



2021 Sewer User Rate Review

October 22, 2020



Presentation Overview

Background on sewer user rates

Factors affecting sewer user rates for 2021

Recommended User Rates for 2021

User rate comparison

User rate estimates for next 5-years

Questions



Background on Sewer User Rates

The City has annually completed a user rate review since 2008

In 2011 a long-range finance plan was prepared to estimate future user rate increases necessary to fund the annual debt service payments associated with future Treatment Facility and collection system projects

- Updated annually in conjunction with user rate update

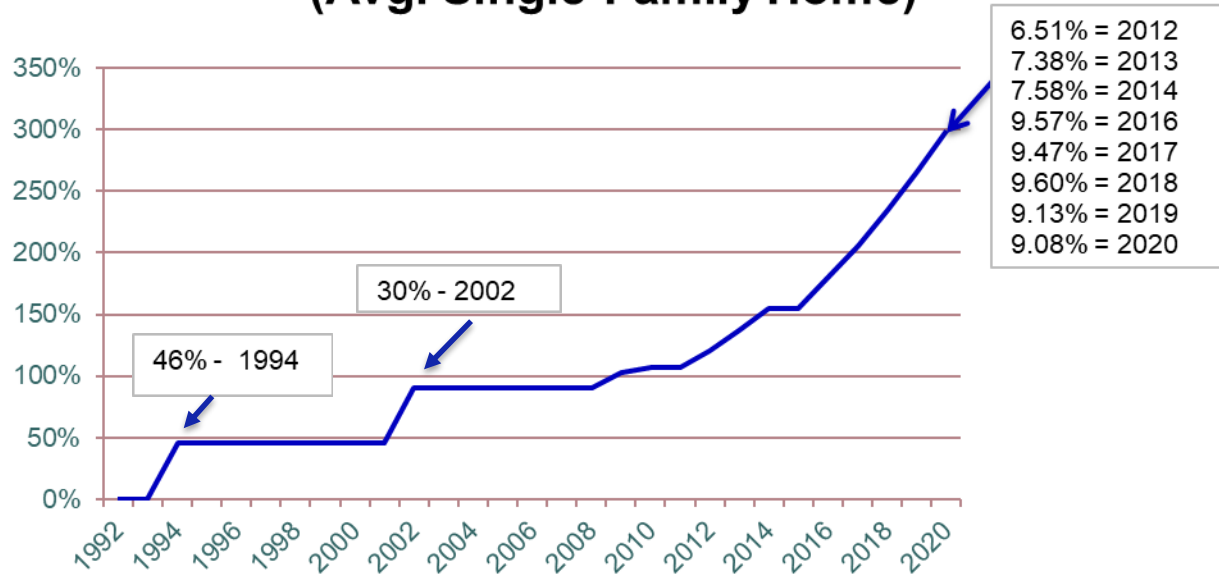
Goals:

- Design rates that are fair and equitable for all customer classes
- Recover the full revenue requirements for the Utility
- Avoid rate spikes in any particular year



History of Sewer User Rates

Cumulative Percent Increase to User Rates (Avg. Single-Family Home)





Factors Affecting 2021 Recommended User Rates

Need to maintain at least 1.25X debt coverage throughout the life of all revenue bonds and Clean Water Fund loans

\$18.2 million of Clean Water fund Loans in 2020 for work at the Treatment Plant and interceptor system

\$4.9 million of estimated borrowing planned for in 2021

Maintaining the minimum required replacement fund balance per the 2014-2015 Clean Water Fund Loan Requirements (\$1.58 million)



Factors Affecting 2021 Recommended User Rates

Billable flows have remained stable in the residential class, but declined in the industrial and commercial classes

