

# Lynnfield Center Water District

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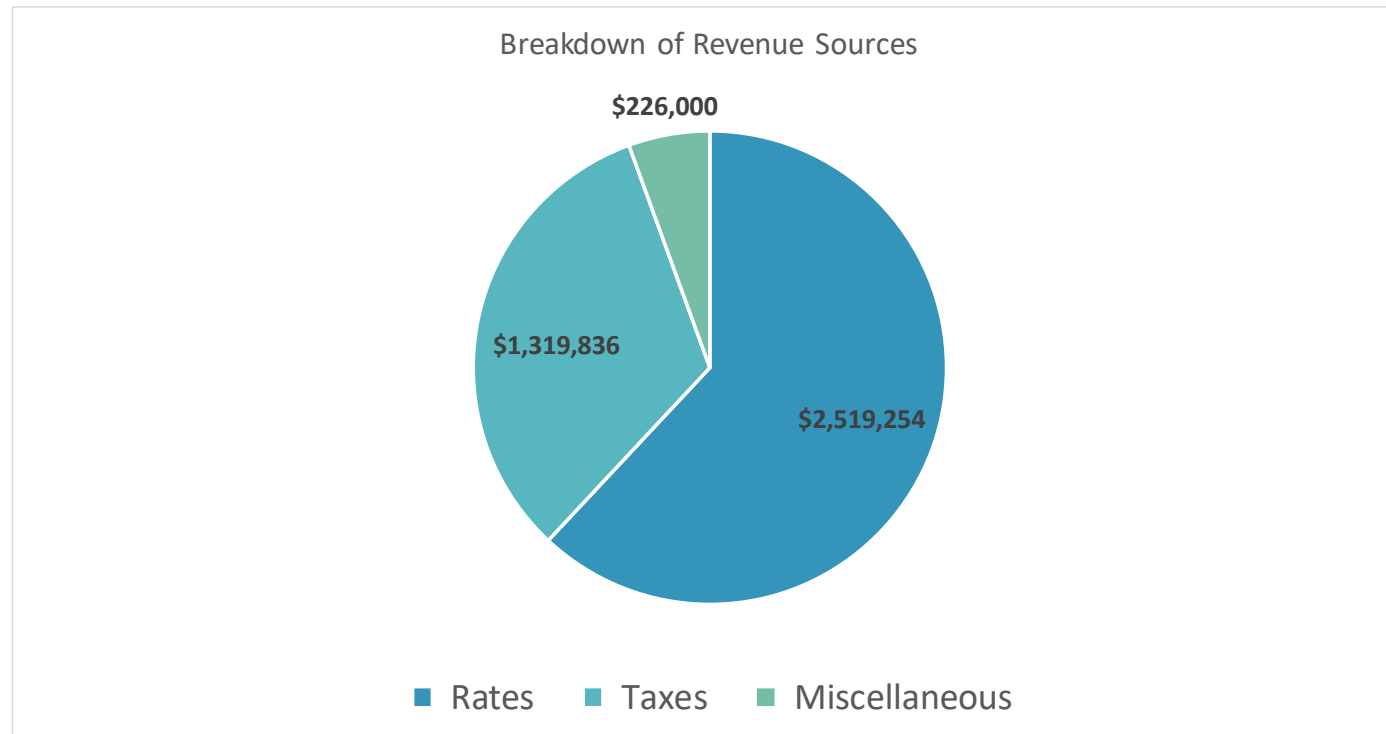
FY 2025 Rate Update

February 26, 2024



# Rate Study Overview

- Analyzed impacts of water rates assuming two different FY 2025 operating budgets
- Modeled four different rate design options
- Analyzed recent trends in water consumption to arrive at forecasted FY 2025 levels
  - › Billable water consumption is down ~11% in FY 2024
- Ensured appropriate inclusion of miscellaneous revenue to offset rate increases



# Historical Rates & Typical Residential Customer Bill

## Historical Rates and Taxes

	FY 2022	FY 2023	FY 2024
Tier 1: 0-24 Kgal	\$6.77	\$9.13	\$10.37
Tier 2: > 24 Kgal	\$16.93	\$22.84	\$25.94
Residential Fixed	\$100.00	\$100.00	\$100.00
Other Fixed	\$200.00	\$200.00	\$200.00
Tax Rate	\$0.46	\$0.43	\$0.45

