

Town of Wellington

Water/Wastewater Financial Plan, Cost of Service, Rate and Fee Study
Rate Advisory Group – Meeting 3

July 23, 2025



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A black and white photograph showing water being poured from a source above into a clear glass. The water is captured mid-pour, creating a dynamic splash and bubbles within the glass.

Agenda

-  **Finalize charter**
-  **Meeting #2 review**
-  **Residential rate alternatives**
-  **Multifamily rate alternatives**
-  **Commercial rate alternatives**
-  **Irrigation rate alternatives**

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Meeting #2 recap



- Reviewed single-unit residential rate alternatives



- Charter discussion



- Further discussion on pricing objectives (ease of administration and customer understanding)



- Modifications to single-unit rate alternatives

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Meeting #3 goals

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Review and finalize single-unit and multi-unit rate alternatives

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Review commercial and irrigation rate alternatives

3

Review wastewater rate structure

4

Discuss recommendation letter to board

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Single-Unit Residential Rate Alternatives



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Alt 1: 3/10/20/>20 without min charge ***Single-Unit Residential***

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume rates
 - › Tier 1: 0 – 3,000 gallons
 - › Tier 2: 3,001 – 10,000 gallons
 - › Tier 3: 10,001 – 20,000 gallons
 - › Tier 4: Over 20,000 gallons

Pricing Objectives Addressed

- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Cost recovery within a class
- Customer understanding

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Alt 1: 3/10/20/>20 without min charge Single-Unit Residential

Alt 1: Adjusted Tier 2, No Volume Allowance

Cost of Service	\$4,683,841	3/4" Service Charge	\$22.55
Service Charge Revenue	1,102,567	1" Service Charge	\$32.56
Volume Rate Revenue Requi	\$3,581,273		

	<u>Threshold</u> 1,000 gal	<u>% Vol in Tier</u>	<u>Price Ratio</u>	<u>Volume</u> 1,000 gal	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	48.7%	1.00	124,484	\$13.08	\$1,628,015
Tier 2	10	35.8%	1.10	91,559	\$14.39	\$1,317,160
Tier 3	20	11.3%	1.20	28,768	\$15.69	\$451,481
Tier 4	9,999	4.2%	1.30	10,859	\$17.00	\$184,616
Total		100.0%		255,670	\$14.01	\$3,581,273

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Alt 2: 3/10/20/>20 with min charge Single-Unit Residential

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
 - Volume allowance for essential water usage
- Volume rates
 - › Tier 1: 0 – 3,000 gallons
 - › Tier 2: 3,001 – 10,000 gallons
 - › Tier 3: 10,001 – 20,000 gallons
 - › Tier 4: Over 20,000 gallons

Pricing Objectives Addressed

- Essential water use pricing
- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Revenue stability

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Alt 2: 3/10/20/>20 with min charge Single-Unit Residential

Alt 2: Adjusted Tier 2, Includes Volume Allowance

Cost of Service	\$4,683,841	3/4" Service Charge	\$52.31
Service Charge Revenue	<u>2,557,632</u>	1" Service Charge	\$62.32
Volume Rate Rev Required	\$2,126,209		

	<u>Threshold</u> 1,000 gal	<u>% Vol in Tier</u>	<u>Price Ratio</u>	<u>Volume</u> 1,000 gal	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	48.7%	1.00	124,484	\$0.00	\$0
Tier 2	10	35.8%	1.00	91,559	\$15.17	\$1,388,568
Tier 3	20	11.3%	1.20	28,768	\$18.20	\$523,553
Tier 4	9,999	4.2%	1.30	10,859	\$19.72	\$214,087
Total		100.0%		255,670	\$16.21	\$2,126,209

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Alt 3: 4/14/>14 without min charge Single-Unit Residential

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume rates
 - › Tier 1: 0 – **4,000** gallons (average winter use)
 - › Tier 2: 4,001 – **14,000** gallons (average summer use)
 - › Tier 3: Over 14,000 gallons

Pricing Objectives Addressed

- Essential water use pricing
- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 3: 4/14/>14 without min charge

