



# COLUMBUS WATER WORKS

PUBLIC HEARING FY 2020-21 RATE UPDATE | OCTOBER 27, 2020





The background image shows a construction site with a blue overlay. In the center, a person is operating a backhoe loader. To the left, a construction worker in a hard hat and safety vest stands near some equipment. To the right, another worker in a hard hat is partially visible. The ground is uneven and appears to be a trench or excavation site.

# CWW PUBLIC MEETING FY 2020-21 RATE UPDATE


Steve Davis | Joe Crea

# SUMMARY OF FY20 RATE INCREASE

- Primarily focused on increases to base charges for larger meters, not the normal volume increase
- Unsatisfactory customer communications by CWW
  - Many residential customers didn't know meter size
- Follow up action by CWW
  - Over 4,000 follow up written communication to customers
  - Approximately 200 follow up customer calls to discuss meter options; 15 choose to downsize meter.
  - CWW waives reconnect fee for irrigation meters (no base charge during off season)
  - Adjust fire line meter charges
  - Increased communication regarding low income credit program
- Better communication on future rate increases
  - 2 virtual Town Hall meetings for FY21: October 21<sup>st</sup>, Nov 4th



# CUSTOMER COMMUNICATION



**Columbus Water Works**  
Serving our Community  
Protecting the Environment

January 2020

Dear Columbus Water Works Customer,

You are likely aware of the recent rate increase on your water bill via the media and/or receipt of your January bill. Rates are subject to change by the Board of Water Commissioners, following a public hearing and subsequent Board approval.

Each year Columbus Water Works conducts a cost of services rate study for water and wastewater utilities. The purpose of this study is to review current water and wastewater rates, charges and fees, and develop recommendations and potential changes to the rate structure, while ensuring affordability for our customers. The objectives for these recommendations are to ensure that water and wastewater rates are equitable, consistent with the cost of providing utility services, and provide financial stability to address the long-term infrastructure and operational needs of Columbus Water Works to serve its customers.

As a result of the 2019 study, we are adjusting our water meter base charges. This adjustment aligns our monthly charges to be consistent with industry guidelines and practices, and are based on the hydraulic capacity of the meter. Your total monthly bill is a combination of the monthly meter base fee and the amount of water used.

After a public hearing on October 29, 2019, monthly meter base rates reflected below were adopted November 18, 2019, becoming effective with bills rendered beginning January 1, 2020.


Meter Size	Monthly Meter Base Rate Prior to January 1, 2020	Monthly Meter Base Rate Effective January 1, 2020
5/8"	\$ 7.50	\$ 8.31
1"	\$ 8.88	\$ 14.52
1-1/2"	\$ 10.26	\$ 24.87
2"	\$ 14.06	\$ 37.29

Our records indicate you have a 5/8-inch irrigation meter. If you would like to mitigate costs associated with the recent increase in monthly meter base rates, you may opt to call customer service at (706) 649-3400 or email [customerservice@cwvga.org](mailto:customerservice@cwvga.org) to discontinue service on this meter during the non-irrigation season. For a nominal fee of \$30, you may request reconnection of your irrigation services at a later time. You will not receive monthly meter base rate charges for the period your irrigation meter is turned off.

Columbus Water Works rates continue to be lower than similar size utilities within the state of Georgia. You can find more information about the rates on our website [www.cwvga.org](http://www.cwvga.org). Should you have further questions or concerns, please contact Caleb Cole our Customer Advocacy Manager at 706-571-7743 or email [customerservice@cwvga.org](mailto:customerservice@cwvga.org).

We thank you for the opportunity to serve you and appreciate your support and continued business.

Sincerely,



Steven R. Davis  
President



**Columbus Water Works**  
Serving our Community  
Protecting the Environment

Dear Valued Customer,

You are receiving this notice because you have a separate irrigation meter. During the non-growing season, you may elect to have your irrigation meter turned off by contacting Columbus Water Works and this will avoid the monthly meter base charge. When you are ready to begin using your irrigation system again, please contact Columbus Water Works to be reconnected. There will be NO \$30.00 reconnection fee. Once connected, normal billing will resume.

