Town of Winchester
Department of Public Works
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James M. Gill, Director

To: Lisa Wong, Town Manager

From: Jay Gill, DPW Director

Date: April 3, 2020

Subject: **FY21 Water/Sewer Rates and Service Charge**

CC: M. Twogood, J. Gibbons, L. McGahan

As you know, the Board approved the option to increase the service charge to $30 for FY21 and a 12% rate increase across the board.

- $25 increase in the service charge from $5 per bill to $30 per bill
- $30 service charge per bill is for residential and commercial accounts
- Irrigation accounts will be charged $30 service charge per annual bill in January

The Abrahams Group has prepared the actual Water & Sewer rates by tier and classification (commercial/residential) reflecting the 12% increase (attached).

Please note the spreadsheet attached assumes an implementation date of July 1, 2020 for the $30 service fee as well as the12% rate increase previously approved by the Board – this is Option 7.

We have also provided two additional scenarios:

1) Option 8 assumes both service fee and rate increase are deferred until October1st with **19% rate increase effective 10/1/20.**
2) Option 9 assumes the $30 service fee is implemented on July 1st and the Water & Sewer Rate increase is deferred until October 1st with a **15% rate increase effective 10/1/20.**

If either are implemented in July, we may want to send out an insert with the bills going out on May1st to alert the residents that an increase in one or both has been recommended and is subject to Town Meeting approval on June 8th. **The printer's deadline for insert is April 15, 2020.** We can prepare that for your approval in the meantime. Please let us know if you need anything further or have any comments. Thank you.

#7

Rate Calculations to Support FY 2021 Rate Changes

Option 7	Rate Increase:	12.0%

Current Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.40	ccf
16-45	Units Per Billing Period	$ 3.48	ccf
Over 45	Units Per Billing Period	$ 5.56	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.12	ccf
16-45	Units Per Billing Period	$ 2.77	ccf
Over 45	Units Per Billing Period	$ 4.44	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.43	ccf
16-45	Units Per Billing Period	$ 4.53	ccf
Over 45	Units Per Billing Period	$ 7.03	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.14	ccf
16-45	Units Per Billing Period	$ 3.63	ccf
Over 45	Units Per Billing Period	$ 5.63	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 5.62	ccf
Over 75	Units Per Billing Period	$ 6.88	ccf

Sewer:

0-75	Units Per Billing Period	$ 7.33	ccf
Over 75	Units Per Billing Period	$ 9.95	ccf

$5 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

FY 2021 Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.57	ccf
16-45	Units Per Billing Period	$ 3.90	ccf
Over 45	Units Per Billing Period	$ 6.23	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.25	ccf
16-45	Units Per Billing Period	$ 3.10	ccf
Over 45	Units Per Billing Period	$ 4.97	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.60	ccf
16-45	Units Per Billing Period	$ 5.07	ccf
Over 45	Units Per Billing Period	$ 7.87	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.28	ccf
16-45	Units Per Billing Period	$ 4.07	ccf
Over 45	Units Per Billing Period	$ 6.31	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 6.29	ccf
Over 75	Units Per Billing Period	$ 7.71	ccf

Sewer:

0-75	Units Per Billing Period	$ 8.21	ccf
Over 75	Units Per Billing Period	$ 11.14	ccf

