

Water and Wastewater Utility Rate Study

February 17, 2021

Community Q&A Forum

ARLINGTON
VIRGINIA



RAFTELIS

KEARNS



WEST

Agenda

- Welcome & Introductions
- Utility Background
- Rate Setting Process
- Proposed Rate Structure
- Next Steps
- Q&A



Project Team

Arlington County

Mike Collins, DES Deputy Director Operations

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Kearns & West

Jason Gershowitz, Principal Kearns & West

Samantha Ramsey

How To Participate

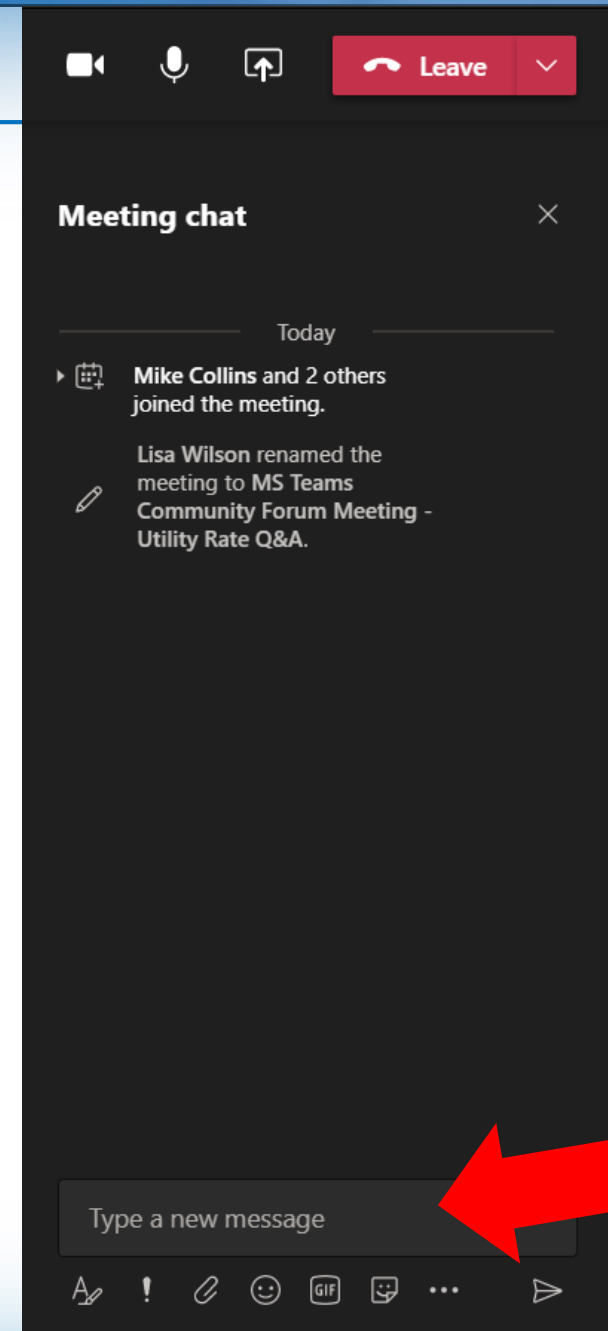
How to ask a question

For questions during this presentation

To provide your input after the presentation

Online Feedback Form:
bit.ly/RateStructureFeedback

This webinar will be recorded for future reference



Ground Rules

- Please participate actively and respectfully
- Audio connections will be muted during the webinar
- You may share comments and questions using the webinar Q&A chat

This webinar will be recorded for future reference

Utilities Overview

Arlington County's Water and Wastewater Treatment Process

Where your water comes from.

Arlington's drinking water, along with Northern Virginia and Washington D.C. is sourced from the Potomac River through the U.S. Army Corp of Engineers Washington Aqueduct.

How your water is treated.

The Dalecarlia Treatment Plant near the Potomac River treats up to 220 million gallons of water per day. Arlington's drinking water is excellent and meets or exceeds all federal EPA standards.

Delivering clean, fresh water to your tap.