Single-Unit Residential

Alt 3: Adjusted Tiers, No Volume Allowance

Cost of Service	\$4,683,841	3/4" Service Charge	\$22.55
Service Charge Revenue	<u>1,102,567</u>	1" Service Charge	\$32.56
Volume Rate Rev Required	\$3,581,273		

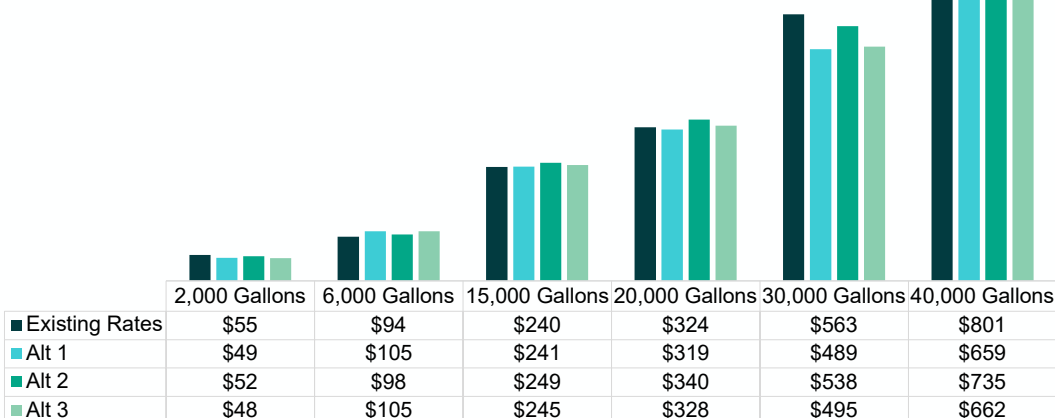
	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Price Ratio</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	4	58.7%	1.00	150,053	\$12.83	\$1,925,695
Tier 2	14	32.5%	1.20	82,971	\$15.40	\$1,277,768
Tier 3	9,999	8.9%	1.30	<u>22,646</u>	<u>\$16.68</u>	<u>\$377,811</u>
Total		100.0%		255,670	\$14.01	\$3,581,273

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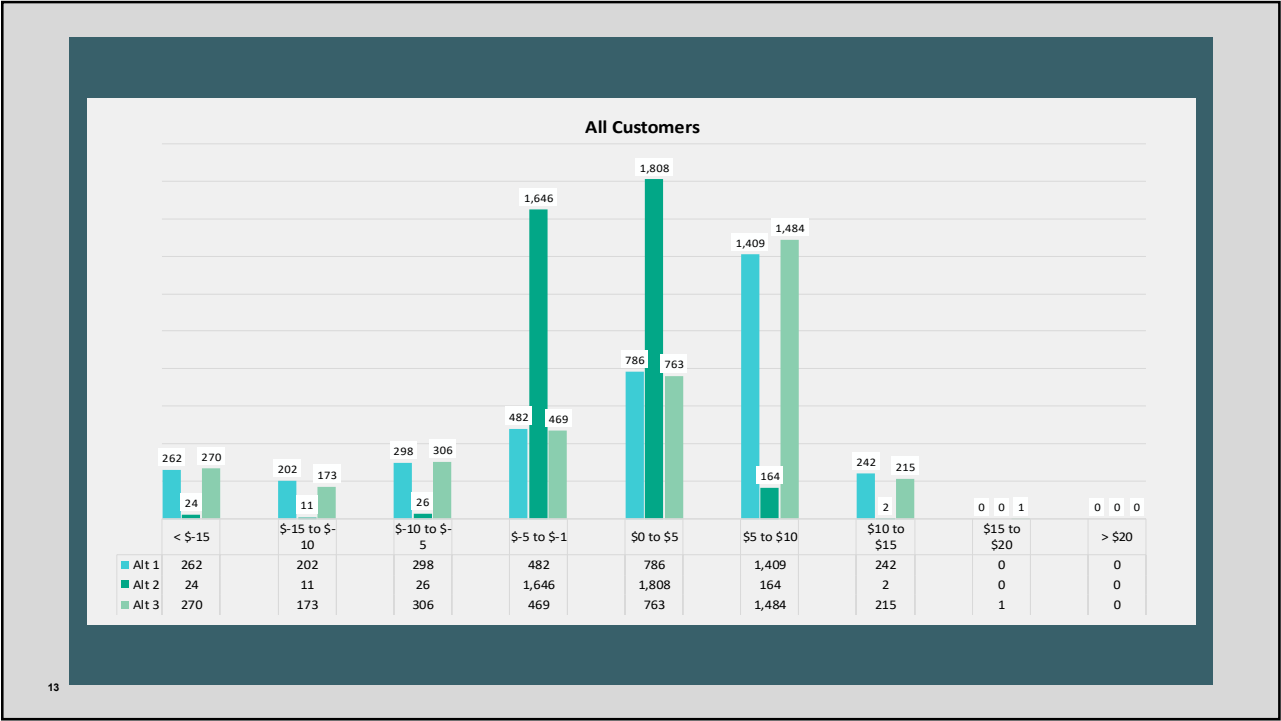
Monthly Bills at Various Levels of Consumption

