

Why is there is a \$52.50 charge on my quarterly water bill?

In March of 2014 the Board of Selectmen held a public hearing and voted to increase the Capital Improvement Charge from \$26.00 per year for water customers to \$210.00 per year (\$52.50 per quarter), and to start charging seniors at a rate of \$30.00 per year (\$7.50 per customers) .

Why do we need a Capital Improvement Charge?

The Town's water system has typical age related issues. Water billing revenue covers the cost to operate and perform routine maintenance on the water system. Our rates have not been set to generate the needed extra revenue for capital projects.

Why \$210 a year?

This fee will generate approximately a million dollars a year to start a realistic Capital Improvement Plan. We have improvement and replacement projects identified that total \$30 Million. The funds generated by the fee will allow us to start tackling the projects on this list.

Why not just add the fee to the billing rate?

It could have been done. It was discussed extensively with the Selectmen during the rate setting hearings. The Selectmen felt a separate Capital Improvement Charge is better than a usage related billing rate change for several reasons, not the least of which being the separate flat fee is the easiest way to waive the charge for discounted customers.

There is also the hope that someday we will catch up with our capital project needs. The list of needed projects will be cleaned up and we can consider reducing this fee. This is not something that is likely to happen soon; the Capital Plan is a 20 year plan.

Are the funds earmarked for water system improvements?

The funds are as earmarked as any town collected funds can be. Per state laws a town meeting can vote the use of any collected funds for any town project or expense; however, the Selectmen and Finance Office are working to establish a separate account for Water Capital Improvements.

The funds collected from this fee will be voted to a specific project at a Town meeting, usually in October. The DPW will present recommended water capital expenditures to the Selectmen, Capital Improvement Committee, and Finance Committee. If the expenditure is recommended by these boards and committees it moves onto the Town Meeting warrant for a vote.

Are there any grants of other places we can get help covering the capital costs?

The only remaining program is the State Revolving Fund (SRF) loan program. We have and will apply for these loans whenever they make sense, mostly for larger projects. Often our very good bond rating gets us rates nearly as good as the SRF loan rates. The SRF program carries with it ton of red tape and added requirements. If we can do it cheaper it makes sense to proceed without the SFR's extra burdens.

As the only help we could get from higher levels of government are loan programs it is more cost effective for us to collect the funds (revenue from the capital fee) and pay cash for project construction. This allows us to complete project without incurring additional debt costs.