2024 Water and Sewer Rate Highlights

Please see the full studies at www.rawlinswy.gov/feestudy for all information

Why did we conduct a rate study for water and sewer?
Our water and sewer services are enterprise funds. This means they must be self-funded through fees and are separate from the General Fund. They operate more like businesses instead of using taxes. If there is not enough money from fees for infrastructure updates, necessary equipment, and sufficient staffing, our service quality suffers, and infrastructure is not maintained properly.

The City of Rawlins Water and Sewer Funds must have enough money to fund infrastructure, equipment, and staff, otherwise we cannot provide reliable water, wastewater, or stormwater systems.

Water

What does the proposed water rate mean for my home? My business?
Staff studied three scenarios in total, ranging from a 56% to a 92% increase in revenue. All three scenarios can be reviewed on pgs. 29-31 in the full water study. After review, City staff recommends Scenario 3, which increases revenue 56%. The recommended scenario includes receiving grant funding, as well as planning for a smaller initial debt payment. As priority one rehabilitation projects are engineered and ready for construction, the city will take on additional debt over time. The recommended rate increase also includes an approx. 10% increase over the next 4 years to cover the additional debt and inflation.

To achieve the 56% increase, staff recommends that base rates increase 80% and cost per 1000 (usage rate) will increase 33%. See pg. 52 in the full water study for more details. The proposed usage rate inside town is $4.64 per 1,000 gallons. To see all proposed base rates, please see pg. 34 in the full water study. Here are three examples:

Home with 3/4" meter that uses 5,000 gallons of water monthly: Current - $46.88; Proposed - $76.21
Business with 1" meter that uses 50,000 gallons of water monthly: Current - $206.96; Proposed $291.33
Business with 2" meter that uses 100,000 gallons of water monthly: Current - $393.75; Proposed $545.19

How much money does the water fund have in savings?
Overall, the Water Fund lost a total of $1.91 million over the five-year period from 2019-2023. See pg. 11. The Water Fund has $2.513 million in cash and investments now. However, a minimum of $1.25 million is in a "maintenance account" that can only be used for repairs and maintenance of our treated water tanks. This is a requirement of a prior loan received. Additionally, $812,020 of the funds are from an interdepartmental loan from the General Fund. After subtracting these amounts from our total savings, the Water Fund has around $430,000 in cash on hand. This covers approximately two months of operating costs and does not leave enough money to fund projects, substantial loan payments or an emergency fund. See pgs. 4-5 for details.

How much money does the water fund generate now? Did the 2022 rate increase make a difference?
In FY 24, the water fund is estimated to generate $2,936,000. See pg. 12 and 29 for details. The large cost of the pretreatment plant, coupled with additional information on necessary out-of-town infrastructure projects and the associated inflation, caused the 2022 rate increase to not generate enough funds to secure large loans.

The Water fund does not have millions of dollars to fund operating costs, plus the out-of-town and in-town infrastructure rehabilitation, so we must rely on loans to complete the necessary infrastructure improvements. The City cannot secure loans without showing the ability to repay the debt.

One major loan agency, the USDA, has also stated they would prefer our rates to be around 1.58% of monthly household income for water alone. Our proposed water rate, shown as Scenario 3 on pgs. 31-32, has a monthly water cost of $76.21 for an average household. The USDA rate preferred rate would be around $92.17 for an average household per month.

What is the status of our water infrastructure?
Our water infrastructure is broken down into three main components – 1) infrastructure to collect, transport and store water prior to treatment (usually referred to as "out-of-town infrastructure," 2) two treatment plants to perform required treatment of water, 3) infrastructure to store and transport treated water to homes (usually referred to as "in town infrastructure").

Our out-of-town infrastructure plus treated water storage tanks need an estimated $42.2 million total in work, including $28 million in Priority 1 Projects and $14.2 million in Priority 2 Projects. See pgs. 3-4 for details on projects. This study assumes a total debt load of $20m after principal forgiveness and grants, with an annual payment of $731,000 over 40 years. See pgs. 27-28 for details.

Additional capital funds must be used for items such as equipment replacement, treatment plant repair and replacement, and more are listed on our Capital Budget under both "Equipment Distribution" and "Equipment Treatment Projects". These average at $347,000 per year over the next nine years. See pgs. 16-25 for details. These funds include the capital costs for our treatment plants.

Our in-town infrastructure 9-year plan requires an average of $1.81m of work annually, totaling $16.33m. However, based on our infrastructure records, the nine years will not "catch up" our infrastructure. We estimate that at least $2m will need to be invested annually in in-town infrastructure for the foreseeable future. See pgs. 16-35 for details.

What other costs does the water fund need to cover?
The water fund has all everyday costs to cover, including supplies, staffing, utilities, contractual services (such as SCADA specialists), fuel, and more. These are budgeted for $2.467 m annually, with debt payments. See pages 13-15, 29 for details.

In 2022, the EPA updated the Lead and Copper Rule for local water systems. Although details are not available yet, we expect that some City ancillary water lines will be required to be replaced in the near future. Grant funds are expected to be available, estimated at 25% of the cost of replacement. See pg. 26. (Side note - This update also requires an inventory of service lines on all private properties connected to all water systems nationwide; a survey provided via the State is expected soon.)

