



March 27, 2024 | City of Perrysburg | Water and Sewer Rate Study

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## Presentation: Rate Study Findings



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# Guiding Principles and Objective

- The water and sewer enterprise funds should be financially self-supporting
- The utility should maintain reserves to provide for contingencies and unplanned expenses
- Water and sewer rates should be kept as low as possible *over time*

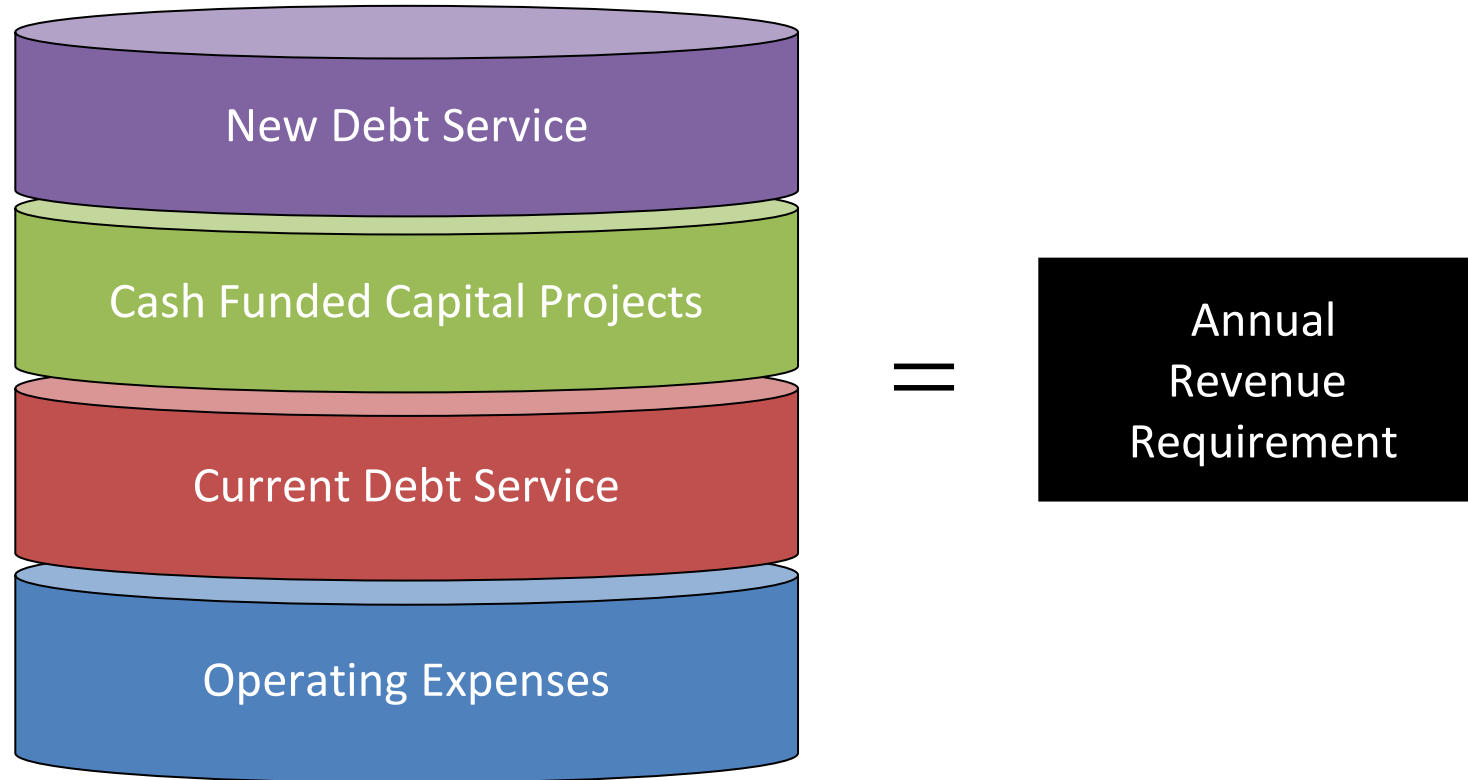
***Objective: Ensure rates are stable through sound financial management and system maintenance***

- ✓ Review water and sewer funds to maintain financial stability
- ✓ Prepare long-term financial plan that includes capital investments required for a sustainable system

