

Wastewater Rates

Citizen Rate Review Committee Meeting

December 3, 2015

Agenda

- Financial Plan Refinements
- Rate Structure Analysis
- Summary Recommendations
- Discussion

Financial Plan Refinements

- Operating costs
 - Personnel (non-represented) increase \$16,000 (as a result of compensation study)
 - PERS escalation factor increased to 8% (from 4%)
- Revenues
 - Reduction in consumption/revenue from mill closure

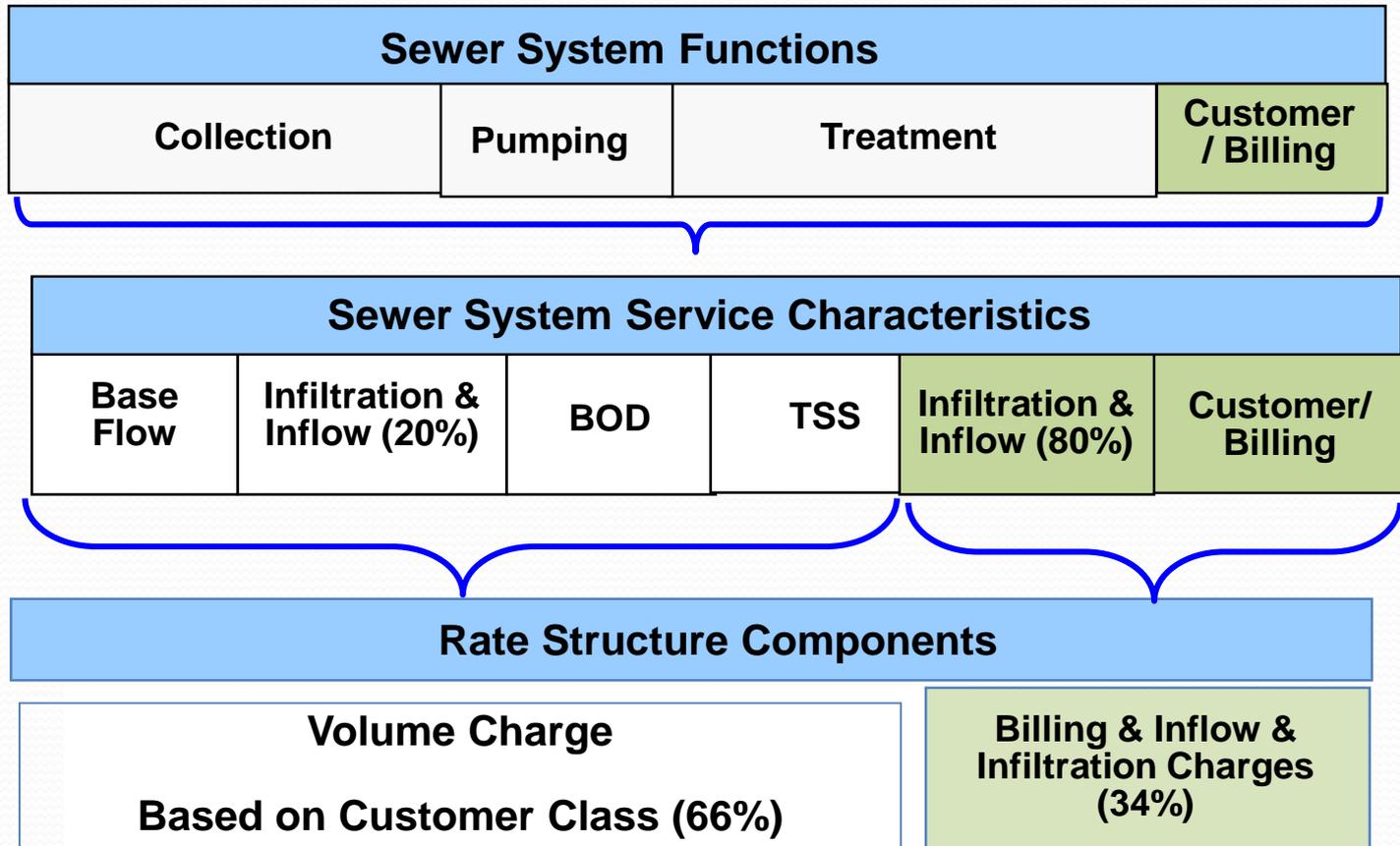
Revised Operation & Maintenance (O&M) Costs

