



FY 23-24 Annual Update to the Wastewater Monthly Bills

Town Council Meeting

June 7, 2023



Purpose of Presentation



Notification of the Annual Update to the Wastewater Winter Average that Becomes Effective in July 2023 (Reflected in the August 2023 Monthly Bill)

- 
- Net \$587K Revenue Decrease



Town Council Action is Not Required to Implement the Annual Update to the Wastewater Winter Average



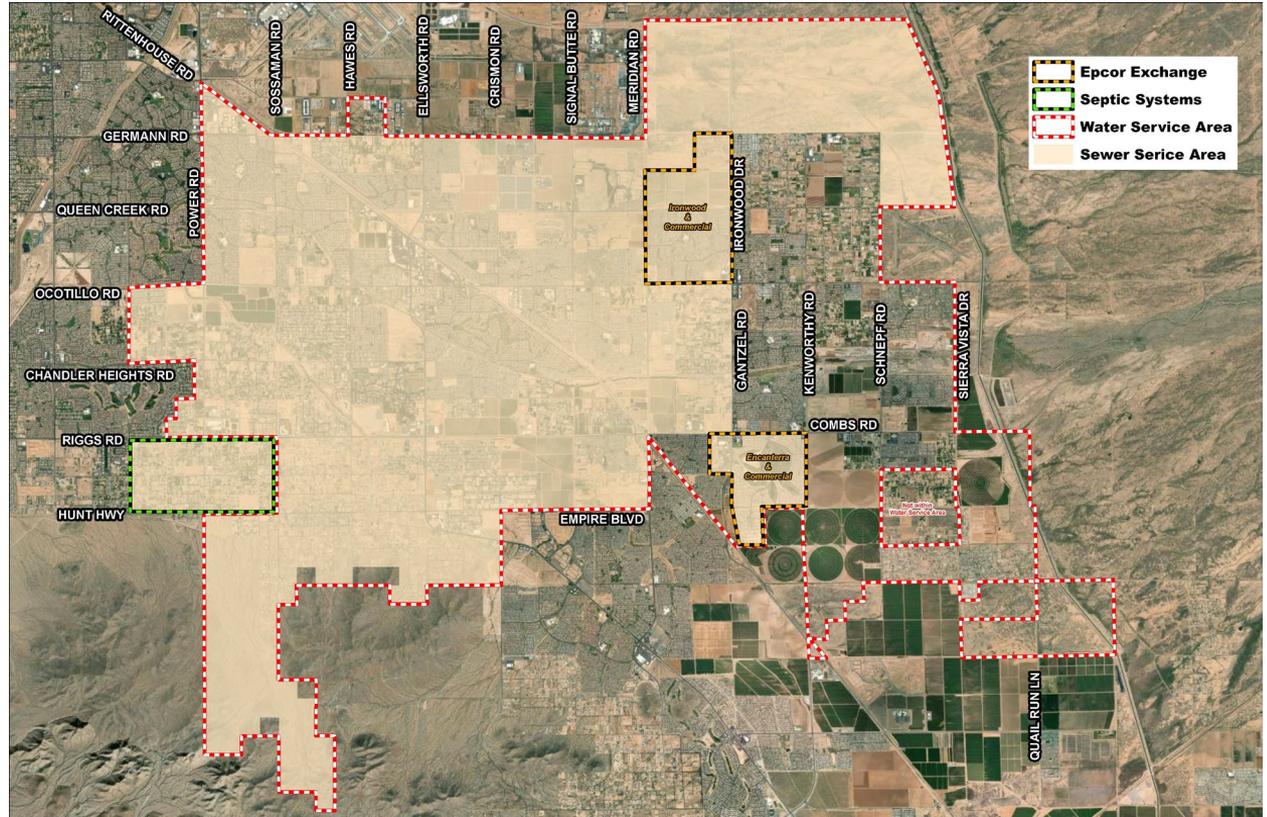


Wastewater Utility Overview

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- Sewer Service Area:
~52 Square Miles
- ~18K Connections*
 1. Residential: 17K*
 2. Builder: 1K
 3. Commercial: 395