$30 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

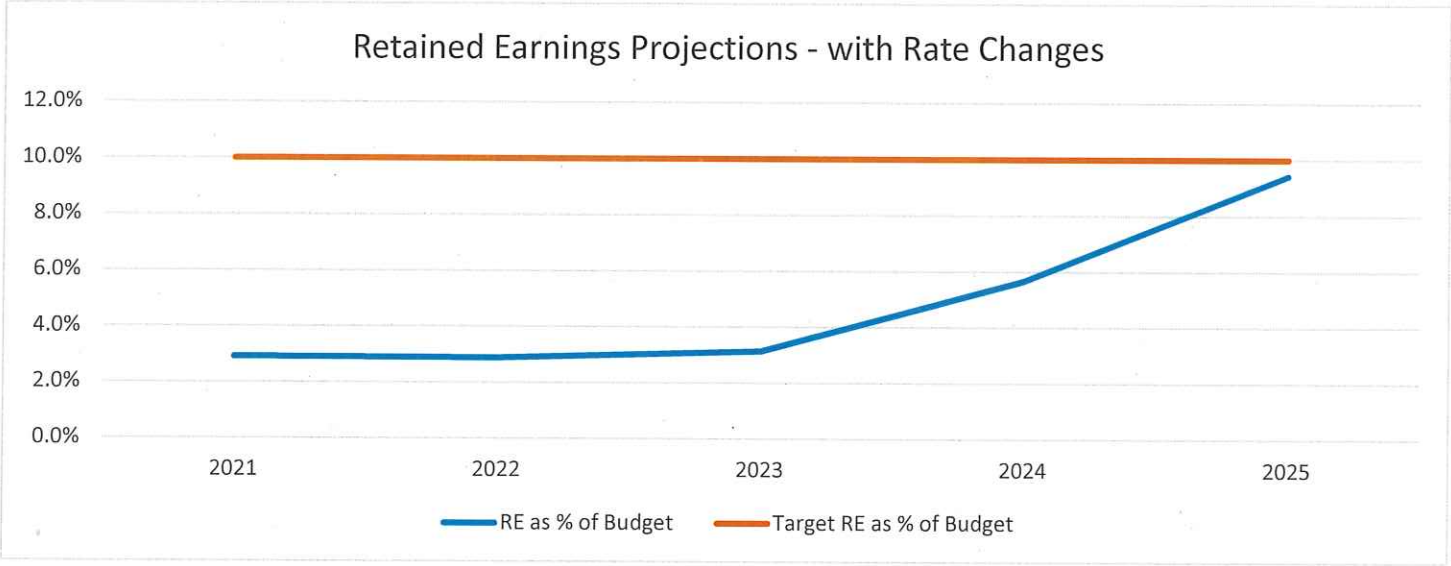
Rates and service charge effective July 1, 2020

Town of Winchester
Stormwater Analysis

Summary-Option 7-$30 Serv Ch

Rate Increases:	12.0%	7.0%	7.0%	7.0%	7.0%

Rate Impact	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	2024 PROJECTED	2025 PROJECTED
Surplus/Deficit	$ 24,194	$ 23,034	$ 52,083	$ 349,829	$ 554,510
Projected Retained Earnings	$ 343,753	$ 366,787	$ 418,870	$ 768,699	$ 1,323,209
RE as % of Budget	2.9%	2.9%	3.1%	5.7%	9.4%
Target RE as % of Budget	10.0%	10.0%	10.0%	10.0%	10.0%



This option includes an adjustment to the per-bill service charge from $5 to $30, estimated to generate an additional $720,000 per year.

			New Bills				
User Impact (per Bill)	Usage	Current Bill	FY21	FY22	FY23	FY24	FY25
Tier 1 Residential User	15	$ 47.45	$ 77.54	$ 80.87	$ 84.43	$ 88.24	$ 92.32
Average Residential User	21	$ 95.51	$ 131.37	$ 138.47	$ 146.06	$ 154.18	$ 162.88
Average Commercial User	37	$ 484.15	$ 566.65	$ 604.21	$ 644.41	$ 687.42	$ 733.44
Average Irrigation User	74	$ 652.86	$ 755.60	$ 806.40	$ 860.74	$ 918.90	$ 981.12

#8

Rate Calculations to Support FY 2021 Rate Changes

Option 8	Rate Increase:	19.0%

Current Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.40	ccf
16-45	Units Per Billing Period	$ 3.48	ccf
Over 45	Units Per Billing Period	$ 5.56	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.12	ccf
16-45	Units Per Billing Period	$ 2.77	ccf
Over 45	Units Per Billing Period	$ 4.44	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.43	ccf
16-45	Units Per Billing Period	$ 4.53	ccf
Over 45	Units Per Billing Period	$ 7.03	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.14	ccf
16-45	Units Per Billing Period	$ 3.63	ccf
Over 45	Units Per Billing Period	$ 5.63	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 5.62	ccf
Over 75	Units Per Billing Period	$ 6.88	ccf

