



October 15, 2024

A message from Murphys Sanitation District to our valued customers:

Murphys Sanitary District (MSD/District) is conducting a cost-of-service rate study for its wastewater services. Rate revenues are what fund the District's wastewater system's day-to-day operations, regular maintenance, and larger rehabilitation projects. The District has historically maintained consistent, low rates for its customers and has been able to fund operations and regular maintenance needs using customer rate revenues; however, **residential rates have remained at \$60 per month for the last 15 years** despite increasing costs over the same time period. Commercial rates were adjusted in 2018 to implement rates based on types of commercial use and the demand placed on the wastewater treatment process.

Another reason for initiating the rate study is due to capital improvement projects identified in a recently completed 10-year Capital Improvements Plan (CIP). The comprehensive plan examined the District's infrastructure and identified areas for rehabilitation at the wastewater treatment plant, sewer collection system, operations facilities and equipment. The plan included a 10-year timeline and estimated budgets for the identified improvements. The CIP allows the District to prioritize and financially plan for future projects that will be paid through a combination of rate revenues, loans, and if received, grant funding.

The cost-of-service service study is reviewing the District's financial needs, which includes paying for projects outlined in the CIP. The study is in progress and is expected to be completed in the first quarter of 2025. Key reasons for the study are:

- ✓ Review overall current financial health of the District.
- ✓ Determine efficacy of current residential and commercial rates to support future needs.
- ✓ Address rising cost of compensation packages, chemicals and supplies, energy rates and general inflation.
- ✓ Forecast the amount of revenues the District will need to fund capital improvements.
- ✓ Review existing rate structure and make recommendations for adjustments, if needed.
- ✓ Propose changes in rates over the next five (5) fiscal years starting in 2025/2026 to support the District's revenue needs.

Murphys Sanitary District values its customers and wants to provide opportunities for ratepayers to discuss potential changes in rates. Public workshops will be held as part of the rate study process in early 2025. Meanwhile, all board meetings are open to the public and community members are encouraged to attend. All meetings are held in person (virtual options available) on the second Thursday of each month at 10 a.m. located at 15 Ernest St., Suite A in Murphys. For information, go to www.murphyssd.org or call (209) 728-3094.

On behalf of Murphys Sanitary District, thank you for being our customer!
-Murphys Sanitary District Board of Directors