



**Town of Gordonsville, Virginia
Agenda Item Summary
October 17, 2022**

<p><u>AGENDA ITEM 11c</u> New Business</p> <p><u>AGENDA TITLE:</u> Consideration of Proposed 2022 Water and Sewer Rate Adjustment scenarios.</p> <p><u>PRESENTER:</u> Mayor Robert Coiner</p>	<p><u>DISPOSITION:</u> <input checked="" type="checkbox"/> Action Required <input type="checkbox"/> For Discussion <input type="checkbox"/> Consent Agenda <input type="checkbox"/> Closed Session <input type="checkbox"/> Informational</p> <p><u>ATTACHMENTS:</u> <input checked="" type="checkbox"/> yes <input type="checkbox"/> no</p>
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BACKGROUND:

The Rapidan Service Authority has notified the Town of increases to the water and sewer rates it charges to the Town (see attached letter).

Water Rate Increase

Gordonsville purchases water from the Rapidan Service Authority (RSA). The water that RSA sells to the Town is part of what they purchase from the Town of Orange. RSA has notified Gordonsville of a water rate increase that will take effect with the November water billing. This rate increase, according to RSA, reflects the \$0.41 per thousand-gallon increase being imposed on RSA by the Town of Orange. Because Gordonsville pays RSA for water, this rate increase must be passed along to Town water customers.

Enclosed for Council's consideration is a water rate calculation sheet [*Sheet 1*] that shows two rate adjustment scenarios. Scenario #1 shows the new Town of Gordonsville water rate structure if the Town's rate is increased to maintain the current profit margin of 34.2%. Scenario #2 shows what the rate structure would be if the Town did a direct rate increase of \$0.41, which would reduce the profit margin to 32%. The second sheet [*Sheet 2*] enclosed with this package shows examples of how each scenario would impact a variety of water users.

Sewer Rate Increase

RSA operates and maintains the sewer system that serves Gordonsville. The new sewer rate that will become effective with the November billing represents a \$4.23 (49.5%) increase in the rate. RSA has indicated it will also eliminate the \$3.00 charge it currently assesses for each account billed for service in the town. Currently, the \$3.00 monthly charge per account equates to \$2,277 paid to RSA each month.

Enclosed for Council's consideration is a sewer rate calculation sheet that shows two rate adjustment scenarios, one with an increase that reflects the 49.5% increase, the other that reflects a penny-for-penny increase in the rate. Also enclosed is information that shows the history of sewer rates from FY03 through FY21.

Staff has placed this item on the agenda for authorization to schedule a public hearing to receive comments on the proposed rate adjustments.

RECOMMENDATION:

Staff recommends that Council schedule a public hearing for November 21, 2022 to receive public comment on the proposed water rate adjustments outlined in Scenario [1 / 2] and sewer rate adjustments reflecting a [percentage increase/penny-for-penny increase], as presented.

MOTION FOR CONSIDERATION:

“Motion to schedule a public hearing for November 21, 2022 to receive public comment on an amendment to Town Code Section 23-50 establishing an increase to the Town of Gordonsville water rates based on scenario [1 / 2] and sewer rates [percentage increase/penny-for-penny increase], as presented.”

RAPIDAN SERVICE AUTHORITY
11235 SPOTSWOOD TRAIL
PO BOX 148
RUCKERSVILLE, VA 22968
TEL 434-985-7811
FAX 434-985-6075



RAPIDAN SERVICE AUTHORITY
3489 GERMANNA HWY
PO BOX 736
LOCUST GROVE, VA 22508
TEL 540-972-2133
FAX 540-972-7065

Serving the Counties of Greene, Madison and Orange

September 23, 2022

Ms. Deborah Kendall
Town Manager
P.O. Box 276
Gordonsville, VA 22942

Dear Ms. Kendall:

RSA is notifying the Town of Gordonsville that its water rate will increase from \$5.81 per thousand gallons to \$6.22 per thousand gallons effective on the November 15, 2022 statement. This increase reflects the increase from the Town of Orange to RSA.

RSA is also notifying the Town of Gordonsville that its sewer rate will increase from \$8.54 per thousand gallons to \$12.77 per thousand gallons effective on the November 15, 2022 statement. The \$3.00 per account charge will be removed from invoices to the Town of Gordonsville.

If RSA may be of any additional service, please let us know.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Trace Gaskins', is written over a horizontal line.

