

Metered Water Rates Sample Billings

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General Manager
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Slide # 1

Developing SAMPLE Metered Water Rate

- ▶ Example Calculation
- ▶ 2023/24 Budget Summary
- ▶ Total Water Produced (not amount used)
- ▶ Macro Allocation of Expenses
 - ▶ Fixed
 - ▶ Variable
- ▶ 1000 Gallons = 1 Unit Water for Billing Purposes
(not 100 cubic feet=750 gallons)
- ▶ Simplified Calculation - Not actual rate calculation
- ▶ Does not include sewer rates

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Water Expense	Fixed	Variable
Payroll	\$450,000*	
Indirect and G&A	\$316,500	
Water treatment	\$25,000	\$45,000
water distribution	\$36,000	\$46,000
vehicle expense	\$20,200	
project expenses	\$225,000	
depreciation	\$150,000	
sub totals:	\$1,222,700	\$91,000
	93%	7%

*allocation in budget: \$450,000 to water, \$175,000 to sewer

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Water Rate Calculation (93% fixed /7% variable)

- ▶ Volumetric Rate
 - ▶ 24 Million Gallons produced per year
 - ▶ One unit equals 1000 gallons
 - ▶ 24,000 units
 - ▶ Variable budget = \$91,000
 - ▶ $\$91,000/24,000 = \3.80 per unit
- ▶ Fixed Rate
 - ▶ 844 Equivalent Dwelling Units
 - ▶ Fixed Budget = \$1,222,000
 - ▶ $\$1,222,000/844/12$ months = \$121 monthly fixed rate
- ▶ Sewer rate separate

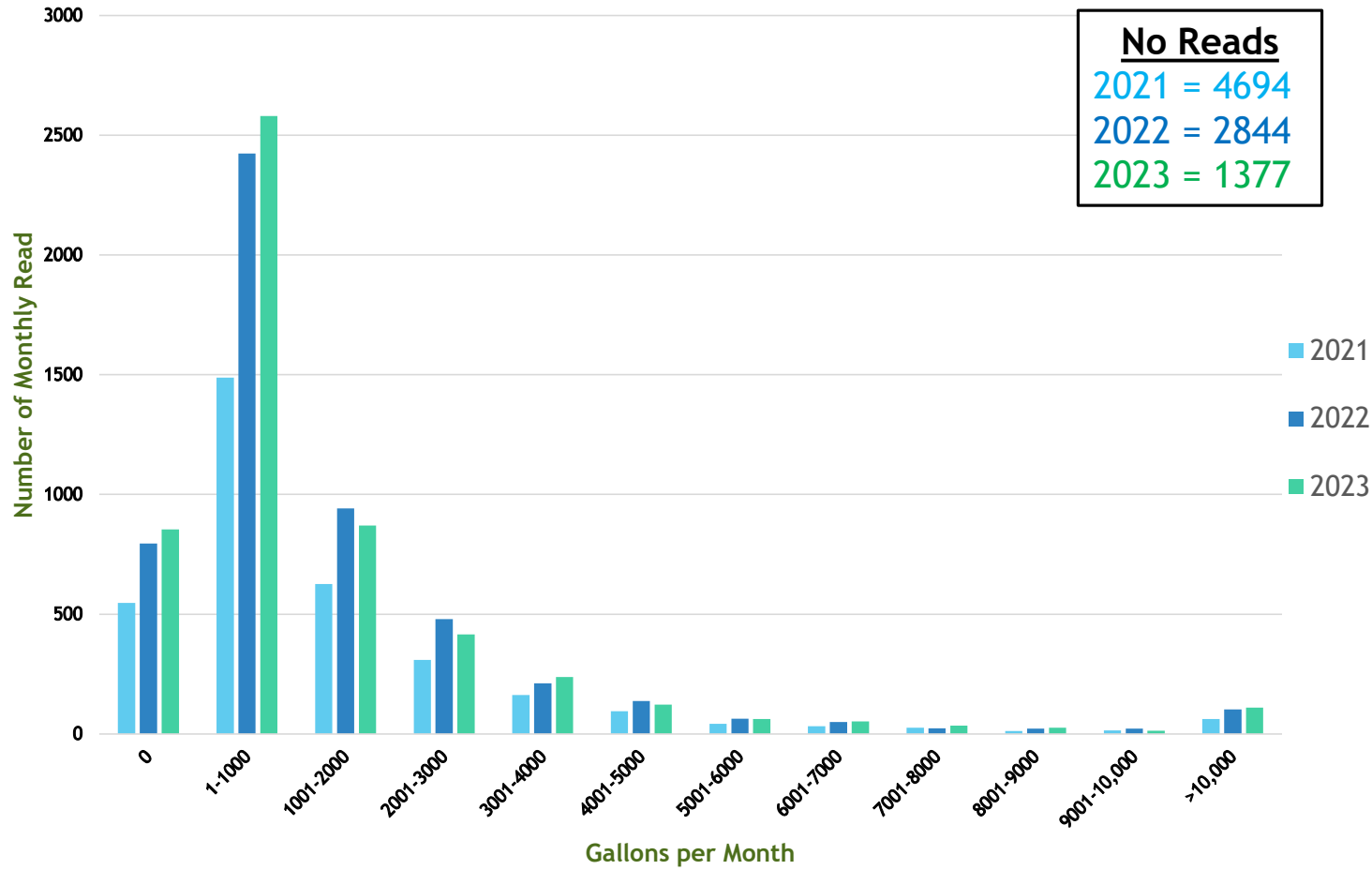
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Water Usage Calculation (85% fixed / 15% variable)

