

## **Background information regarding water rate increase for FY17**

- The rate increase will help stabilize tax rates.
- The proposed 9.5% rate increase was reflected in the Uniform Rate Schedule as adopted by the Board of Supervisors as part of the FY2016-17 budget.
- The increase is in keeping with a recommendation provided in the Utility Rate Study presented to the Board of Supervisors in March 2015.
- The increase continues a trend over the past several years as we work towards that goal. The increases adopted by the BOS are as follows:

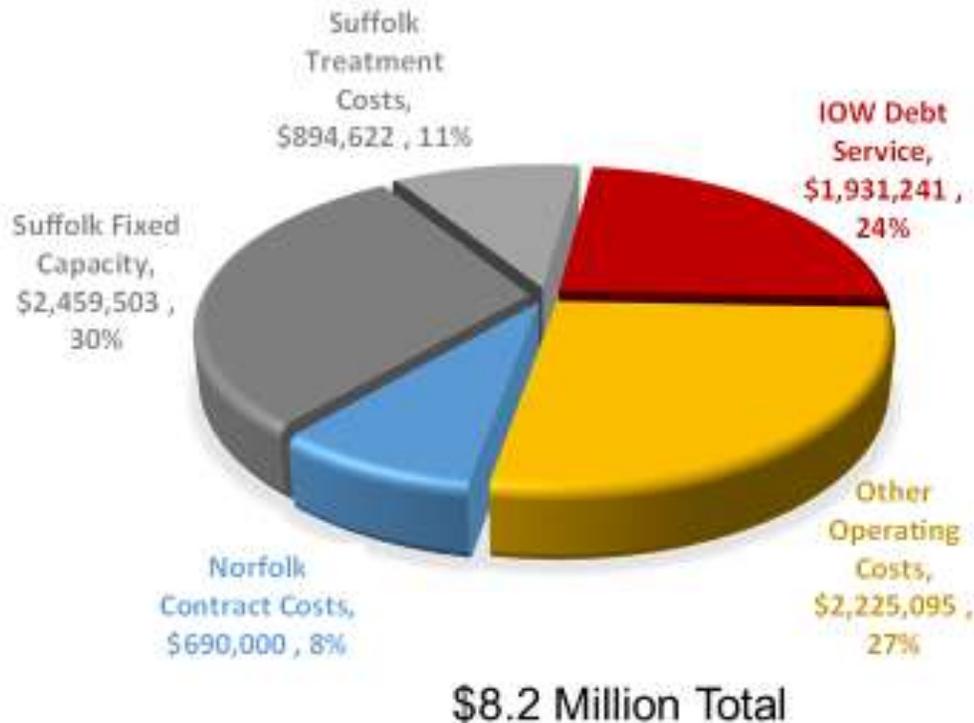
FY15 increase = \$0.60

FY16 increase = \$0.59

FY17 increase = \$0.84

- Rates are scheduled for 9.5% annual increases through 2020 as recommended in the Utility Rate Study.
- Gradual rate increases over time are preferred over radical spikes from year-to-year as a result of large infrastructure investments and the associated debt service payments.
- The County's water rates remain competitive in the region.
- The chart below shows the distribution of annual expenses associated with the County's water systems.

# Water and Sewer Cost Structure (FY2015)



- Debt service = Repayment of previous County and WTWA infrastructure spending
- Suffolk Fixed Capacity = Cost to reserve the system capacity to deliver WTWA water through Suffolk's system
- Norfolk Contract Costs = Expenses related to securing water purchased from Norfolk through the WTWA
- Suffolk Treatment Costs = Costs associated with treating WTWA water through Suffolk's treatment works
- Other Operating Costs = Cost of labor, equipment, and materials to run and maintain the County water infrastructure.

## **County Utility Services Department's Objectives**

Utility Services is committed to continuing to provide a reliable source of quality drinking water to all of our customers over 19 water systems, with a focus on excellent customer service. We continue to operate our systems while planning to replace and/or upgrade older water systems through our Capital Maintenance fund. We are committed to providing safe and reliable drinking water to all customers, and pride ourselves in operating to consistently deliver clean water while developing an efficient and reliable infrastructure.

To that end, we are gearing up to build new projects that will become the backbone of our water infrastructure. The Route 10 waterline extension is a critical improvement that will provide a redundant connection and a critical alternate delivery point to supply the demands of the growing NDSD. Design of this project is underway and construction is anticipated to begin in 2018 and be completed in 2019.

The Route 460 waterline extension will bring WTWA water supply to the STH Park in order to provide the opportunity to meet the needs of the WDSD. Design is substantially complete for this project and construction is anticipated to be completed in 2018.

Improvements to other systems are also proposed to provide operational efficiencies and reliable water supply by constructing such projects as the Lawne's Pointe to Rushmere Shores waterline extension, which is our third current major Capital Improvement Project. We are currently underway with the design of that extension using in-house staff and hope to be under construction in 2017.

Please feel free to contact Utility Services at 365-6319 with any questions or should you require any additional information.