Trace Gaskins
Director of Administration

Water Rate Calculations

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

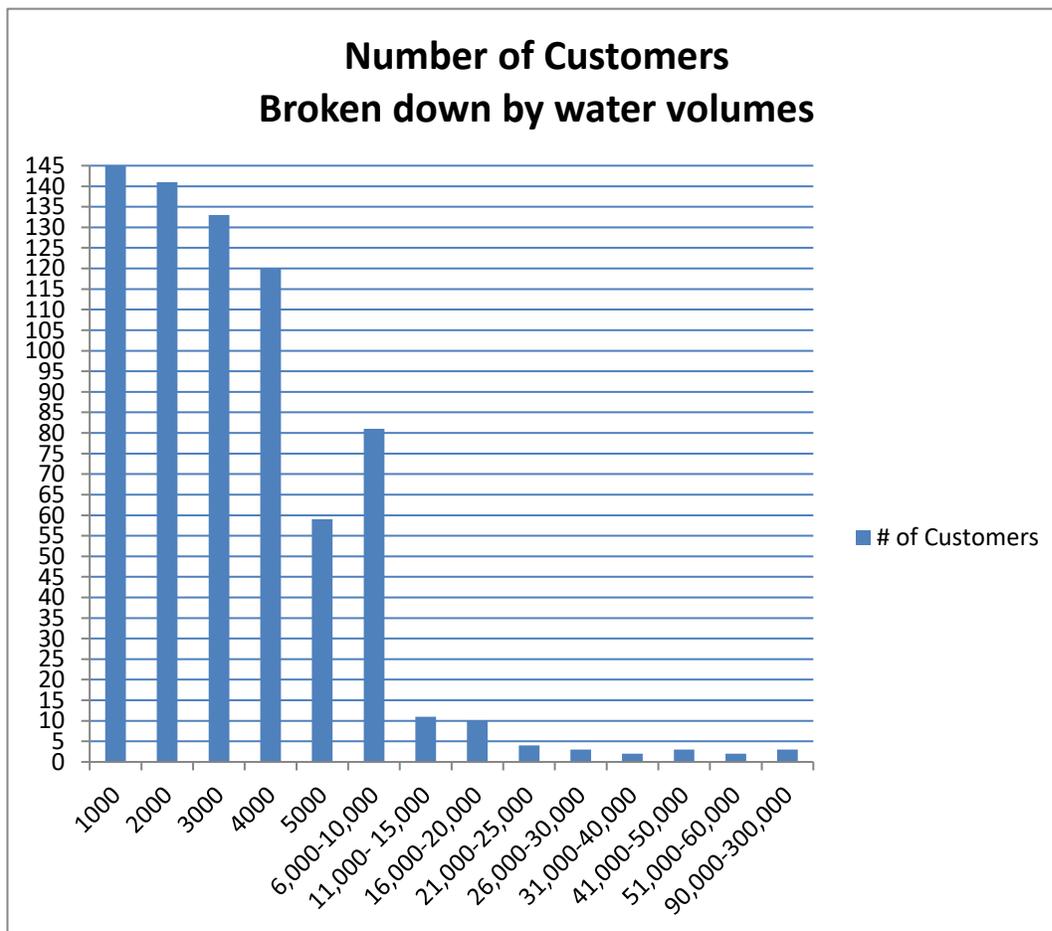
All other rates are calculated from that increase.

Based on new RSA rate of \$ 6.22

	Current Rate	Scenario 1 Percentage Markup	Scenario 2 Direct Mark Up
In-town BASE rate- Residential/Commercial 1st 1,000 gallons	\$23.91	\$24.46	\$24.32
In-town UNIT rate - Residential/Commercial consumption > 1,000 gallons	\$7.80	\$8.35	\$8.21
Out-of-town BASE rate - Residential/Commercial 1st 1,000 gallons	\$38.05	\$38.88	\$38.67
Out-of-town UNIT rate - Residential/Commercial consumption > 1,000 gallons	\$11.70	(1.5 * in-town rate) \$12.53	\$12.32
In-town BASE rate - Industrial 1st 1,000 gallons	\$28.91	\$29.46	\$29.32
In-town UNIT rate - Industrial consumption > 1,000 gallons	\$7.80	\$8.35	\$8.21
Out-of-town BASE rate - Industrial 1st 1,000 gallons	\$47.22	\$47.91	\$47.73
Out-of-town UNIT rate - Industrial consumption > 1,000 gallons	\$9.75	(1.25 * in-town rate) \$10.44	\$10.26
RSA meter BASE rate 1st 1,000 gallons	\$38.05	\$38.88	\$38.67
RSA meter UNIT rate consumption > 1,000 gallons	\$11.70	\$12.53	\$12.32
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]	\$9.44	\$9.58	\$9.55
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]	\$1.95	\$2.09	\$2.05
GPS water agreement 1st reserve BASE rate (out-of-town industrial base rate--1 st 1,000 gallons)	\$47.22	\$47.91	\$47.73
GPS water agreement 1st reserve UNIT rate (out-of-town industrial unit rate--consumption >1,000 gallons)	\$9.75	\$10.44	\$10.26
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]	\$3.94	\$4.22	\$4.04
GPS 2nd reserve (3,000,001 - 6,000,000 gallons per month) (RSA rate - GPS typically does not exceed 3,000,000)	\$5.81	\$6.22	\$6.22

