

Proposed Water and Sewer Rates

Metro Water Services

NewWaterRates.Nashville.gov



SPEAKERS

OVERVIEW & SUMMARY

Scott Potter, PE
Director

FINANCES

Amanda Deaton-Moyer
Assistant Director, Business & Finance

ASSETS & CAPITAL NEEDS

Shanna Whitelaw, PE
Manager of Strategic & Long Term Capital Planning

Serving the Nashville Community since 1833



Our mission is to supply, treat, manage, and protect our water resources in a sustainable manner for the benefit of all who live, work, and play in our community.

1889



1889



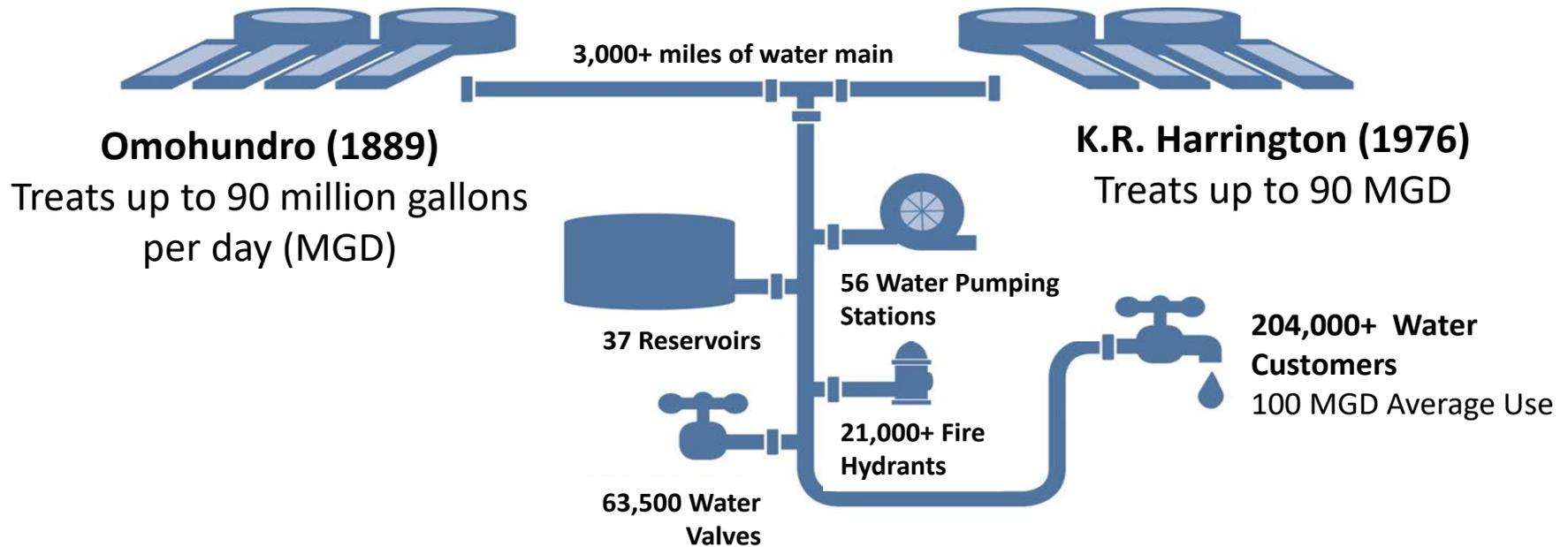
Late
1800s



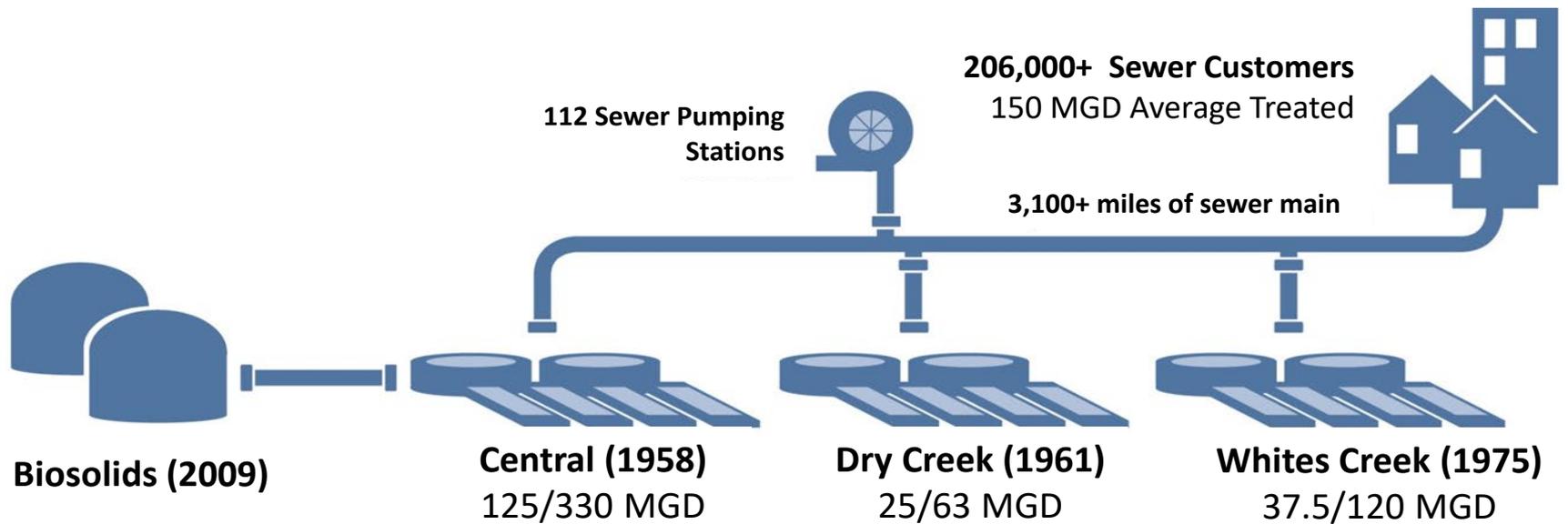
1958



Drinking Water Treatment

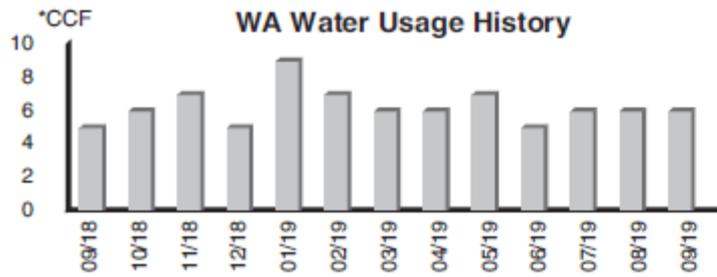


Water Reclamation



Water and Sewer Billing

Account Detail



Billing Period
 SEP 2018 - 5 CCF SEP 2019 - 6 CCF
 * 1 CCF (100 cubic feet) = 748 Gallons

Service From 08/23/19 - 09/24/19	(32 Days)
WA Water Charges	\$12.45
SW Sewer Charges	26.58
ST Stormwater Charges	6.00
City Tax	0.28
State Tax	0.87
Sewer User Surcharge	2.66
	\$48.84

Average Cost Per Day \$1.53

Service	Register	Meter	Size	Read Type	Meter Reading		Usage	
					From	To	CCF	Gallons
WA	0001	SNR70432169	5/8 INCH	READ	789	795	6	4488
SW							6	4488

Bill Variables

Type of Customer

Residential

S/M/L
Commercial

S/M/L
Industrial

Meter Size

5/8"-10"

Usage

(1ccf = 748
gallons)