What work has been done for our water infrastructure?
Investments in our infrastructure have been made throughout the years. You can see a list of completed projects from July 1, 2020, to now, totaling $6.75m, on pg. 6. You can also review a list of projects funded by debt on pg. 8 and 9. Unfortunately, they were not sufficient to keep up with the aging infrastructure. For more information on the prior maintenance issues, please visit www.rawlinswy.gov/water and review the 2022 Water Report.

Sewer

What does the proposed sewer rate mean for my home? My business?
As described below, in FY25 the City of Rawlins will complete a two-year study of the status of our sewer infrastructure. Until the study is completed and we have a more accurate idea of the true costs, we are recommending a 70% increase in rates. We currently expect another significant increase may be needed in 12-18 months but will wait for the complete study. This will bring our monthly base rate for all users from $15.00 to $25.50, and our cost per 1,000 gallons for commercial users to $5.10.

How much money does the sewer fund have in savings?
The sewer fund currently has $785,222 in cash and investments. Since 2019, the fund has decreased by a total of $673,723, or 46%. Additionally, $417,477 of the funds are from an interdepartmental loan from the General Fund. After subtracting this, the Sewer Fund has around $367,745 in cash on hand. This covers approximately four months of operating costs and does not leave enough money to fund projects, substantial loan payments or an emergency fund. See pages 2-3 of the sewer rate study.

How much money does the sewer fund generate now?
In FY24, the Sewer Fund is estimated to generate $1,208,654. See pages 9-10 for the sewer rate study for details. These rates have not increased since 2013, when the base rate was raised by one dollar per month from $14 to $15.

The Sewer Fund does not generate enough revenue to cover operating costs and infrastructure projects. We must generate funds for infrastructure projects through rate increases, loans, and grants.

What is the status of our sewer infrastructure?
Our sewer infrastructure covers three main components 1) collection system to transport wastewater from homes and businesses to the wastewater treatment plant, 2) the wastewater treatment plant itself to process wastewater into clean water for release into the river, and 3) the storm water system for collecting and transporting rain/snow water and groundwater.

In FY24, the Sewer Fund used a new acoustic technology to assess the current condition of our sewer lines. RH Borden provided full report and a GIS locations of sewer infrastructure potential issues. Although our Utilities crew performs a 5-year rotating maintenance plan so that all sewers receive regular preventive cleaning, the initial acoustic study shows up to 85% of the lines may be in poor condition. In FY25 we will blow out the lines which are shown as partially blocked, and then have a

new acoustic assessment done in FY25. This data will then be used to create a full 10-year infrastructure replacement and maintenance plan.

For our current 5-year maintenance plan, we estimate an average annual capital cost of $1.574 million annually for all three components of sewer infrastructure. See pages 3-6 for more details. However, based on our infrastructure records and the acoustic assessment, we do not think this will "catch up" our infrastructure. For this study, we estimate that at least $1.5m will need to be invested annually for the foreseeable future but will have better data following the FY25 acoustic assessment.

What other costs does the sewer fund need to cover?
The sewer fund has all everyday costs to cover, including supplies, staffing, utilities, contractual, fuel, and more. These are budgeted are around $1.32 million annually, with debt payments. See pages 7, 11-13 for details.

What work has been done for our sewer infrastructure?
Investments in our infrastructure have been made throughout the years. Unfortunately, the funding was not sufficient to save for repair and replacement of the aging infrastructure.

Monthly Utility Bill

Our monthly utility bill covers all four City of Rawlins Enterprise Funds. These bills are:

- Water, with a base rate and a usage rate
- Sewer, with a base rate, and a usage rate for commercial customers only
- Recycling, with a base rate only
- Landfill, with a base rate, and a usage rate for customers who visit the landfill

For 2024, we are not recommending changes to the base rates for recycling and landfill. Here are **three examples** of the full monthly utility bill for three different customer types.

Home with 3/4" meter that uses 5,000 gallons of water monthly		
	Current	Proposed
Water Base	$29.48	$53.06
Water Usage	$17.40	$23.15
Sewer	$15.00	$25.50
Sewer Usage	-	-
Landfill	$12.00	$12.00
Recycling	$6.00	$6.00
Total	**$79.88**	**$119.71**

Business with 1" meter that uses 50,000 gallons of water monthly		
	Current	Proposed
Water Base	$32.96	$59.33
Water Usage	$174.00	$231.50
Sewer	$15.00	$25.50
Sewer Usage	$138.00	$234.60
Landfill	$12.00	$12.00
Recycling	$6.00	$6.00
Total	**$377.96**	**$568.93**

Business with 2" meter that uses 100,000 gallons of water monthly		
	Current	Proposed
Water Base	$45.75	$82.35
Water Usage	$348.00	$463.00
Sewer	$15.00	$25.50
Sewer Usage	$288.00	$489.60
Landfill	$12.00	$12.00
Recycling	$6.00	$6.00
Total	**$714.75**	**$1,078.45**