Berryville Town Council

MEETING AGENDA

Berryville-Clarke County Government Center
101 Chalmers Court, Second Floor
Main Meeting Room
Regular Session

November 4, 2024

3:30 PM

Item	Page
1. Call to Order	
2. Pledge of Allegiance	
3. Approval of Agenda	
4. Approval of Minutes	
October 7, 2024	
5. Unfinished Business	
Proposed 5-year Water/Sewer Rate Plan	
6. New Business	
7. Adjourn	

DRAFT Town Council Work Session Minutes
3:00PM October 7, 2024
101 Chalmers Ct, Berryville, VA 22611
Main Meeting Room

In attendance: Jay Arnold, Mayor; Erecka Gibson, Vice Mayor; William Steinmetz, Ward 1 Representative; Diane Harrison, Ward 2 Representative, Grant Mazzarino, Ward 3 Representative; Ryan Tibbens, Ward 4 Representative; Keith Dalton, Town Manager; Cynthia Poulin, Treasurer; Jean Petti, Deputy Town Manager; Thomas Frederick of Pennoni remote participant via telephone.

1. Mayor Arnold called the meeting to order at 3:00pm. The meeting failed to begin audio recording until 3:13pm
2. Mayor Arnold led the Pledge of Allegiance
3. Mr. Tibbens made a motion to approve the agenda and it passed by a unanimous voice vote.
4. There was no old business
5. Mayor Arnold recognized Berryville's Treasurer, Mrs. Poulin, who summarized the history of rates and fees and the four rate/fee structure options as presented in agenda packet. She drew attention to option #4 as the option that most closely aligns forecasts of revenues and expenses. She invited questions from the councilmembers.

Ms. Gibson asked Mr. Dalton whether availability fees were anticipated. Mr. Dalton responded that there have been some inquiries from developers regarding property in Town, but these were very preliminary discussions.

Council discussed whether it would be appropriate to include availability fees in the forecast of revenues and several members of council stressed the importance of minimizing rate/fee increases while making sure that expenses don't outstrip revenues.

Mr. Frederick interposed that the PER Financing Plan for the water treatment plant upgrade includes a 10% contingency, one year debt service reserve, and four months' cash on hand.

Continued deliberations included comments that a rate increase may be preferable to a fee increase, as it allows ratepayers some control over their bill. Ms. Harrison also suggested that, as the anticipated cost increases were largely on the water side, the sewer rate could be increased at a slower pace.

Mr. Dalton recapped two points- 1) the proposed increase is required to meet lender requirements, and 2) the rate plan, when set, will need to maintain some flexibility to meet changing needs/forecasts.

He then proposed a second work session for November 4, 2024 at 3:30pm. At that meeting, staff will present revised options to include a 2.4% increase in sewer fees and little to no availability fee revenue. Staff will also compile some comparison figures for rates and fees (including availability fees) from neighboring entities and be prepared to weigh in on whether the current administrative fees accurately reflect the fixed costs of service.

6. The meeting was adjourned at 4:11pm by unanimous consent on a motion by Ms. Gibson

November 4, 2024 Report
The Town Council held a work session on October 7, 2024 to review water and sewer rates for FY 26, FY27, FY28, FY29, and FY30. This review is necessary to ensure that the Town's enterprise funds have the resources necessary to operate the water and sewer systems over the next five years. The approved rate plan will be reviewed by lending institutions that will be asked to fund the upgrade to the water treatment plant.

The rate option plans have been modified to address the Council's comments. The modified options are attached to this report.

Collection of rate and fee schedules from other jurisdictions is underway. This information will be provided to the Council at the work session.

Attachments:
- Revised Five-Year Rate Options
- Draft meeting notes for the October 7, 2024 work session.

It is expected that the rate plan will be approved on or before December 10, 2024.

October 7, 2024 Report
<u>History</u>
Upon receipt of the 2019 Utility Rate Study, the Town Council adopted a five-year rate adjustment plan to ensure that enterprise fund revenues were sufficient to operate, maintain, and upgrade the Town's water treatment, water distribution, water storage, wastewater treatment, and wastewater collection systems. I accordance with that plan, the Council enacted new water and sewer rates and fees in November 2019, November 2020, November 2021, November 2022, and November 2023.

During FY25 budget discussions, the Council determined that it would not enact new rates in November 2024 because a comprehensive multi-year rate plan had not been adopted for FY24 and beyond (this effort was delayed because the estimated cost of the water treatment plant upgrade required refinement) and it desired to adjust the rate adjustment schedule to better match the annual budget cycle/fiscal year. The Council directed Town staff to work with the Town's engineer to develop a five-year water/sewer rate plan for review. The Council intends to next adjust rates and fees on July 1, 2025.

<u>Subject of work session</u>
The Director of Finance worked with Pennoni to develop the attached rate adjustment options. The Finance Director will present these options and will explain how well the options meet revenue needs.

