

**Rivanna Water and Sewer Authority
Executive Summary
FY 2007-2008 Budget**

Overall Summary

The Rivanna Water and Sewer Authority budget is summarized below to highlight the major changes from the previous year. **Flows** are one of the most significant elements in the calculation of the Urban rates and they are one of biggest unknowns. Flow estimates for the Urban rate centers will remain constant for FY 2008.

Usually, flow estimates are based on 90% of the ten-year average flow for each rate center; however the low flows in the latter years have been bringing the average down each year for the past 3 years, and estimating declining flows is not warranted given the recent surpluses for Urban area rate centers. Therefore the flows for each Urban rate center will remain constant again as they did last year.

Another impact to the rate calculation is the allocation of Rivanna’s flows between the City and ACSA. This year we have used a 1 percentage point shift for Urban Wastewater only as shown in the table below.

Allocation of flows (based on retail flows):

	<u>FY 2007</u>	<u>FY 2008</u>
City Water	53 %	53%
ACSA Water	47 %	47%
City Wastewater	57%	56%
ACSA Wastewater	43%	44%

The flow allocation between the ACSA and the City is based on the overall retail flows reported to Rivanna for FY 2006, which is a consistent practice for all past budgeting efforts. This change in allocation actually provides for less flow being estimated for the City (please refer to Appendix 1 in the budget detail.), which causes the rate to increase without an increase in the revenue estimate. Although logic would seem to prescribe that lower flows would mean lower rates, the opposite is true when there are large fixed costs involved.

Rates: Rates for the Urban Water Systems are summarized below:

	<u>FY 2007</u>	<u>FY 2008</u>	<u>Percent Change</u>
<i>Water</i>			
City Rates	\$2.149	\$2.226	3.58%
ACSA Rates	\$2.717	\$2.912	7.18%
<i>Wastewater</i>			
City Rates	\$1.865	\$2.233	19.73%
ACSA Rates	\$2.101	\$2.460	17.09%