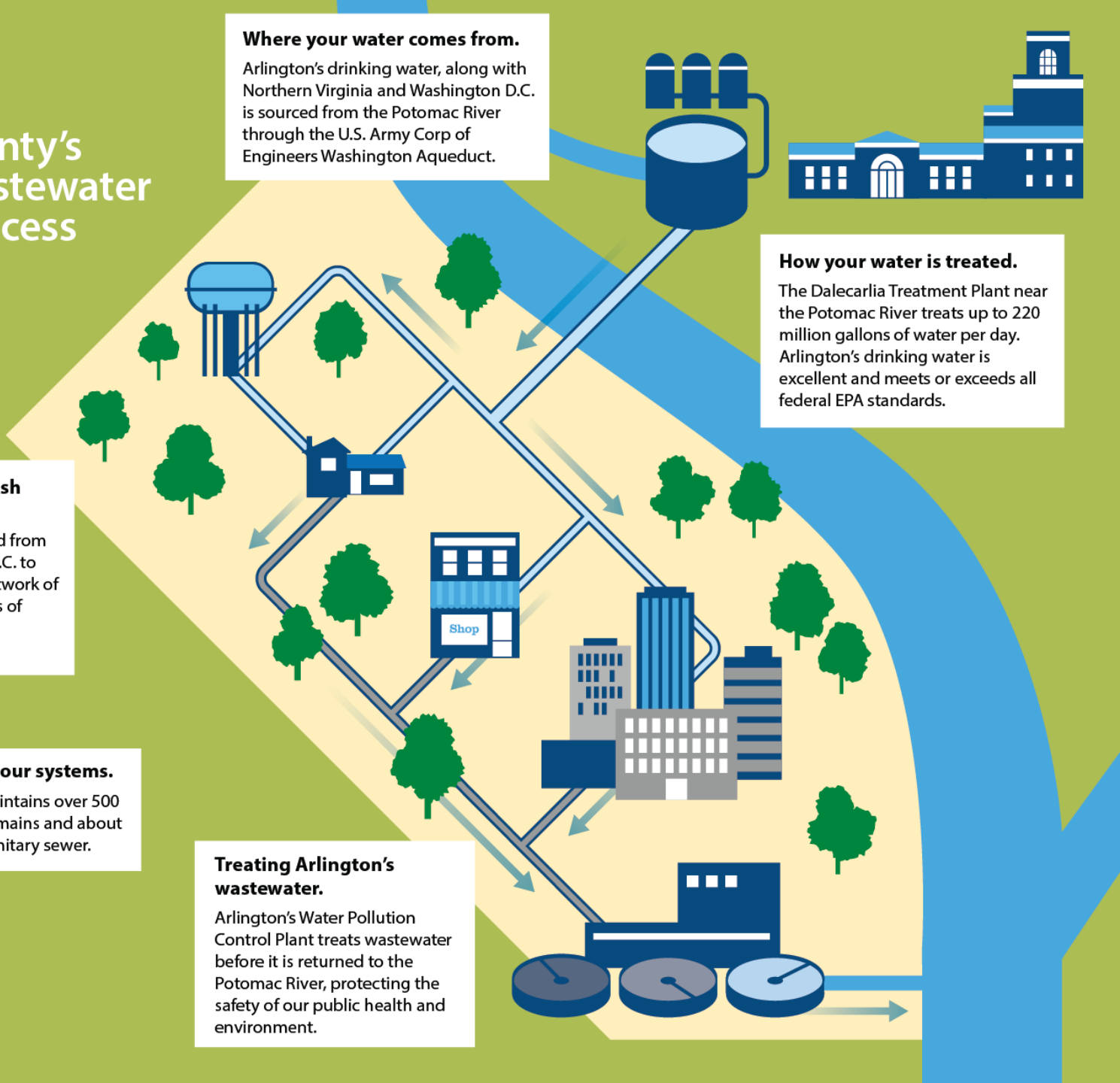
Treated water is pumped from the Dalecarlia plant in D.C. to Arlington, through a network of approximately 500 miles of pipeline to homes and businesses.

Maintaining our systems.

The County maintains over 500 miles of water mains and about 465 miles of sanitary sewer.

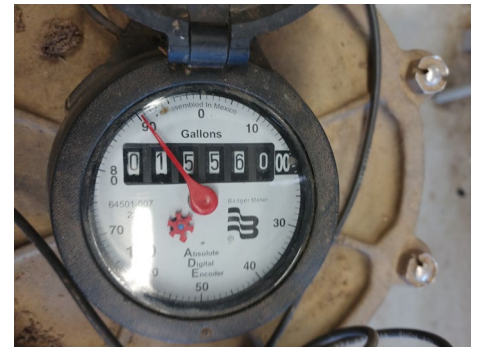
Treating Arlington's wastewater.

Arlington's Water Pollution Control Plant treats wastewater before it is returned to the Potomac River, protecting the safety of our public health and environment.



Rate Study Goals and Scope

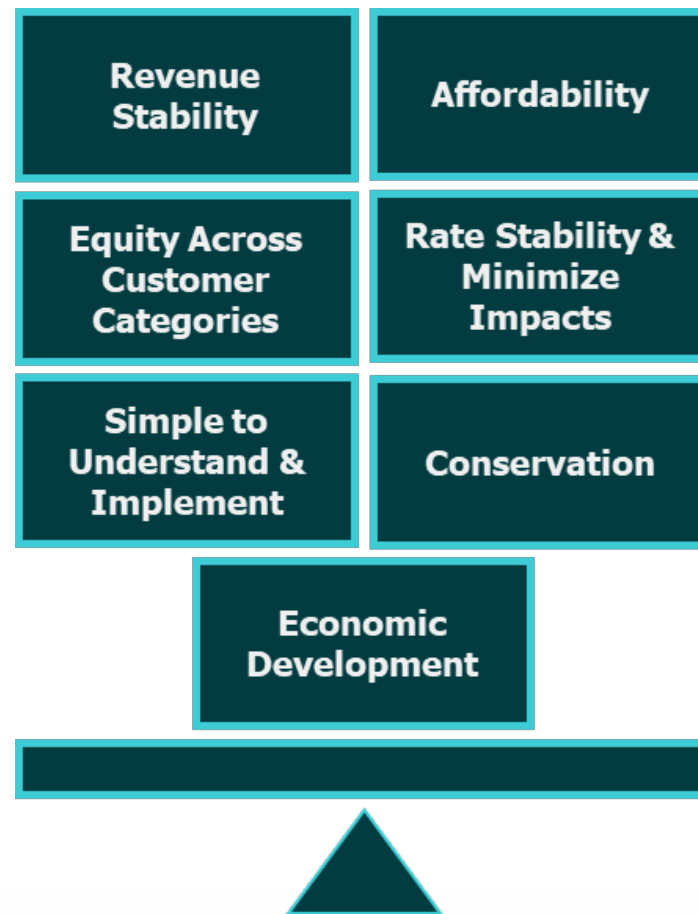
- Study will help Arlington County identify rate and fee structures aligned with the County's financial objectives and the community's values
- Study involves
 - financial planning and modeling
 - cost of service analysis
 - review of the **rate structure**
- Periodic rate studies (every 5-7 years) are considered industry "best practice"
 - Arlington's last rate study was completed in 2004
- New Rate Structure is **revenue neutral** (*does not collect/generate additional revenue*)



