

# HARPERS FERRY WATER WORKS



**WDA Grant Update  
and Water Rate Increase**

**March 13, 2024**

# Water Commission Meeting Agenda

Background information on water rates

Why we need to raise water rates and the impact on your water bill

Why we need to replace an aging distribution system, how will we pay for it, and where the initial replacements will take place

Public Comment Period:

Clarifying Questions: ½ Hour

Comments in Response to

Presentation: 1/2 Hour

# Water Rates in Jefferson County as of February 2024 from PSC

<http://www.psc.state.wv.us/scripts/Utilities/rptWaterRankings4000.cfm>

<b>• Utility</b>	<b>Name</b>	<b>Cost/4000 Gallons</b>	<b>Minimum</b>
• MUN	Charles Town	\$51.36	\$25.86
• MUN	Shepherdstown	\$61.77	\$37.77
• PVT	WV American Water	\$70.79	\$31.68
• <b>MUN</b>	<b>Harpers Ferry</b>	<b>\$77.00</b>	<b>\$38.50</b>
• PVT	WV American Water	\$80.56	\$36.05
• PVT	WV American Water	\$81.37	\$36.41

## Harpers Ferry Water Works: Water Bills of Residents

40% of our residents  
pay the minimum of  
\$38.50 per month

The average water bill  
is \$64 a month

**From:**  
Harpers Ferry Water Works  
1000 WASHINGTON ST., PO Box 217  
HARPERS FERRY, WV 25425  
304-535-2206



## Harpers Ferry Water Works

### Service Days

12/31/2023 to 01/24/2024

Account Number	0502
Location No	001751
Bill Date	02/01/2024
Due Date	02/21/2024
Total Amount Due	165.38
After Due Date	181.92

**To:**

[REDACTED]  
HARPERS FERRY, WV 25425-

**Service Address:**

[REDACTED]

### Account Activity Summary

PAYMENTS	-126.03
BALANCE FORWARD	0.00
CURRENT CHARGES	165.38
TOTAL AMOUNT DUE	165.38

Dear Valued Customer,  
If you should have any questions regarding your billing statement,  
please call HFWW 304-535-2206, Option 1. Also, in the event of  
inclement weather HFWW hours may be changed or closed.

### Detailed Breakdown of Current Charges

Prior Read	Current Read	Usage	Description	Charges
9232	9273	4100	<b>WATER</b>	78.93
			<b>SEWER</b>	86.45
TOTAL CURRENT CHARGES				165.38

Water rate - Harpers Ferry Water Works  
Minimum charge for water bill - zero to 2000 gallons - \$38.50  
First 30,000 gallons user per month - \$19.25 per 1000 gallons  
Any gallons over 30,000 gallons per month - \$13.84 per 1000 gallons  
**Billing on behalf of Bolivar Harpers Ferry PSD**  
**SEWER RATE:**  
**\$18.72 monthly service fee plus \$16.52 per 1000 gallons**

To pay your bill online visit:  
<https://harpersferrywv.epayub.com>  
HFWW also offers ACH debit from  
a checking or savings account.

Your  
monthly  
water usage  
(in gallons)

WATER  
portion of  
your bill

# Why Do we Need to Raise Water Rates?



Current revenues do not cover operating and maintenance expenses and mandated reserves



