# 2025 WATERTOWN STORMWATER UTILITY BEST PRACTICES REVIEW AND RATE UPDATE


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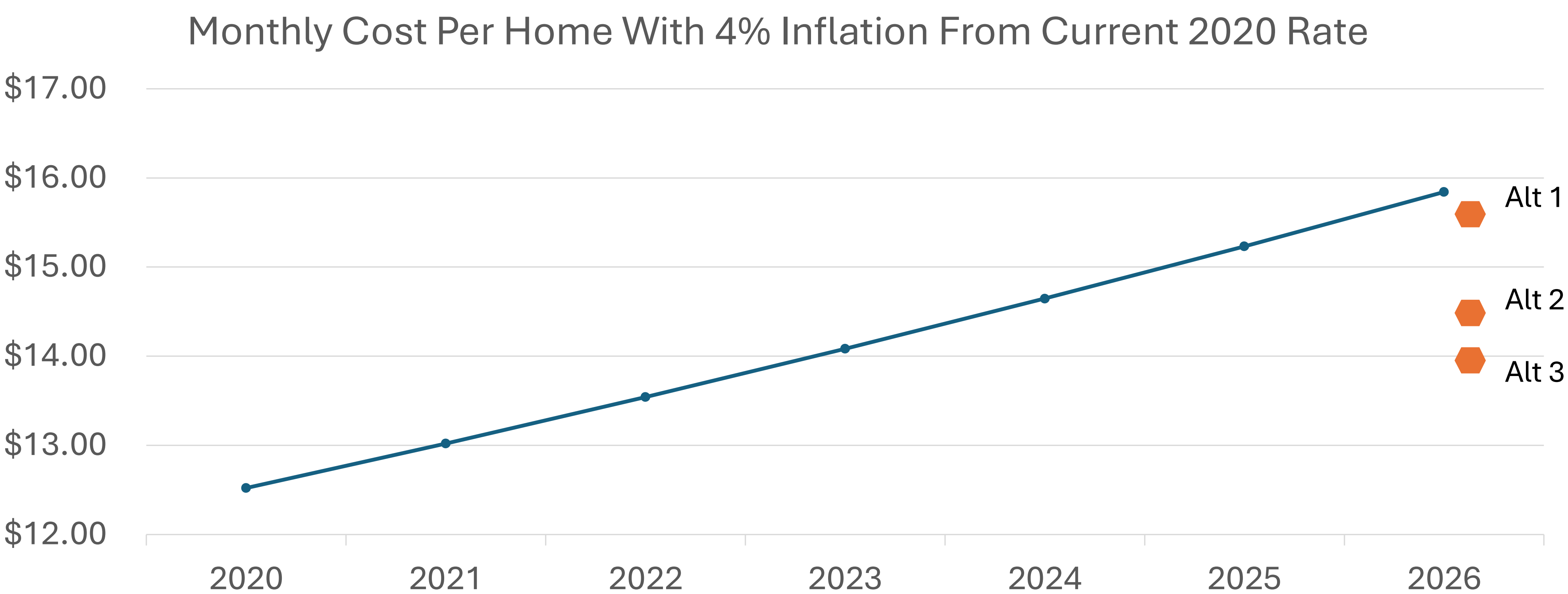
# Theoretical Rates With Annual Inflation Adjustments



# Projected Rate Increases (from study)

## Single Family Home

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Alt 1 | 26% | 12% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Alt 2 | 16% | 4% | 9% | 4% | 4% | 4% | 3% | 3% | 3% | 3% |
| Alt 3 | 12% | 4% | 4% | 4% | 8% | 3% | 3% | 3% | 3% | 3% |

## Industrial

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Alt 1 | 30% | 12% | 3% | 3% | 3% | 3% | 3% | 3% | 3% | 3% |
| Alt 2 | 19% | 4% | 9% | 4% | 4% | 4% | 3% | 3% | 3% | 3% |
| Alt 3 | 14% | 4% | 4% | 4% | 8% | 3% | 3% | 3% | 3% | 3% |

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# Projected Rate Increases (Lower Initial Increase)

