

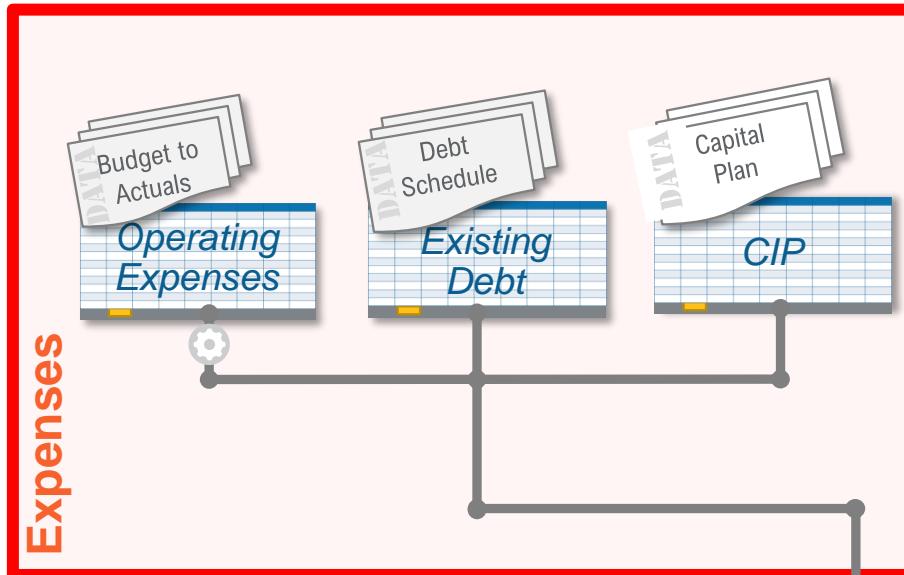
2025 WATER / SEWER RATE EVALUATION

Town of Webster

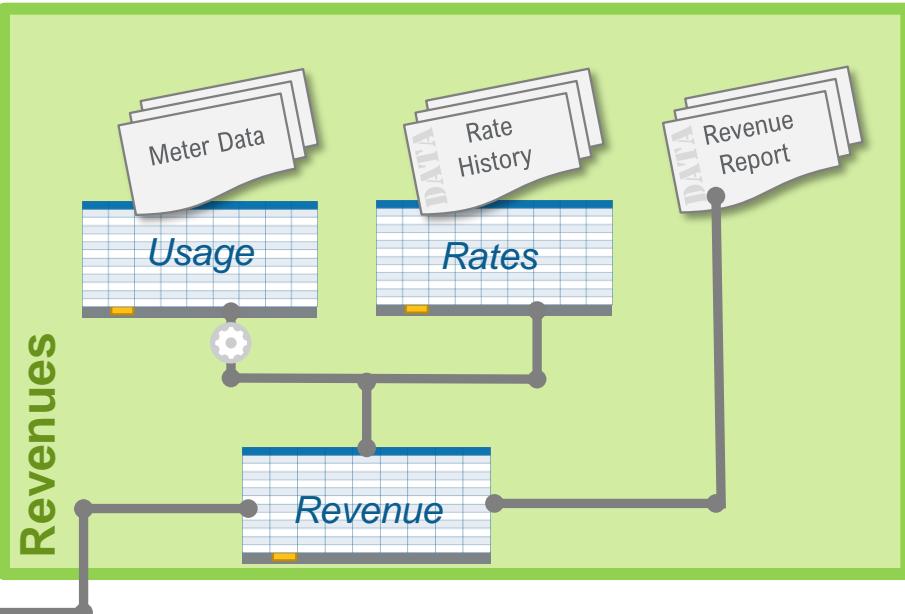
April 23, 2025

RATE MODEL OVERVIEW

1. Project expenses



2. Project revenues



3. Calculate net revenue

4. Adjust rates to maintain fund balance

5. Calculate user costs

6. Evaluate equity

7. Evaluate affordability



Capital expenses are the biggest driver of rate increases

WATER



PROJECTING WATER EXPENSES – OPERATING EXPENSES

	Budget FY24	Budget FY25	Budget FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
Operating Expenses							
PERSONNEL SERVICES	\$ 664,254	\$ 692,200	\$ 689,324	\$ 713,450	\$ 738,421	\$ 764,266	\$ 791,015
PURCHASE OF SERVICES	\$ 610,833	\$ 617,598	\$ 619,625	\$ 650,606	\$ 883,137	\$ 927,293	\$ 973,658
SUPPLIES	\$ 160,000	\$ 160,000	\$ 156,500	\$ 161,195	\$ 166,031	\$ 171,012	\$ 176,142
OTHER CHARGES & EXPENSES	\$ 56,814	\$ 51,600	\$ 51,600	\$ 54,180	\$ 56,889	\$ 59,733	\$ 62,720
CAPITAL OUTLAY (O&M)	\$ 158,000	\$ 153,000	\$ 233,000	\$ 235,330	\$ 237,683	\$ 240,060	\$ 242,461
TRANSFER TO GENERAL FUND	\$ 583,939	\$ 682,228	\$ 633,770	\$ 697,147	\$ 766,862	\$ 843,548	\$ 927,903
Subtotal	\$ 2,233,840	\$ 2,356,626	\$ 2,383,819	\$ 2,511,909	\$ 2,849,023	\$ 3,005,912	\$ 3,173,899
Delta Previous	▲ 12.2%	▲ 5.5%	▲ 1.2%	▲ 5.4%	▲ 13.4%	▲ 5.5%	▲ 5.6%
Capital Expenses							
DEBT SERVICE - EXIST	\$ 1,394,986	\$ 2,406,830	\$ 2,085,675	\$ 2,446,953	\$ 2,123,720	\$ 2,067,878	\$ 2,051,525
DEBT SERVICE - CIP		\$ -		\$ 119,563	\$ 1,094,533	\$ 1,122,174	\$ 1,512,515
CAPITAL OUTLAY - RETAINED EARNINGS			\$ 250,000	\$ 250,000	\$ -	\$ -	\$ -
TRANSFER TO CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 1,394,986	\$ 2,406,830	\$ 2,335,675	\$ 2,816,516	\$ 3,218,254	\$ 3,190,053	\$ 3,564,040
Delta Previous	▲ 11.6%	▲ 72.5%	▼ 3.0%	▲ 20.6%	▲ 14.3%	▼ 0.9%	▲ 11.7%
TOTAL EXPENSES	\$ 3,628,826	\$ 4,763,456	\$ 4,719,494	\$ 5,328,424	\$ 6,067,276	\$ 6,195,965	\$ 6,737,939
	▲ 12.0%	▲ 31.3%	▼ 0.9%	▲ 12.9%	▲ 13.9%	▲ 2.1%	▲ 8.7%

 **Source Data**
YTD Budget Reports

PROJECTING WATER EXPENSES – OPERATING EXPENSES

Expense Trending Analysis