Consequence of inflation and mandated reserves



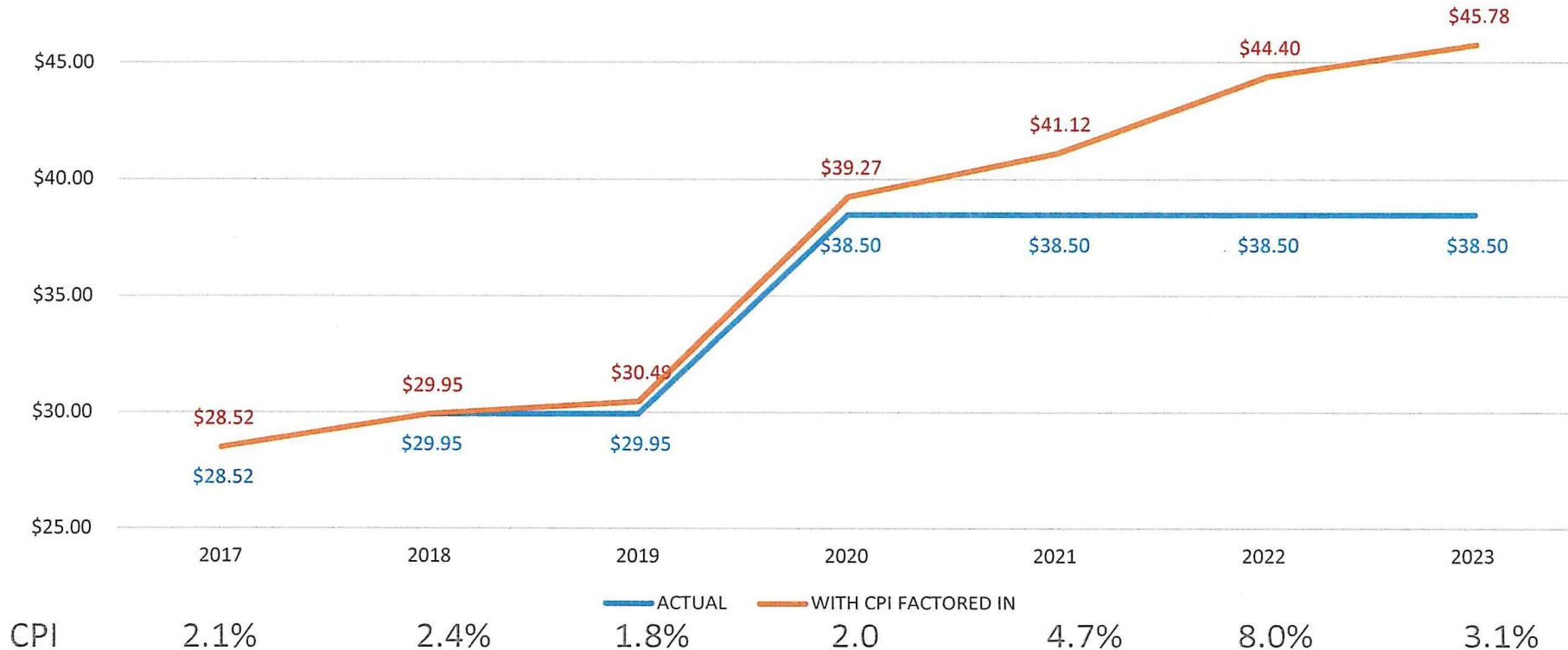
Solution: 30% increase in water rates to cover costs: **How did we get here?**

# Since 2018, inflation has not been factored into HFWW pricing

If CPI inflation had been factored in, both the Minimum Bill and base Cost Per Gallon would now be significantly higher

- Minimum Bill would now be \$45.78 (\$7.28 more, or 19%)

Minimum Bill: Actual vs. CPI-applied since 2018



Bureau of Labor Statistics CPI % (November to November) applied to each prior year starting in 2019

## State of West Virginia Mandates and Bond Covenants: July 1, 2024-June 1, 2025

SB 234: A NEW cash working capital reserve of 1/8 of O&M expenses = \$72,953 for July 1 2024-June 30, 2025 and each year thereafter

Coverage ratio set by the PSC: Cash available for debt service/debt service = 120% or \$434,931 for July 1, 2024-June 31, 2025 and for each year thereafter

A renew and replace reserve of 2.5% of total cash available or \$27,900 for July 1, 2024-June 31, 2025 and for each year thereafter



# How did we calculate the new water rates?

Used the 2023 cash flow analysis of our accountants to analyze:

Current revenues

O&M (operating and maintenance expenses)

Debt service

Set aside reserves for debt service, renew and replace reserve and capital reserve mandate (SB 234)

Calculate revenue requirements (Revenue-O&M-Reserves)

Calculate rate increase to cover deficit and meet reserve requirements

## Actual Cash Flow Analysis for July 1, 2022- June 30, 2023

Revenues	\$864,712
Working Capital Requirement (SB 234)	
Total Cash Available	\$864,712
Operating and Maintenance Expenses	\$603,995
Cash Available for Debt Service (A)	\$260,717
Debt Service (B)	\$310,393
Other Debt	\$7,767
Renew/Replace Reserve	\$46,882
Operating Surplus/Deficit	(\$104,325)
Coverage Ratio	84%

