



Prudence Island Water District
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Water District Board's Consideration of Use of Taxing Authority

After research, discussion of options and careful consideration over the past year, the Board of the Prudence Island Water District intends to implement use of its taxing authority effective with passage of the Fiscal Year 2018 Budget. The District has had the authority to tax real property within the District since its creation through legislative action in 2004. However, the District has never implemented this authority and instead relied exclusively on collection of semi-annual water service fees to pay for all operating expenses, capital expenses and debt service.

Through funding provided by the USDA, the District developed and has been implementing a comprehensive Facilities Improvement Plan. It will take several years to fully implement this plan.

During the past year, the District has reviewed its taxing authority and the need for additional debt service as part of this long-term plan to continue improving not only its water quality and upgrading its infrastructure, but to also increase potential capacity for new customers (including redundancy of supply to respond to temporary interruptions in the availability of one or more wells), as well as improve the accessibility and quantity of water available for fire fighting within the District.

The Board has concluded that these projects will equally benefit not only its water customers, but also the property owners within the District that are not currently purchasing water service from the district. The Board feels that it is unfair to place the full financial burden of these system improvements solely on current water users when they benefit all property owners within the District. Therefore, the District intends to move to a budget that is based on funding operations with a combination of water service fees and debt service through a District wide tax on real property. This funding structure is common practice in water districts throughout the State of Rhode Island.

Having reviewed the budgetary practices of other water districts, especially that of the Portsmouth Water District and the "*Principles of Water Rates, Fees, and Charges*"

published by the American Waterworks Association, the District Board intends to fund only its debt service through the property tax and continue to cover all other expenses through the collection of water service fees.

The Board has scheduled two public informational workshops to present this change to property owners within the District. The workshops will be held:

July 1, 2017
from one o'clock to two o'clock
at
PIA Hall
620 Narragansett Avenue, Prudence Island

&

July 29, 2017
from one o'clock to two o'clock
at
Union Church
3 Pier Road, Prudence Island

The Board will also include a public comment item on its agenda for its monthly meeting on July 15, 2017, followed by an agenda item to either reaffirm the Board's decision to change its budgetary policy or schedule an August Board Meeting to reach a final decision.

Full implementation of the budgetary decision and setting of the tax rate will occur when the Board adopts its budget for fiscal year 2018 (October 1, 2017 to September 30, 2018) at its monthly Board meeting on September 16, 2017.