- ▶ Volumetric Rate
 - ▶ 24 Million Gallons produced per year
 - ▶ One unit equals 1000 gallons
 - ▶ 24,000 units
 - ▶ Variable budget = \$197,000
 - ▶ $\$197,000 / 24,000 = \8.25 per unit
- ▶ Fixed Rate
 - ▶ 844 Equivalent Dwelling Units
 - ▶ Fixed Budget = \$1,117,000
 - ▶ $\$1,117,000 / 844 / 12$ months = \$110 monthly fixed rate
 - ▶ Sewer rate separate

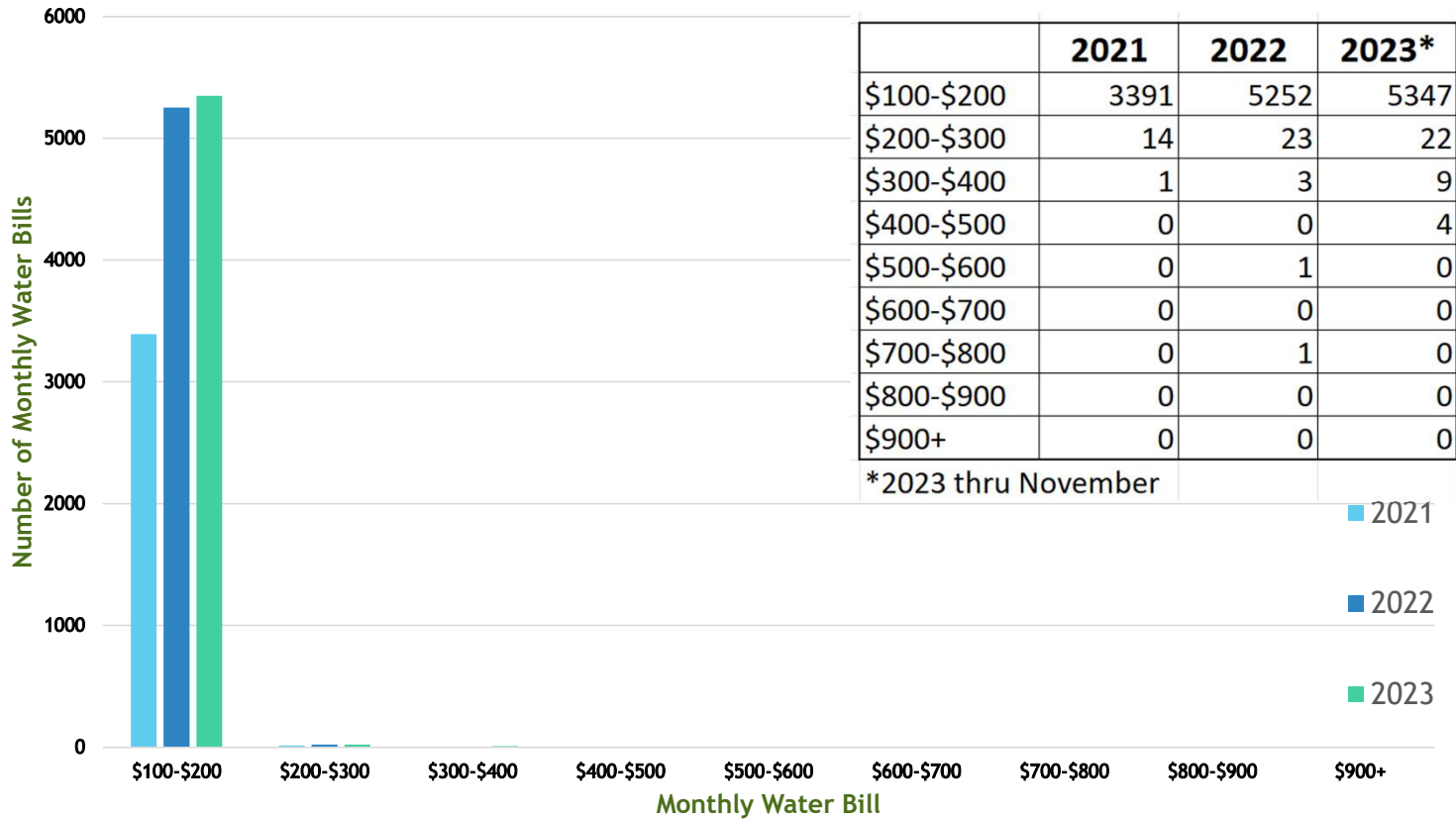
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Number of Monthly Reads in Range 2021-present