## Single Family Home

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Alt 1 | 20% | 18% | 7% | 7% | 2% | 2% | 2% | 2% | 2% | 2% |
| Alt 2 | 9% | 9% | 9% | 9% | 5% | 5% | 3% | 2% | 2% | 2% |
| Alt 3 | 8% | 8% | 6% | 6% | 4% | 4% | 4% | 3% | 3% | 3% |

## Industrial

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|---|---|---|---|---|---|---|---|---|---|---|
| Alt 1 | 20% | 18% | 7% | 7% | 3% | 3% | 3% | 3% | 3% | 3% |
| Alt 2 | 10% | 9% | 9% | 9% | 5% | 5% | 3% | 2% | 2% | 2% |
| Alt 3 | 9% | 8% | 6% | 6% | 4% | 4% | 4% | 3% | 3% | 3% |

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# Single Family Home - Monthly Costs

## Original From Study

| | Current | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| Alt 1 | $12.52 | $15.77 | $17.66 | $18.19 | $18.73 | $19.30 |
| Alt 2 | $12.52 | $14.48 | $15.06 | $16.41 | $17.07 | $17.75 |
| Alt 3 | $12.52 | $13.99 | $14.55 | $15.13 | $15.74 | $16.99 |

## Revised – Lower Initial Rates

| | Current | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|
| Alt 1 | $12.52 | $14.63 | $17.26 | $18.47 | $19.76 | $20.16 |
| Alt 2 | $12.52 | $13.48 | $14.69 | $16.02 | $17.46 | $18.33 |
| Alt 3 | $12.52 | $13.35 | $14.42 | $15.28 | $16.20 | $16.85 |

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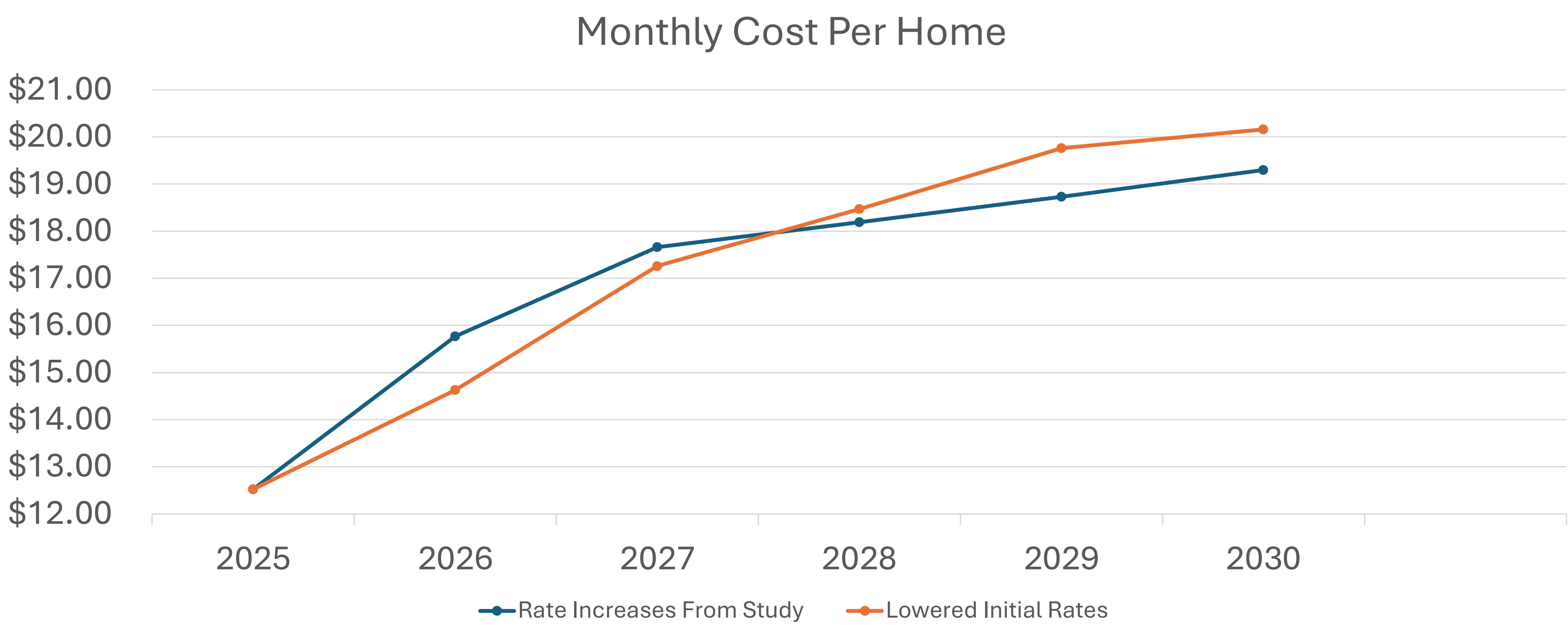
# Rate Adjustment Glide Path – Alternative 1