Category	FY22 - FY26				FY 26 Budget	Delta FY25	Escalator
	Average Budget	Trend	Avg Annual % Change	Average Actual			
PERSONNEL SERVICES	\$ 635,273		▲ 8.0%	\$ 644,270	\$ 689,324	▼ 0.4%	3.5%
PURCHASE OF SERVICES	\$ 570,351		▲ 8.7%	\$ 472,566	\$ 619,625	▲ 0.3%	5.0%
SUPPLIES	\$ 156,990		▲ 1.0%	\$ 119,783	\$ 156,500	▼ 2.2%	3.0%
OTHER CHARGES & EXPENSES	\$ 46,603		▲ 4.3%	\$ 48,359	\$ 51,600	0.0%	5.0%
CAPITAL OUTLAY (O&M)	\$ 171,000		▲ 10.7%	\$ 108,772	\$ 233,000	▲ 52.3%	1.0%
TRANSFER TO CAPITAL	\$ -		-	\$ 212,673	\$ -	-	0.0%
TRANSFER TO GENERAL FUND	\$ 571,174		▲ 9.4%	\$ 583,939	\$ 633,770	▼ 7.1%	10.0%
DEBT SERVICE - EXIST	\$ 1,689,837		▲ 12.4%	\$ 1,210,209	\$ 2,085,675	▼ 13.3%	0.0%
	\$ 1,962,496.94		7.8%	\$ 3,400,572	\$ 4,469,494		

 **Source Data**
YTD Budget Reports

PROJECTING WATER EXPENSES – CAPITAL

Capital Improvement Planner

ID	System	Scope	Description	Funding source	Interest Rate	Estimated Cost	Cost Year	Escalated Cost	Start Year	Term
1	Distribution	Engineering	Water Main Design - Worcester Road Old Worcester Road	Rate	--	\$ 250,000	2026	\$ 250,000	2026	1
2	Treatment	Construction	PFAS Water Treatment Plants (2) Part 2 (assume 9.9% PF)	SRF	0.0%	\$ 10,000,000	2027	\$ 9,010,000	2027	30
3	Treatment	Construction	PFAS Water Treatment Plants (2) Part 3 (assume 0% PF)	SRF	0.0%	\$ 10,120,000	2027	\$ 10,120,000	2027	30
4	Source	Engineering	Well/Source Evaluation Project	Rate	--	\$ 250,000	2027	\$ 250,000	2027	1
5	Distribution	Construction	Water Main Construction - Worcester Road	Debt	5.0%	\$ 3,150,000	2024	\$ 3,829,000	2028	20
6	Distribution	Engineering	Water Main Design - School St	Debt	5.0%	\$ 150,000	2024	\$ 183,000	2028	5
7	Distribution	Engineering	Water Main Design (Park Ave)	Debt	5.0%	\$ 125,000	2024	\$ 160,000	2029	5
8	Treatment	Construction	Media Replacement	Debt	5.0%	\$ 250,000	2024	\$ 336,000	2030	5
9	Distribution	Eng.+Const.	Water Main Construction - School St	Debt	5.0%	\$ 2,390,000	2024	\$ 3,203,000	2030	20
10	Distribution	Eng.+Const.	Water Main Construction (Park Ave)	Debt	5.0%	\$ 1,530,000	2024	\$ 2,153,000	2031	20
Total						\$ 28,215,000		\$ 29,494,000		