## Typical Residential Customer Annual Bill

	FY 2022	FY 2023	FY 2024
<b>Annual Bill</b>	<b>\$959</b>	<b>\$1,071</b>	<b>\$1,165</b>
% Increase		11.7%	8.8%
\$ Increase		\$112	\$94

# FY 2025 Budget & Rate Options

- **Budget Options:**

- › Option 1: **\$4.2 million** - 8.5% increase from FY 2024 budget; \$90k in new debt service payments; fully funding \$17.0 million loan
- › Option 2: **\$4.1 million** - 5.0% increase from FY 2024 budget; \$90k in new debt service payments; fully funding \$17.0 million loan

- **Rate Options:**

- › Option A: Recover all necessary rate increase from Volumetric Tier 1 only
- › Option B: Recover all necessary rate increase from Volumetric Tier 1 and fixed charges
- › Option C: Recover all necessary rate increase from Volumetric Tiers 1 and 2
- › Option D: Recover all necessary rate increases from Volumetric Tiers 1 and 2, and fixed charges
- › Option E: Increase fixed charges by \$10 per quarter, and recover all remaining revenue from Volumetric Tier 1 only

# Rate Increases by Option

	Option A	Option B	Option C	Option D	Option E
<u>Budget Option 1 – 8.5%</u>					
Volumetric Tier 1	16.4%	14.5%	11.6%	10.3%	9.0%
Volumetric Tier 2	0.0%	0.0%	11.6%	10.3%	0.0%
Fixed Residential	0.0%	10.3%	0.0%	10.3%	40.0%
Fixed Other	0.0%	10.3%	0.0%	10.3%	40.0%
<u>Budget Option 2 – 5.0%</u>					
Volumetric Tier 1	9.4%	8.3%	6.7%	5.9%	
Volumetric Tier 2	0.0%	0.0%	6.7%	5.9%	0.0%
Fixed Residential	0.0%	5.8%	0.0%	5.9%	40.0%
Fixed Other	0.0%	5.8%	0.0%	5.9%	40.0%

# Annual Bill Impacts – Budget Option 1 (8.5%)

	Current	FY 2025	\$ Change	% Change
<u>Low-Volume Residential</u>				
Option A	\$917	\$990	\$73	8.0%
Option B	\$917	\$993	\$76	8.3%
Option C	\$917	\$972	\$55	6.0%
Option D	\$917	\$977	\$61	6.6%
Option E	\$917	\$1,002	\$86	9.3%
<u>Typical Residential</u>				
Option A	\$1,165	\$1,279	\$114	9.8%
Option B	\$1,165	\$1,278	\$113	9.6%
Option C	\$1,165	\$1,250	\$84	7.2%
Option D	\$1,165	\$1,252	\$86	7.4%
Option E	\$1,165	\$1,273	\$108	9.3%
<u>Typical Other</u>				
Option A	\$1,398	\$1,547	\$148	10.6%
Option B	\$1,398	\$1,542	\$143	10.2%
Option C	\$1,398	\$1,508	\$109	7.8%
Option D	\$1,398	\$1,507	\$108	7.7%
Option E	\$1,398	\$1,526	\$127	9.1%

# Annual Bill Impacts – Budget Option 2 (5.0%)

	Current	FY 2025	\$ Change	% Change
<u>Low-Volume Residential</u>				
Option A	\$917	\$964	\$47	5.1%
Option B	\$917	\$965	\$49	5.3%
Option C	\$917	\$953	\$37	4.0%
Option D	\$917	\$957	\$40	4.4%
Option E	\$917	\$976	\$60	6.5%
<u>Typical Residential</u>				
Option A	\$1,165	\$1,236	\$70	6.0%
Option B	\$1,165	\$1,235	\$70	6.0%
Option C	\$1,165	\$1,219	\$54	4.6%
Option D	\$1,165	\$1,220	\$55	4.7%
Option E	\$1,165	\$1,230	\$65	5.5%
<u>Typical Other</u>				
Option A	\$1,398	\$1,489	\$91	6.5%
Option B	\$1,398	\$1,486	\$87	6.3%
Option C	\$1,398	\$1,466	\$68	4.9%
Option D	\$1,398	\$1,466	\$68	4.8%
Option E	\$1,398	\$1,468	\$70	5.0%

