

User Rate Analyses: Culinary Water, Secondary Water, Sewer, Storm

February 16, 2016



Review Discussion from Jan 12

Met on Jan 12 to discuss financial issues and bonding

Topics included:

- Rate Changes – Every three years
- Pumping – Create pumping areas
- Bonding – No bonding preferred
- PRWUA Costs to General Fund - Undecided
- Others

Objectives of Tonight's Meeting

Want some input from the Council on three primary topics:

- Review staffing projections briefly
- Review basic coverage calculations and the basic resulting rate calculations
 - With and without future bonding
 - Pumping costs
 - PRWUA inclusion in the pressurized irrigation fund

Staffing Projections

- City Staff has provided recommendations for future Full Time Equivalent employees (FTEs) for each of the four utilities
- Currently there are 11.2 FTEs including office staff that assist in billing, permit processing, recordkeeping, etc. FTEs will increase to 12.9 by 2023.

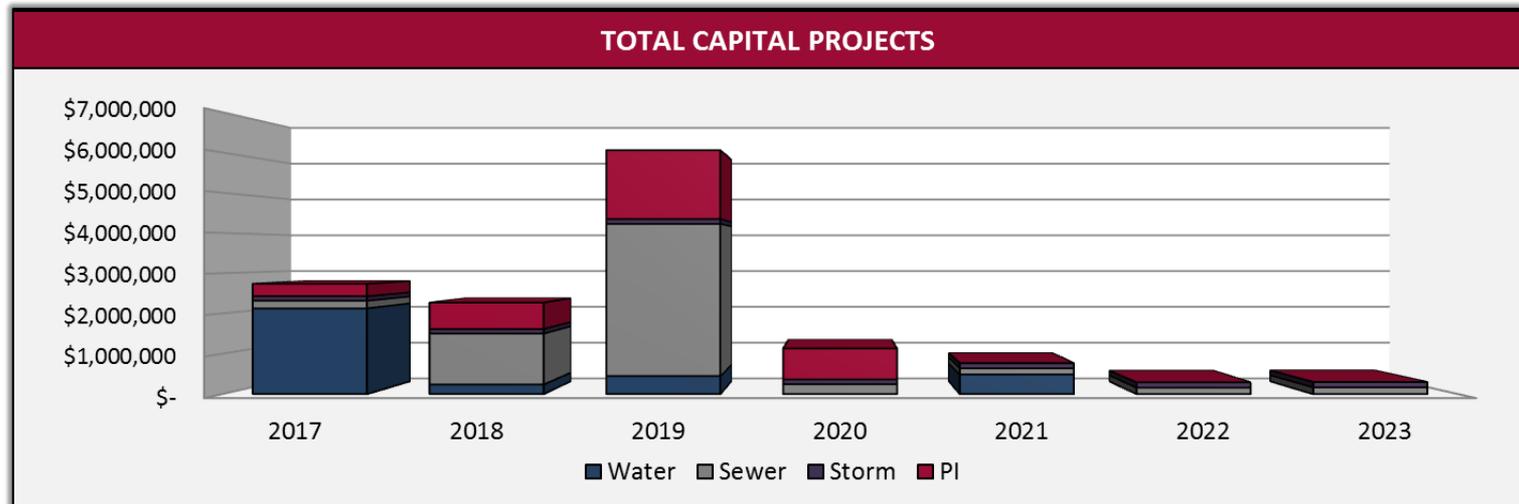
ANNUAL FTE PER UTILITY								
	2016	2017	2018	2019	2020	2021	2022	2023
Water	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Sewer	3.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Storm	2.7	2.9	2.9	2.9	2.9	2.9	2.9	2.9
PI	2.1	2.3	3.3	3.3	3.3	3.3	3.3	3.3
Totals	11.2	11.9	12.9	12.9	12.9	12.9	12.9	12.9
FTE SALARIES AND BENEFITS COSTS								
	2016	2017	2018	2019	2020	2021	2022	2023
Water	195,946	212,947	219,336	225,916	232,693	239,674	246,864	254,270
Sewer	224,700	242,340	249,610	257,099	264,812	272,756	280,938	289,366
Storm	180,835	196,576	201,490	206,527	211,691	216,983	222,408	227,967
PI	155,544	171,571	250,404	256,664	263,080	269,657	276,399	283,309
Totals	\$ 757,025	\$ 823,434	\$ 920,840	\$ 946,206	\$ 972,276	\$ 999,070	\$ 1,026,609	\$ 1,054,912
<i>Annual Change</i>		\$ 66,409	\$ 97,405	\$ 25,366	\$ 26,070	\$ 26,794	\$ 27,539	\$ 28,303

