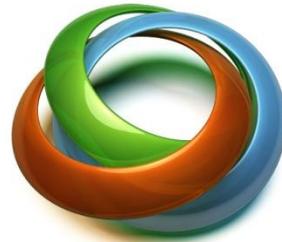


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ENVIROLINK

Town of Oak Ridge

Water System Implementation

Analysis

September 5, 2019



Proposed Water System Review Outline

1. Water Ordinance
2. Development Ordinance
3. Water Rate Analysis Assumptions
4. Operating / Billing Cost Analysis Assumptions
5. Subdivision Size Range for Water Utility Analysis / Estimated Usage for Model Analysis
6. Analysis of Estimated Annual Revenue / Expense / Margin

Town of Oak Ridge – Ordinances

Impact on Existing Customer / Systems:

No effect on existing customers or systems.

No mandatory connections.

Provide flexibility for future acquisitions.

Impact on Future Developments:

Shall be constructed to meet established standards.

Future developments => 30 units will convey to the Town.

Conveyance requires completion, inspection and acceptance.

Town of Oak Ridge – Water Rate Analysis

This analysis is prepared to model potential revenues versus operating expenses on an annual basis. As a municipal public utility, the Oak Ridge Town Council would be responsible for setting its own water rates.

Analysis uses Water Rates consisting of a Base Charge and Usage Charge comparable to the lower rates in local area.

Monthly Metered Water Utility Service:

Base Charge, zero usage	\$ 15.00
Usage Charge, per 1,000 gallons	\$ 5.00

Town of Oak Ridge – Water Operating Expense Analysis

- Model Cost for Operation, Maintenance and Management Services (O,M&M)
 - Provide all operating, maintenance and management services *
 - \$1,250 */ month per development (entry point)
- Model Cost Billings Services
 - Meter reading, billing services, customer account management, principal and primary contact services, etc.
 - \$4.25 / month / account

(* Capital improvements, major repairs, electricity, chemicals not included)



Town of Oak Ridge – Water Operating Expense Other Estimated Expenses

- Electricity / Average - \$1,200 / year per average development
- Chemicals / Average - \$150 / year per average development
- Capital Improvements / Repairs – Estimate setting aside 5% of Total Revenue or equivalent amount in reserve.