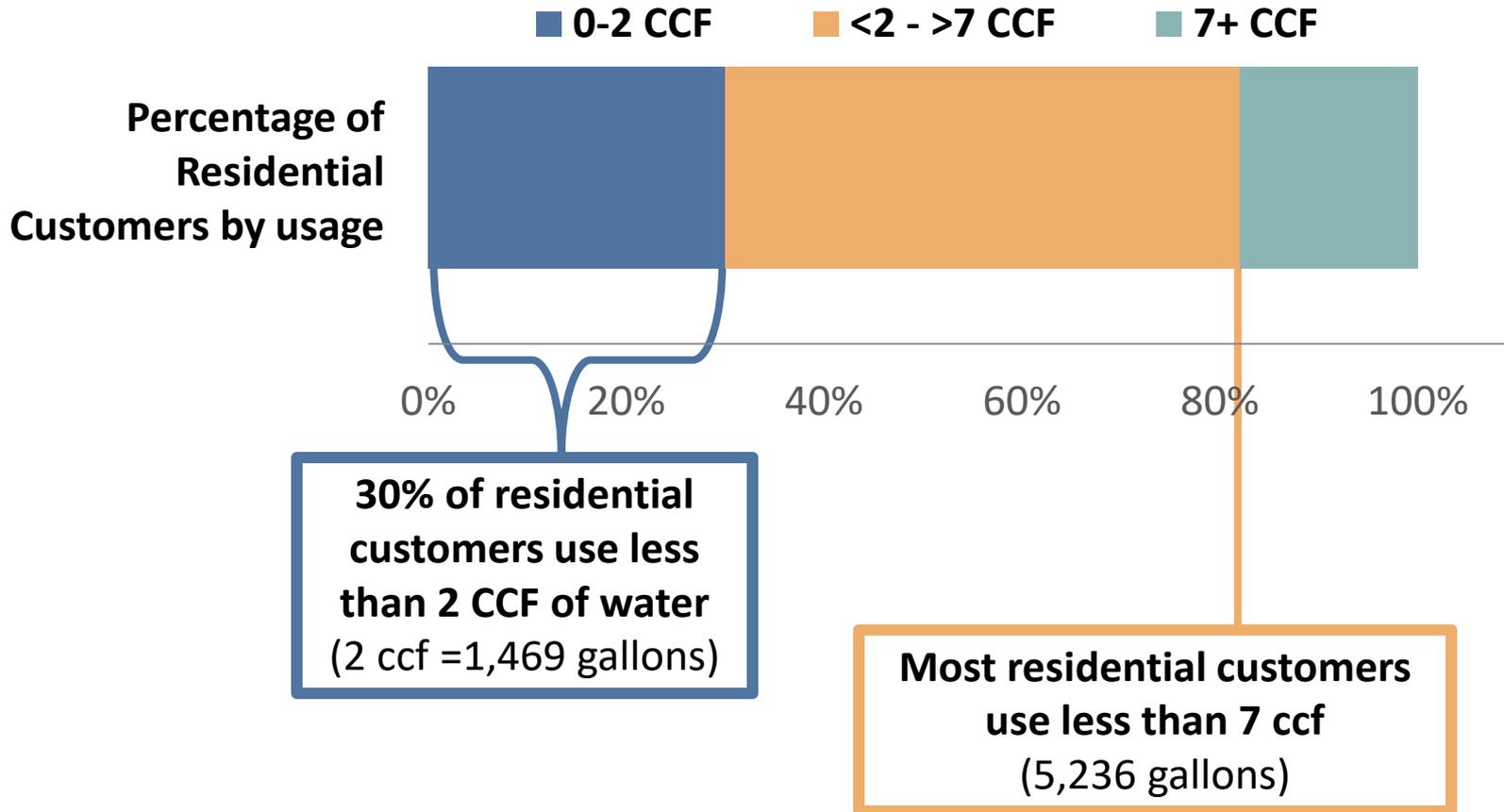
Base rate
for ≤ 2 ccfs

Rate for
additional
ccfs

Fees

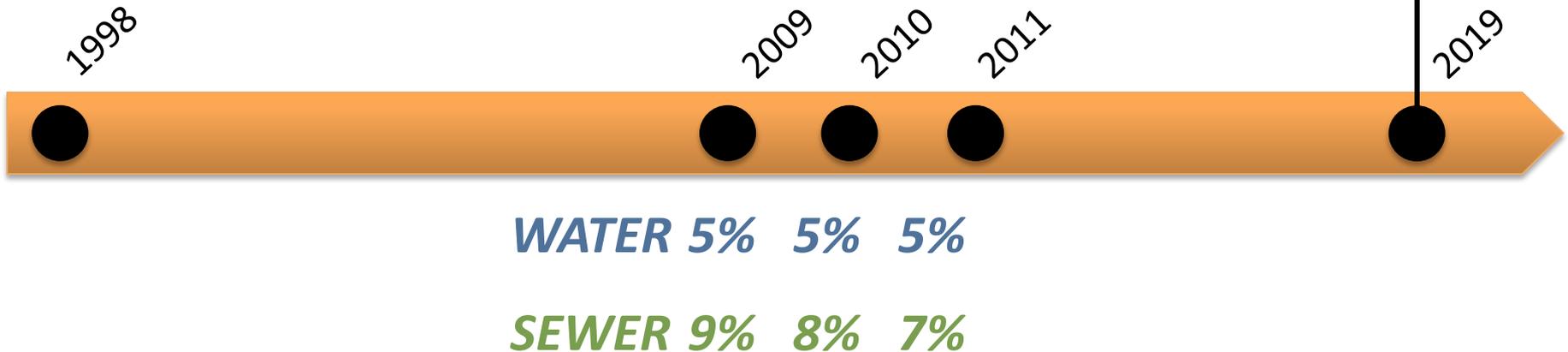
Sewer User
Surcharge
(10%)

Typical Residential Customer



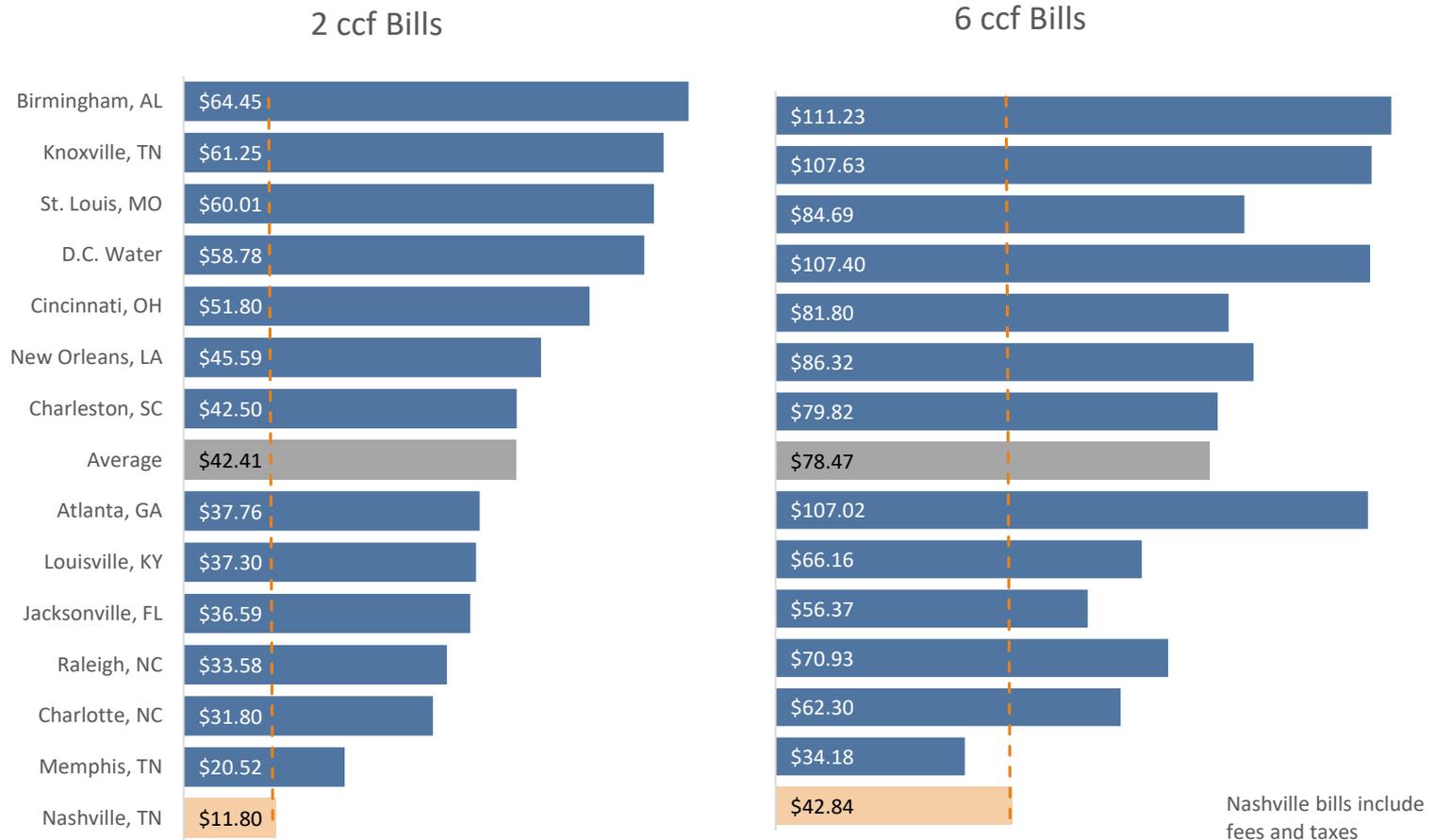
Water and Sewer Rate Adjustments

82% of our residential customer bills have a usage of less than 7 CCF each month.
That typical bill has increased by only \$4.07 or less over two decades