Sewer:

0-75	Units Per Billing Period	$ 7.33	ccf
Over 75	Units Per Billing Period	$ 9.95	ccf

$5 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

FY 2021 Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.67	ccf
16-45	Units Per Billing Period	$ 4.14	ccf
Over 45	Units Per Billing Period	$ 6.62	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.33	ccf
16-45	Units Per Billing Period	$ 3.30	ccf
Over 45	Units Per Billing Period	$ 5.28	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.70	ccf
16-45	Units Per Billing Period	$ 5.39	ccf
Over 45	Units Per Billing Period	$ 8.37	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.36	ccf
16-45	Units Per Billing Period	$ 4.32	ccf
Over 45	Units Per Billing Period	$ 6.70	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 6.69	ccf
Over 75	Units Per Billing Period	$ 8.19	ccf

Sewer:

0-75	Units Per Billing Period	$ 8.72	ccf
Over 75	Units Per Billing Period	$ 11.84	ccf

$30 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

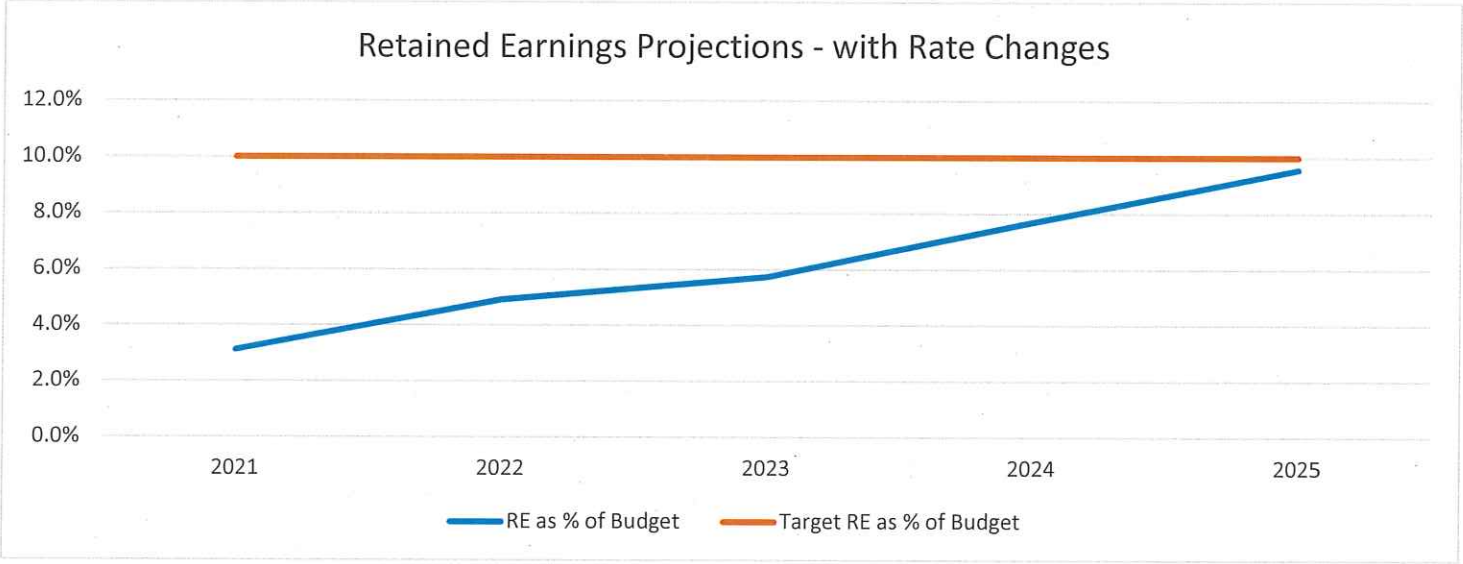
Rates and service charge effective October 1, 2020