Town of Oak Ridge – Water System Potential

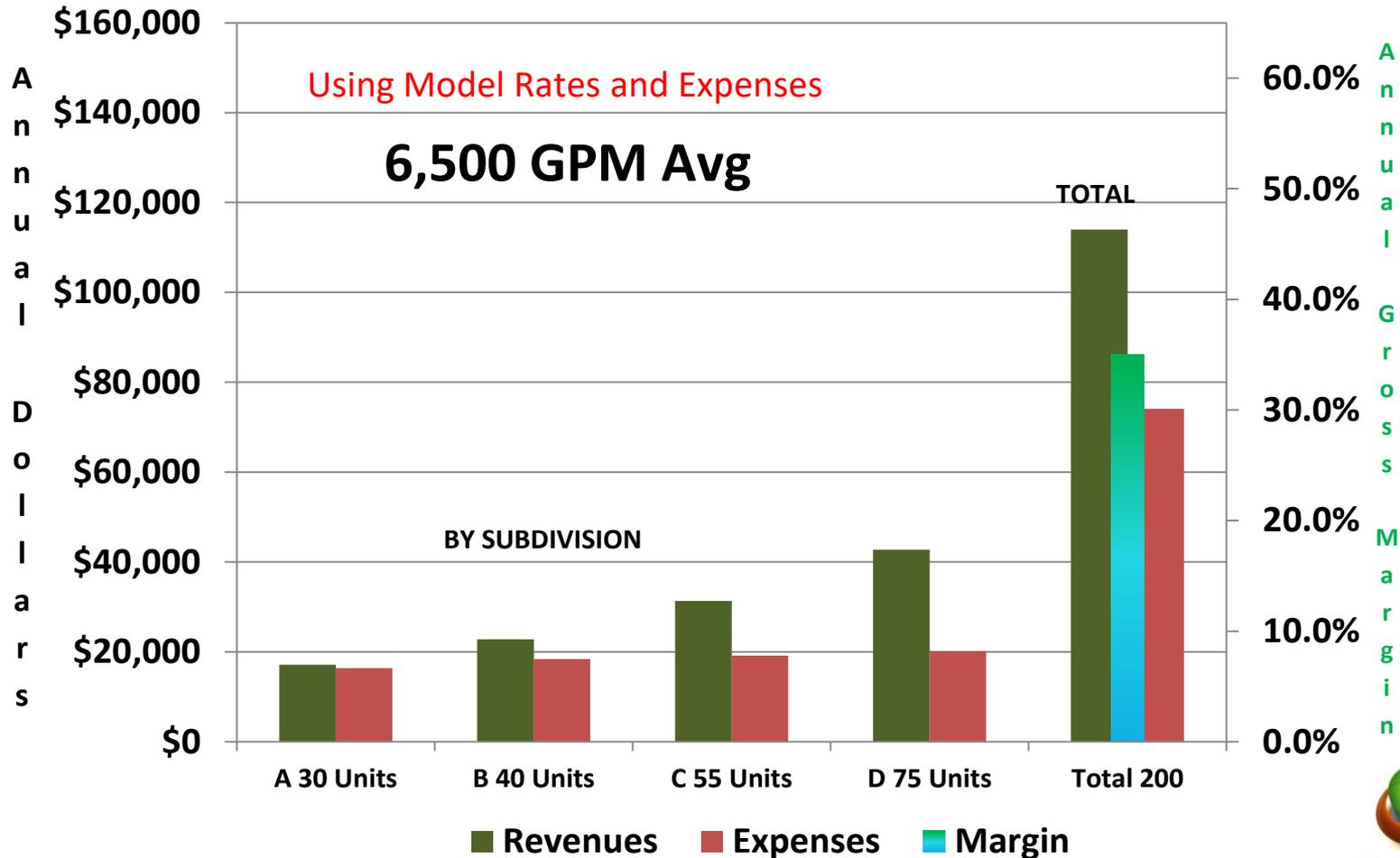
Example of Various Size Developments

- | | |
|------------------|----------|
| 1. Subdivision A | 30 units |
| 2. Subdivision B | 40 units |
| 3. Subdivision C | 55 units |
| 4. Subdivision D | 75 units |

Water Usage estimated at 6,500 GPM per unit average usage for expected developments.

Town of Oak Ridge – Model Analysis

Annual Revenues vs Expenses Model



Town of Oak Ridge – Model Analysis

Using Model Rates and Expenses

SUBDIVISION		Revenues A 30 Units	Revenues B 40 Units	Revenues C 55 Units	Revenues D 75 Units	Total Revenues Total 200
Base Charge	\$15.00	\$5,400	\$7,200	\$9,900	\$13,500	\$36,000
Average Usage	6.500 X 1000 G					
Usage	\$5.00/1000 Gal	\$11,700	\$15,600	\$21,450	\$29,250	\$78,000
		<u>\$17,100</u>	<u>\$22,800</u>	<u>\$31,350</u>	<u>\$42,750</u>	<u>\$114,000</u>

Operating Expenses		Expenses A	Expenses B	Expenses C	Expenses D	Total Gross Expenses
Operating & Maintenance, Management Svc / Month	\$1,250	\$13,500	\$15,000	\$15,000	\$15,000	\$58,500
Billing Svc / Acct / Month	\$4.25	\$1,530	\$2,040	\$2,805	\$3,825	\$10,200
Other Operating Expenses		\$1,350	\$1,350	\$1,350	\$1,350	\$5,400
		<u>\$16,380</u>	<u>\$18,390</u>	<u>\$19,155</u>	<u>\$20,175</u>	<u>\$74,100</u>

Net Revenue 6,500 GPM	\$720	\$4,410	\$12,195	\$22,575	\$39,900	35.0%
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Questions and Discussions