Happy to Serve You,  
Columbus Water Works

Account Information:

 [www.cwvga.org](http://www.cwvga.org)

 1-855-748-1350

Contact Us:


 (706) 649-3400

 [Customerservice@cwvga.org](mailto:Customerservice@cwvga.org)

Connect with Us:

 Facebook

 LinkedIn



**Columbus Water Works**  
Serving our Community  
Protecting the Environment

February 27, 2020

Dear Columbus Water Works Customer,

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2"	\$ 14.06	\$ 37.29

Our records indicate you have a 1-inch meter. **We have also determined you are a low volume water user, average less than 4CCF (2,992 gallons) over the past 24 months.** Typically, meters larger than 5/8" are installed per the request of the customer based on your flow requirements. If you would like to mitigate your costs associated with the recent increase in meter base rates, you may opt to down-size your meter size. This may be a feasible option if usage at your property has decreased since installation. If you would like to consider this option, we advise seeking advice from a plumber or irrigation specialist to ensure your water availability is not impacted.

After evaluation of water availability, if you feel downsizing your meter is a feasible option, Columbus Water Works will downsize your meter at no cost. Please contact Caleb Cole our Customer Advocacy Manager at 706-571-7743 to discuss. Pending the number of customer requests, we estimate changing out meters will be completed within 3-6 months. Please note, a signed waiver, as enclosed, is required and if later determined the meter size is required to be increased, the cost of the meter and installation will be at published Columbus Water Works rates at the customer expense.

Columbus Water Works rates continue to be lower than similar size utilities within the state of Georgia. You can find more information about the rates on our website [www.cwvga.org](http://www.cwvga.org). We thank you for the opportunity to serve you and appreciate your support and continued business.

Sincerely,



Steven R. Davis  
President

# BENEFITS OF FY20 RATE INCREASE

- Revenue stability and consistent annual rate adjustments lead to lower long-term rates
- Infrastructure renewal and replacement
  - Helps keep drinking water clean and reliable
  - Helps keep sewer flowing for proper treatment





# REASONS FOR RATE INCREASE

*CWW PURPOSE: WE PROTECT OUR NEIGHBORS BY PROVIDING ESSENTIAL WATER - THE FUEL OF LIFE.*

- Properly functioning pipes, pumps and plants are essential for CWW to deliver clean, reliable drinking water and to convey wastewater for treatment to protect our streams and river.
- Failing infrastructure puts public health (drinking water) and environmental health (sewer discharges) at higher risks
- It is CWW's responsibility as stewards of the public and environmental health relative to water and sewer systems to maintain and operate them at a level to meet state and federal regulatory requirements. Failing infrastructure causes compliance violations.
- Aging, Wear and Tear on infrastructure is relentless, ongoing –
- Cost of replacing failed infrastructure under emergency situations can be 3 to 5 times higher than planned replacement.

# REASONS FOR RATE INCREASE

## *OUR VISION*

*COLUMBUS WATER WORKS IS RECOGNIZED BY OUR CUSTOMERS AND EMPLOYEES AS PROVIDING THE MOST CARING EXPERIENCES.*

- **Failing pipes under roadway puts traveling public at risk.**
- **Cost of replacing failed infrastructure that is not part of the funded Capital Improvement Program can rapidly draw down capital reserves, thereby imposing pressure for rate increases to replenish reserves above the minimum goal for fiscal stability.**
- **Failure is not an acceptable option. Infrastructure failure will occur if planned, prudent investments are not made to renew and replace water and sewer systems.**
- **Minimum annual rate increases sustain the consistency of planning, financing, designing, constructing and operating the systems that are essential for safe water.**
- **Minimum annual rate increases have been the CWW practice since 2002, as a means to levelize revenue to match expenses focused on the least cost impact to customers.**



