

Water and Sewer Rates Discussion  
Worksession 4/22/24

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## Talking Points

- Financial Reports: Utility Operations
- Water and Sewer Rates: Preliminary Analysis
- FY25 Rate Setting Guidance

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## Financial Reports: Utility Operations

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Revenues & Expenses - Utility Operations Fund				
		FY25		
		FY24 Budget	YTD Actual	FY25 Budget
<b>Water</b>				
	Meter Sales	2,211,899	1,642,336	2,266,595
	Other Revenue	54,105	59,178	56,904
	Bad Debt Transfer	103,000	-	105,061
	Draw on Fund Balance	1,481	-	4,470
	<b>Water Operations Fund - Total Revenue</b>	<b>2,370,585</b>	<b>1,701,514</b>	<b>2,433,030</b>
	Salaries, Wages & Benefits <sup>1</sup>	1,156,987	881,443	1,191,203
	Maintenance & Operations	887,532	504,950	814,256
	Transfers to:			
	Revenue	(60,043)	(60,043)	(60,043)
	Other	(7,789)	(7,789)	(7,789)
	<b>Water Operations Fund - Total Expenses</b>	<b>1,989,402</b>	<b>1,454,225</b>	<b>1,913,291</b>
	<b>Revenues over Expenses</b>	<b>381,183</b>	<b>247,289</b>	<b>519,739</b>
<b>Sewer</b>				
	Meter Sales	1,917,298	1,348,309	2,059,282
	Other Revenue	91,090	15,540	24,393
	Draw on Fund Balance	1,482	-	4,971
	<b>Sewer Operations Fund - Total Revenue</b>	<b>2,009,870</b>	<b>1,363,849</b>	<b>2,088,646</b>
	Salaries, Wages & Benefits <sup>1</sup>	967,519	711,293	997,266
	Maintenance & Operations	722,118	493,643	814,208
	Transfers to:			
	Revenue	(14,118)	(14,118)	(14,118)
	Other	(3,037)	(3,037)	(3,037)
	<b>Sewer Operations Fund - Total Expenses</b>	<b>1,682,587</b>	<b>1,218,083</b>	<b>1,828,629</b>
	<b>Revenues over Expenses</b>	<b>327,283</b>	<b>145,766</b>	<b>260,017</b>
	<b>Utility Operations Fund Total</b>	<b>0</b>	<b>493,055</b>	<b>0</b>

<sup>1</sup> Includes leave cash-out

- All operating transfers are processed at the end of the fiscal year
- Draw on fund balance is for budget amendment regarding exempt wage scale

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Yearly Comparison: Revenues vs. Expenditures (Unaudited)				
	E22	E23	FY24 YTD	
Water Fund Revenues	2,022,064	2,063,011	1,701,513	
Water Fund Expenditures (including transfer to revenue)	1,719,238	1,923,250	1,388,452	
<b>Water: Revenues over (Under) Expenditures</b>	<b>302,826</b>	<b>139,761</b>	<b>313,061</b>	
Sewer Fund Revenues	1,803,224	2,202,254	1,363,849	
Sewer Fund Expenditures (including transfer to revenue)	1,389,773	1,633,776	1,185,406	
<b>Sewer: Revenues over (Under) Expenditures</b>	<b>413,451</b>	<b>568,478</b>	<b>178,443</b>	
<b>Water &amp; Sewer: Total Revenues Over (Under) Expenditures</b>	<b>716,280</b>	<b>708,239</b>	<b>491,504</b>	

Water Fund  
Revenues vs. Operating Expenditures

Sewer Fund  
Revenues vs. Operating Expenditures

- These comparisons remove operating transfers to CARMA in order to illustrate operating activity

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## Any Questions?

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## Water and Sewer Rates: Preliminary Analysis

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## Keep in Mind

- The following rate models are preliminary and are subject to change once a mid-biennium budget amendment is brought forward
  - The rate model and accompanying ordinance will "ride" with the budget ordinance and will be adjusted accordingly
- Other inputs that are subject to change:
  - Multi-unit count
  - Consumption volume

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## Scenario 1 - No Monthly Fee

- No structural changes to the model compared to FY24
- CARMA transfer is funded in the commodity rate

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Rate Analysis:	
<b>Current Rates</b>	
<i>These rates are preliminary and will update accordingly with the amended budget</i>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0161	Non-Lift Station: \$0.0167
Bulk (per gal): \$0.0201	Lift Station: \$0.0275
Monthly Fees: \$0	
<b>Proposed Rates - Scenario 1 (No Monthly Fee)</b>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0170	Non-Lift Station: \$0.0157
Bulk (per gal): \$0.0210	Lift Station: \$0.0294
Monthly Fees: \$0	

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## Scenario 1 - No Monthly Fee

This rate model is preliminary and will update accordingly with the amended budget