Consumer Impact on MONTHLY bill

	Impact Scenario #1	Impact Scenario #2
Res/Com 1,000 g.p.m. - In Town	\$0.55	\$0.41
Res/Com 1,000 g.p.m. - Out of Town	\$0.83	\$0.62
Res/Com 2,000 g.p.m. - In Town	\$1.11	\$0.82
Res/Com 2,000 g.p.m. - Out of Town	\$1.66	\$1.23
Res/Com 5,000 g.p.m. - In Town	\$2.77	\$2.05
Res/Com 5,000 g.p.m. - Out of Town	\$4.15	\$3.08
Res/Com 10,000 g.p.m. - In Town	\$5.53	\$4.10
Res/Com 10,000 g.p.m. - Out of Town	\$8.30	\$6.15
Restaurant - 35,000 g.p.m. - In Town	\$19.37	\$14.35
Restaurant - 35,000 g.p.m. - Out of Town	\$29.06	\$21.53
Industry - 375,000 g.p.m. - In Town	\$207.55	\$153.75
Industry - 375,000 g.p.m. - Out of Town	\$311.32	\$230.63
G.P.S. - 1st reserve (based on monthly avg of 800,000)		
	\$553.46	\$410.00
G.P.S. 2nd reserve [GPS pays for 3,000,000 every month whether or not water is used]		
	\$845.47	\$307.50
G.P.S. quarry [GPS pays for 8,000,000 every month whether or not water is used]		
	\$ 691.82	\$512.50
Total monthly impact on G.P.S.	\$2,090.76	\$1,230.00



RSA 2022 Sewer Rate Increase					
Current rate	\$ 8.54				
New rate	\$ 12.77				
Penny for penny increase	\$ 4.23				
Percent increase	49.5%				
Proposed Rate Scenarios					
		Percent Increase		Penny for penny increase	
Sewer	Current Rate	Rate	Difference between current and new rate	Rate	Percent
In-town	<i>monthly</i>	<i>monthly</i>		<i>monthly</i>	
1st 1,000 gallons (base rate)	\$19.99	\$29.89	\$9.90	\$24.22	21.1%
Over 1,000 gallons (unit rate)	\$8.54	\$12.77	\$4.23	\$12.77	49.5%
Out-of-town					
1st 1,000 gallons (base rate)	\$22.76	\$34.03	\$11.27	\$26.99	18.6%
Over 1,000 gallons (unit rate)	\$8.54	\$12.77	\$4.23	\$12.77	49.5%

Sewer Payments to RSA FY03 - FY21

FY03	\$ 98,437	
FY04	\$ 96,621	\$ 1,816
FY05	\$ 110,162	\$ 13,541
FY06	\$ 175,231	\$ 65,069
FY07	\$ 247,157	\$ 71,926
FY08	\$ 250,409	\$ 3,252
FY09	\$ 231,613	\$ (18,796)
FY10	\$ 227,682	\$ (3,931)
FY11	\$ 223,177	\$ (4,505)
FY12	\$ 218,255	\$ (4,922)
FY13	\$ 205,000	\$ (13,255)
FY14	\$ 203,211	\$ (1,789)
FY15	\$ 207,906	\$ 4,695
FY16	\$ 203,888	\$ (4,018)
FY17**	\$ 220,930	\$ 17,042
FY18	\$ 272,466	\$ 51,536
FY19	\$ 240,577	\$ (31,889)
FY20	\$ 258,892	\$ 18,315
FY21	\$ 258,120	\$ (772)

Haffner closed in Spring 2005 believe there was a significant sewer rate increase (from RSA) sometime afterwards.

New GPS meter installed in late Spring 2007.

New Treasurer came in August 2007 (beginning of FY08).

***New sewer rate effective 2017*

Amount of
increase/de
crease from
previous
year

