



Memorandum

TO: Mayor and City Council Members

FROM: Crystal Postell, Finance Director

CC: Stevie Cox, City Manager

DATE: 05/02/2024

REF: Steeplegate Lift Station and Force Main Project Sewer Rate Break Even Analysis

Summary:

In April 2024, it has been requested by the City Council to conduct an analysis on the Steeplegate Lift Station and Force Main Project's breakeven point. It is important to understand how much the City could be saving with our interlocal agreement with the City of High Point versus the City of Thomasville. This is just an estimate.

The spreadsheet has a projection of discharge flow in Fiscal Year 2025 – 2026 at 450,000 per day. These projections are based on actual projected numbers of homes to be built in the next (3) three years from Davis-Martin-Powell (DMP). This estimate is based on both a 3% increase each year in discharge flow and 5% increase in the commodity rates (sewer rate). It is necessary to consider the possibility of the City utilizing its already approved State Water Infrastructure Authority's zero percent interest rate loan in the sum of \$1,354,000.

When reviewing the sewer rate breakeven analysis, savings are based on a monthly estimated expenditure. The breakeven point is when the City should expect savings within the Sewer Fund expenditures for treatment which could begin Fiscal Year 2032 – 2033. If utilizing the zero-interest rate loan, the City should expect to "breakeven" on the cost of the Steeplegate Lift Station and Force Main Project around Fiscal Year 2035 – 2036. The other sources of income for this project are grants.

Recommendation:

There are no recommendations.

Attachments:

Breakeven/Savings Analysis
\$1,350,000 Estimate Loan Payment Schedule