# Factors Affecting Charges and Rates

- Operating and maintenance expense changes
  - Purchase of water from Toledo, based on contract rate increases
  - 3.0% escalation rate per year for all other expenses
- Capital improvement plans
  - investment in the distribution, collection, and treatment systems
- Debt service
  - existing and future debt (4.5 - 5.0% interest and 20-year maturity on borrowings)
- Customer changes
  - 1.0% growth per year based on historical trend
- Water usage and sewage generation changes
  - no growth
- Miscellaneous revenue changes
  - no growth
- Reserve target
  - Combined Operating and Capital balance equal to 180 days (50%) of operating expenses

# Revenue Requirement



# Capital Projects by Funding Source

|              | 2024          | 2025          | 2026           |
|--------------|---------------|---------------|----------------|
| <b>Water</b> |               |               |                |
| Rate Revenue | \$2.22        | \$0.93        | \$0.93         |
| New Debt     | -             | -             | \$3.75         |
| Capital Fund | \$0.50        | \$2.50        | -              |
| <b>Total</b> | <b>\$2.72</b> | <b>\$3.43</b> | <b>\$4.68</b>  |
| <b>Sewer</b> |               |               |                |
| Rate Revenue | \$4.58        | \$4.20        | \$0.37         |
| New Debt     | -             | -             | \$18.75        |
| Capital Fund | \$5.00        | -             | -              |
| <b>Total</b> | <b>\$9.58</b> | <b>\$4.20</b> | <b>\$19.12</b> |