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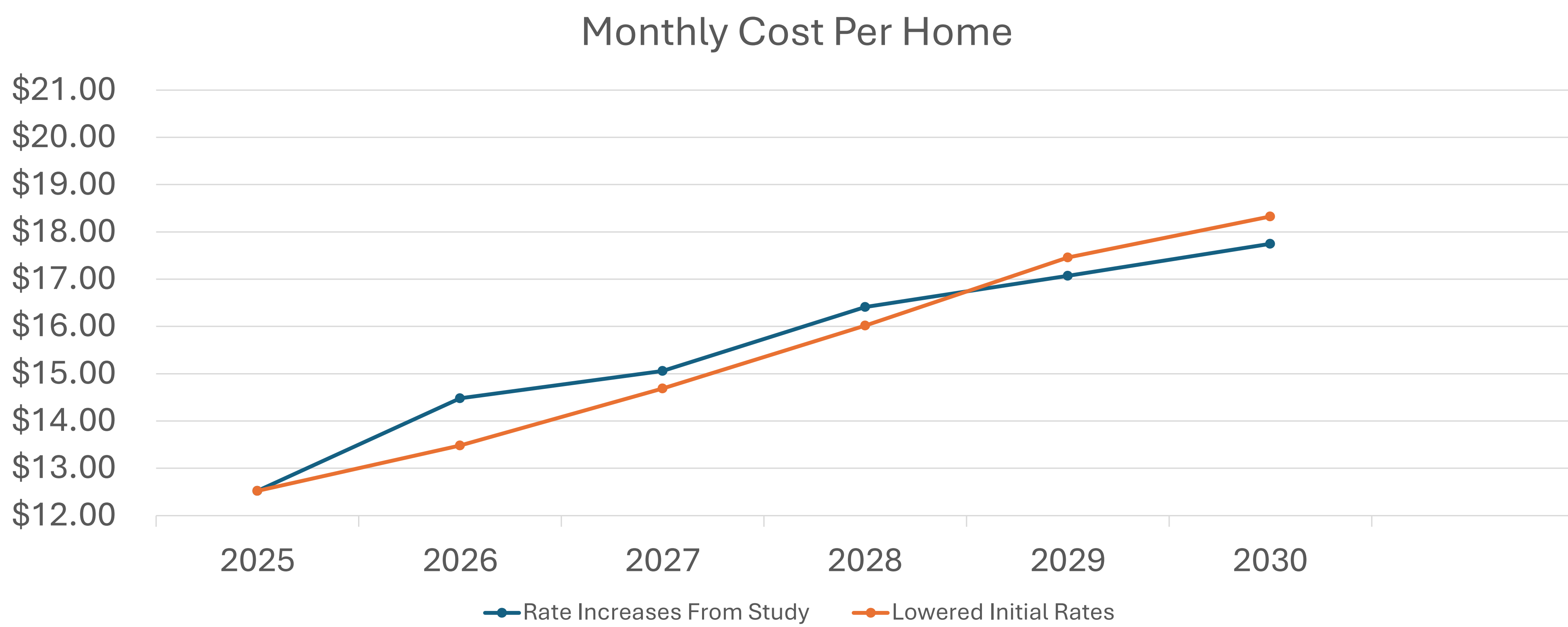
# Rate Adjustment Glide Path – Alternative 2

