



Office of the Town Manager

Christopher E. Martino

STAFF REPORT

Warrenton Town Council

Carter Nevill, Mayor

Heather Sutphin, Ward 1

William Semple, Ward 2

Brett Hamby, Ward 3

James Hartman, Ward 4 Vice Mayor

Jay Heroux, Ward 5

Paul Mooney, At Large

David McGuire, At Large

Council Meeting Date:	June 13, 2023
Agenda Title:	Public Hearing: Water and Sewer Rates, effective July 1, 2023
Requested Action:	Adopt Ordinance 2023-04 to establish Water and Sewer Rates, effective July 1, 2023
Department / Agency Lead:	Finance / Budget
Staff Lead:	Stephanie Miller, Finance Director

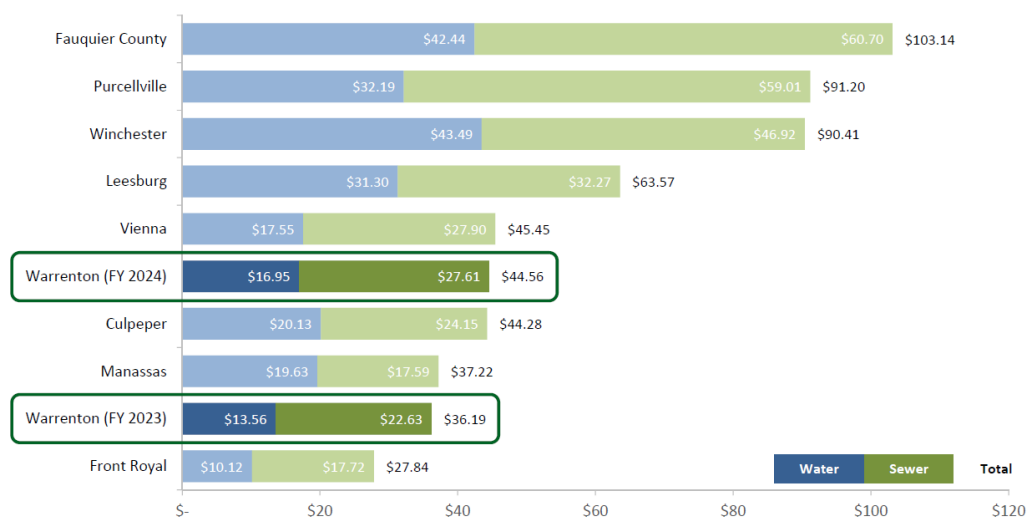
EXECUTIVE SUMMARY

Town staff worked with NewGen Strategies & Solutions and Davenport & Company LLC to update the 2021 Water and Sewer rate study to account for increases due to inflation, human capital, and an overhaul of the Capital Improvement Program for the Town's Water and Sewer Utility. NewGen and Davenport presented their recommendations to the Town Council during a work session on May 9, 2023. The goal of the study was to recommend rates that would allow the Town to address the capital needs of the system while maintaining compliance with the adopted cash balance and debt service coverage ratio policies.

BACKGROUND

The rate study factored in current and projected operating expenses, available cash balances, and anticipated capital projects. The 2024 – 2029 Capital Improvement Program (CIP) for Water and Sewer totals \$80.2 million. The study showed that the required increase in rates for FY 2024 was 25% for Water and 22% for Sewer. The increase in a monthly bill for minimum usage will be \$4.37 and the increase for a median user (3,000 gallons per month) will be \$8.37.

NewGen provided the following comparison chart for monthly bills:



smallest meter size and 3,000 gallons of usage (median for Warrenton customers)

The following Water and Sewer rates are proposed, effective July 1, 2023:

Base Charge (for usage <2,000 gallons):

IN TOWN RATES

Meter Size	Water	Sewer	Total
5/8	8.04	15.32	23.36
3/4	12.06	22.98	35.04
1	20.10	38.30	58.40
1 1/2	40.20	76.60	116.80
2	64.32	122.56	186.88
3	140.70	268.10	408.80
4	253.26	482.58	735.84
6	522.60	995.80	1,518.40
8	643.20	1,225.60	1,868.80

OUT OF TOWN RATES

Water	Sewer	Total
12.06	22.98	35.04
18.09	34.47	52.56
30.15	57.45	87.60
60.30	114.90	175.20
96.48	183.84	280.32
211.05	402.15	613.20
379.89	723.87	1,103.76
783.90	1,493.70	2,277.60
964.80	1,838.40	2,803.20

Commodity Rate, per 1,000 gallons:

Usage	Water	Sewer	Total
> 2,000	8.91	12.29	21.20

Water	Sewer	Total
13.37	18.44	31.81

STAFF RECOMMENDATION

Staff recommends that Council adopt Ordinance 2023-05 to set the proposed Water and Sewer rates, effective July 1, 2023.

Service Level/Policy Impact

The adoption of the ordinance establishes water and sewer rates, effective July 1, 2023. The proposed rates will be factored into the budget for FY 2024 and will enable the Town to fund the Water and Sewer operating budget and year 1 of the 2024-209 CIP.

Fiscal Impact

The proposed rates represent the first year of a multi-year recommendation from NewGen and Davenport for rate increases through FY 2029.

Legal Impact

Water and Sewer rates may be increased only after holding a duly advertised public hearing as prescribed by Virginia Code § 15.2-107.