Coverage Table Introduction

- Prepared and reviewed coverage tables with input and data from City staff
- Important considerations are changes in staffing and funding capital projects
- Rates should maintain at least 1.25X coverage for outstanding bonds and 150 days operations expense on hand
- The City should strive to maintain a strong financial position even if debt is not issued just in case the need arises

Future Capital Projects

Future Capital Projects



CAPITAL PROJECTS BY UTILITY								
	2017	2018	2019	2020	2021	2022	2023	Total
Culinary Water	\$ 2,128,048	\$ 237,952	\$ 449,946	\$ -	\$ 486,661	\$ -	\$ -	\$ 3,302,607
Sanitary Sewer	188,370	1,264,795	3,776,293	244,862	156,775	162,262	167,941	5,961,298
Storm Drain	110,336	113,827	117,429	121,147	124,981	128,939	133,021	849,680
Pressurized Irrigation	310,500	654,081	1,707,299	768,284	-	-	-	3,440,164
Total	\$ 2,737,254	\$ 2,270,655	\$ 6,050,967	\$ 1,134,293	\$ 768,417	\$ 291,201	\$ 300,962	\$ 13,553,749

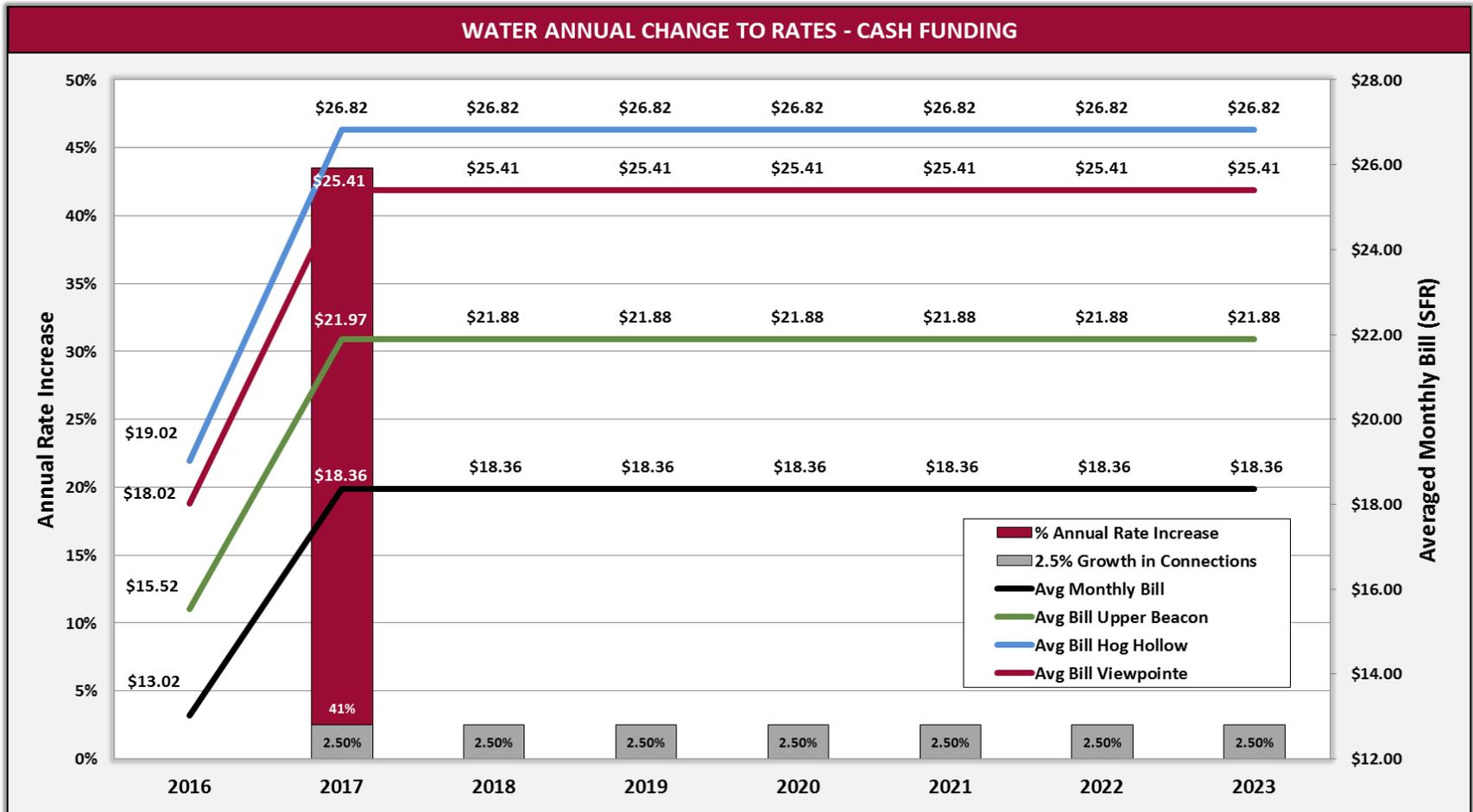
Projected Rate Increase

- Presenting options for cash funding or bonding for water, PI, and sewer
 - Storm capital costs are low enough to not receive benefit from bond funding
- PI has two options which consider the General Fund paying for PRWUA water and one with the PI enterprise fund paying through rates.
 - Tonight we'll only discuss the enterprise fund option
- Have included graphs with a % increase in rates as well as a \$ increase
- A high percentage increase in rates may still result in a relatively low \$ increase
- Pumping charges have been evaluated by development for the culinary water rates

