



FY 24-25 Annual Update to the Wastewater Monthly Bills

Town Council Meeting

June 5, 2024

Purpose of Presentation

Notification of the Annual Update to the Wastewater Winter Average that Becomes Effective in July 2024 (Reflected in the August 2023 Monthly Bill)

- Net \$574K Revenue Increase

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



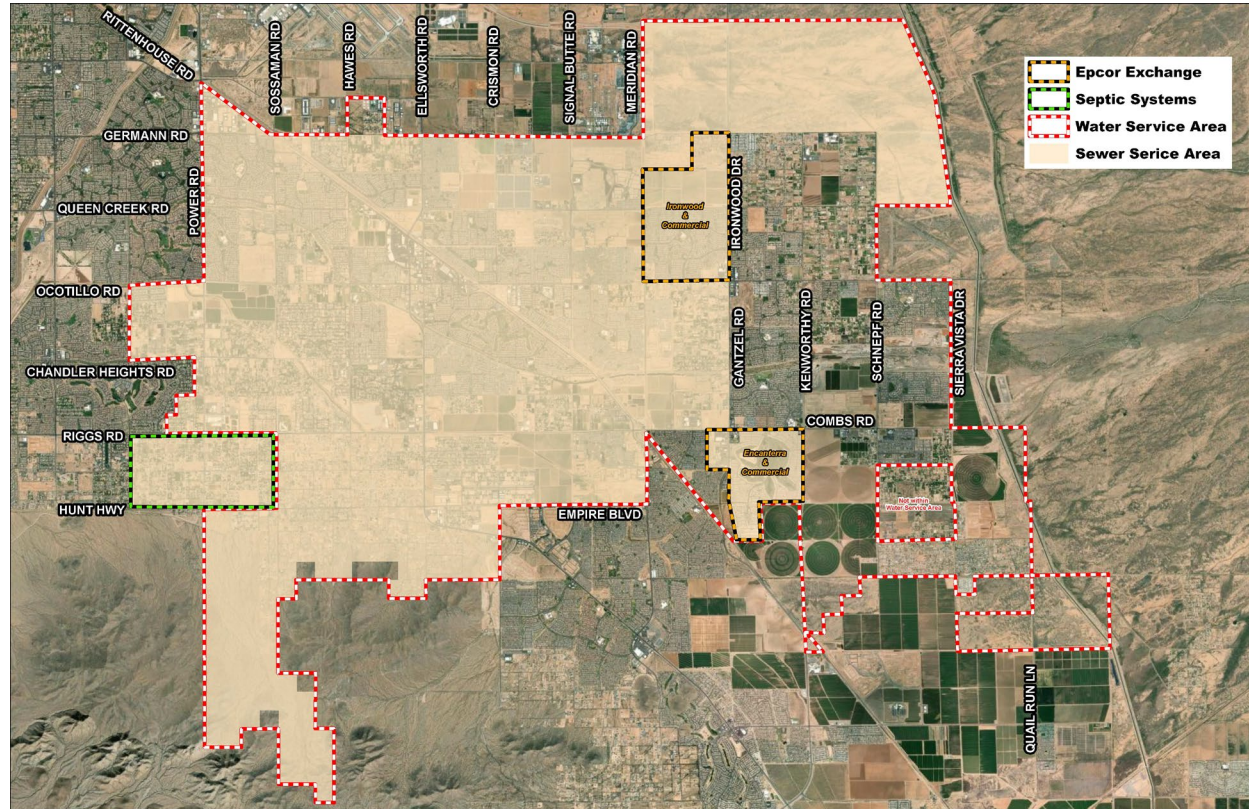


Wastewater Utility Overview

Wastewater Utility Overview

- Sewer Service Area:
~52 Square Miles
- ~19.6K Connections*
 1. Residential: 18K*
 2. Builder: 1.2K
 3. Commercial: 429

**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, a “Winter Average” is 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



Annual Revenues

FY 24-25 Estimated Revenues: \$10M

1. Residential: \$8.2M

- ~18K Connections
- Billed Using Winter Average (Discounted to 70%)

