



# City of Warrensburg, Missouri

## 2021 Sewer Rate Review

August 10, 2020



# Summary

- 2016 Recommended Sewer Rate Schedule
- FY 2021 Recommendation



# 2019 Proposed Rate Schedule

Sources of Funds	2017	2018	2019	2020	2021
<b>Residential</b>					
Fixed Charge	\$9.00	\$11.50	\$13.00	\$13.00	<b>\$13.00</b>
Volume Charge					
0 – 2 CCF	\$2.70	\$2.70	\$2.70	\$2.72	<b>\$2.72</b>
> 2 CCF	\$5.11	\$5.11	\$5.11	\$5.60	<b>\$6.03</b>
<b>Commercial</b>					
Fixed Charge					
Water Meters < 1"	\$9.00	\$11.50	\$13.00	\$13.00	<b>\$13.00</b>
Water Meters 1" – 4"	\$45.00	\$57.50	\$65.00	\$65.00	<b>\$65.00</b>
Water Meters > 4"	\$108.00	\$138.00	\$156.00	\$156.00	<b>\$156.00</b>
Volume Charge	\$4.56	\$4.56	\$4.56	\$4.88	<b>\$5.29</b>
Proposed Rate Adjustment	5%	5%	5%	5%	<b>5%</b>

## 2016 Recommendations

- Consider working towards a full funding of depreciation instead of fully funding it this year
- Fund capital improvements through depreciation
- Begin building reserves for future capital projects
  - WWTP Capacity Expansion
  - Improvements to meet future Nutrient Limit Regulations



