

MEMORANDUM

To: Board of Directors
From: Gary W. Fern, P.E., Executive Director
Date: May 13, 2009
Re: Rate Study
cc: James M. Bowling, IV

At the April 16, 2009 Board meeting, the Municipal & Financial Services Group (M&FSG) presented their findings of the Rate Study conducted for the ACSA. The intent of the presentation was to provide Board Members details of the work performed by M&FSG, with the cooperation of the Rate Study Committee and the ACSA staff. Attached to the Board packet is the Water and Wastewater Rate Study Update prepared by M&FSG, dated May, 2009. In summary, M&FSG propose the following recommendations:

1. The current monthly water service charge should be replaced with a revised service charge that includes administrative and billing cost, and the cost of maintaining and replacing the water meters. The revised service charge should be applied to all customers, based on water meter size. Meter size equivalents should be based on the American Water Works Association, Manual M22 - Meter Equivalents Table.
2. The current 3-tiered, inclining block structure should be replaced with a 4-tiered structure. The third tier should be limited for those users between 6,001 to 9,000 gallons per month. The fourth tier will be charged to all single-family residential and irrigation users over 9,000 gallons per month. The first tier will be a "life-line" rate and charged at the Rivanna Water & Sewer Authority's wholesale rate. Tiers 2, 3 and 4 will utilize factors of 2, 3 and 4 times the wholesale rate, respectively.
3. The sewer rate structure should remain as currently utilized by the ACSA.
4. The Local Facilities charge should be eliminated.

Board Action

We request that the Board of Directors authorize the implementation of the recommendations made by M&FSG as part of the Water & Wastewater Rate Study Update.

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