



*Serving and
Strengthening
Vermont Local
Governments*

TO: ACT 73 WORKING GROUP
FROM: GWYNN ZAKOV, VLCT
DATE: AUGUST 11, 2017
RE: APPROXIMATE COST ESTIMATES TO MUNICIPALITIES TO ADMINISTER A NEW UTILITY FEE BILLING SYSTEM

Determining the costs to municipalities to administer billing and collections of a new utility or “clean water fee” is very hard to determine with great accuracy. We looked at the current costs to larger municipalities with similar utility billing capabilities. We conducted informal inquiries of smaller communities regarding the cost of collecting property taxes now – including NEMRC, billing, mailing, adjustments to bills, tracking payments, notices, etc. – and the estimates below are the best numbers we’ve been able to come up with.

With the exact structure and requirements of a newly mandated fee or utility unknown, the potential cost range is understandably quite large. Municipalities and the State will greatly benefit from more detailed specifics of exactly what a new mandate will look like, to more adequately estimate the actual costs to municipalities.

CURRENT EXAMPLES OF UTILITY BILLING:

Populations:

Colchester: 17,067

South Burlington: 18,971

Williston: 8,698

Cost of billing for utilities

Colchester: \$24,000

South Burlington: \$43,000

Williston: \$20,000 - \$29,000

Yearly ERU (stormwater) fees per municipality

Colchester: \$52.39

South Burlington: \$78.48

Williston: \$51.00

Approximate yearly costs for billing ONLY by population:

1 – 5,000 (220 municipalities) – between \$5,000 - \$25,000 per municipality (\$1,100,000 – \$5,500,000)

5,001 – 10,000 (19 municipalities) – between \$20,000 - \$45,000 per municipality (\$380,000 - \$855,000)

10,001 – 20,000 (7 municipalities) – between \$ 40,000 - \$60,000 per municipality (\$280,000 - \$420,000)

Sponsor of:

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20,001 – 45,000 (1 municipality, Burlington) – ? ? ?

ESTIMATED YEARLY COSTS (excluding cost to Burlington): between \$1,760,000 - \$6,775,000

*** The low estimate is too low, and the high is too high. The low estimate is assuming all municipalities will fall on the lowest end of the cost spectrum, which is not realistic; the same is true for the high end estimates.

In all likelihood the number will fall somewhere closer to the middle - around \$4,000,000 (+/-). Again, these estimates are based on a small, random sampling of smaller communities, and current costs to larger communities with utility billing. These numbers will change depending on the actual structure of a newly mandated fee. ***