# DEDICATED CWW TEAM





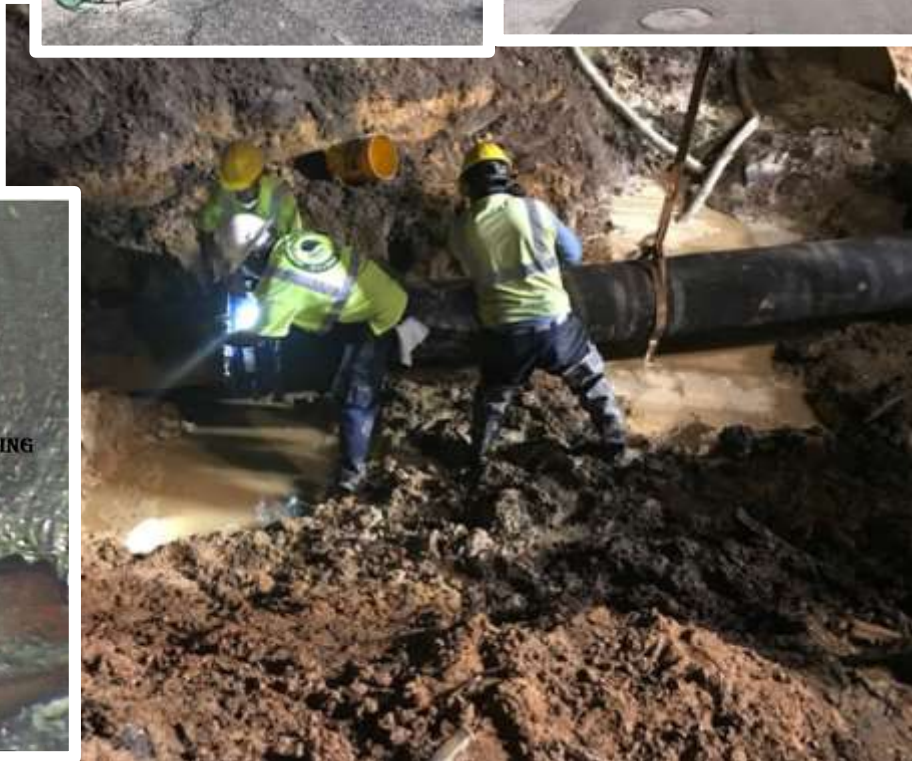
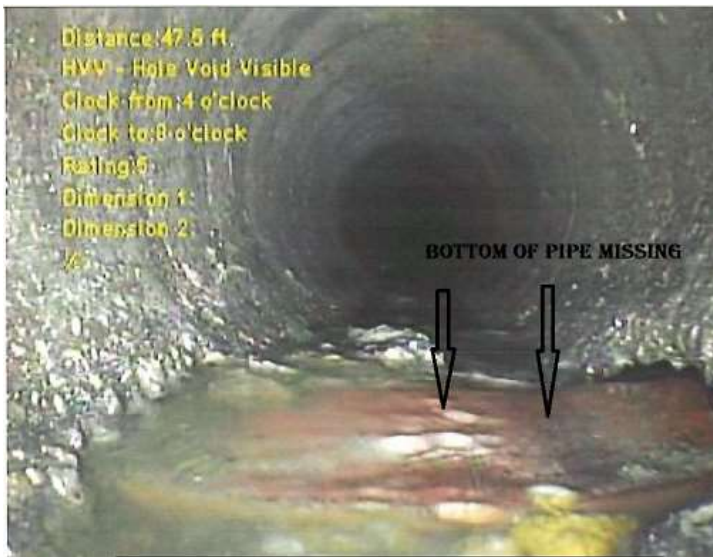
# A BETTER UNDERSTANDING OF CWW INFRASTRUCTURE:

- To replace the Columbus water and sewer systems in today's dollars would cost approximately \$2.5 Billion
- All infrastructure has useful service life which varies tremendously from 5 years for some InfoTech equipment and 75 years for water mains
- Wastewater Collection: Average infrastructure reinvestment of \$2.3 million/year
- Water Distribution: Average infrastructure reinvestment of \$2.2 million/year
- An average of \$27 million per year spent over past 5 years through 2019 on capital investment.
- Need to increase annual expenditures to avoid frequent failures