# 2021 Recommendation

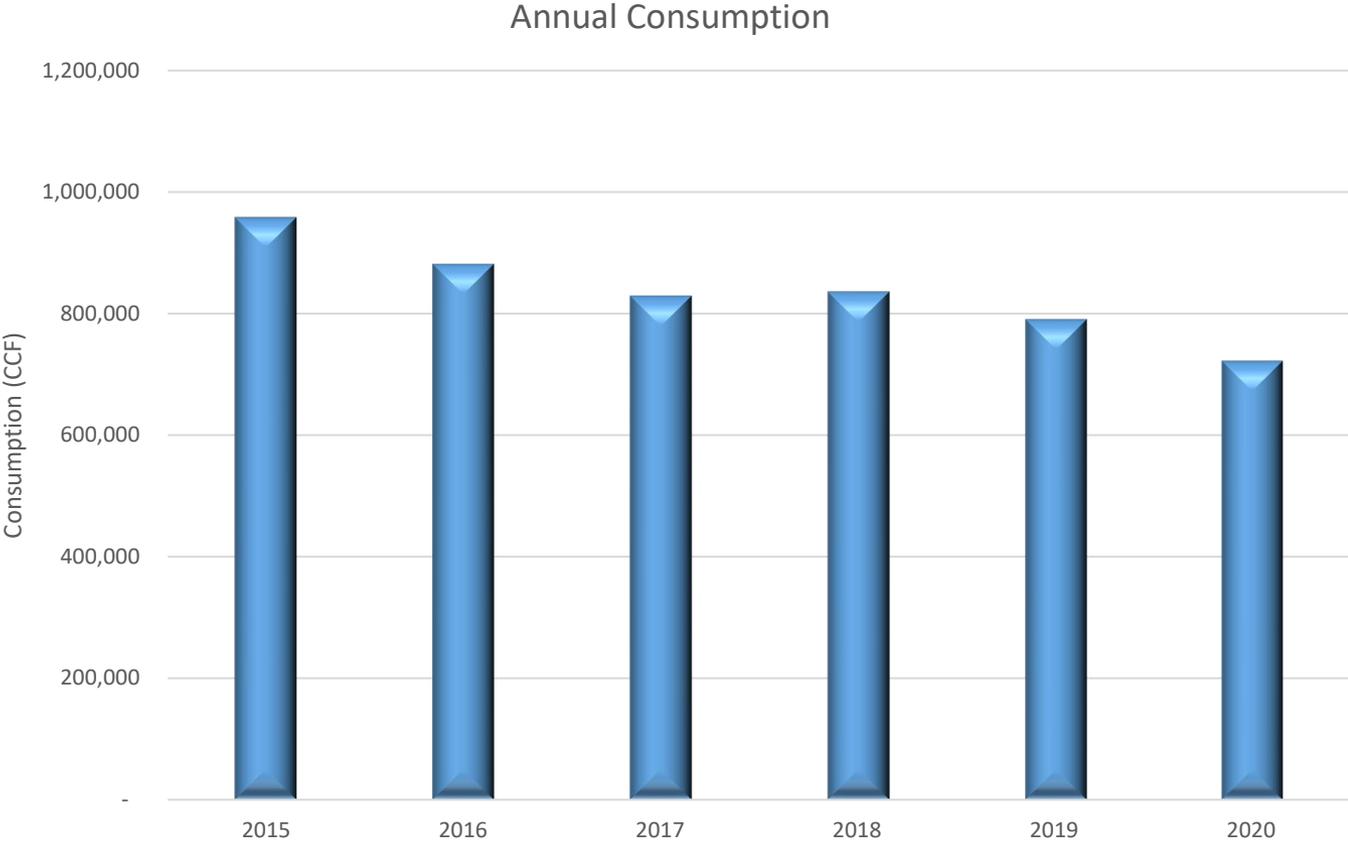


# FY 2020 Sewer Rate Revenue Comparison

Sources of Funds	FY 2020 Rate Design	FY 2020 Actual*
Monthly Number of Bills	7,350	7,345
Consumption		
Average Monthly Consumption	64,000	60,000
Annual Consumption (ccf)	770,000	721,600
Revenue from Sewer Rates	\$4,670,000	\$4,510,500
*Data collected through June, projected through the remainder of Fiscal Year		

**\$159,500 Less Than Projected**

# Historical Consumption



# Revenue Comparison

Sources of Funds	FY 2020 Amended Budget	FY 2021 Proposed Budget
<b>Revenues</b>		
Sewer Rates	\$4,510,500*	\$4,670,000
Non-rate Revenue		
Connections	\$18,000	\$18,000
Disconnections	\$19,000	\$19,000
Penalties	\$70,100	\$70,100
Rentals	\$7,000	\$7,000
Permits/Services Non-categorized	\$1,000	\$1,000
Interest Credit (SRF)	\$287,500	\$264,200
<b>Total Expenditures**</b>	<b>\$4,913,100</b>	<b>\$5,049,300</b>
*Utilized Projected Actual Revenues		
**Rounded to the nearest \$100		

# Expenditure Comparison

Sources of Funds	FY 2020 Amended Budget	FY 2021 Proposed Budget
<b>Expenses</b>		
O&M Expenses		
General Administration	\$1,551,314	\$1,509,073
Finance	\$88,118	\$88,406
Wastewater Treatment	\$1,244,734	\$1,321,842
Collections	\$398,147	\$461,836
<b>Total O&amp;M Expenses*</b>	<b>\$3,282,300</b>	<b>\$3,381,200</b>
Capital Improvements	\$1,366,100	\$1,255,000
Debt Service Principal	\$1,245,000	\$1,268,000
<b>Total Expenditures*</b>	<b>\$5,893,400</b>	<b>\$5,904,200</b>
Depreciation	\$1,450,000	\$1,450,000
<b>Total Expenditures and Funding Depreciation*</b>	<b>\$7,343,400</b>	<b>\$7,354,200</b>
*Rounded to the nearest \$100		