Operation & Maintenance (O&M) Costs			
	Fiscal Year		
	2015/16	2016/17	2017/18
Personnel Services			
Salaries	\$1,089,206	\$1,132,774	\$1,178,085
Benefits	\$743,667	\$773,888	\$805,355
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	\$353,503	\$376,409
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
Total	\$4,660,980	\$4,870,931	\$4,921,511
Adjusted for 98% Budget Spent	\$4,567,761	\$4,773,512	\$4,823,080

Updated Revenue Requirements from Rates

Item	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue Requirements:					
O&M Costs	\$4,567,761	\$4,773,512	\$4,823,080	\$4,969,566	\$5,124,219
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
Total Revenue Requirements	\$7,888,076	\$10,457,737	\$10,360,823	\$8,758,852	\$7,625,851
Less:					
Uses of (Additions to) Reserves	\$1,035,332	\$3,136,744	\$2,590,286	\$505,042	(\$1,148,441)
Nonrate Revenues	\$187,000	\$250,926	\$242,348	\$237,812	\$238,879
Revenue Requirements from Rates	\$6,665,744	\$7,070,067	\$7,528,189	\$8,015,998	\$8,535,414
Projected Sales Revenue	\$6,665,744	\$7,070,067	\$7,528,189	\$8,015,997	\$8,535,414
<i>Projected Rate Increase</i>		5.95%	5.95%	5.95%	5.95%
<i>Prior (2014) Rate Cycle Projections</i>	\$7,165,931	\$7,615,862	\$8,094,042	\$8,602,247	\$9,142,361
<i>Projected Rate Increase</i>		5.75%	5.75%	5.75%	5.75%

Rate Structure Framework



BOD = Biochemical Oxygen Demand
TSS = Total Suspended Solids

Comparison of Current and Revised Rates

	Current	Proposed	Proposed
Customer Class	2015/16	2016/17	2017/18
Service Charge (\$/Month)	\$20.66	\$21.95	\$23.76
Multifamily Unit Charge	\$18.24	\$19.33	\$21.06
Volume Charge (\$/ccf)			
Single Family	\$8.19	\$8.67	\$9.08
Multifamily	\$8.19	\$8.67	\$9.08
Commercial - 1	\$8.19	\$8.67	\$9.08
Commercial - 2	\$10.02	\$10.61	\$11.10
Commercial - 3	\$16.37	\$17.29	\$18.08
Industrial	\$10.02	\$10.61	\$11.10
Outside City	\$8.19	\$8.67	\$9.08

Ccf = hundred cubic feet (748 gallons)

Sample Bill Impacts

CUSTOMER CLASS	Units	Monthly Use (ccf)	2015/16	2016/17	2017/18	\$ Increase	
						2016/17	2017/18
			Monthly Bill				
Single Family		5.0	\$61.61	\$65.30	\$69.16	\$3.69	\$3.86
Multifamily	12	38.0	\$550.73	\$583.35	\$621.53	\$32.62	\$38.18
Commercial - 1		9.5	\$98.84	\$104.71	\$110.44	\$5.87	\$5.73
Commercial - 2		63.3	\$654.82	\$693.15	\$726.37	\$38.33	\$33.22
Commercial - 3		44.6	\$750.10	\$792.16	\$829.41	\$42.06	\$37.25
Industrial		26.4	\$284.94	\$301.65	\$316.54	\$16.71	\$14.89
Outside City		20.1	\$185.60	\$196.56	\$206.62	\$10.96	\$10.06

Ccf = hundred cubic feet (748 gallons)

Summary

- 5.95% Annual Rate Increase Needed for:
 - Continued operation of the utility at current staffing levels
 - Increase rate revenue for non-growth related CIP and debt service
 - Significant additional capital improvements forecast beyond planning period
- Rate will be re-evaluated in 2 years
 - Water use trends
 - Capital project phasing

Discussion