EXISTING WATER REVENUES

Historic Revenue Summary (Actuals)

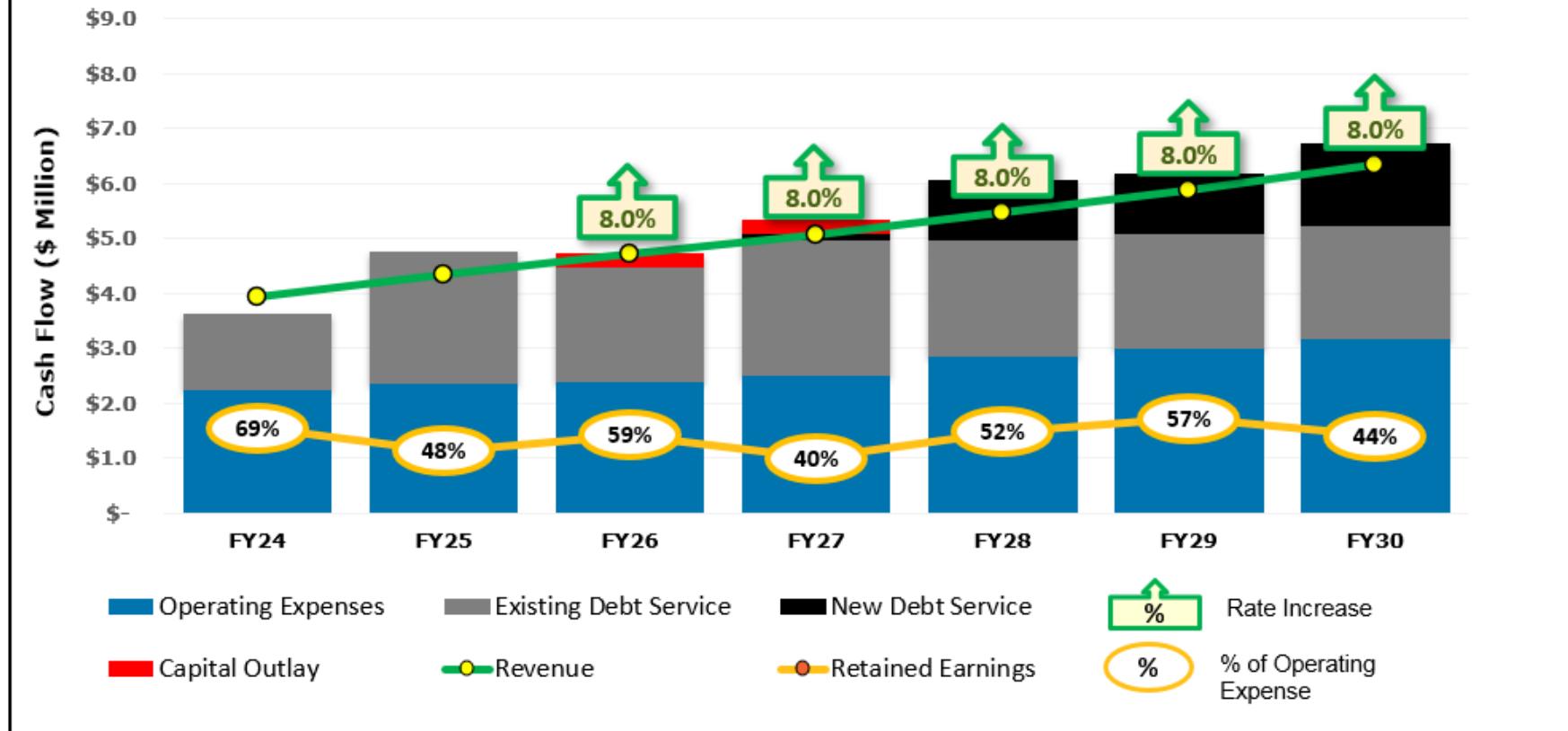
Sum of Actuals	FY20	FY21	FY22	FY23	FY24
Rate Revenue	\$ 2,376,575	\$ 2,626,859	\$ 2,632,349	\$ 2,822,848	\$ 3,070,150
LIENS, PENALTIES & PY	\$ 199,614	\$ 285,389	\$ 255,193	\$ 252,961	\$ 338,381
Non-Rate: Misc	\$ 77,930	\$ 98,060	\$ 97,807	\$ 70,089	\$ 397,792
BETTERMENTS	\$ 80,036	\$ 82,217	\$ 68,678	\$ 77,353	\$ 60,546
System Development Chg	\$ 75,050	\$ 108,805	\$ 50,065	\$ 32,500	\$ 71,500
Grand Total	\$ 2,809,204	\$ 3,201,330	\$ 3,104,092	\$ 3,255,751	\$ 3,938,370