Rate Setting Process

Rate Structure and Core Values

- Core Values included in all rate structures proposed:
 - Revenue Sufficiency
 - Administratively Viable
 - Legally Defensible
- Some core values may be in tension with others
- Community Prioritization of Values
 - Rate Study Stakeholder Advisory Group
 - Online Engagement tool
 - Community Outreach



Prioritized Values

		Core Values for Rate Setting	Description The rate structure should...
External Stakeholders		Affordability	<p>...be designed such that essential usage is available to residential customers at an affordable price.</p> <p>Customer Assistance Programs (CAP), often funded through partnerships and charitable contributions, may be considered if adhere to state legal requirements.</p>
		Conservation	<p>... incentivize water conservation.</p> <p>Conservation-oriented rates reward customers who save water through changes in appliances and/or behavior.</p>
Internal Stakeholders		Equity Across Customer Categories	<p>...each category of customers pays their fair share of cost of service.</p>
		Revenue Stability	<p>...provides more steady and predictable revenues due to a higher reliance on fixed charges.</p>

*Note: Prioritized values classified as secondary to foundational values of **Revenue Sufficiency, Legal Defensibility, & Ability to Administer***

Costs - Variable and Fixed

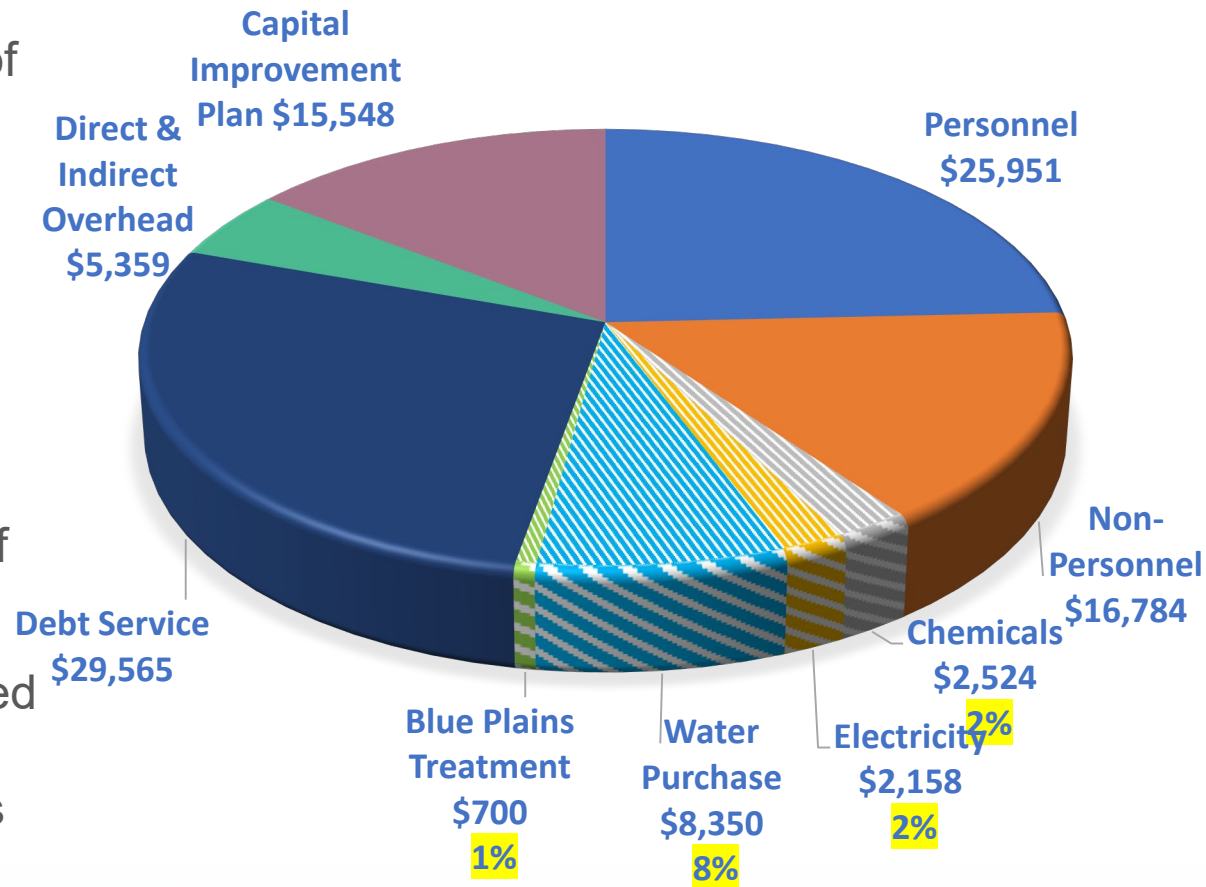
WATER/SEWER FY 2022 BUDGET

- Variable Costs (13%)

