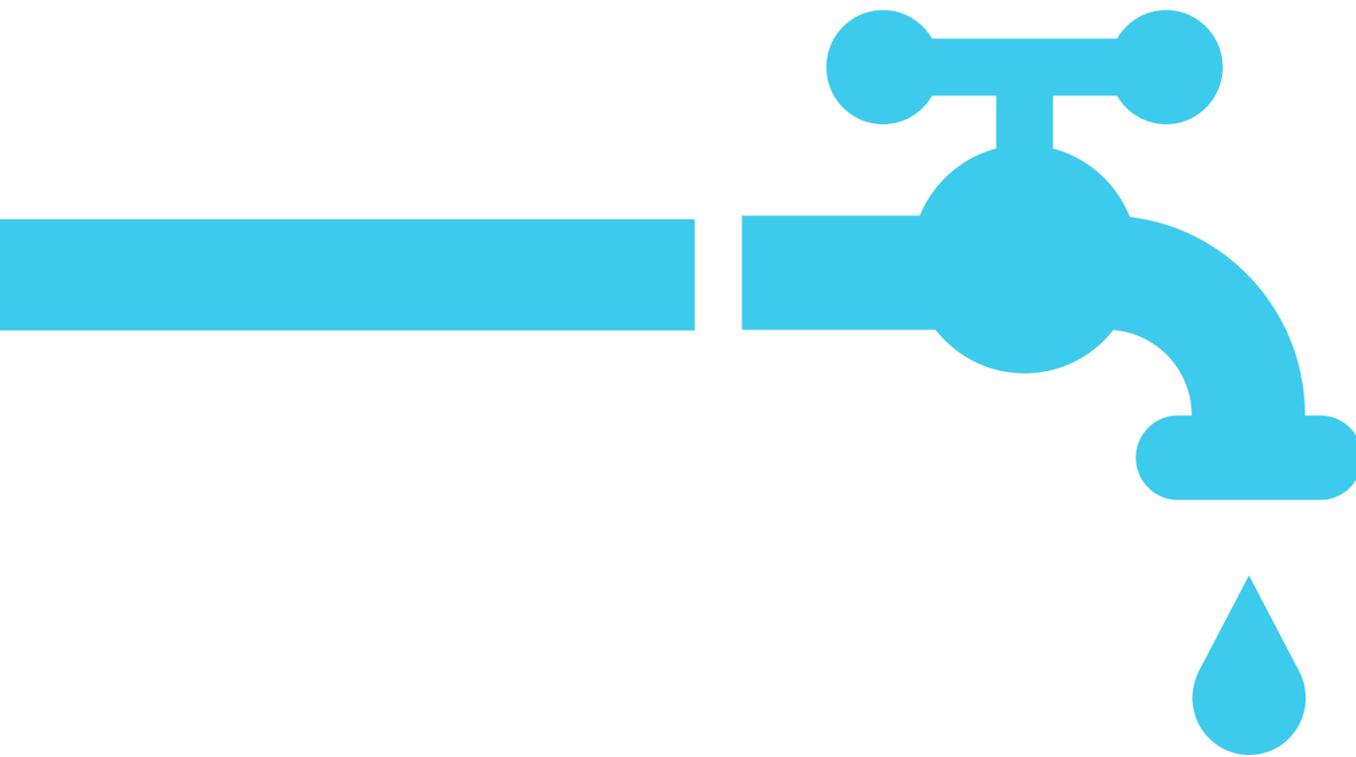




Q&A

Town of Chesapeake Beach FY24 Utility Fund (UF) Outreach



Q/A

Where are the 20 new capital connections expected that are projected in the FY24 UF budget?

The new connections are projected in Richfield Station- Crest View Lane.

Q/A

The increase to \$30,000 for new development is high for a new water / sewer connection for services, why?

The costs to connect to new water / sewer services are reflective of the increased cost to the infrastructure for new development.

Q/A

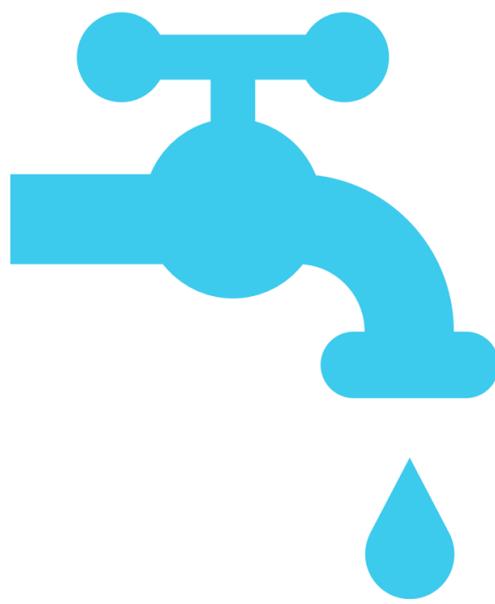
Why is the General Fund not loaning the Utility Fund money?