# Rate Changes – Option 1 (8.5%)

	Current (FY24)	Option A (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$12.07	\$1.70	16.4%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$100.00	\$0.00	0.0%
Other Fixed	\$200.00	\$200.00	\$0.00	0.0%

	Current (FY24)	Option B (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.88	\$1.51	14.5%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$110.00	\$10.00	10.3%
Other Fixed	\$200.00	\$220.00	\$20.00	10.3%



# Rate Changes – Option 1 (8.5%)

	Current (FY24)	Option C (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.57	\$1.20	11.6%
Tier 2: > 24 Kgal	\$25.94	\$28.94	\$3.00	11.6%
Residential Fixed	\$100.00	\$100.00	\$0.00	0.0%
Other Fixed	\$200.00	\$200.00	\$0.00	0.0%

	Current (FY24)	Option D (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.44	\$1.07	10.3%
Tier 2: > 24 Kgal	\$25.94	\$28.60	\$2.66	10.3%
Residential Fixed	\$100.00	\$110.00	\$10.00	10.3%
Other Fixed	\$200.00	\$220.00	\$20.00	10.3%

# Rate Changes – Option 1 (8.5%)

	Current (FY24)	Option E (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.30	\$0.93	9.0%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$140.00	\$40.00	40.0%
Other Fixed	\$200.00	\$280.00	\$80.00	40.0%

# Rate Changes – Option 2 (5.0%)

	Current (FY24)	Option A (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.34	\$0.97	9.4%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$100.00	\$0.00	0.0%
Other Fixed	\$200.00	\$200.00	\$0.00	0.0%

	Current (FY24)	Option B (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.23	\$0.86	8.3%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$106.00	\$6.00	5.8%
Other Fixed	\$200.00	\$212.00	\$12.00	5.8%

# Rate Changes – Option 2 (5.0%)

	Current (FY24)	Option C (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.06	\$0.69	6.7%
Tier 2: > 24 Kgal	\$25.94	\$27.65	\$1.71	6.7%
Residential Fixed	\$100.00	\$100.00	\$0.00	0.0%
Other Fixed	\$200.00	\$200.00	\$0.00	0.0%

	Current (FY24)	Option D (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$11.44	\$0.61	5.9%
Tier 2: > 24 Kgal	\$25.94	\$28.60	\$1.51	5.9%
Residential Fixed	\$100.00	\$110.00	\$6.00	5.9%
Other Fixed	\$200.00	\$220.00	\$12.00	5.9%

# Rate Changes – Option 2 (5.0%)

	Current (FY24)	Option E (FY25)	\$ Difference	% Difference
Tier 1: 0-24 Kgal	\$10.37	\$10.58	\$0.21	2.0%
Tier 2: > 24 Kgal	\$25.94	\$25.94	\$0.00	0.0%
Residential Fixed	\$100.00	\$140.00	\$40.00	40.0%
Other Fixed	\$200.00	\$280.00	\$80.00	40.0%

# Historical and Proposed Rates & Typical Residential Customer Bill

## Rates and Taxes

	FY 2022	FY 2023	FY 2024	FY 2025 Option 1E
Tier 1: 0-24 Kgal	\$6.77	\$9.13	\$10.37	\$11.30
Tier 2: > 24 Kgal	\$16.93	\$22.84	\$25.94	\$25.94
Residential Fixed	\$100.00	\$100.00	\$100.00	\$140.00
Other Fixed	\$200.00	\$200.00	\$200.00	\$280.00
Tax Rate	\$0.46	\$0.43	\$0.45	\$0.46

## Typical Residential Customer Annual Bill

	FY 2022	FY 2023	FY 2024	FY 2025 Option 1E
<b>Annual Bill</b>	<b>\$959</b>	<b>\$1,071</b>	<b>\$1,165</b>	<b>\$1,273</b>
% Increase		11.7%	8.8%	9.3%
\$ Increase		\$112	\$94	\$108

Cumulative increase in typical residential customer bill from FY22-FY25 is \$314



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# Thank you!

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