

Town of Wellington

Water/Wastewater Financial Plan, Cost of Service, Rate and Fee Study Rate Advisory Group – Meeting 4

August 19, 2026



Agenda



Residential rate alternatives



Multifamily rate alternatives



Commercial rate alternatives



Irrigation rate alternatives



Meeting #4 goals

- 1** Finalize residential single-unit and multi-unit rate structures
- 2** Finalize commercial rate structures
- 3** Finalize irrigation rate structures

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Updated alternatives

- Alternative 1
 - No minimum in base rate
 - Tier 1: 0 – 4,000 gallons: Indoor usage
 - Tier 2: 4,001 – 14,000 gallons: Average outdoor usage
 - Tier 3: > 14,000 gallons: Above average outdoor usage
- Alternative 2
 - Base rate with minimum allowance
 - Tier 0: 0 – 5,000 gallons (included in minimum charge)
 - Tier 1: >5,000 gallons
- Alternative 3
 - Base rate with no minimum allowance
 - Tier 1: 0 – 5,000 gallons
 - Tier 2: > 5,000 gallons

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Updated residential single-unit alternatives

Using peaking factors to determine tiered pricing

- Peaking factors by tier
 - Calculating each customer's individual peak factor and
 - Determining the highest usage tier reached during their peak month
 - Assigning the peaking factor to the highest usage tier by customer
 - Averaging the peaking factors from each tier
 - Billed usage in each tier, combined with calculated peaking factors, forms the basis for determining the cost to provide service by tier

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Updated residential single-unit alternatives

A quick calculation example

	(a)	(b) = (a)/365	(c)	(d) = (c) / 30 days	(e) = (d) / (b)	(f)	(g)	(h)	(i)
Customer	Annual Usage <i>1,000 gal</i>	Average Day <i>gpd</i>	Maximum Month <i>gal/month</i>	Avg Day in Max Month <i>gpd</i>	Max Month Avg Day	Highest Usage Tier	0 - 4 kgal Tier 1	4 - 14 Kgal Tier 2	> 14 Gal Tier 3
1	75,000	205	8,000	267	1.30	2		1.30	
2	42,000	115	4,000	133	1.16	1	1.16		
3	60,000	164	6,000	200	1.22	2		1.22	
4	120,000	329	16,000	533	1.62	3			1.62
5	48,000	132	4,000	133	1.01	1	1.01		
6	80,000	219	15,000	500	2.28	3			2.28
Average Peak Ratios by Tier							1.09	1.26	1.95

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Alt 1: 3 tiers: 4/14/>14 No volume allowance

Alt 1: Tiers aligned with seasonal usage, no volume allowance

Cost of Service	\$4,729,868	3/4" Service Charge	\$22.19
Service Charge Revenue	1,084,755	1" Service Charge	\$29.09
Volume Rate Revenue Required	\$3,645,112		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	4	58.7%	150,053	\$13.75	\$2,063,498
Tier 2	14	32.5%	82,971	\$14.76	\$1,224,416
Tier 3	> 14	8.9%	22,646	\$15.77	\$357,198
Total		100.0%	255,670	\$14.26	\$3,645,112

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Alt 2: 2 tiers: 5 (minimum)/>5 Includes volume allowance

Alt 2 - Indoor usage & over indoor usage, with min charge

Cost of Service	\$4,729,868	3/4" Service Charge	\$51.00
Service Charge Revenue	2,493,298	1" Service Charge	\$57.90
Volume Rate Revenue Required	\$2,236,570		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	5	66.0%	168,787	\$0.00	\$0
Tier 2	> 5	34.0%	86,883	\$25.74	\$2,236,570
Total		100.0%	255,670		\$2,236,570

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Alt 3: 2 tiers 5/>5 No volume allowance