## Projected Cash Flow Analysis for July 1, 2024 – June 30, 2025 with New Proposed Water Rates

Revenues	\$1,043,058
Working Capital Requirement (SB 234)	\$72,953
Total Cash Available	\$1,116,011
Operating and Maintenance Expenses	\$603,994
Cash Available for Debt Service (A)	\$512,016
Debt Service (B)	\$362,443
Other Debt	\$7,767
Renew/Replace Reserve/SB 234 Reserve	\$131,717
Operating Surplus/Deficit	\$10,089
Coverage Ratio (A/B)	141.3%

## HFWW: Comparison of Existing Residential Water Tariffs to Increased Tariffs

	Current Tariff	Increased Tariff	\$ Increase	% Increase
Rates for	\$19.25 per Gallon	\$25.03 per Gallon		
Minimum Bill: 2000 gallons	\$38.50	\$50.05	\$11.55	30%
2250 gallons	\$43.31	\$56.30	\$12.99	30%
2500 gallons	\$48.12	\$62.56	\$14.44	30%
2750 gallons	\$52.93	\$68.82	\$15.88	30%
3000 gallons	\$57.75	\$75.08	\$17.33	30%
3250 gallons	\$62.56	\$81.33	\$18.77	30%
3500 gallons	\$67.37	\$87.59	\$20.22	30%
3750 gallons	\$72.18	\$93.85	\$21.66	30%
4000 gallons	\$77.00	\$100.11	\$23.11	30%
4250 gallons	\$81.81	\$106.36	\$24.55	30%
4500 gallons	\$86.62	\$112.62	\$26.00	30%
4750 gallons	\$91.43	\$118.88	\$27.44	30%
5000 gallons	\$96.25	\$125.14	\$28.89	30%



Unaccounted for water losses: In 2023 the HFWW lost about 1 gallon of water for every gallon of finished water produced

Lost water equaled 38 million gallons out of 79 million gallons of water produced.

This lost water is the consequence of 40 years of neglect and underinvestment in our water distribution system

## History of Funding/Investment to Reduce Water Losses

- August 2022 Harpers Ferry used American Rescue Plan Act funds (\$124,654) and HFWW funds (\$44,878) to replace a part of the water main between the water plant and the water tanks on Bolivar Heights
- In 2022 HF applied for Congressionally Directed Spending of \$9.6 million to replace our distribution system. That has been whittled down to \$500,000 dependent on USG approving a budget for FY2024.
- In 2022 HF approached the WV Water Development Authority about funding \$9.6 million to replace our leaky distribution system. That was reduced to \$3.3 million including an \$858,000 match.

# Reducing the Water Losses of the HFWW

West Virginia Water Development Authority is providing an ARPA **grant** of \$2,475,000 and Harpers Ferry will provide a match of \$858,000 on total project cost of \$3,300,000.

Condition for use of this free money is that we get shovels in the ground by December 31, 2024.

If we don't get shovels in the ground by December 31, 2024, we will lose this grant

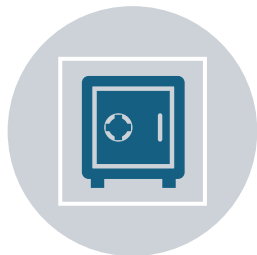
# Water Development Authority Grant: Project Elements