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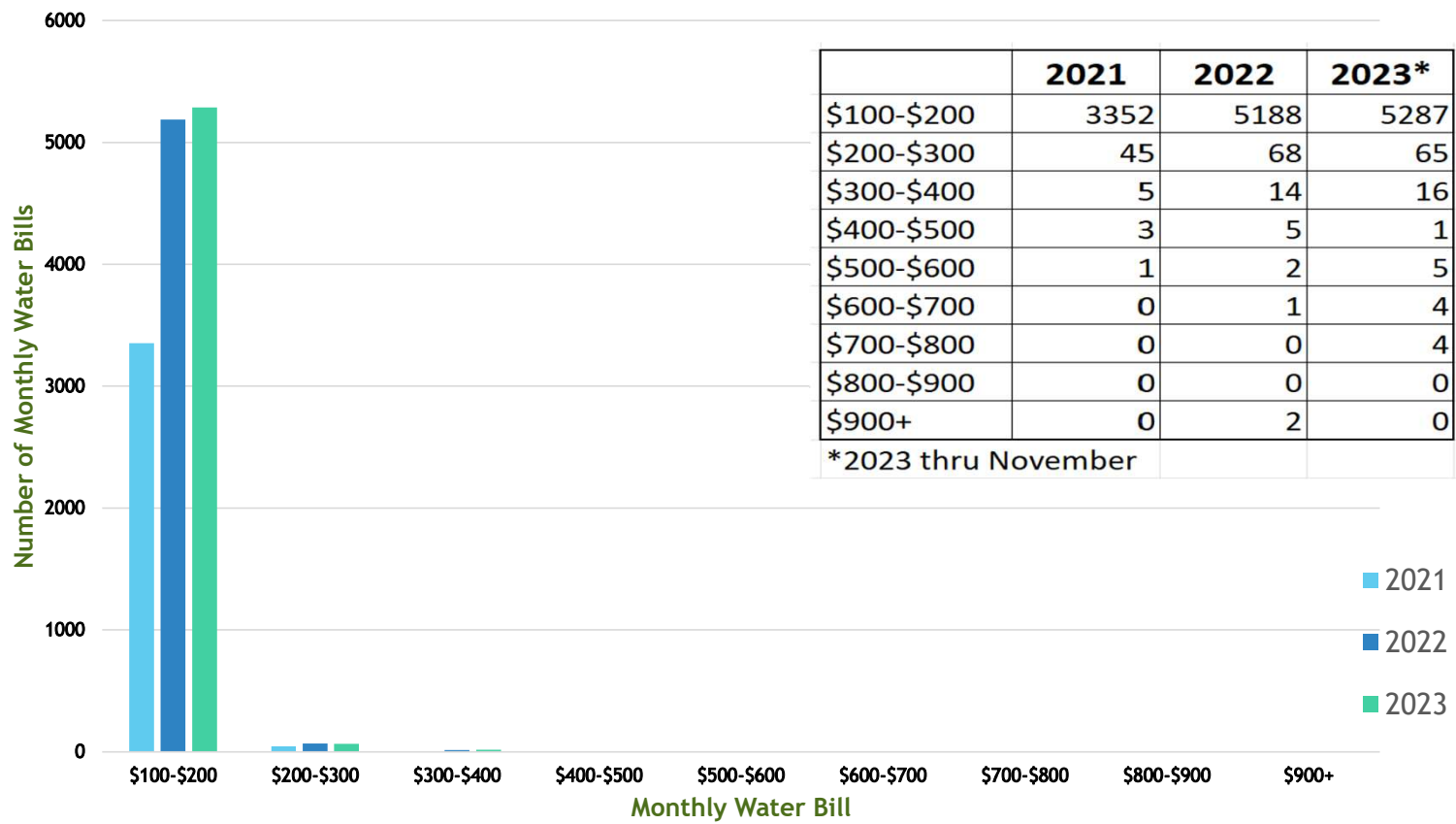
**Number of Monthly Water Bills per Dollar Range
93% Fixed 7% Variable
2022**



