
Michael Scott, Town Manager
Greg Siler, Finance Director
Tim Kerigan, Human Resources
Shannan Parrish, Town Clerk



350 East Market Street
Post Office Box 761
Smithfield, NC 27577

Beth McKeel, Administrative Assistant

Telephone: 919.934.2116

Fax: 919.989.8937

Manager Recommended Utility Increases for Fiscal Year 2023-2024

So, why is the Town Manager recommending utility rate increases in July? First, the Town utilizes an Enterprise Fund Accounting System, as all municipalities use in North Carolina. An Enterprise Fund is intended to be operated as a business, striving to meet only cost of service obligations. In other words, the Town does not function to operate at any profit margin, but simply to pay for its operation, which includes debt and future capital projects, as well as all other ongoing expenses needed to operate the utility.

Enterprise Funds only receive user fees as its source of revenue. Property taxes and sales taxes are not used to pay for Enterprise (Utility) fund expenses. The money customers pay for their water, sewer or electric usage is the money that pays for these services.

After a rate analysis completed by United Financial Solutions, it was determined, in order to meet the cost obligations to continue to provide electric services, rates must increase by an average of two (2) percent per customer. The Town has worked hard to lower electric rates since 2016, lowering the average residential customer bill over twelve (12) percent since 2016. Now, the cost of supplies and transformers have increased to the Town, forcing the current increase. As a comparison, a residential customer using 1,000 kWh per month paid \$122.28 each month in 2015-2016 budget year. With the new rate in July of 2023, that same customer will be paying \$106.44 per month, which is \$15.84 less than in 2015-2016. This is however, about a \$2.09 increase for the same customer over 2022-2023 prices for electricity. These rates remain lower than Duke Progress Energy charges for the same service.

A similar rate analysis was completed by United Financial Solutions (UFS) for water rates. The Town uses specific chemicals to purify the water in its water plant. These chemicals have increased dramatically this year and are anticipated to continue increasing in 2023-2024. These chemicals are expected to cost an additional \$120,000 this year and more in 2024. Water Rates have not increased in Smithfield since 2019. For in-town, residential customers using 4,000 gallons of water per month, their monthly water charge will increase 98 cents per month, per the Manager's proposal. These proposed rates remain less than the current Johnston County rate for a similar customer.

Smithfield relies on Johnston County to accept its trash at its landfill. Johnston County is anticipated to raise its rate to Smithfield by one dollar (\$1.00) per ton of refuse delivered to the landfill. This causes the Town's customers to pay for this additional dollar per ton, through their sanitation fees. By spreading this cost out to each Smithfield sanitation customer, the sanitation charges are increased by eleven (11) cents per month, per customer, or \$1.32 for the year.

UFS also completed a rate analysis of the Town's sewer charges. UFS is recommending minor changes that will continue to move the Town's Sewer Utility toward the actual cost for this service. For the same water customer mentioned above who uses 4,000 gallons of water per month, the sewer charges would actually be nine (9) cents less per month. However, Johnston County accepts all the Town's sewer into its sewer plant for treatment. The Town has been placed on notice that the County may increase its charges to the Town for sewer treatment. If the County raises its sewer fees for the Town, the rate increase would be effective September 1, 2023. This increase would cause the Manager to recommend a pass through increase to the Town's customers. The Town will be notified of any increase by July 1st, and any changes would be effective September 1st. If the County fees to the Town remain unchanged, then the Manager recommended changes would go into effect, September 1st, creating the 9 cent decrease in average monthly costs for in-town residents.

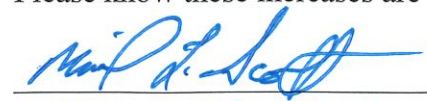
As it currently stands, the average in-town customer in East, South and North Smithfield will see their utility bill increase \$3.09 per month, if the budgeted sewer changes go into effect on September 1st. Customers who use less water or less electricity will see their utilities increase less.

For the West Smithfield customer who does not have electricity provided by the Town of Smithfield, their Smithfield charges would increase \$1.00 per month, taking into account the decreased charges for sewer on September 1st. These amounts are subject to change depending on County sewer rate changes to the Town.

District	4,000 gpm/Water	4,000 gpm/Sewer	Trash Collection	1,000 KwH/Elect.	Total Monthly Cost Change 9/1/23
District 1 (East)	\$.98	(\$.09)	\$.11	\$2.09	\$3.09
District 2 (South)	\$.98	(\$.09)	\$.11	\$2.09	\$3.09
District 3 (North)	\$.98	(\$.09)	\$.11	\$2.09	\$3.09
District 4 (West)	\$.98	(\$.09)	\$.11	N/A	\$1.00

❖ gpm is gallons per month.

The Town Council and Town Staff have worked very hard to keep the property tax unchanged since 2003. Only necessary increases have been approved for our utility services and sanitation services. The Town offers a premier Electric, Water/Sewer and Sanitation service to our residents that is second to none. Please know these increases are needed due to the state of our nation's economy and rate of inflation.



 Town Manager

Home of Ava Gardner Museum