



2020
Utility Rate Information

Effective January 1, 2020 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 \$431,000 per year in revenue to help pay for capital equipment in the water plant and the water distribution system. In comparison the Sewer Ready to Serve (SRTS) generates \$299,000 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 two 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 customers of both utilities do not receive an increase at this time. Water and Sewer capital projects are similar in cost and having a rate structure that is 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 eliminating finance charges for the system.

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>Annual Revenue Decrease</u>
¾"	\$15.04	\$13.04	\$2.00	\$24.00	1,291	\$30,984.00
1"	\$30.47	\$22.47	\$8.00	\$96.00	198	\$19,008.00
1 ½"	\$66.15	\$52.15	\$14.00	\$168.00	52	\$8,736.00
2"	\$109.87	\$93.87	\$16.00	\$192.00	37	\$7,104.00
3"	\$205.60	\$205.60	\$0.00	\$0.00	6	\$0.00
4"	\$394.47	\$376.47	\$18.00	\$216.00	2	\$432.00

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"	\$11.17	\$13.17	\$2.00	\$24.00	1,291	\$30,984.00
1"	\$16.71	\$24.71	\$8.00	\$96.00	198	\$19,008.00
1 ½"	\$38.69	\$52.69	\$14.00	\$168.00	52	\$8,736.00
2"	\$78.84	\$94.84	\$16.00	\$192.00	37	\$7,104.00
3"	\$213.76	\$213.76	\$0.00	\$0.00	6	\$0.00
4"	\$360.36	\$378.36	\$18.00	\$216.00	2	\$432.00

This rebalancing will result in the Sewer Capital Fund receiving approximately \$66,000 in additional revenue per year and the Water Capital Fund receiving approximately \$66,000 less in revenue per year. With this change the Water Capital Fund is projected to generate \$368,700 annually and the Sewer Capital Fund will generate \$365,000 annually.

At this time there is no change to the water and sewer commodity (usage) rates associated with this rate change. The Village is finishing up a water and sewer rate study and once the study has been completed it will include public education meetings and allow for feedback from residents.

- The current Sewer Commodity (Use) rate is \$3.04 per 100 cubic ft.
- The current Water Commodity (Use) rate is \$1.79 per 100 cubic ft.

Example of Bill under Current 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	\$56.29	\$56.29	\$0.00	\$0.00	0%
600 (4,488 gal)	\$65.95	\$65.95	\$0.00	\$0.00	0%
800 (5,984 gal)	\$75.61	\$75.61	\$0.00	\$0.00	0%
1,000 (7,480 gal)	\$85.27	\$85.27	\$0.00	\$0.00	0%
1,200 (8,976 gal)	\$94.93	\$94.93	\$0.00	\$0.00	0%
1,500 (11,220 gal)	\$109.42	\$109.42	\$0.00	\$0.00	0%

Why is the Change Needed?

The Village is constantly reviewing upcoming capital 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 it is charging for sewer capital and lowered the water capital charge to offset the increase. The Village will be completing a full rate study of both the water and sewer funds by an outside agency in early 2020. This study will include public meetings and communication about the results of the rate study and what impact it will have on future utility rates.

Upcoming Sewer Projects:

The Village is in the process of completing our SAW Grant which will identify what improvements are needed for the sanitary sewer collection system, wastewater treatment plant and the storm sewer system. If you are interested in seeing more about the upcoming projects please check out the 2020-2025 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 or jsuchy@spartami.org.