The Utility Fund is an enterprise fund meaning the cost to provide services should be covered by user charges. Using General Fund money to support the Utility Fund results in a liability to the general tax payer for service users and eliminates the Town's ability to qualify for funding through grants and loan programs.

Q/A

Does the Town have \$18,000,000 sitting in reserve?

No. The Town has **\$1,343,178** in Utility Fund reserve. UF reserve funding is at a deficit of **(\$4,791,732)** and is expected to be at a deficit of **(\$5,738,404)** at the close of FY24 to account for the budgeted transfer of UF reserve still needed to balance the UF budget. The Town has \$11,942,726 in General Fund reserve; however, these general tax payer dollars are required to remain in the General Fund to protect Town assets, plan for the unpredictable of revenue streams, and to meet best practices. The Utility Fund must be self supporting.



Q | A

Will the sewer fixed fee be assessed annually or quarterly?

The sewer fixed fee will be billed quarterly per dwelling unit or equivalent dwelling unit (EDU) for commercial users.

Q | A

Is there an option to pay annually?

The cost will be billed quarterly, but customers can pay in advance annually if they prefer. The Town recommends paying the fee when due rather than in advance to avoid credit balances.

Q | A

Will we have a similar increase next year?

The fixed fee is not expected to increase for at least the next 3 years as the fixed fee revenue will provide the necessary funding to limit citizen downtime by making the necessary repairs and infrastructure improvements.

Q | A

Is this a permanent increase?

All schedules of fees for the Town are reviewed annually during the budget adoption process.

Q | A

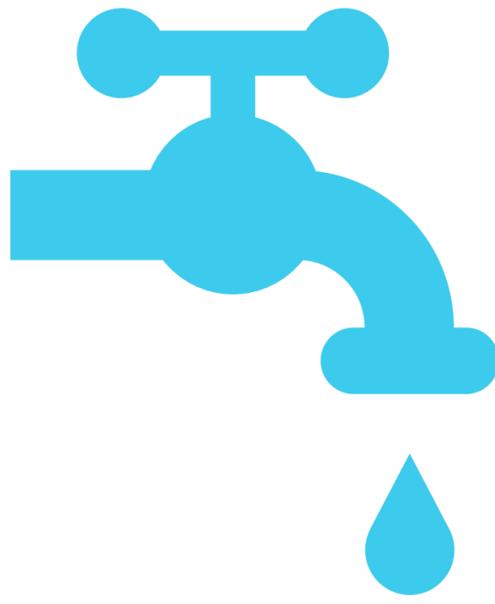
A \$100 sewer fixed fee is a high number, why?

The Town's utility fund has been historically unsupported by user fees. The Town has relied on high density development and general tax payer dollars to balance the Utility Fund. During COVID the Mayor and Town Council elected to absorb online processing fees rather than pass on these fees to customers and not raise the utility rates. Due to the current economic environment, lack of reserve funding necessary to ensure infrastructure improvements happen in the short and long run the Town must implement a sewer fixed fee to cover the fixed cost (97% of costs are fixed) to be able to flush toilets.

Q | A

Who are the large Chesapeake Beach utility users?

The Water Reclamation Treatment Plant is the largest user supplying services to multiple jurisdictions, the Water Park is the second largest followed by Beach Elementary School and our commercial businesses.



Q/A

Is this a fee or a tax?

The sewer fixed fee is a fee for sewer services to provide user revenue to cover the fixed costs of supplying and maintaining infrastructure.

Q/A

Will the Town assess additional EDUs for residential properties with high usage?

No. The Town will not assess an additional EDU for residential users with large families and high usage. The Town will assess additional EDUs if a residential property has an accessory dwelling or another full single family living space.

Q/A

Why are the fixed and variable costs listed as one line item?

This cost is the Town's share of the Water Reclamation Treatment Plant (CBWRTP) costs. The costs are defined by the CBWRTP budget that is already adopted. Costs at the CBWRTP are shared with our partnering jurisdictions, Anne Arundel County, Calvert County & the Town of North Beach. The Town's UF pays the Town's share of the CBWRTP costs.

