

**UTILITY FUND FINANCIAL PLAN  
UPDATED ANALYSIS  
WATER, SEWER, STORM AND PRESSURIZED  
IRRIGATION**

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MAY 2022



# AGENDA

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- **Review 2021 Recommended Rate Changes**
- **Evaluation of Needed Updates**
- **Recommendations**

# FINANCIAL PLAN OBJECTIVES

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## Key Policies

- ▣ **Financial Ratios**
  - ▣ Revenue Sufficiency – Each Utility Pays its Own Way
  - ▣ Cash Reserves – Goal to Maintain a Minimum of 365 Days of Cash on Hand
  - ▣ Debt Service Coverage Ratio – 1.25 Times Minimum
- ▣ **Ensure Ease of Implementation and Equity**
- ▣ **Review Rates for Five-Year Period**

# 2021 RATE RECOMMENDATIONS

## 2021 Rate Increases

- Water Rate Increase to Mitigate Dip in Fund Balance
  - 30% Increase to Base and Usage Fees

BASE RATE	PROPOSED
Residential	\$15.91
Commercial	\$33.15
Institutional	\$33.15

CONSUMPTIVE RATE	PROPOSED
Residential (6,000 – 15,999 gallons)	\$1.01
Residential (16,000+ gallons)	\$2.65
Institutional (6,000+ gallons)	\$1.35
Commercial (6,000+ gallons)	\$1.33
Industrial (6,000+ gallons)	\$1.70

- All Other Models:
  - No Change At This Time
  - Evaluate Working Capital and Debt Coverage Over Time
  - Entities should evaluate enterprise funds every 3-5 Years.

# MODEL UPDATES

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## 2022 Updates

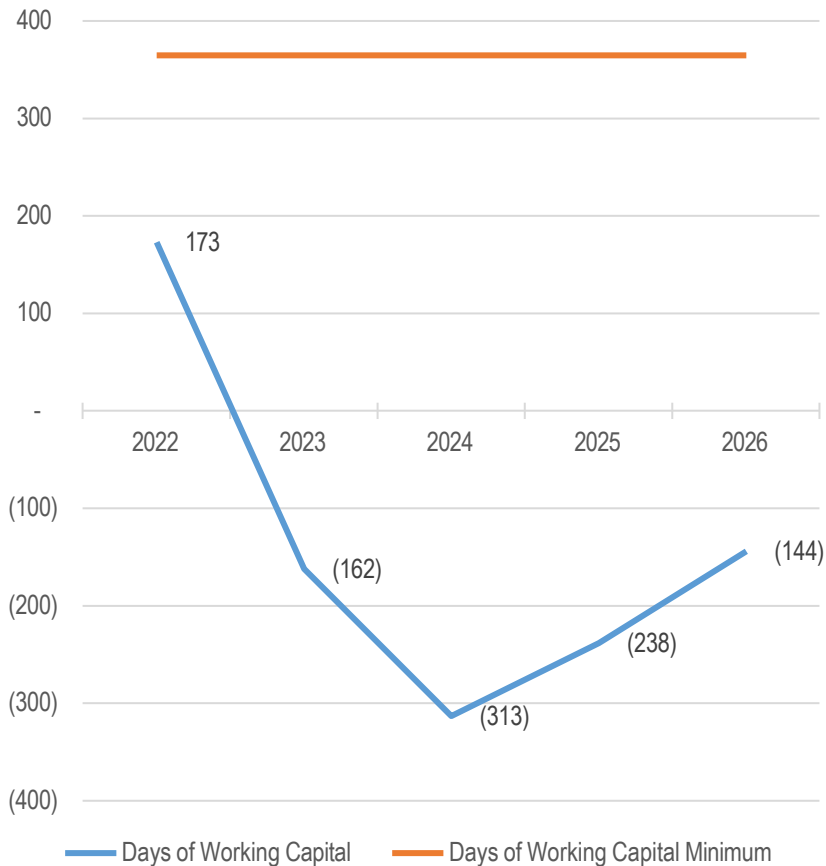
### ▣ All Utilities Impacted by Increased Capital Costs