Alt 3 - Indoor usage & over indoor usage, no min charge

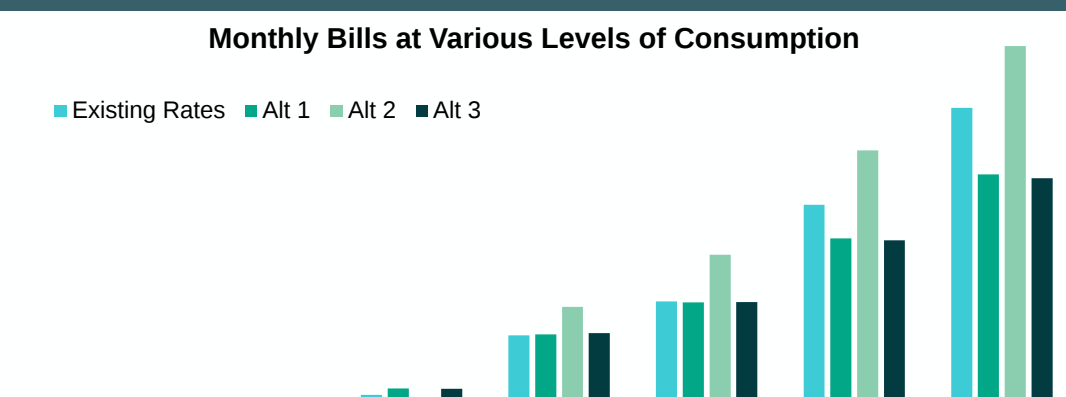
Cost of Service	\$4,729,868	3/4" Service Charge	\$22.19
Service Charge Revenue	1,084,755	1" Service Charge	\$29.09
Volume Rate Revenue Required	\$3,645,112		

	<u>Threshold</u> 1,000 gal	<u>% Vol in Tier</u>	<u>Volume</u> 1,000 gal	<u>Rate</u>	<u>Rev Check</u>
Tier 1	5	66.0%	168,787	\$13.74	\$2,318,546
Tier 2	> 5	34.0%	86,883	\$15.27	\$1,326,567
Total		100.0%	255,670		\$3,645,112

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Monthly Bills at Various Levels of Consumption

Existing Rates Alt 1 Alt 2 Alt 3



	2,000 Gallons	6,000 Gallons	15,000 Gallons	20,000 Gallons	30,000 Gallons	40,000 Gallons
Existing Rates	\$52	\$91	\$238	\$322	\$560	\$799
Alt 1	\$50	\$107	\$241	\$319	\$477	\$635
Alt 2	\$51	\$77	\$308	\$437	\$695	\$952
Alt 3	\$50	\$106	\$244	\$320	\$473	\$625

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Residential single-unit 12-month bills

One ¾" tap for domestic and potable irrigation

35,000 gallons per year

Low Water Use 35,000 gallons

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<i>Water Use (1,000 Gallons)</i>	3.0	3.0	2.0	3.0	2.0	4.0	3.0	3.0	4.0	3.0	2.0	3.0	35.0
Alternative 1 - 4/14/>14													
Existing Rates	\$54.81	\$54.81	\$54.81	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$54.81	\$683.52
Proposed	\$63.44	\$63.44	\$49.69	\$63.44	\$49.69	\$77.19	\$63.44	\$63.44	\$77.19	\$63.44	\$49.69	\$63.44	\$747.53
Change - \$	\$8.63	\$8.63	(\$5.12)	\$8.63	(\$5.12)	\$9.48	\$8.63	\$8.63	\$9.48	\$8.63	(\$5.12)	\$8.63	\$64.01
Alternative 2 - 5/>5 with Minimum													
Existing Rates	\$54.81	\$54.81	\$54.81	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$54.81	\$683.52
Proposed	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$612.00
Change - \$	(\$3.81)	(\$3.81)	(\$3.81)	(\$3.81)	(\$3.81)	(\$16.71)	(\$3.81)	(\$3.81)	(\$16.71)	(\$3.81)	(\$3.81)	(\$3.81)	(\$71.52)
Alternative 3 - 5/>5 without Minimum													
Existing Rates	\$54.81	\$54.81	\$54.81	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$67.71	\$54.81	\$54.81	\$54.81	\$683.52
Proposed	\$62.41	\$62.41	\$48.67	\$62.41	\$48.67	\$76.15	\$62.41	\$62.41	\$76.15	\$62.41	\$48.67	\$62.41	\$735.18
Change - \$	\$7.60	\$7.60	(\$6.14)	\$7.60	(\$6.14)	\$8.44	\$7.60	\$7.60	\$8.44	\$7.60	(\$6.14)	\$7.60	\$51.66

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Residential single-unit 12-month bills