2. Builder: \$140K

- ~1.2K Connections
- Billed at a Flat Rate

3. Commercial: \$1.7M

- 429 Connections
- Type of Account:
 1. Separate Water Meter for Landscaping – 351 Connections
 2. Mixed Use (Internal and External Water Use on the Same Water Meter) So Billed Using Winter Average (Not Discounted) – 78 Connections

Life of a Residential Sewer Account

1

**Installation
Rate**

(Builder, No Flow)
\$10.25 per Month

2

**New Account
"First Year"**

\$ 36.39 per Month

3

**Established
Account**

Based on
Account's
Winter
Average

Example: Monthly Residential Wastewater Bill

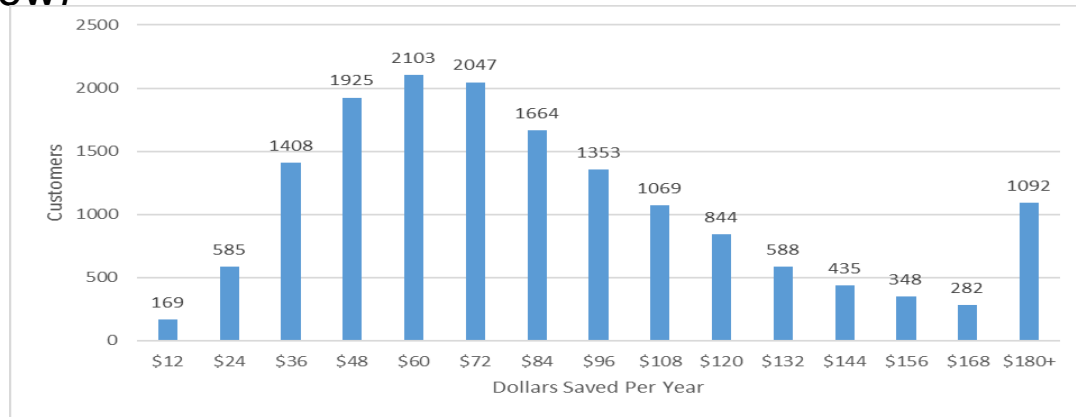
Address: 19675 E. Peartree Lane

1. Base Rate		\$10.25
2. Consumption 2024 Average Winter Water Use* x 70% Flow Factor \$4.82 per 1K Gallons	7,928 Gallons X 70% = 5,549 Gallons X \$4.82 per 1K Gallons =	<u>\$26.75</u>
Monthly Bill		\$37.00

* December, January, February bills 3-Month Water Consumption Average

Wastewater Rate History

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



Wastewater Rate History (concluded)

- **2021: Created Residential Wastewater Cap**
 - Monthly Bill is Capped at 17K Gallons
 - 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 Varies Annually
 - 2023: 674 Accounts (\$166K Savings)
 - 2024: 1,070 Accounts (\$269K Savings)
 - Individual Letters Sent Annually re. Cap Program