■ Existing Rates ■ Alt 1 ■ Alt 2 ■ Alt 3



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Multi-Unit Residential Rate Alternatives

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Alt 1: 3/7/14/>14 without min charge Multi-Unit Residential

- Monthly base fee, per unit:
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume rates and tiers (per unit)
 - › Tier 1: 0 – 3,000 gallons
 - › Tier 2: 3,001 – 7,000 gallons
 - › Tier 3: 7,001 – 14,000 gallons
 - › Tier 4: Over 14,000 gallons

Pricing Objectives Addressed

- Essential water use pricing
- Wise use of water
- Capital recovery
- Cost recovery b/n classes

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Alt 1: 3/7/14/>14 without min charge Multi-Unit Residential

Alt 1: No Volume Allowance; Adjusted Tiers

Cost of Service	\$179,248		Per Unit Charge	\$9.91		
Service Charge Revenue	34,525					
Volume Rate Revenue Required	\$144,723					
	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Price Ratio</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	1.00	8,166	\$12.48	\$101,945
Tier 2	7	15.2%	1.10	1,695	\$13.73	\$23,282
Tier 3	14	8.9%	1.20	988	\$14.98	\$14,794
Tier 4	9,999	2.6%	1.30	290	\$16.23	\$4,702
Total		100.0%		11,139	\$12.99	\$144,723

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Alt 2: 3/7/14/>14 with min charge Multi-Unit Residential

- Monthly base fee, per unit:
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
 - Volume allowance for essential water usage
- Volume rates
 - › Tier 1: 0 – 3,000 gallons
 - › Tier 2: 3,001 – 7,000 gallons
 - › Tier 3: 7,001 – 14,000 gallons
 - › Tier 4: Over 14,000 gallons

Pricing Objectives Addressed

- Essential water use pricing
- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Revenue stability