- ▣ 2021 Water CIP: \$2,790,788
- ▣ 2022 Water CIP: \$4,351,559
- ▣ **Increase: \$1,560,771**
  
- ▣ 2021 Sewer CIP: \$3,659,552
- ▣ 2022 Sewer CIP: \$6,279,292
- ▣ **Increase: \$2,619,740**
  
- ▣ 2021 Storm CIP: \$1,305,532
- ▣ 2022 Storm CIP: \$2,468,184
- ▣ **Increase: \$1,162,652**
  
- ▣ 2021 PI CIP: \$10,623,367
- ▣ 2022 PI CIP: \$12,338,128
- ▣ **Increase: \$1,714,761**

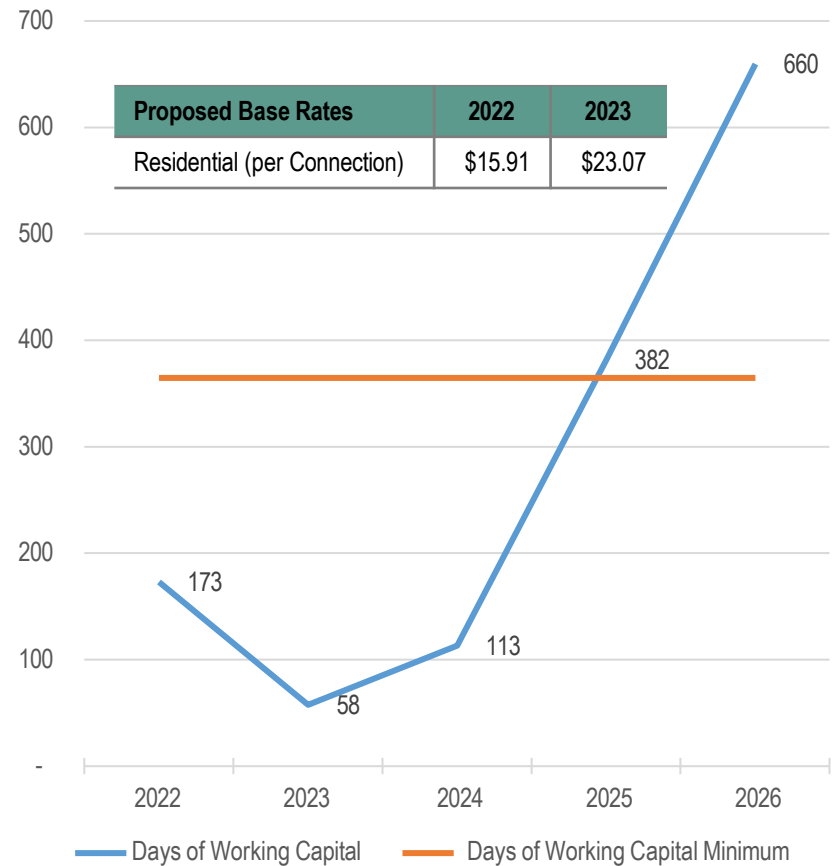
# SCENARIO ANALYSIS

## Water:

**NO RATE INCREASE: DAYS OF CASH ON HAND**



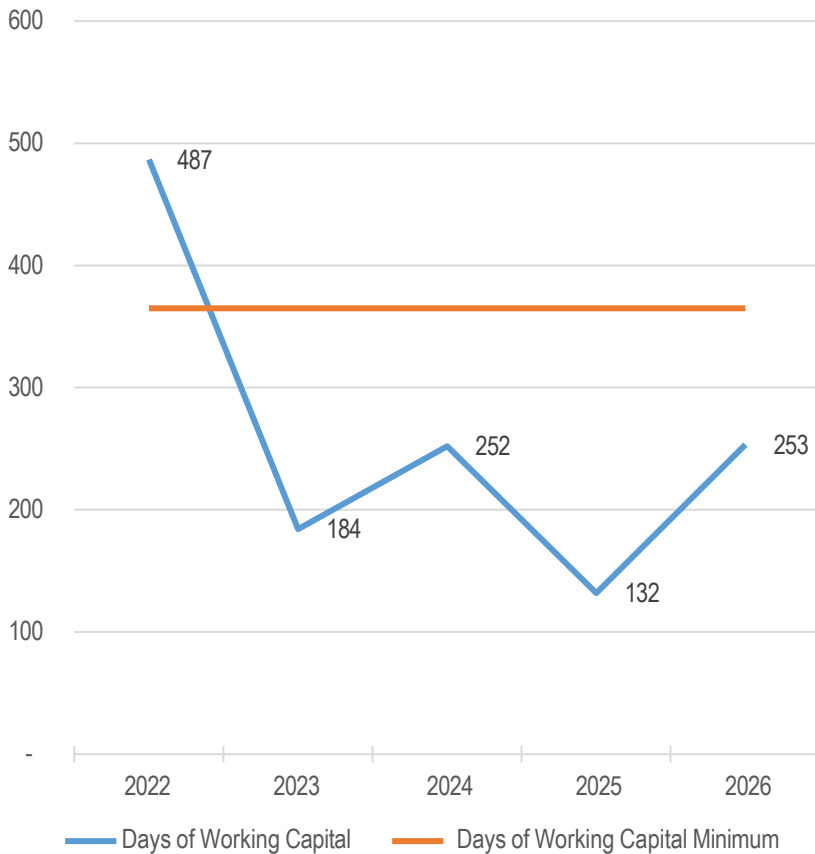