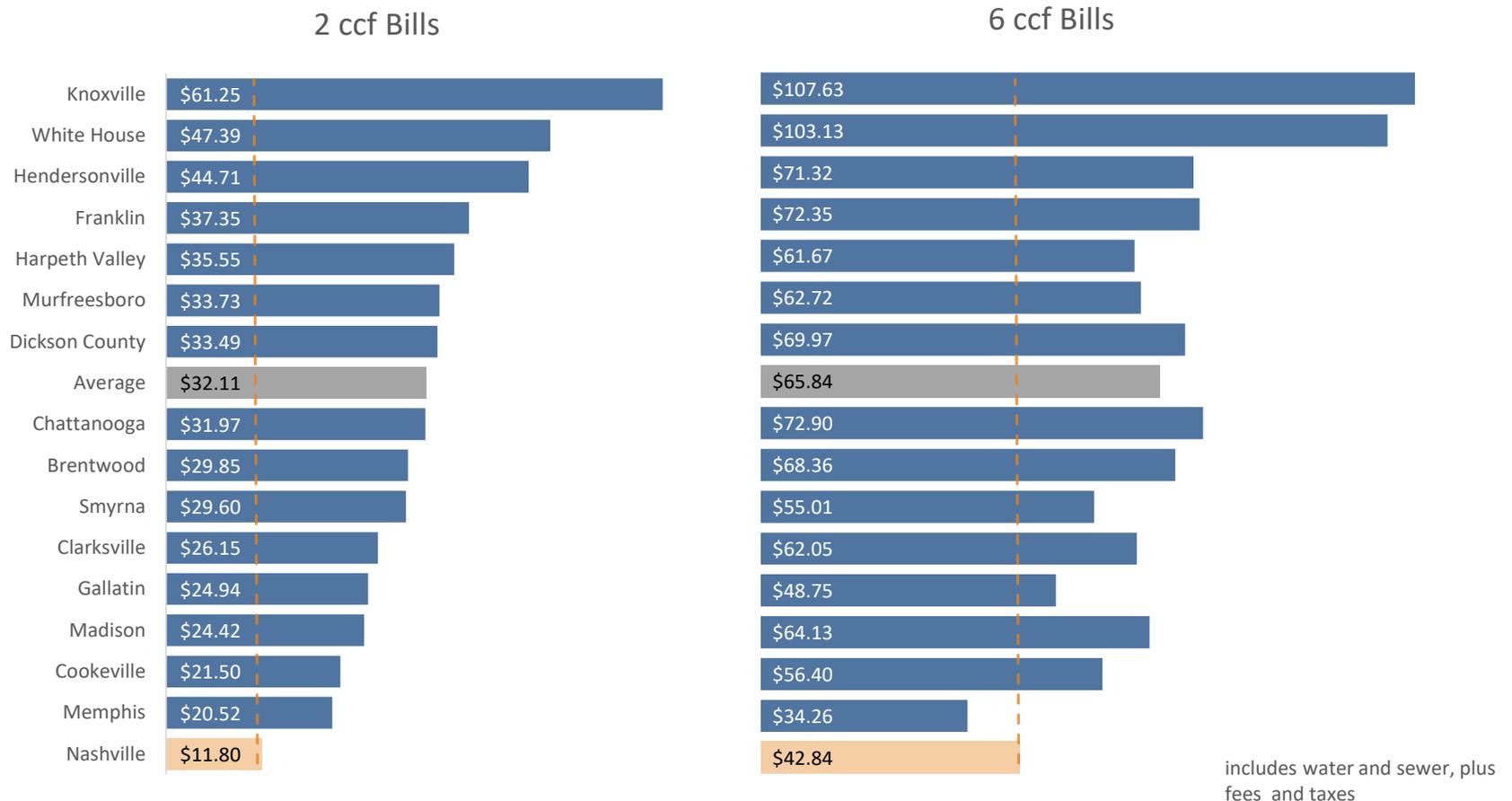


BL2009-407 phased in rate adjustments for water and sewer rates

Residential Water & Sewer Bill Comparison – Regional Peer Cities (Current)



Residential Water & Sewer Bill Comparison – Regional Neighbors (Current)





OUR COSTS
HAVE
GONE UP

COSTS TO
CUSTOMERS
HAVE NOT

OUR RATES HAVE NOT
CHANGED SINCE

2011

IN THE PAST 10 YEARS,
OUR OPERATING COSTS
HAVE INCREASED

30%

Balancing Two Budgets

Last longer than 1 year and cost more than \$10,000

Capital Improvements

Funded by borrowing **bonds** to be paid back over time (like taking out a loan for a house)

Water pipes, Valves, Fire hydrants, etc.

