

CITY OF WESTMORLAND

CITY COUNCIL REPORT

DATE: November 19, 2025

FROM: Laura Fischer, Manager

SUBJECT: Information Only Regarding Draft Water / Sewer Rate Study

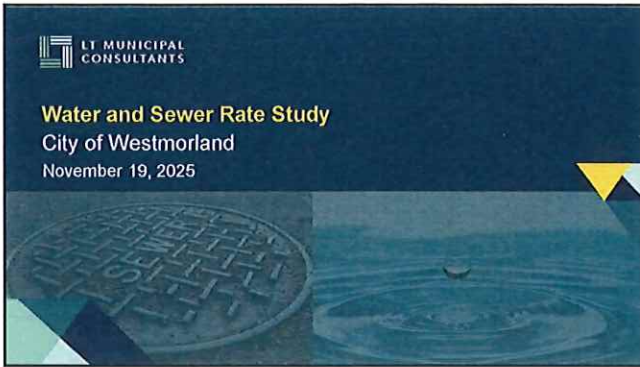
INFORMATION ONLY: Update on the Draft Water / Sewer Rate Study

DISCUSSION:

Council authorized the preparation of a water and sewer rate study. The water portion of the rate study is a requirement under the conditions of approval for the Expedited Drinking Water Grant to upgrade the water treatment plant. The grant amount of \$11M includes paying for the water portion of the rate study.

The city contract with LT Municipal Consultants and Principal Alison Lechowicz will be in attendance via Zoom to make the presentation. I have attached the notes from the powerpoint.

Respectfully Submitted,
Laura Fischer



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Background

- The City of Westmorland currently provides water and sewer service to about 544 customers made up of about:
 - 510 residential customers
 - 34 non-residential customers
- The City last conducted a water and sewer rate study in 2019
 - In 2023 and 2024 rates were increased as a catch up of two years of postponed rates
 - Customers are currently billed per equivalent dwelling unit
 - Commercial customers are metered and billed an excessive water usage rate
- This rate update is a 5-year plan with new rates proposed to go into effect each July 1 from 2026 through 2030 (no increase in 2025)
- This rate study will transition residential customers from fixed to metered water rates
- New proposed rates for multifamily customers

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Legal Requirements: Proposition 218

- Governs how water and sewer service charges can be calculated and adopted
 - Rates can be adopted over a maximum 5-year period with a single study
 - Rates must be based on the reasonable cost of providing service
 - Rates must proportionally recover costs based on how customers take service
- Procedural requirements for adopting rate adjustments: mail a notice of hearing and conduct hearing at least 45 days later
- Ratepayers can block the increase with a 50% protest

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WATER ENTERPRISE

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Current Monthly Water Rates

Current Water Monthly Rate per EDU		
\$75.60		
Water Equivalent Dwelling Units		
Land Use	Water EDUs	Billing Unit
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.24	per 1,000 sq. ft
Truck Stops / Cafes / Restaurants	0.73	per 1,000 sq. ft
Motels	0.30	per room
Bars & Pool Halls	0.85	per 1,000 sq. ft
Laundromats	0.85	per washer
Light Industrial	0.31	per 1,000 sq. ft
Warehouse	0.05	per 1,000 sq. ft
Service Stations	1.04	per station
Schools	0.33	per 1,000 sq. ft
Churches / Public Halls	0.12	per 1,000 sq. ft
Public Facilities	0.29	per 1,000 sq. ft
Bulk Water Sales	1.00	per 16,000 gallons

1 EDU =
equivalent
dwelling unit

= 16,000 gallons
per month for
non-residential
customers

Unlimited water
use for
residential
customers

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Current Water System Financial Standing

- Current reserves of about \$690,000
- Current revenues of about \$730,000 are covering expenses of about \$616,000 resulting in net positive revenues of about \$114,000.
- City has secured large grants for water filter replacements, main replacements, and the water treatment plant upgrade
- However, the City must fund other needed infrastructure improvements totaling \$1.34M over 5 years
 - Cost overrun on existing construction projects (\$250,000)
 - Water meters (\$250,000)
 - Pumps (\$480,000)
 - Vehicles (\$165,000)
 - Other equipment (\$200,000)

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Water Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.

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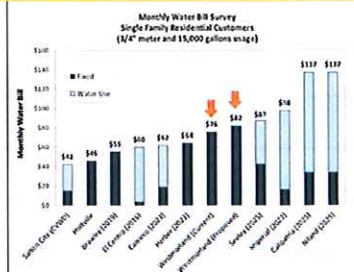
Proposed Monthly Water Rates

CURRENT		PROPOSED					
All Customers	Base Rate	Customer Class	Water Included in Base Fee (1,000 gals per month)	FY2027 (July 1, 2026)	FY2028 (July 1, 2027)	FY2029 (July 1, 2028)	FY2030 (July 1, 2029)
				8.1%	8.1%	8.1%	8.1%
Rate per EDU	\$75.00	Multi-Family	8	\$53.75	\$58.10	\$62.81	\$67.80
		Single Family	15	\$81.90	\$88.60	\$95.78	\$103.54
		Commercial					
		3/4"	35	\$81.96	\$88.60	\$95.78	\$103.54
		1"	25	\$130.60	\$147.65	\$159.62	\$172.55
		1 1/2"	50	\$172.20	\$195.30	\$219.28	\$245.11
		2"	80	\$437.32	\$492.83	\$512.80	\$552.37
		3"	160	\$874.24	\$985.65	\$1,021.60	\$1,104.35
Exclusive Use Rate (\$1,000 gallons)		Exclusive Use Rate (\$1,000 gallons)					
Rate for Use Over 15,000 per EDU	\$4.85	Rate for Use Over the Amounts Shown Above		\$4.03	\$4.36	\$4.71	\$5.09