# Revenue Requirement Analysis

		2020	2021
<b><u>Sources of Funds</u></b>			
Rate Revenue		\$4,510,500*	\$4,670,000
Non-rate Revenue		\$402,600	\$379,300
<b>Total Revenue</b>		<b>\$4,913,100</b>	<b>\$5,049,300</b>
<b><u>Application of Funds</u></b>			
O&M Expenses		\$3,282,300	\$3,381,200
Capital Improvements		\$1,366,100	\$1,255,000
Debt Service Principal		\$1,245,000	\$1,268,000
<b>Total Revenue Requirement</b>		<b>\$5,893,400</b>	<b>\$5,904,200</b>
<b>Annual Balance/(Deficiency)</b>		<b>(\$980,300)</b>	<b>(\$854,900)</b>
<b>Cumulative Balance/(Deficiency)</b>	<b>\$2,175,000**</b>	<b>\$1,194,700</b>	<b>\$339,800</b>
Depreciation		\$1,450,000	\$1,450,000
<b>Annual Balance/(Deficiency)</b>		<b>(\$2,430,300)</b>	<b>(\$2,304,900)</b>
<b>Cumulative Balance/(Deficiency)</b>		<b>(\$255,300)</b>	<b>(\$2,560,200)</b>
*Utilized Projected Actual Revenues			
**Cash fund balance as of August 1, 2020			

# 2021 Recommended Rate Increase

Sources of Funds	2021
<b>Residential</b>	
Fixed Charge	\$13.00
Volume Charge	
0 – 2 CCF	\$2.72
> 2 CCF	\$6.03
<b>Commercial</b>	
Fixed Charge	
Water Meters < 1"	\$13.00
Water Meters 1" – 4"	\$65.00
Water Meters > 4"	\$156.00
Volume Charge	\$5.29

# 2021 Alternative Rate Increase Comparison

	Alternative 1 – Scheduled Rate Increase	Alternative 2	Alternative 3	Alternative 4
<b>Residential Rates</b>				
Fixed Charge	\$13.00	\$14.00	\$14.50	\$17.00
Volume Charge				
0-2 CCF	\$2.72	\$2.72	\$2.80	\$2.80
>2 CCF	\$6.03	\$6.03	\$6.10	\$7.00
<b>Commercial Rates</b>				
Fixed Charge				
Water Meters < 1”	\$13.00	\$14.00	\$14.50	\$17.00
Water Meters 1” – 4”	\$65.00	\$70.00	\$72.50	\$85.00
Water Meters > 4”	\$156.00	\$168.00	\$174.00	\$204.00
Volume Charge	\$5.29	\$5.29	\$5.50	\$6.00
Proposed Rate Adjustment	5%	7%	10%	22%
Total Revenues	\$5,049,300	\$5,146,100	\$5,300,500	\$5,858,300
Total Revenue Requirement	\$5,904,200	\$5,904,200	\$5,904,200	\$5,904,200
Balance/(Deficiency) of Funds	(\$854,900)	(\$758,100)	(\$603,700)	(\$45,857)
Net Balance*	\$339,800	\$436,600	\$591,000	\$1,148,800

\*Cash fund balance as of August 1, 2020 of \$2,175,000

# Average Residential User's Monthly Bill Comparison

	Current	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>Rates</b>					
Fixed Charge	\$13.00	\$13.00	\$14.00	\$14.50	\$17.00
Volume Charge					
0-2 CCF	\$2.72	\$2.72	\$2.72	\$2.80	\$2.80
>2 CCF	\$5.60	\$6.03	\$6.03	\$6.10	\$7.00
<b>Monthly Bill</b>					
1 CCF Residential	\$15.72	\$15.72	\$16.72	\$17.30	\$19.80
Average Residential (6.68 CCF)	\$44.65	\$46.66	\$47.64	\$48.65	\$55.36
Proposed Rate Adjustment		4.5%	6.7%	9.0%	24%

## Recommendations

- Continue to implement five-year planned increase
- Monitor consumption
- Fund depreciation
  - WWTP Capacity Expansion



**Questions?**

HDR

## Monthly Sewer Bill for the Average Residential User based on 5,000 gallons consumption and FY 2019/2020 Rates