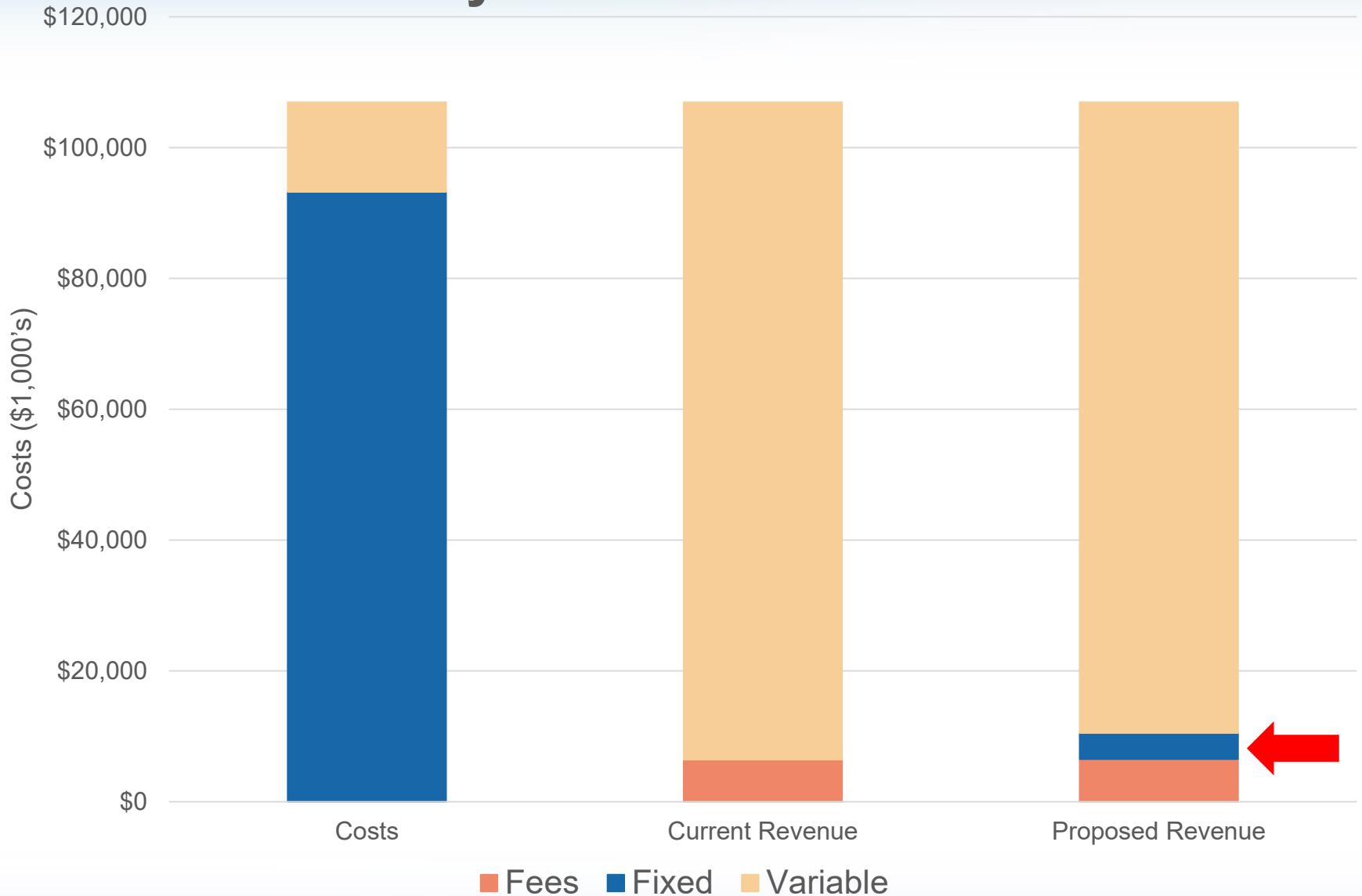
- Fluctuate primarily or entirely upon volume of water consumed or wastewater generated

- Fixed Costs (87%)

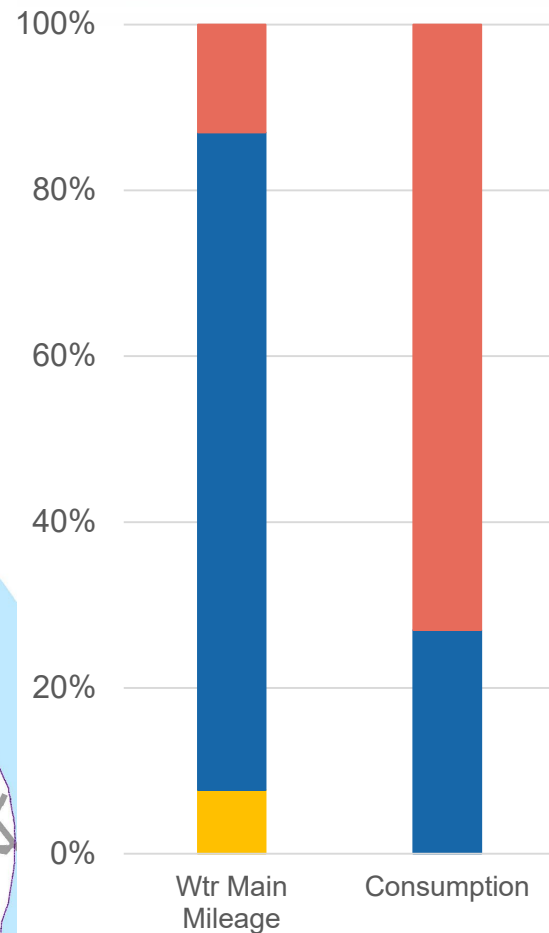
- Costs that are incurred to sustain the infrastructure system – regardless of volume of water/wastewater
- These costs are incurred ***independent of*** increases or decreases in consumption