PROPOSED WATER RATES AND REVENUES

Description	Type	Rate Increase		FY24	FY25	FY26	FY27	FY28	FY29	FY30				
Water T1	Minimum (0-500 CF)	\$41.44		\$48.90		\$52.80		\$57.00		\$61.55		\$66.45		\$71.75
Water T2	Usage (500 - 1,000 CF)	\$82.88		\$97.88		\$105.70		\$114.15		\$123.30		\$133.15		\$143.80
Senior Water T1	Minimum (0-500 CF)	\$33.15		\$39.12		\$42.25		\$45.65		\$49.30		\$53.25		\$57.50
Senior Water T2	Usage (500 - 1,500 CF)	\$66.31		\$78.24		\$84.50		\$91.25		\$98.55		\$106.45		\$114.95
		FY24	FY25	FY26	FY27	FY28	FY29	FY30						
Revenue	<i>Rate Increase</i>													
Rate Revenue		\$ 3,070,150	\$ 3,887,653	\$ 4,201,457	\$ 4,540,632	\$ 4,908,066	\$ 5,304,142	\$ 5,732,563						
Non Rate Revenue		\$ 868,220	\$ 466,932	\$ 511,729	\$ 533,282	\$ 558,188	\$ 586,468	\$ 617,974						
TOTAL REVENUE		\$ 3,938,370	\$ 4,354,585	\$ 4,713,186	\$ 5,073,913	\$ 5,466,254	\$ 5,890,610	\$ 6,350,536						
Delta previous (Rate Revenue)		▲ 8.8%	▲ 26.6%	▲ 8.1%	▲ 8.1%	8.1%	8.1%	8.1%						
Retained Earnings (Begin)		\$ 1,179,708	\$ 921,212	\$ 1,135,112	\$ 1,418,040	\$ 994,831	\$ 1,476,905	\$ 1,723,585						
Net Revenue		\$ 370,343	\$ 213,900	\$ 532,928	\$ (173,209)	\$ 482,074	\$ 246,680	\$ (316,120)						
Capital Outlay		\$ -	\$ -	\$ (250,000)	\$ (250,000)	\$ -	\$ -	\$ -						
Retained Earnings (End)		\$ 1,550,051	\$ 1,135,112	\$ 1,418,040	\$ 994,831	\$ 1,476,905	\$ 1,723,585	\$ 1,407,465						
(as % OpEx -no debt)		69%	48%	59%	40%	52%	57%	44%						
Days of Retained Earnings as Operating Expenses		253.3	175.8	217.1	144.6	189.2	209.3	161.9						
Months of Retained Earnings as Operating Expenses		8.4	5.9	7.2	4.8	6.3	7.0	5.4						

WATER ENTERPRISE FUND

Alt. A - Maintain Existing Rate Structure



SEWER



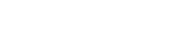
PROJECTING SEWER EXPENSES – OPERATING EXPENSES

