

Water/Sewer Rate Setting - FY 2023

Town of Natick – June 1st, 2022

Town of Natick

Overview of Enterprise Fund Rate Setting

Water & Sewer Enterprise Funds are established under M.G.L.c.44, § 53F½

Revenues and expenses are uploaded into WaterWorth to help refine multi-year model

Usage and experience is monitored to refine the model and drill down on annual rate setting

Town of Natick

Natick Overall – What do rates pay for?

10 groundwater wells – Natick uses no surface water or MWRA water
Water Treatment plants at Springvale and Elm Bank.

Two storage tanks with 9-million-gallon total capacity.

196 miles of water mains

11,400 water sewer accounts with 13,850 meters

34 sewer pump stations

147 miles of sewer mains

Staff and indirect costs

Operational Costs for all water and sewer operations

Capital and fund reserves

Town of Natick

2021/2022 Unprecedented Challenges

Supply chain challenges – increased costs and delays

Testing and compliance surrounding PFAS MassDEP – increased expenses

Mandated water use restrictions – decreased usage (down 7%)

General COVID impacts – getting things done

Town of Natick

Rate Setting Methodology

FY 2023 Rates are modeled using actual usage data from FY 2009-2022.

Staff used the usage data for these years and then applied the rates as proposed in each option to every meter read to obtain a purely data-driven model for rate revenues.

Since not all fees are collected in a given year, all rate options are shown at 95% of what is billed. This reduction factor is to account for the average amount that is not collected in the same Fiscal Year in which it is billed.

Expenses

Town of Natick

FY 2023 Budget Summary

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Water Salaries	\$ 1,230,404	\$ 1,276,455	\$ 1,303,969	\$ 1,311,299	\$ 1,379,125
Water Expenses	\$ 996,132	\$ 1,171,780	\$ 862,893	\$ 987,778	\$ 1,350,681
Sewer Salaries	\$ 768,186	\$ 800,056	\$ 784,848	\$ 837,643	\$ 851,375
Sewer Expenses	\$ 6,317,573	\$ 6,338,513	\$ 6,169,838	\$ 6,802,315	\$ 7,133,455
W/S Shared Salaries	\$ 79,789	\$ 92,058	\$ 57,573	\$ 106,497	\$ 106,497
W/S Shared Expenses	\$ 58,322	\$ 43,893	\$ 68,542	\$ 74,000	\$ 74,000
Employee Benefits	\$ 809,698	\$ 865,652	\$ 931,830	\$ 963,039	\$ 901,118
Reserve Fund	\$ 105,262	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Indirect Expenses	\$ 2,218,150	\$ 2,533,300	\$ 2,697,496	\$ 2,848,079	\$ 3,060,960
Capital Improvements	\$ 283,500	\$ 390,000	\$ 365,000	\$ 372,300	-
Debt Service	\$ 2,442,895	\$ 2,441,845	\$ 2,155,473	\$ 2,155,473	\$ 2,631,877
					7.3% Increase over FY22
					Amount to Raise
Total	\$ 15,309,911	\$ 16,153,552	\$ 15,597,462	\$ 16,658,423	\$ 17,689,088

