



Sewer Services – Rate Review

Public Works Department

**City Council Meeting
October 6, 2015**

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BACKGROUND

1. City Council approved a five year Sewer Services Rates – May 13, 2014.
2. February 2014 Capital Improvement Program and Rate Study.
3. Effective July 2014 and is effective through June 30, 2019.
4. Annual 8.5% increase in monthly services charges.



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BACKGROUND

1. Annual increase for capacity charges is equal to the Engineering News Record Construction Cost Increase (20-city average).
2. City Council directed staff to annually review the rates and report back to the City Council.
3. On September 9, 2015 Finance Committee recommended to City Council to receive and file report.



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ANALYSIS

Rates are meeting the operating and capital needs for the Sewer Fund.

1. Actual Revenues \$51.2 Million
2. Above estimate by \$0.6 Million ~ 1.0%
3. Actual Expenditures \$47.7 Million
4. Below estimate by \$2.9 Million ~ (5.7%)



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ANALYSIS

Expenditures:

1. Recruiting for 17 staff vacancies.
2. All of the positions are necessary for optimal, long-term operation.
3. Maint. Projects – reduced or deferred.
4. Debt service ~ \$19 Million
5. New odor control and membrane bio-reactor systems – Additional cost expected.



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ANALYSIS

1. Ending working capital balance at June 30, 2015 estimated at \$46.5 Million
2. Increase of approximately \$4.4 Million from the June 30, 2014.
3. Currently developing a reserve policy



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RECOMMENDATION

That the City Council receive and file the Fiscal Year 2014-15 annual review of the Sewer Services Rates.



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