New ultra sonic water meters—\$400,000



Inspect/refurbish main water tanks on Bolivar Heights--\$490,000



Repair pressure reducing valve in vault--\$130,000



Replace 8,775 linear feet of the distribution system--\$1,630,000



Expected project outcomes—reduced leaks and increased revenue



# Harpers Ferry Water Works

## Distribution System Upgrades Project

### Construction:

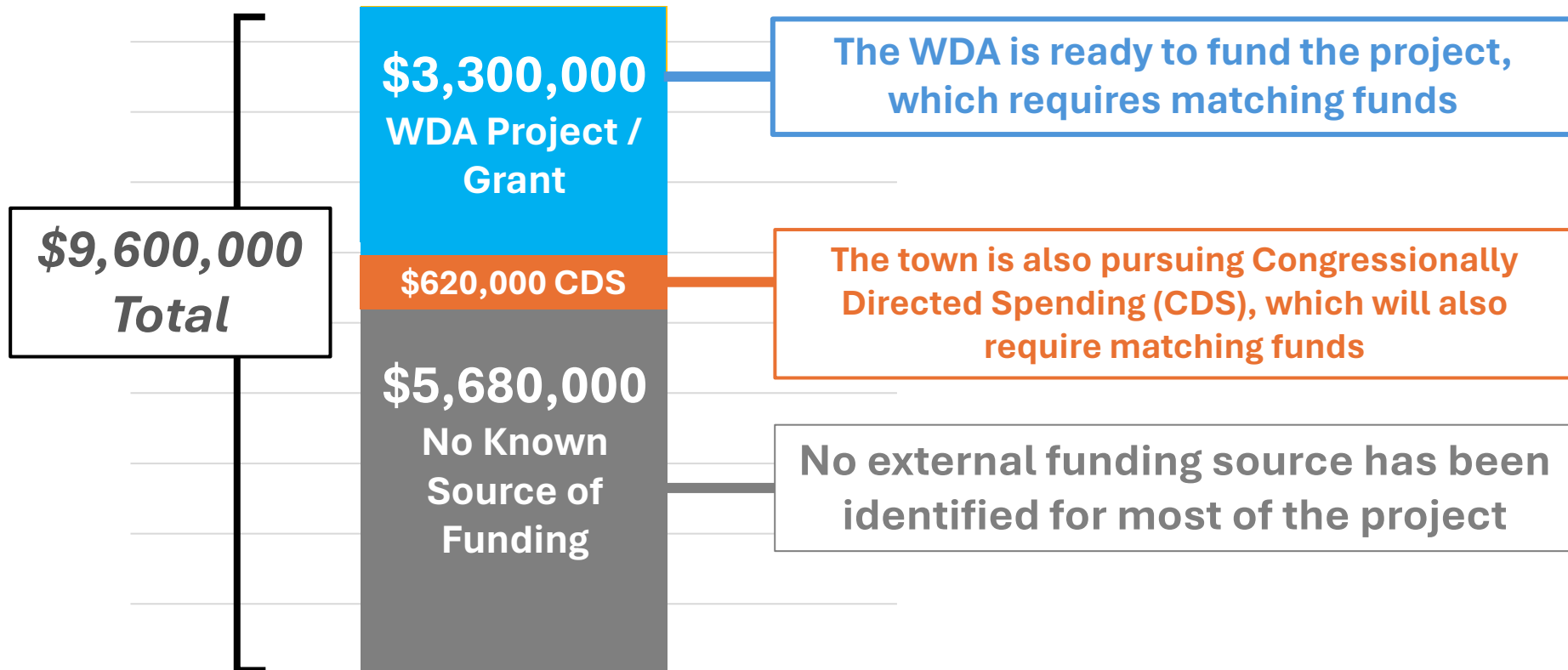
330 LF 4" Main on Church Street  
260 LF 6" Main on Park Row  
850 LF 6" Main on Spring Street  
900 LF 6" Main on Pointfield Drive  
1,500 LF 6" Main on Cavalier Estates Drive  
720 LF 4" Main on Cavalier Drive  
330 LF 6" Main on Kenneth Street  
360 LF 4" Main on West Ridge Street  
775 LF of 8" Main on Gilbert Street  
1,750 LF of 6" Main on Columbia Street  
475 LF of 1" Main on Columbia Street  
300 LF of 6" Main on Paul Courtney Drive  
225 LF of 2" Main on Columbia Court  
Pressure Reducing Vault on Washington Street  
300,000 Gallon Tank Rehab  
400,000 Gallon Tank Rehab