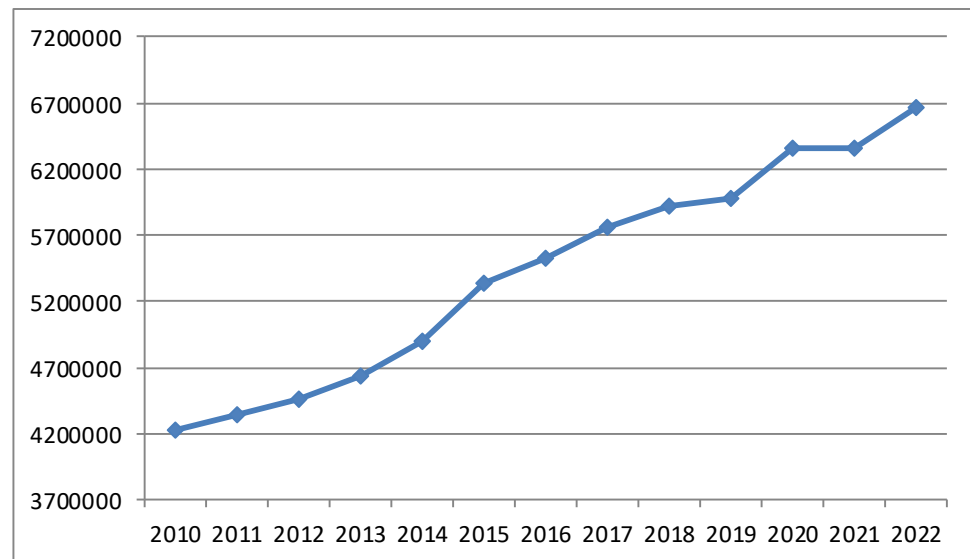
Town of Natick

MWRA Sewer Assessment Cost

Water/Sewer Rates - FY 2023 (Proposed)

MWRA Fees History

Fiscal Year	MWRA Fee	Change	
2008	\$3,993,641		
2009	\$3,941,631	-\$52,010	-1.30%
2010	\$4,219,801	\$278,170	7.06%
2011	\$4,346,280	\$126,479	3.00%
2012	\$4,460,551	\$114,271	2.63%
2013	\$4,634,401	\$173,850	3.90%
2014	\$4,903,457	\$269,056	5.81%
2015	\$5,330,710	\$427,253	8.71%
2016	\$5,526,614	\$195,904	3.68%
2017	\$5,756,705	\$230,091	4.16%
2018	\$5,924,062	\$167,357	2.91%
2019	\$5,972,626	\$48,564	0.82%
2020	\$6,350,000	\$377,374	6.32%
2021	\$6,350,000	\$0	0.00%
2022	\$6,667,500	\$317,500	5.00%



5% increase over FY22, \$317,500

Usage

Town of Natick

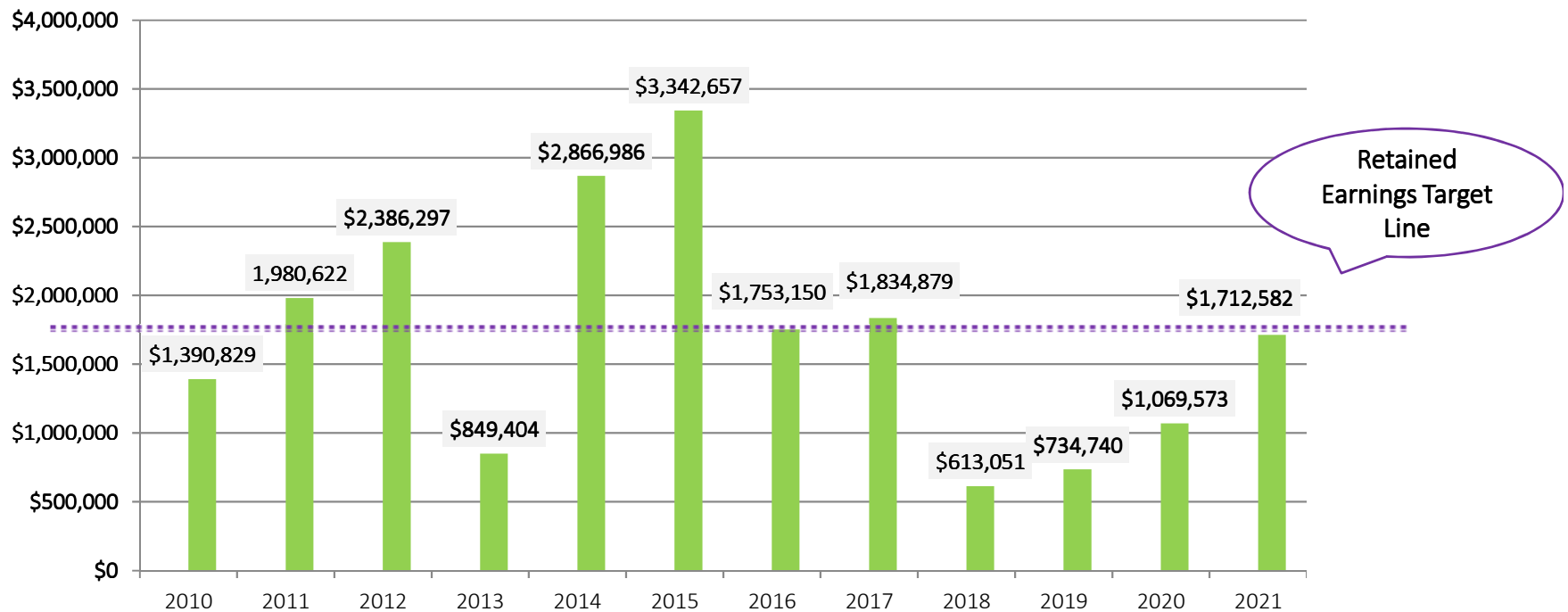
Overall Usage for FY2021 and Averages (HCF)

