

The City of Belmont contracted with WithersRavenel to update and prioritize its Capital Improvements Plan (CIP) and reviewed the costs and timing in which projects should be completed. In addition to the CIP, the analysis addresses financing and future water and sewer rates for the City of Belmont. The Capital Improvements Plan includes 18 water and 15 sewer improvement projects proposed for the fund through FY 2034. This leads to the financing of \$20.9 million of projects in the proposed Capital Improvements Plan after the State appropriation of \$10 million. The yearly costs exceed \$1 million during some years, which may place pressure upon the fund budget. The largest projects include:

- Pump Station and Force Main to Charlotte Water Facilities \$10,200,000
- Abbey Outfall Sewer Rehabilitation \$2,461,000
- Belmont Avenue Sewer Replacement \$2,194,000
- Lincoln Street Water Service Replacements \$1,759,000
- West - South - Southwest Outfall Improvements \$1,753,000
- Upgrade SCADA System \$1,595,000

The current rates charged by the water and sewer fund are high enough to yield feasible operations but may not be adequate for funding future increases in operating costs and capital needs. To analyze the present water and sewer rates and the impact of any changes, a financial model was created to show the impact of various rate modifications. In proposing changes to rates, the objectives are to maintain positive revenue generation for the fund, while promoting user equity and best practices. Below are the structural changes that are being implemented to the rate structure:

1 - Vary Water Fixed Charges by Meter Size

2 - Increase Price Difference Between Volumetric Rate Tiers

3 - Eliminate 2000 Gallon Fixed Charge Usage Allocation for Nonresidential Customers

As a result of WithersRavenel's analysis, the following water and sewer revenue increases to plan for inflation and capital needs have been modeled. The water and sewer increases would affect fixed and volume charges but not tap or other miscellaneous charges. These increases, as shown below, are arranged over time to minimize the impact on most users yet address the need for more revenue.

- FY 2025 - 2034 8.5% annual increases in water and sewer revenues.

The increases will help strengthen unrestricted net position, fund large capital needs and operating costs, while considering limited growth in water and sewer usage.