# BATTLING AGAINST FAILING INFRASTRUCTURE





# LARGER CAPITAL PROJECTS

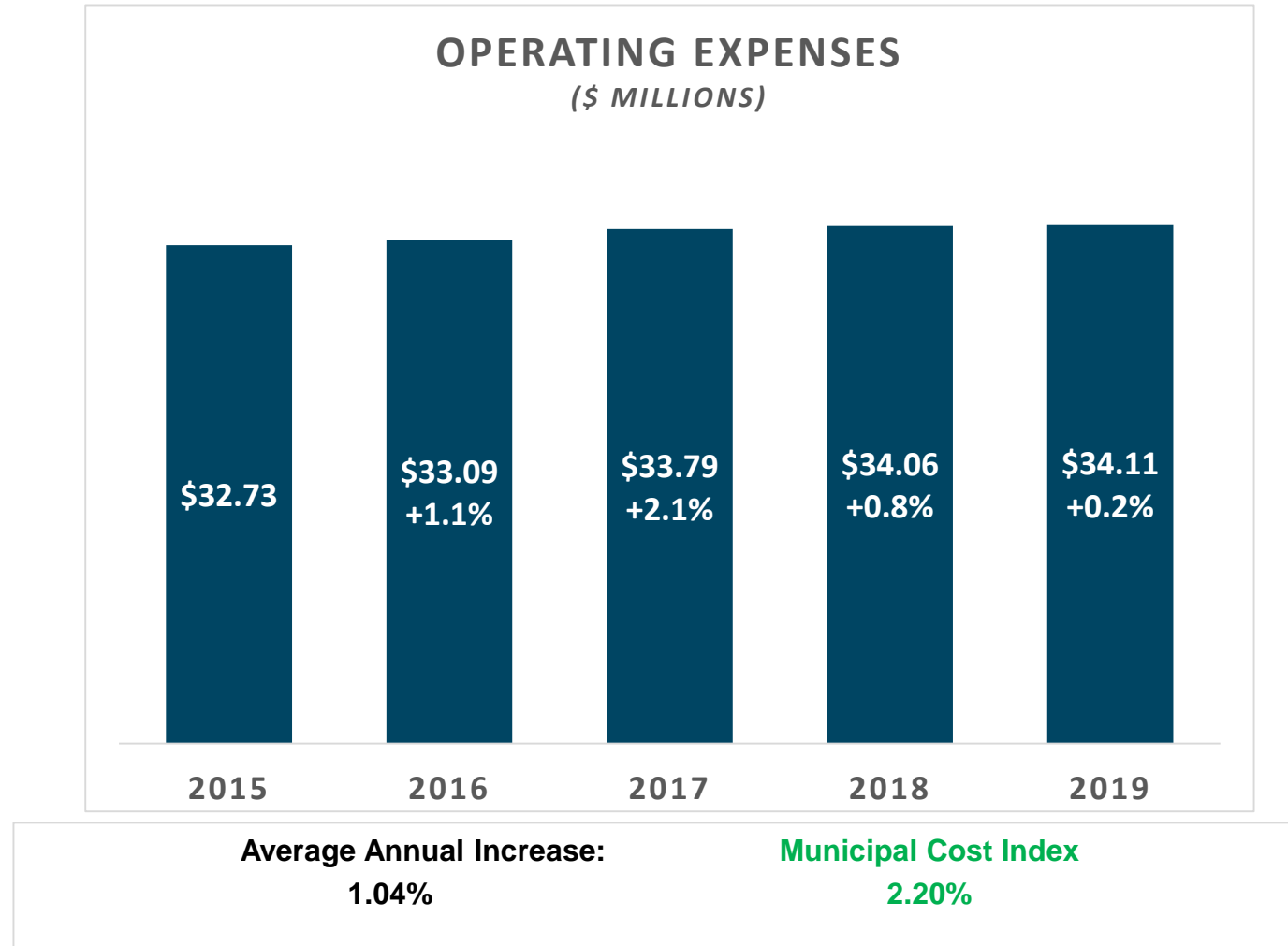


# WAYS THAT CWW DRIVES COST EFFICIENCY

- Obtains competitive pricing for construction, equipment & material purchases
- Utilizes qualified consultants for excellent design for infrastructure longevity and operational efficiency
- Seek most cost-effective debt financing. *(Example 0.13% interest on current program)*
- Coordinating future debt with retiring debt to minimize rate increases
- Drive cost efficiency through out CWW culture
- Increase annual paygo for capital funding to lower debt and build debt capacity for large infrastructure renewals. *(Was less than \$500k/year 10 years ago, now \$4M/year)*
- Ensure financial performance expectations and metrics are met. *(Bond coverage and operating reserves are met)*
- Since 2002 annual financial analysis provides low annual rate adjustments to levelized increases to avoid painful spikes