Clean Water Nashville

Facility Maintenance and Repair

Operations

Day-to-day operational costs

Funded by our **revenue**

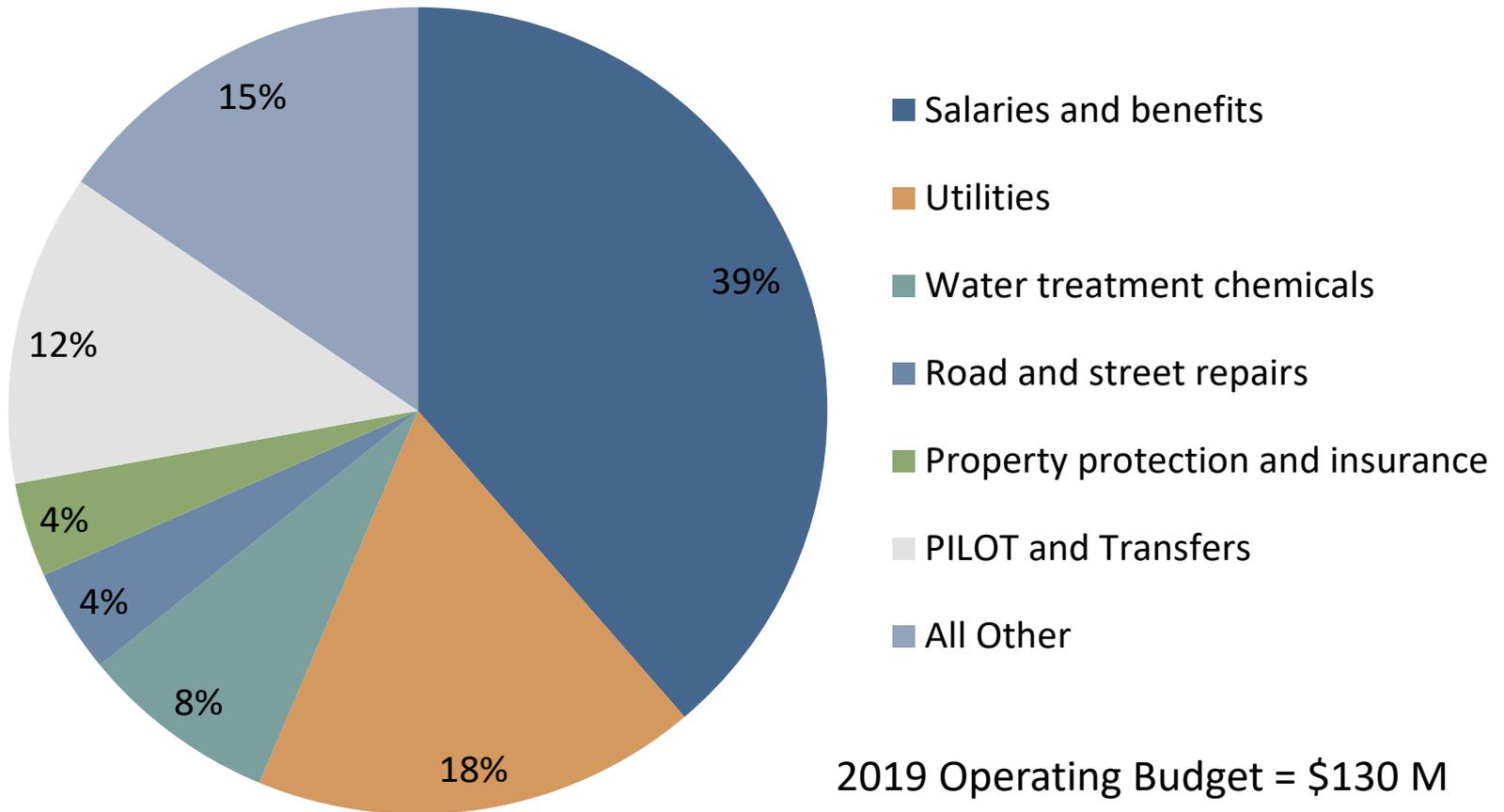
Utility Bills

Employee Salaries

Chemicals

Other Supplies and Services

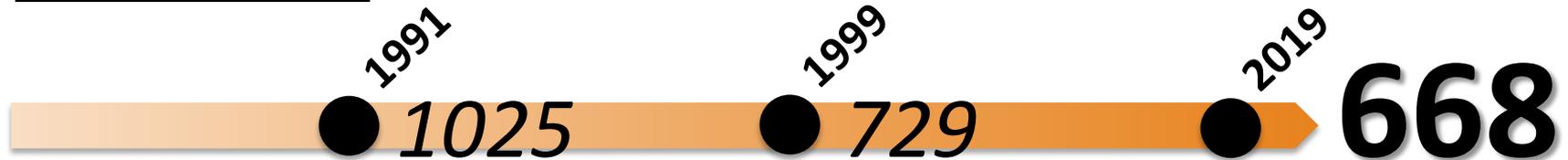
Operating Expenses - 2019



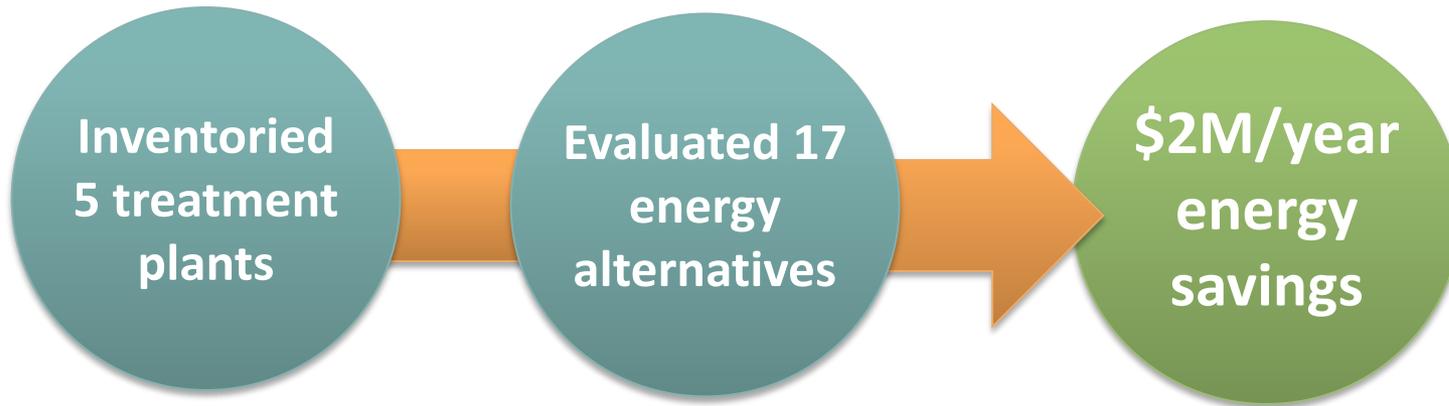


Implementing Efficiency

REDUCED STAFFING



ENERGY MANAGEMENT / NEW TECHNOLOGY



Operating per day



\$570,000



Capital Projects

Whites Creek
Pumping Station
\$24M

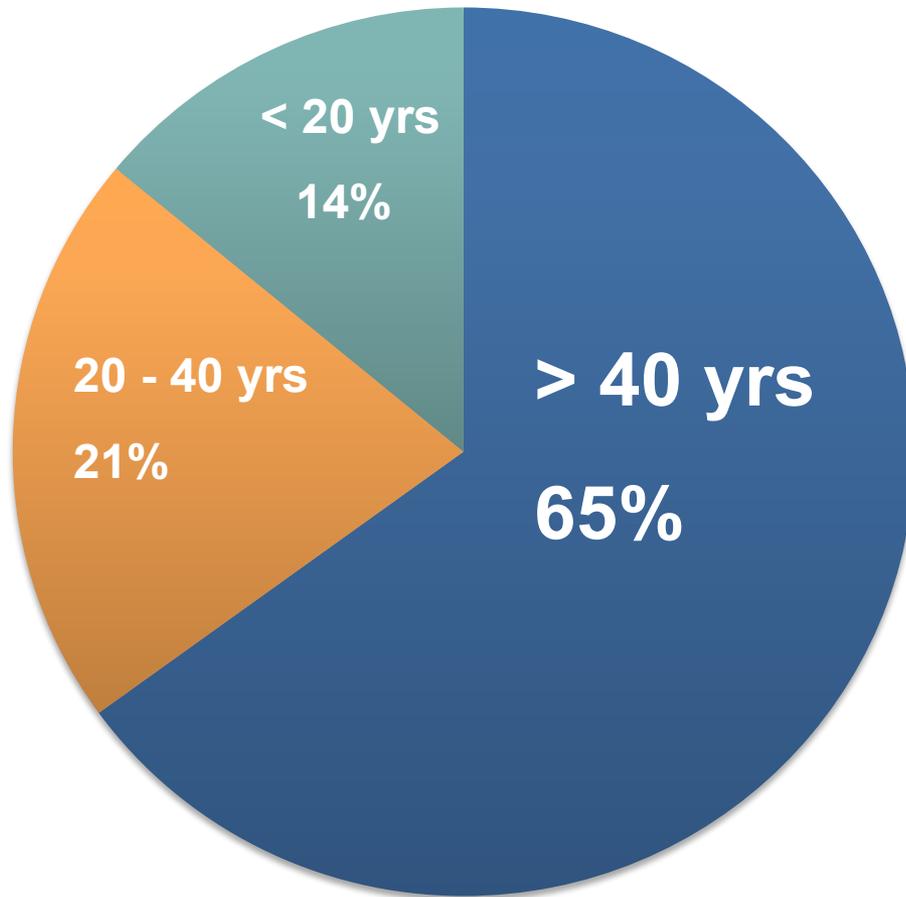


Capital Projects

Cumberland City Low
Transmission Water Main:
\$30,493,096

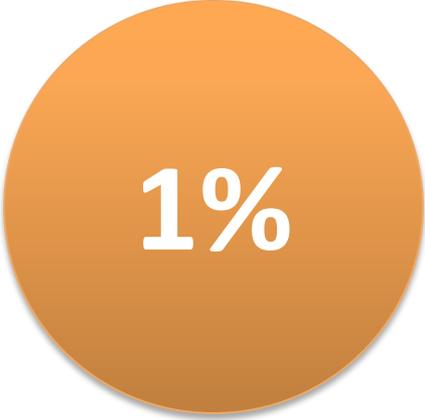


Aging Water Infrastructure



65% of our water mains are over 40 years old.

Replacing Old Infrastructure - Water



1%

GOAL

Replace 1% of old water pipes annually equaling approx. 30 miles of pipe each year.



\$40M

COST

The cost to replace 1% of pipes equals \$40 million annually.

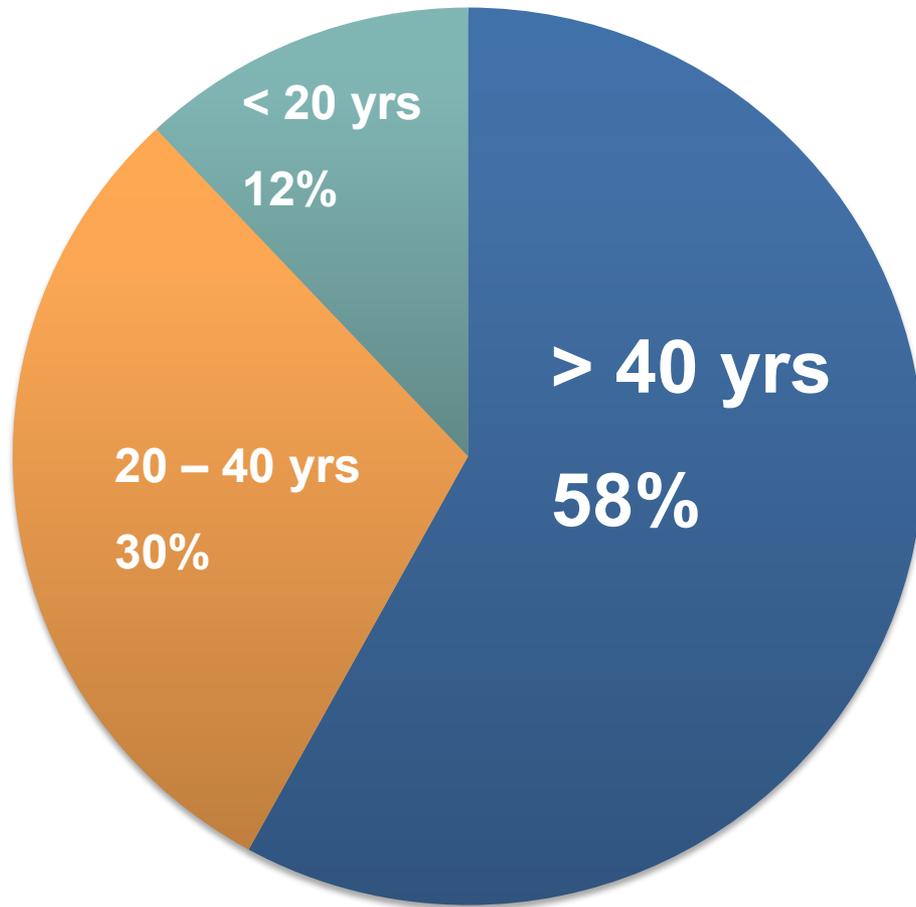


100yr

LONGEVITY

New pipes are designed to last for 100 years.