Utility Costs & Revenues

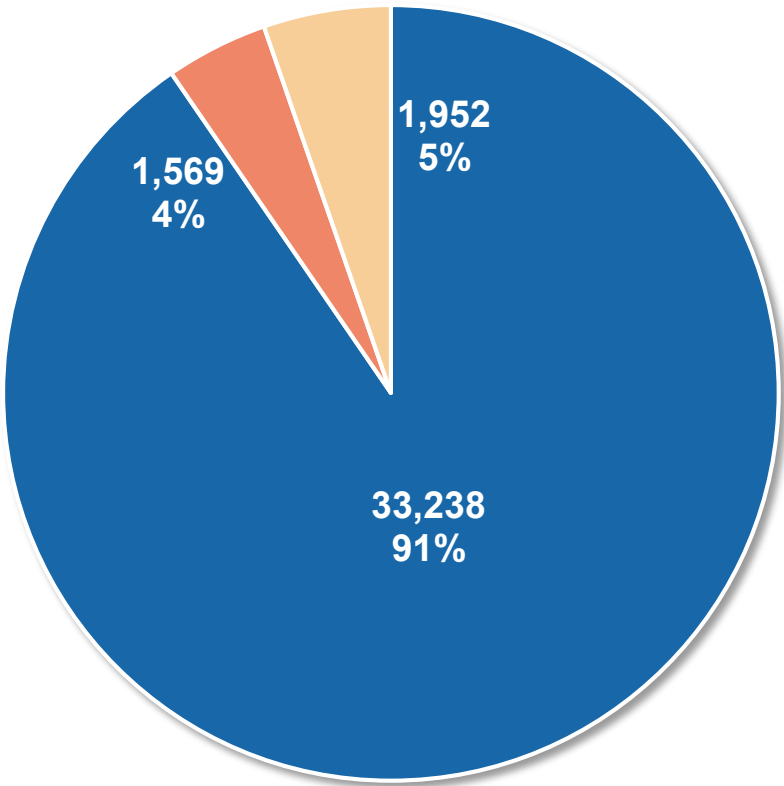


Does Cost Vary by Customer Class?



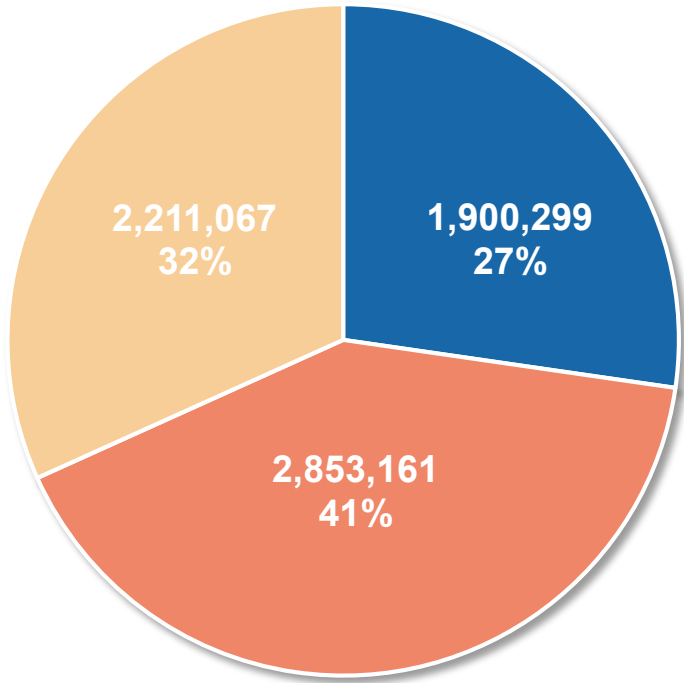
Customer Profiles

Customer Accounts



■ Residential ■ Multi-Family ■ Commercial

Annual Consumption (TG)

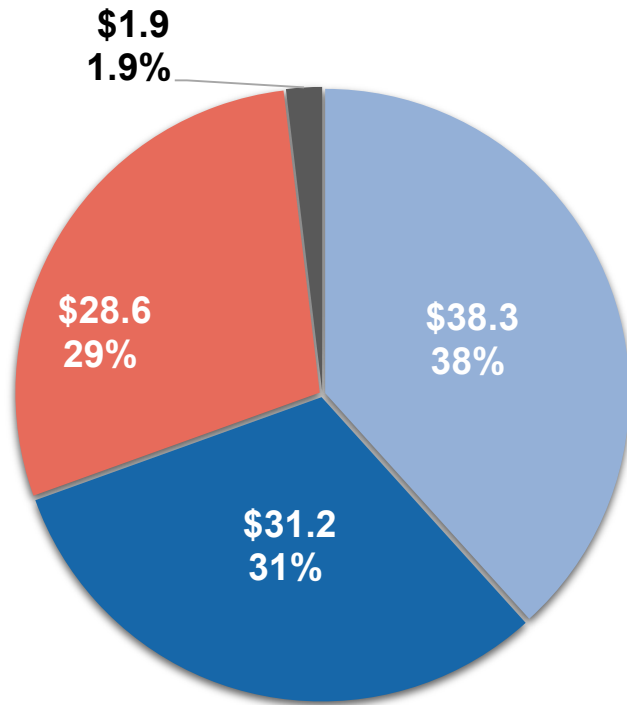


■ Residential ■ Multi-Family ■ Commercial

Cost of Service Results:

