




George J. Proakis
City Manager

CITY OF
WATERTOWN
Office of the City Manager

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To: Honorable City Council
From: George J. Proakis, City Manager 
Date: June 15, 2023
RE: Fiscal Year 2024 Water & Sewer Rates

As a follow up to the memorandum provided to you on June 13th regarding the Fiscal Year 2024 Water & Sewer Rates, may I provide the following information:

Background

A water and sewer rate study was conducted to provide the City with recommended water and sewer rate changes which will generate sufficient revenue to fund the operational, indirect, debt service and short term and long-term capital improvement costs, while ensuring the enterprise funds continue to maintain healthy retained earnings.

Proposed Rates and Charges

In order for the City to target a healthy retained earnings of 15% by FY2028 a water rate increase of 5.5% and a sewer rate increase of 6% would need to be applied in FY 2024. However, if the City chooses to utilize funds from the American Rescue Plan Act (“ARPA”) to the water and sewer enterprise funds to finance infrastructure improvement projects in FY 2024 and FY 2025, a mid-year rate adjustment can be performed to decrease the rates in line with Option 2 in the June 13, 2023 memorandum.

Assuming the above, the quarterly water bill for a usage of 1,800cf will increase \$5.61 per quarter, from \$101.95 to \$107.56. The quarterly sewer bill for a typical resident with a usage of 1,800cf will increase \$11.28 per quarter, from \$187.92 to \$199.20. The overall or combined water and sewer bill for a typical resident with a usage of 1,800cf would increase from \$289.87 per quarter to \$306.75 per quarter; for an overall increase of \$16.88 per quarter, or 5.8%.

Tables 1 and 2 below present the current and proposed water and sewer rates, as well as quarterly bill impacts for typical customers, respectively.

Current and Proposed Water and Sewer Rates

Base Charge	FY 2023		FY 2024		Difference	
	Current	Proposed	\$	%		
<i>Minimum Charge (Quarterly)</i>						
5/8	\$ 8.35	\$ 8.81	0.46	5.5%		
3/4	8.89	9.38	0.49	5.5%		
1	10.50	11.08	0.58	5.5%		
1 1/4	12.64	13.34	0.70	5.5%		
1.5	12.64	13.34	0.70	5.5%		
2	18.45	19.46	1.01	5.5%		
3	61.46	64.84	3.38	5.5%		
4	77.38	81.64	4.26	5.5%		
6	114.55	120.85	6.30	5.5%		
<i>Volumetric Rate (per Ccf)</i>						
<i>Water</i>						
Tier 1	\$ 5.20	\$ 5.49	\$ 0.29	5.5%		
Tier 2	8.10	8.55	0.45	5.5%		
Tier 3	10.96	11.56	0.60	5.5%		
Tier 4	14.29	15.08	0.79	5.5%		
<i>Sewer (100% of Water Consumption)</i>						
Tier 1	\$ 10.44	\$ 11.07	\$ 0.63	6.0%		
Tier 2	13.63	14.45	0.82	6.0%		
Tier 3	15.23	16.14	0.91	6.0%		
Tier 4	18.64	19.76	1.12	6.0%		
<i>Combined Rate</i>						
Tier 1	\$ 15.64	\$ 16.55	\$ 0.91	5.8%		
Tier 2	21.73	22.99	1.26	5.8%		
Tier 3	26.19	27.71	1.52	5.8%		
Tier 4	32.93	34.83	1.90	5.8%		
<i>Irrigation (all Ccf)</i>	\$ 14.29	\$ 15.08	\$ 0.79	5.5%		

The following Table 2 presents the impact on bills for some typical customers:

Table 2: Quarterly Bill Impacts for Typical Customers

M. Size	Customer	Consumption (Ccf)	Current			Proposed			Diff. (\$)	Diff. (%)
			Water(\$)	Sewer(\$)	Total(\$)	Water(\$)	Sewer(\$)	Total(\$)		
5/8"	Small User	500	34.35	52.20	86.55	36.24	55.33	91.57	5.02	5.8%
5/8"	Low-End User	1,000	60.35	104.40	164.75	63.67	110.66	174.33	9.58	5.8%
5/8"	Avg. Res. User 1	1,800	101.95	187.92	289.87	107.56	199.20	306.75	16.88	5.8%
5/8"	Avg. Res. User 2	2,800	162.65	301.89	464.54	171.60	320.00	491.60	27.06	5.8%
5/8"	Low Tier 2 User	4,000	259.85	465.45	725.30	274.14	493.38	767.52	42.22	5.8%
5/8"	Pizza Place	1,820	102.99	190.01	293.00	108.65	201.41	310.06	17.06	5.8%
5/8"	Bakery	3,553	223.64	404.52	628.17	235.94	428.80	664.74	36.57	5.8%
5/8"	Restaurant	4,764	321.73	569.58	891.32	339.43	603.76	943.19	51.87	5.8%
5/8"	Coffee Shop	7,511	616.06	984.18	1,600.23	649.94	1,043.23	1,693.16	92.93	5.8%
1"	Restaurant	14,482	1,382.23	2,045.86	3,428.09	1,458.25	2,168.61	3,626.86	198.77	5.8%
3/4"	Diner	23,112	2,326.47	3,360.21	5,686.67	2,454.42	3,561.82	6,016.24	329.57	5.8%
2"	Lg. Commercial User	39,255	4,579.99	6,304.88	10,884.87	4,831.89	6,683.17	11,515.06	630.19	5.8%
5/8"	Avg. Irrig. User	3,500	508.50	-	508.50	536.47	-	536.47	27.97	5.5%

The Public Hearing and consideration of rate schedules and fees designed to raise sufficient revenues to support the Fiscal Year 2024 operation of the services provided to customers of the City's Water/Sewer System is scheduled for the June 27, 2023 City Council Meeting.

Thank you for your consideration in this matter.

cc: Gregory M. St. Louis, Superintendent of Public Works
Megan Langan, City Auditor
Steven Magoon, Director of Community Development and Planning/Assistant City Manager
Melissa A. Morrissey, City Treasurer/Collector