Aging Sewer Infrastructure



58% of our sewer mains are over 40 years old.

Replacing Old Infrastructure - Sewer

2009 Consent Decree



REGULATIONS

Full compliance with NPDES permits, Clean Water Act, TN Water Quality Control Act



OVERFLOWS

Eliminate 27 listed sewer overflows



ORDER

Must be in compliance by 2028

Consent Decree = Clean Water Nashville Program

\$1.5B

**CONSENT DECREE REQUIRES
\$1.5 BILLION IN UPGRADES**

Clean Water Nashville program
was created to address sewer
overflows.

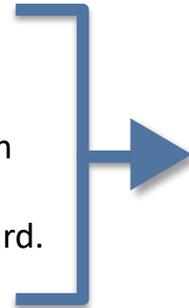
2009

60

**60 PROJECTS NEED
FUNDING**

We have 60 projects on
hold until we have the
funding to move forward.

2019



- \$400M in upgrades needed to Central Wastewater Treatment Plant to reduce sewer overflows
- \$300M for Mill Creek Tunnel and Storage project needed to reduce sewer overflows
- 150 miles of sewer main need rehabilitation

PROJECT COSTS ESCALATE THE LONGER WE WAIT



Jan 4
2016

2017

2018

2019

Raftelis recommends necessary rate adjustment starting in FY17

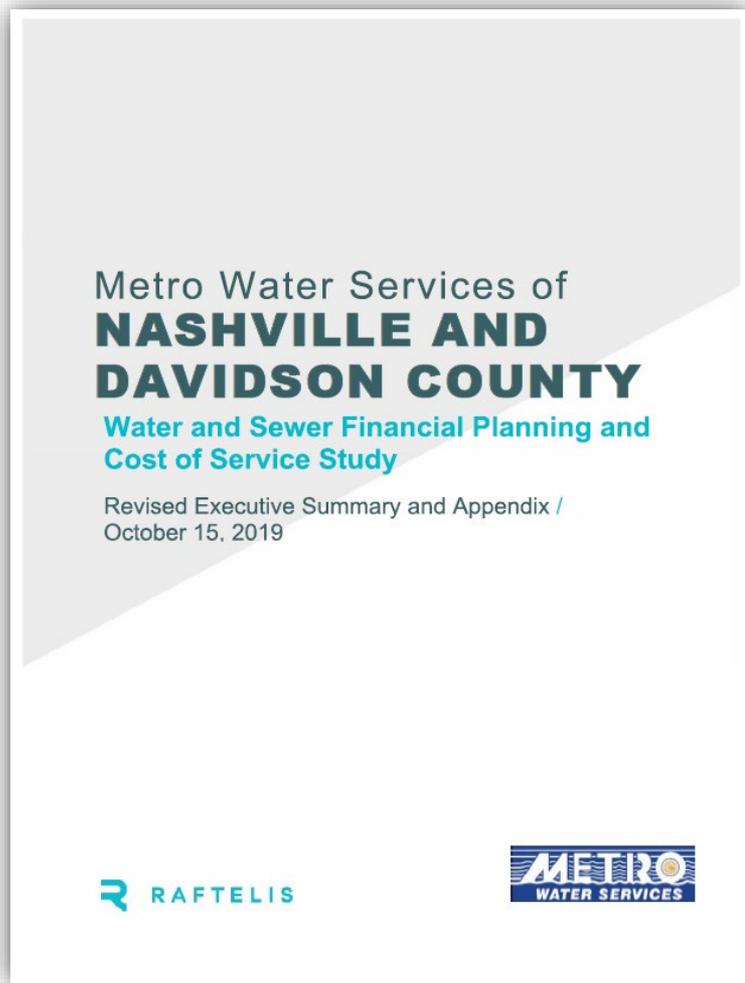
MWS scales back capital activities

MWS labeled financially distressed

MWS not approved for SRF loans

MWS faces action by Comptroller

Cost of Service Study



What does it cost to service different types of customers?

- Residential
- Commercial/Industrial

What are...?

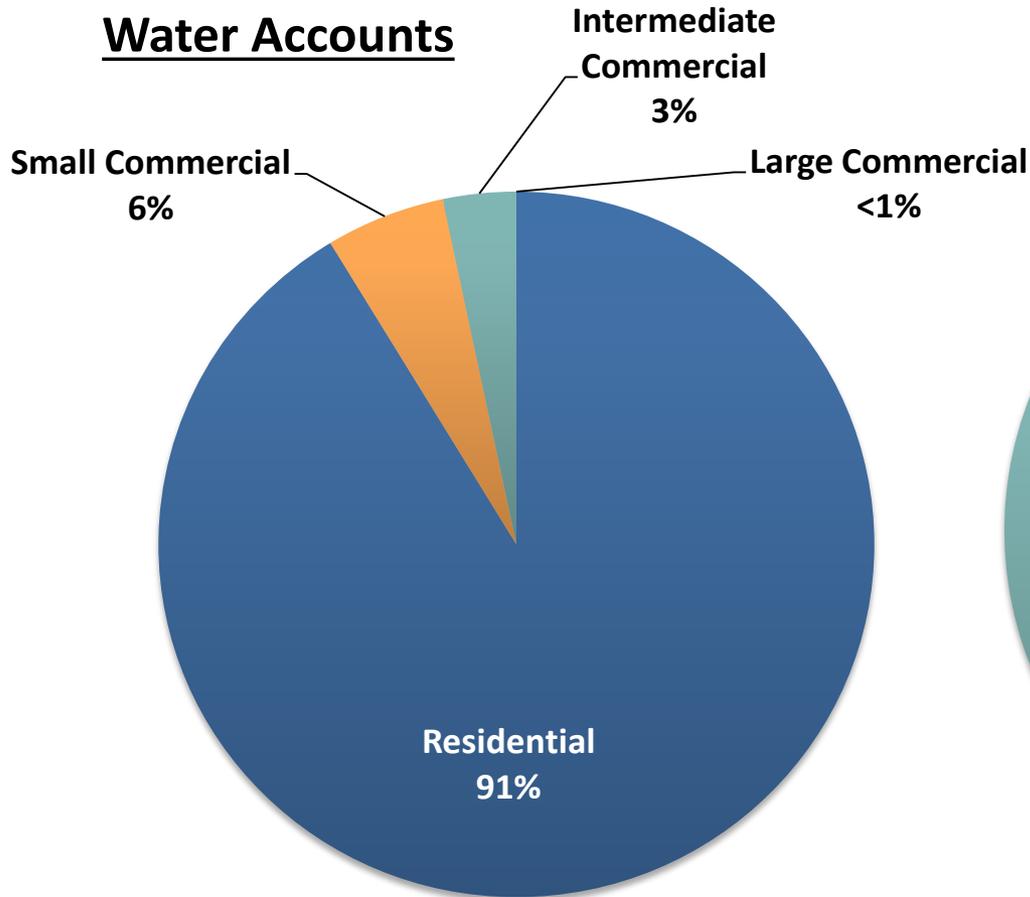
- Current and Projected operational costs
- Needed capital improvement costs