One ¾" tap for domestic and potable irrigation

62,000 gallons per year

Average Water Use 62,000 gallons

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<i>Water Use (1,000 Gallons)</i>	4.00	4.00	4.00	5.00	4.00	8.00	7.00	6.00	7.00	5.00	4.00	4.00	62.00
Alternative 1 - 4/14/>14													
Existing Rates	\$67.71	\$67.71	\$67.71	\$80.61	\$67.71	\$123.17	\$106.41	\$93.51	\$106.41	\$80.61	\$67.71	\$67.71	\$996.98
Proposed	\$77.19	\$77.19	\$77.19	\$91.95	\$77.19	\$136.23	\$121.47	\$106.71	\$121.47	\$91.95	\$77.19	\$77.19	\$1,132.92
Change - \$	\$9.48	\$9.48	\$9.48	\$11.34	\$9.48	\$13.06	\$15.06	\$13.20	\$15.06	\$11.34	\$9.48	\$9.48	\$135.94
Alternative 2 - 5/>5 with Minimum													
Existing Rates	\$67.71	\$67.71	\$67.71	\$80.61	\$67.71	\$123.17	\$106.41	\$93.51	\$106.41	\$80.61	\$67.71	\$67.71	\$996.98
Proposed	\$51.00	\$51.00	\$51.00	\$51.00	\$51.00	\$128.22	\$102.48	\$76.74	\$102.48	\$51.00	\$51.00	\$51.00	\$817.92
Change - \$	(\$16.71)	(\$16.71)	(\$16.71)	(\$29.61)	(\$16.71)	\$5.05	(\$3.93)	(\$16.77)	(\$3.93)	(\$29.61)	(\$16.71)	(\$16.71)	(\$179.06)
Alternative 3 - 5/>5 without Minimum													
Existing Rates	\$67.71	\$67.71	\$67.71	\$80.61	\$67.71	\$123.17	\$106.41	\$93.51	\$106.41	\$80.61	\$67.71	\$67.71	\$996.98
Proposed	\$76.15	\$76.15	\$76.15	\$89.89	\$76.15	\$135.70	\$120.43	\$105.16	\$120.43	\$89.89	\$76.15	\$76.15	\$1,118.40
Change - \$	\$8.44	\$8.44	\$8.44	\$9.28	\$8.44	\$12.53	\$14.02	\$11.65	\$14.02	\$9.28	\$8.44	\$8.44	\$121.42

Residential single-unit 12-month bills

One ¾" tap for domestic and potable irrigation

85,000 gallons per year

High Water Use 85,000 gallons

Water Use (1,000 Gallons)	Jan 5.00	Feb 4.00	Mar 3.00	Apr 5.00	May 7.00	Jun 14.00	Jul 13.00	Aug 9.00	Sep 10.00	Oct 7.00	Nov 4.00	Dec 4.00	Total 85.00
Alternative 1 - 4/14/>14													
Existing Rates	\$80.61	\$67.71	\$54.81	\$80.61	\$106.41	\$223.73	\$206.97	\$139.93	\$156.69	\$106.41	\$67.71	\$67.71	\$1,359.30
Proposed	\$91.95	\$77.19	\$63.44	\$91.95	\$121.47	\$224.79	\$210.03	\$150.99	\$165.75	\$121.47	\$77.19	\$77.19	\$1,473.41
Change - \$	\$11.34	\$9.48	\$8.63	\$11.34	\$15.06	\$1.06	\$3.06	\$11.06	\$9.06	\$15.06	\$9.48	\$9.48	\$114.11
Alternative 2 - 5/>5 with Minimum													
Existing Rates	\$80.61	\$67.71	\$54.81	\$80.61	\$106.41	\$223.73	\$206.97	\$139.93	\$156.69	\$106.41	\$67.71	\$67.71	\$1,359.30
Proposed	\$51.00	\$51.00	\$51.00	\$51.00	\$102.48	\$282.66	\$256.92	\$153.96	\$179.70	\$102.48	\$51.00	\$51.00	\$1,384.20
Change - \$	(\$29.61)	(\$16.71)	(\$3.81)	(\$29.61)	(\$3.93)	\$58.93	\$49.95	\$14.03	\$23.01	(\$3.93)	(\$16.71)	(\$16.71)	\$24.90
Alternative 3 - 5/>5 without Minimum													
Existing Rates	\$80.61	\$67.71	\$54.81	\$80.61	\$106.41	\$223.73	\$206.97	\$139.93	\$156.69	\$106.41	\$67.71	\$67.71	\$1,359.30
Proposed	\$89.89	\$76.15	\$62.41	\$89.89	\$120.43	\$227.32	\$212.05	\$150.97	\$166.24	\$120.43	\$76.15	\$76.15	\$1,468.08
Change - \$	\$9.28	\$8.44	\$7.60	\$9.28	\$14.02	\$3.59	\$5.08	\$11.04	\$9.55	\$14.02	\$8.44	\$8.44	\$108.78