	Budget FY24	Budget FY25	Budget FY26	Projected FY27	Projected FY28	Projected FY29	Projected FY30
OPERATING EXPENSES							
PERSONNEL SERVICES	\$ 1,064,363	\$ 1,071,500	\$ 1,102,050	\$ 1,140,622	\$ 1,180,544	\$ 1,221,863	\$ 1,264,628
PURCHASE OF SERVICES	\$ 1,199,095	\$ 1,233,000	\$ 1,233,000	\$ 1,294,650	\$ 1,359,383	\$ 1,427,352	\$ 1,498,719
SUPPLIES	\$ 574,179	\$ 625,700	\$ 626,400	\$ 645,192	\$ 664,548	\$ 684,484	\$ 705,019
RESIDUALS	\$ 335,000	\$ 470,000	\$ 470,000	\$ 517,000	\$ 568,700	\$ 625,570	\$ 688,127
OTHER CHARGES & EXPENSES	\$ 3,000	\$ 3,400	\$ 3,400	\$ 3,570	\$ 3,749	\$ 3,936	\$ 4,133
CAPITAL - O&M	\$ 205,000	\$ 205,000	\$ 205,000	\$ 207,050	\$ 209,121	\$ 211,212	\$ 213,324
TRANSFER TO GENERAL FUND	\$ 837,242	\$ 841,318	\$ 840,339	\$ 924,373	\$ 1,016,810	\$ 1,118,491	\$ 1,230,340
Subtotal	\$ 4,217,879	\$ 4,449,918	\$ 4,480,189	\$ 4,732,457	\$ 5,002,853	\$ 5,292,907	\$ 5,604,290
Delta Previous							
	▲ 10.2%	▲ 5.5%	▲ 0.7%	▲ 5.6%	▲ 5.7%	▲ 5.8%	▲ 5.9%
CAPITAL EXPENSES							
DEBT SERVICE	\$ 884,372	\$ 1,063,257	\$ 1,182,330	\$ 1,158,234	\$ 1,066,479	\$ 1,071,929	\$ 1,061,633
CAPITAL OUTLAY -DEBT	\$ 619,000	\$ 603,525	\$ 1,108,050	\$ 1,177,975	\$ 1,147,040	\$ 1,881,905	
CAPITAL OUTLAY - RETAINED EARNINGS	\$ 794,000	\$ 508,500	\$ 607,000	\$ -	\$ -	\$ -	\$ -
TRANSERS TO CAPITAL PROJECTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 1,678,372	\$ 2,190,757	\$ 2,392,855	\$ 2,266,284	\$ 2,244,454	\$ 2,218,969	\$ 2,943,538
Delta Previous							
	▲ 90.4%	▲ 30.5%	▲ 9.2%	▼ 5.3%	▼ 1.0%	▼ 1.1%	▲ 32.7%
TOTAL EXPENSES	\$ 5,896,251	\$ 6,640,675	\$ 6,873,044	\$ 6,998,741	\$ 7,247,307	\$ 7,511,876	\$ 8,547,827
	▲ 25.2%	▲ 12.6%	▲ 3.5%	▲ 1.8%	▲ 3.6%	▲ 3.7%	▲ 13.8%

 **Source Data**
YTD Budget Reports

PROJECTING SEWER EXPENSES – OPERATING EXPENSES

Expense Trending Analysis

Category	FY22 - FY26				FY 26 Budget	Delta FY25	Escalator
	Average Budget	Trend	Avg Annual % Change	Average Actual			
PERSONNEL SERVICES	\$ 1,041,134		4.1%	\$ 1,013,013	\$ 1,102,050	▲ 2.8%	3.5%
PURCHASE OF SERVICES	\$ 1,054,937		12.7%	\$ 476,402	\$ 1,233,000	0.0%	5.0%
SUPPLIES	\$ 554,913		8.8%	\$ 412,556	\$ 626,400	▲ 0.1%	3.0%
RESIDUALS	\$ 391,434		9.1%	\$ 275,347	\$ 470,000	0.0%	10.0%
CAPITAL - O&M	\$ 224,048		0.1%	\$ 55,116	\$ 205,000	0.0%	1.0%
OTHER CHARGES & EXPENSES	\$ 12,131		-221.1%	\$ 10,355	\$ 3,400	0.0%	5.0%
DEBT SERVICE	\$ 979,984		8.3%	\$ 772,139	\$ 1,182,330	▲ 10.1%	
TRANSERS TO CAPITAL PROJECTS	\$ 587,000		-	\$ 560,833	\$ -	--	
TRANSFER TO GENERAL FUND	\$ 821,234		3.1%	\$ 533,063	\$ 840,339	▼ 0.1%	10.0%
	\$ 587,000.00		-21.9%		\$ 5,662,519		

 **Source Data**
YTD Budget Reports

PROJECTING SEWER EXPENSES – CAPITAL

Capital Improvement Planner

ID	System	Scope	Description	Funding source	Interest Rate	Estimated Cost	Cost Year	Escalated Cost	Start Year	Term
1	Treatment	Design	Wastewater Treatment Plant Biosolids Design	Rate	--	\$ 500,000	2026	\$ 500,000	2026	1
2	Treatment	Eng.+Const.	Wastewater Plant Bar Rack Screens and Teeth Replacement	Rate	--	\$ 48,000	2025	\$ 51,000	2026	1
3	Treatment	Equipment	HACH All Weather Automatic Sampler Upgrade	Rate	--	\$ 8,500	2025	\$ 9,000	2026	1
4	Treatment	Equipment	HACH Online Nitrate/NH3 Sensors for Aeration	Rate	--	\$ 12,000	2025	\$ 13,000	2026	1
5	Treatment	Equipment	HACH Online pH Sensors for aeration	Rate	--	\$ 6,000	2025	\$ 7,000	2026	1
6	Treatment	Equipment	Laboratory Oven	Rate	--	\$ 500	2025	\$ 1,000	2026	1
7	Enterprise	Equipment	Portable Sample for Landfill Well Testing	Rate	--	\$ 500	2025	\$ 1,000	2026	1
8	Treatment	Eng.+Const.	Aeration Improvements Phase II	Debt	5.0%	\$ 5,200,000	2027	\$ 5,200,000	2027	20
9	Treatment	Equipment	Chemical Bldg - Replace Chlorine Gas System	Debt	5.0%	\$ 850,000	2025	\$ 984,000	2028	20
10	Treatment	Construction	Wastewater Treatment Plant Biosolids Construction	Debt	5.0%	\$ 6,000,000	2025	\$ 7,658,000	2030	20
Total						\$ 12,625,500		\$ 14,424,000		