Total billable flows have declined approximately 22% over the last 15-years

Operating and Maintenance costs are projected to increase 0.24% in 2021



Recommended 2021 Sewer Rates

	Current Rates Effective 1/1/2020	2021 Proposed Rates	\$ Change	% Change
<u>City (Inside) User Charges</u>				
Quarterly Fixed Charge	\$17.43	\$17.56	\$0.13	0.75%
Monthly Fixed Charge (If Switching to Monthly Billing)	\$5.81	\$5.85	\$0.04	0.75%
Volumetric Charge per 1,000 gallons	\$7.90	\$8.54	\$0.64	8.05%
Quarterly flat charge (unmetered users only)	\$237.11	\$256.20	\$19.09	8.05%
Surcharge Rate BOD /lb	\$1.00	\$1.09	\$0.09	8.52%
Surcharge Rate SS /lb	\$0.53	\$0.57	\$0.04	7.90%
Surcharge Rate P /lb	\$8.48	\$9.19	\$0.71	8.37%
Surcharge Rate TKN /lb	\$1.72	\$1.86	\$0.14	8.14%
<u>Extraterritorial (Outside) User Charges</u>				
Quarterly Fixed Charge	\$17.43	\$17.56	\$0.13	0.75%
Monthly Fixed Charge (If Switching to Monthly Billing)	\$5.81	\$5.85	\$0.04	0.75%
Volumetric Charge per 1,000 gallons	\$10.57	\$11.42	\$0.85	8.05%
Quarterly flat charge (unmetered users only)	\$317.15	\$342.68	\$25.53	8.05%
<u>Hauled Waste Charges</u>				
Septic Tank Rate per 1,000 gallons	\$65.38	\$71.82	\$6.44	9.85%
Holding Tank Rate per 1,000 gallons	\$21.61	\$23.74	\$2.13	9.85%
Chemical Toilet Waste Rate per 1,000 gallons	\$176.20	\$194.78	\$18.58	10.54%
Annual Cost for Average Residential User (48,000 gallons/year)	\$449.10	\$480.16	\$31.06	6.92%
Quarterly Cost	\$112.27	\$120.04	\$7.77	
Monthly Cost	\$37.42	\$40.01	\$2.59	



2021 Estimated Utility Cash Flow (Not including return flow)

	2021
Cash Sources	
Revenues from User Rates ⁽¹⁾	\$18,074,936
Allowance for Unknowns (ie. Timing of billing, customer loss)	(\$632,623)
Other Income ⁽²⁾	\$115,000
Investment Income on Unrestricted Cash ⁽³⁾	\$54,577
Other Fees ⁽⁴⁾	\$40,550
Total Cash Sources	\$17,652,440
Cash Uses	
O&M	\$7,475,840
Net Before Debt Service	\$10,176,600
Total Debt Service	\$7,664,801
Capital Outlay (non reserve)	\$1,500,000
Addition to Replacement Fund	\$250,000
Net Cash Flow	\$761,799

Notes:

- (1) Estimated user rate projections assume that user rates are taking effect 1/1.
- (2) Subtotal delinquent fees plus pre-treatment sampling fees.
- (3) Estimate of investment income assuming an interest rate of 1.5%.
- (4) Other charges includes connection fees, impact fees and special assessments.



Comparison of Sewer User Rates – (Including Return Flow User Rate)

Community	Annual Cost per Single-Family Home
New Berlin, City	\$783
Muskego, City	\$671
Waukesha, City, Proposed 1/1/21	\$647
Menomonee Falls, Village	\$619
Waukesha, City, Current	\$560
Brookfield, City	\$458
Pewaukee, City	\$440
Mukwonago, Village	\$416
Oconomowoc, City	\$350
Racine, City	\$251

Based Upon 48,000 gallons per year for the average single-family home



Estimated User Rate Increase for Next 5-Years (Not including return flow rate)

Year	Average Annual Payment - SF Home	Percent Rate Increase	Increase to Quarterly Bill	Increase to Monthly Bill
2021	\$480	6.92%	\$7.77	\$2.59
2022	\$523	9.00%	\$10.80	\$2.70
2023	\$570	9.00%	\$11.78	\$2.94
2024	\$622	9.00%	\$12.84	\$3.21
2025	\$653	5.00%	\$7.77	\$1.94



Recommended 2021 Connection Charge Schedule

Meter Size	Existing Sewer Connection Charge ⁽¹⁾	Proposed Sewer Connection Charge	Dollar Change
5/8	\$2,048	\$2,054	\$5
3/4	\$3,039	\$3,047	\$8
1	\$5,054	\$5,068	\$13
1 1/2	\$10,108	\$10,135	\$27
2	\$16,186	\$16,229	\$43
3	\$30,325	\$30,405	\$80
4	\$50,541	\$50,675	\$134
6	\$101,049	\$101,317	\$268

Notes:

(1) Existing sewer connection fee schedule taken from the City of Waukesha 2020 Sewer Connection Charge Fee Schedule.