Based on FY2021			Three -Year Average			Five -Year Average		
CODE	USE	AVERAGE	CODE	USE	AVERAGE	CODE	USE	AVERAGE
ELD	3,245	12.78	ELD	3,301	12.93	ELD	3,401	12.92
ELW	462	11.55	ELW	390	10.40	ELW	494	12.73
IRR	190,363	20.46	IRR	137,783	16.69	IRR	149,340	16.09
SEW	3,720	39.16	SEW	5,232	49.63	SEW	7,187	53.93
WAT	108,564	19.86	WAT	114,231	20.55	WAT	116,892	20.79
WSM	1,016,106	14.38	WSM	1,032,558	14.54	WSM	1,032,108	14.27
Total	1,322,460		Total	1,293,496		Total	1,309,422	

Town of Natick

At the close of the fiscal year, retained earnings are certified by DOR similar to Free Cash. The target retained earnings balance is 10% of revenues (Purple Line). This allows for the enterprise to operate self-sufficiently, and to make cash-capital investments.

Certified Retained Earnings



Rate proposal

Town of Natick

Water/Sewer Rate Setting for FY 2023

Rate Recommendation:

Staff recommends:

7.5% Water Rate Increase

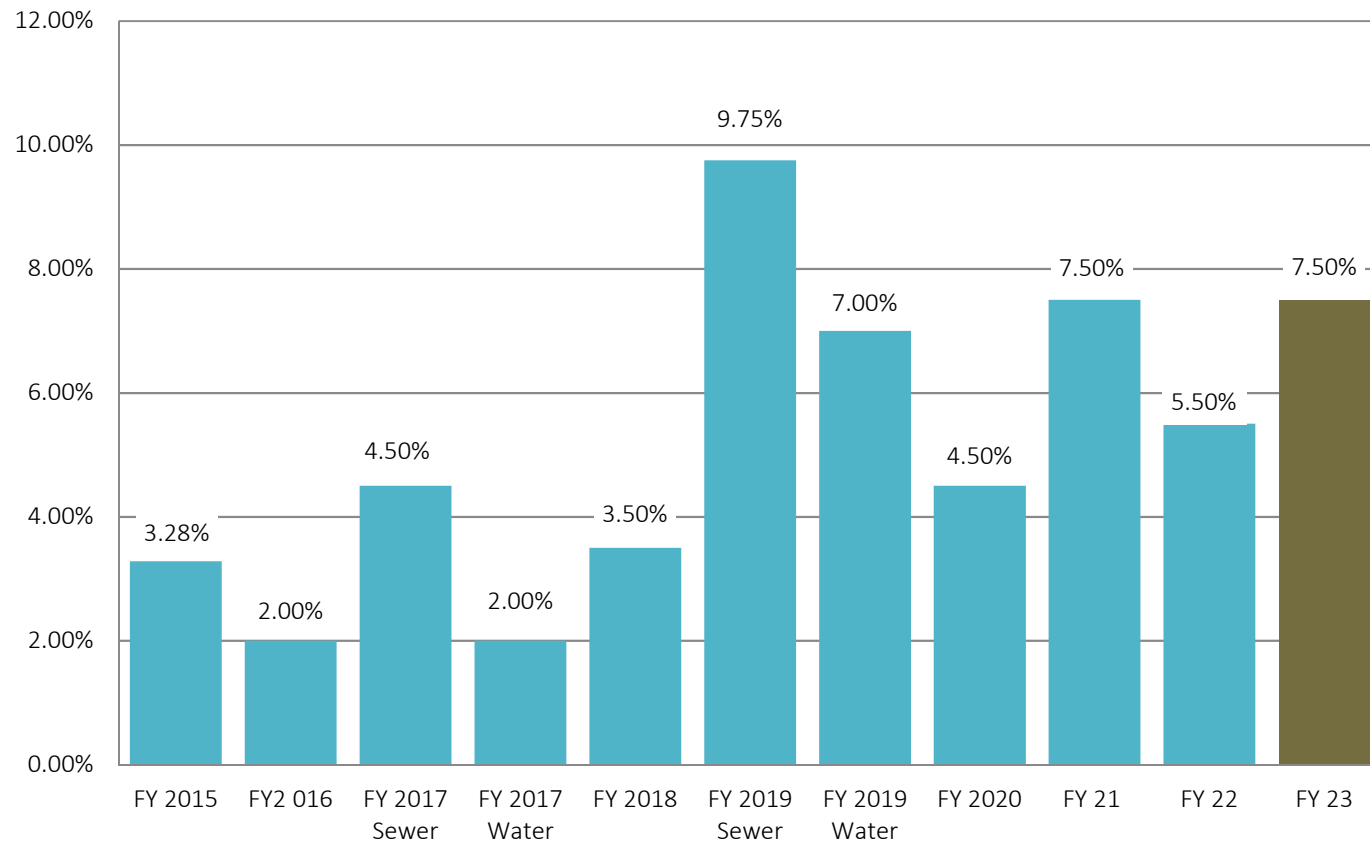
7.5% Sewer Rate Increase

Effective July 1, 2022

We believe that this rate increase is necessary to preserve the financial stability of the Enterprise Fund, maintain operations and ensure that the appropriate degree of capital and operational investment can be made in the water & sewer system of the Town of Natick.