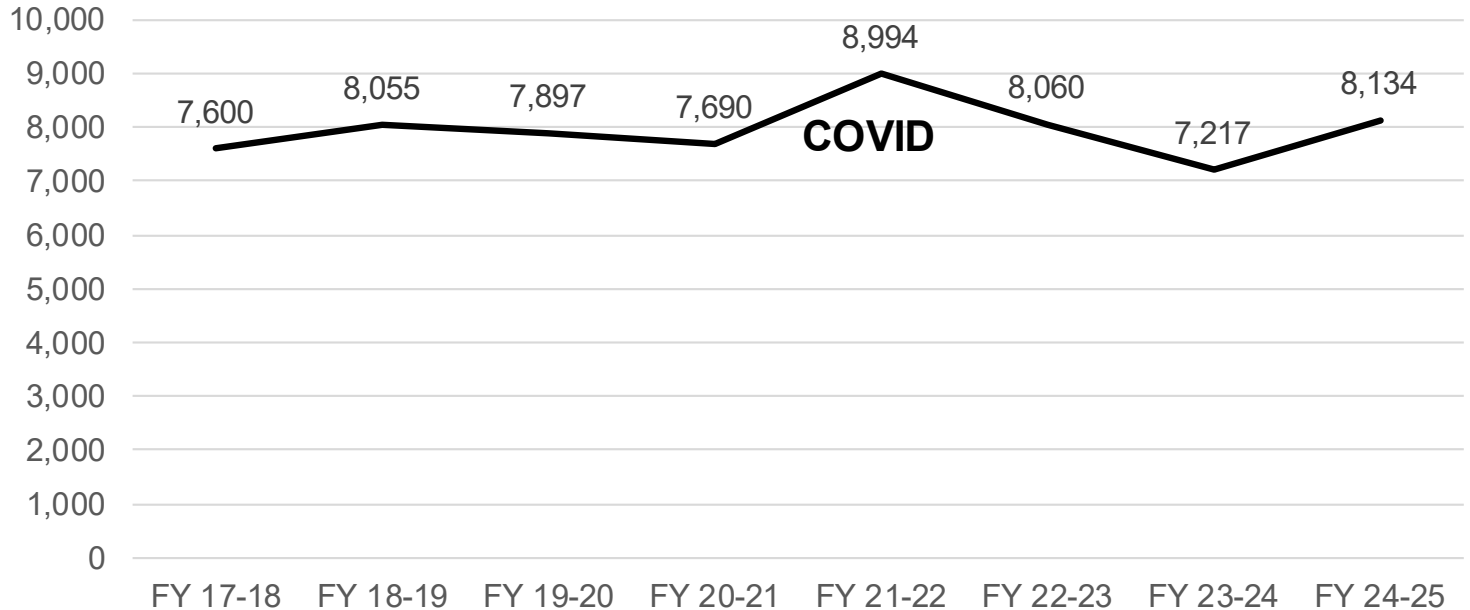




FY 2024-25 Annual Update to the Wastewater Winter Average

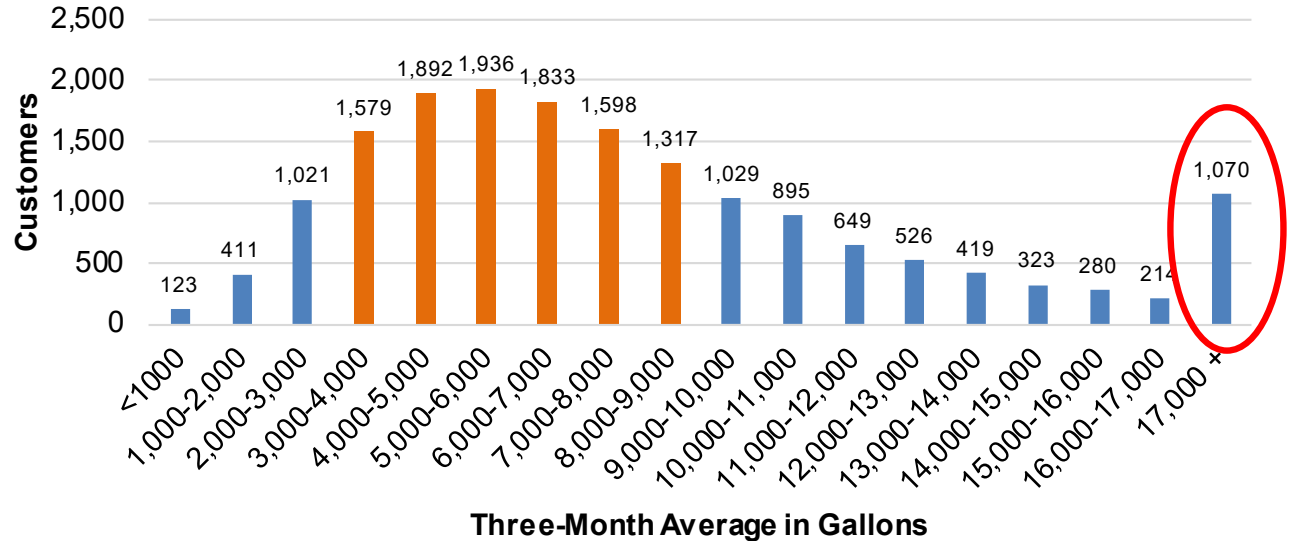
Average Winter Water Use History

- FY 24-25 Calculation
 - 3-Month Winter Average Water Usage Increased
 - Somewhat Consistent with Years Prior to COVID



