



City of Hot Springs

2022 Water Rate Review

Board of Directors Presentation



November 2022

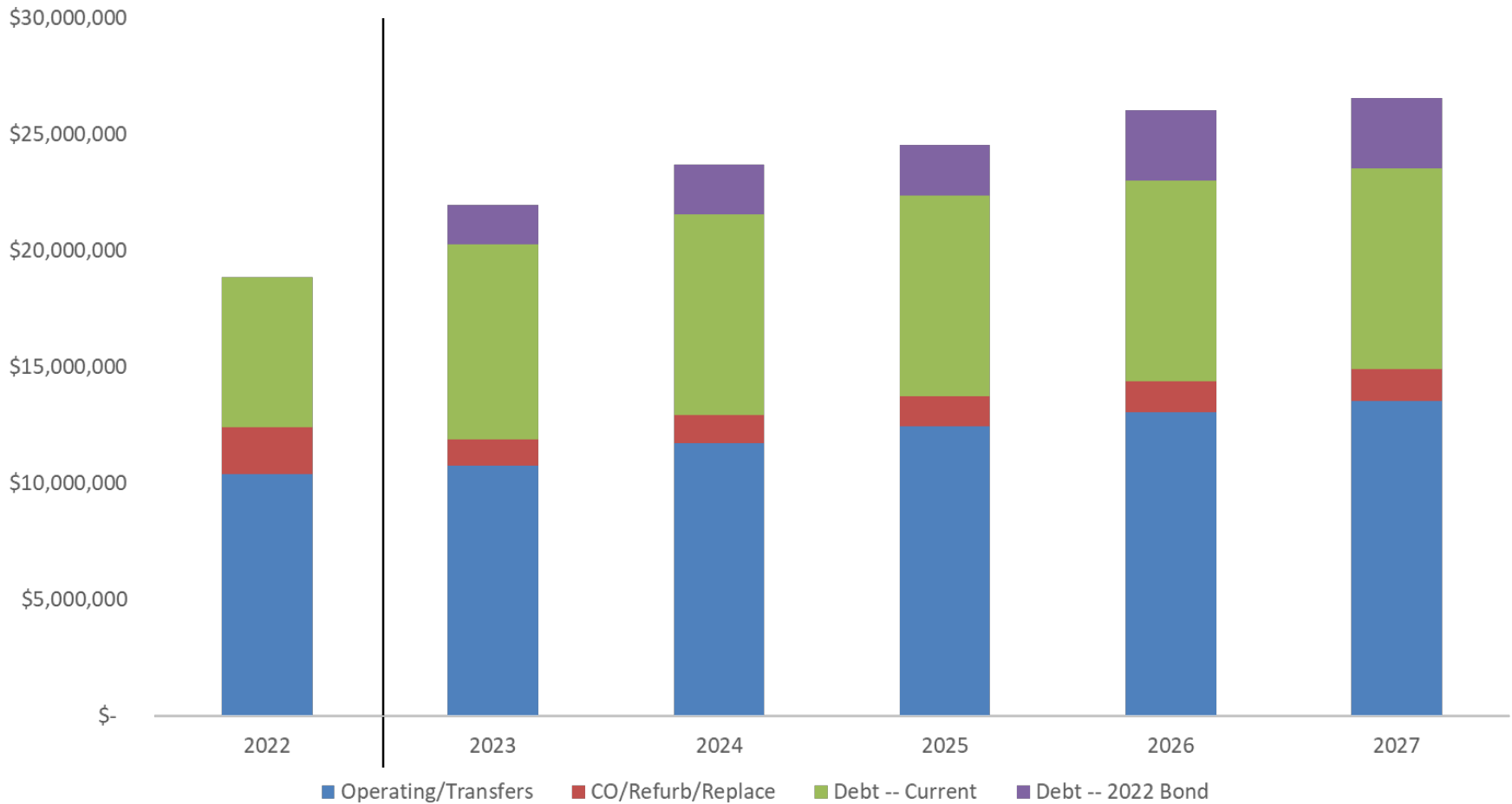
Changes from 2021 Study



- Account growth in line with 2021 forecast
- Operating expenses increasing due to inflation
- City must adhere to State Law 605 rules
 - Most impactful -- fund a Refurbish/Replacement account with 5.0% of gross revenues
- Most significant issue: \$45 million in new water debt to fund Ouachita project
 - To be funded with 30-year debt, interest only first three years



Forecast Water Cost of Service – 3 Yr Interest Only FY 2022 – FY 2027



Proposed Water Rate Plan 3 Year Interest Only



- January 2023 -- \$2.00 increase in 5/8” base charge (higher on larger meters); 3.0% volume rate increase
- November 2023 – Same as January 2023
- January 2025 – January 2027 forecast: 3.0% annual base and volume rate increases