EXISTING SEWER REVENUES

Historic Revenue Summary (Actuals)

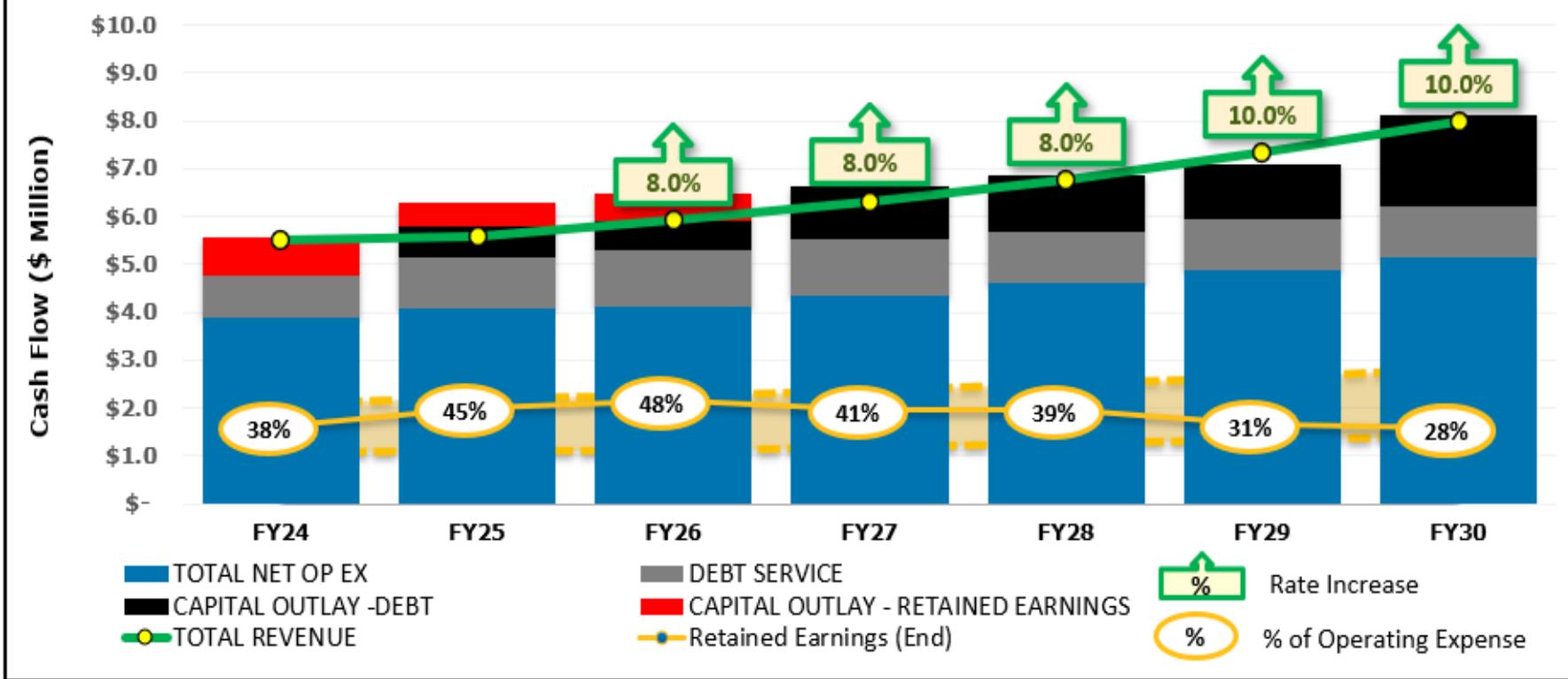
Sum of Actuals	FY20	FY21	FY22	FY23	FY24
Rate Revenue	\$ 3,104,481	\$ 3,346,820	\$ 3,528,584	\$ 3,658,641	\$ 3,875,069
IMA	\$ 545,350	\$ 736,114	\$ 596,062	\$ 599,550	\$ 734,904
Non-Rate: Misc	\$ 146,128	\$ 181,392	\$ 27,244	\$ 42,102	\$ 127,311
Betterments	\$ 161,983	\$ 142,973	\$ 114,598	\$ 101,315	\$ 67,389
Non-Rate: Septage	\$ 150,675	\$ 143,605	\$ 124,320	\$ 164,302	\$ 134,525
Liens, Penalties & PY	\$ 354,770	\$ 487,202	\$ 421,482	\$ 413,945	\$ 573,603
Grand Total	\$ 4,463,387	\$ 5,038,106	\$ 4,812,289	\$ 4,979,854	\$ 5,512,800