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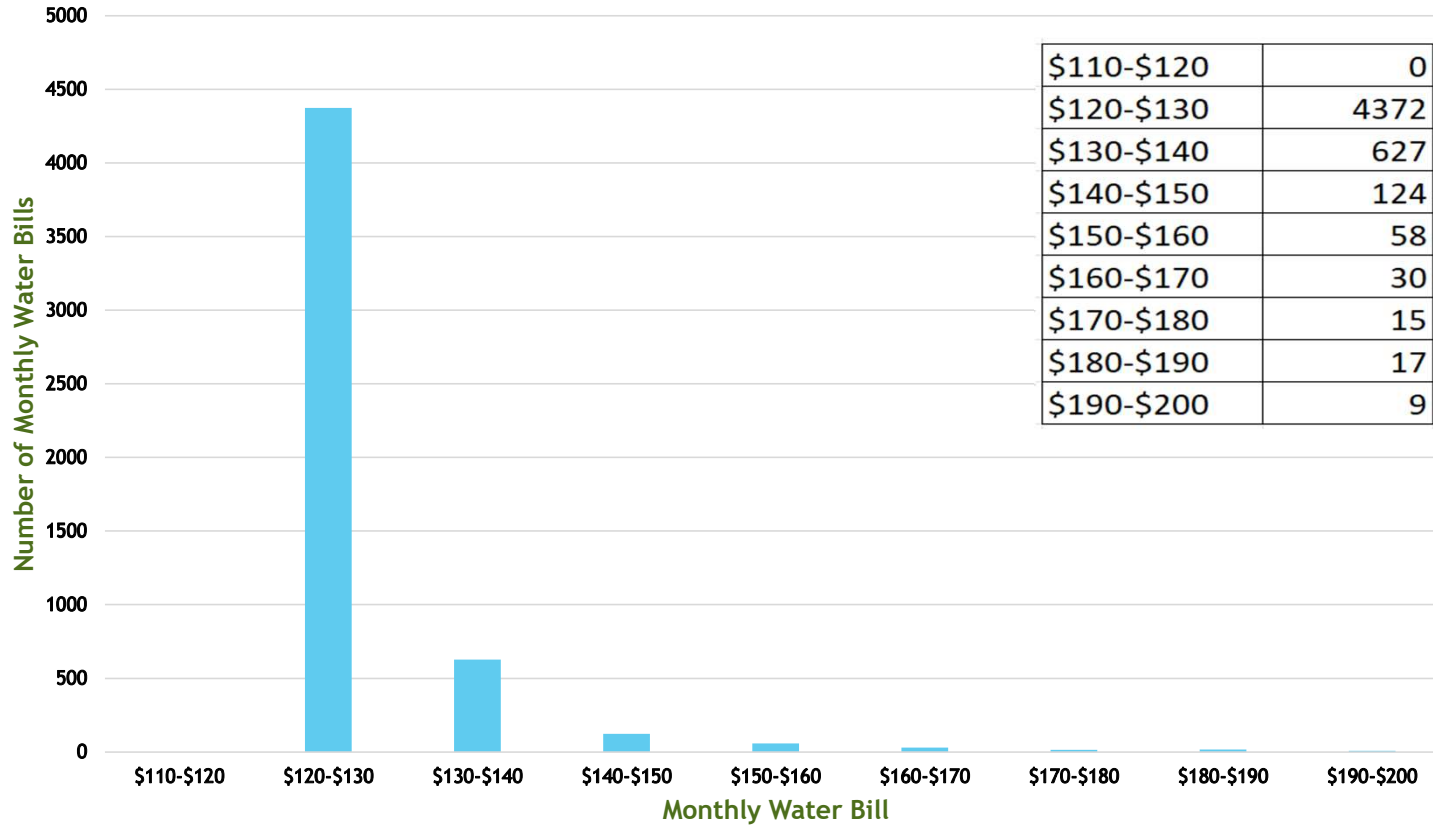
Sewer rate not included