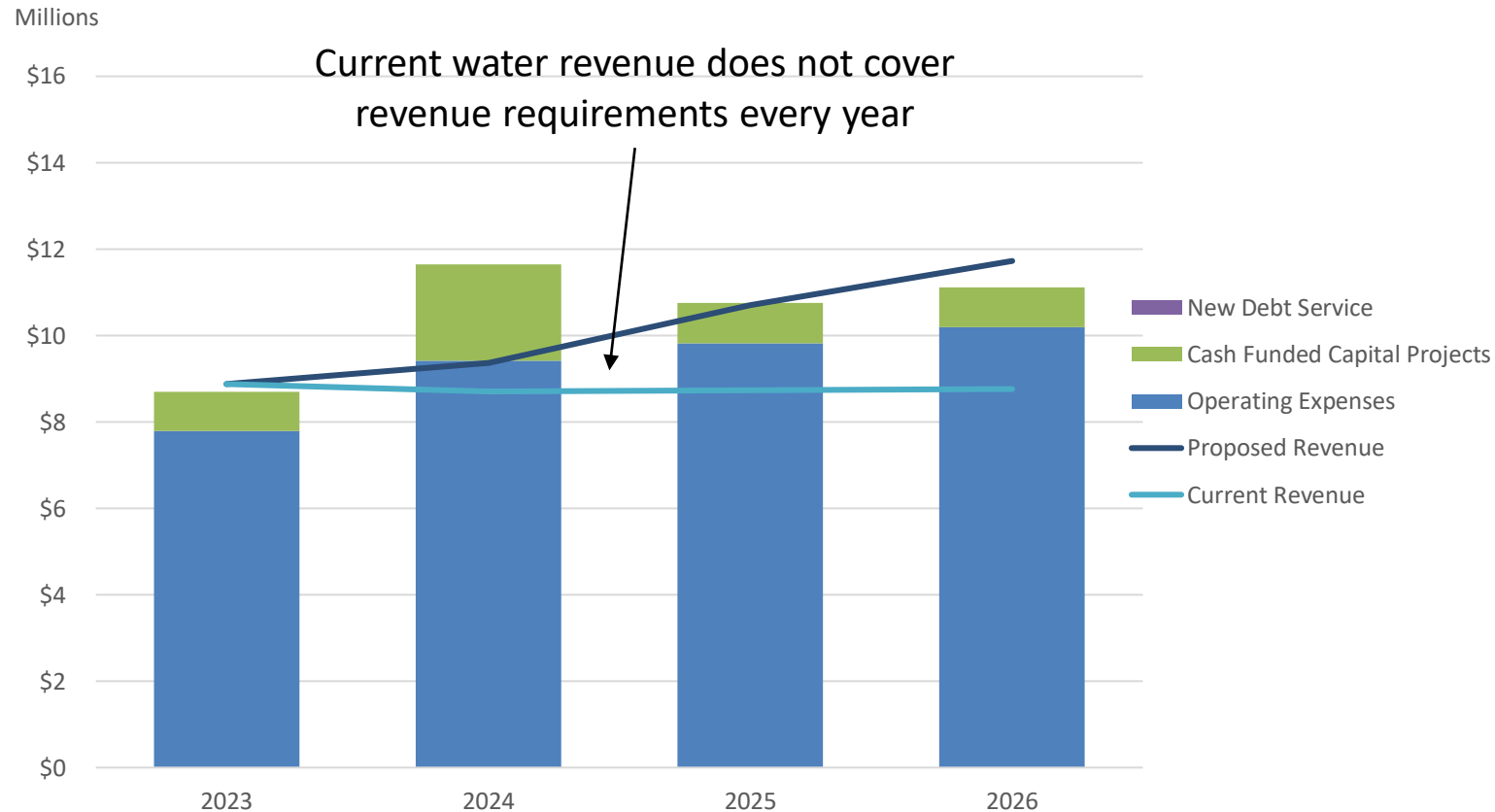
## Large Water Projects

- Campus Improvements: \$3.75m (New Debt)
- Front, Second, and Third Waterline Replacement: \$2.00m (Capital Fund)
- 5th & 6th Street Watermain Replacement, Construction: \$1.39m (Rate Revenue)

## Large Sewer Projects

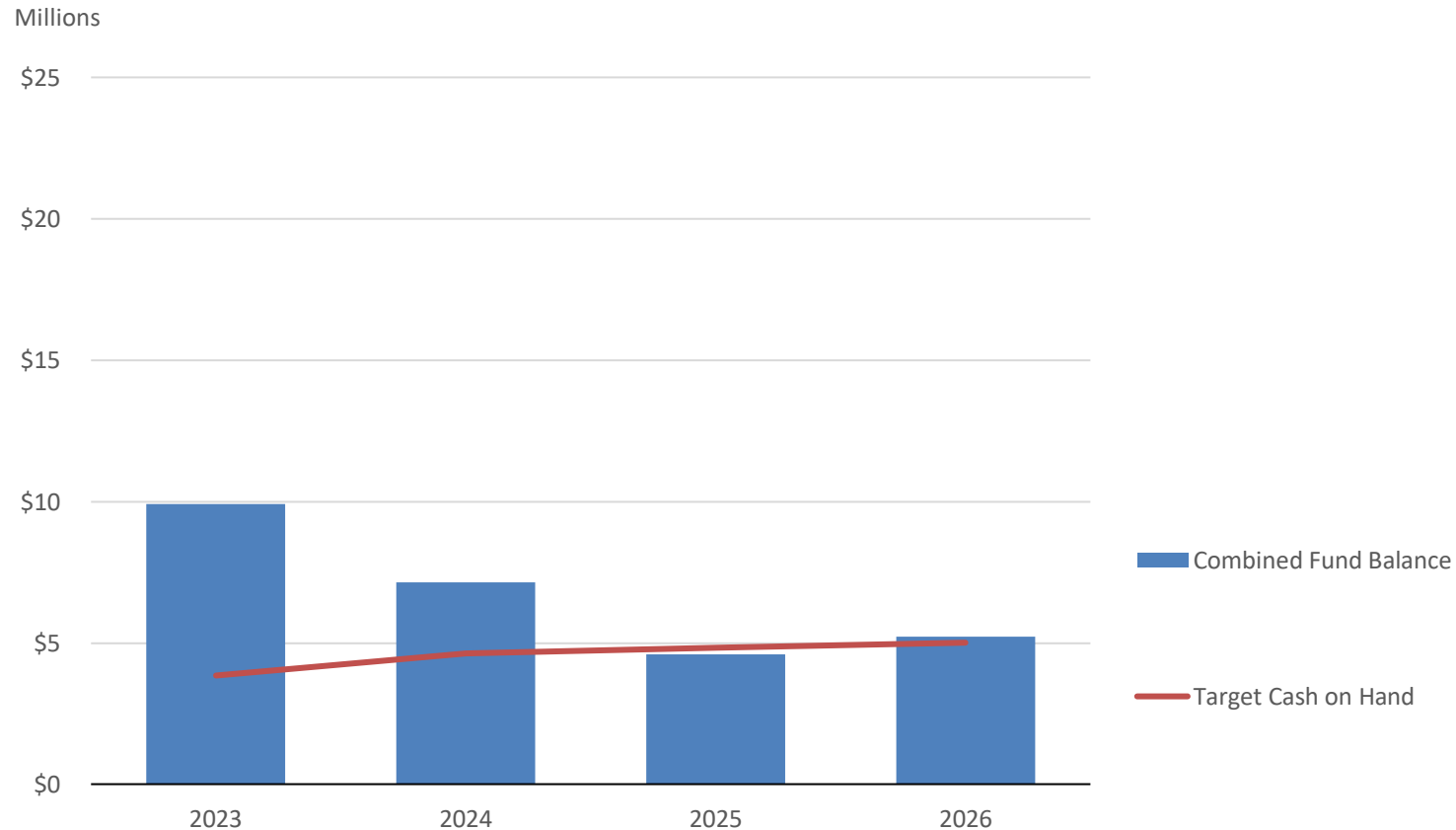
- Primary Clarifier - Construction: \$15.0m (New Debt)
- Anaerobic Digester Improvements - Flare, Boiler, Heat Exchanger: \$5.0m (Capital Fund)
- Campus Improvements: \$3.75m (New Debt)