PROPOSED SEWER RATES AND REVENUES

Rate Increase		FY24	FY25	FY26	8%	8%	8%	10%	10%
Description	Type	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY30
Sewer T1	Minimum (0-500 CF)	\$53.71	\$53.71	\$58.00	\$62.65	\$67.65	\$74.40	\$81.85	
Sewer T2	Usage (500 - 1000 CF)	\$107.42	\$107.42	\$116.00	\$125.30	\$135.30	\$148.85	\$163.75	
Senior Sewer T1	Minimum (0-500 CF)	\$42.97	\$42.97	\$46.40	\$50.10	\$54.10	\$59.50	\$65.45	
Senior Sewer T2	Usage (500 - 1500 CF)	\$85.93	\$85.93	\$92.80	\$100.20	\$108.20	\$119.00	\$130.90	
Sewer Flat	Flat Rate	\$214.83	\$214.83	\$232.00	\$250.55	\$270.60	\$297.65	\$327.40	
Senior Sewer Flat	Flat Rate	\$171.86	\$171.86	\$185.60	\$200.45	\$216.50	\$238.15	\$261.95	
Revenue		FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY30
Rate Increase				8.0%	8.0%	8.0%	10.0%	10.0%	
Rate Revenue		\$ 4,495,657	\$ 4,057,910	\$ 4,394,885	\$ 4,760,923	\$ 5,156,025	\$ 5,689,824	\$ 6,277,568	
Non Rate Revenue		\$ 1,017,142	\$ 1,519,566	\$ 1,520,879	\$ 1,558,321	\$ 1,598,991	\$ 1,642,892	\$ 1,702,203	
TOTAL REVENUE		\$ 5,512,800	\$ 5,577,476	\$ 5,915,764	\$ 6,319,244	\$ 6,755,017	\$ 7,332,716	\$ 7,979,770	
Delta previous (Rate Revenue)		▲ 10.3%	▼ 9.7%	▲ 8.3%	▲ 8.3%	▲ 8.3%	▲ 10.4%	▲ 10.3%	
Retained Earnings (Begin)		\$ 1,734,107	\$ 1,920,735	\$ 1,989,249	\$ 2,130,228	\$ 1,931,522	\$ 1,939,657	\$ 1,638,757	
Net Revenue		\$ 682,092	\$ 577,014	\$ 747,979	\$ (198,706)	\$ 8,135	\$ (300,900)	\$ (92,062)	
Capital Outlay		\$ (794,000)	\$ (508,500)	\$ (607,000)	\$ -	\$ -	\$ -	\$ -	
Retained Earnings (End)		\$ 1,622,199	\$ 1,989,249	\$ 2,130,228	\$ 1,931,522	\$ 1,939,657	\$ 1,638,757	\$ 1,546,695	
(as % OpEx -no debt)		38%	45%	48%	41%	39%	31%	28%	
Days of Retained Earnings as Operating Expenses		140.4	163.2	173.5	149.0	141.5	113.0	100.7	
Months of Retained Earnings as Operating Expenses		4.7	5.4	5.8	5.0	4.7	3.8	3.4	