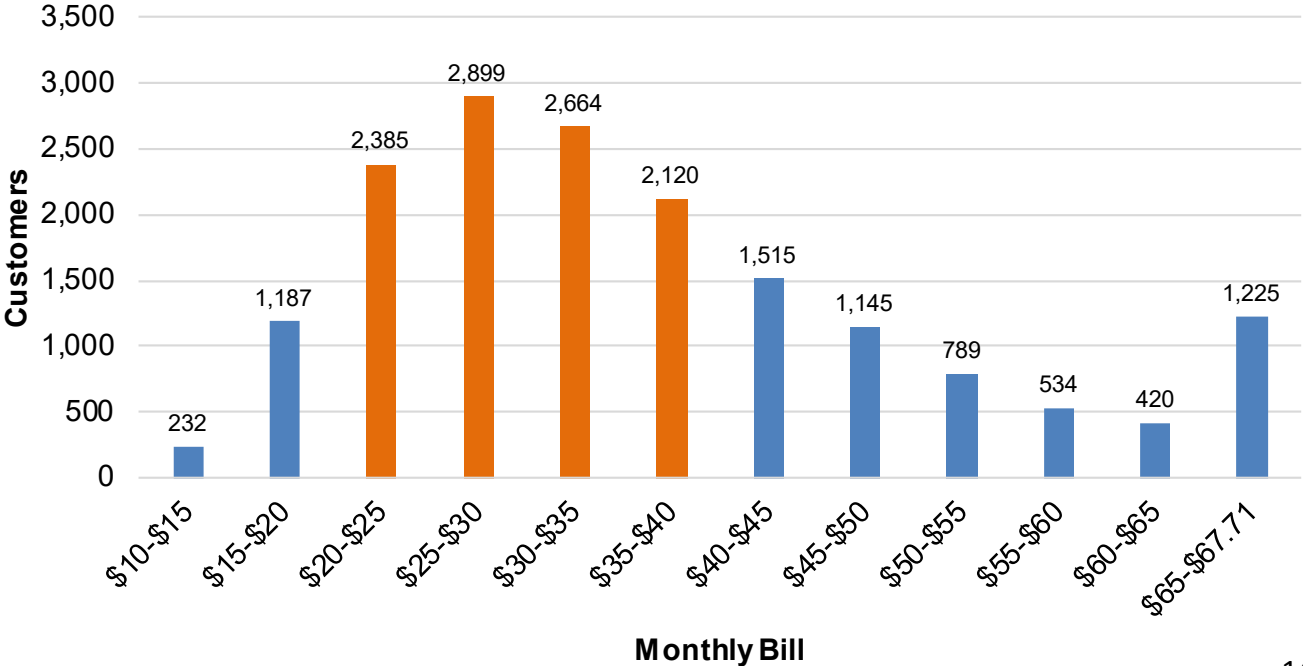
Residential Water Usage

- 59% of Customers Used Between 3,000 and 9,000 Gallons of Water (Orange Bars)
 - Translates to Between 2,100 and 6,300 Gallons of Wastewater Flow at a 70% Flow Factor
- 1,070 Customers Used Over 17,000 Gallons of Water



FY 24-25 Monthly Wastewater Residential Bills

59% (~10K accounts) of Monthly Account Bills will be Between \$20 and \$40 (Orange Bars)