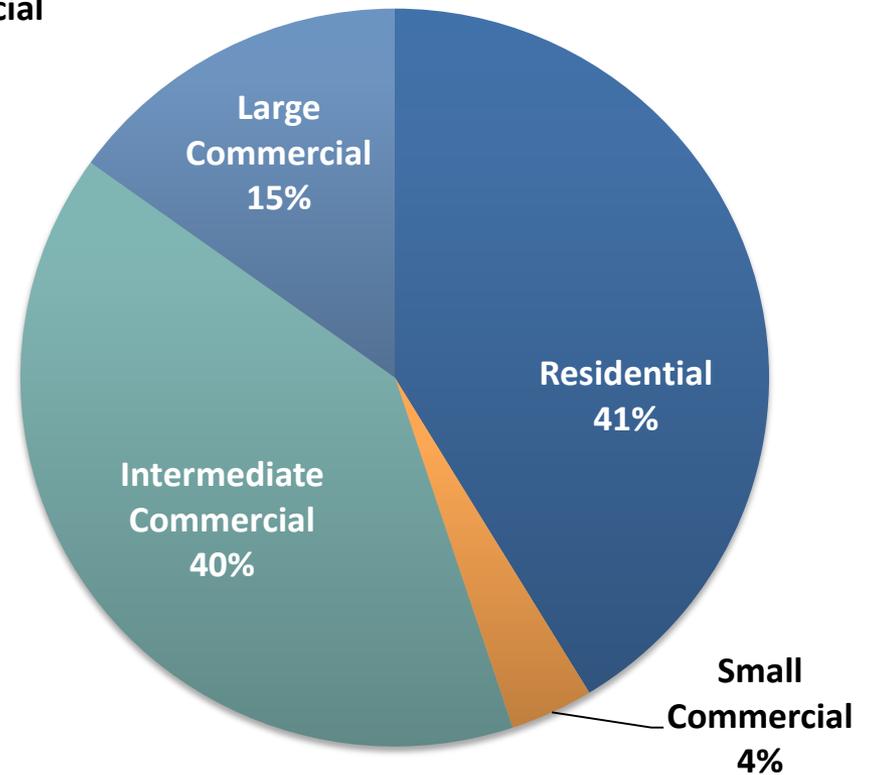
Fair and Equitable

Cost of Service

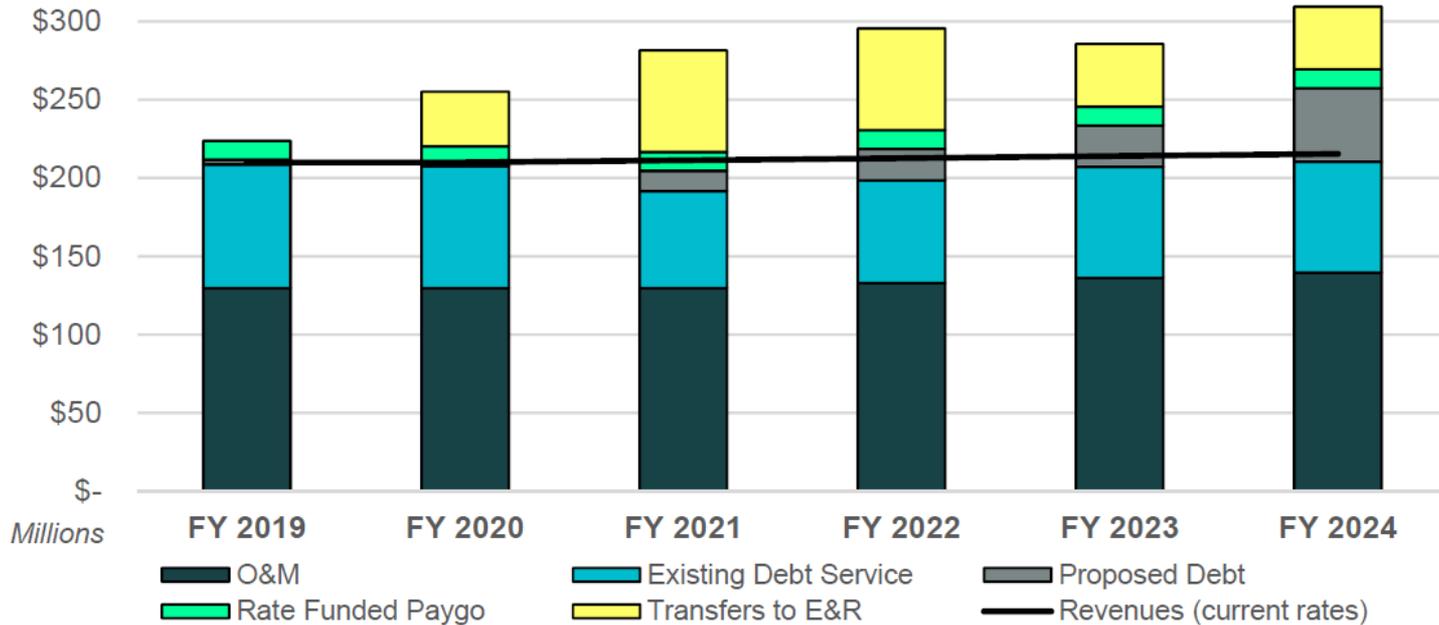
Water Accounts



Water Usage



Projected Rate Sufficiency with no rate increases



	FY 2019 <i>Estimated*</i>	FY 2020 <i>Projected</i>	FY 2021 <i>Projected</i>	FY 2022 <i>Projected</i>	FY 2023 <i>Projected</i>	FY 2024 <i>Projected</i>
Rate Covenant Ratios						
Prior Second Lien (1.20x Required)	1.67x	1.68x	1.91x	1.48x	1.18x	0.95x
Subordinate (1.10x Required)	1.21x	1.23x	1.37x	1.15x	0.96x	0.80x
Additional Bonds Test						
Part I (1.20x Required)	1.74x	1.36x	1.36x	1.10x	0.90x	0.89x
Part II (1.10x Required)	1.26x	1.08x	1.08x	0.92x	0.77x	0.76x

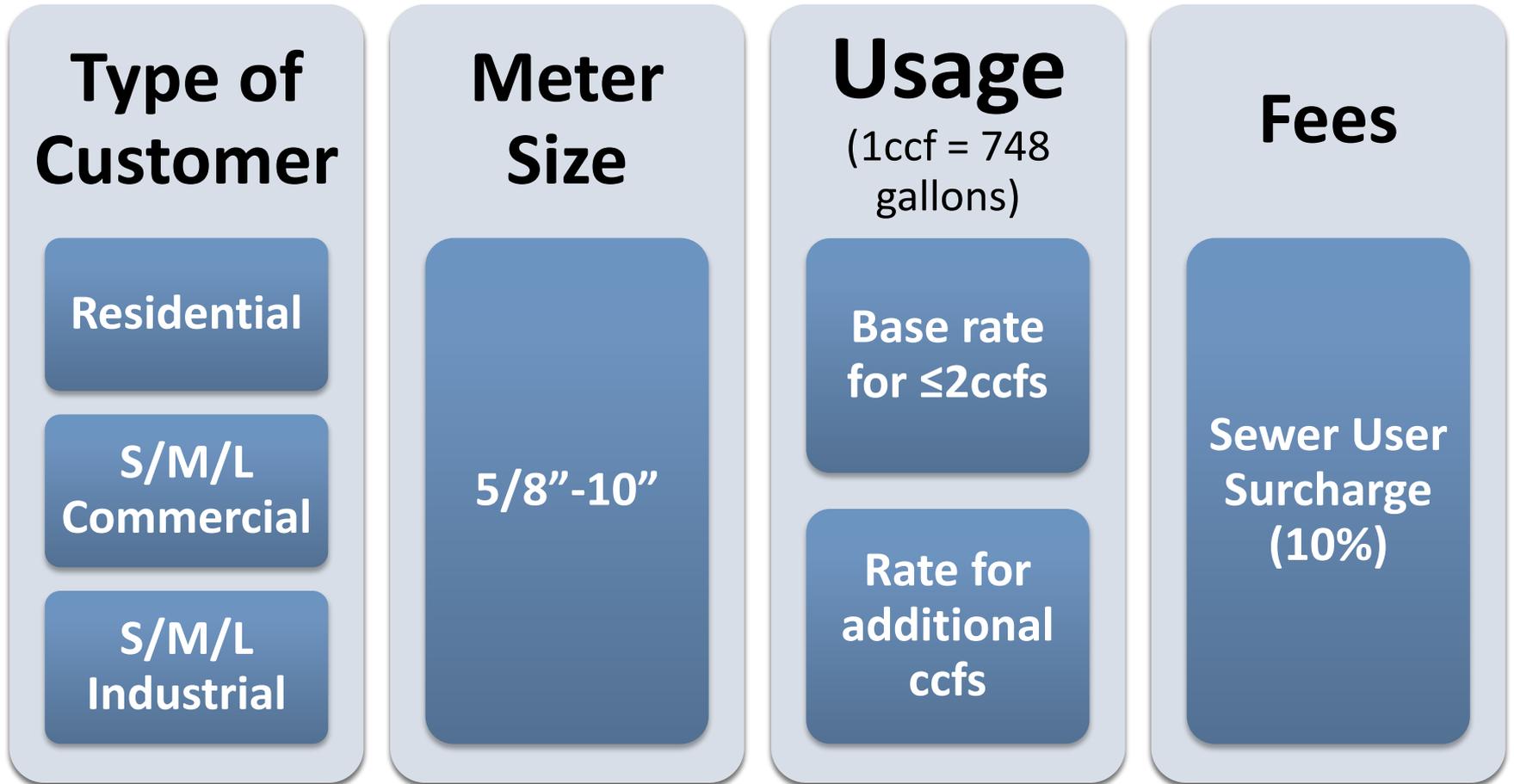


Proposed Rate Structures

	Recommended Scenario
Water	
Usage in base charge	2 CCF
Residential volume rate	4 tiers
Non-residential volume rate	Uniform rate
Water Infrastructure Replacement Fee	10%
Sewer	
Usage in base charge	2 CCF
Residential volume rate	Uniform rate
Non-residential volume rate	Uniform rate
Sewer Infrastructure Replacement Fee	10%