**Excludes Connections in Ironwood Crossing and Encanterra because they are currently billed by the HOA.*



Residential Wastewater Bill

- Wastewater Flow to the Treatment Plant is Not Metered
- As such, “Winter Average” Used to Approximate Flow to Treatment Plant to Recover Treatment Costs
- “Winter Average”
 - 70% of 3-Month Average Water Consumption (December, January, and February)
 - “Lowest” Water Usage



Life of a Residential Sewer Account

1

Installation Rate

(Builder, No Flow)
\$10.25 per Month

2

New Account Rate

“Winter Average” Not Yet Established
\$36.30 per Month (Current) / \$33.73 per Month (new July 1)

3

Established Account

Based on Individual Account Winter Average

Example: Monthly Residential Wastewater Bill

Address: 19675 E. Peartree Lane

1. Base Rate	\$10.25	\$10.25
2. Consumption 2023 Average Winter Water Use* 70% Flow Factor \$4.82 per 1,000 Gallons	8,134 Gallons x 70% = 5,694 Gallons \$4.82 x 5.70 =	<u>\$27.48</u>
Monthly Bill		\$37.73

* December, January, February bills 3-Month Average

Annual Revenues

FY 23-24 Total Revenues: \$8.3M

1. Residential: \$6.5M

- ~17K Connections
- Billed Using Winter Average (Discounted to 70%)

2. Builder: \$123K

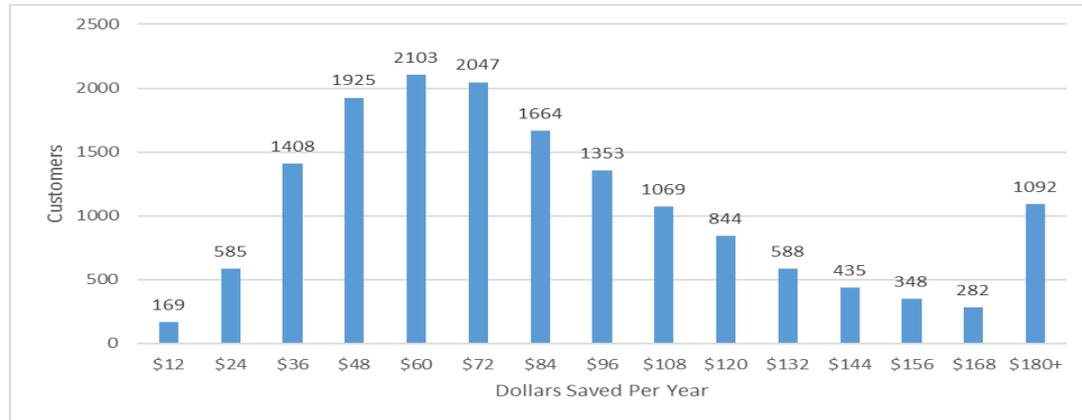
- ~1K Connections
- Billed at a Flat Rate

3. Commercial: \$1.7M

- 395 Connections
- Type of Account:
 1. Separate Water Meter for Landscaping – 325 Connections
 2. Mixed Use (Internal and External Water Use on the Same Water Meter) So Billed Using Winter Average (Not Discounted) – 70 Connections

Wastewater Rate History

- 2011 to 2014: 43% Aggregate Rate Increase
 - 9.5% Annual Increase
- 2019: 90% to 70% Flow Factor Reduction for Residential Accounts
 - \$1.3M Annual Savings
 - Account Reduction Varied based on Water Usage
 - A Majority of Bills Were Reduced by \$36 to \$84 Annually (See Schedule Below)



Wastewater Rate History (concluded)

- 2021: Created Residential Wastewater Cap for Highest Water Users
 - Monthly Bill is Capped at 17K Gallons
 - Using 17K+ Gallons per Month is the Result of Outdoor Watering (Does Not Flow to the Treatment Plant so Treatment Costs are Not Incurred)
 - Typically, Older Homes on Larger Lots
 - Number of Capped Accounts Has Decreased
 - 2021: 965 Accounts (\$250K Savings)
 - 2022: 841 Accounts (\$202K Savings)
 - 2023: 674 Accounts (\$166K Savings)
 - Individual Letters Sent Annually re. Cap Program

