



Water, Sewer, & Environmental Rate Review

March 12, 2026

Presented by Jessie Moyers, CFO



What is an Enterprise Fund?

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- A decorative horizontal bar consisting of a series of colored rectangular segments in shades of purple, olive green, blue, grey, yellow, maroon, dark blue, tan, teal, and dark green.
- Think of it like a utility company run by the city.
 - Supported by user fees, not local tax dollars.
 - Designed to be financially self-sustaining.
 - Revenues must be sufficient to operate the system and invest in infrastructure without relying on general tax dollars.



Community Survey & Challenges

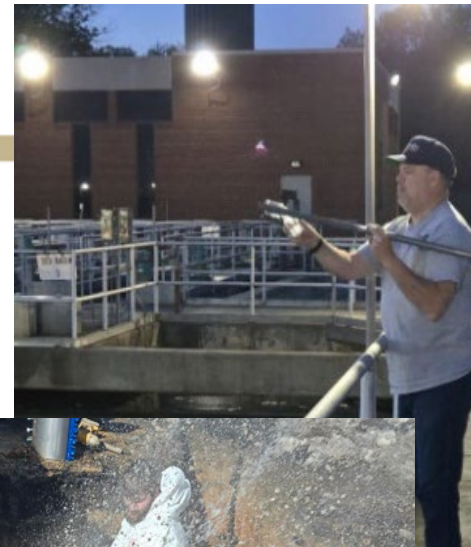
- The latest **community survey** for Staunton showed a decrease of 9% in the public's perception of the "overall quality of utility infrastructure" and a 9% rise in residents wanting it prioritized in the coming two years.
- Staunton continues to struggle with **aging infrastructure**.
- There are still "**frozen**" **positions** in the budget from FY2023 that were frozen to fund a \$3 per hour raise.
- Even with the \$3 per hour increase, the starting wages for Water & Sewer equipment operators is **\$17.37 per hour**.
- Staunton struggles to attract and retain equipment operators due to **competitive labor markets** and the **physically demanding nature of the jobs**.

- Staunton's Current Rate is \$4.06 per HCF
(100 cubic feet, approx. 748 gal)
- Historical increases over the last 15 years
 - July 1, 2024 \$3.86 to \$4.06 (5% increase)
 - July 1, 2020 \$3.68 to \$3.86 (5% increase)
 - July 1, 2019 \$3.50 to \$3.68 (5% increase)
 - July 1, 2016 \$2.90 to \$3.50 (21% increase)
 - Rate was at \$2.90 for six years prior



- **What does the water usage fee cover?**

- Water Billing
- Water Production (Water Treatment Plant)
- Water Distribution (Maintenance of lines and pumps)
- Utility Technical Services (Meter replacement, meter reading, shutoffs, etc)
- Debt Service
- Water CIP
- PILOT (Payment in Lieu of Taxes)



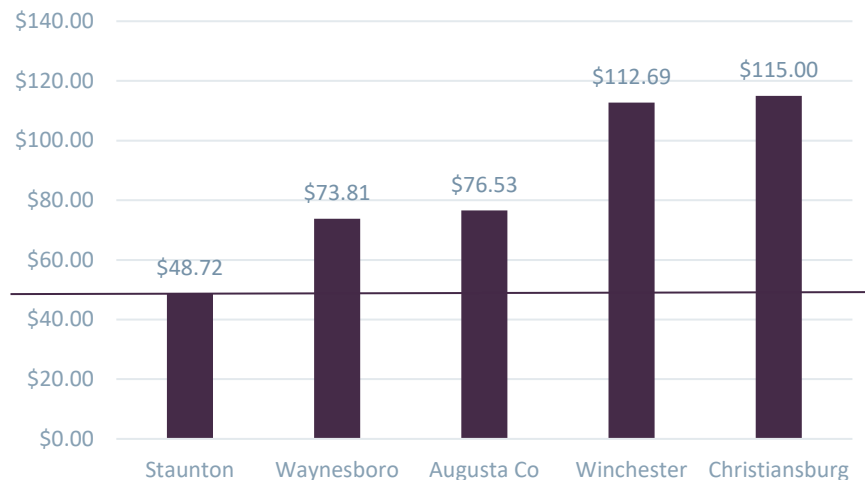


How does this compare?