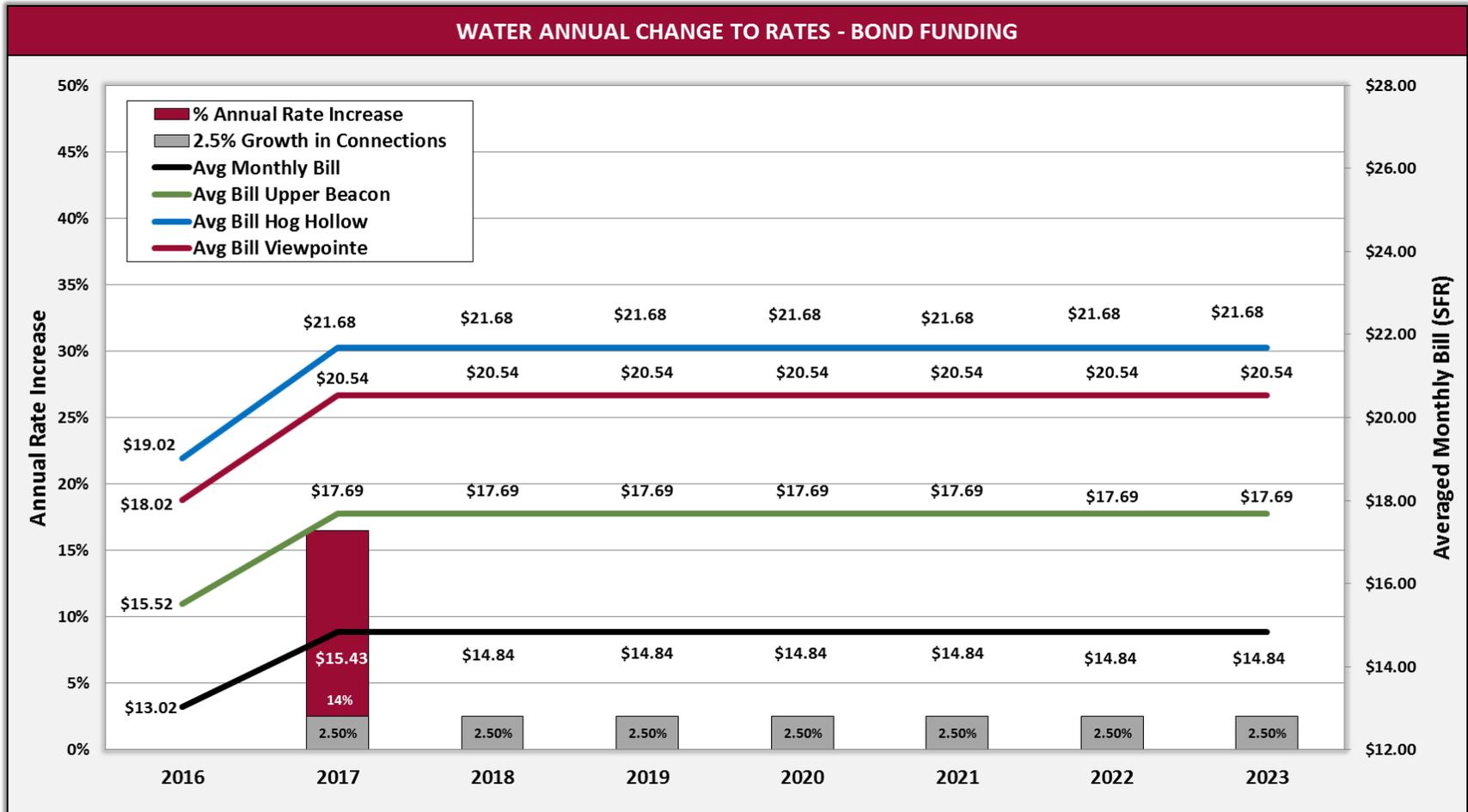
Culinary Water Pumping Charges

- Culinary water pumping costs for homes in higher elevation pressure zones are estimated to be about \$20k annually serving roughly 420 connections
- Fee is based on amount of water delivered to customers in each area
 - Upper Beacon – indoor 8K gallons = Approximately \$2.50 per month
 - Hog Hollow – outdoor only 12K gallons = Approximately \$6.00 per month
 - Viewpointe – indoor/outdoor 20K gallons = Approximately \$8.62 per month