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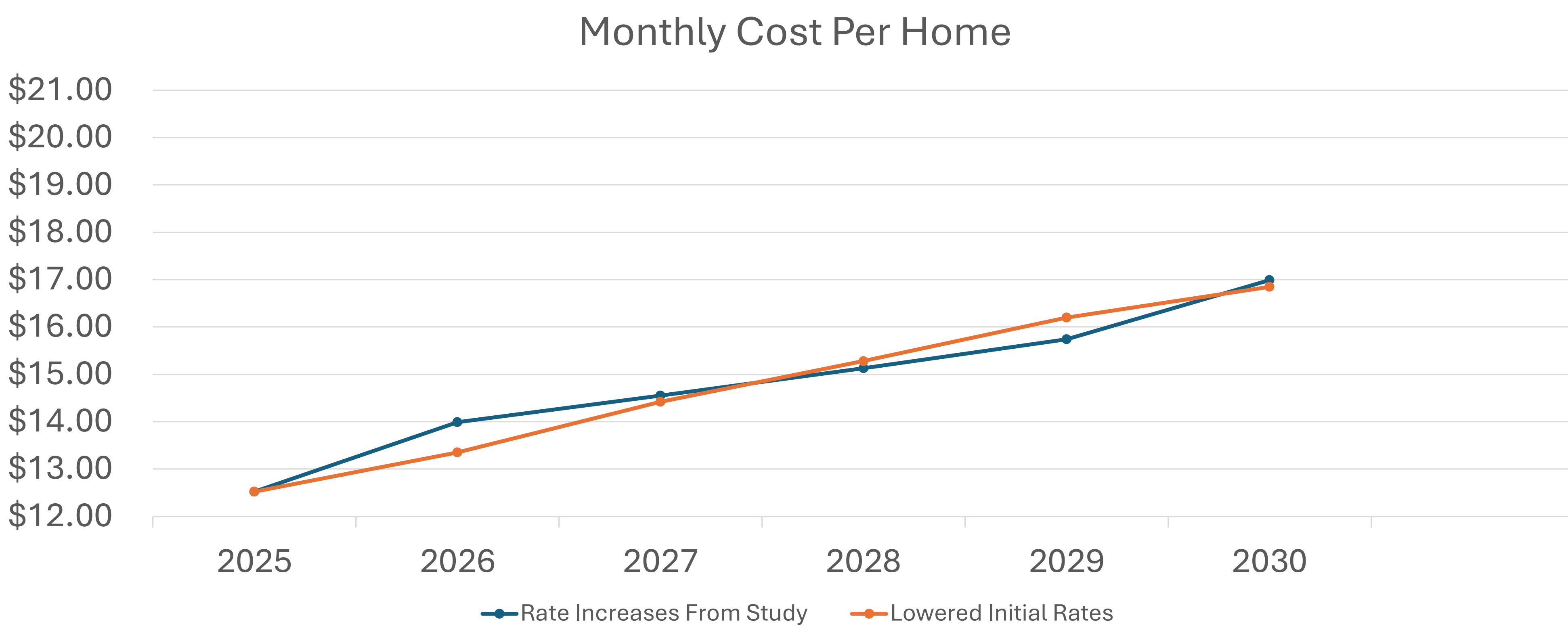
# Rate Adjustment Glide Path – Alternative 3

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# Impact on Cash Balance

- AWWA Recommendation:
  - Cash balance = 1 year of O&M
- Alt 1:
  - 81-99% from 2026-2029; 100%+ from 2030-2035
- Alt 2:
  - 81-94% from 2026-2031, 100%+ from 2032-2035
- Alt 3:
  - 92-99% from 2026-2032, 100%+ from 2033-2035
- Notes:
  - All revised rate structures fall below City's historic cash balance levels and best practice recommendations for first several years
  - AWWA recommendation is conservative
  - Use of debt could flatten out cash flow demands

# Questions

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