- Most localities price their water in 1,000 gal.
- Staunton uses HCF, which is about 748 gal.
- Must convert to compare

	Water Rate		Flat Amount	Total Water
	per HCF		Service Charge	Charge for 12 HCF
Staunton	\$	4.06	\$ -	\$ 48.72
Waynesboro	\$	4.47 plus	\$ 20.08	\$ 73.81
Augusta Co	\$	5.09 plus	\$ 15.24	\$ 76.53
Winchester	\$	6.41 after 3k	\$ 61.27	\$ 112.69
Christiansburg	\$	9.72 after 1k	\$ 11.00	\$ 115.00

Cost of Water
9,000 gallons over 2 months





Water Fund Capital

Five Year Capital Plan \$22,137,000

- **Annual Waterline Replacements** \$450,000
- **Richmond Ave Waterline Replacement Phase**
 - Phase I – FY27 Construction \$2,500,000
 - Phase II – FY29 Design \$600,000
 - Phase II – FY30 Construction \$10,000,000
(will need to be funded with debt)
- **Water Tank Inspection and Repair**
 - FY27 Franklin Hills #1 \$290,000
 - FY28 Franklin Hills #2 \$126,000
 - FY29 Shutterlee Mill \$1,031,000
- **Uniontown Sewer Extension**
 - FY28 Construction \$3,750,000
- **Water Treatment Plant**
 - FY28 Filter Rehab \$1,200,000
 - FY29 Roof \$190,000
- **North River Pipeline**
 - FY28 Study \$200,000

Water Fund Capital - Unfunded

- **\$11,000,000** - North River Tunnel & Upper Raw Water Pipeline Repair/Replacement
- **\$20,000,000** - North River Central Raw Water Pipeline Replacement
- **\$10,500,000** - North River Lower & Gardner Springs Raw Water Pipeline Replacement
- **\$7,950,000** - New Raw Water Source Development





Water Fund Balance/Reserves

- **\$13,093,379** – 6/30/2025 available Water Fund Balance including facility fee balance
- **\$22,137,000** – FY2027-FY2031 CIP needs
- **\$49,450,000** – Unfunded Capital Needs
- **\$300,000** – Amount of current annual budget available for capital
- **\$206,000** – Value of each 5% increase in the water rate.

- Current rate is \$5.60 per HCF (approx. 748 gal)
- Historical increases
 - July 1, 2024 \$4.88 to \$5.60 (15% increase)
 - Rate stayed at \$4.88 12 years prior to 2024



- What does it cover?
 - Sewer Billing
 - Sewer Line Maintenance
 - Sewer Line Infrastructure (CIP)
 - Staunton's Share of the Middle River Wastewater Treatment Plant (approx. 73%)
 - Staunton's Share of the MRWWTP Capital expenditures
 - Debt Service for the MRWWTP
 - PILOT (Payment in Lieu of Taxes)

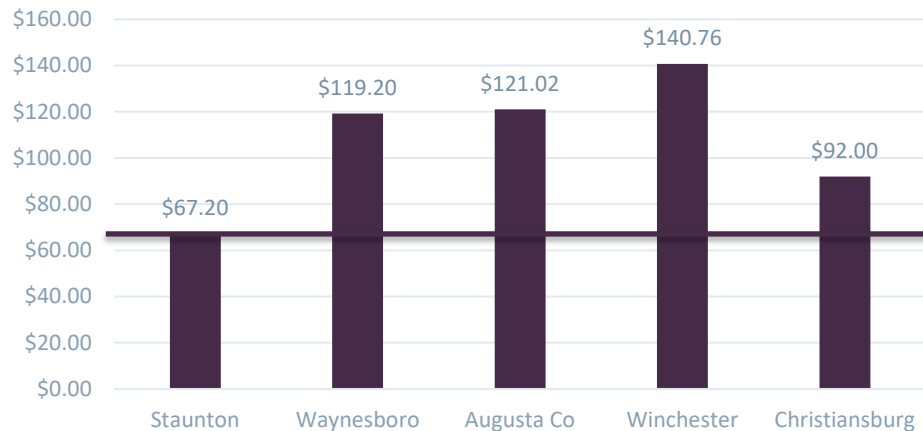


How does this compare?