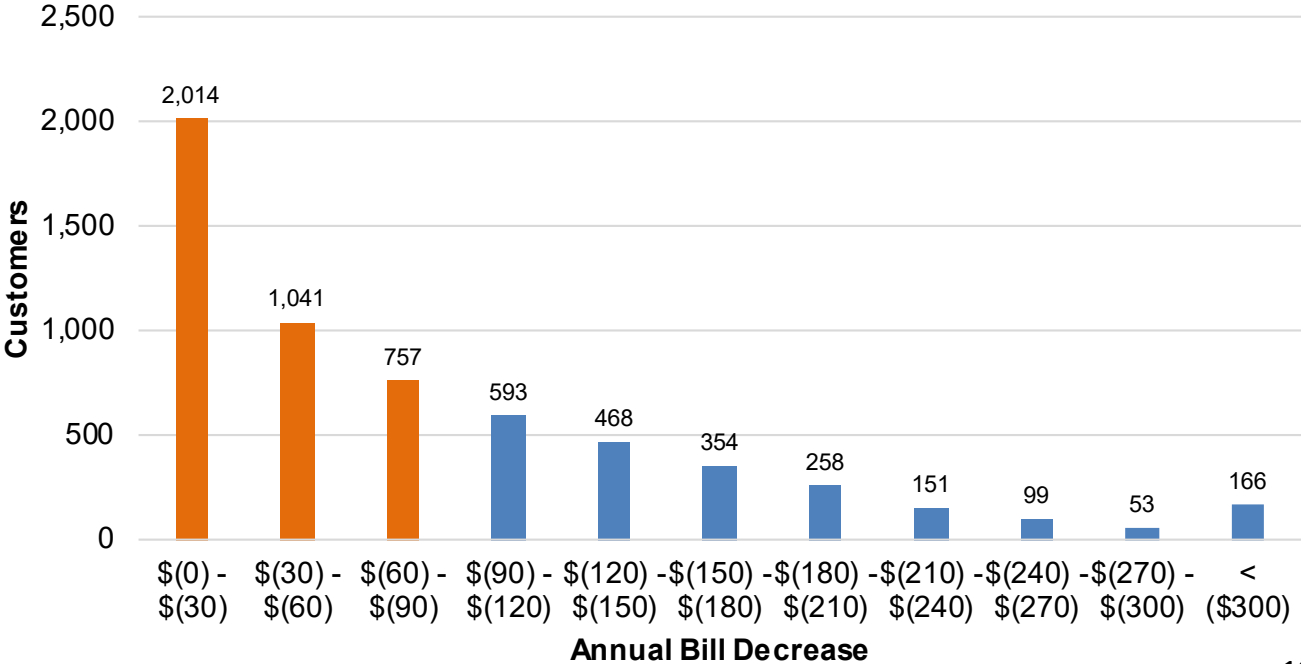


FY 24-25 Residential Wastewater Account Summary Changes

	# of Accounts	% of Accounts	FY 2024-25 Amount
Existing Accounts Decreasing (Used Less Water)	4,861	28%	(\$345K)
New Accounts Decreasing (First Year on Winter Average)	<u>1,418</u>	<u>8%</u>	<u>(\$154K)</u>
Accounts Decreasing	6,279	37%	(\$499K)
Existing Accounts Increasing (Used More Water)	9,979	58%	\$916K
New Accounts Increasing (First Year on Winter Average)	<u>857</u>	<u>5%</u>	<u>\$141K</u>
Accounts Increasing	10,836	63%	<u>\$1.057M</u>
Net Revenue Increase			\$558K

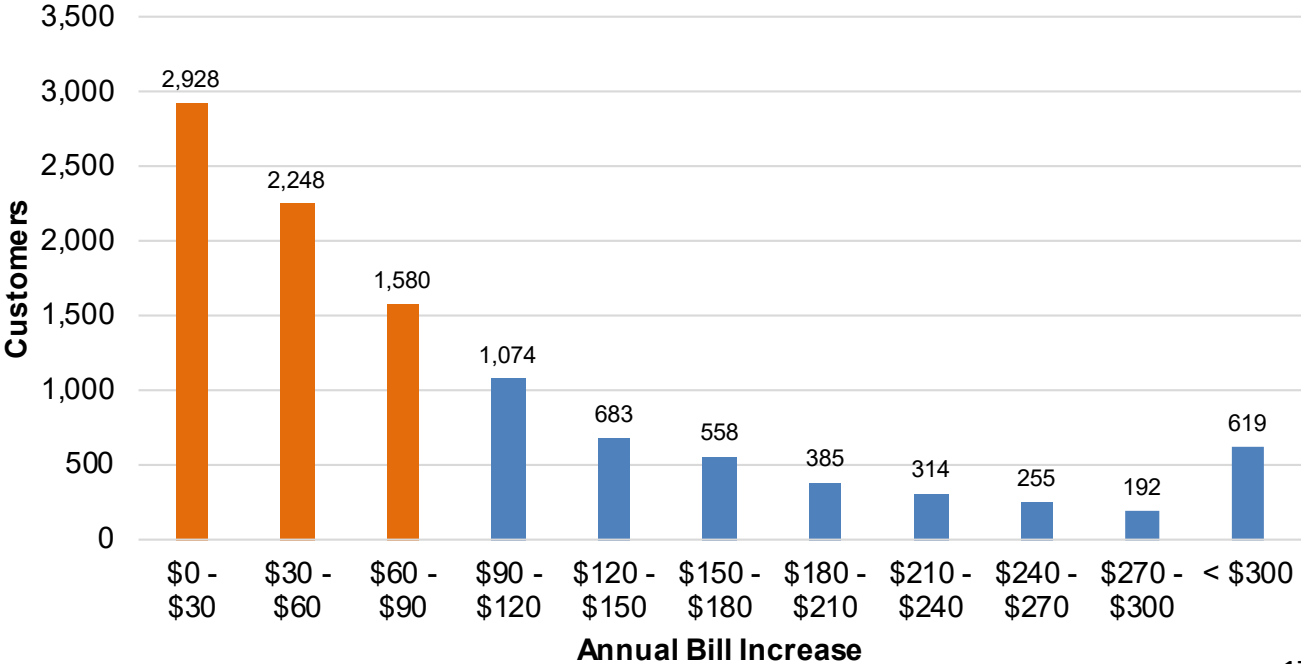
FY 24-25 Residential Wastewater Account Bill Decreases