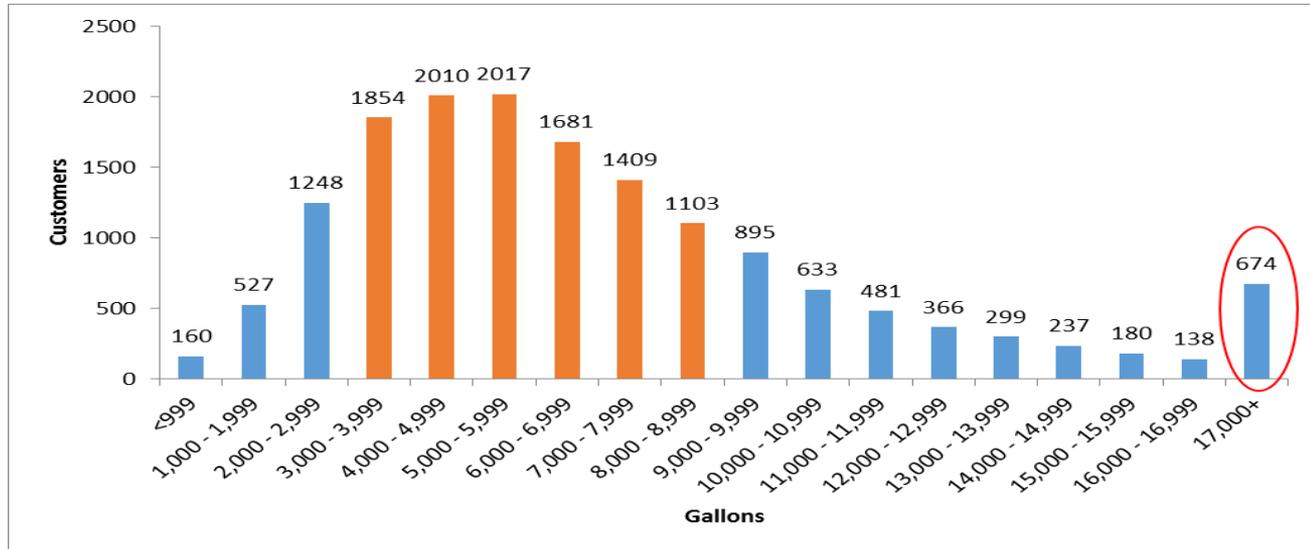




FY 2023-24 Annual Update to the Wastewater Winter Average

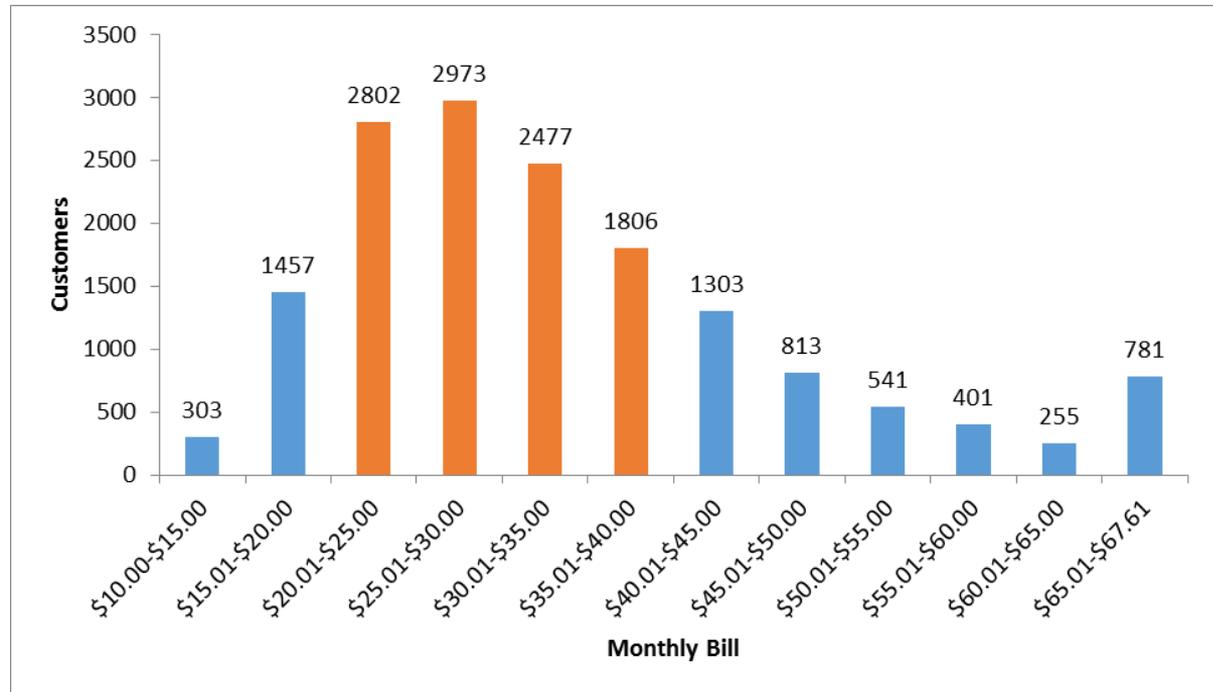
Residential Water Usage

- 63% of Customers Used Between 3,000 and 9,000 Gallons of Water (Orange Bars Below)
 - Translates to Between 2,100 and 6,300 Gallons of Wastewater Flow at a 70% Flow Factor
- 674 Customers Used Over 17,000 Gallons of Water



FY 23-24 Monthly Wastewater Residential Bills