# Revenue Requirements vs. Current and Proposed Revenue – Water



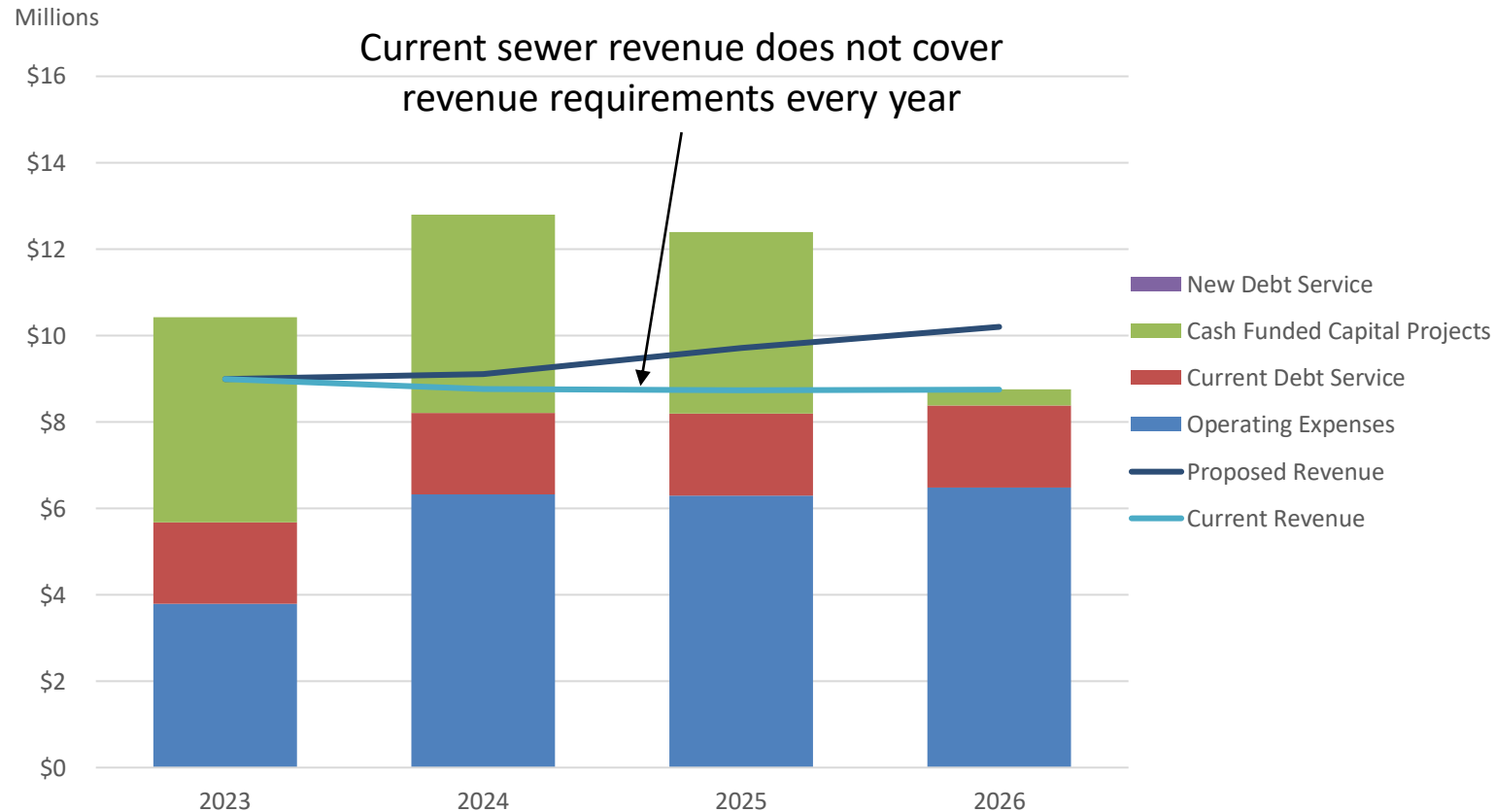
*Proposed revenue increase reflects a 3% rate increase that went into effect January 1, 2024, and a 10% rate increase effective July 1, 2024, January 1, 2025, and January 1, 2026.*