**45% INCREASE: DAYS OF CASH ON HAND**



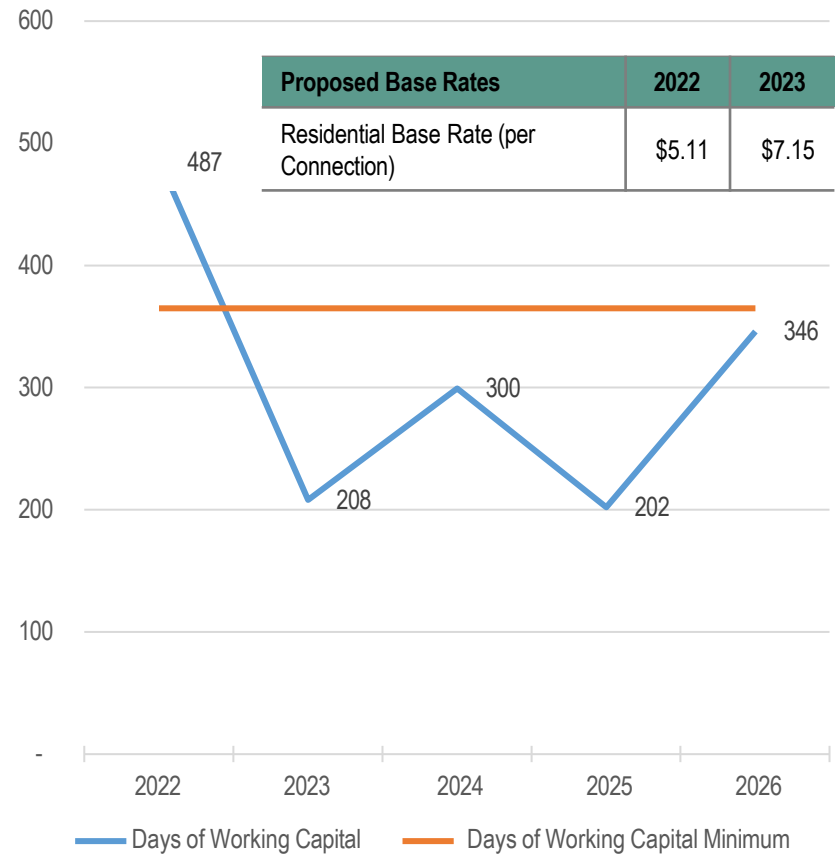
# SCENARIO ANALYSIS

## Sewer:

### NO RATE INCREASE: DAYS OF CASH ON HAND



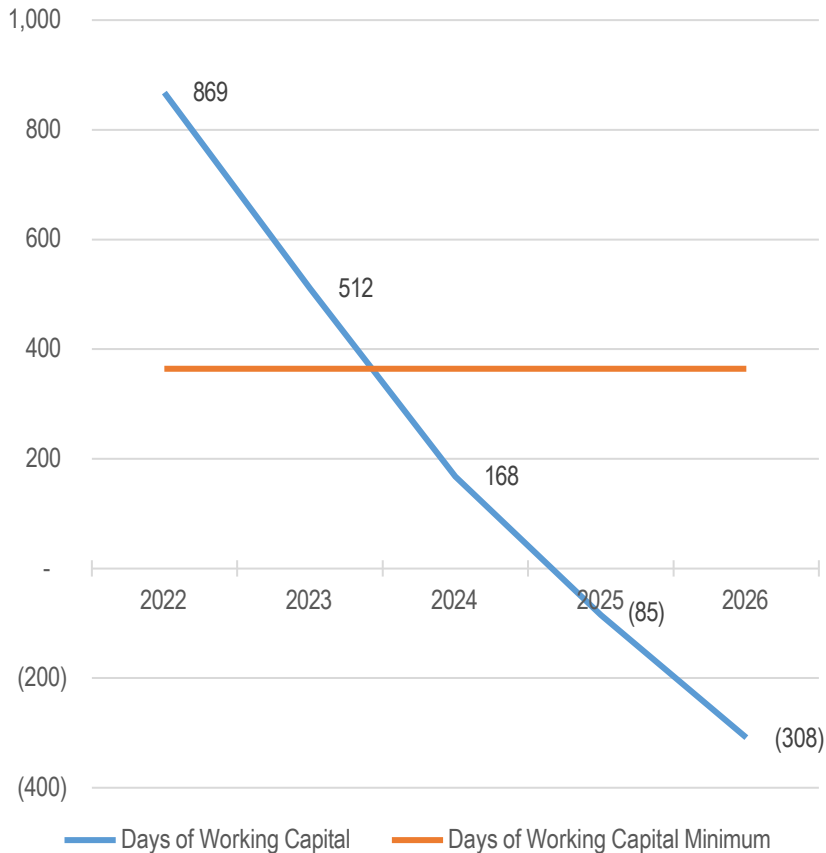
### 40% INCREASE: DAYS OF CASH ON HAND



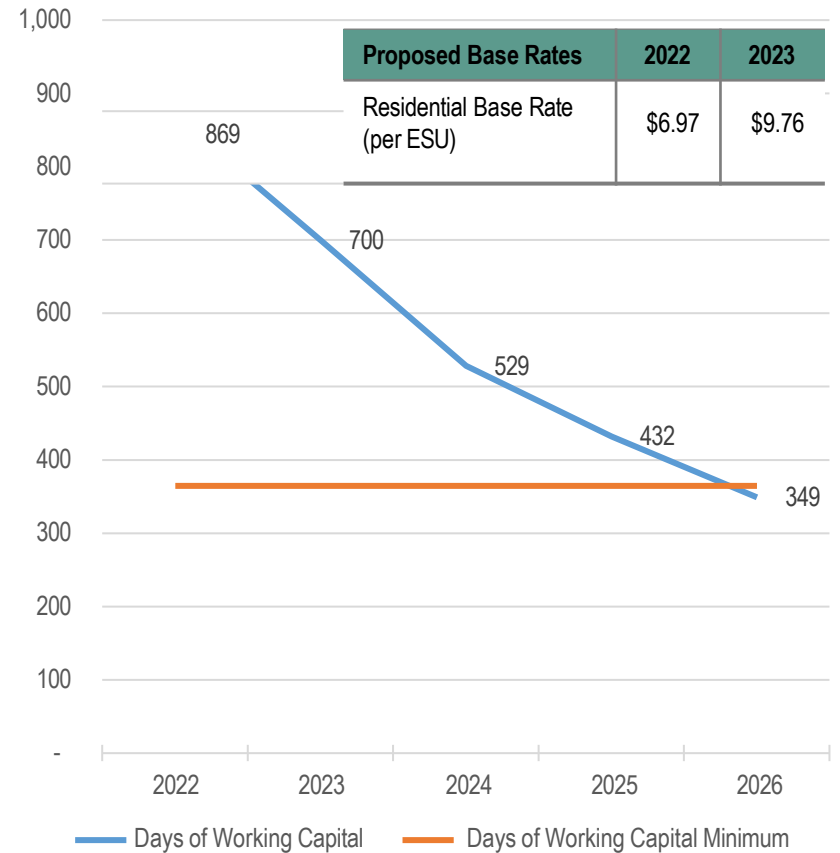
# SCENARIO ANALYSIS

## Storm:

**NO RATE INCREASE: DAYS OF CASH ON HAND**



**40% INCREASE: DAYS OF CASH ON HAND**

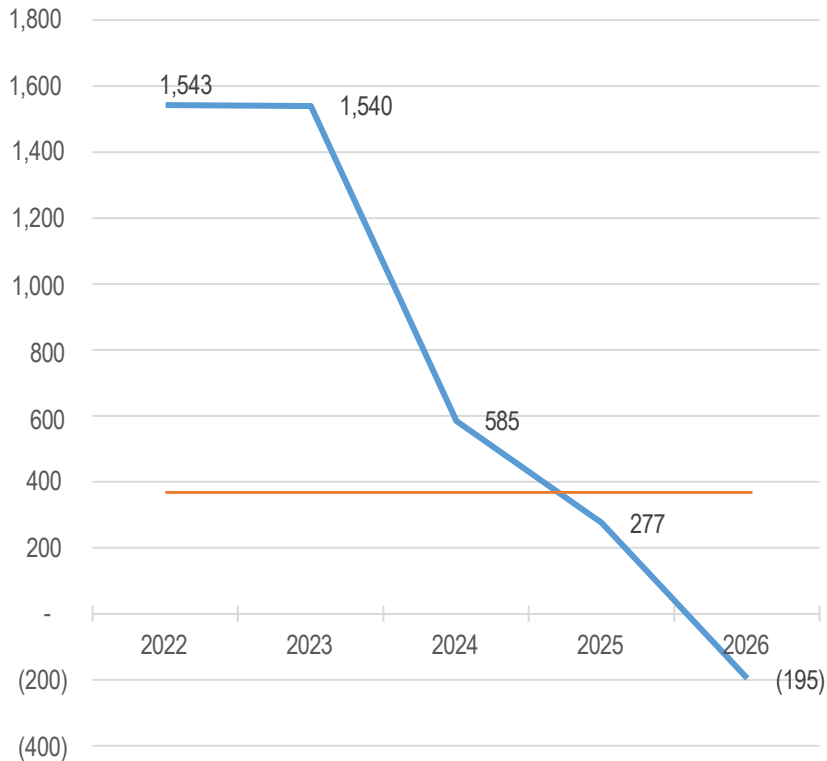




# SCENARIO ANALYSIS

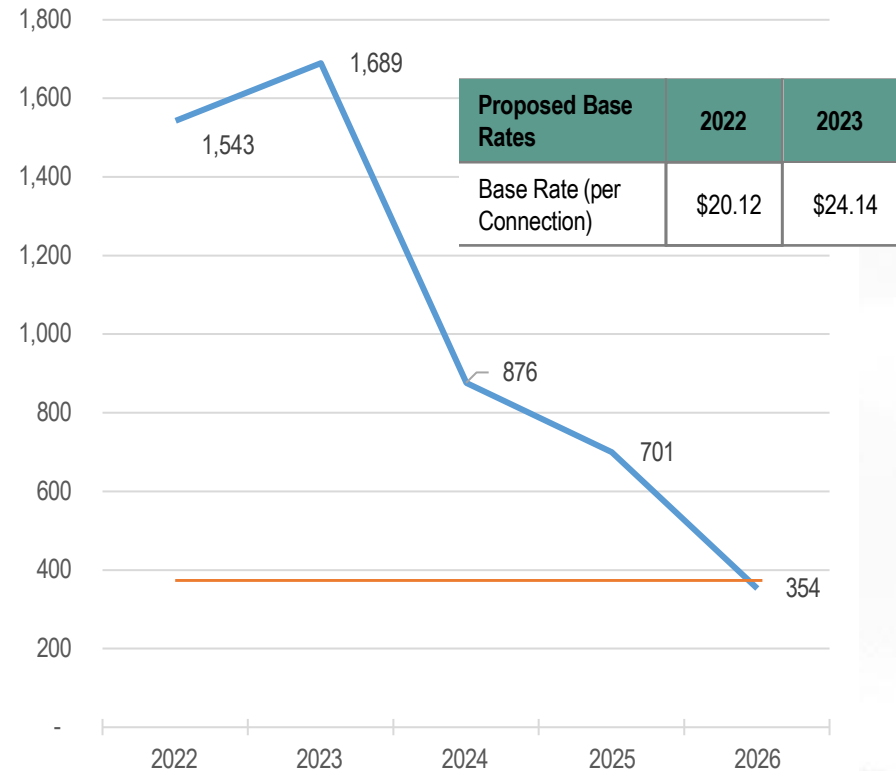