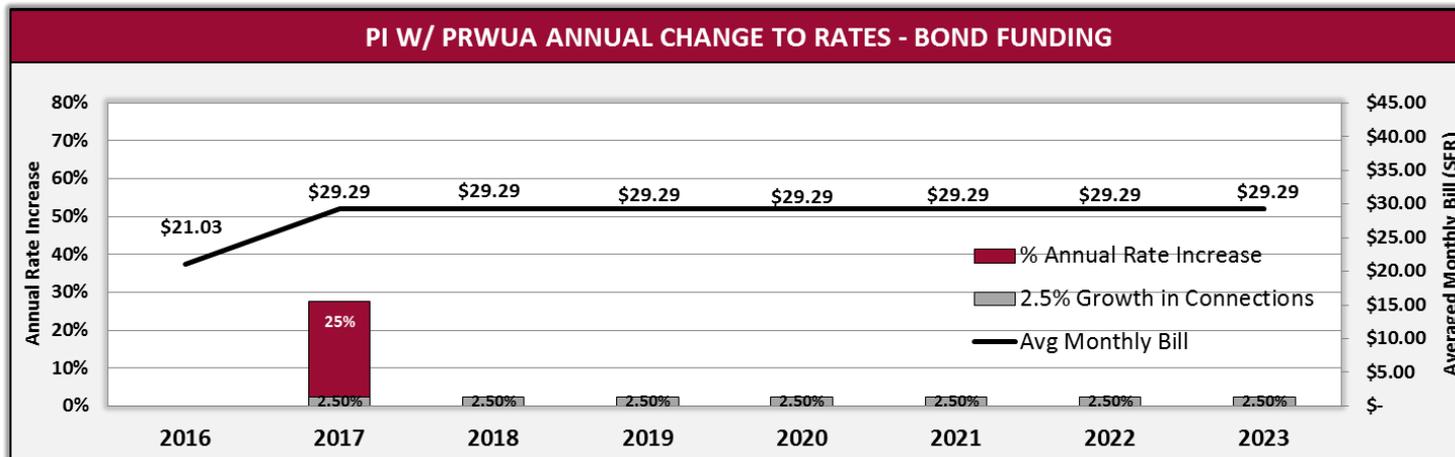
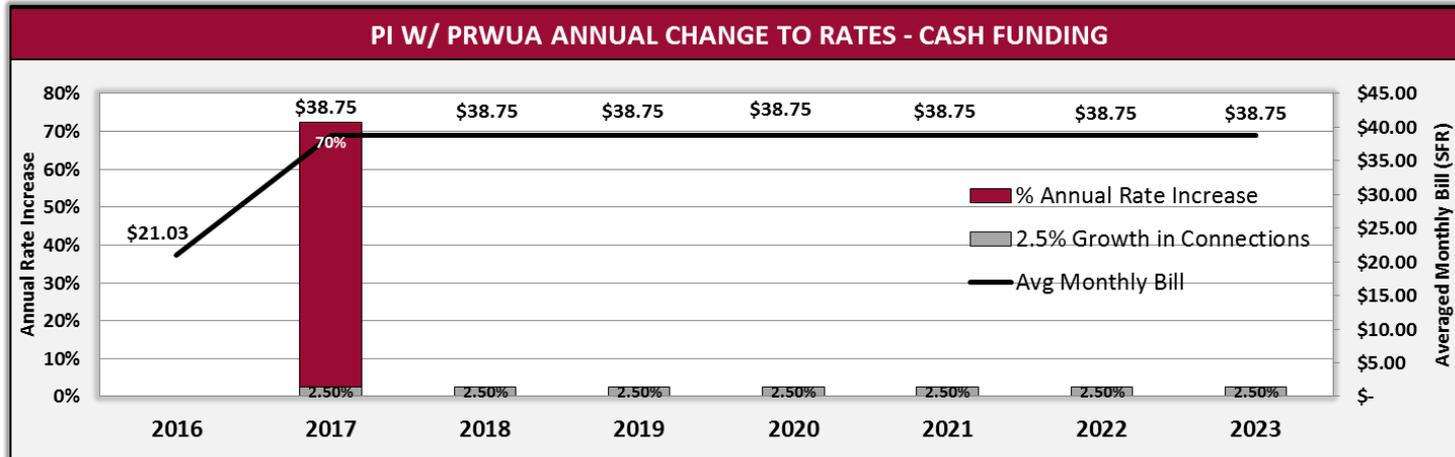
Culinary Water Rate Increase - Cash