Residential Multi-Unit



Alt 1: 3 / >3 with min charge *Multi-Unit Residential*

Alt 1 - Indoor usage & over indoor usage, with min charge

Cost of Service	\$173,864	Per Unit Charge	\$32.53
Service Charge Revenue	113,293		
Volume Rate Revenue Required	\$60,571		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	8,166	\$0.00	\$0
Tier 2	> 3	26.7%	2,973	\$20.37	\$60,571
Total		100.0%	11,139		\$60,571

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Alt 2: 3 / >3 without min charge *Multi-Unit Residential*

Alt 2 - Indoor usage & over indoor usage, no min charge

Cost of Service	\$173,864	Per Unit Charge	\$10.15
Service Charge Revenue	35,364		
Volume Rate Revenue Required	\$138,501		

	<u>Threshold</u> <i>1,000 gal</i>	<u>% Vol in Tier</u>	<u>Volume</u> <i>1,000 gal</i>	<u>Rate</u>	<u>Rev Check</u>
Tier 1	3	73.3%	8,166	\$11.31	\$92,383
Tier 2	> 3	26.7%	2,973	\$15.51	\$46,118
Total		100.0%	11,139		\$138,501

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Monthly Bills at Various Levels of Consumption \$ bill per unit

Existing Rates Alt 1 Alt 2

	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	12,000 Gallons
Existing Rates	\$34	\$42	\$60	\$80	\$100	\$121
Alt 1	\$33	\$53	\$94	\$134	\$175	\$216
Alt 2	\$33	\$60	\$91	\$122	\$153	\$184

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Residential multi-unit 12-month bills Quadplex with potable irrigation (44,000 gallons)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Monthly Usage	6.00	5.00	3.00	4.00	3.00	2.00	4.00	3.00	3.00	4.00	3.00	4.00	44.00
Existing	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	1,638.24
Alternative 1	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	1,561.21
\$ - Change	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$77.03)
Existing	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	1,638.24
Alternative 2	\$108.46	\$97.15	\$74.53	\$85.84	\$74.53	\$63.22	\$85.84	\$74.53	\$74.53	\$85.84	\$74.53	\$85.84	984.84
\$ - Change	(\$28.06)	(\$39.37)	(\$61.99)	(\$50.68)	(\$61.99)	(\$73.30)	(\$50.68)	(\$61.99)	(\$61.99)	(\$50.68)	(\$61.99)	(\$50.68)	(\$653.40)

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Residential multi-unit 12-month bills Quadplex with potable irrigation (167,000 gallons)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Monthly Usage	10.00	8.00	8.00	10.00	11.00	19.00	19.00	22.00	23.00	18.00	10.00	9.00	167.00
Existing	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$191.12	\$191.12	\$219.22	\$229.37	\$183.32	\$136.52	\$136.52	1,969.79
Alternative 1	\$130.10	\$130.10	\$130.10	\$130.10	\$130.10	\$272.69	\$272.69	\$333.80	\$354.17	\$252.32	\$130.10	\$130.10	2,396.38
\$ - Change	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	(\$6.42)	\$81.57	\$81.57	\$114.58	\$124.80	\$69.00	(\$6.42)	(\$6.42)	\$426.59
Existing	\$136.52	\$136.52	\$136.52	\$136.52	\$136.52	\$191.12	\$191.12	\$219.22	\$229.37	\$183.32	\$136.52	\$136.52	1,969.79
Alternative 2	\$153.70	\$131.08	\$131.08	\$153.70	\$165.01	\$284.89	\$284.89	\$331.42	\$346.93	\$269.38	\$153.70	\$142.39	2,548.17
\$ - Change	\$17.18	(\$5.44)	(\$5.44)	\$17.18	\$28.49	\$93.77	\$93.77	\$112.20	\$117.56	\$86.06	\$17.18	\$5.87	\$578.38

