

City of Hattiesburg



Capital Improvement Needs and Impacts to Water & Sewer Rates

Current Rate Structure

- Current Minimum Water Bill (up to 3,000 gals.)= \$18.52
- Current Volumetric Rate (3,000 – 100,000 gals.) = \$5.58 / kgals
- Current Volumetric Rate (>100,000 gal.) = \$4.63 / kgals
- Sewer is charged at 100% of the metered water usage
- Current Minimum Combined W&S Bill = \$37.04
- In place since September 2019

Areas of Financial Focus

- Capital improvements to water system
- Sewer system operations, maintenance and rehabilitation
 - Added external pressures of the EPA Consent Decree
 - Regular operation and maintenance of sewer system
- Increase fire protection capacity
- Debt reduction



Capital Improvements to Water System

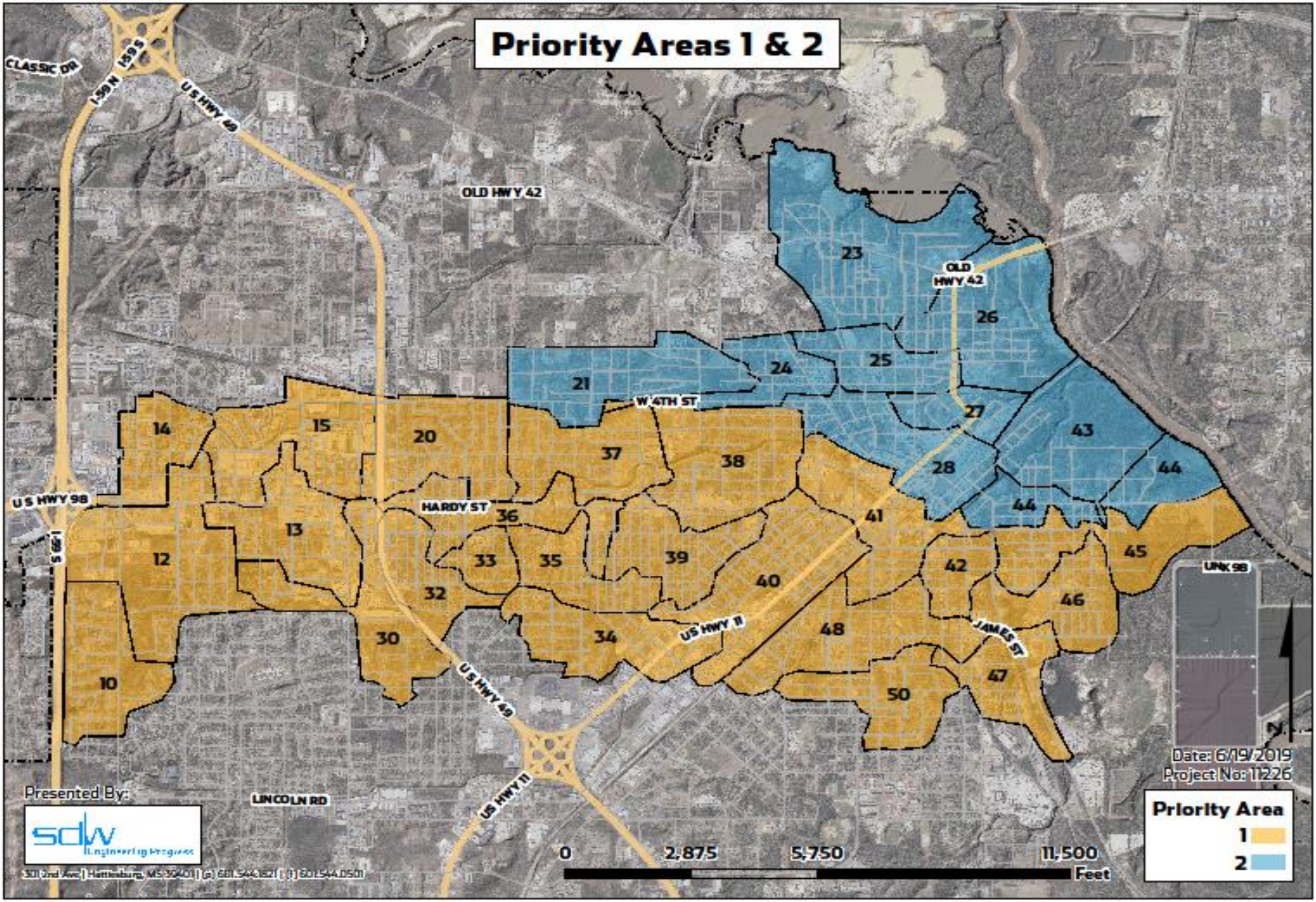
- Continue to eliminate undersized lines
- Continue to improve water transmission system
- Improve and modernize water treatment plants
- Replace aging water meters
- COH has typically spent between \$1.75M to \$2M per year on water system capital improvements



EPA Consent Decree Requirements

- Establish Management, Operation and Maintenance (MOM) Programs within the Sewer Department
 - 8 MOM Programs
 - COH is currently performing some of the required programs
- Eliminate SSOs in the Priority Areas
 - Reduce inflow and infiltration into the sewer system to acceptable levels
 - Continued rehabilitation and remediation of the sewer system
 - Conceptual costs for compliance estimated at \$40M-\$50M
 - 16 year timeframe

Priority Areas 1 & 2



Presented By:



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Priority Area

- 1
- 2

Date: 6/19/2019
Project No: 11226

Regular Sewer System Maintenance & Improvements

- Facilities outside the Priority Areas
- Aging will continue and facilities will require attention
- Steady incremental improvements with preventative maintenance
- Goal is to eliminate future regulatory issues by proactive operation of the sewer system

Increase Fire Protection Capacity

- Improve facilities where fire protection is deficient
- Implement planning to achieve a Class 2 fire rating

Debt Reduction

- Implement bond defeasance on existing debt
- Transactions to occur in FY 21, 23, & 24
- Maintains borrowing capacity with no future rate increase
- Saves approximately \$1.6M in average annual debt service by FY2025

Recommendations

- Capital improvements to water system
 - Allocate \$2.5M/year
- Sewer system operations, maintenance and rehabilitation
 - Allocate \$5.25M/year
- Increase fire protection capacity
 - Allocate \$0.5M/year
- Debt reduction
 - Continue bond defeasance
 - Use savings to self-fund proactive projects

Results

- 3 year incremental rate increase for water & sewer
 - FY22 = \$1.48 increase to both minimum bills
 - FY23 = \$1.60 increase to both minimum bills
 - FY24 = \$1.73 increase to both minimum bills
 - FY24 minimum monthly combined bill = \$46.66
- Sustained financial solvency for city owned utilities
- Ability to proactively manage, operate and maintain city owned utilities
- Decreased reliance on debt for future capital improvements



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Engineering Progress