Culinary Water Rate Increase - Bonding

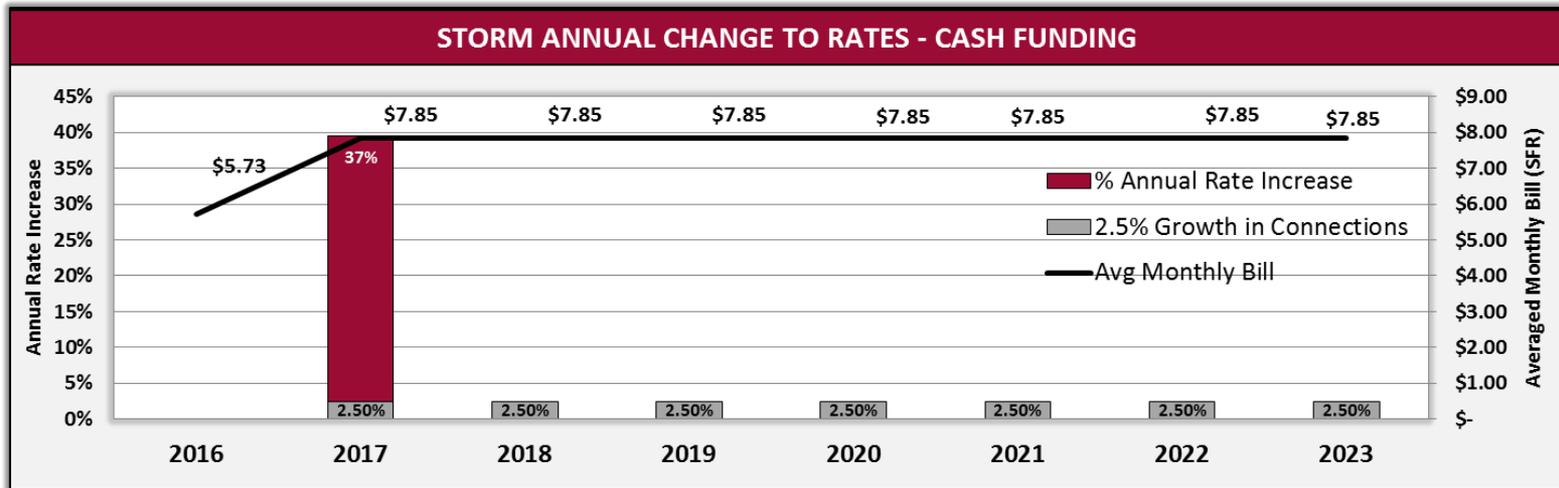


PI Rate Increase / PRWUA in Rates

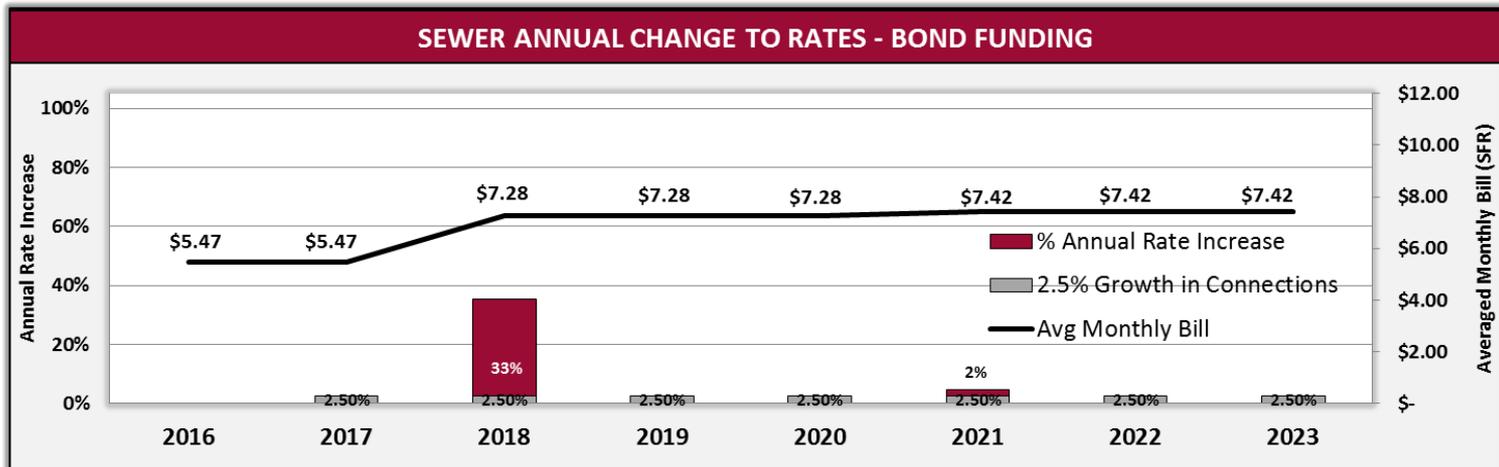
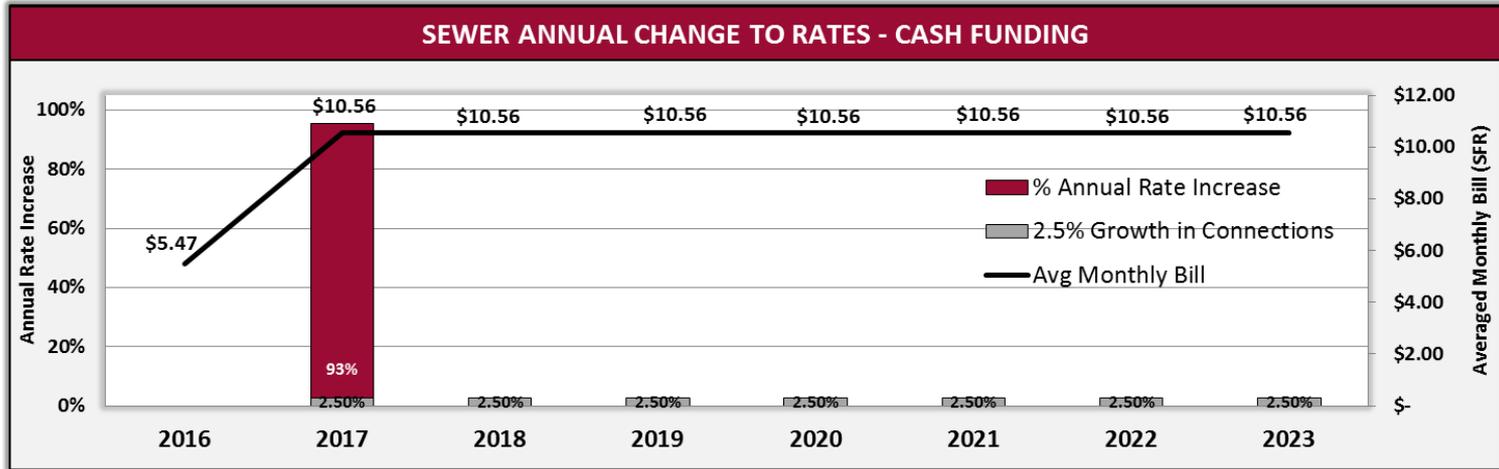


