



AGENDA
FINANCE COMMITTEE
August 25, 2022 at 10:00 AM

Call to Order

Old Business

New Business

1. Hotel Motel Water Rate Discussion
2. Year End Finance Preliminary Report

City Manager Comments

Adjournment



AGENDA ITEM

FINANCE COMMITTEE MEETING:

Review Request From Hotel/Motel for modification of the water rate structure

Review Materials From Finance Dept

ATTACHMENTS

[Hotel Motel WS Rates Discussion.pdf](#)



City of Tybee Island

Memorandum

To: Finance Committee
From: Jen Amerell, Finance Director
Date: August 17, 2022
Re: Water / Sewer Utility Rates

JRA

Background

The Water / Sewer Utility Fund is a separate fund that accounts for the delivery of water and sewer services to the property owners on Tybee Island. All activities necessary to provide such services are accounted for in this fund. Unlike the City's general fund, an enterprise fund is a self-supporting government fund that sells goods and services to the public for a fee.

A utility rate is separated into two factors, fixed and variable rates. Fixed costs are incurred regardless of consumption; it is the cost simply allowing a property unit to have the ability to use and dispose of water. The objective of the variable rate is to fund all the costs associated with using the system. Variable rates are based on usage, the more water consumed the more resources used.

Council approved the current water/sewer rate structure in May 2021, with an effective date of September 1, 2021. Revisions to the City's rate structure were necessary to address the needs of failing infrastructure and a depleted fund balance. The revisions to the rate structure included the following:

1. Reduce and simplify the number of fixed rate classes
2. Eliminate zero charge for usage per unit
3. Establish a uniform 5,000 gallon usage tier
4. Establish a peak season from June 1 to August 31
5. Introduce a 25% premium for usage over 10,000 during peak season
6. Annual increase to fixed and variable rates beginning with fiscal year 2023 based on 5 year CIP plan and annual budget requirements

Attachments

Example 1 – Summary of City's prior utility rate structure and current rate structure

Example 2 – Summary of three bill scenarios for a multiple unit property. The property in the example has 37 units, therefore under the prior rate structure, would receive a credit up to 111,000 gallons of water used but not billed.

**EXAMPLE 1
CITY OF TYBEE ISLAND - PRIOR & CURRENT RATE STRUCTURES**

Fixed:	REGULAR SEASON RATES - PRIOR			REGULAR SEASON RATES - CURRENT			PEAK SEASON RATES - CURRENT		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
Commercial - Multi	\$ 12.69	\$ 29.01	\$ 41.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Units	\$ 8.17	\$ 8.17	\$ 16.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial - Single Base	\$ 12.69	\$ 29.01	\$ 41.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bed & Breakfast Base	\$ 12.69	\$ 29.01	\$ 41.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Base	\$ 12.69	\$ 29.01	\$ 41.70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential - Single	\$ 11.15	\$ 25.53	\$ 36.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential - Multi	\$ 11.15	\$ 25.53	\$ 36.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Base	\$ 5.37	\$ 12.94	\$ 18.31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ 15.00	\$ 15.00	\$ 30.00	\$ 15.00	\$ 15.00	\$ 30.00
Commercial	\$ -	\$ -	\$ -	\$ 15.00	\$ 15.00	\$ 30.00	\$ 15.00	\$ 15.00	\$ 30.00
Commercial - Multi 10	\$ -	\$ -	\$ -	\$ 7.50	\$ 7.50	\$ 15.00	\$ 7.50	\$ 7.50	\$ 15.00
Public Authority	\$ -	\$ -	\$ -	\$ 15.00	\$ 15.00	\$ 30.00	\$ 15.00	\$ 15.00	\$ 30.00

Consumption:	REGULAR SEASON RATES - PRIOR			REGULAR SEASON RATES - CURRENT			PEAK SEASON RATES - CURRENT**		
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total
0 - 3,000 Gallons	\$ -	\$ -	\$ -	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA
0 - 5,000 Gallons	\$ NA	\$ NA	\$ NA	\$ 3.20	\$ 3.20	\$ 6.40	\$ 3.20	\$ 3.20	\$ 6.40
3,000 - 5,000 Gallons	\$ 3.50	\$ 3.50	\$ 7.00	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA
5,001 - 10,000 Gallons	\$ 3.80	\$ 3.80	\$ 7.60	\$ 3.50	\$ 3.50	\$ 7.00	\$ 3.50	\$ 3.50	\$ 7.00
10,000 - 20,000 Gallons	\$ 4.09	\$ 4.09	\$ 8.18	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA	\$ NA
10,001 - 15,000 Gallons	\$ NA	\$ NA	\$ NA	\$ 4.00	\$ 4.00	\$ 8.00	\$ 5.00	\$ 5.00	\$ 10.00
15,001 - 20,000 Gallons	\$ NA	\$ NA	\$ NA	\$ 4.50	\$ 4.50	\$ 9.00	\$ 5.63	\$ 5.63	\$ 11.26
20,001 Gallons +	\$ 4.38	\$ 4.38	\$ 8.76	\$ 5.15	\$ 5.15	\$ 10.30	\$ 6.44	\$ 6.44	\$ 12.88

Peak Season:

**25% Premium on consumption over 10,000 gallons for the months June, July, August

Example 2 Multiple Unit Utility Bill

Summary:

To present accurate information comparing rates prior to restructure and after, staff used the following examples and used 3 months actual consumption from a hotel on the island. Please note, the hotel has 37 units. Prior to the rate restructure, the City did not bill for 3,000 gallons per unit which equated to 111,000 unbilled gallons of usage per month.

