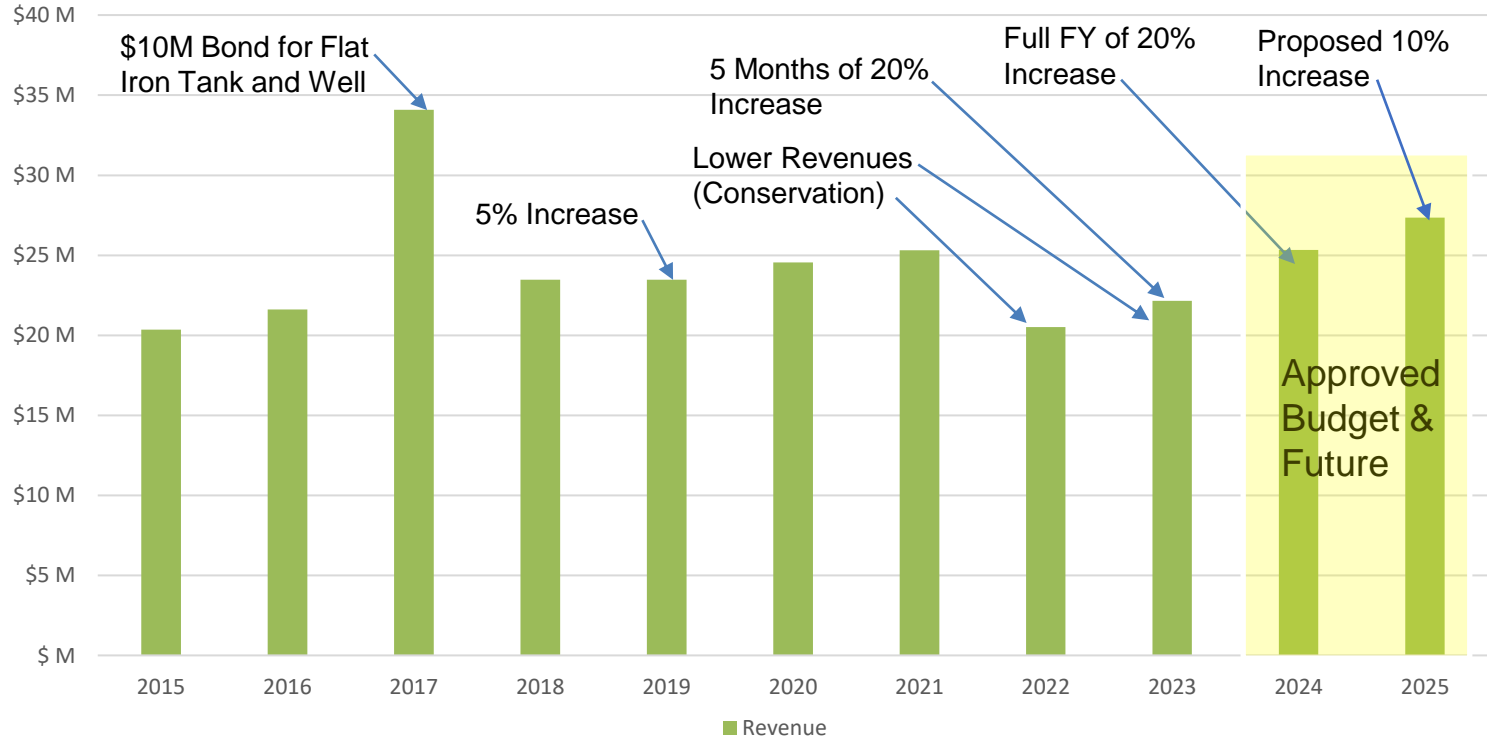# WATER RATE DISCUSSION

NOV. 15, 2023 (Public Utilities Advisory Board)