- Rates converted to HCF for comparison.

	Sewer Rate per HCF	Flat Amount Service Charge	Total Sewer Charge for 12 HCF
Staunton	\$ 5.60	\$ -	\$ 67.20
Waynesboro	\$ 7.26 plus	\$ 31.54	\$ 119.20
Augusta Co	\$ 8.60 plus	\$ 17.34	\$ 121.02
Winchester	\$ 11.67	\$ -	\$ 140.76
Christiansburg	\$ 7.63 after 1k	\$ 10.00	\$ 92.00

**Cost of Sewer
9,000 gallons over 2 months**





Sewer Fund Capital

Five Year Capital Plan \$13,500,000

- ❖ **Annual Sewer Line Replacements** \$250,000
- ❖ **Commerce Road Sewer Upgrades**—
 - Phase II – FY28 Design \$200,000 and FY29 Construction \$950,000
- ❖ **New Hope Rd & National Ave Sewer Upgrade** –
 - FY27 \$500,000
- ❖ **Lewis Creek Sewer Upgrade** –
 - FY27 PER - \$150,000
 - FY30 Phase III & IV Design – \$300,000
 - FY31 Phase III Construction – \$1,200,000 (tbd)
 - FY31 Phase IV Construction – \$1,500,000 (tbd)
- ❖ **Old Staunton Steam Laundry Sewer Relocation** –
 - FY27 Design \$50,000
- ❖ **Uniontown Sewer Extension** –
 - FY28 Construction \$6,000,000
- ❖ **Locust Ave Sewer Installation** –
 - FY29 Construction \$900,000 (tbd)
- ❖ **Sherwood Ave Sewer Relocation** –
 - FY30 Construction \$250,000
- ❖ **Institute St Sewer Relocation** –
 - FY31 Design \$250,000



Sewer Fund Balance

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- **\$9,000,030** – 6/30/2025 available Sewer Fund Balance including facility fee balance
 - **\$13,500,000** – FY2027-FY2031 CIP needs
 - **\$500,000** – Amount of current annual budget available for capital
 - **\$212,000** – Value of each 5% increase in the sewer rate.

- **Gardner Springs Pump Station Upgrades \$13.1 million**
 - Funded partially with a Virginia Department of Health, Office of Drinking Water ARPA grant \$5,930,000
- **Staunton Crossing Water & Sewer Infrastructure**
 - Funded largely by three Virginia Business Ready Sites Program Grants totaling \$14.4 million
 - Includes a 1-million-gallon water storage tank
- **Water Treatment Plant Clearwell Cover Replacement**
 - Primarily funded with fund balance
 - Replaces the existing floating cover



Environmental Fund Review

- **Services Covered**

- Landfill Expenditures

- Augusta Regional Landfill Operations
 - Landfill Closure Liability
 - Augusta Regional Landfill Capital

- City Expenditures

- Refuse Billing
 - Environmental Office
 - Street Cleaning
 - Refuse Collection
 - Recycling Center
 - City Refuse Truck Replacement
 - PILOT (Payment in Lieu of Taxes)

- Staunton's current residential rate is \$48.02 every two months.





Environmental Fund Balance

- **\$544,045** – 6/30/2025 available Environmental Fund Balance
 - Fund is in danger of becoming insolvent in the next 1-2 years.
- **\$1,810,000** – FY2027-FY2031 City refuse truck replacements (remain unfunded at the current rates)
- **\$4,762,718** – FY2027-FY2031 Landfill CIP needs
- **\$637,000** – Amount of current annual budget available for capital
- **\$152,500** – Value of each 5% increase in the rate.