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Residential multi-unit 12-month bills Quadplex with potable irrigation (256,000 gallons)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Monthly Usage	12.00	10.00	10.00	13.00	16.00	33.00	31.00	38.00	40.00	28.00	13.00	12.00	256.00
Existing	\$136.52	\$136.52	\$136.52	\$144.32	\$167.72	\$330.87	\$310.57	\$381.62	\$401.92	\$280.12	\$144.32	\$136.52	2,707.54
Alternative 1	\$130.10	\$130.10	\$130.10	\$150.47	\$211.58	\$557.87	\$517.13	\$659.72	\$700.46	\$456.02	\$150.47	\$130.10	3,924.13
\$ - Change	(\$6.42)	(\$6.42)	(\$6.42)	\$6.15	\$43.86	\$227.00	\$206.56	\$278.10	\$298.54	\$175.90	\$6.15	(\$6.42)	\$1,216.59
Existing	\$136.52	\$136.52	\$136.52	\$144.32	\$167.72	\$330.87	\$310.57	\$381.62	\$401.92	\$280.12	\$144.32	\$136.52	2,707.54
Alternative 2	\$176.32	\$153.70	\$153.70	\$191.83	\$238.36	\$502.03	\$471.01	\$579.58	\$610.60	\$424.48	\$191.83	\$176.32	3,869.76
\$ - Change	\$39.80	\$17.18	\$17.18	\$47.51	\$70.64	\$171.16	\$160.44	\$197.96	\$208.68	\$144.36	\$47.51	\$39.80	\$1,162.22

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Wastewater



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Similarities between water and wastewater cost of service parameters

Water	Wastewater
Average day demands	Contributed flow (water reaching the WWTP)
Maximum day demands	Biochemical oxygen demand (BOD)
Maximum hour demands	Total suspended solids (TSS)
Meters and services	Customer costs
Bill and administration	

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Similarities and differences between water and wastewater cost of service parameters

- Customer class water costs vary due to different demand characteristics (average day, maximum day, etc.)
- Customer class wastewater costs vary based on strength (BOD, TSS).
 - The Town does not individually monitor higher strength customers
 - Assumption: the strength of domestic residential wastewater and commercial is the same.
 - As a result, the volume rates for residential, multifamily, and commercial will be the same

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Alt 1: AWC billed volume for all

Alternative 1 - All Classes (Residential, Multifamily, Commercial)	
Monthly base fee + volume rate based on AWC for all classes	
Monthly Base Fee, \$ per Billed Unit	16.17
Single-Unit Residential, AWC	\$8.85
Multi-Unit Residential, AWC	\$8.85
Commercial, AWC	\$8.85

Alternative 1a - All Classes (Residential, Multifamily, Commercial)	
Monthly base fee + volume rate based on AWC for all classes	
Monthly Base Fee, \$ per Bill	\$16.17
<u>Volume Rate, \$ per 1,000 gallons</u>	
Single-Unit Residential, AWC	\$9.06
Multi-Unit Residential, AWC	\$9.06
Commercial, AWC	\$9.06

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Alt 2: AWC billed volume for residential single and multi-unit; 85% actual water use for commercial

Alternative 2 - All Classes (Residential, Multifamily, Commercial)

Monthly base fee + volume rate based on AWC residential,
85% return flow factor for commercial

Monthly Base Fee, \$ per Billed Unit 16.17

Volume Rate, \$ per 1,000 gallons

Single-Unit Residential, AWC	\$8.67
Multi-Unit Residential, AWC	\$8.67
Commercial, 85% of Actual Water Use	\$8.67

Alternative 2a - All Classes (Residential, Multifamily, Commercial)

Monthly base fee + volume rate based on AWC residential, 85%
return flow factor for commercial

Monthly Base Fee, \$ per Bill \$16.17

Volume Rate, \$ per 1,000 gallons

Single-Unit Residential, AWC	\$8.87
Multi-Unit Residential, AWC	\$8.87
Commercial, 85% of Actual Water Use	\$8.87

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Alt 3 and 4: Residential single-unit and multi-unit flat charge

Alternative 3 - Flat Charge for Residential Single-Unit

Flat Charge for Residential	\$52.40
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Assumes 4,000 gallons per bill

Assumes commercial billed on AWC

Alternative 4 - Flat Charge for Residential Single-Unit

Flat Charge for Residential	\$51.66
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Assumes 4,000 gallons per bill

Assumes commercial billed on 85% of actual water use

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Wastewater rate structure alternatives comparison

Alternative	Description	Alterantive Residential Single-Unit	Existing Residential Single-Unit
Alt 1	Billed Units, AWC for All	\$51.57	\$50.74
Alt 1a	# of Bills, AWC for All	\$52.40	\$50.74
Alt 2	Billed Units, SFR/MF-AWC, Comm 85% of Actual Usage	\$50.85	\$50.74
Alt 2a	# of Bills, SFR/MF-AWC, Comm 85% of Actual Usage	\$51.66	\$50.74
Alt 3	Flate Charge Res Single-Unit, Comm AWC	\$52.40	\$50.74
Alt 4	Flate Charge Res Single-Unit, Comm 85% of Actual Water Use	\$51.66	\$50.74

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Thank you!

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