WATER Rate Model		SEWER Rate Model	
<b>Revenues</b>		<b>Revenues</b>	
FY25 Operating Revenue Required - Water	\$ 2,115,771	FY25 Operating Revenue Required - Sewer	\$ 1,835,560
CARMA Transfer Requirement	316,696	CARMA Transfer Requirement	273,816
Deduct Operating Fund Balance - Rate Buydown	0	Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected Through Other Revenues	(55,904)	Deduct Portion Collected Through Other Revenues	(18,509)
Deduct Portion Collected Through Service Fee	(105,565)	Lift Stations Costs	(22,890)
Hydrant Rents (10% of Total)	(83,851)	Pumping Fee	(9,720)
Surplus Water Sales (Bulk) surcharge only	(83,851)	Dumping Station Fees	(6,024)
		Multi-Units and K-city (5\$/unit/mo.)	(76,020)
Revenue Required for Commodity Rate Calculation	\$ 2,187,181	Revenue Required for Commodity Rate Calculation	\$ 1,755,263
<b>Water Consumption (Gallons)</b>		<b>Sewer Usage (Gallons)</b>	
Gross Meters Water Sales	129,126,600	Projected Billable Volume	89,000,000
Total Estimated Water Sales	129,000,000	Projected Billable Volume - Lift Zone Only	23,000,000
		Total Projected Billable Volume	112,000,000
<b>Water Rates:</b>		<b>Sewer Rate</b>	
Commodity Rate (per gal)	\$ 0.0170	Non-Lift Station Rate	\$ 0.0157
Bulk Rate (per gal)	\$ 0.0210	Lift Station Rate	\$ 0.0294
Monthly Fees	\$ -		
<b>Consumption Additional Information:</b>		<b>Lift Station Additional Information:</b>	
CY23 Gross Meters Water Sales (Gallons)	129,126,600	CY23 Actually Billed Gallons (Lift Station Zone Only)	23,687,300

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## Scenario 2 - Monthly Fee

- No structural changes to FY24 model, other than bringing forward monthly fee
- CARMA transfer is funded by monthly fee and is removed from commodity rate

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Rate Analysis:	
<b>Current Rates</b>	
<i>These rates are preliminary and will update accordingly with the amended budget</i>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0161	Non-Lift Station: \$0.0167
Bulk (per gal): \$0.0201	Lift Station: \$0.0275
Monthly Fees: \$0	Monthly Fees: \$0
<b>Proposed Rates - Scenario 2 (Monthly Fee)</b>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0145	Non-Lift Station: \$0.0132
Bulk (per gal): \$0.0185	Lift Station: \$0.0229
Monthly Fees: \$13	Monthly Fees: \$11

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## Scenario 2 - Monthly Fee

This rate model is preliminary and will update accordingly with the amended budget

WATER Rate Model		SEWER Rate Model	
<b>Revenues</b>		<b>Revenues</b>	
FY25 Operating Revenue Required - Water	\$ 2,115,771	FY25 Operating Revenue Required - Sewer	\$ 1,834,580
CARMA Transfer Requirement	316,696	CARMA Transfer Requirement	273,816
Deduct Operating Fund Balance - Rate Buydown	0	Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected Through Other Revenues	(55,904)	Deduct Portion Collected Through Other Revenues	(18,509)
Deduct Portion Collected Through Service Fee	(104,496)	Deduct Portion Collected Through Service Fee	(22,890)
Hydrant Rents (10% of Total)	(83,851)	Lift Stations Costs	(22,890)
Surplus Water Sales (Bulk) surcharge only	(83,851)	Pumping Fee	(9,720)
		Dumping Station Fees	(6,024)
		Multi-Units and K-city (5\$/unit/mo.)	(76,020)
Revenue Required for Commodity Rate Calculation	\$ 1,870,481	Revenue Required for Commodity Rate Calculation	\$ 1,481,443
<b>Water Consumption (Gallons)</b>		<b>Sewer Usage (Gallons)</b>	
Gross Meters Water Sales	129,126,600	Projected Billable Volume	89,000,000
Total Estimated Water Sales	129,000,000	Projected Billable Volume - Lift Zone Only	23,000,000
		Total Projected Billable Volume	112,000,000
<b>Water Rates:</b>		<b>Sewer Rate</b>	
Commodity Rate (per gal)	\$ 0.0145	Non-Lift Station Rate	\$ 0.0132
Bulk Rate (per gal)	\$ 0.0185	Lift Station Rate	\$ 0.0229
Monthly Fees	\$ 13	Monthly Fees	\$ 11
<b>Consumption Additional Information:</b>		<b>Lift Station Additional Information:</b>	
CY23 Gross Meters Water Sales (Gallons)	129,126,600	CY23 Actually Billed Gallons (Lift Station Zone Only)	23,687,300

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### Rate Comparisons

These rates are preliminary and will update accordingly with the amended budget

	Average Volume			High Volume			Lift Station (Year-Round)		
	Existing	Scenario 1	Scenario 2	Existing	Scenario 1	Scenario 2	Existing	Scenario 1	Scenario 2
Consumption	3800	3800	3800	6600	6600	6600	1800	1800	1800
Water Rate	0.0161	0.0170	0.0145	0.0161	0.0170	0.0145	0.0161	0.0170	0.0145
Sewer Rate	0.0167	0.0157	0.0132	0.0167	0.0157	0.0132	0.0275	0.0254	0.0229
<b>Charges:</b>									
Water	61.18	64.60	55.10	106.26	112.20	95.70	28.98	30.60	26.10
Sewer	63.46	59.66	50.16	110.27	103.62	87.12	49.50	45.72	41.22
Service	0	0	24	0	0	24	0	0	24
<b>Total Bill</b>	<b>\$ 124.64</b>	<b>\$ 124.26</b>	<b>\$ 129.26</b>	<b>\$ 216.48</b>	<b>\$ 215.82</b>	<b>\$ 206.82</b>	<b>\$ 78.48</b>	<b>\$ 76.32</b>	<b>\$ 91.32</b>
<b>Impact</b>	<b>\$ (0.38)</b>	<b>\$ 4.62</b>		<b>\$ (0.66)</b>	<b>\$ (9.66)</b>		<b>\$ (2.16)</b>	<b>\$ 12.84</b>	

- ### FY25 Rate Setting Guidance
- Staff Recommendation - Scenario 2 (Monthly Fee)
  - Water and Sewer Rate Model and accompanying rate setting ordinance will follow the structure of Scenario 2
    - Remember: Rates will likely changes accordingly with proposed mid-biennium budget amendments
  - Council discussion on this path forward?

## Any Questions?