It is important to note that financing for the water treatment plant upgrade will require the adoption of rates and fees that fully fund the needs of the water fund, including debt service.

5 YEAR PLAN WATER RATE INCREASE ONLY
OPTION 1

	Consumption Total	$per kgal	Total Revenue	Admin Fees	Total Revenue and Admin Fees
FY24-25	104,352,071	$ 8.15	$ 850,469.38	$ 555,850.18	$ 1,406,319.56
FY25-26	105,200,000	$ 11.55	$ 1,215,060.00	$ 555,850.18	$ 1,770,910.18
FY26-27	106,400,000	$ 13.15	$ 1,399,160.00	$ 555,850.18	$ 1,955,010.18
FY27-28	107,200,000	$ 14.95	$ 1,602,640.00	$ 555,850.18	$ 2,158,490.18
FY28-29	108,004,000	$ 16.91	$ 1,826,347.64	$ 555,850.18	$ 2,382,197.82
FY29-30	108,815,000	$ 19.06	$ 2,074,013.90	$ 555,850.18	$ 2,629,864.08

Option #1 represents rate increase only. This also assumes zero availability fees will be collected.

SEWER RATE INCREASE ONLY 2.4%

	$per kgal	2.4% INCREASE at 7/1	Admin Fee	Total sewer per kgal	Increase per year
FY24-25	$ 17.27	$ 0.41	$ 12.18	$ 29.45	$ -
FY25-26	$ 17.68	$ 0.42	$ 12.18	$ 29.86	$ 4.92
FY26-27	$ 18.10	$ 0.43	$ 12.18	$ 30.28	$ 5.04
FY27-28	$ 18.53	$ 0.44	$ 12.18	$ 30.71	$ 5.16
FY28-29	$ 18.97	$ 0.45	$ 12.18	$ 31.15	$ 5.28
FY29-30	$ 19.42		$ 12.18	$ 31.60	$ 5.40

Total bill including water and sewer per kgal

	Rate	Admin Fee	Total Bill
FY24-25	$ 25.42	$ 36.53	$ 61.95
FY25-26	$ 29.23	$ 36.53	$ 65.76
FY26-27	$ 31.25	$ 36.53	$ 67.78
FY27-28	$ 33.48	$ 36.53	$ 70.01
FY28-29	$ 35.88	$ 36.53	$ 72.41
FY29-30	$ 38.48	$ 36.53	$ 75.01

Revenue needed per Finance Plan	Increase per kgal	Increase per year
N/A	$ -	
$ 1,771,600.00	$ 3.40	$ 40.80
$ 1,955,400.00	$ 1.60	$ 19.20
$ 2,158,400.00	$ 1.80	$ 21.60
$ 2,382,300.00	$ 1.96	$ 23.52
$ 2,629,500.00	$ 2.15	$ 25.80

5 YEAR PLAN WATER RATE INCREASE 75% ADMIN FEE 25%

OPTION 2

	Number of Users	Consumption Total	$per kgal	Total Revenue	Admin Fee	Admin Fees
FY24-25	1960	104,352,071	$ 8.15	$ 850,469.38	$ 24.35	$ 555,850.18
FY25-26	1961	105,200,000	$ 10.69	$ 1,124,588.00	$ 27.50	$ 647,130.00
FY26-27	1962	106,400,000	$ 11.87	$ 1,262,968.00	$ 29.44	$ 693,135.36
FY27-28	1963	107,200,000	$ 13.20	$ 1,415,040.00	$ 31.58	$ 743,898.48
FY28-29	1964	108,004,000	$ 14.66	$ 1,583,338.64	$ 33.94	$ 799,897.92
FY29-30	1965	108,815,000	$ 16.25	$ 1,768,243.75	$ 36.54	$ 861,613.20

Option #2 represents a 75% increase in rate revenue and 25% increase in Admin revenue

SEWER RATE AND ADMIN FEE INCREASE 2.4%

	$per kgal	1.8% INCREASE at 7/1	Admin Fee	0.6% INCREASE ADMIN FEE AT 7/1	Total sewer per kgal	Increase per year
FY24-25	$ 17.27	$ 0.41	$ 12.18	$ 0.07	$ 29.45	$ -
FY25-26	$ 17.68	$ 0.42	$ 12.25	$ 0.07	$ 29.93	$ 5.76
FY26-27	$ 18.10	$ 0.43	$ 12.32	$ 0.07	$ 30.42	$ 5.88
FY27-28	$ 18.53	$ 0.44	$ 12.39	$ 0.07	$ 30.92	$ 6.00
FY28-29	$ 18.97	$ 0.45	$ 12.46	$ 0.07	$ 31.43	$ 6.12
FY29-30	$ 19.42		$ 12.53		$ 31.95	$ 6.24