63% (~10K accounts) of Monthly Account Bills will be Between \$20 and \$40 (Orange Bars below)



Bills Will Increase or Decrease... Depending



1. Weather

- Wet or Dry 3 Months
 - This Year's 3 Month Period was Wet Resulting in Decreased Water Use

2. Customer Water Consumption Habits and Awareness

3. First Year Account Billed with Winter Average

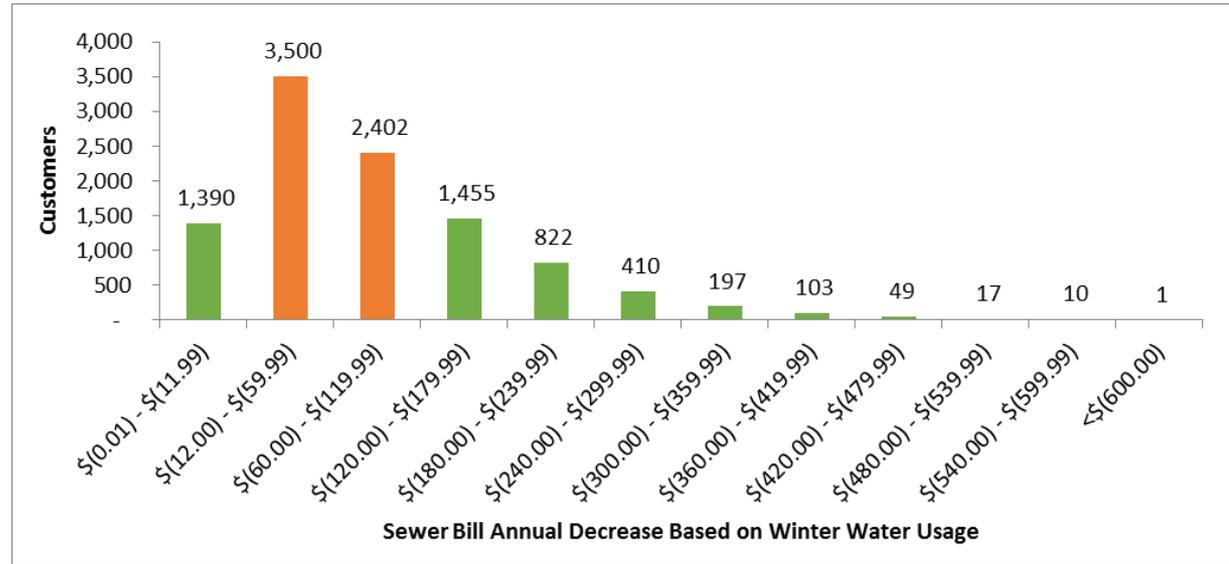
- Bill Will Decrease if Actual Usage is Less Than the Average
- Bill Will Increase if Actual Usage is More Than the Average

