



Village of Yellow Springs

2022 SEWER RATE ANALYSIS

SCOPE OF SERVICES

- Data Acquisition/Verification
- Projected Revenue Requirements
- *Rate Review **
- Presentation of Results

** To Be Completed*

DATA ACQUISITION/VERIFICATION

- Identify Availability of Information
- Prepare and Submit Data Request
- Review Information and Data Provided
 - Billing Statistics
 - Operational Data
 - Financial Statements/Reports
- Verify the Accuracy of the Information Provided
- Data Provided was Accurate and Consistent



PROJECTED REVENUE REQUIREMENTS

1. Project Sewer Sales
2. Project Revenues at Current Rates
3. Project Revenue Requirements
4. Determine Overall Revenue Adjustment



1. Project Sewer Sales

- Separate Sales by Rate Class
- Normalize Historical Data
- Project Sales Growth Rates

SALES GROWTH RATES

Residential 0.0%

Commercial 0.0%

Large Power 0.0%

PROJECTED SEWER SALES (Mgal)

| | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|-------------|---------------|---------------|---------------|---------------|
| Residential | 68,243 | 68,243 | 68,243 | 68,243 |
| Commercial | 9,152 | 9,152 | 9,152 | 9,152 |
| Large Power | 3,925 | 3,925 | 3,925 | 3,925 |
| Totals | <u>81,320</u> | <u>81,320</u> | <u>81,320</u> | <u>81,320</u> |

2. Project Revenues at Current Rates

- Project Average Revenues by Rate Class

Residential - \$ 14.05/Mgal

- \$ 13.31/Mgal

Commercial - \$ 13.18/Mgal

Large Power

- Multiply Sewer Sales by Average Rates

PROJECTED REVENUES AT CURRENT RATES

| | <u>Mgal</u> | <u>\$/Mgal</u> | <u>Amount</u> |
|-------------|---------------|-----------------|--------------------|
| Residential | 68,243 | \$ 14.05 | \$ 958,493 |
| | 9,152 | 13.31 | 121,771 |
| Commercial | 3,925 | 13.18 | 51,720 |
| Large Power | | | |
| | <u>81,320</u> | <u>\$ 13.92</u> | <u>\$1,131,984</u> |
| Totals | | | |

3. Project Revenue Requirements

- Cash Basis vs. Rate of Return
- Normalize Historical Data
- Changes in Operation
- Current Budget (2022)
- Inflation (3% Per Year)
- Debt Service
 - WWTP Improvements
- Transfer to Capital Improvement Fund
- Other Income Credits

PROJECTED REVENUE REQUIREMENTS

| | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026</u> |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel Services | \$ 496,723 | \$ 511,625 | \$ 526,973 | \$ 542,783 |
| Travel | 3,090 | 3,183 | 3,278 | 3,377 |
| Contractual Services | 382,542 | 394,018 | 405,839 | 418,014 |
| Supplies and Materials | 80,546 | 82,962 | 85,451 | 88,015 |
| Other | 5,150 | 5,305 | 5,464 | 5,628 |
| Debt Service - WWTP Improvements | 67,242 | 67,242 | 67,242 | 67,242 |
| Transfer to Capital Fund | 257,500 | 265,225 | 273,182 | 281,377 |
| Other Income | <u>(3,000)</u> | <u>(3,000)</u> | <u>(3,000)</u> | <u>(3,000)</u> |
| NET REVENUE REQUIREMENTS | \$ 1,289,793 | \$ 1,326,560 | \$ 1,364,429 | \$ 1,403,435 |



4. Determine Overall Revenue Adjustment

- Compare Projected Revenue Requirements to Projected Revenues at Current Rates

DETERMINATION OF OVERALL REVENUE ADJUSTMENT

| | <u>Revenue Requirements</u> | <u>Revenues at Current Rates</u> | <u>Revenue Adjustment Amount</u> | <u>%</u> |
|------|-----------------------------|----------------------------------|----------------------------------|----------|
| 2023 | 1,289,793 | 1,131,984 | \$ 157,810 | 13.9% |
| 2024 | 1,326,560 | 1,131,984 | 194,576 | 17.2% |
| 2025 | 1,364,429 | 1,131,984 | 232,446 | 20.5% |
| 2026 | 1,403,435 | 1,131,984 | 271,451 | 24.0% |

Conclusions & Recommendations

- Projected Revenues at Current Rates are **NOT** Sufficient to Meet the Projected Revenue Requirement.
- Revenues Would Need to be Increased by Approximately 24% in Order to Meet the Projected 2026 Revenue Requirements.
- Consider Phasing-In the Rate Increase Over a Four-Year Period.