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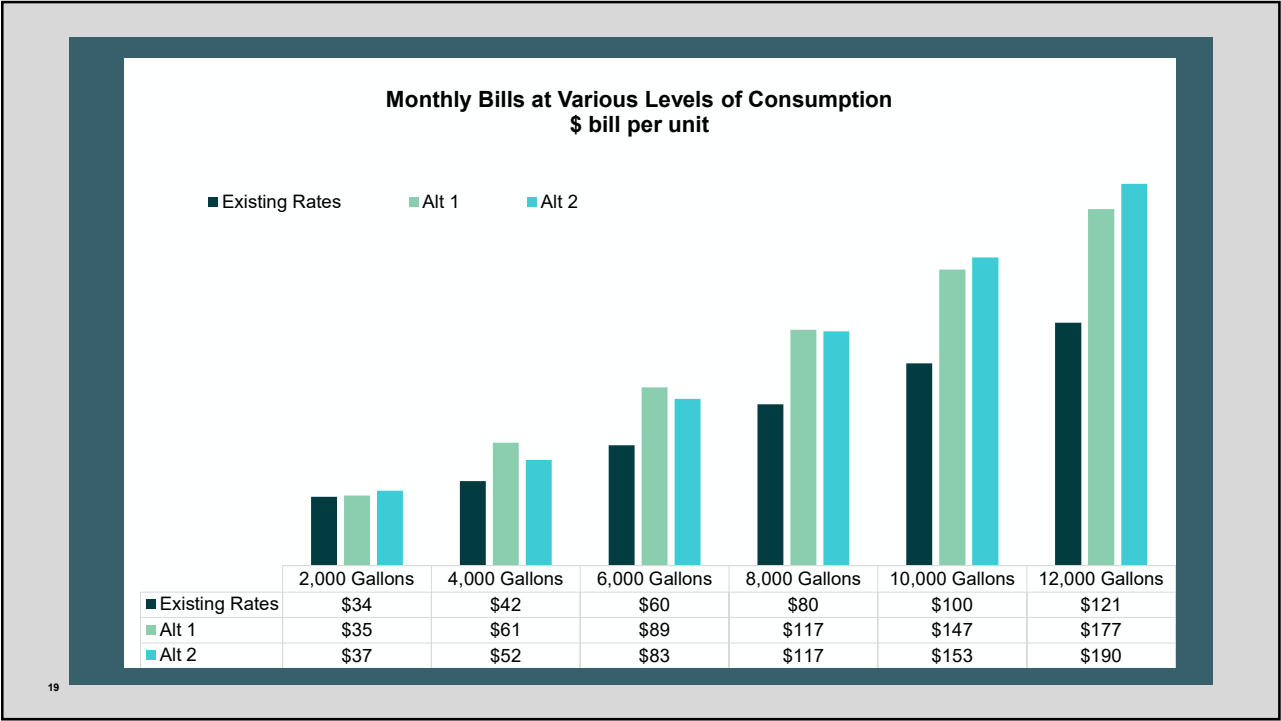
Alt 2: 3/7/14/>14 with min charge Multi-Unit Residential

Alt 2: Includes Volume Allowance; Adjusted Tiers

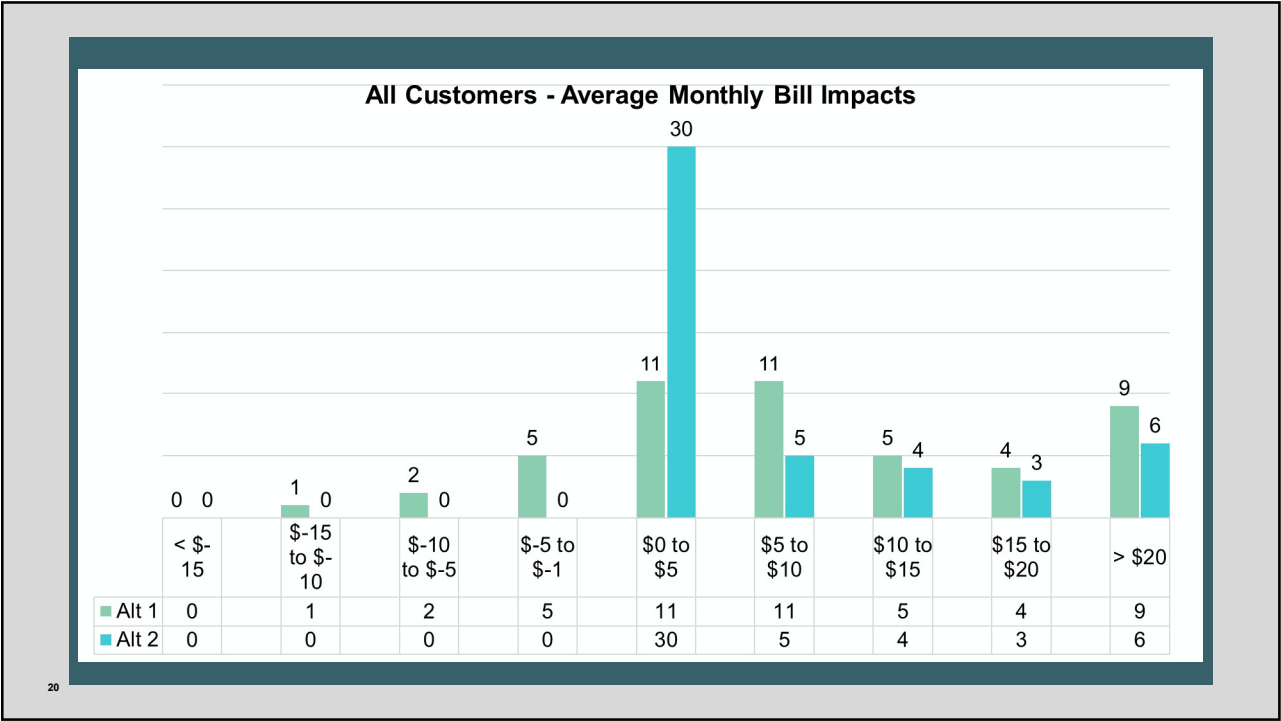
Cost of Service	\$179,248	Per Unit Charge		\$37.19		
Service Charge Revenue	<u>129,555</u>					
Volume Rate Rev Required	<u>\$49,693</u>					
	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Price Ratio</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	1.00	8,166	\$0.00	\$0
Tier 2	7	15.2%	1.00	1,695	\$15.26	\$25,866
Tier 3	14	8.9%	1.20	988	\$18.31	\$18,080
Tier 4	9,999	2.6%	1.30	290	\$19.83	\$5,747
	<u>Total</u>	<u>100.0%</u>		<u>11,139</u>	<u>\$16.72</u>	<u>\$49,693</u>

