



Brunswick-Glynn County Joint Water and Sewer Commission

The JWSC intends to hold public hearings on June 12, 2018 at 6:00 PM in Room 108 at the St. Simons Casino on St. Simons Island and on June 13, 2018 at 6:00 PM at the City Recreation Center (Howard Coffin Park) on Gloucester St. in Brunswick, GA where it will consider a potential rate adjustment that would go into effect starting July 1, 2018. As required by Section 1-2 of Part I of House Bill 1271 amending Section 7 of the enabling legislation creating the Brunswick-Glynn County Joint Water and Sewer Commission (JWSC) approved April 19, 2006 (Ga. L. 2006, p. 3661), the JWSC is providing the following information as part of its notice of the public hearings:

- 1) A financial justification for the proposed rate increase,
- 2) A five-year projection of future operating revenue and expenses:
 - a. without such proposed rate increase, and
 - b. with such proposed rate increase,
- 3) A history of the dates and amounts of any changes in customer rates, fees, tolls, or charges previously approved by the JWSC during the five-year period immediately preceding the effective date of the proposed increase.

In addition to this required information, a fourth item is included at the end of this notice regarding a proposed change in the rate structure.

1) Financial Justification

The rate adjustment being considered for Fiscal Year 2019, which begins July 1, 2018 and ends June 30, 2019, is necessary to:

- A. Support increasing infrastructure renewal and replacement requirements as identified by in the master plan and staff evaluations.
- B. Provide additional annual funds for system-wide manhole rehabilitation to reduce inflow and infiltration into the sewer system.

2) a: Five-Year Projection of Revenue & Expenses Without 2019 Proposed Rate Adjustment (p. 3)

The following table presents a five-year projection of future operating revenues and expenses without the proposed 2019 rate adjustment. If no rate increase is adopted for 2019, the JWSC is projected to realize a cash flow deficit of \$233K in 2019. Growth in the number of customers would increase revenues slightly over the five year period. However, the customer growth is not expected to keep pace with the rate of inflation to provide the current level of service and would result in a negative net cash flow annually, reaching a peak of \$4.1 million dollars by 2023.

Forecast of Operating Revenues and Expenses - Without Proposed Rate Adjustment

	2019	2020	2021	2022	2023
Operating Revenues					
Water Variable Charges	6,221,500	6,271,272	6,321,442	6,372,014	6,422,990
Sewer Variable Charges	15,030,000	15,150,240	15,271,442	15,393,613	15,516,762
REU Charges	3,825,400	3,856,003	3,886,851	3,917,946	3,949,290
Administrative Charges	4,561,200	4,597,690	4,634,471	4,671,547	4,708,919
Other Operating Revenue	2,241,577	2,259,510	2,277,586	2,295,806	2,314,173
	<u>31,879,677</u>	<u>32,134,714</u>	<u>32,391,792</u>	<u>32,650,926</u>	<u>32,912,134</u>
Operating Expenses					
Personnel	11,317,550	11,913,100	12,510,700	13,138,000	13,453,300
Administrative and Operations	11,975,800	12,224,300	12,625,600	13,020,600	13,333,100
Capital Expenditures	224,200	226,800	232,700	238,800	244,500
Debt Service	3,036,000	3,795,400	3,224,700	3,221,600	3,219,850
Reserve Transfers	5,559,900	5,300,000	5,800,000	6,300,000	6,800,000
	<u>32,113,450</u>	<u>33,459,600</u>	<u>34,393,700</u>	<u>35,919,000</u>	<u>37,050,750</u>
Net Cash Flows	<u>(233,773)</u>	<u>(1,324,886)</u>	<u>(2,001,908)</u>	<u>(3,268,074)</u>	<u>(4,138,616)</u>

2) b: Five-Year Projection of Revenue & Expenses With 2019 Proposed Rate Adjustment (p. 3)

The following table presents a five-year projection of future operating revenues and expenses based upon the proposed rate adjustment for 2019 projected through 2023. The proposed rate adjustments for 2019, as projected, should meet the projected expenditure requirements of the JWSC for operating, debt service and capital in 2019.

Forecast of Operating Revenues and Expenses - With Proposed Rate Adjustment

	2019	2020	2021	2022	2023
Operating Revenues					
Water Variable Charges	6,394,000	6,748,950	7,315,450	7,889,500	8,261,750
Sewer Variable Charges	15,886,950	16,460,150	17,249,950	18,052,500	18,658,450
REU Charges	3,522,500	3,795,400	3,224,700	3,221,600	3,219,850
Administrative Charges	4,521,900	4,625,900	4,732,300	4,841,100	4,952,400
Other Operating Revenue	1,788,100	1,829,200	1,871,300	1,914,300	1,958,300
	<u>32,113,450</u>	<u>33,459,600</u>	<u>34,393,700</u>	<u>35,919,000</u>	<u>37,050,750</u>
Operating Expenses					
Personnel	11,317,550	11,913,100	12,510,700	13,138,000	13,453,300
Operations and Maintenance	11,975,800	12,224,300	12,625,600	13,020,600	13,333,100
Capital Expenditures	224,200	226,800	232,700	238,800	244,500
Debt Service	3,036,000	3,795,400	3,224,700	3,221,600	3,219,850
Reserve Transfers	5,559,900	5,300,000	5,800,000	6,300,000	6,800,000
	<u>32,113,450</u>	<u>33,459,600</u>	<u>34,393,700</u>	<u>35,919,000</u>	<u>37,050,750</u>
Net Cash Flows	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