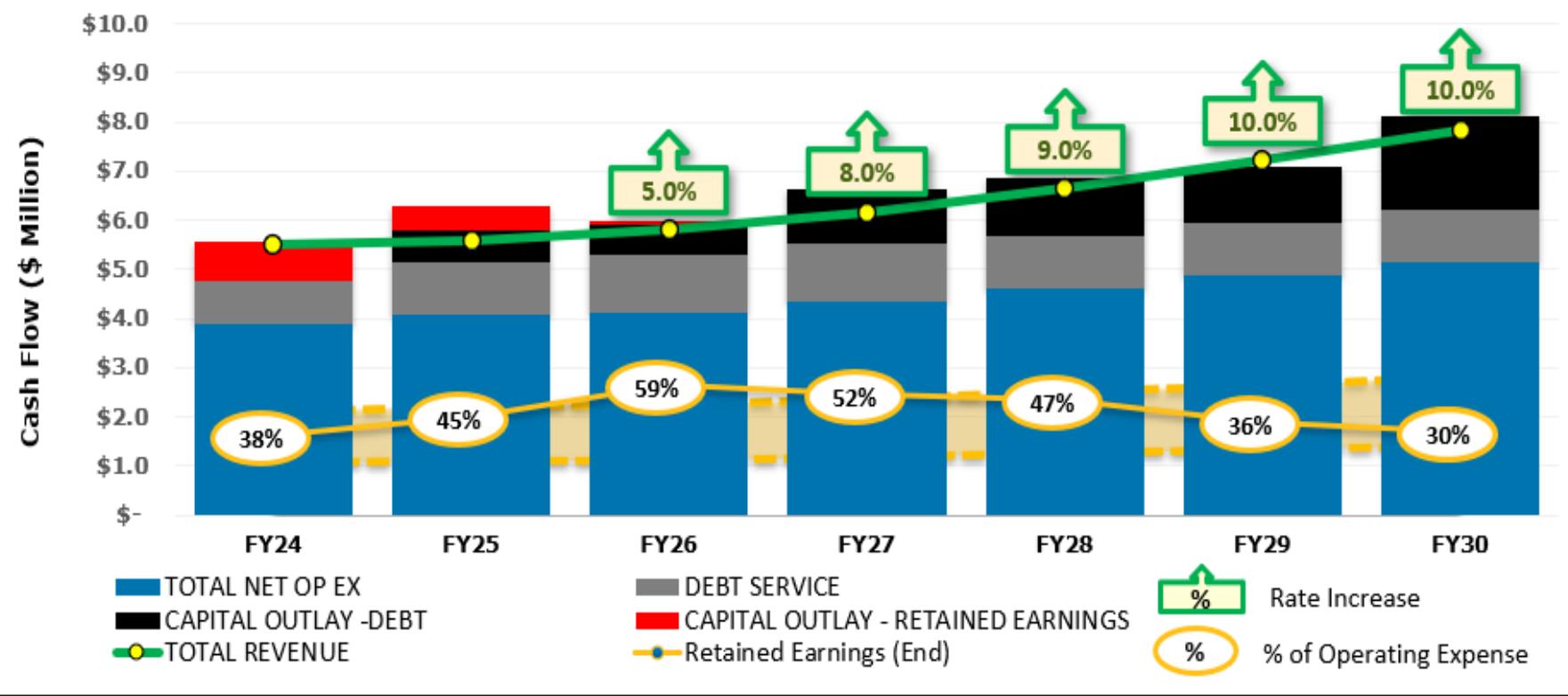
SEWER ENTERPRISE FUND

Alt. A - Maintain Existing Rate Structure



ALTERNATIVE IMPACT WITHOUT BIOSOLIDS PROJECT TO ENTERPRISE FUND

Alt. A - Maintain Existing Rate Structure



RESIDENTIAL IMPACTS & AFFORDABILITY

Annual Cost - Residential Customer (3 People Using 55 Gallons Per Day Each)

Water	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Typical Residential Customer	\$ 666.41	\$ 786.87	\$ 849.70	\$ 917.55	\$ 991.02	\$ 1,070.12	\$ 1,155.66
Typical Senior Residential Customer	\$ 533.16	\$ 629.11	\$ 679.44	\$ 733.82	\$ 792.51	\$ 856.03	\$ 924.38
Sewer	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Typ Residential Sewer cost	\$ 863.73	\$ 863.73	\$ 932.72	\$ 1,007.50	\$ 1,087.91	\$ 1,196.76	\$ 1,316.57
Typical Senior Residential Customer	\$ 690.96	\$ 690.96	\$ 746.18	\$ 805.68	\$ 870.01	\$ 956.85	\$ 1,052.53
Typical Residential Customer Without Biosolids Project	\$ 863.73	\$ 863.73	\$ 906.99	\$ 979.36	\$ 1,067.51	\$ 1,174.45	\$ 1,291.84
Typical Senior Residential Customer Without Biosolids Project	\$ 690.96	\$ 690.96	\$ 725.58	\$ 783.47	\$ 853.92	\$ 939.16	\$ 1,033.23



Measuring Affordability. Affordability, like temperature, is highly subjective. To determine whether water and sewer costs represents a financial burden we use indicators.

The Household Burden Indicator (HBI). Introduced in 2019, this indicator is based the Lowest Quintile Income (the lowest 20%), which is more representative of household financial status. The second component, the Poverty Prevalence Indicator is the percentage of the community below 200% of the Federal Poverty Level. The burden is determined by using the chart below.

Household Burden - LQI Escalated at 1% per year	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Typical Residential Customer	4.7%	5.1%	5.4%	5.8%	6.2%	6.7%	7.2%
Typical Senior Residential Customer	3.5%	3.8%	4.1%	4.4%	4.8%	5.2%	5.7%

Red highlights indicate annual bills that are above the 7% threshold for moderate to low burden indicator for water and sewer bills.

Webster Income Data (2023 US Census)

Median Household Income: \$68,934

Lowest Quintile Income: \$30,667

Poverty Prevalence Indicator: 27.7%

Results

Based upon the data shown herein and using a constant LQI (no increase in income), the projected rates are considered to be a moderate to low burden

Household Burden Indicator	Poverty Prevalence Indicator		
	>= 35%	20% to 35%	<20%
> = 10%	Very High Burden	High Burden	Moderate – High Burden
7% to 10%	High Burden	Moderate – High Burden	Moderate - Low Burden
<7%	Moderate - High Burden	Moderate - Low Burden	Low Burden