

**Recap of Cost Sharing**  
**Boonsboro Keedysville Water System**

*Austin Abraham, Chair, Boonsboro Keedysville Water Advisory Board*  
*August 20, 2020*

1. The Water System is a partnership between the Towns begun in 1958. Boonsboro needs the water source in Keedysville and Keedysville needs alternate source(s) of water supply found in Boonsboro. The Water System needs a single operator. Neither Town is considered a customer of the other. Each Town is 100% responsible for its distribution system. Costs that are shared relate to sources, treatment and transmission of water between the Towns.

2. 1999 'Water Service Charge Agreement' states:

“Boonsboro’s water service charge to Keedysville will be based [on] the costs Boonsboro incurs for the operations, maintenance, capital improvements and replacements of the Water System in the course of operating and maintaining those portions of the Water System which provide service to Keedysville.”

The costs are shared based on the percentage of water pumped into each Town. *(Keedysville currently receives about 16% of the water.)*

3. The 1999 Agreement provides a cost-sharing formula based on the 1994 Arbitration as follows:

- A. Boonsboro annual operating and maintenance expense
- B. Less depreciation
- C. Less the cost of Boonsboro’s operation & maintenance of its distribution system (began as a 35% reduction of total costs, adjusted in 2017 to 50%)
- D. Plus cash cost of any capital improvement serving Keedysville
- E. Plus debt-service cost of any financed improvements serving Keedysville
- F. Total of A–E times Keedysville’s percentage of total water produced.

In addition, Keedysville is responsible for the following:

- A. Direct costs for billing and collection service provided by Boonsboro
- B. Services provided by Boonsboro related to Keedysville's distribution system (meter replacements, inspection of line repairs, etc.)

*And from the 2015 Agreement on the Booster Station and Storage Tank:*

- C. Routine daily operation labor provided by Boonsboro for the Storage Tank and Booster Station (*Currently calculated at ½ hour per day, 7 days a week*).
  - D. All costs related to the Storage Tank: operations, maintenance, and capital including replacement.
  - E. Repairs, maintenance and replacements for the Booster Station building and grounds.
4. Costs are projected at the start of each fiscal year and Keedysville's share of the projected cost is billed quarterly by Boonsboro to Keedysville. At the close of each fiscal year, the cost to Keedysville is adjusted to actual costs through a process known as the 'true-up'.