



City of Reidsville Press Release – Release Date March 16, 2018

Council unanimously approves 3% increase in utility rates

Reidsville residents will see a 3% increase in their utility bill effective July 1, 2018.

The Reidsville City Council voted unanimously at this year's Annual Budget Retreat in January to implement the increase. About 70% of the City's water users will see their monthly bill go up an average of \$1.13 per month, explained Finance Director Chris Phillips.

The last time the City increased its rates was a 10% increase in 2016.

Staff cautioned the City Council about the need to stay ahead of rising operating costs of the City's utility system and the continuing need to re-invest in infrastructure. In the past, citizens have complained about water discoloration, but the City has made positive strides in recent years to make improvements in water quality. Residents have also indicated to staff that they would rather receive small, incremental increases rather than be hit with large rate increases.

"I believe our residents realize that expenses go up," said Mayor Jay Donecker. "If it is a reasonable amount, I think they will understand that a 3% increase is necessary to maintain our infrastructure."

For years, the City outsourced its Water Treatment and Wastewater Treatment operations. In 2014, the City took back oversight of those plants. The City has also issued debt of more than \$27 million to make plant and infrastructure improvements.

The University of North Carolina School of Government's Environmental Finance Center recommends that municipalities optimally should be charging consumers 120% of operating expenses. That allows the fees to cover the actual cost of operations, plus 20% for capital improvements and debt service.

Preliminary budget numbers for fiscal year 2018-2019 show that a 3% increase will bring the City's operating margin to 1.09%, which is still below the industry standard of 1.20%. Even with this increase, Reidsville's utility rate will be moderate compared to many other communities.

If you'd like to check out the NC Rate Dashboard at the Environmental Finance Center, log in to <https://efc.sog.unc.edu/resource/north-carolina-water-and-wastewater-rates-dashboard>. See attached graph for area rate information.

City of Reidsville
 Rockingham County Utility Comparison
 Residential Rate

Service Provider	Water Bill (4,000 gal)	Sewer Bill (4,000 gal)	Combined Bill (4,000 gal)
Mayodan	\$ 18.24	\$ 18.24	\$ 36.48
Reidsville	\$ 16.31	\$ 40.08	\$ 56.39
Madison	\$ 35.88	\$ 40.33	\$ 76.21
Eden	\$ 38.57	\$ 42.18	\$ 80.75
Stoneville	\$ 45.34	\$ 45.34	\$ 90.68
Rockingham County	\$ 49.00	\$ 43.00	\$ 92.00
Dan River Water	\$ 46.00	n/a	\$ 46.00

Notes:

Bills were calculated using current website published rates for these providers.

Reidsville's rate has been adjusted to reflect the 3% increase approved for July 1, 2018.

Dan River Water does not provide sewer service.

5,000 gallons a month is considered an average statewide residential user; Reidsville residents average closer to 3,000 gallons a month; 4,000 gallons have been used for this comparison.

Service Provider	Service Population	Average Household Size	Poverty Rate	Median Household Income	Water as a % of MHI	Sewer as a % of MHI	Combined as a % of MHI	Operating Margin Ratio	# of Accounts	System Operating Revenues
Mayodan	2,464	2.21	31.07%	\$ 26,667	0.07%	0.07%	0.14%	0.90	1,369	\$ 2,003,729
Reidsville	15,202	2.30	23.06%	\$ 35,599	0.05%	0.11%	0.16%	1.04	6,581	\$ 7,820,778
Madison	2,787	2.26	25.90%	\$ 31,535	0.11%	0.13%	0.24%	0.93	1,335	\$ 1,697,851
Eden	15,527	2.32	30.97%	\$ 28,908	0.13%	0.15%	0.28%	0.95	6,767	\$ 9,690,519
Stoneville	1,473	2.55	12.31%	\$ 39,618	0.11%	0.11%	0.23%	1.01	580	\$ 618,109
Rockingham County	1,026	2.41	19.38%	\$ 40,003	0.12%	0.11%	0.23%	0.62	404	\$ 794,837
Dan River Water	11,890	2.32	30.97%	\$ 28,908	0.16%	n/a	0.16%	Unknown	4,681	Unknown

Information from the 2015-2016 fiscal year Rate Dashboards of the UNC School of Government Environmental Finance Center.

The 1.04 operating margin shown for Reidsville is the 2015-2016 actual result. The 2018-2019 projected operating margin is 1.09.

Reidsville's bills as a % of MHI has been adjusted to reflect the 3% increase approved for July 1, 2018.