

TOWN OF BELLINGHAM

OFFICE OF THE DIRECTOR OF THE DEPARTMENT OF PUBLIC WORKS

WATER AND SEWER RATE SYSTEM HAS BEEN COMPLETELY REVAMPED

A new water and sewer billing system will be used for all bills sent after July 1, 2007. As this is a dramatic change from our old system, we submit the following explanation.

In February of 2007, we hired a certified public accounting firm to perform an actuarial study on our billing system. The CPA we hired has extensive municipal water and sewer rate analysis experience. The study was initiated with the goals of: bringing revenue up to meet the cost of providing services, creating a truly "Conservation Driving" rate system, and updating an antiquated system to the latest industry standards.

For the last several years, the rate system was not bringing in sufficient revenue to cover annual costs of water or sewer operations. In 2006, the water rate revenue was approximately thirty-five percent below costs and sewer was approximately ten percent below costs.

The new system bills all customers a Service Charge based on meter size and not volume consumed. The Service Charge is designed to cover the Town's costs that are unrelated to volume supplied or treated. The Service Charge was calculated using formulas published by the American Water Works Association in their Rate Setting Manuals M1 and M34.

In addition to the Service Charge, consumption is billed at adjusted rates for every gallon that registers on the meter. (The old system provided free water up to the minimum.) Water billing utilizes a three step increase block system; Sewer uses one rate for all consumption.

The Selectmen wanted to minimize the impact for the small user, typically the older members of our community, so the water blocks were set up to keep cost the same or even a little lower for minimal water users. As some are getting a break, others will see a higher rate increase to make up the needed revenue.

The end result to most of our customers is that the amount you have been paying will change. Some bills will go down, most will go up.

Significant increases were needed for water and sewer operations to continue as enterprise fund systems (revenues = costs). Hopefully, this study and updated rate system, along with annual review of rates and revenues, will help us avoid large increases in the future.

Our water and sewer rates continue to be below the statewide averages.