# OPERATING EFFICIENCIES



Note: operating expenses based on audited numbers, 2020 audit not complete at this time.

CWW Public Hearing FY 2020-21 Rate Update:

# FINANCIAL PLANNING RESULTS & RATE PRIORITIES

Joe Crea – Raftelis



# 5-YEAR FINANCIAL PLAN

## *2021 Adjusted to 3.75% Across-the-Board Increase*

- Continue annual increases that minimize long-term impact
- Support future operating and infrastructure investment needs
- Increase Low Income Credit by \$1.00/month
- Proposed 3.75% across the board rate increase
  - \$1.28/month for (4 CCF/2,992 gallons)
  - \$1.82/month for (6 CCF/4,488 gallons)
  - \$2.21/month for (8 CCF/5,984 gallons)

# HISTORIC RATE CHANGES – 10 YEARS

	<u>2012</u> Actual	<u>2013</u> Actual	<u>2014</u> Actual	<u>2015</u> Actual	<u>2016</u> Actual	<u>2017</u> Actual	<u>2018</u> Actual	<u>2019</u> Actual	<u>2020</u> Actual	<u>2021</u> Recomm
<b>National Average*</b>	8.41%	8.41%	5.21%	5.21%	6.12%	6.12%	6.50%	6.50%	6.00%	6.00%
<b>Model Projection**</b>	3.95%	4.95%	4.95%	4.95%	4.95%	4.95%	3.95%	6.63%	4.95%	4.95%
<b>Actual /Proposed System Average **</b>	0.00%	4.95%	4.73%	4.88%	3.94%	2.90%	2.86%	4.95%	2.35%	3.75%

10-yr actual average rate increase with 2021 recommendation: 3.52%

\*AWWA/RFC *National Water and Wastewater Rate Survey*, the national average bill increase has been approx. 6.5% annually since 2009. This trend is expected to continue in future years.

\*\*System Average (20 ccf) includes all customer classes: Residential, Commercial and Industrial



# 2021 WATER BASE CHARGES

(BILLS RENDERED AS OF JANUARY 1, 2021)

Meter Size	<u>Current</u> Charge	<u>Proposed</u> Charge
5/8"	\$ 8.31	\$ 8.62
3/4"	\$ 8.31	\$ 8.62
1"	\$ 14.52	\$ 15.06
1-1/2"	\$ 24.87	\$ 25.80
2"	\$ 37.29	\$ 38.69
3"	\$ 70.41	\$ 73.05
4"	\$ 107.67	\$ 111.71
6"	\$ 211.17	\$ 219.09
8"	\$ 335.37	\$ 347.95
10"	\$ 480.27	\$ 498.28

# 2021 WATER VOLUME CHARGES

(BILLS RENDERED AS OF JANUARY 1, 2021)

Block	Current Rate (per CCF)	Proposed Rate (per CCF)
Non-Industrial		
1 (to 15 CCF)	\$1.77	\$1.84
2 (> 15 CCF)	\$1.97	\$2.04
Industrial		
1 (to 15 CCF)	\$1.77	\$1.84
2 (> 15 CCF)	\$1.71	\$1.77



# 2021 WASTEWATER & CSO CHARGES

(BILLS RENDERED AS OF JANUARY 1, 2021)

Current Base Charge	Proposed Base Charge
\$ 5.15	\$ 5.34

Block	Current Rate (per ccf)	Proposed Rate (per ccf)
1 (to 15 ccf)	\$3.42	\$3.55
2 (> 15 ccf)	\$ 2.77	\$ 2.87