New Bill Variables



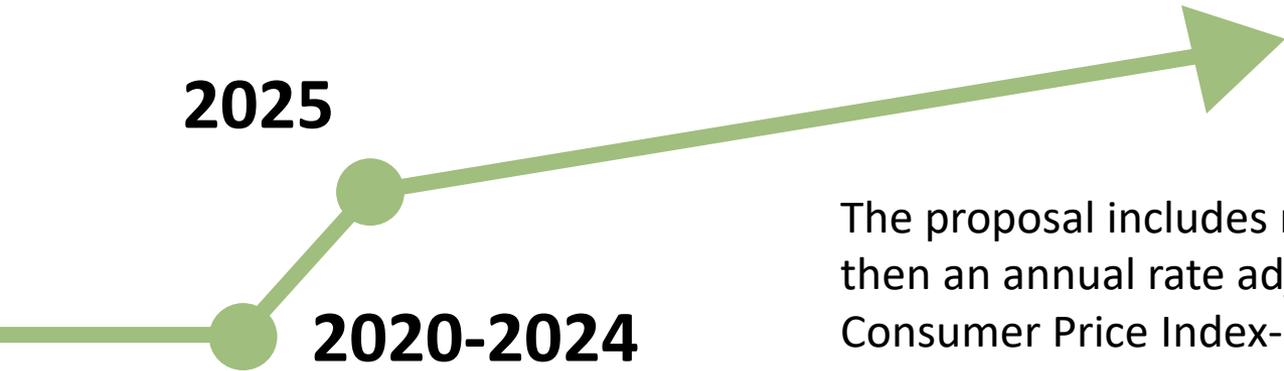


Multi year Adjustments

	FY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Water		COS Alignment				
Fixed Charges	0.0%		4.0%	3.0%	3.0%	3.0%
Volume Charges	0.0%		4.0%	3.0%	3.0%	3.0%
Wastewater						
Fixed Charges	0.0%		4.0%	3.0%	3.0%	3.0%
Volume Charges	0.0%		4.0%	3.0%	3.0%	3.0%

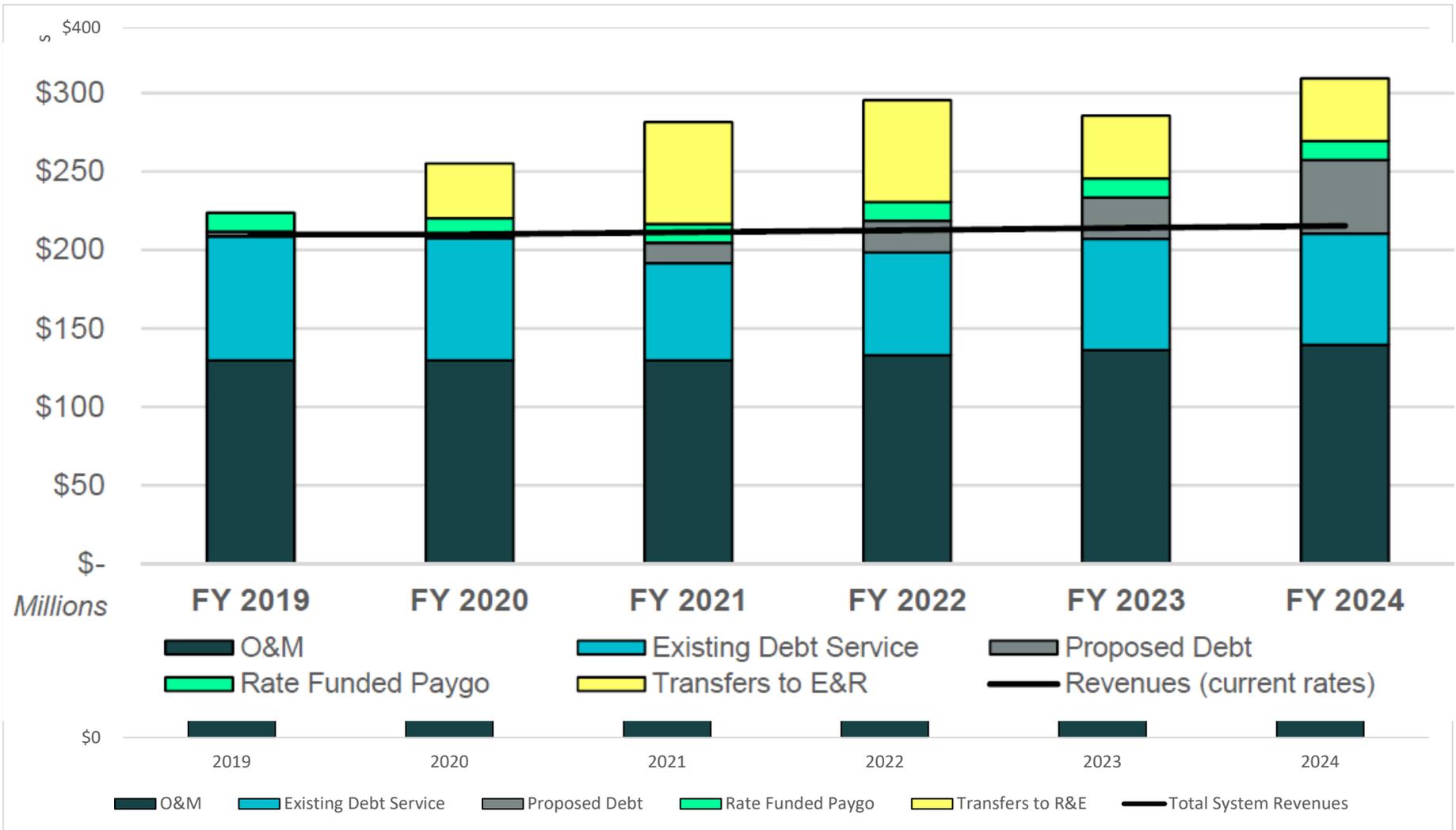
2025

2020-2024



The proposal includes multi year adjustments and then an annual rate adjustment based on the Consumer Price Index- All Urban Consumers.

Projected Rate Sufficiency with no rate increases



Effective January 1, 2020

Fixed Charges		Water	Wastewater
5/8-Inch		\$5.09	\$8.14
3/4-Inch		12.12	36.00
1-Inch		15.28	46.58
1.5-Inch		26.85	90.67
2-Inch		37.91	127.38
3-Inch		60.58	158.59
4-Inch		137.72	449.98
6-Inch		171.93	536.44
8 & 10-Inch		223.72	686.89
Residential Rate	Thresholds	Water	Wastewater
Base Usage/Tier1	0-2	\$-	\$-
Tier 2	2-6	3.50	5.85
Tier 3	6-10	4.20	5.85
Tier 4	>10	5.25	5.85
Non Residential Rate		Water	Wastewater
All Usage		\$2.75	\$5.85

