

**City of Dunnellon**

**Water and Sewer**

**Rate Study**

**September 19, 2016**



**Tom Gustafson**  
**Financial / Mgmt Circuit Rider**  
**Florida Rural Water Association**

# City of Dunnellon W&S Rate Study

- Cost of service is determined by reviewing fixed cost expenses (debt service, infrastructure repair needs, etc.)
- Cost per thousand gallons is determined by dividing the amount of water pumped for the year by the expenses to run the utility.

..\Dunnellon\Dunnellon Rates 2016\Dunnellon Rates W-WW 9-2016 Bu



**City of Dunnellon W&S Rate Study**

# **Findings & Recommendations**

- **Water & Wastewater Revenues (rates) are currently adequate to meet expenditures**
- **If a truly funded depreciation schedule were utilized a 2.41% increase of water base rates would be needed. If wastewater was funded for depreciation a 23.25% increase in base rates would be needed.**

# City of Dunnellon W&S Rate Study

## Water Rates Usage Charges (Existing Residential)

Water Rates	Existing Rates
	2016
Base Facility Charge	\$17.40
0 – 4,000	\$2.27 per thousand
4,001 – 10,000	\$4.54 per thousand
10,001 – 20,000	\$6.59 per thousand
20,001 – 30,000	\$9.22 per thousand
Greater than 30,001	\$12.91 per thousand

# City of Dunnellon W&S Rate Study

## Non-residential Water Base Rate

### CURRENT Base Charges

3/4 "	Meter	\$17.40
1"	Meter	\$43.50
1 1/2"	Meter	\$87.00
2"	Meter	\$139.20
3"	Meter	\$278.40
4"	Meter	\$435.00
6"	Meter	\$870.00
8"	Meter	\$1392.00

# City of Dunnellon

## Sewer Base Facility Charge

<b>METER SIZE</b>	<b>MONTHLY AVAILABILITY CHARGE</b>	<b>MONTHLY GALLONS</b>	<b>USAGE RATE (PER THOUSAND GAL)</b>
3/4 Inch	\$17.11	0-4,000	\$8.46
		Greater than 4,000	\$16.92
1 Inch	\$42.78	0-10,000	\$8.46
		Greater than 10,000	\$16.92
1 – ¼ Inch	\$51.33	0-12,000	\$8.46
		Greater than 12,000	\$16.92
1 – ½ Inch	\$85.55	0-20,000	\$8.46
		Greater than 20,000	\$16.92
2 Inch	\$136.88	0-32,000	\$8.46
		Greater than 32,000	\$16.92
2 – ½ Inch	\$205.32	0-48,000	\$8.46
		Greater than 48,000	\$16.92
3 Inch	\$273.76	0-64,000	\$8.46
		Greater than 64,000	\$16.92
4 Inch	\$427.75	0-100,000	\$8.46
		Greater than 100,000	\$16.92
6 Inch	\$855.50	0-200,000	\$8.46
		Greater than 200,000	\$16.92
8 Inch	\$1,368.80	0-320,000	\$8.46 <sup>6</sup>
		Greater than 320,000	\$16.92

# **City of Dunnellon Rate Study**

## **Recommendations**

- **Annual Cost-of-living Adjustments**
  - **Prudent utility practice to sync water and wastewater rates with annual cost-of-living adjustments for the utility to keep pace with incremental costs into your rate ordinance**
  - **Annual Adjustment Based on Verifiable Index**
  - **Engineering News Record (ENR) Construction Consumer Index**
  - **Florida Public Service Commission 2016 Price Index**
  - **United States Department of Labor Consumer Price Index (CPI)**

# City of Dunnellon Rate Study

## Recommendations

**1.Recommendation** – In the future it may be prudent to hire a consulting firm to provide a detailed rate study.

**2.Recommendation** – revisit the revenue/expense predictions, current financial position and other indicators during the annual budget approval process, adjusting the rates as needed.

# City of Dunnellon Rate Study

## Recommendations

**3. Recommendation** - Seasonal customers should pay base rate whether service is active or not.

**4. Recommendation** – the utility should review its financial position annually in order to assess the actual level of future rate adjustments that may be necessary.

# City of Dunnellon Rate Study

- Questions?

