

WATER AND WASTEWATER UTILITY RATES: FEE STRUCTURE CHANGES FOR 2023

The City uses revenue collected from utility bills to operate, maintain and upgrade infrastructure that provides safe drinking water and removes and treats wastewater. In 2023, the City anticipates changes to the way water and wastewater utilities are charged. *(Monthly billing will remain)*

Why
change
?

Water
conservation:

Summer
usage can be
up to 3X more
than winter
usage.



Equity:

Tiered rates
designed to
more equally
recover costs
of water &
wastewater
services.



State Law:

Systems over
1,000 must
adopt
conservations
rates &
programs

Existing rates overview

- In 2006-2007 the Water and Wastewater Plants were upgraded to meet increasing usage demands and achieve more stringent treatment requirements.
- Rate increases were implemented after construction to help pay down project debt.
- Shortly after construction, a significant **economic recession** began (late 2007).
- In 2011, voters approved a **local half-cent sales tax** that stabilized rates during the economic downturn. The sales tax has resulted in stable rates over the years. The local half-cent sales tax ends in 2026.
- The last changes to water and wastewater rates coincided with implementation of the half-cent sales tax in **2011**.

What is changing?

Base Rates

Single Family Residential

- Single-family residences = **1 REU**.
- Typical single-family residence = $\frac{3}{4}$ " **water meter**.

Single-Family Base Rates (monthly)

3/4" Meter	2021 Rate	2023 Rate
Water	\$7.35	\$9.00
Wastewater	\$6.41	\$10.00

Multi-Family Residential

Multi-Family Water Base Rates

# of Units	2021 Base	2023 Base
Per Unit	\$7.35	\$5.85
2	NA	\$11.70
4	NA	\$23.40
10	NA	\$58.50
50	NA	\$292.50
100	NA	\$585.00

Multi-Family Wastewater Base Rates

# of Units	2021 Base	2023 Base
Per Unit	\$6.41	\$6.50
2	NA	\$13.00
4	NA	\$26.00
10	NA	\$65.00
50	NA	\$325.00
100	NA	\$650.00

- Multi-family residential base rates will be based on a **Residential Equivalent Unit (REU)**.
- Multi-family residences are calculated using **0.65 REU for each unit**. This reduction multiplier accounts for lower water usage by multi-family residents (65% of typical single-family home).

Non-residential

- Non-residential base rates will be based on **meter size** each month. Larger **meters** allow for more use of utility systems, so the **base rate** increases for larger meters.
- Base rates will utilize **American Water Works Association (AWWA)** meter capacity guidance.

Facts

Average daily water usage = 1.4 million gallons

Peak demand = 3.2 million gallons (primarily due to irrigation)



Wastewater daily flows average 1.8 million gallons

Peak flows exceed 5.0 million gallons (primarily due to inflow of storm water and groundwater)



Water Base Rates (monthly)

Meter Size	2021 Rate	2023 Rate
Per Meter	\$7.35	
3/4"	NA	\$9.00
1"	NA	\$22.50
1.5"	NA	\$45.00
2"	NA	\$72.00
3"	NA	\$144.00
4"	NA	\$225.00
6"	NA	\$450.00

Wastewater Base Rates (monthly)

Meter Size	2021 Rate	2023 Rate
Per Meter	\$6.41	
3/4"	NA	\$10.00
1"	NA	\$25.00
1.5"	NA	\$50.00
2"	NA	\$80.00
3"	NA	\$160.00
4"	NA	\$250.00
6"	NA	\$500.00

Water Usage

- Residential water bills will be based on a **3-tier increasing block structure** per 1,000 gallons used each month. This structure complies with State of Minnesota conservation rate requirements.

	2021 Usage Tiers	2021 Rate	2023 Usage Tiers	2023 Rate
Tier 1	0-150,000 gallons	\$4.34	0-6,000 gallons	\$3.00
Tier 2	151,000-3 million gallons	\$3.18	6,000-12,000 gallons	\$3.75
Tier 3	>3 million gallons	\$2.36	>12,000 gallons	\$4.69

- Water rates for non-residential users will be a **flat usage rate of \$3.00 per 1,000 gallons**.

Wastewater Usage

- Wastewater usage will be billed based on actual water used each month. Wastewater usage is currently based on average water usage for January and February.
- The wastewater usage rate will remain the same at **\$6.42 per 1,000 gallons**.

Irrigation Meters

- You can install a separate deduct irrigation meter (at your expense) to deduct the amount of irrigation water usage from your wastewater usage. Otherwise, wastewater usage will be billed off of the total metered water usage. Irrigation meters can be used for any outdoor water needs.
- There will be a \$25 annual fee for deduct irrigation meters. Deduct meters will be used to administer utility billing adjustments from May 1 through September 30 each year.
- Irrigation water usage (per irrigation meter readings) will be billed a **flat rate of \$4.69 per 1,000 gallons** (May to September).
- Again, please note that the ratepayer will be responsible for the cost of the deduct meter and the cost to install it. The cost is estimated at \$800 for a 3/4" water deduct meter. You will need to use about 125,000 total gallons of water outside to offset the cost of the deduct meter (approximately 7,000 gallons per year over the expected 20-year meter life cycle). Remember that without a deduct water meter you will be paying your wastewater usage based on the actual water usage.

What to do if you have questions?

If you have any questions or concerns, please contact City staff by either calling: **(320)234-4208**, or by emailing jjacobson@ci.hutchinson.mn.us