Town of Natick

Water/Sewer Rate Change History



Town of Natick

Proposed Water/Sewer Rates - FY 2023

Water 7.50%
Sewer 7.50%

This page shows comparative rates between FY 2022 and FY2023 in a variety of different rate categories and blocks. To calculate your bill, simply take your usage by tier and then apply the appropriate Rate for either Water and/or Sewer services.

Combined Water & Sewer Rates

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Water	\$	2.25	0-10	Water	\$	2.42
	Sewer	\$	6.37		Sewer	\$	6.85
11-20	Water	\$	3.44	11-20	Water	\$	3.70
	Sewer	\$	11.35		Sewer	\$	12.20
21-40	Water	\$	5.10	21-40	Water	\$	5.48
	Sewer	\$	18.77		Sewer	\$	20.18
40+	Water	\$	7.91	40+	Water	\$	8.50
	Sewer	\$	18.77		Sewer	\$	20.18

Combined Elderly Rates

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Water	\$	-	0-10	Water		
	Sewer	\$	-		Sewer		
11-20	Water	\$	-	11-20	Water		
	Sewer	\$	-		Sewer		
21-40	Water	\$	3.63	21-40	Water	\$	3.90
	Sewer	\$	13.36		Sewer	\$	14.36
40+	Water	\$	5.62	40+	Water	\$	6.04
	Sewer	\$	13.36		Sewer	\$	14.36

Water Only

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Water	\$	2.25	0-10	Water	\$	2.42
11-20	Water	\$	3.44	11-20	Water	\$	3.70
21-40	Water	\$	5.10	21-40	Water	\$	5.48
40+	Water	\$	12.82	40+	Water	\$	13.78