64% (~4K Accounts) will have an Annual Decrease in Bills Between \$0 and \$90 (Orange Bars)



FY 24-25 Residential Wastewater Account Bill Increases

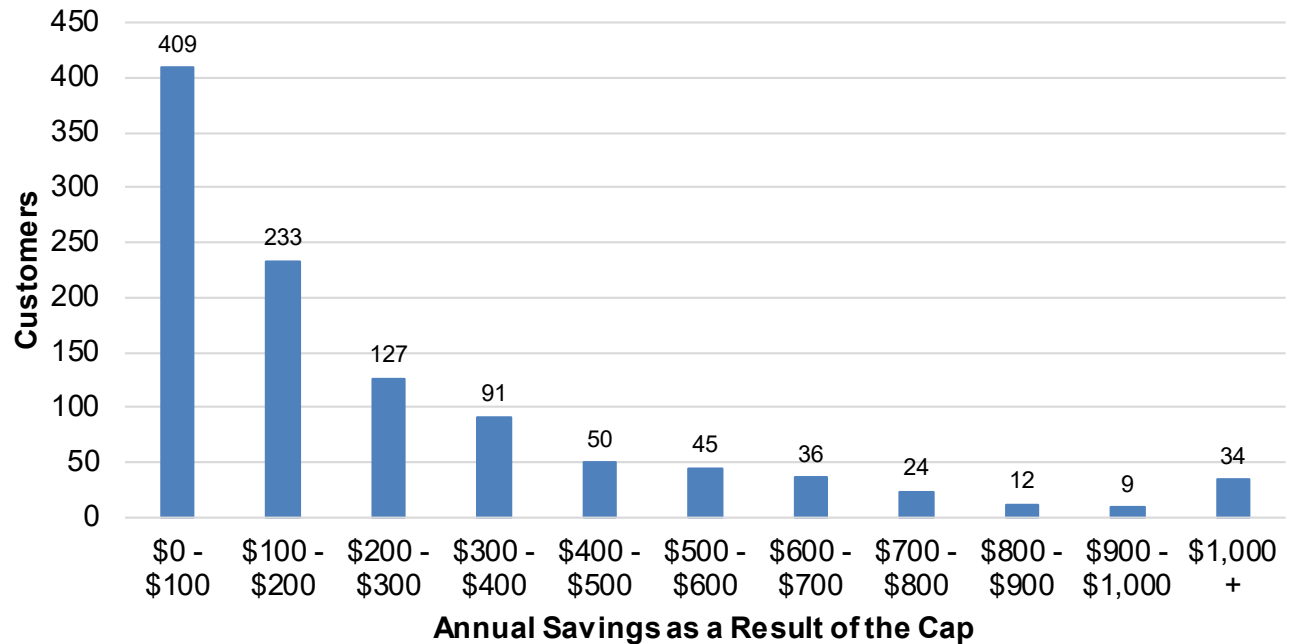
62% (~7K Accounts) will have an Annual Increase in Bills Between \$0 and \$90 (Orange Bars)