**Number of Monthly Water Bills per Dollar Range
85% Fixed 15% Variable**



Sewer rate not included

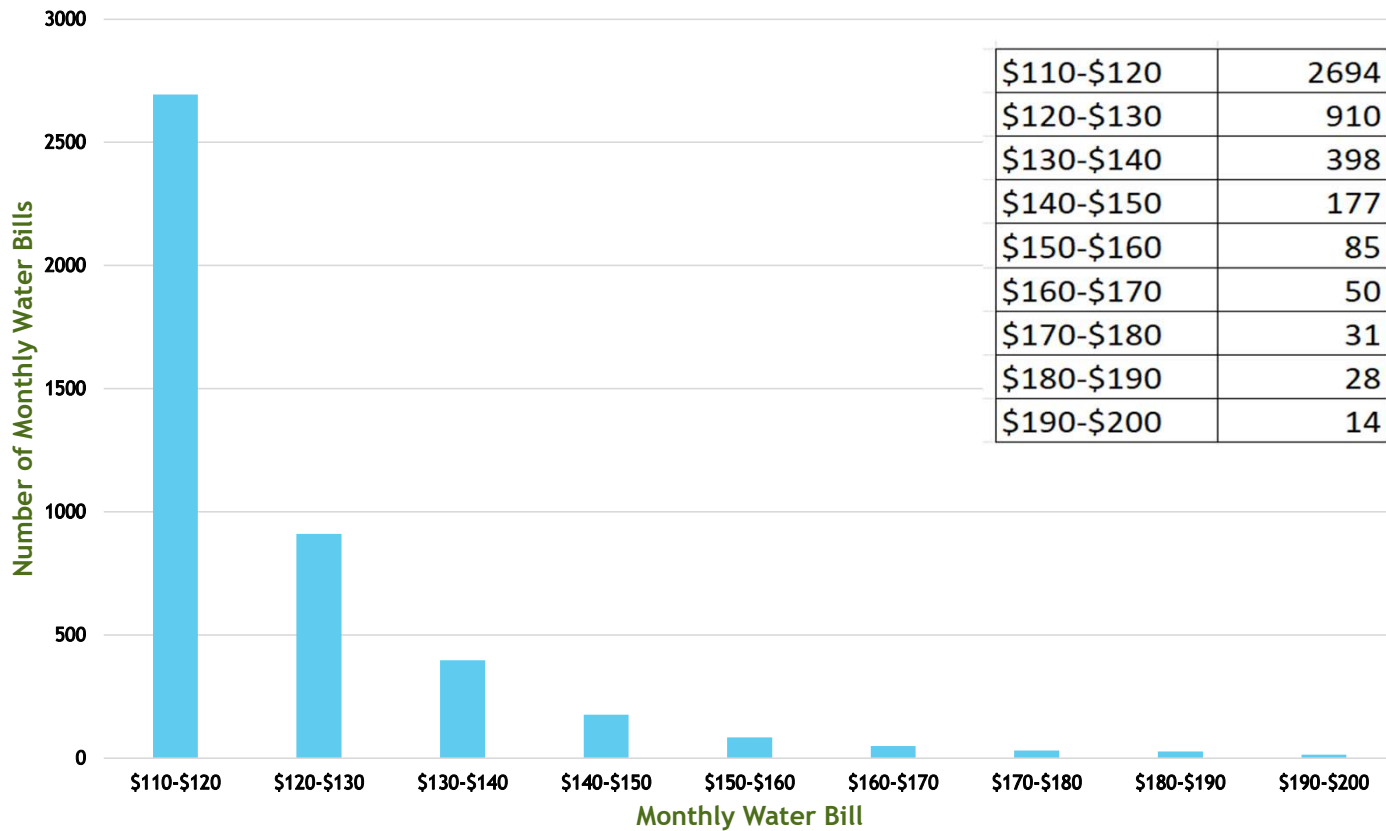
Number of Monthly Water Bills per Dollar Range
93% Fixed 7% Variable
2022



Sewer rate not included

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**Number of Monthly Water Bills per Dollar Range
85% Fixed 15% Variable
2022**



Sewer rate not included

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IMPACT OF WATER RATE STRUCTURE

- ▶ Income from **Sample** Water Rate Structures
- ▶ Based on the Limited Available Meter Reads
- ▶ Not actual rates that balance expenses exactly with costs (not 100% reads)

Water Rate Structure	2021	2022	2023*
93% / 7%	\$432,000	670,000	\$683,000
85% / 15%	\$418,000	649,000	\$661,000
\$ Difference	\$14,000	\$21,000	\$22,000
% Difference	3%	3%	3%

Sewer rate not included

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Summary

- ▶ District water expenses are mostly fixed
- ▶ Majority of properties use only one or two units (1000 gallons)
- ▶ Majority of properties will pay fixed rate plus maybe a few more dollars
- ▶ If the fixed water rate is reduced, the variable water rate must be increased dramatically to maintain income to match water expenses

Sewer rate not included in presentation

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