# Combined Operating and Capital Fund Balance – Water (based on Proposed Revenue)



*The red line represents target equal to combined fund balance of 180 days (50%) of operating expenses*

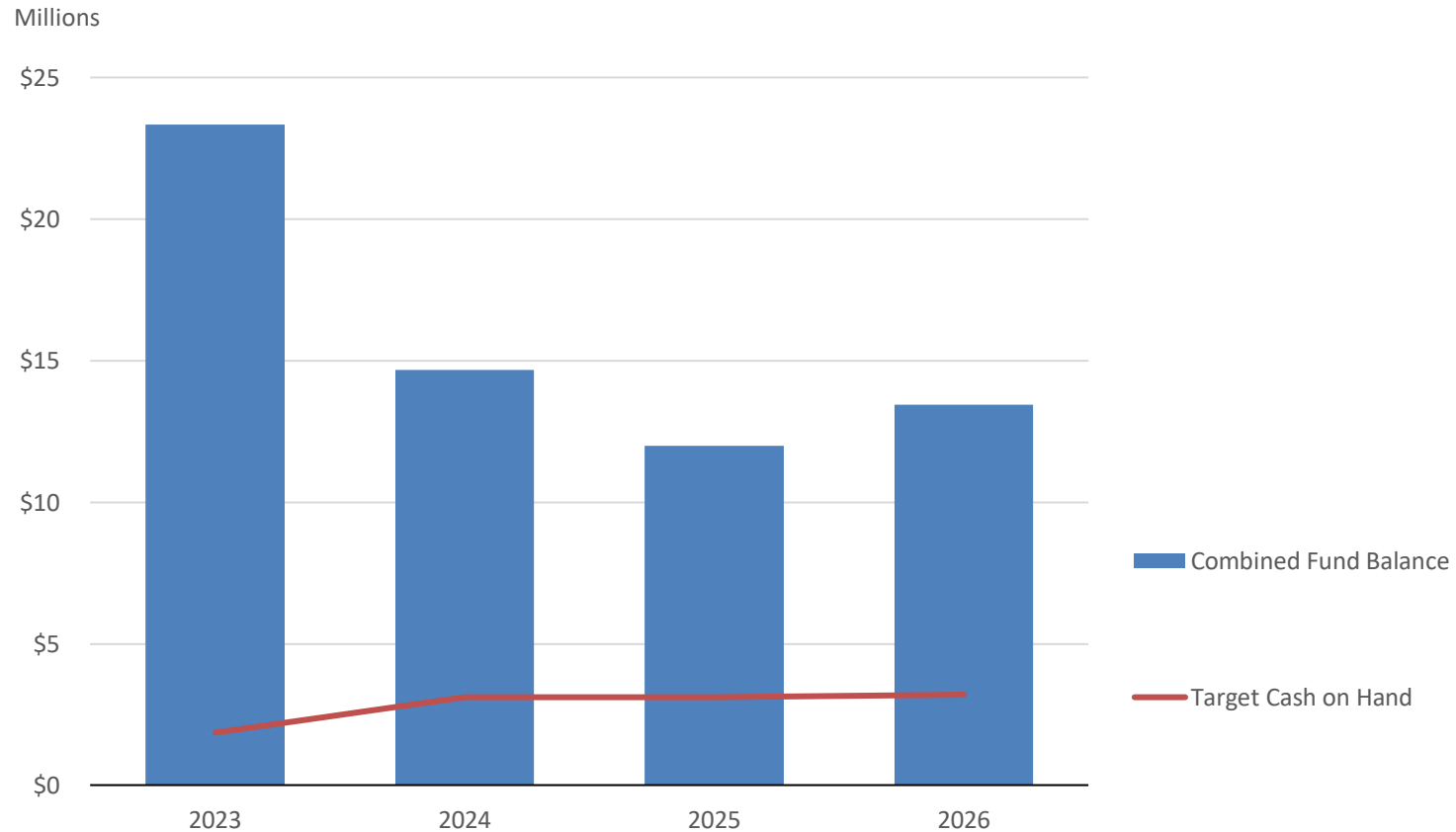
# Revenue Requirements vs. Current and Proposed Revenue – Sewer