Q/A

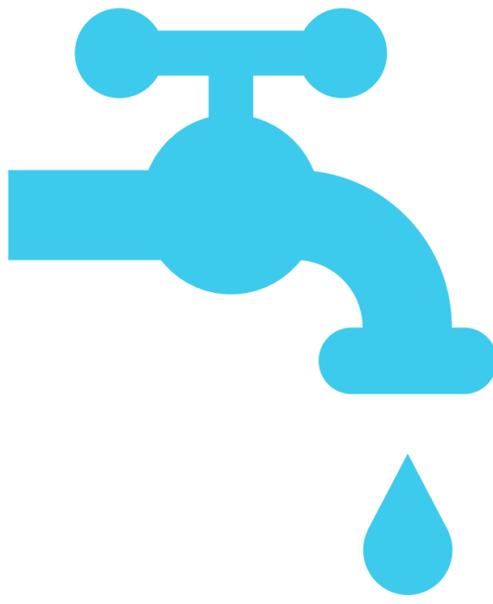
What are the staff & benefits cost made up of in the Utility Fund?

The Utility Fund staff costs account for Town staff that work within water and sewer services for the Town.

Q/A

What is the Town doing to prevent increased costs?

The Town is completing the majority of water / sewer repairs in-house saving over 50% of the cost for repairs. The Town is focused on preventive maintenance decreasing overall expense and down time for citizens. The Town is also ensuring the continual training for staff to ensure that the Town retains the expertise *in house* to reduce reliance on outside contractors due to the challenging economic environment and lack of ability to get crews on site in a timely manner to complete repairs and maintenance tasks.

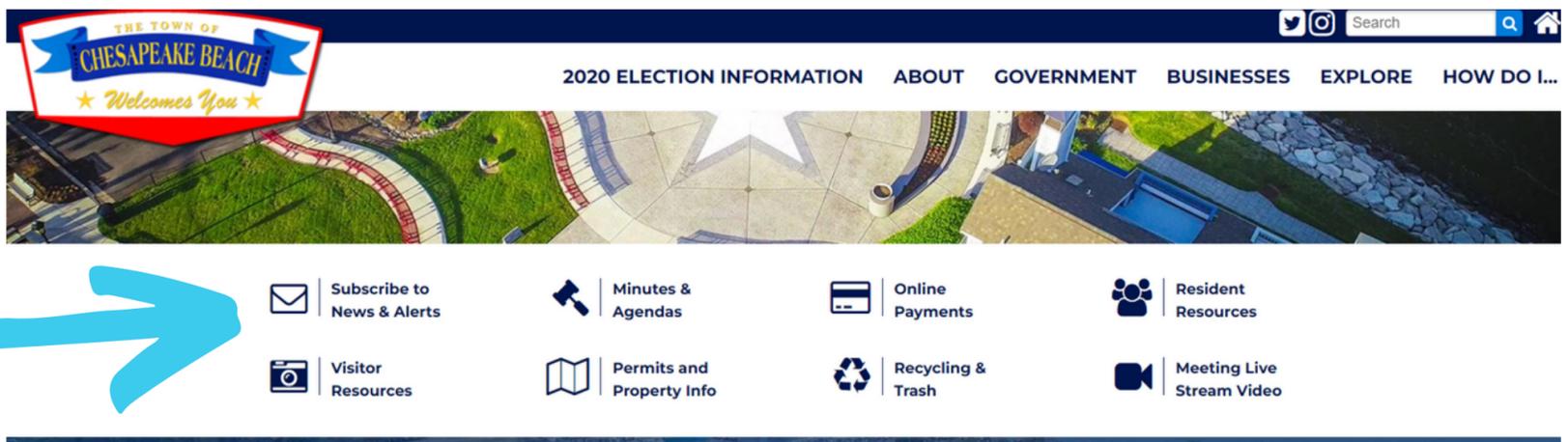


Will water only customers incur a sewer fixed fee?

Customers with water only services will not incur a \$100 sewer fixed fee.



This Question & Answer (Q&A) lists all questions received from citizens related to the FY24 Utility Fund and is being provided to all citizens as a guide to further understand the introduced FY24 Utility Fund budget.



For more information please visit the Town website at www.chesapeakebeachmd.gov and click subscribe to notices from the Town.