FY 23-24 Residential Wastewater Account Summary Changes

	# of Accounts	% of Accounts	FY 2023-24 Amount
Existing Accounts Decreasing	8,536	54%	(\$728K)
New Accounts Decreasing (First Year on Winter Average)	<u>1,820</u>	<u>11%</u>	<u>(\$241K)</u>
Accounts Decreasing	10,356	65%	(\$969K)
Existing Accounts Increasing	4,928	31%	\$388K
New Accounts Increasing (First Year on Winter Average)	<u>628</u>	<u>4%</u>	<u>\$90K</u>
Accounts Increasing	5,556	35%	<u>\$478K</u>
Net Revenue Decrease			(\$491K)

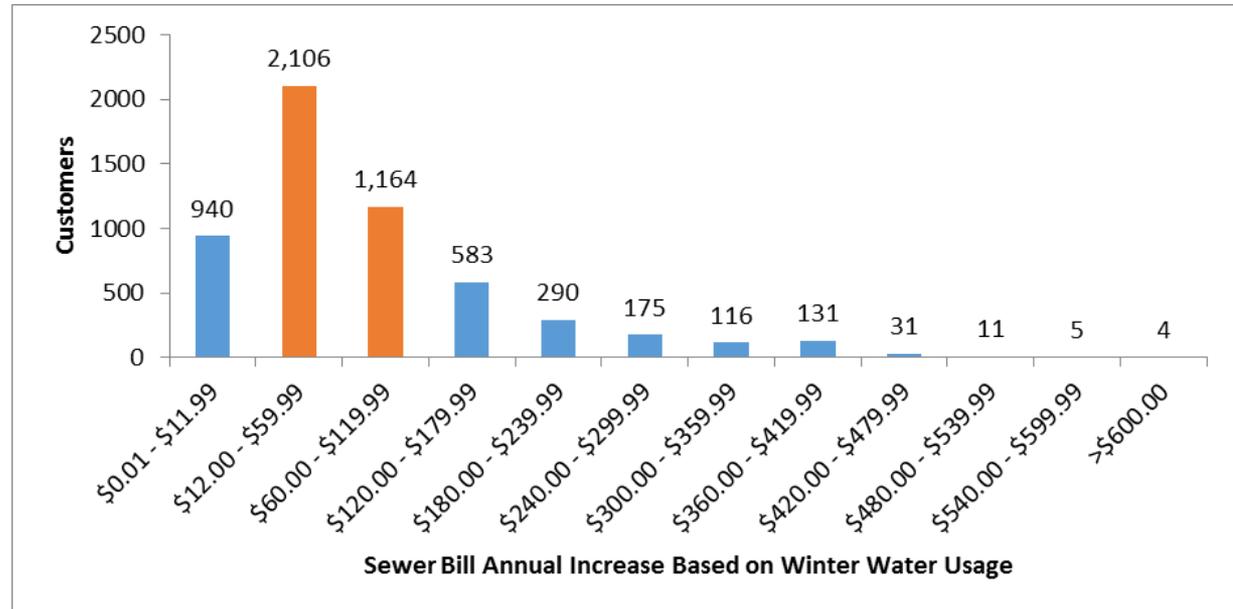
FY 23-24 Residential Wastewater Account Bill Decreases

57% (~6K Accounts) will have an Annual Decrease in Bills Between \$12 and \$120 (Orange Bars below)



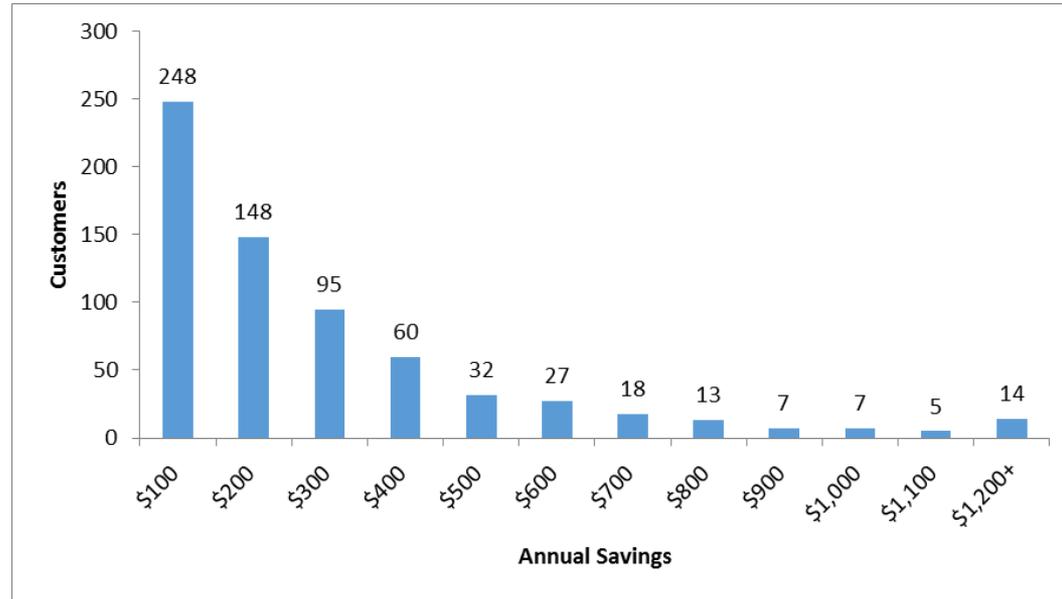
FY 23-24 Residential Wastewater Account Bill Increases