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Commercial Rate Alternatives



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Alt 1: Uniform volume rate *Commercial*

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume rate
 - › Uniform rate for all usage

Pricing Objectives Addressed

- Revenue stability
- Capital recovery
- Customer Understanding
- Ease of implementation
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 1: Uniform volume rate *Commercial*

Test Year 2025 Non-Residential/Commercial Cost of Service		\$424,355
Fixed Charge		
<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>
3/4 inch	\$22.55	1,330
1 inch	\$32.56	26
1.5 inch	\$60.37	50
2 inch	\$89.34	112
Total	\$47,056	1,531
Volume Rate Required		\$377,299
Billed Volume, 1,000 gallons		24,496
Uniform Volume Rate, All Usage, \$ per 1,000 gallons		\$15.40

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Alt 2: Seasonal volume rates *Commercial*

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume Rate
 - › Rate varies based on winter period (Nov – Apr) and summer (May – Oct)

Pricing Objectives Addressed

- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 2: Seasonal volume rates *Commercial*

Test Year 2025 Non-Residential/Commercial Cost of Service			\$424,355		
Fixed Charge					
<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>			
3/4 inch	\$22.55	1,330			
1 inch	\$32.56	26			
1.5 inch	\$60.37	50			
2 inch	\$89.34	112			
Total		1,531	\$47,056		
Volume Rate Required			\$377,299		
<u>Proposed Volumetric Rates</u>					
Block	% Vol	Price Ratio	Volume	Rate	Revenue
Winter	32.9%	1.00	8,062	\$11.53	\$92,980
Summer	67.1%	1.50	16,434	\$17.30	\$284,319
			24,496	\$15.40	\$377,299

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Alt 3: Individualized rate structures *Commercial*

- Monthly base fee, per account:

- › Varies by meter size
- › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)

- Volume rate

- Block 1 0 - AMC Captures the average monthly usage of each customer
- Block 2 > AMC Over average monthly consumption

Pricing Objectives Addressed

- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 3: Individualized rate structures

Commercial

Test Year 2025 Non-Residential/Commercial Cost of Service					\$424,355
Fixed Charge					
<u>Meter Size</u>	<u>Charge</u>			<u>Bills</u>	
3/4 inch	\$22.55			1,330	
1 inch	\$32.56			26	
1.5 inch	\$60.37			50	
2 inch	\$89.34			112	
Total	\$47,056			1,531	\$47,056
Volume Rate Required					\$377,299
<u>Proposed Volumetric Rates</u>					
Block	% Vol	Price Ratio	Volume	Rate	Revenue
0 - AMC	79.1%	1.00	19,376	\$14.49	\$280,835
> AMC	20.9%	1.30	5,120	\$18.84	\$96,464
			24,496	\$15.40	\$377,299

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Irrigation Rate Alternatives



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Alt 1: Uniform volume rate *Irrigation*

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume rate
 - › Uniform rate for all usage