Town of Winchester
Stormwater Analysis

Summary-Option 8-Oct 1 Start

Rate Increases:	19.0%	4.5%	4.5%	4.5%	4.5%

Rate Impact	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	2024 PROJECTED	2025 PROJECTED
Surplus/Deficit	$ 47,288	$ 256,717	$ 141,218	$ 277,057	$ 300,930
Projected Retained Earnings	$ 366,847	$ 623,563	$ 764,781	$ 1,041,838	$ 1,342,767
RE as % of Budget	3.1%	4.9%	5.7%	7.7%	9.6%
Target RE as % of Budget	10.0%	10.0%	10.0%	10.0%	10.0%



This option includes an adjustment to the per-bill service charge from $5 to $30, estimated to generate an additional $720,000 per year. This option estimates FY21 revenues based on the assumption that the updated service charge and FY21 rates would go into effect on October 1, 2020. The adjusted service charge impact for FY21 is $540,000. Bill Calculations below are for FY21, once the rate changes and updated service charge are implemented.

			New Bills				
User Impact (per Bill)	Usage	Current Bill	FY21	FY22	FY23	FY24	FY25
Tier 1 Residential User	15	$ 47.45	$ 80.52	$ 82.79	$ 85.16	$ 87.65	$ 90.24
Average Residential User	21	$ 95.51	$ 137.71	$ 142.55	$ 147.62	$ 152.91	$ 158.44
Average Commercial User	37	$ 484.15	$ 600.19	$ 625.85	$ 652.66	$ 680.68	$ 709.96
Average Irrigation User	74	$ 652.86	$ 800.95	$ 835.65	$ 871.90	$ 909.79	$ 949.38

#9

Rate Calculations to Support FY 2021 Rate Changes

Option 9	Rate Increase:	15.0%

Current Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.40	ccf
16-45	Units Per Billing Period	$ 3.48	ccf
Over 45	Units Per Billing Period	$ 5.56	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.12	ccf
16-45	Units Per Billing Period	$ 2.77	ccf
Over 45	Units Per Billing Period	$ 4.44	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.43	ccf
16-45	Units Per Billing Period	$ 4.53	ccf
Over 45	Units Per Billing Period	$ 7.03	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.14	ccf
16-45	Units Per Billing Period	$ 3.63	ccf
Over 45	Units Per Billing Period	$ 5.63	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 5.62	ccf
Over 75	Units Per Billing Period	$ 6.88	ccf

Sewer:

0-75	Units Per Billing Period	$ 7.33	ccf
Over 75	Units Per Billing Period	$ 9.95	ccf

$5 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

FY 2021 Rates

Residential Accounts (in accordance with Chapter 110)

Water:

0-15	Units Per Billing Period	$ 1.61	ccf
16-45	Units Per Billing Period	$ 4.00	ccf
Over 45	Units Per Billing Period	$ 6.39	ccf

Low-Income Water:

0-15	Units Per Billing Period	$ 1.29	ccf
16-45	Units Per Billing Period	$ 3.19	ccf
Over 45	Units Per Billing Period	$ 5.11	ccf

Sewer:

0-15	Units Per Billing Period	$ 1.64	ccf
16-45	Units Per Billing Period	$ 5.21	ccf
Over 45	Units Per Billing Period	$ 8.08	ccf

Low-Income Sewer:

0-15	Units Per Billing Period	$ 1.31	ccf
16-45	Units Per Billing Period	$ 4.17	ccf
Over 45	Units Per Billing Period	$ 6.47	ccf

Commercial/Industrial/Institutional

Water:

0-75	Units Per Billing Period	$ 6.46	ccf
Over 75	Units Per Billing Period	$ 7.91	ccf

Sewer:

0-75	Units Per Billing Period	$ 8.43	ccf
Over 75	Units Per Billing Period	$ 11.44	ccf

$30 service charge per bill
(applies to each quarterly bill for residential and commercial accounts and annual irrigation billsI)