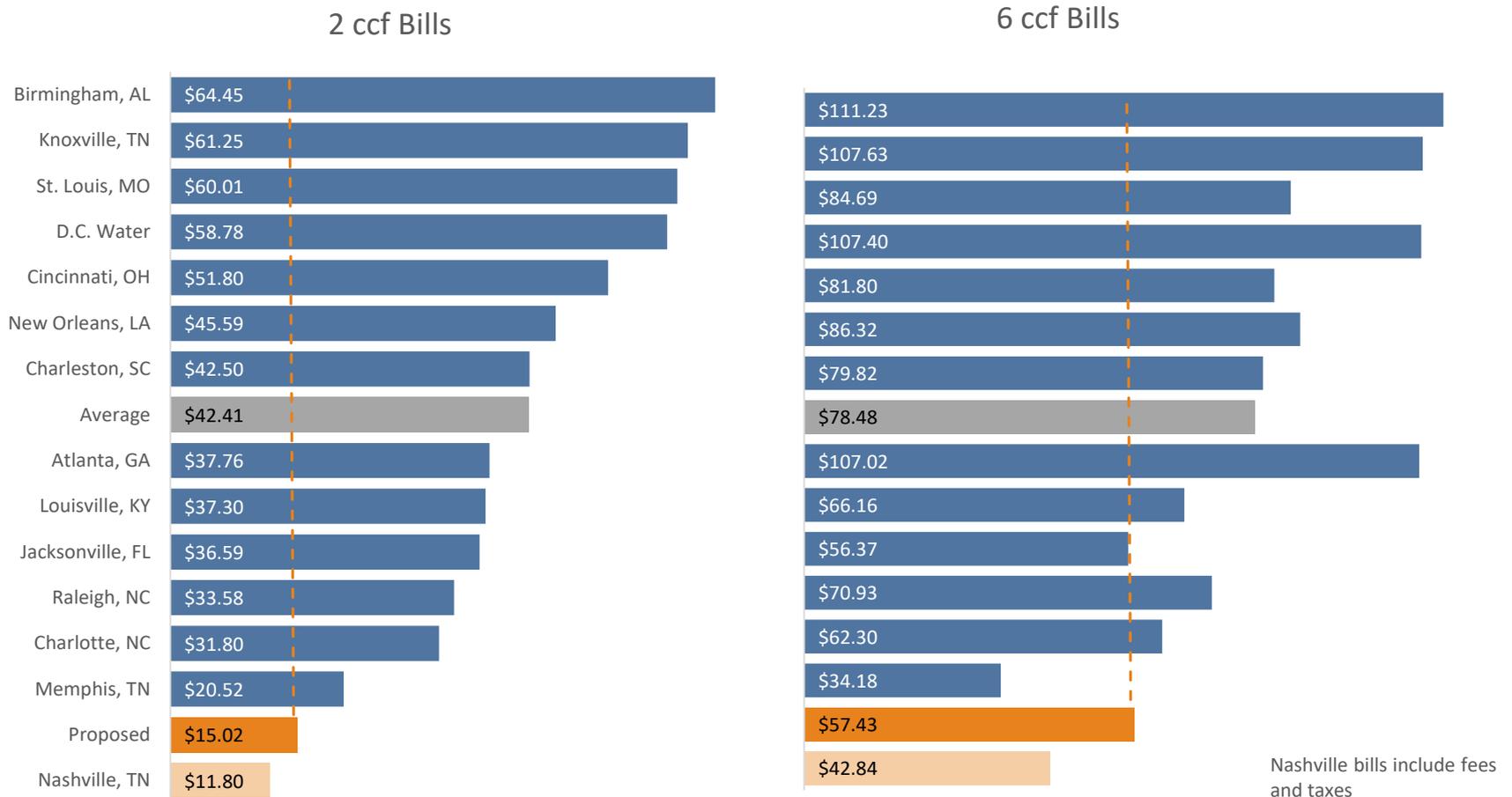
Effective January 1, 2020

RESIDENTIAL CUSTOMER CHANGES

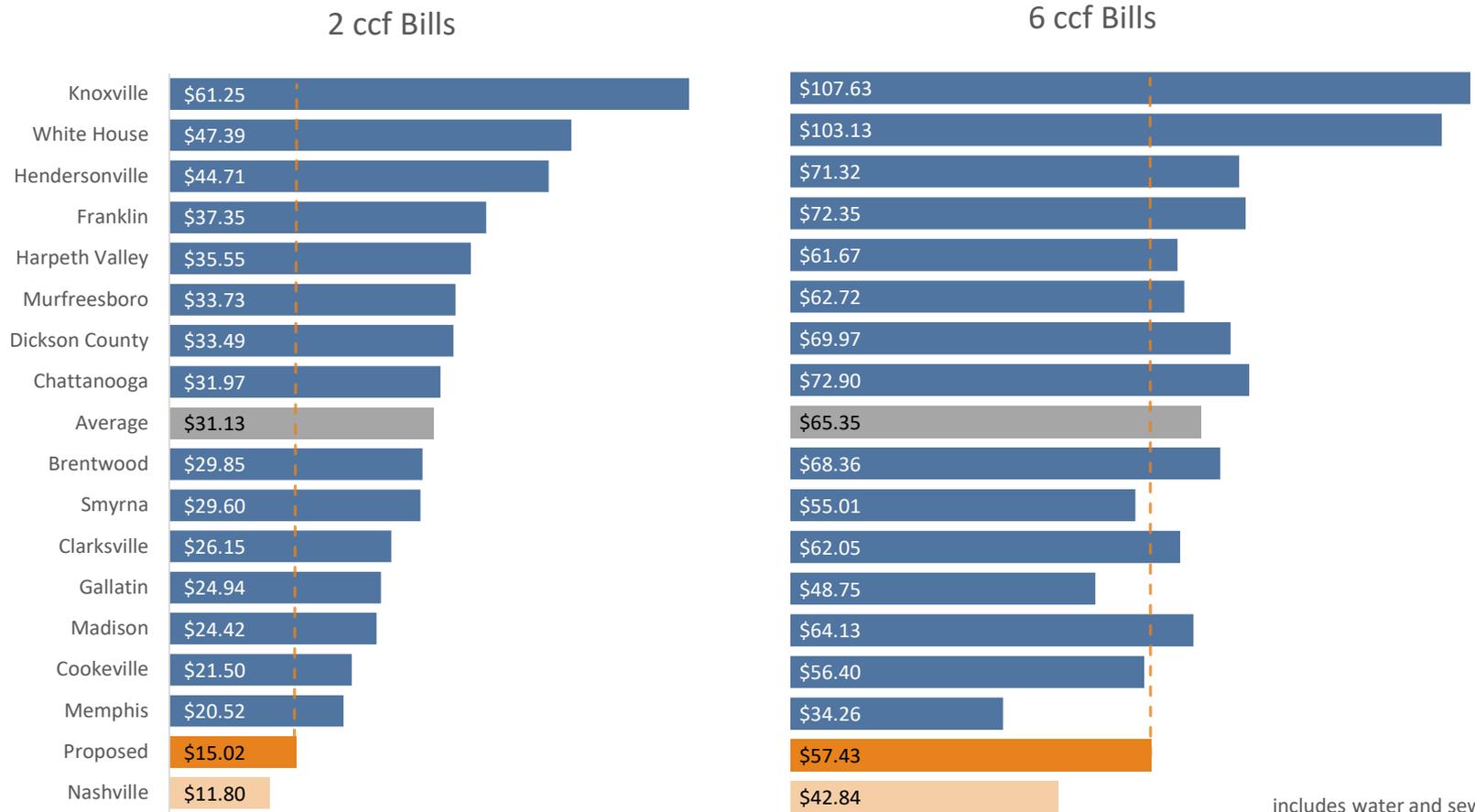
<u>5/8-inch meter</u>	<u>Current Rates</u>	<u>Proposed Rates</u>
2 ccf	\$11.80	\$15.02
6 ccf	\$42.84	\$57.46
8 ccf	\$58.36	\$80.35
10 ccf	\$73.88	\$103.23

**includes water, sewer, WIR, SIR, and taxes*

Residential Water & Sewer Bill Comparison – Regional Peer Cities (Proposed)



Residential Water & Sewer Bill Comparison – Regional Neighbors (Proposed)



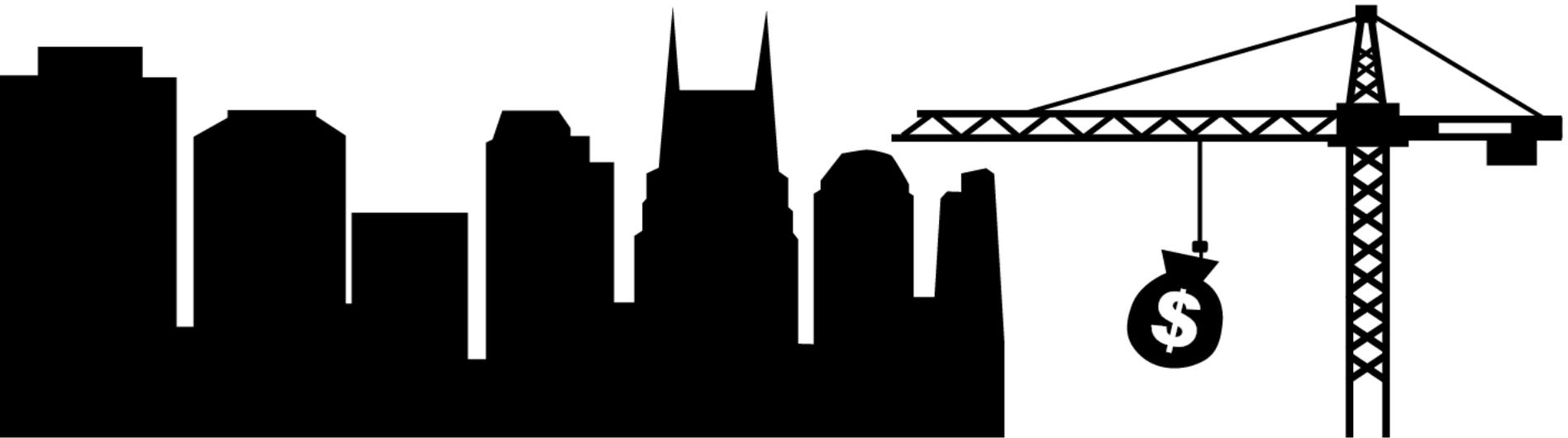
includes water and sewer, plus fees and taxes



Fees

This proposal includes updates to Capacity Fees and other development driven fees such as tap fees, inspection fees, plans review fees etc.

The increase in fees are direct cost recovery so that developers pay for the costs they incur.





Thank You

For more information visit
NewWaterRates.Nashville.gov