Residential Cap Account Savings

- Accounts Impacted: 1,070 (Increase from 674 in 2023)
- 2024 Savings (Assuming No Cap): \$269K



FY 24-25 Wastewater Account Summary Changes - Mixed Use Commercial

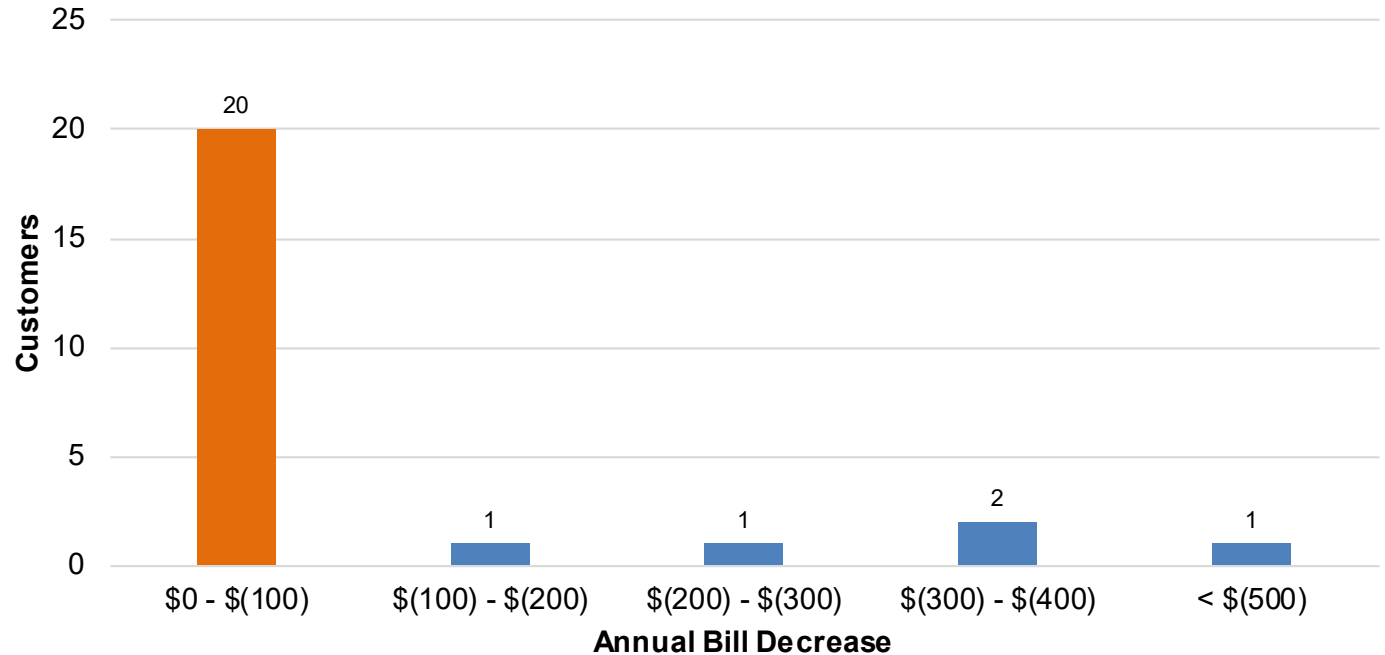
- Mixed use commercial accounts have both interior and landscape water use on one meter
- Monthly sewer charges for these accounts are calculated on an annual basis based on the winter average established over the prior December, January, and February billing periods **without a discount factor**

	# of Accounts	% of Accounts	FY 2023-24 Amount
Accounts Decreasing	25	32%	(\$2K)
Accounts Increasing	<u>53</u>	53%	<u>\$18K</u>
Net Revenue Increase	78		\$16K