## Location of Water Distribution System Improvements

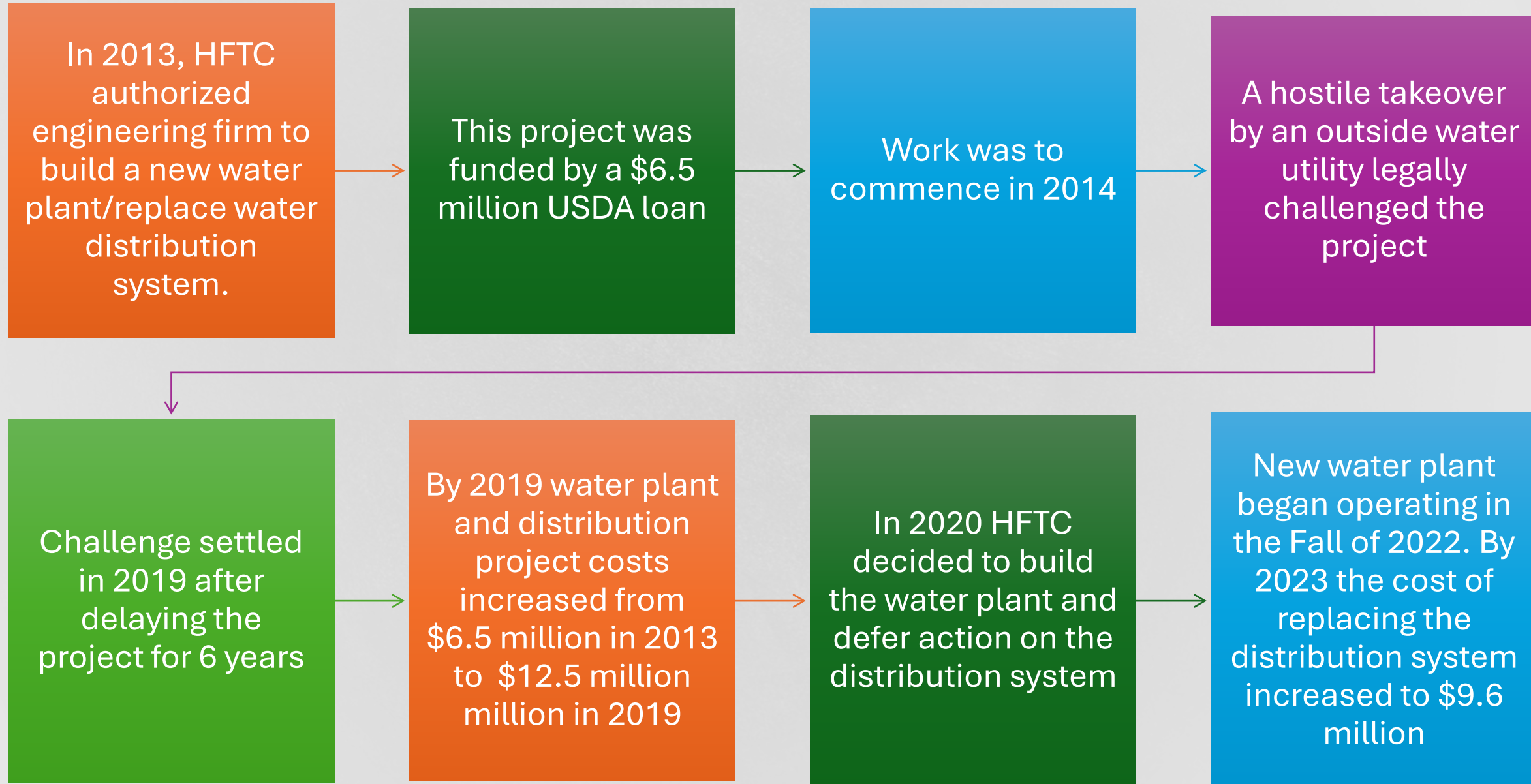
Jurisdiction	Linear Feet of Pipe	Cost	Share of Linear Feet	Share of Project Cost
Bolivar	4705	\$853,000	54%	52%
Harpers Ferry	950	\$202,000	11%	12%
Jefferson County	3120	\$575,000	35%	35%
Total	8775	\$1,630,000	100%	100%

# Beyond O&M, upgrading the water distribution will cost \$9,600,000 (includes pipes, water meters, and more)

## Current Estimate – Complete Water Distribution Upgrade Project



# How did we get here with our distribution system ?



# Harpers Ferry Water Works



Water News, March 12, 2024

## **Notice of Public Hearings on Water Tariff Rate Increase (Ordinance 2024-01)**

### **First Town Council Public Hearing**

**Date:** Wednesday, April 10, 2024

**Place:** TBD

**Time:** 7 pm

### **Second Town Council Public Hearing**

**Date:** Friday, April 12, 2024

**Place:** Harpers Ferry Town Hall

**Time:** 1:30 pm

The Harpers Ferry Town Council will hold 2 public hearings on the water rate increase (Ordinance 2024-01) as required by the Public Service Commission. Copies of the proposed increase are available at the Town Office in the Town Hall in Harpers Ferry, WV at 1000 W. Washington St.