Storm Rate Increase

- Only a cash funded scenario is considered for the storm fund. There isn't a substantial need to bond finance any storm projects.



Sewer Rate Increase



Combined Increases

CHANGE TO MONTHLY RATES	CASH FUNDED								
	2016	2017	2018	2019	2020	2021	2022	2023	
Sewer	\$ 5.47	\$ 10.56	\$ 10.56	\$ 10.56	\$ 10.56	\$ 10.56	\$ 10.56	\$ 10.56	\$ 10.56
Water*	13.02	18.36	18.36	18.36	18.36	18.36	18.36	18.36	18.36
PI**	21.03	38.75	38.75	38.75	38.75	38.75	38.75	38.75	38.75
Storm	5.73	7.85	7.85	7.85	7.85	7.85	7.85	7.85	7.85
Monthly Total	\$ 45.25	\$ 75.52							
<i>Year to Year Change</i>		\$ 30.27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Plus pumping surcharge for affected areas

**PRWUA cost included in PI enterprise fund

CHANGE TO MONTHLY RATES	BOND FUNDED								
	2016	2017	2018	2019	2020	2021	2022	2023	
Sewer	\$ 5.47	\$ 5.47	\$ 7.28	\$ 7.28	\$ 7.28	\$ 7.42	\$ 7.42	\$ 7.42	\$ 7.42
Water*	13.02	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.84
PI**	21.03	29.29	29.29	29.29	29.29	29.29	29.29	29.29	29.29
Storm	5.73	7.85	7.85	7.85	7.85	7.85	7.85	7.85	7.85
Monthly Total	\$ 45.25	\$ 57.45	\$ 59.26	\$ 59.26	\$ 59.26	\$ 59.40	\$ 59.40	\$ 59.40	\$ 59.40
<i>Year to Year Change</i>		\$ 12.20	\$ 1.81	\$ -	\$ -	\$ 0.15	\$ -	\$ -	\$ -

*Plus pumping surcharge for affected areas

**PRWUA cost included in PI enterprise fund