

Sewer Fund Rate Increase Discussion



- Current sewer revenue is not sufficient to cover operating and capital expenditures
- Current rates for metered district
 - \$75 for first 5000 gallons per quarter, which is at least \$15 per thousand gallons.
 - \$11 per thousand gallons over 5000 gallons
 - Note, as water and sewer usage goes up, we currently charge less per gallon.
- Recommended approach for rate increase
 - Increase the cost for usage over 5000 gallons
 - Estimate \$43K in revenue per \$1 increase per 1000 gallons
 - Recommend \$4 increase per 1000 gallons to close operating gap and keep rate of \$15/1000 gallons flat regardless of usage.

Sewer Fund Rate Increase Discussion



Sewer Operating deficit without increase	-\$172K
Sewer Capital deficit without increase	<u>-\$442K</u>
Total deficit without increase	-\$614K
<u>Increase per 1000 gallons</u>	<u>Est Total Revenue</u>
\$1 increase to \$12	\$43K
\$2 increase to \$13	\$86K
\$3 increase to \$14	\$129K
\$4 increase to \$15	\$174K



Rate Increase – Volume District Only

Recommend \$4 increase per 1000 gallons for usage over 5000 gallons per quarter to \$15/1000 gallons.

- Keeps rate flat to usage below 5000 gallons
- Will close operating gap

<u>Impact</u>	<u>Current Revenue</u>	<u>%</u>	<u>Increase</u>	<u>%</u>	<u># Accts</u>	<u>Avg Per Yr Increase</u>
Commercial Accounts	\$498K	60%	\$117K	67%	41	\$2.2K
Residential Accounts	<u>\$330K</u>	40%	<u>\$ 57K</u>	33%	<u>593</u>	\$99
Total	\$828K		\$174K		634	