Proposed Water Rate Plan 3 Year Interest Only



	Current	Proposed Jan-23	Proposed Nov-23	Forecast Jan-25	Forecast Jan-26	Forecast Jan-27
WATER Rates						
Residential Inside						
<u>Minimum Charge -- 1st 1,000 Gal</u>						
5/8"	\$ 13.39	\$ 15.39	\$ 17.39	\$ 17.91	\$ 18.45	\$ 19.00
3/4"	20.07	23.07	26.07	26.85	27.66	28.49
1"	33.45	38.45	43.45	44.75	46.09	47.48
1 1/2"	66.75	76.73	86.70	89.30	91.98	94.73
2"	106.93	122.90	138.87	143.04	147.33	151.75
<u>Volume Rate Per 1,000 Gal</u>						
1,001 - 5,000	2.93	3.01	3.10	3.20	3.29	3.39
5,001 - 10,000	3.27	3.37	3.47	3.57	3.68	3.79
10,001 - 20,000	3.61	3.71	3.82	3.94	4.06	4.18
20,001 - Above	3.94	4.06	4.19	4.31	4.44	4.57
Commercial Inside						
<u>Minimum Charge -- 1st 1,000 Gal</u>						
5/8"	15.21	17.50	19.77	20.36	20.97	21.60
3/4"	22.77	26.19	29.59	30.48	31.39	32.33
1"	38.03	43.73	49.42	50.90	52.43	54.00
1 1/2"	75.91	87.30	98.65	101.61	104.65	107.79
2"	121.50	139.73	157.89	162.63	167.50	172.53
3"	227.81	261.98	296.03	304.91	314.06	323.48
4"	379.62	436.56	493.32	508.12	523.36	539.06
6"	759.26	873.15	986.66	1,016.26	1,046.75	1,078.15
8"	1,214.75	1,396.96	1,578.57	1,625.92	1,674.70	1,724.94
10"	1,745.87	2,007.75	2,268.76	2,336.82	2,406.93	2,479.13
<u>Volume Rate Per 1,000 Gal</u>						
1,001 - Above	3.32	3.42	3.52	3.62	3.73	3.84

3 Year Interest Only Water Rate Plan Impact on Monthly Water Charges



	Current	Proposed Jan-23	Proposed Nov-23	Forecast Jan-25	Forecast Jan-26	Forecast Jan-27
Residential Monthly Charges -- 5/8"						
5,000 Water	\$ 25.09	\$ 27.44	\$ 29.80	\$ 30.70	\$ 31.62	\$ 32.57
Increase -- \$		2.35	2.36	0.89	0.92	0.95
10,000 Water	41.44	44.28	47.15	48.56	50.02	51.52
Increase -- \$		2.84	2.87	1.41	1.46	1.50
20,000 Water	77.49	81.41	85.39	87.96	90.60	93.31
Increase -- \$		3.92	3.98	2.56	2.64	2.72
Commercial Monthly Charges -- 1 1/2"						
30,000 Water	\$ 172.09	\$ 186.36	\$ 200.69	\$ 206.71	\$ 212.91	\$ 219.29
Increase -- \$		14.27	14.32	6.02	6.20	6.39
60,000 Water	271.59	288.85	306.24	315.43	324.89	334.64
Increase -- \$		17.26	17.40	9.19	9.46	9.75