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Water Survey



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SEWER ENTERPRISE

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Current Monthly Sewer Rates

Current Monthly Sewer Rates per EDU		
\$43.03		
Wastewater Equivalent Dwelling Units		
Land Use	Wastewater EDUs	Billing Unit
Residential Dwelling Units	1.00	per dwelling unit
Grocery / Liquor Store / Retail	0.39	per 1,000 sq. ft.
Truck Stops / Cafes / Restaurants	1.18	per 1,000 sq. ft.
Motels	0.49	per room
Bars & Pool Halls	1.38	per 1,000 sq. ft.
Laundromats	1.36	per washer
Light Industrial	0.50	per 1,000 sq. ft.
Warehouse	0.08	per 1,000 sq. ft.
Service Stations	1.87	per station
Schools	0.43	per 1,000 sq. ft.
Churches / Public Halls	0.19	per 1,000 sq. ft.
Public Facilities	0.39	per 1,000 sq. ft.
Bulk Water Sales	1.38	per 16,000 gallons

1 EDU =
equivalent
dwelling unit

= 16,000 gallons
of sewer flow per
month for non-
residential
customers

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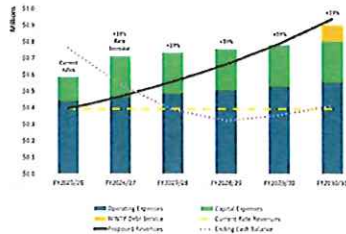
Current Sewer System Financial Standing

- Current reserves of about \$930,000
- Current revenues of about \$416,000 are NOT covering expenses of about \$435,000 resulting in deficit of about \$19,000.
- It is anticipated that the City will conduct improvements to the wastewater treatment plant in 5 to 6 years. It is estimated that the City would receive a 0% interest loan for \$4M of project costs over 40 years resulting in about \$100,000 annual debt service.
- Other needed sewer infrastructure improvements total \$1.25M over 5 years
 - Manholes (\$875,000)
 - Other equipment (\$375,000)

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Sewer Financial Projection



Average revenue increases shown above. Not every customer will receive exactly the % increase shown due to rate structure changes.

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Proposed Monthly Sewer Rates

Multifamily Fee is based on 4,500 gallons of flow per dwelling unit
Single Family Fee is based on 6,000 gallons of flow per dwelling unit
School Fee per student is based on 7 gallons per day of flow per student

CURRENT		PROPOSED					
All Customers	Base Fee	Effective Date	FY2017	FY2018	FY2019	FY2020	FY2021
			July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Rate per EDU	\$43.03				10%	10%	10%
		Multifamily Total Fee	\$39.23	\$45.68	\$55.55	\$66.10	\$78.66
		Single Family Total Fee	\$49.80	\$59.26	\$70.52	\$83.92	\$99.86
		School per Student	\$1.53	\$1.82	\$2.17	\$2.58	\$3.07
		Commercial Base Fee	\$49.80	\$59.26	\$70.52	\$83.92	\$99.86
		Commercial Flow*	\$6.19	\$7.37	\$8.77	\$10.44	\$12.42
(Over the first 6,000 gallons of metered water use)							

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Sewer Survey

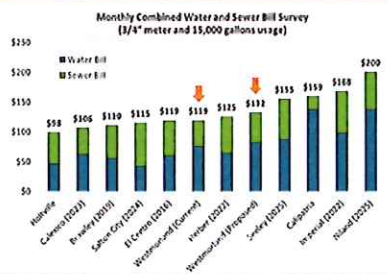


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Water & Sewer Survey



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Single Family Water & Sewer Bill Impacts

Current	FY2027	FY2028	Proposed FY2029	FY2030	FY2031
Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$75.60	\$81.96	\$88.60	\$95.78	\$103.54
Sewer	\$43.03	\$49.80	\$59.26	\$70.52	\$83.92
Total Bill	\$118.63	\$131.76	\$147.86	\$166.30	\$187.46
Increase		11%	12%	12%	13%
\$ Increase		\$13.13	\$16.10	\$18.44	\$21.16
				\$24.33	

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MultiFamily Water & Sewer Bill Impacts

Current	FY2027	FY2028	Proposed FY2029	FY2030	FY2031
Effective Date	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Water	\$75.60	\$53.75	\$58.10	\$62.81	\$67.90
Sewer	\$43.03	\$39.23	\$46.68	\$55.55	\$66.10
Total Bill	\$118.63	\$92.98	\$104.78	\$118.36	\$134.00
Increase		-22%	13%	13%	13%
\$ Increase		(\$25.66)	\$11.81	\$13.58	\$15.64
					\$18.06

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Tentative Schedule

- November 19, 2025: Present draft rates to City Council
- January 7, 2026: Present final rates to City Council; Initiate Proposition 218 process
- January 21, 2026: Mail Proposition 218 notice of public hearing
- April 1, 2026: Proposition 218 Hearing

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Wrap Up



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