

# Summary of the City's "White Paper" on Utilities Rates

The new City Manager and staff have prepared an analysis or "White Paper" on the status of the City's Water, Sewer, and Trash. This summary is not a substitute for reading the full report but a quick summary of the major items.

**Water:** First, our water quality is good, very good. The problem is how the City will extend its services to the new developments and industries that are coming into our City. The Water bill, which pays for all of this, is very complex since 60% of Cambridge residents use just the minimum amount of 4,000 gallons or less a month and pay the minimum. On the other end, 10 industrial sites use 50% of the water and pay at a much higher rate. In addition, new subdivisions currently don't pay an "impact fee" which helps offset the additional costs of pumping stations, water towers, water lines and sewer lines needed for a new house. This fee was suspended in 2014. Also, non-City residents pay double the rates. **The City has not raised rates for water since July of 2013 – nine years ago.**

The City needs to make a capital investment of \$5.5 million in FY26 to build a "Water Booster Station". This will add water pressure to the new developments and Industries. This could mainly be paid for by reinstating the impact fees.

**Sewer:** Whatever water comes into the house must go out of the house and be cleaned. The sewer system is in bad shape, very bad shape, and has been for years. The City has already identified the following projects:

1. West End Sewer Upgrade - \$2.5 million to fix the overflow problems that leak into the Choptank River and pollute the streets.
2. The Trenton St. Pump Station Upgrade - \$4 million to increase the pumping of sewage which now overflows into the River.
3. Cambridge Creek Sewer Rehabilitation - \$4 million to fix overflows and increase pumping along the Creek.
4. Other pump station upgrades - \$4 million

5. The City will have to replace large sections of the aging sewer lines for years into the foreseeable future – estimated cost in the millions.

The City has started work in getting grants, low interest loans and other financial instruments. **The sewer rate has not increased since 2013.**

**Trash:** The City extended the current contract with Chesapeake Waste though December 31, 2022 to allow the new City Manager to develop a bid. At present, the City will ask for a continuation of existing services of twice a week but will also explore the possibility of once a week for trash and once for recycling. At present, the City charges \$14.25 a month for trash pickup, but the staff assumes with rising labor and fuel costs, the monthly bill will increase.

**So how will the City pay for all of this?** The City staff is in the process of applying for State and Federal grants and identifying low interest loans and other financing possibilities, but the City will have to raise rates for Water and Sewer by 10% and an unknown amount for Trash. Since rates have not gone up for 9 years, this seems reasonable. Also “impact fees” for new developments need to be reinstated. Lots of parts have to come together to fund a \$14 to 20 million construction project. This is a major effort by the City to solve a problem that has been ignored for decades.

As noted in the beginning, you should read the full report to understand all the details involved in this major effort. You can get a copy of the “white paper” on the City’s website at

<https://www.choosecambridge.com/DocumentCenter/View/2078/CAR---Water-and-Sewer-Utility-White-Paper?bidId=>

The issue will begin to be discussed at the next Council meeting on August 22, 2022.

Charles McFadden,

President, CAN