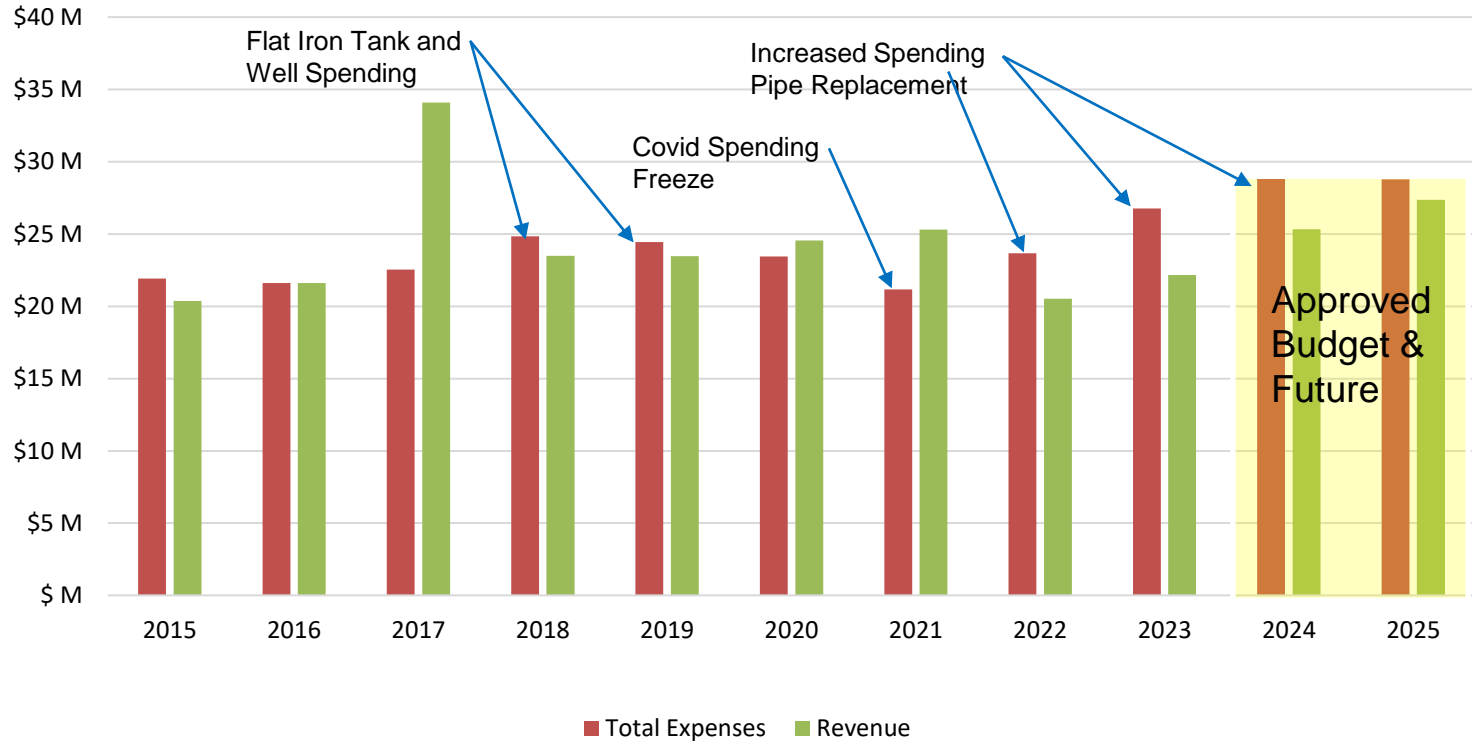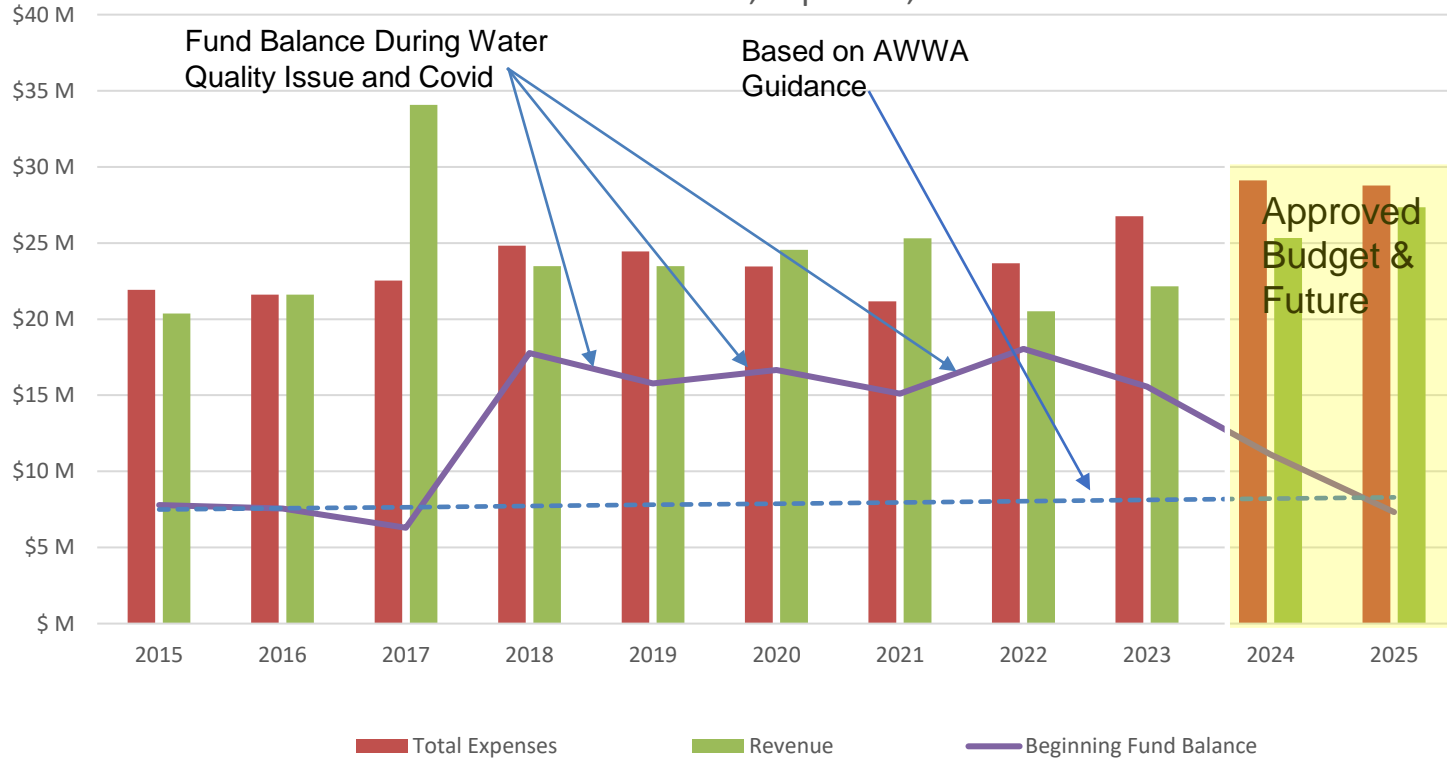**NOV. 28, 2023 (City Council)**