59% (~3K Accounts) will have an Annual Increase in Bills Between \$12 and \$120 (Orange Bars below)



Residential Cap Account Savings

- Accounts Impacted : 674 (Reduced from 841 in 2022)
- 2023 Savings (Assuming No Cap): \$166K



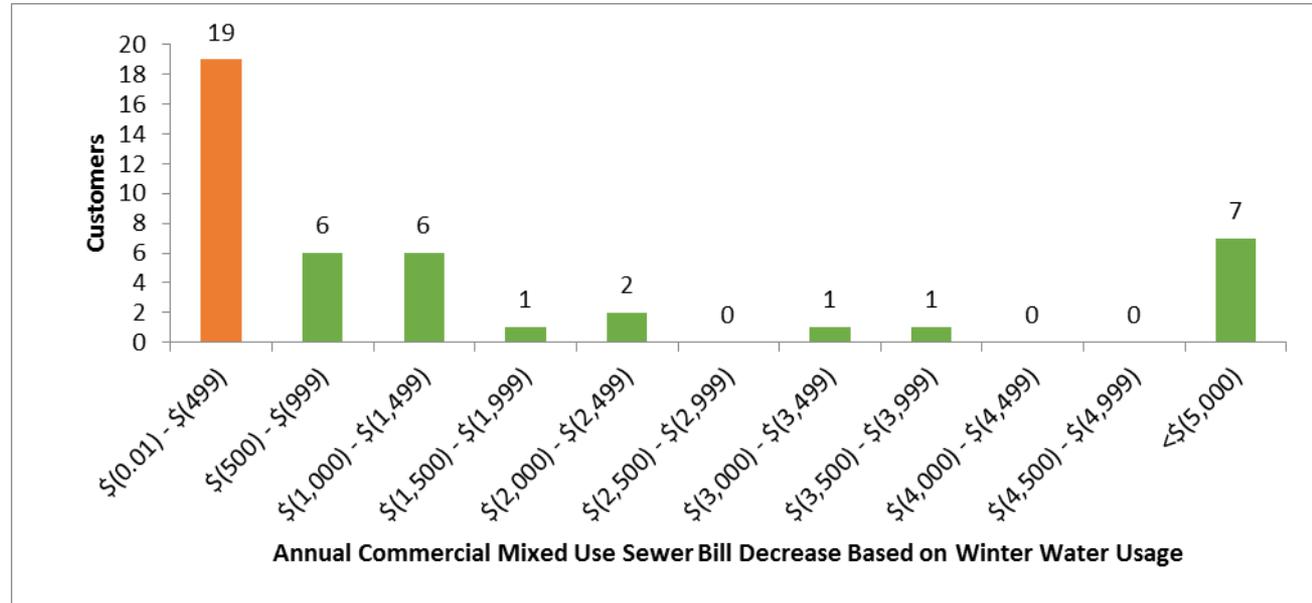
FY 23-24 Wastewater Account Summary Changes - Mixed Use Commercial

- Mixed use commercial accounts have both interior and landscape water use on one meter
- Monthly sewer charges for these accounts are calculated on an annual basis based on the winter average established over the prior December, January, and February billing periods without a discount factor

	# of Accounts	% of Accounts	FY 2023-24 Amount
Accounts Decreasing	43	61%	(\$134K)
Accounts Increasing	<u>27</u>	39%	<u>\$38K</u>
Net Revenue Decrease	70		(\$96K)

