

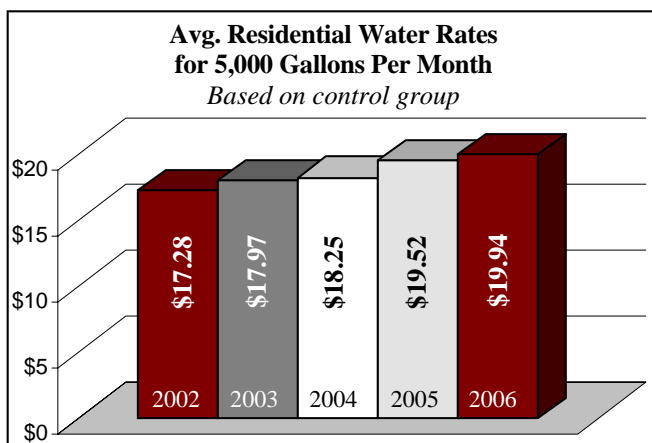
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 A Publication of **Draper Aden Associates**

September 2006

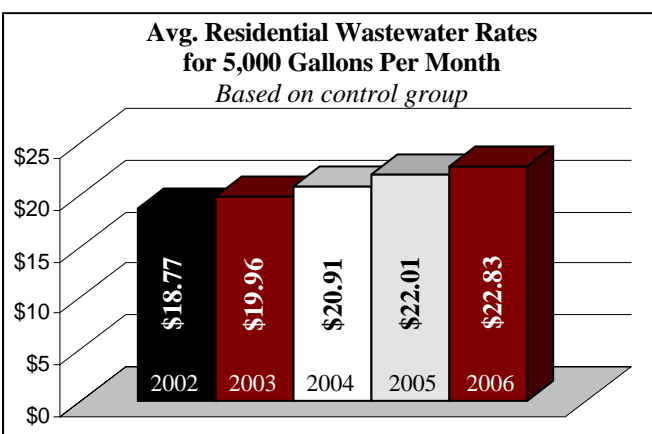
Annual Rate Survey Shows Rising Costs

Results from the 18th Annual Virginia Water and Wastewater Rate Survey reflect increases in both water and wastewater rates in the Commonwealth. Based on our control group, the 2006 average monthly residential water rate (based on 5,000 gallons) experienced a \$.42 or 2.1% increase over last year. The average rate rose from \$19.52 to \$19.94.



The monthly average residential wastewater rate (also based on 5,000 gallons) has increased \$.82 or 3.7%. This year's average wastewater rate was \$22.83 as compared to \$22.01 for 2005.

The good news is the rise was lower than last year's increase for both water and wastewater utilities.



Last year's survey results saw a jump of 7% for water rates and a rise of 5% for wastewater rates from the previous year.

With 154 participants out of a possible 289, the survey experienced a 53% response rate. Water providers surveyed included towns, cities, counties and service authorities/boards/sanitary districts.

As our past surveys have shown, rates outside municipal boundaries tend to be higher than those inside municipal boundaries. The average monthly residential water bill outside of municipal boundaries is \$27.62 for 5,000 gallons. The average wastewater rate for 5,000 gallons of residential use outside municipal boundaries is \$33.32.

According to data collected this year, business, commercial and industrial (B/C/I) water rates continued to increase also. The average charge for 1 million gallons of water used inside municipal boundaries was \$3,553 as opposed to \$3,369 last year, reflecting a 5% increase. The monthly B/C/I rate outside municipal boundaries for 1 million gallons was higher by 6% at \$4,559.

B/C/I monthly wastewater costs also rose both inside and outside municipal boundaries by 3% and 19% respectively. Inside rates for B/C/I wastewater usage at 1 million gallons was \$4,591 and outside jumped to \$6,367.

Ninety-seven utilities responded to a survey question about average residential water consumption. The purpose of the question was to determine the average consumption of water per household per month. Responses ranged from 2,500 to 8,000 gallons each month. The average residential consumption for one month was 4,765 gallons.

Survey Participants:
71 towns
22 cities
22 counties
39 authorities

The 18th Annual Virginia Water and Wastewater Rate Report will be mailed out the first week of October. If you would like a copy of the report or already receive one and need more, please email your request to wssurvey@daa.com or call (540) 552-0444. The report is free of charge.



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Keeping Costs Down

With the publication of this 18th Annual Rate Report, we have had to report increases in average water and wastewater service rates from prior editions 16 out of 17 times. As with any product or service that continues to rise in cost, those that are affected by the increase want to know “How can we better control costs?”

The answer is never simple according to Gary McCollum, PE. “In this industry, like others, proactive attention to your facilities is the key to maintaining stable rates,” said McCollum. “Among the actions needing to be addressed are:

- Inspect your systems regularly and repair excessive water leakage or sewer infiltration,
- Computer model your systems to find opportunities to save labor and energy costs,
- Review treatment systems for efficient use of chemicals, labor and energy,
- Replace inefficient equipment,
- Review rates periodically to assure that they reflect ‘true costs of service’ to various user classes, and,
- Set rates to strategically encourage water conservation for high cost users.”

“Providing special attention to your system is like oil changes for your vehicle,” stated McCollum. “Preventative maintenance will minimize the occurrence of major costly repairs along the way, and the rates will benefit.”

Gary McCollum, PE is a Senior Project Manager with Draper Aden Associates. He has 33 years of utilities engineering experience.

How Do We Compare with Other Countries?



The Organization for Economic Cooperation and Development (OECD) is a group of 30 countries committed to a market economy and a pluralistic democracy who collectively produce two-thirds of the world’s output. The OECD oversees the collection and dispersal of data, trends, and analysis of global issues and economics.

Many of the reports and research issues deal with the production of water and wastewater and related topics such as rate structuring, environmental issues, infrastructure, etc.

To see what other countries are doing and how the U.S. or even your utility compares to international practices go to <http://www1.oecd.org>.

Draper Aden Associates is a full-service engineering, surveying and environmental consulting firm. Services include: civil/utilities engineering; environmental services, geological/hydrogeological services; geotechnical/construction/laboratory; site planning & engineering; soils science; solid waste management; structural engineering; surveying; subsurface utility engineering, information management services, GIS and transportation engineering.



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