3) The Five Year Rate History of the Brunswick-Glynn County Joint Water and Sewer Commission

	2014	2015	2016	2017	2018	2019*
<u>Brunswick District</u>						
Water						
Administrative Fee	4.66	4.72	4.72	6.06	7.57	7.65
REU Fee (per REU)	2.63	2.48	2.48	2.31	2.31	2.33
Usage Rates (per Kgal.)						
1-3	1.18	1.19	1.19	1.36	1.54	1.54
4-6	1.58	1.60	1.60	1.82	2.07	2.08
7-12	1.97	1.99	1.99	2.27	2.58	2.59
13-20	2.45	2.47	2.47	2.82	3.20	3.24
20+	3.70	3.74	3.74	4.26	4.84	4.86
Usage Rates - Irrigation						
1-6	1.97	1.99	1.99	2.27	2.58	2.59
7-14	2.45	2.47	2.47	2.82	3.20	3.24
15+	3.70	3.74	3.74	4.26	4.84	4.86
Sewer						
Administrative Fee	4.66	4.72	4.72	6.06	7.57	7.65
REU Fee (per REU)	2.85	2.79	2.79	2.76	2.76	2.67
Usage Rates (per Kgal.)	5.48	5.53	5.53	6.30	7.15	7.83
	2014	2015	2016	2017	2018	2019*
<u>Glynn District</u>						
Water						
Administrative Fee	4.66	4.72	4.72	6.06	7.57	7.65
REU Fee (per REU)	2.76	2.30	2.30	1.64	1.62	2.49
Usage Rates (per Kgal.)						
1-3	1.18	1.19	1.19	1.36	1.54	1.54
4-6	1.58	1.60	1.60	1.82	2.07	2.08
7-12	1.97	1.99	1.99	2.27	2.58	2.59
13-20	2.45	2.47	2.47	2.82	3.20	3.24
20+	3.70	3.74	3.74	4.26	4.84	4.86
Usage Rates - Irrigation						
1-6	1.97	1.99	1.99	2.27	2.58	2.59
7-14	2.45	2.47	2.47	2.82	3.20	3.24
15+	3.70	3.74	3.74	4.26	4.84	4.86
Sewer						
Administrative Fee	4.66	4.72	4.72	6.06	7.57	7.65
REU Fee (per REU)	9.21	7.57	7.57	7.86	7.83	6.70
Usage Rates (per Kgal.)	5.48	5.53	5.53	6.30	7.15	7.83

*The Proposed 2019 Rates are computed in accordance with the existing Operational Agreement.

4) Proposed Changes to the Rate Structure

At its regular meeting on May 3, 2018 the Brunswick-Glynn County Joint Water and Sewer Commission gave its approval to a new rate structure. Implementation of this structure is dependent upon the City of Brunswick and Glynn County approving amendments to the Operational Agreement between them and the JWSC.

The proposed rate structure standardizes charges to all customers within Glynn County and applies to all users within the BGJWSC service area, regardless of location. It will provide a Base Fee to include the Administrative Fee along with the first 1,000 gallons of both water and sewer. Every gallon consumed will be displayed on the bill. Each gallon over the first 1,000 included in the base fee will be charged as a pro rata portion of the per 1,000 gallon rate, not the entire rate for the tiers shown below.

Proposed New Rate Structure Effective July 1, 2018

	<u>Water</u>	<u>Sewer</u>
Base Fee (Including 1,000 gallons of water and sewer)	\$7.60	\$13.06
REU Fee (per REU)	\$2.27	\$5.57
Water Use (per 1,000 gallons)		
0-1 (0-1,000)	\$0.00	
1-3 (1,001-3,000)	\$2.16	
3-6 (3,001-6,000)	\$2.89	
6-20 (6,001-20,000)	\$3.61	
Over 20 (20,001+)	\$4.32	
Sewer Use (per 1,000 gallons above 1,000)		\$7.73

Example Billing Using Proposed New Rate Structure

As an example, a statement for billing 5,452 gallons of consumption will be billed the following increments:

Base Fee – Water	\$7.60
Base Fee – Sewer	\$13.06
REU Fee - Water	\$2.27
REU Fee – Sewer	\$5.57

Water Use	0-1,000 gals	\$0.00
	1,001-3,000	\$4.32
	3,001-5,452	\$7.08
	Sub-Total:	\$11.40

Sewer Use	0-1,000 gals	\$0.00
	1,001-5,452	\$34.41
	Sub-Total:	<u>\$34.41</u>
	Total Bill:	<u>\$74.31</u>