



VICTOR STAFF REPORT

Work Session Agenda Documentation

PREPARATION DATE: September 7, 2017

MEETING DATE: September 13, 2017

SUBMITTING DEPARTMENT: Public Works

DEPARTMENT DIRECTOR: Robert M. Heuseveldt, P.E., CFM

PRESENTER: Robert M. Heuseveldt, P.E., CFM

SUBJECT:

Re: Applicable Victor Values:

- Culturally Historic Sustainable Connected to Nature
 Small Town Feel Family Friendly X Administrative Need

STATEMENT/PURPOSE

The purpose of this item is establish a fair and equitable rate for the water system that is sustainable.

BACKGROUND/ALTERNATIVES

As party of the proposed 2017-2018 budget staff conducted a water fee analysis in accordance with the process that was established in the analysis that was completed in 2013. Attached is the spreadsheet that summarizes the results from the analysis. Below are the existing rates along with the proposed rates with the percentage of the increase.

	Existing	Proposed	% Increase
Summer Base Rate:	\$42.88	\$43.37	1.13%
Summer Usage Rate:			
1,000 to 7,000.	\$1.45	\$1.46	0.90%
8,000 to 22,000	\$2.00	\$2.00	0.00%
23,000 and up	\$3.00	\$3.00	0.00%
Winter Rate (Decrease):	\$52.80	\$52.13	-1.09%

The attached spreadsheet summarizes the expenses in each line item for the water fund for the past 7 years.

ALIGNMENT WITH STRATEGIC INTENT

Sustainable.

ATTACHMENTS

Water Fee Increase Analysis Spreadsheet

FISCAL IMPACT

The water fund is an enterprise fund that needs to be sustainable from year to year. In order to keep the water fund sustainable it is necessary to

STAFF IMPACT

Staff will adjust the rate on the billing software.

LEGAL REVIEW

N/A

RECOMMENDATION

Staff recommends that the City adopt the new fee as presented.

SUGGESTED MOTION

Operation & Maintenance

Category	Fiscal Year							
	2010	2011	2012	2013*	2014	2015	2016	2017
Professional City Staff	\$ 98,924.52	\$ 101,953.98	\$ 127,808.45	\$ 119,840.00	\$ 181,824.63	\$ 197,018.11	\$ 188,383.89	\$ 218,521.00
Power & Gas	\$ 39,332.31	\$ 30,198.73	\$ 43,200.83	\$ 40,000.00	\$ 44,281.15	\$ 41,249.04	\$ 43,670.41	\$ 44,000.00
Phone Services				\$ 3,000.00		\$ 2,955.55	\$ 2,979.41	\$ 3,000.00
Chemicals		\$ 2,144.61	\$ 1,546.50	\$ 2,500.00	\$ 1,814.25	\$ 2,235.62	\$ 2,250.00	\$ 2,500.00
Supplies	\$ 86,814.83	\$ 105,051.83	\$ 88,983.94	\$ 60,000.00	\$ 159,887.64	\$ 64,060.01	\$ 75,379.90	\$ 60,000.00
Equipment	\$ 10,138.67	\$ 5,586.01		\$ 15,000.00	\$ 366.71	\$ -	\$ 14,121.60	\$ 15,000.00
Monitoring/Testing	\$ 4,125.00	\$ 200.00	\$ 675.00	\$ 2,500.00	\$ 400.00	\$ 1,648.32	\$ 2,195.00	\$ 2,500.00
Purchased Services	\$ 9,231.12	\$ 11,932.61	\$ 13,247.45	\$ 15,000.00	\$ 25,491.06	\$ 15,407.02	\$ 24,195.90	\$ 13,000.00
Professional Development				\$ 5,000.00	\$ 4,436.04	\$ 4,927.29	\$ 4,905.00	\$ 5,000.00
Subtotal	\$ 305,620.77	\$ 287,130.41	\$ 320,000.40	\$ 321,693.00	\$ 418,501.48	\$ 329,500.96	\$ 358,081.11	\$ 363,521.00

Reserve

Description	Fiscal Year							
	2010	2011	2012	2013*	2014	2015	2016	2017
Annual Reserve Deposit	\$ (83,620.00)	\$ (152,358.00)	\$ (101,500.00)	\$ 12,000.00	\$ -	\$ -	\$ -	\$ 12,000.00

Debt Service

Description	Fiscal Year							
	2010	2011	2012	2013*	2014	2015	2016	2017
Cumulative Debt Service				\$ 275,748.00	\$ 209,832.54	\$ 188,913.66	\$ 258,857.84	\$ 258,858.00

Capital Expenditures

Description	Fiscal Year							
	2010	2011	2012	2013*	2014	2015	2016	2017
Capital Expenditures				\$ 13,750.00	\$ -	\$ 6,588.00	\$ 13,200.00	\$ 13,750.00

Total Expenditures	#REF!	#REF!	#REF!	\$ 623,191.00	\$ 628,334.02	\$ 525,002.62	\$ 630,138.95	\$ 648,129.00
Total Number of ERU's	1007	1007	1007	1007	1007	1007	1007	1036
Estimated Monthly Fee per ERU	#REF!	#REF!	#REF!	\$ 51.57	\$ 52.00	\$ 43.45	\$ 52.15	\$ 52.13

Cash Needs Approach								
Operation and Maintenance				\$ 321,693.00	\$ 418,501.48	\$ 329,500.96	\$ 358,081.11	\$ 363,521.00
Reserves				\$ 12,000.00	\$ -	\$ -	\$ -	\$ 12,000.00
Debt Service				\$ 275,748.00	\$ 209,832.54	\$ 188,913.66	\$ 258,857.84	\$ 258,858.00
Capital Expenditures				\$ 13,750.00	\$ -	\$ 6,588.00	\$ 13,200.00	\$ 13,750.00
Total Revenue Requirement				\$ 623,191.00	\$ 628,334.02	\$ 525,002.62	\$ 630,138.95	\$ 648,129.00
Year	2010	2011	2012	2013	2014	2015	2016	2017
Fixed Cost				\$ 518,191.00	\$ 421,950.98	\$ 415,809.63	\$ 506,643.64	\$ 539,129.00
Variable Cost				\$ 105,000.00	\$ 206,383.04	\$ 109,192.99	\$ 123,495.31	\$ 109,000.00
Proposed Base Fee				\$ 42.88	\$ 34.92	\$ 34.41	\$ 41.93	\$ 43.37
Proposed Average Usage Fee Per ERU				\$ 8.69	\$ 17.08	\$ 9.04	\$ 10.22	\$ 8.77
1st Tier Usage Fee Per 1,000 Gallons (0 - 6,000 Gallons)				\$ 1.45	\$ 2.85	\$ 1.51	\$ 1.70	\$ 1.46
Winter Usage Fixed Fee				\$ 51.57	\$ 52.00	\$ 43.45	\$ 52.15	\$ 52.13