*Proposed revenue increase reflects a 2% rate increase that went into effect January 1, 2024, and a 6% rate increase effective July 1, 2024, January 1, 2025, and January 1, 2026.*



# Combined Operating and Capital Fund Balance – Sewer (based on Proposed Revenue)



*The red line represents target equal to combined fund balance of 180 days (50%) of operating expenses*

# Current (Jan 1, 2024) Charges and Rates

## Water

| Charge/Rate  |         |
|--|---------|
| Monthly Minimum Charges (includes 300 cubic feet)        |         |
| Inside City  | \$24.34 |
| Outside City   | \$27.99 |
| Volume Rates (over 300 cubic feet; per 1,000 cubic feet) |         |
| Inside City  | \$81.12 |
| Outside City   | \$93.29 |

## Sewer

| Charge/Rate  |          |
|--|----------|
| Monthly Minimum Charges (includes 300 cubic feet)        |          |
| Inside City 1 Meter                                      | \$21.70  |
| Outside City 1 Meter                                     | \$27.12  |
| Inside City 1 Meter (No Treatment)                       | \$4.95   |
| Inside City 2 Meters                                     | \$31.00  |
| Outside City 2 Meters                                    | \$38.75  |
| Inside City 2 Meters (No Treatment)                      | \$7.06   |
| Volume Rates (over 300 cubic feet; per 1,000 cubic feet) |          |
| Inside City 1 Meter                                      | \$72.32  |
| Outside City 1 Meter                                     | \$90.40  |
| Inside City 1 Meter (No Treatment)                       | \$16.47  |
| Inside City 2 Meters                                     | \$103.33 |
| Outside City 2 Meters                                    | \$129.16 |
| Inside City 2 Meters (No Treatment)                      | \$23.53  |

# Recommended Charges and Rates

## Water

| Charge/Rate  | Current | 7/1/2024 | 1/1/2025 | 1/1/2026 |
|--|---------|----------|----------|----------|
| Monthly Minimum Charges (includes 300 cubic feet)        |         |          |          |          |
| Inside City 1 Meter                                      | \$24.34 | \$26.77  | \$29.45  | \$32.40  |
| Outside City 1 Meter                                     | \$27.99 | \$30.79  | \$33.87  | \$37.25  |
| Volume Rates (over 300 cubic feet; per 1,000 cubic feet) |         |          |          |          |
| Inside City 1 Meter                                      | \$81.12 | \$89.23  | \$98.15  | \$107.97 |
| Outside City 1 Meter                                     | \$93.29 | \$102.62 | \$112.87 | \$124.17 |