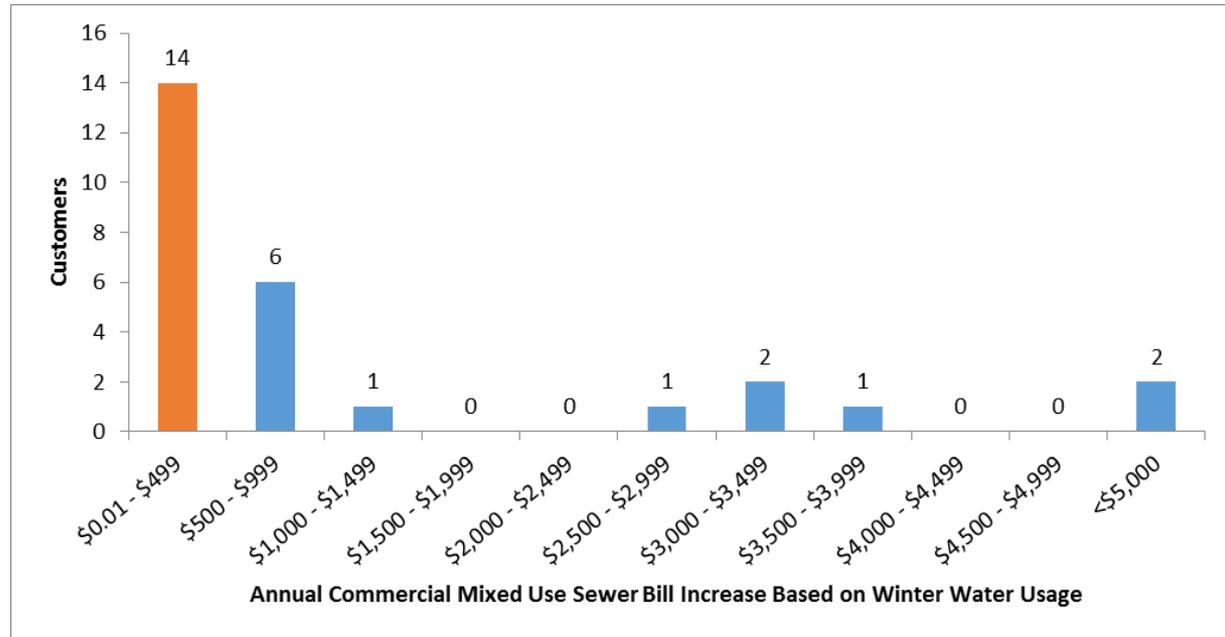
FY 23-24 Wastewater Mixed Use Commercial Account Bill Decreases

44% (19 Accounts) will have an Annual Decrease in Bills Between \$0 and \$500 (Orange Bar below)



FY 23-24 Wastewater Mixed Use Commercial Account Bill Increases

52% (14 Accounts) will have an Annual Increase in Bills Between \$0 and \$500 (Orange Bar below)



Financial Summary

1. New Account Bills Will Decrease (Before an Established Winter Average)

- ~\$31 Annual Decrease

2. \$587K Net Revenue Decrease From Prior Year

- Residential: Net \$491K Decrease
 - Accounts Decreasing: 10,356 for a \$969K Reduction
 - Accounts Increasing: 5,556 for a \$478K Increase
- Mixed Use Commercial: Net \$96K Decrease
 - Accounts Decreasing: 43 for a \$134K Reduction
 - Accounts Increasing: 27 for a \$38K Increase



Calendar

August

- August Monthly Utility Bill Will Reflect New Winter Average Amounts and Wastewater Cap
- Communication to Customers
 - Newsletter
 - July Utility Bill Statement
 - Letter to Cap Customers



Rate Study

- Rate Study Underway
- Initial Results Will be Shared with the Town Council
- Public Process and Communication Approach TBD
- Issues to be Addressed
 - Increasing Treatment Plant Costs (Operating Costs and Plant Expansion)
 - Update Financial Policies (Increase Cash Reserves and Repair / Replacement Funding)
 - Continue Using the Winter Average Approach?
 - If Yes, Is 70% Reduction Appropriate?





Discussion and Questions