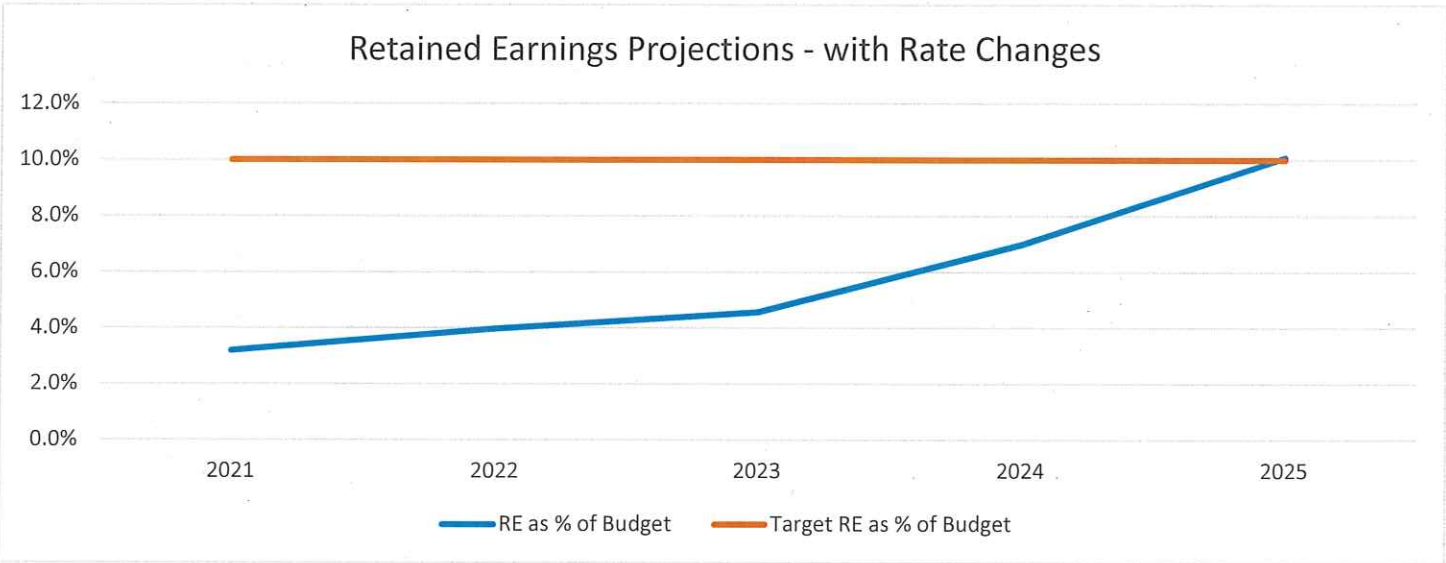
Service charge effective July 1, 2020
Rates effective October 1, 2020

Town of Winchester
Stormwater Analysis

Summary-Option 9-Stagger Start

Rate Increases:	15.0%	6.0%	6.0%	6.0%	6.0%

Rate Impact	2021 PROJECTED	2022 PROJECTED	2023 PROJECTED	2024 PROJECTED	2025 PROJECTED
Surplus/Deficit	$ 56,004	$ 129,653	$ 103,074	$ 337,513	$ 470,441
Projected Retained Earnings	$ 375,563	$ 505,216	$ 608,291	$ 945,803	$ 1,416,244
RE as % of Budget	3.2%	4.0%	4.6%	7.0%	10.1%
Target RE as % of Budget	10.0%	10.0%	10.0%	10.0%	10.0%



This option includes an adjustment to the per-bill service charge from $5 to $30, estimated to generate an additional $720,000 per year. This option estimates FY21 revenues based on the assumption that the updated service charge would go into effect on July 1, 2020 and FY21 rates would go into effect on October 1, 2020.
Bill Calculations below are for FY21, once the rate changes and updated service charge are implemented.

			New Bills				
User Impact (per Bill)	Usage	Current Bill	FY21	FY22	FY23	FY24	FY25
Tier 1 Residential User	15	$ 47.45	$ 78.82	$ 81.75	$ 84.85	$ 88.14	$ 91.63
Average Residential User	21	$ 95.51	$ 134.09	$ 140.33	$ 146.95	$ 153.97	$ 161.41
Average Commercial User	37	$ 484.15	$ 581.02	$ 614.08	$ 649.13	$ 686.28	$ 725.65
Average Irrigation User	74	$ 652.86	$ 775.04	$ 819.74	$ 867.13	$ 917.35	$ 970.59