Bill #1: Water/Sewer bill calculation assuming rates prior to restructure in Sept 2021, WITH 3,000 gallon per unit exemption
 Bill #2: Water/Sewer bill calculation assuming rates prior to rate restructure in Sept 2021, WITHOUT 3,000 gallon per unit exemption
 Bill #3: Water/Sewer bill calculation assuming current rates

September 2022			
	Bill #1	Bill #2	Bill #3
# of Units	37	37	37
Gallons Used	114,000	114,000	114,000
Gallons - Used & Not Billed	111,000	-	-
Gallons - Used & Billed	3,000	114,000	114,000

March 2022			
	Bill #1	Bill #2	Bill #3
# of Units	37	37	37
Gallons Used	101,000	101,000	101,000
Gallons - Used & Not Billed	101,000	-	-
Gallons - Used & Billed	-	101,000	101,000

June 2022			
	Bill #1	Bill #2	Bill #3
# of Units	37	37	37
Gallons Used	176,000	176,000	176,000
Gallons - Used & Not Billed	111,000	-	-
Gallons - Used & Billed	65,000	176,000	176,000

Usage			
0 - 3,000 Gallons	-	3,000	NA
3,000 - 5,000 Gallons	NA	NA	5,000
5,001 - 10,000 Gallons	2,000	2,000	NA
10,001 - 15,000 Gallons	1,000	5,000	5,000
15,001 - 20,000 Gallons	-	10,000	NA
20,001 Gallons +	NA	NA	5,000
Total Gallons Billed	3,000	114,000	114,000

Usage			
0 - 3,000 Gallons	-	3,000	NA
3,000 - 5,000 Gallons	NA	NA	5,000
5,001 - 10,000 Gallons	-	2,000	NA
10,001 - 15,000 Gallons	-	5,000	5,000
15,001 - 20,000 Gallons	NA	NA	5,000
20,001 Gallons +	NA	NA	5,000
Total Gallons Billed	-	101,000	101,000

Usage			
0 - 3,000 Gallons	-	3,000	NA
3,000 - 5,000 Gallons	NA	NA	5,000
5,001 - 10,000 Gallons	2,000	2,000	NA
10,001 - 15,000 Gallons	5,000	5,000	5,000
15,001 - 20,000 Gallons	NA	NA	5,000
20,001 Gallons +	NA	NA	5,000
Total Gallons Billed	65,000	176,000	176,000

Usage Billed			
0 - 3,000 Gallons	NA	\$ 11	NA
3,000 - 5,000 Gallons	NA	\$ NA	\$ 32
5,001 - 10,000 Gallons	\$ 14	\$ 14	NA
10,001 - 15,000 Gallons	\$ 8	\$ 38	\$ 35
15,001 - 20,000 Gallons	NA	\$ 82	NA
20,001 Gallons +	NA	NA	\$ 40
Total Usage Billed	\$ 22	\$ 968	\$ 968
% Difference from Current	5077%	16%	-

Usage Billed			
0 - 3,000 Gallons	NA	\$ 11	NA
3,000 - 5,000 Gallons	NA	\$ NA	\$ 32
5,001 - 10,000 Gallons	\$ -	\$ 14	NA
10,001 - 15,000 Gallons	\$ -	\$ 38	\$ 35
15,001 - 20,000 Gallons	NA	\$ 82	NA
20,001 Gallons +	NA	NA	\$ 40
Total Usage Billed	\$ -	\$ 710	\$ 834
% Difference from Current	98530%	16%	-

Usage Billed			
0 - 3,000 Gallons	NA	\$ 11	NA
3,000 - 5,000 Gallons	NA	\$ NA	\$ 32
5,001 - 10,000 Gallons	\$ 14	\$ 14	NA
10,001 - 15,000 Gallons	\$ 38	\$ 38	\$ 35
15,001 - 20,000 Gallons	\$ 41	\$ 82	NA
20,001 Gallons +	NA	NA	\$ 50
Total Usage Billed	\$ 420	\$ 1,367	\$ 2,009
% Difference from Current	325%	44%	-

Fixed Billed			
Fixed Rate - Commercial	\$ 625	\$ 625	\$ 555
Total Fixed Billed	\$ 625	\$ 625	\$ 555
% Difference from Current	-11%	-11%	-

Fixed Billed			
Fixed Rate - Commercial	\$ 625	\$ 625	\$ 555
Total Fixed Billed	\$ 625	\$ 625	\$ 555
% Difference from Current	-11%	-11%	-

Fixed Billed			
Fixed Rate - Commercial	\$ 625	\$ 625	\$ 555
Total Fixed Billed	\$ 625	\$ 625	\$ 555
% Difference from Current	-11%	-11%	-

TOTALS			
Total Usage & Fixed	\$ 647	\$ 1,593	\$ 1,675
\$ Difference from Current	1,028	82	-
% Difference from Current	159%	5%	-

TOTALS			
Total Usage & Fixed	\$ 625	\$ 1,479	\$ 1,541
\$ Difference from Current	916	62	-
% Difference from Current	146%	4%	-

TOTALS			
Total Usage & Fixed	\$ 1,139	\$ 2,136	\$ 2,738
\$ Difference from Current	1,599	601	-
% Difference from Current	140%	28%	-