

# ***Wastewater Rates***

Citizen Rate Review Committee Meeting

November 19, 2015

# *Agenda*

- Background
- System Revenues and Requirements
- Preliminary Findings

# Recent Rate History

- July 1, 2011 – 16.9%
- July 1, 2012 – 16.9%
- January 1, 2013 – 0.00%
- January 1, 2014 – 3.00%
- January 1, 2015 – 5.75%
- January 1, 2016 – 5.75%

*Large capital plan on the horizon;  
assumed funding from revenue bonds*

*City secures Clean Water loans for large  
portion of capital plan; large increases for water*

*City proceeds with \$26 million Wastewater  
Treatment Plant expansion and other  
capital projects*

Prior Rate Review:

- *Projected increases of 5.75% for remaining plan*

# Current Rates

	2014/15	2015/16
<b>Service Charge (\$/Month)</b>	\$19.43	\$20.66
Multifamily Unit Charge	\$17.13	\$18.24
<b>Volume Charge (\$/ccf)</b>		
Single Family	\$7.77	\$8.19
Multifamily	\$7.77	\$8.19
Commercial - 1	\$7.77	\$8.19
Commercial - 2	\$9.50	\$10.02
Commercial - 3	\$15.50	\$16.37
Industrial	\$9.50	\$10.02
Outside City	\$7.77	\$8.19
<b>Average Residential Bill</b>	<b>\$62.46</b>	<b>\$66.05</b>

Ccf = hundred cubic feet (748 gallons)

# Projected 5-Year Capital Improvement Plan (CIP)

	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Total CIP (\$2015)</b>	<b>\$2,085,625</b>	<b>\$3,600,000</b>	<b>\$3,205,000</b>	<b>\$1,567,500</b>	<b>\$1,600,000</b>
<b>Inflation-Adjusted *</b>	\$2,085,625	\$3,708,000	\$3,400,185	\$1,712,849	\$1,800,814
<b>By Funding Source</b>					
Rates	\$1,538,625	\$3,275,400	\$3,140,265	\$1,398,690	\$562,754
SDC	\$547,000	\$432,600	\$259,921	\$314,159	\$1,238,060
<b>Total Inflation Adjusted</b>	<b>\$2,085,625</b>	<b>\$3,708,000</b>	<b>\$3,400,185</b>	<b>\$1,712,849</b>	<b>\$1,800,814</b>
<i>*Reflects 3% capital inflation</i>					

See Table 1 for more detail

# *Capital Funding (Total)*

		<b>Total</b>
Existing Reserves		\$7,219,416
Current Rates		\$11,850,581
SDCs		\$6,643,086
<b>Total Sources</b>		<b>\$25,713,083</b>
Inflation-Adjusted CIP		\$23,195,956
Ending Reserves*		\$2,517,127
<b>Total Uses</b>		<b>\$25,713,083</b>
*CIP improvements beyone 2023 exceed \$18 million		