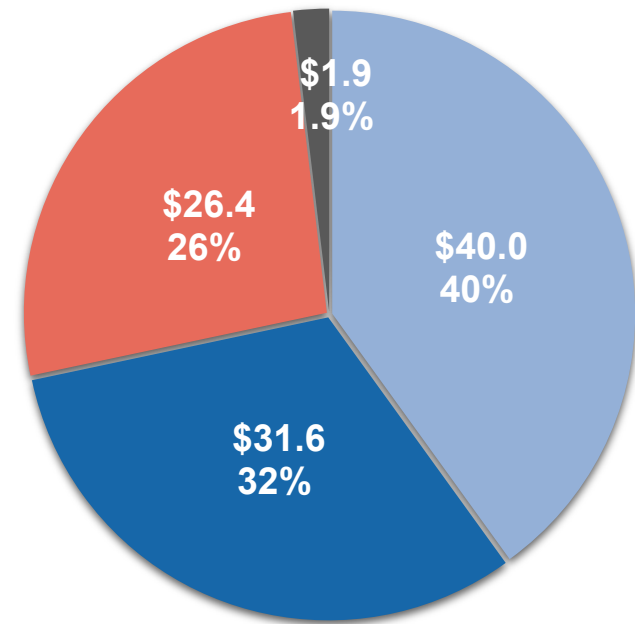
Combined Water/Sewer by Class (\$000s)

Cost of Service



■ Apartments ■ Commercial
■ Residential ■ County Agency

Revenue @ Existing Rates



■ Apartments ■ Commercial
■ Residential ■ County Agency



Proposed Rate Structure

Explore the Proposed Single-Family Residential Rate Structure

The single-family residential rate structure applies to any residential account that is individually metered by the County, to include detached homes and most townhomes and duplexes.

How it works:

Explore the proposed rate structure by clicking the icons to learn more.

-  Learn more about new components of the rate structure
-  Watch to learn more about the new rate structure

Currently the County has a simple rate structure, meaning all customers pay the same rate for the volume of water used. In the proposed rate structure, different classes of customers would pay different rates based on the demand each places on the water system, addressing the value of **equity among customer classes**. Customers can be classified as residential, commercial or multi-family.

In addition, the proposed rate structure for single-family residents introduces a base rate, tiered water consumption and average winter quarter billing for sewer. Click the icons below to see how the new components align with the prioritized values.

Existing Structure





(per Thousand Gallons (TG) metered usage)

FY 2021	Quarterly Rates		
	Water	Sewer	Total
All Customers	\$4.91	\$9.29	\$14.20
FY 2022*			
All Customers	\$5.08	\$9.62	\$14.70

**This rate is for illustrative purposes only. The County is finalizing the proposed FY 2022 budget and proposed water/sewer rate.*

Proposed Structure

(per Thousand Gallons (TG) metered usage, base charge per quarter)

FY 2022	Quarterly Rates		
	Water	Sewer	Total
 Base Charge (per quarter)	\$13.47	\$11.09	\$24.56
Water Volume/Consumption			
 Tier 1 (0-9 TG)	\$3.84	\$9.78	\$13.62
Tier 2 (>9 TG)	\$6.14	\$9.78	\$15.92
Sewer Billing			
 Average Winter Consumption 			





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Quarterly Base Charge – Recovers billing and meter-reading costs which don't vary with customer usage.
Core Value: Revenue Stability

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Tiered Water Rates – Priced such that essential usage for a typical household is billed at lower rate.
Core Values: Affordability & Conservation

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Sewer Billing			
 Average Winter Consumption 			


Winter Period Billing – Winter period used to estimate indoor water consumption. Addresses water not returned to sewer system.

Explore the Proposed Multi-Family Rate Structure

How it works:

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In addition, the proposed rate structure introduces a base rate. Click the icon below to see how the new component aligns with the prioritized values.

Existing Structure


(per Thousand Gallons (TG) metered usage)

FY 2021	Monthly Rates		
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All Customers	\$5.08	\$9.62	\$14.70

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Proposed Structure

(per Thousand Gallons (TG) metered usage, base charge per month)



FY 2022	Monthly Rates		
	Water	Sewer	Total
 Base Charge (per month)	\$9.29	\$7.69	\$16.98
Water Volume/Consumption			
All Consumption Levels	\$4.57	\$9.78	\$14.35



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Water Volume/Consumption			
All Consumption Levels	\$4.57	\$9.78	\$14.35

Note monthly billing


Rates by Customer Class - Multi-Family has lowest volume rate (behind SFR Tier 1) based on lowest peaking characteristics
Core Values: Affordability & Equity Among Customer Categories

Explore the Proposed Commercial Rate Structure

How it works:

Explore the proposed rate structure by clicking the icons to learn more.

 Learn more about new components of the rate structure

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	Water	Sewer	Total
 Base Charge (per month)	\$9.29	\$7.69	\$16.98
Water Volume/Consumption			
All Consumption Levels	\$4.95	\$9.78	\$14.73




Explore the Proposed Commercial Rate Structure

How it works:

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 Learn more about new components of the rate structure