Water Fund Revenue Actuals

Water Fund Annual Revenue, and Total Expenses

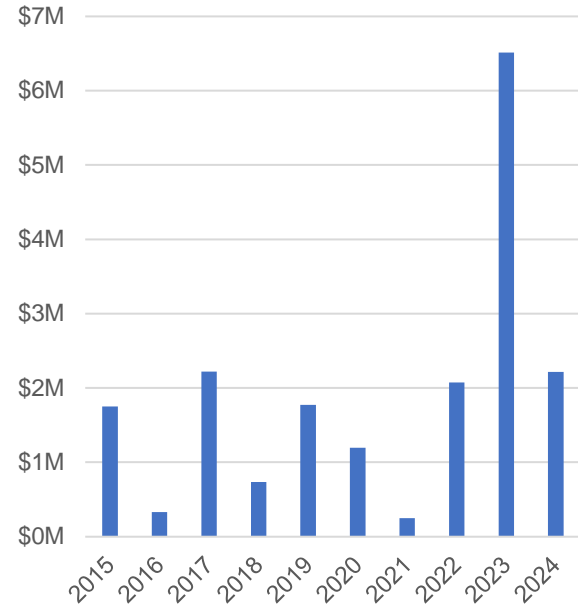Water Fund Annual Revenue, Expenses, and Fund Balance

Summary

- Rising costs are outpacing revenues
- After this year, fund balance will be at recommended level
- Capital spending needs to be increased
- Pipe replacement is focus
- Replacing 1% of pipe a year would cost ~$8 million yearly
- Historical 10-year average is $1.9 million yearly
- Using Asset Management Principles and Tools to replace right pipe at the right time.

Need 10% Rate Increase, Effective January 2024

Water Mainline Replacement Spending

Implementation

Recommended Water Infrastructure Renewal Budget

System Component	Replacement Value (million $)	Minimum Estimated Service Life (years)	Maximum Estimated Service Life (years)	Average Annual Investment HIGH	Average Annual Investment LOW
Booster Stations	$32.1	40	60	$803,000	$535,000
Tanks	$112.1	80	120	$1,401,000	$934,000
Wells	$62.5	80	120	$781,000	$521,000
Pipe	$793.8	60	100	$13,230,000	$7,938,000
Total	$1,000.5			$16,215,000	$9,928,000

Takeaway: Annual investment ranges from $9.9M to $16.2M

BOWEN COLLINS & ASSOCIATES

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Revenue Increase Strategy

(Slide from Oct. 2022 Presentation to City Council)

Year	Needed Revenue Increase	Correlated Rate Increase Accounting for Conservation
2022	---	---
2023	18.0%	20.0%
2024	9.0%	10.0%
2025	2.7%	3.0%
2026	2.7%	3.0%
2027	2.7%	3.0%

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PUBLIC UTILITIES

Potential Rate Increases

(Slide from Oct. 2022 Presentation to City Council)

Year	Base Rate ($/ERU)	Volume Rate					Projected Revenue Increase
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	
2021*	$14.43	$1.64	$2.53	$2.98	$3.42	---	---
2022	$14.43	$1.64	$2.31	$2.98	$3.82	$5.08	---
2023	$26.43	$1.68	$2.37	$3.05	$3.91	$5.20	18.0%
2024	$29.07	$1.85	$2.60	$3.36	$4.30	$5.72	9.0%
2025	$29.95	$1.90	$2.68	$3.46	$4.43	$5.89	2.7%
2026	$30.84	$1.96	$2.76	$3.56	$4.56	$6.07	2.7%
2027	$31.77	$2.02	$2.84	$3.67	$4.70	$6.25	2.7%

* Tier volume allotments were also adjusted in 2021

THE END