# Projected Operation & Maintenance (O&M) Costs

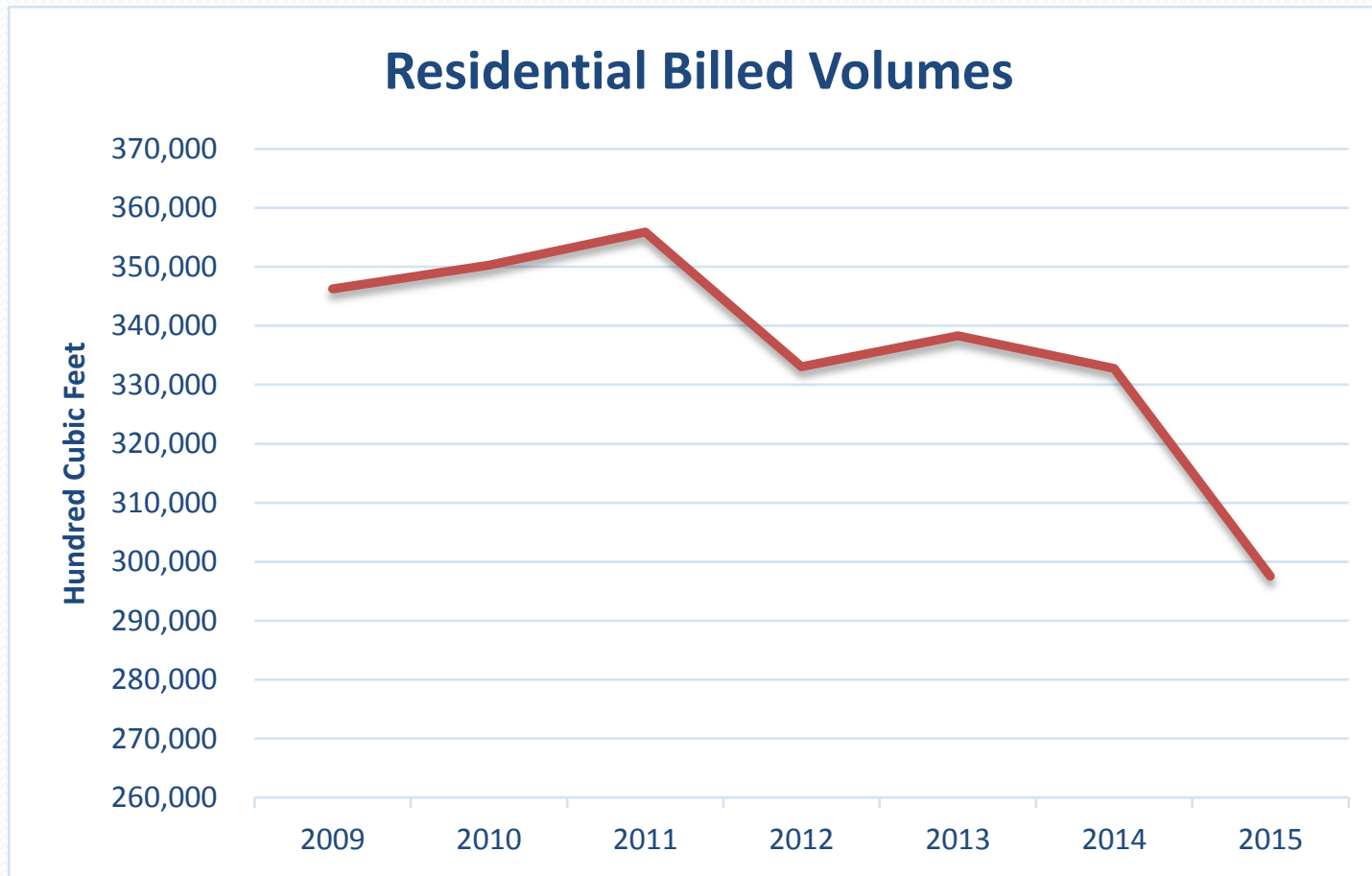
	Fiscal Year		
	2015/16	2016/17	2017/18
Personnel Services			
Salaries	\$1,073,206	\$1,116,134	\$1,160,780
Benefits	\$743,667	\$773,414	\$804,350
Materials & Services	\$413,789	\$416,750	\$428,128
Utilities & Fuel	\$367,525	\$378,916	\$390,663
Contractual Services	\$115,400	\$91,824	\$93,979
Rehab & Replacement	\$284,750	\$284,750	\$284,750
Repair & Maintenance	\$333,000	\$333,015	\$333,030
Internal Svc. Charges	\$611,955	\$636,433	\$661,891
Franchise Fee	\$320,000	\$354,655	\$377,635
Vehicle/Computer Replacement	\$148,709	\$191,319	\$191,319
Internal Svc. Charge - COP	\$55,779	\$55,779	\$55,779
Loan Fees	\$127,200	\$121,979	\$116,621
Capital Outlay	\$50,000	\$100,000	\$5,500
<b>Total</b>	<b>\$4,644,980</b>	<b>\$4,854,968</b>	<b>\$4,904,426</b>
<b>Adjusted for 98% Budget Spent</b>	<b>\$4,552,080</b>	<b>\$4,757,868</b>	<b>\$4,806,337</b>
<b>2014 Rate Cycle Projections</b>	<b>4,518,958</b>	<b>4,750,343</b>	<b>4,996,227</b>

# Revenue Requirements from Rates

Item	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Revenue Requirements:</b>					
O&M Costs	\$4,552,080	\$4,757,868	\$4,806,337	\$4,951,641	\$5,105,023
Transfers -- Debt Service	\$1,692,815	\$2,408,825	\$2,397,479	\$2,390,595	\$1,938,878
Transfers -- Capital Projects	\$1,627,500	\$3,275,400	\$3,140,264	\$1,398,691	\$562,754
<b>Total Revenue Requirements</b>	<b>\$7,872,395</b>	<b>\$10,442,093</b>	<b>\$10,344,080</b>	<b>\$8,740,926</b>	<b>\$7,606,655</b>
<b>Less:</b>					
Uses of (Additions to) Reserves	\$997,920	\$3,097,906	\$2,548,736	\$460,593	(\$1,195,990)
Nonrate Revenues	\$187,000	\$251,096	\$242,639	\$238,232	\$239,436
<b>Revenue Requirements from Rates</b>	<b>\$6,687,475</b>	<b>\$7,093,091</b>	<b>\$7,552,705</b>	<b>\$8,042,101</b>	<b>\$8,563,209</b>
<b>Projected Sales Revenue</b>	<b>\$6,687,476</b>	<b>\$7,093,090</b>	<b>\$7,552,705</b>	<b>\$8,042,101</b>	<b>\$8,563,209</b>
<i>Projected Rate Increase</i>		5.95%	5.95%	5.95%	5.95%
<i>Prior (2014) Rate Cycle Projections</i>	<b>\$7,165,931</b>	<b>\$7,615,862</b>	<b>\$8,094,042</b>	<b>\$8,602,247</b>	<b>\$9,142,361</b>
<i>Projected Rate Increase</i>		5.75%	5.75%	5.75%	5.75%



# ***Billed Wastewater Volumes***



# ***Key Financial Plan Assumptions***

- Customer growth average 0.5% annually
- Stable billed water volumes
- Operating cost escalation
  - Personnel = 4%
    - No additional staff within planning window
  - Materials & Services = 3%
- Percent of budget spent = 98%
- No additional debt funding

# ***Next Steps***

- Address CRRC information needs
- Refine projections
- Evaluate rate structure (fixed vs. volume rates)
- Develop preliminary recommendations

# ***Discussion***