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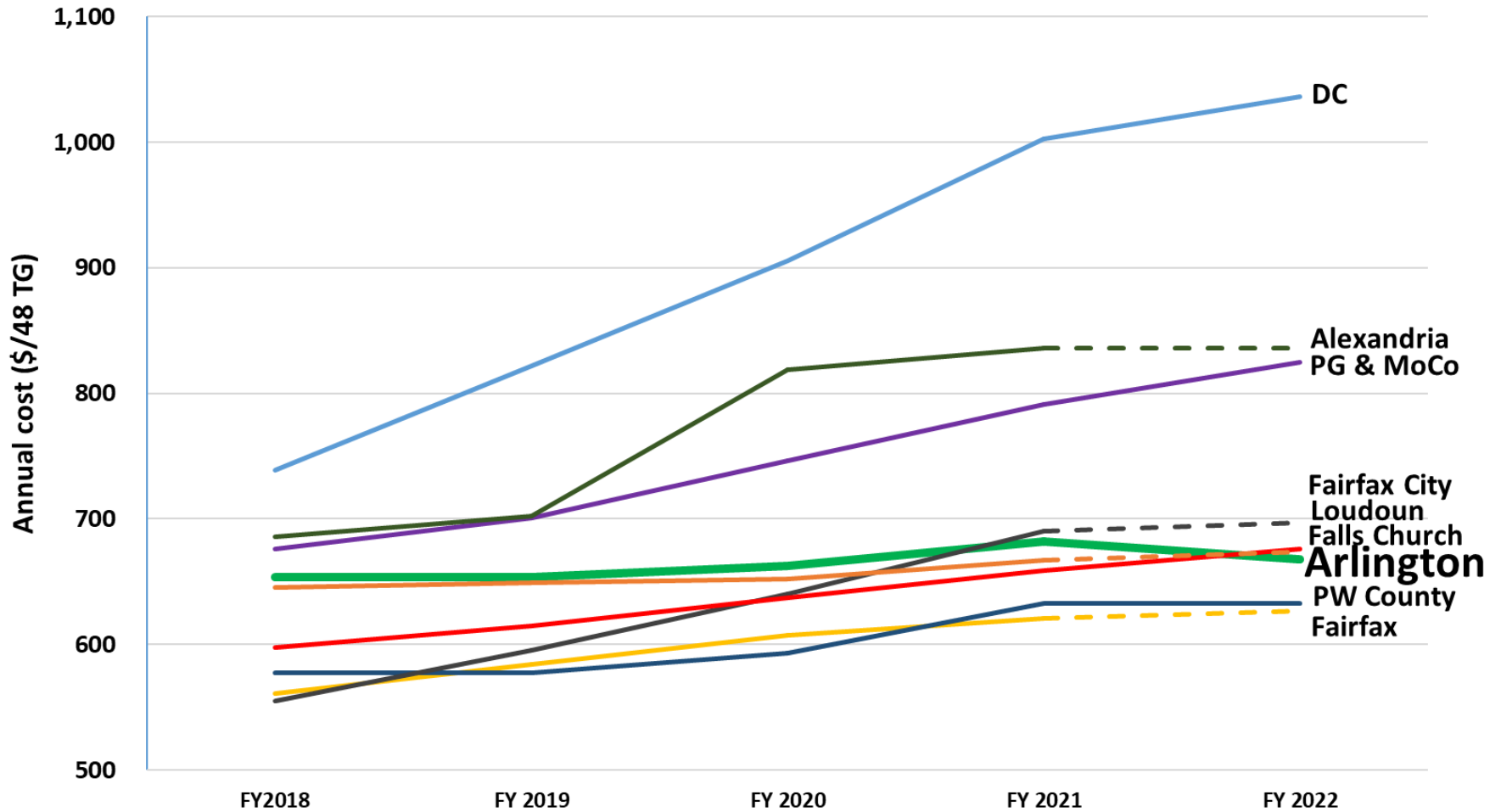
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Water Volume/Consumption			
All Consumption Levels	\$4.95	\$9.78	\$14.73

Note monthly billing

Rates by Customer Class – Non-Residential slightly higher than Multi-Family due to higher peaking
Core Values: Equity Among Customer Categories