## Sewer

| Charge/Rate  | Current  | 7/1/2024 | 1/1/2025 | 1/1/2026 |
|--|----------|----------|----------|----------|
| Monthly Minimum Charges (includes 300 cubic feet)        |          |          |          |          |
| Inside City 1 Meter                                      | \$21.70  | \$23.01  | \$24.39  | \$25.85  |
| Outside City 1 Meter                                     | \$27.12  | \$28.75  | \$30.48  | \$32.31  |
| Inside City 1 Meter (No Treatment)                       | \$4.95   | \$5.24   | \$5.56   | \$5.89   |
| Inside City 2 Meters                                     | \$31.00  | \$32.86  | \$34.83  | \$36.92  |
| Outside City 2 Meters                                    | \$38.75  | \$41.08  | \$43.54  | \$46.15  |
| Inside City 2 Meters (No Treatment)                      | \$7.06   | \$7.48   | \$7.93   | \$8.41   |
| Volume Rates (over 300 cubic feet; per 1,000 cubic feet) |          |          |          |          |
| Inside City 1 Meter                                      | \$72.32  | \$76.66  | \$81.26  | \$86.14  |
| Outside City 1 Meter                                     | \$90.40  | \$95.83  | \$101.58 | \$107.68 |
| Inside City 1 Meter (No Treatment)                       | \$16.47  | \$17.46  | \$18.51  | \$19.62  |
| Inside City 2 Meters                                     | \$103.33 | \$109.53 | \$116.10 | \$123.07 |
| Outside City 2 Meters                                    | \$129.16 | \$136.92 | \$145.13 | \$153.84 |
| Inside City 2 Meters (No Treatment)                      | \$23.53  | \$24.94  | \$26.44  | \$28.03  |

# Monthly Bill Impact (2024)

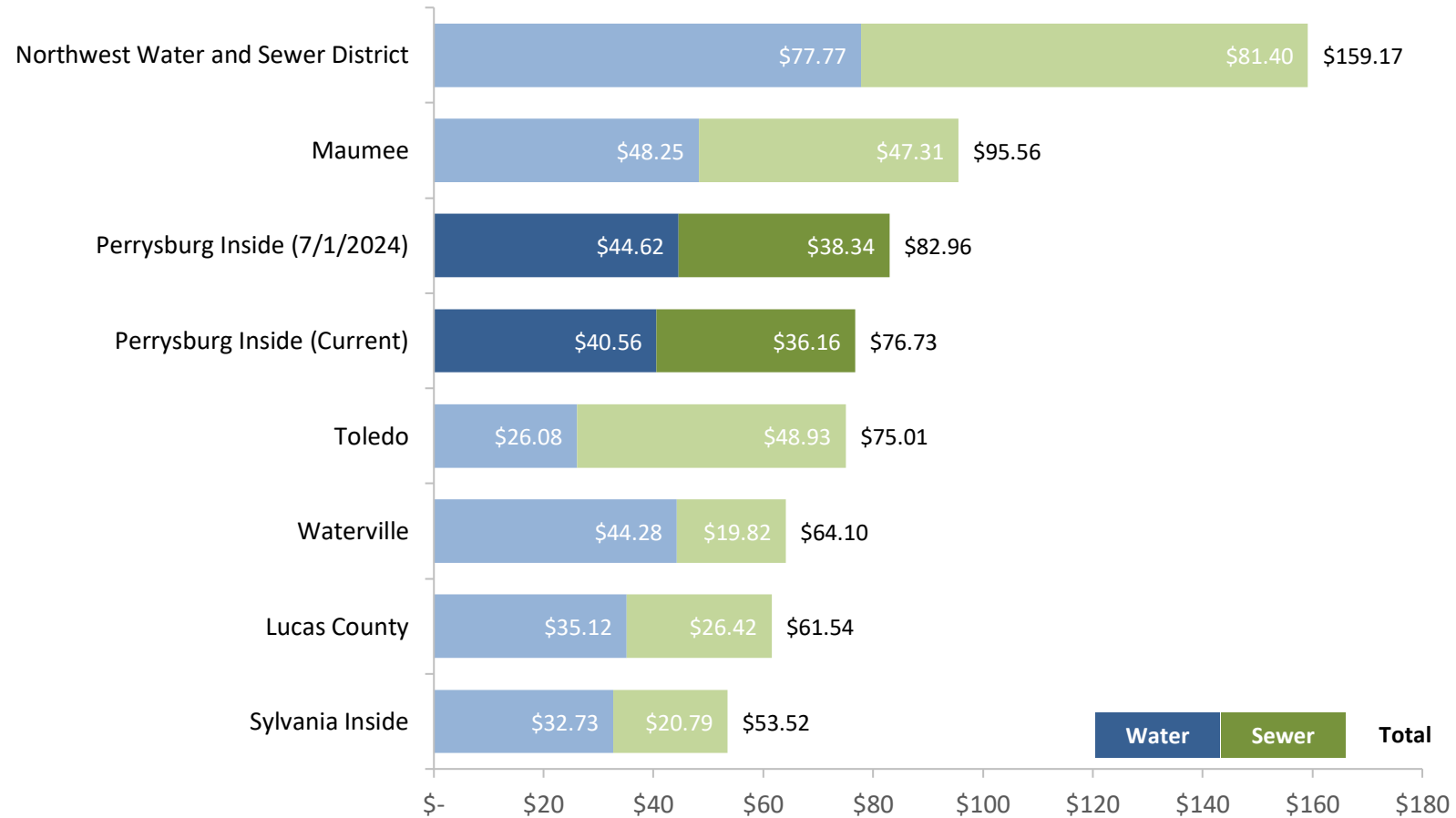
| User                 | Monthly Usage (cubic feet) | Current Bill    | 7/1/2024 Bill   | 7/1/2024 Bill Increase (\$) | 7/1/2024 Bill Increase (%) |
|----------------------|----------------------------|-----------------|-----------------|-----------------------------|----------------------------|
| <b>Small User</b>    |                            |                 |                 |                             |                            |
| Water Bill           | 300                        | \$24.34         | \$26.77         | \$2.43                      | 10.0%                      |
| Sewer Bill           |                            | \$21.70         | \$23.01         | \$1.31                      | 6.0%                       |
| <b>Combined Bill</b> |                            | <b>\$46.04</b>  | <b>\$49.78</b>  | <b>\$3.74</b>               | <b>8.1%</b>                |
| <b>Median User</b>   |                            |                 |                 |                             |                            |
| Water Bill           | 500                        | \$40.56         | \$44.62         | \$4.06                      | 10.0%                      |
| Sewer Bill           |                            | \$36.16         | \$38.34         | \$2.18                      | 6.0%                       |
| <b>Combined Bill</b> |                            | <b>\$76.73</b>  | <b>\$82.96</b>  | <b>\$6.23</b>               | <b>8.1%</b>                |
| <b>Large User</b>    |                            |                 |                 |                             |                            |
| Water Bill           | 800                        | \$64.90         | \$71.39         | \$6.49                      | 10.0%                      |
| Sewer Bill           |                            | \$57.86         | \$61.34         | \$3.48                      | 6.0%                       |
| <b>Combined Bill</b> |                            | <b>\$122.76</b> | <b>\$132.73</b> | <b>\$9.97</b>               | <b>8.1%</b>                |