CSO Block	Current Charge	Proposed Charge
0 to 4 ccf	\$ 0.00	\$ 0.00
5-15 ccf	\$ 3.92	\$ 4.07
16-204 ccf	\$ 7.86	\$ 8.15
205-1004 ccf	\$ 78.50	\$ 81.44
Over 1004 ccf	\$ 224.32	\$ 232.73

# RESIDENTIAL CUSTOMER BILLS

## *WATER, SEWER & CSO*

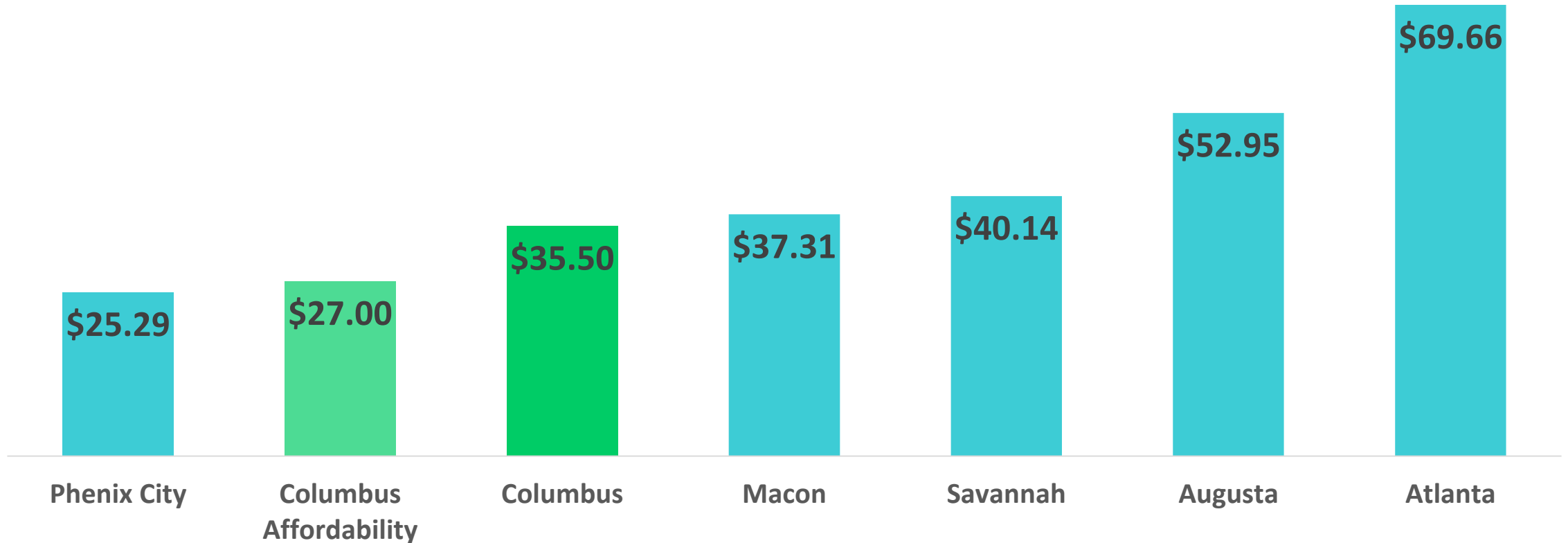
### Sample Residential Customers





# REGIONAL BILL COMPARISON

*4 CCF/2,992 gallons residential bill – Proposed CWW Rates*



*Note: Rates for comparison communities are current as of October 2020, but do not include increases they may implement in 2021. Columbus Affordability includes increase of \$1.00 to Low Income Credit proposed for current year or \$8.50 total credit.*

# OBSERVATIONS & CONCLUSIONS



- Consistent annual rate adjustments lead to **lower long-term rates**
  - Consistently *lower than historical national averages*
  - Lower than last year's forecast
- Forecasted rate increases designed to promote **revenue stability**
- Continued **reinvestment in infrastructure** through the Capital Improvement Plan and annual Paygo
- Low Income Credit increase of \$1.00/month





**QUESTIONS**