Total bill including water and sewer per kgal

	Rate	Admin Fee	Total Bill for kgal
FY24-25	$ 25.42	$ 36.53	$ 61.95
FY25-26	$ 28.37	$ 39.75	$ 68.12
FY26-27	$ 29.97	$ 41.76	$ 71.73
FY27-28	$ 31.73	$ 43.97	$ 75.70
FY28-29	$ 33.63	$ 46.40	$ 80.03
FY29-30	$ 35.67	$ 49.07	$ 84.74

Total Revenue and Admin Fees	Revenue needed per Finance Plan	Increase per kgal	Increase Rate per year per kgal	Increase Admin Fee	Increase Admin per year	Total Increase per year
$ 1,406,319.56	N/A	$ -				
$ 1,771,718.00	$ 1,771,718.00	$ 2.54	$ 30.48	$ 3.15	$ 37.80	$ 68.28
$ 1,956,103.36	$ 1,956,103.36	$ 1.18	$ 14.16	$ 1.94	$ 23.28	$ 37.44
$ 2,158,938.48	$ 2,158,938.48	$ 1.33	$ 15.96	$ 2.14	$ 25.68	$ 41.64
$ 2,383,236.56	$ 2,383,236.56	$ 1.46	$ 17.52	$ 2.36	$ 28.32	$ 45.84
$ 2,629,856.95	$ 2,629,856.95	$ 1.59	$ 19.08	$ 2.60	$ 31.20	$ 50.28

5 YEAR PLAN WATER RATE INCREASE 50% ADMIN FEE 50%

OPTION 3

	Number of Users	Consumption Total	$per kgal	Total Revenue	Admin Fee	Admin Fees
FY24-25	1960	104,352,071	$ 8.15	$ 850,469.38	$ 24.35	$ 555,850.18
FY25-26	1961	105,200,000	$ 9.82	$ 1,033,064.00	$ 31.38	$ 738,434.16
FY26-27	1962	106,400,000	$ 10.58	$ 1,125,712.00	$ 35.26	$ 830,161.44
FY27-28	1963	107,200,000	$ 11.44	$ 1,226,368.00	$ 39.56	$ 931,875.36
FY28-29	1964	108,004,000	$ 12.39	$ 1,338,169.56	$ 44.29	$ 1,043,826.72
FY29-30	1965	108,815,000	$ 13.44	$ 1,462,473.60	$ 49.51	$ 1,167,445.80

Option #3 represents the increase in revenues to be split 50/50 between the rate and admin fees.

SEWER RATE AND ADMIN FEE INCREASE 2.4%

	$per kgal	1.2% INCREASE RATE at 7/1	Admin Fee	1.2% INCREASE ADMIN FEE AT 7/1	Total sewer per kgal	Increase per year
FY24-25	$ 17.27	$ 0.20	$ 12.18	$ 0.14	$ 29.45	$ -
FY25-26	$ 17.47	$ 0.20	$ 12.32	$ 0.14	$ 29.79	$ 4.08
FY26-27	$ 17.67	$ 0.21	$ 12.46	$ 0.14	$ 30.13	$ 4.08
FY27-28	$ 17.88	$ 0.21	$ 12.60	$ 0.15	$ 30.48	$ 4.20
FY28-29	$ 18.09	$ 0.21	$ 12.75	$ 0.15	$ 30.84	$ 4.32
FY29-30	$ 18.30		$ 12.90		$ 31.20	$ 4.32

Total bill including water and sewer per kgal

	Rate	Admin Fee	Total Bill for kgal
FY24-25	$ 25.42	$ 36.53	$ 61.95
FY25-26	$ 27.29	$ 43.70	$ 70.99
FY26-27	$ 28.25	$ 47.72	$ 75.97
FY27-28	$ 29.32	$ 52.16	$ 81.48
FY28-29	$ 30.48	$ 57.04	$ 87.52
FY29-30	$ 31.74	$ 62.41	$ 94.15

Total Revenue and Admin Fees	Revenue needed per Finance Plan	Increase per kgal	Increase Rate per year per kgal	Increase Admin Fee	Increase Admin per year	Total Increase per year
$ 1,406,319.56	N/A	$ -				
$ 1,771,498.16	$ 1,771,498.16	$ 1.67	$ 20.04	$ 7.03	$ 84.36	$ 104.40
$ 1,955,873.44	$ 1,955,873.44	$ 0.76	$ 9.12	$ 3.88	$ 46.56	$ 55.68
$ 2,158,243.36	$ 2,158,243.36	$ 0.86	$ 10.32	$ 4.30	$ 51.60	$ 61.92
$ 2,381,996.28	$ 2,381,996.28	$ 0.95	$ 11.40	$ 4.73	$ 56.76	$ 68.16
$ 2,629,919.40	$ 2,629,919.40	$ 1.05	$ 12.60	$ 5.22	$ 62.64	$ 75.24