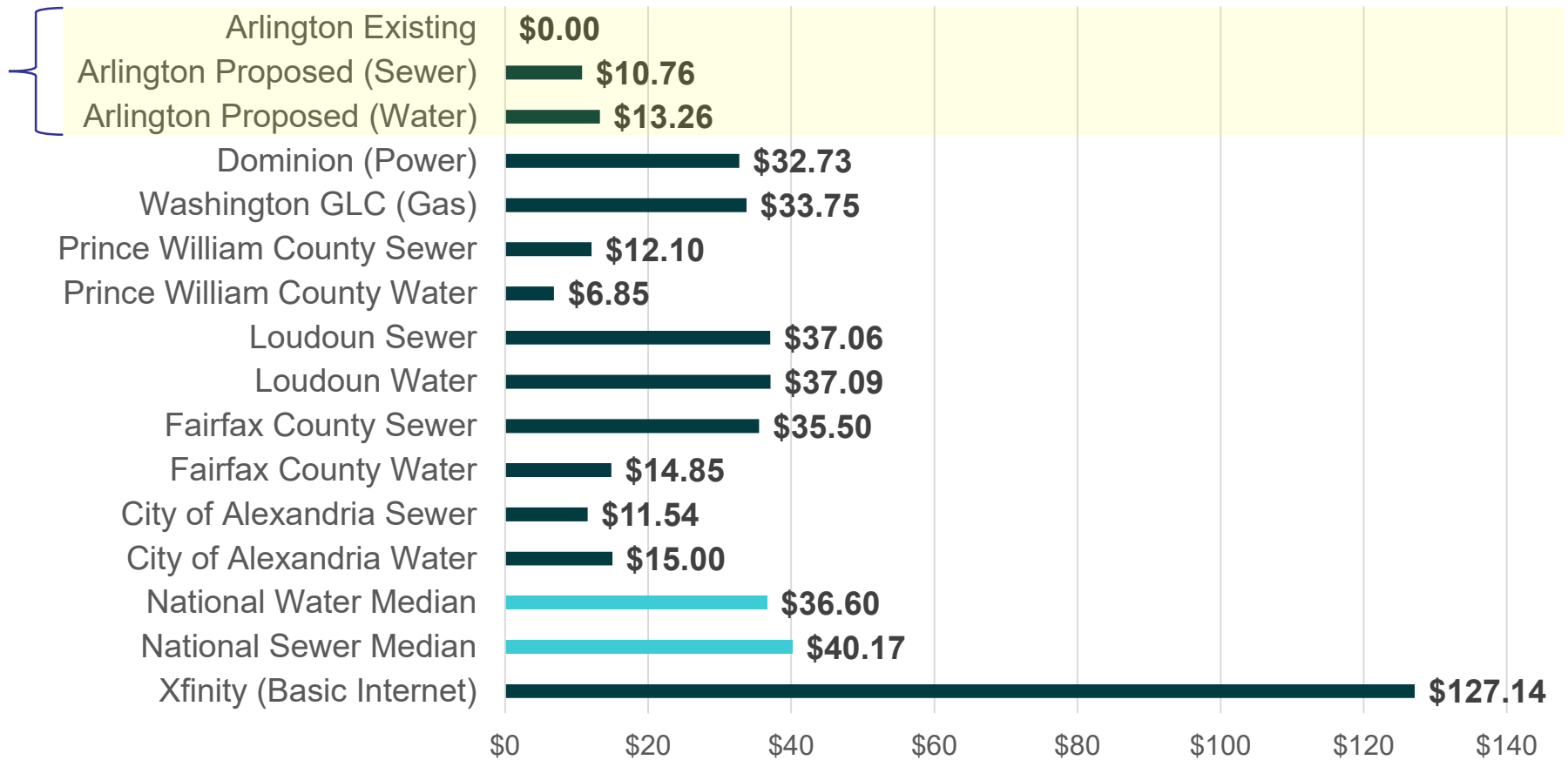
Rate Impacts

Historical Comparison of Area Jurisdictions Median Annual Household Cost for Water/Sewer (48,000 gallons annually)



*Dotted lines indicate no proposed rate for FY2022 yet
Assumes 9TG/quarter for Average Winter Water use*

Utility Fixed Charges in Arlington (Quarterly)



Proposed Rate Structure Impacts

Arlington has developed a Bill Calculator for customers to examine impacts.

- Impacts vary for each customer based on usage characteristics and customer class
- *Single Family Residential* – Impacts vary based upon usage patterns; most customers will see modest increases – reflecting highest cost of service among customer classes
- *Multi-Family Residential* – Generally see minor bill decreases
- *Commercial* – Will see minor (~1%) bill increases

Arlington Water and Wastewater Bill Calculator

To calculate your utility bill, enter your Account Number & Address Number:

Account Number (0987654321000):

Address Number (101 Main St): Calculate

Note: This calculator tool is designed to demonstrate how the proposed water/wastewater rate structure changes may affect your future water/wastewater bill. It is based on calendar year 2020 water consumption and Fiscal Year (FY) 2021 rates, and compares charges under the existing rate structure with charges under the proposed rate structure. Actual costs incurred will be dependent upon actual use and the specific rates the County Board adopts as part of the FY22 budget process.

If you have trouble finding your account information, select the "Forgot Account Number" button below. This will populate the tool with data for a typical residential customer. You can also modify the consumption fields to view different scenarios and bill impacts. If you wish to access your account information, please visit: [My Utilities](#). If you need further assistance with this tool, contact Customer Service at 703-228-5000, 7am-7pm, Mon-Fri.

Forgot Account Number?

Your Account Information			
Account Number	SAMPLE BILL		
Address			
Customer Type	Residential ▼		
Median Quarterly Usage (TG or 1,000 gal)	<input type="text" value="12"/>		
Winter Quarterly Usage (TG)	<input type="text" value="10"/>		
Re-Calculate Bill			
Your Quarterly Bill			
	Existing	Proposed	Change
Water Charges			
Quarterly Base Charge (New)	\$0.00	\$12.98	\$12.98
Volume Charge (per TG)			
All Usage	\$58.92		
Tier One (0-9 TG)		\$33.48	
Tier Two (>9 TG)		\$17.85	
Total Water Bill	\$58.92	\$64.31	\$5.39
Wastewater Charges			
Quarterly Base Charge (New)	\$0.00	\$10.62	\$10.62
Volume Charge (per TG)			
All Usage	\$111.48		
Winter Period Use		\$94.50	
Total Wastewater Bill	\$111.48	\$105.12	(\$6.36)
Total Quarterly Bill	\$170.40	\$169.43	(\$0.97)

Affordability Analysis Takeaways

- Traditional methods for evaluating Water/Sewer affordability indicate no systemic challenges in Arlington
 - Majority of our at-need population is in Multi-Family housing
 - Multi-Family residents are "indirect" customers
- Reduced burden on Multi-Family housing stock should benefit our largest population
 - › “Pass-thru” of reduced utility burden to tenants is unclear
 - › Few (or no) national models to implement and verify pass-thru benefits
- Best opportunity to help is through existing organizations which support low-income community

Next Steps

Implementation Schedule

**FY22 Budget
Process**



**January 2022
Implementation**

**Advertisement & public hearing
Adoption of fee and structure
changes for two rates**

Current (basic) commodity fees for
July 1 – December 31, 2021

New rate structure and charges for
January 1 – June 30, 2022

**Additional time necessary to
develop, test, implement policy &
practice**

Educate ratepayers and
communicate changes

Q & A

water.arlingtonva.us/water-and-wastewater-utility-rate-study/

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Thank you!

Tell us what you think:

bit.ly/RateStructureFeedback

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