Pricing Objectives Addressed

- Revenue stability
- Capital recovery
- Ease of implementation
- Customer understanding
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 1: Uniform volume rate *Irrigation*

Test Year 2025 Irrigation Cost of Service \$120,548

Fixed Charge

<u>Meter Size</u>	<u>Charge</u>	<u>Bills</u>	
3/4 inch	\$22.55	222	
1 inch	\$32.56	49	
1.5 inch	\$60.37	13	
2 inch	\$89.34	41	
Total	\$11,070	325	\$11,070

Volume Rate Required	\$109,478
Billed Volume, 1,000 gallons	6,500
Uniform Volume Rate, All Usage, \$ per 1,000 gallons	\$16.84

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Alt 2: Seasonal volume rates

Irrigation

- Monthly base fee, per account:
 - › Varies by meter size
 - › Recovers:
 - Meters and services
 - Billing
 - Portion of capital cost recovery (~1 years' depreciation expense)
- Volume Rate
 - › Rate varies based on winter period (Nov – Apr) and summer (May – Oct)

Pricing Objectives Addressed

- Wise use of water
- Capital recovery
- Cost recovery b/n classes
- Cost recovery within a class

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Alt 2: Seasonal volume rates

Irrigation

Test Year 2025 Irrigation Cost of Service					\$120,548
Fixed Charge					
<u>Meter Size</u>	<u>Charge</u>		<u>Bills</u>		
3/4 inch	\$22.55		222		
1 inch	\$32.56		49		
1.5 inch	\$60.37		13		
2 inch	\$89.34		41		
Total			325		\$11,070
Volume Rate Required					\$109,478
<u>Proposed Volumetric Rates</u>					
Block	% Vol	Price Ratio	Volume	Rate	Revenue
Winter	1.3%	1.00	86	\$8.48	\$726
Summer	98.7%	2.00	6,414	\$16.95	\$108,752
			6,500		\$109,478

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Wastewater Rates



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2022 wastewater rate structure alternatives

Alternative 1 - All Classes (Residential, Multifamily, Commercial)	
Monthly Base Fee, \$ per Bill	13.95
Volume Rate, \$ per 1,000 gallons*	\$8.41
*Based on winter water use (Jan - Mar)	
Alternative 2 - Applies to Residential	
Monthly Flat Charge, \$ per Bill	\$45.33
Volume Rate, \$ per 1,000 gallons	\$0.00
Alternative 3 - Applies to Multifamily	
Monthly Flat Charge, \$ per Unit per Bill	\$25.74
Volume Rate, \$ per 1,000 gallons	\$0.00

Alternative 4 - Applies to Multifamily	
Monthly Base Fee, \$ per Unit per Bill	\$5.50
Volume Rate, \$ per 1,000 gallons	\$8.41
Alternative 5 - Applies to Commercial	
Description	Units
Existing Rate Structure	
Monthly Base Fee, \$ per Unit	\$31.00
Volume Rate, \$ per 1,000 gallons [1]	\$10.00
[1] Based on average winter water use	

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2022 selected rate structure

Recommended Rate Structure

Montly Base Fee, \$ per Bill \$13.95

Volume Rate, \$ per 1,000 gallons [1,2] \$8.89

[1] Residential and multifamily billable volume based on the average winter consumption

[2] Based on actual water use with an 85% return to sewer fact

Extra Stregnth Surcharges (Commercial Customers Only)

BOD (Concentrations > 250 mg/l), \$ per lb \$1.70

TSS (Cocentrations > 250 mg/l), \$ per lb \$1.86

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Existing wastewater rates

Effective Jan 1, 2025

Wastewater Rate Schedule

Base Rate, \$ per unit/account	\$15.38
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Volumetric Rates (scales based on number of units)

Residential – single and multi-unit, \$ per 1,000 gallons

Volume Rate (charge per 1,000 gallons of average monthly water usage for user between January 1 and March 31)	\$8.84
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Commercial, \$ per 1,000 gallons

Volume Rate (charge per 1,000 gallons of actual monthly water usage reduced by 15% to account for water uses not returned as wastewater)	\$8.84
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Thank you!

Contact: Todd Cristiano
303 305 1138 / tcristiano@raftelis.com

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