# Monthly Bill Impact (2024 – 2026)

| User                                      | Monthly Usage<br>(cubic feet) | Monthly Bill   |                |                |                |
|---|-------------------------------|----------------|----------------|----------------|----------------|
|   |                               | Current        | 7/1/2024       | 1/1/2025       | 1/1/2026       |
| Small User (25 <sup>th</sup> percentile)  | 300                           | \$46.04        | \$49.78        | \$53.84        | \$58.25        |
| Median User (50 <sup>th</sup> percentile) | <b>500</b>                    | <b>\$76.73</b> | <b>\$82.96</b> | <b>\$89.72</b> | <b>\$97.07</b> |
| Large User (75 <sup>th</sup> percentile)  | 800                           | \$122.76       | \$132.73       | \$143.54       | \$155.31       |
| \$ Increase for Median User               | <b>500</b>                    |                | <b>\$6.23</b>  | <b>\$6.76</b>  | <b>\$7.35</b>  |
| % Increase for Median User                | <b>500</b>                    |                | <b>8.1%</b>    | <b>8.1%</b>    | <b>8.2%</b>    |

# Combined Monthly Residential Water and Sewer Bill Comparison

## *500 cubic feet of usage*



# Recommendations

- Adopt the recommended water and sewer rates for 2024 (July 1), 2025 (Jan 1), and 2026 (Jan 1)
- Review rates, charges, and fees on an annual basis and revise as needed
- Consider a full cost of service study for all rates, charges, and fees every three to five years



# QUESTIONS?

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