Elderly Water Only

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Water	\$	-	0-10	Water		
11-20	Water	\$	-	11-20	Water		
21-40	Water	\$	3.63	21-40	Water	\$	3.90
40+	Water	\$	5.62	40+	Water	\$	6.04

Irrigation

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Water	\$	4.02	0-10	Water	\$	4.32
11-20	Water	\$	7.83	11-20	Water	\$	8.42
21-40	Water	\$	10.46	21-40	Water	\$	11.24
40+	Water	\$	12.82	40+	Water	\$	13.78

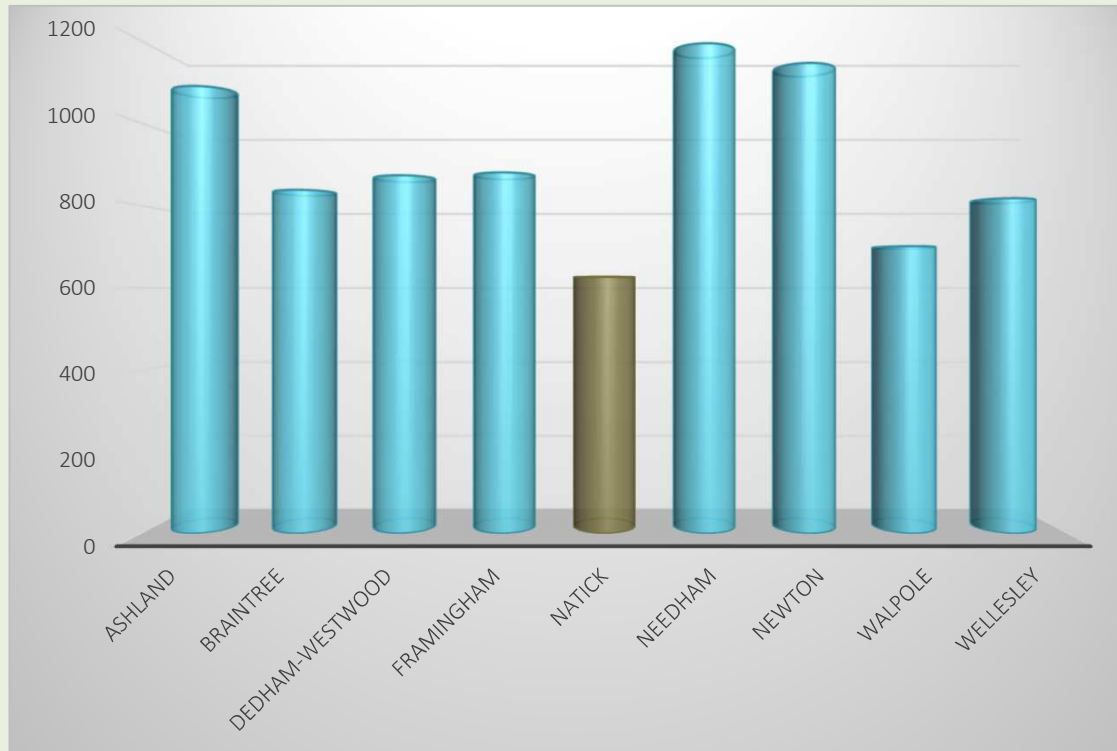
Sewer Only

<u>FY 2022</u>				<u>FY 2023</u>			
0-10	Sewer	\$	6.37	0-10	Sewer	\$	6.85
11-20	Sewer	\$	11.35	11-20	Sewer	\$	12.20
20+	Sewer	\$	18.77	20+	Sewer	\$	20.18

Flat Fee: Domestic Use \$5 per Equivalent Dwelling Unit per Quarter
Irrigation Use \$5 per Quarter

Town of Natick

Water & Sewer Comparison Communities Average Bill based on 15 HCF



Proposed rate increase amounts to an additional \$11.76 per quarter for typical single family home. The proposed increase would have no impact for average elderly rate customer.

Thank You

Comments or Questions?