FY 24-25 Wastewater Mixed Use Commercial Account Bill Decreases

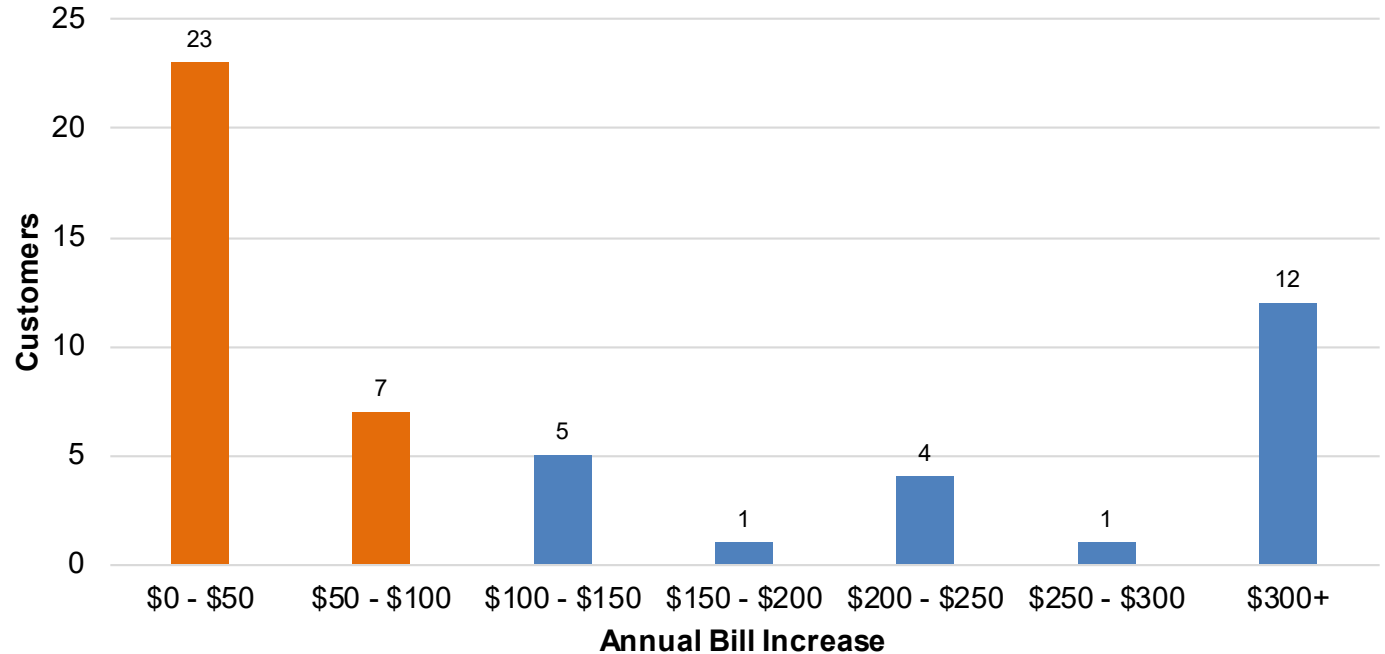
80% (20 Accounts) will have an Annual Decrease in Bills
Between \$0 and \$100 (Orange Bar)





FY 24-25 Wastewater Mixed Use Commercial Account Bill Increases

57% (30 Accounts) will have an Annual Increase in Bills
Between \$0 and \$100 (Orange Bars)



Financial Summary

1. New Account Bills Will Increase (Before an Established Winter Average) Because 3-Month Winter Average Increased
 - ~\$33 Annual Increase
2. \$574K Net Revenue Increase From Prior Year
 - Residential: Net \$558K Increase
 - Accounts Decreasing: 6,279 for a \$499K Reduction
 - Accounts Increasing: 10,836 for a \$1M Increase
 - Mixed Use Commercial: Net \$16K Increase
 - Accounts Decreasing: 25 for a \$2K Reduction
 - Accounts Increasing: 53 for a \$18K Increase



Calendar

July / August

- August Monthly Utility Bill Will Reflect New Winter Average Amounts and Wastewater Cap
- Communication to Customers
 - Notice in the July's Bill Newsletter
 - Message on July's Bill
 - Letter to Cap Customers (1,070)
 - **DO NOT** Prepare a \$10 Monthly Bill Increase Notice (as we did this year)





Discussion and Questions