facing a deficit for FY 2019 of over $300,000 that cannot be provided for by sewer retained earnings. Available sewer retained earnings are about $23,000. The deficit must be provided for.

The Town is interested in funding water capital improvements that are $400,000 per year and sewer improvements that are $200,000 per year, starting in FY 2020. The rates in this document are based on the Town’s borrowing of funds for the capital improvements.

Rate increases are designed to target retained earnings balances at the end of FY 2024 that is 20% to 25% of the fund’s operating budget in that year.

Some rate-setting options for the Town’s consideration are below. These include but are not limited to the following.

If the Town wanted to raise sewer rates in time for the final billing of FY 2019 to raise enough revenue to cover the deficit.

Option 1 – Focus on increasing quarterly assessments and sewer rates

Sewer:

- Increase the quarterly debt assessment by 20% in FY 2022.
- Increase the quarterly I/I assessment by 130% as soon as possible, so the increase can be included for the final billing of FY 2019, and by 30% in FY 2023.
- Increase the flow-based rate by 200% as soon as possible, so the increase can be included for the final billing of FY 2019. The rate can be decreased by 50% for FY 2020, 40% for FY 2022, and 5% for FY 2023.
- These rate changes would impact sewer bills as noted below:
  - Current yearly bill: $713
  - FY 2019 total bills if the I/I charge increases and the rate increases: $1,038
  - FY 2020 total bills: $1,150
  - FY 2021 total bills: $1,150
  - FY 2022 total bills: $796
  - FY 2023 total bills: $835
  - FY 2024 total bills: $835
Water:

- Increase the quarterly debt assessment by 20% in FY 2021, 25% in FY 2022, 20% in FY 2023, and 15% in FY 2024.
- These rate changes would impact water bills as noted below:
  - Current yearly bill: $395
  - FY 2020 total bills: $395
  - FY 2021 total bills: $395
  - FY 2022 total bills: $408
  - FY 2023 total bills: $427
  - FY 2024 total bills: $446

Option 2 – Focus on water and sewer rates

Sewer:

- Increase the flow-based rate by 260% as soon as possible, so the increase can be included for the final billing of FY 2019. The rate can be decreased by 50% for FY 2020, 10% for FY 2022, and 5% for FY 2023.
- These rate changes would impact sewer bills as noted below:
  - Current yearly bill: $713
  - FY 2019 total bills if the rate increases: $1,079
  - FY 2020 total bills: $1,135
  - FY 2021 total bills: $1,135
  - FY 2022 total bills: $1,040
  - FY 2023 total bills: $997
  - FY 2024 total bills: $997

Water:

- Increase flow-based rates by 3% per year FY 2020 to FY 2024.
- These rate changes would impact water bills as noted below:
  - Current yearly bill: $395
  - FY 2020 total bills: $405
  - FY 2021 total bills: $415
  - FY 2022 total bills: $425
  - FY 2023 total bills: $435
  - FY 2024 total bills: $445
If the Town wanted to combine the water and sewer funds into one water/sewer enterprise fund so water retained earnings can be used to provide for the FY 2019 sewer deficit, assuming Town Meeting approval.

Option 3 – Focus on water and sewer rates

Sewer:

- Increase the flow-based rate by 15% per year FY 2020 to FY 2024
- These rate changes impact sewer bills as noted below:
  - Current yearly bill: $713
  - FY 2020 total bills: $792
  - FY 2021 total bills: $883
  - FY 2022 total bills: $988
  - FY 2023 total bills: $1,108
  - FY 2024 total bills: $1,247

Water:

- Increase flow-based rates by 10% per year FY 2020 to FY 2024.
- These rate changes impact water as noted below:
  - Current yearly bill: $395
  - FY 2020 total bills: $428
  - FY 2021 total bills: $467
  - FY 2022 total bills: $505
  - FY 2023 total bills: $549
  - FY 2024 total bills: $597