Landfill Five Year Capital Plan \$4,762,718 (Staunton's share only)

- ❖ **Landfill #21 (Augusta Co and Staunton only)**
 - \$543,385 Staunton's Share of Five-Year Plan
- ❖ **Landfill #585 (Augusta Co, Staunton, & Waynesboro)**
 - \$4,219,333 Staunton Share of Five-Year Plan
 - Relocate Scales, Office, & Employee Break Area
 - Sedimentation Basin at Burrow
 - Rock Blasting
 - Site Improvements, Fencing
 - Replacement of Equalization Basin Liner
 - Equipment Replacements: Track Loader, Wheel Loader, Compactor, Two Dozers, Excavator, Two Pickup Trucks, Attachments, Dumpsters
 - Phase 6 Construction (\$10 million total cost)





Recommended Utility Rate Adjustments

- ❖ While staff recognizes the impact of rate increases on customers, responsible investment in infrastructure is essential to ensure safe, reliable service, and avoid more costly failures in the future.
- ❖ Rate increases will be proposed in the FY2027 draft budget presented to city council on March 26th.
- ❖ Proposed increases for the water and sewer rates will likely be 5-7%.
 - **Water Fund** - Funds the increase in operating expenditures and unfreezes the final two positions from FY2023.
 - **Sewer Fund** – Funds operating expenditure increases, unfreezes the final position from FY2023, and increase capital expenditure funding.
- ❖ Refuse rates, which support the entire Environmental fund, will require a 15% increase.
 - The larger increase is due to the lower fund balance and the landfill capital needs.



Impact on Average Household

- Proposals

- Water rate of \$4.28 per HCF (5.42% increase)
- Sewer Rate of \$6.00 per HCF (7.14% increase)
- Refuse Rate of \$27.50 per month (increase of 14.54% increase)
- Overall increase based on 9,000 gallons is 8.80%.

9,000 gallons

	Water	Sewer	Refuse	Total
Staunton	\$ 48.72	\$ 67.20	\$ 48.02	\$ 163.94
Staunton Proposed	\$ 51.36	\$ 72.00	\$ 55.00	\$ 178.36
Waynesboro	\$ 73.81	\$ 119.20	\$ 44.00	\$ 237.01
Augusta Co	\$ 76.53	\$ 121.02	\$ 52.00	\$ 249.55
Winchester	\$ 112.69	\$ 140.76	\$ 24.00	\$ 277.45
Christiansburg	\$ 115.00	\$ 92.00	\$ 46.00	\$ 253.00

- The minimum bi-monthly bill, including utility tax and stormwater fee would increase from \$110.32 to \$120.40.*

A horizontal decorative bar composed of several colored segments: purple, olive green, blue-grey, grey, yellow, dark red, dark blue, tan, teal, and dark green.

“What happens if we do nothing?”

- ❖ Deferred replacements
- ❖ Increased failures
- ❖ Emergency borrowing
- ❖ Larger future increases
- ❖ Credit rating implications

Proposed Path Forward

- ❖ Manageable future increases
- ❖ Protect credit rating
- ❖ Protect reserves
- ❖ Avoid crisis borrowing

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- A horizontal decorative bar composed of several colored segments: dark purple, olive green, blue-grey, grey, yellow, dark red, dark blue, tan, teal, and dark green.
- ❖ Best practice is to conduct a utility rate study every 3-5 years.
 - ❖ No record of Staunton performing one for water, sewer, and refuse fees.
 - ❖ Benefits of a Professional Rate Study vs Doing it In-House
 - Independent and transparent analysis – helps build public trust
 - Industry benchmarking and best practices
 - Ensures rates are financially sustainable and legally defensible
 - Aligns rates with long-term infrastructure and capital needs
 - Stronger public and council confidence

Next Steps

- March 26, 2026 – Introduce Proposed Ordinance
- April 9, 2026 – Hold Public Hearing
- April 23, 2026 – Consideration of the Ordinance
- April through June – Issue/Review/Award RFP for Utility Rate Study