

Town of Lowell

Public Hearing on Wastewater Rates

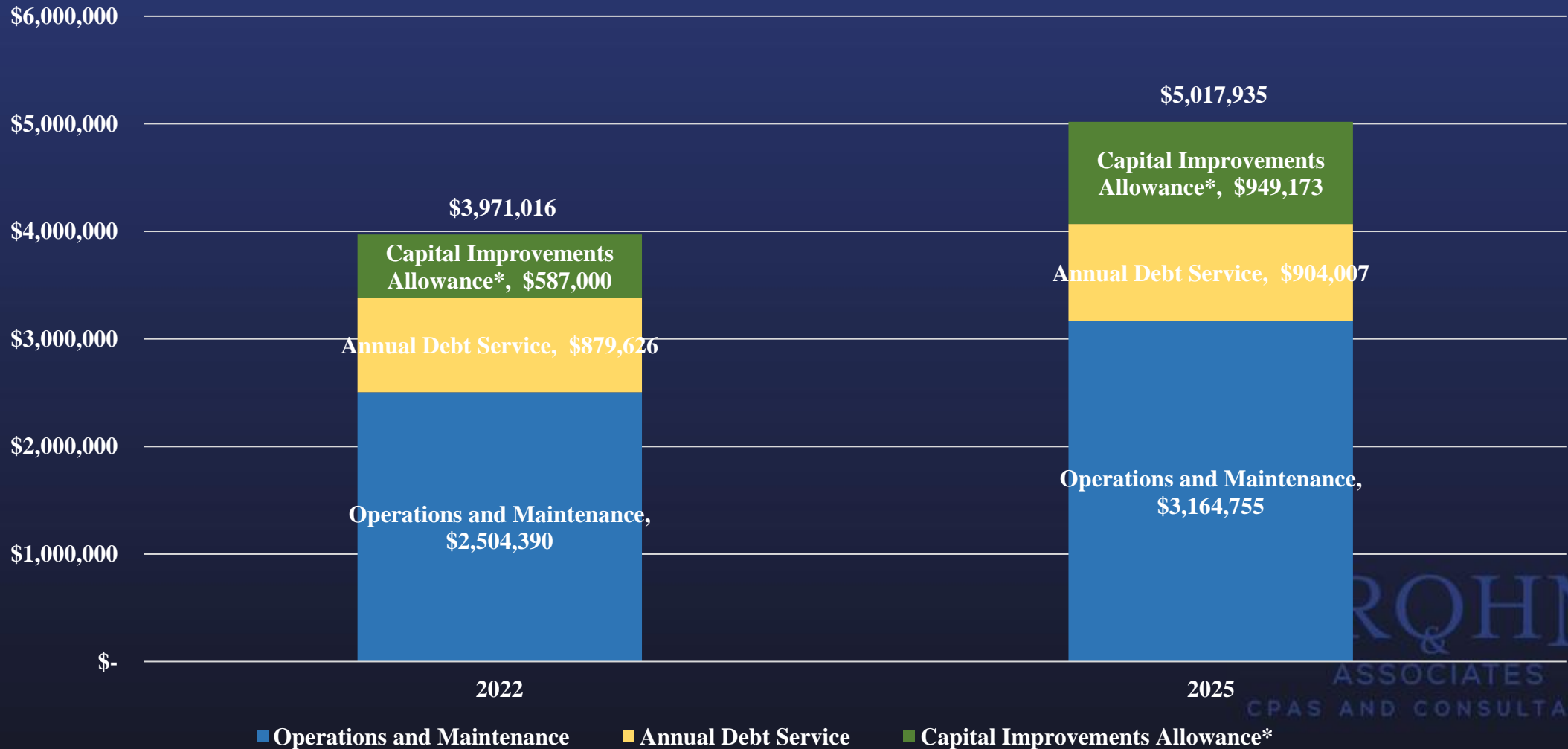
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COMPARISON OF PRIOR AND CURRENT REVENUE REQUIREMENTS



- **3 Major Factors in Revenue Requirements:**

- **OPERATIONS AND MAINTENANCE:**

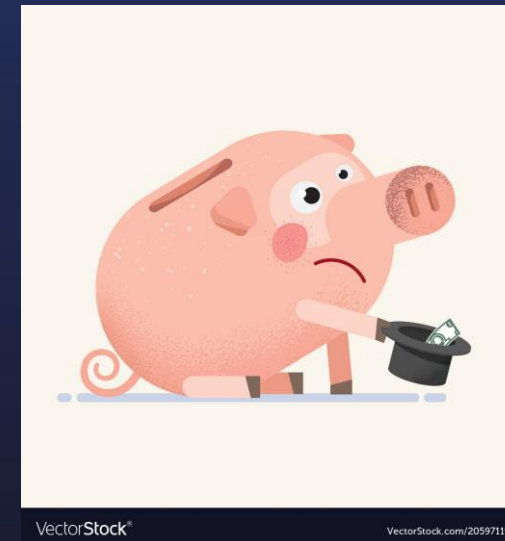
- **26% increase since over 2022 requirements**
 - **Inflation of 17.7% has been experienced since 2022**
 - **Additional overhead requirements pursuant to water utility sale**
 - **However, benefits from sale have provided significant cashflows to the Town for various projects**
 - **Increase in required services to maintain growing sewer system and customer base – larger general system**

- **ANNUAL DEBT SERVICE:**

- **Proposed increase due to proposed bonds for increased needs in environmental requirements and proposed projects at plant, plus improvements to collection system to address current infiltration and inflow issues**

- **CAPITAL IMPROVEMENTS ALLOWANCE:**

- **Due to new environmental requirements and an aging wastewater system, significant upgrades and improvements are needed at the plant as well as period upgrades to collection system**
- **Proposed improvements allowance provides for the accumulation or expenditure of \$949,000 annually**



- **Multiple Ways to Apply Charges**
 - **Historically, the Utility has charged services for a base service charge plus a flow charge dependent on water usage**
 - **The Proposed Charges authorize the implementation of a flat rate to more equitably apply to the impact on plant and collection system requirements**
 - **Additionally, the flat rate removes the dependence on Indiana-American water meter readings, which have been unreliable in the past few years**

		Number of	Proposed	Pro Forma	AWWA
		Connections	Monthly Bill	Annual Receipts	Area Ratios
Connection Sizes:					
	5/8 - 3/4" Meter	4,402	\$ 67.00	\$ 3,539,208	1.0
	1" Meter	25	167.50	50,250	2.5
	1 1/4" Meter	2	268.00	6,432	4.0
	1 1/2" Meter	12	335.00	48,240	5.0
	2" Meter	22	536.00	141,504	8.0
	3" Meter	3	1,005.00	36,180	15.0
	4" Meter	3	1,675.00	60,300	25.0
	6" Meter	-	3,350.00	-	50.0
	Totals	4,469		\$ 3,882,114	



- **SYSTEM DEVELOPMENT CHARGES**

- Designed to provide cash funding for future capital needs (capacity and extension) and/or to provide an equity payment into the existing system
- Three ways to calculate:
 - Incremental cost method (growth/capacity requirements)
 - Equity method (existing system requirements)
 - Combination (growth/capacity and existing system requirements)
- Not eligible for debt service coverage calculations, should be determined completely independent of wastewater rates and charges
- However, net impact effectively drives down rates required by providing cash funding that would otherwise have to be assessed through rates and charges