



Administrative Memo

Date: 09/29/2022

To: Board of Trustees

From: Julia Stambaugh, Deputy Town Clerk

Subject: Water Enterprise Loans

In July 2009 the Town received a loan from the State (CWR&PDA) for \$1,862,552 for the first water storage tank. Then in 2018, another loan was taken out for a second storage tank for \$1,300,000. In 2019, the Town loaned the Water Enterprise an additional \$500,000. From what I can gather, the additional funds were to cover cost overruns. The payments from Water to the General Fund are interest only at \$10,000 per year until 2024. The payment will balloon to \$19,374 in 2024 and then to \$38,748.12 per year starting 2025.

2009 Loan

Balance: \$ 772,474.77

2023 Payment: \$104,970.98

2018 Loan

Balance: \$ 954,005.05

2023 Payment: \$ 68,168.30

2019 Loan

Balance: \$500,000

2024 Payment: \$19,374.06

2025 Payment: \$38,748.12

On February 11, 2021, Dawn Collins informed the Board of the issues of water accounts being incorrectly billed and the Town not raising the yearly water billing rates, in accordance with the terms of the CWR&PDA loans. The staff have been able to resolve the account billings, with the change to our third-party water billing service, AmCoBi. We have also cleared the 90-120 days overdue accounts from approximately \$18,000 - \$25,000 per month to zero, with the 30-60 days at approximately \$8,000 per month. This is a significant improvement. However, the water rates are too low to cover the coming balloon payments, and the significant rise in the cost of materials, some of which have doubled or tripled in price. We will need to revisit raising the water rates to bring the enterprise in to compliance with the loan terms, and to be able to continue with the maintenance of our water infrastructure.