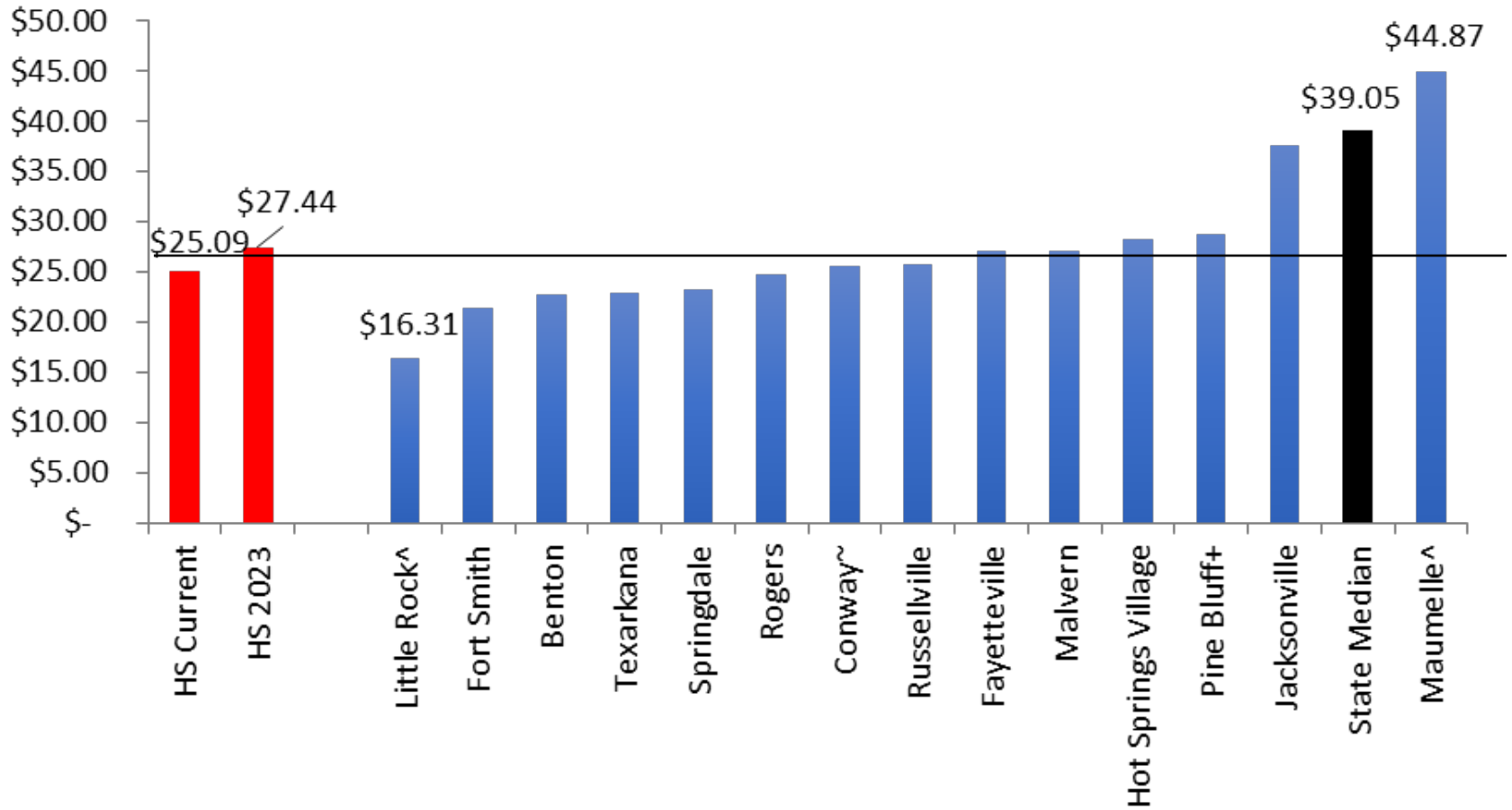
NOTE: higher adjustments for outside city customers

Forecast WATER Revenues and Cost of Service FY 2023 – FY 2027



	2023	2024	2025	2026	2027
1 Revenues					
2 Water	\$ 21,433,563	\$ 23,475,856	\$ 24,609,284	\$ 25,695,732	\$ 26,830,933
3 Wastewater	-	-	-	-	-
4 Non-Rate	903,000	903,000	903,000	903,000	903,000
5 Total Revenues	22,336,563	24,378,856	25,512,284	26,598,732	27,733,933
6 Operating Expenses	6,747,315	7,472,550	7,957,074	8,356,682	8,709,894
7 Net Revenues for Debt Service	15,589,248	16,906,306	17,555,209	18,242,051	19,024,039
8 Debt Service					
9 Existing	8,404,261	8,619,348	8,640,399	8,633,138	8,633,143
10 2022 Water Debt	1,669,641	2,154,375	2,154,375	3,024,375	3,025,875
11 Total Debt Service	10,073,901	10,773,723	10,794,774	11,657,513	11,659,018
12 Net Revs for RR/Transfers	5,515,347	6,132,583	6,760,435	6,584,537	7,365,021
13 Refurbish/Replacement (5%)	1,116,828	1,218,943	1,275,614	1,329,937	1,386,697
14 Transfers	4,012,508	4,253,258	4,508,454	4,688,792	4,829,456
15 Total Cost of Service	21,950,553	23,718,475	24,535,917	26,032,924	26,585,064
16 Net Revenues	386,011	660,381	976,367	565,809	1,148,869
17 Ending Cash Balance	10,828,496	11,488,877	12,465,244	13,031,053	14,179,922
18 Debt Coverage	1.55	1.57	1.63	1.56	1.63

Comparison of Monthly Water Charges 5,000 Gallons



^ Water Service Provided by Central Arkansas Water
+ Water Service Provided by Liberty Utilities

Comparison of Monthly Water Charges 5,000 Gallons



Monthly Charge





Questions?