



**Town of Gordonsville, Virginia
Agenda Item Summary
November 16, 2020**

<p><u>AGENDA ITEM 6a</u> Public Hearing <u>AGENDA TITLE:</u> Public Hearing on Proposed Text Amendment to Chapter 23 of the Town Code to Establish an Increase to the Town Water Rate. <u>PRESENTER:</u> Mayor Robert Coiner</p>	<p><u>DISPOSITION:</u> [X] Action Required [] For Discussion [] Consent Agenda [] Closed Session [] Informational <u>ATTACHMENTS:</u> [X] yes [] no</p>
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PUBLIC HEARING OUTLINE:

1. Mayor declares public hearing open and calls for public comment.
2. Public comment.
3. Mayor declares public hearing closed.
4. Mayor calls for questions/comments from Town Council (if any).

BACKGROUND:

Gordonsville purchases water from the Rapidan Service Authority (RSA). On September 9, 2020, RSA formally notified the Town of a water rate increase that will take effect on October 15, 2020. Specifically, the water rate for the Town will increase from \$5.60 per 1,000 gallons to \$5.81 per 1,000 gallons.

Water rates for the Town were last increased in October 2019. The proposed rate increase, according to RSA, reflects the \$0.208 per thousand-gallon increase from the Town of Orange to RSA. Because the Town pays RSA for water, any rate increase RSA imposes on the Town ultimately affects the water rate set for Town customers.

On October 19, 2020, staff presented two water rate adjustment scenarios to Council for their consideration with a recommendation that the Town advertise a rate structure that would maintain the Town's profit margin at 34.3% (Scenario 1 on the attached). Town Council voted to authorize staff to advertise a rate structure consistent with Scenario 1.

Council will take action on the water rate during the New Business portion of the meeting. Once adopted by Council, the new water rate will take effect with the November 2020 billing cycle.

Water Rate Calculations

Rate calculation based on an increase to the In-town Residential/commercial rate.

All other rates are calculated from that increase.

Based on new RSA rate of \$ 5.81

	Current Rate	Scenario 1 Percentage Markup	Scenario 2 Direct Mark Up
In-town BASE rate- Residential/Commercial 1st 1,000 gallons	\$23.62	\$23.91	\$23.83
In-town UNIT rate - Residential/Commercial consumption > 1,000 gallons	\$7.52	\$7.80	\$7.73
Out-of-town BASE rate - Residential/Commercial 1st 1,000 gallons	\$37.62	\$38.05	\$37.94
Out-of-town UNIT rate - Residential/Commercial consumption > 1,000 gallons	\$11.27	(1.5 * in-town rate) \$11.70	\$11.59
In-town BASE rate - Industrial 1st 1,000 gallons	\$28.62	\$28.91	\$28.83
In-town UNIT rate - Industrial consumption > 1,000 gallons	\$7.52	\$7.80	\$7.73
Out-of-town BASE rate - Industrial 1st 1,000 gallons	\$46.86	\$47.22	\$47.12
Out-of-town UNIT rate - Industrial consumption > 1,000 gallons	\$9.39	(1.25 * in-town rate) \$9.75	\$9.66
RSA meter BASE rate 1st 1,000 gallons	\$37.62	\$38.05	\$37.94
RSA meter UNIT rate consumption > 1,000 gallons	\$11.27	\$11.70	\$11.59
GPS quarry water agreement BASE rate (20% of the out-of-town Industrial base rate) [GPS pays for 8,000,000 every month whether or not water is used]	\$9.37	\$9.44	\$9.42
GPS quarry water agreement UNIT rate (20% of the out-of-town Industrial unit rate) [GPS pays for 8,000,000 every month whether or not water is used]	\$1.88	\$1.95	\$1.93
GPS water agreement 1st reserve BASE rate (out-of-town industrial base rate--1 st 1,000 gallons)	\$46.86	\$47.22	\$47.12
GPS water agreement 1st reserve UNIT rate (out-of-town industrial unit rate--consumption >1,000 gallons)	\$9.39	\$9.75	\$9.66
GPS 2nd reserve (0 - 3,000,000 gallons per month) (Town's mark up to the out-of-town industrial rate) [GPS pays for 3,000,000 every month whether or not water is used]	\$3.79	\$3.94	\$3.85
GPS 2nd reserve (3,000,001 - 6,000,000 gallons per month) (RSA rate - GPS typically does not exceed 3,000,000)	\$5.60	\$5.81	\$5.81

Consumer Impact on monthly bill

	Impact Scenario #1	Impact Scenario #2
Res/Com 1,000 g.p.m. - In Town	\$0.29	\$0.21
Res/Com 1,000 g.p.m. - Out of Town	\$0.43	\$0.31
Res/Com 2,000 g.p.m. - In Town	\$0.58	\$0.42
Res/Com 2,000 g.p.m. - Out of Town	\$0.86	\$0.63
Res/Com 5,000 g.p.m. - In Town	\$1.44	\$1.05
Res/Com 5,000 g.p.m. - Out of Town	\$2.16	\$1.57
Res/Com 10,000 g.p.m. - In Town	\$2.88	\$2.10
Res/Com 10,000 g.p.m. - Out of Town	\$4.32	\$3.15
Restaurant - 35,000 g.p.m. - In Town	\$10.07	\$7.35
Restaurant - 35,000 g.p.m. - Out of Town	\$15.11	\$11.02
Industry - 375,000 g.p.m. - In Town	\$107.94	\$78.75
Industry - 375,000 g.p.m. - Out of Town	\$161.90	\$118.12
G.P.S. - 1st reserve (based on monthly avg of 800,000)		
	\$287.83	\$210.00
G.P.S. 2nd reserve [GPS pays for 3,000,000 every month whether or not water is used]		
	\$449.36	\$157.50
G.P.S. quarry [GPS pays for 8,000,000 every month whether or not water is used]		
	\$ 359.79	\$262.50
Total monthly impact on G.P.S.	\$1,096.98	\$630.00