## Pressurized Irrigation:

NO RATE INCREASE: DAYS OF CASH ON HAND



— Unrestricted Days of Working Capital — Days of Working Capital Minimum

20% RATE INCREASE: DAYS OF CASH ON HAND



— Unrestricted Days of Working Capital — Days of Working Capital Minimum

# RECOMMENDATIONS

## ▣ Proposed Water Rates

Proposed Base Rates	2022	2023
Residential (per Connection)	\$15.91	\$23.07
Commercial (per Connection)	\$33.15	\$48.07
Institutional (per Connection)	\$33.15	\$48.07
Consumptive Rate Adjustments	2022	2023
Residential (per 1,000 Gal, 6,000 – 15,999 gallons)	\$1.01	\$1.47
Residential (per 1,000 Gal, 16,000+ gallons)	\$2.65	\$3.85
Institutional (per 1,000 Gal, 6,000+ gallons)	\$1.35	\$1.96
Commercial (per 1,000 Gal, 6,000+ gallons)	\$1.33	\$1.92
Industrial (per 1,000 Gal, 6,000+ gallons)	\$1.70	\$2.47

## ▣ Proposed Sewer Rates

Proposed Base Rates	2022	2023
Residential Base Rate (per Connection)	\$5.11	\$7.15
Non-Residential Base Rate (per Connection)	\$6.20	\$8.68
Production Rate (per 1,000 Gal)	\$0.34	\$0.48

# RECOMMENDATIONS

## ▣ Proposed Storm Rates

Proposed Base Rates	2022	2023
Residential Base Rate (per ESU)	\$6.97	\$9.76
Non-Residential Base Rate (per SF of Parking Lot)	\$0.00136	\$0.00190

## ▣ Proposed Pressurized Irrigation Rates

Proposed Base Rates	2022	2023
Base Rate (per Connection)	\$20.12	\$24.14
Base Rate (per SF)	\$0.000664	\$0.000797

- ▣ **Total Proposed Base Rate Increase: ~\$16**
- ▣ **Consumptive Increase will Vary By Customer**



# **GARBAGE RATES**

## *DISCUSSION*

Presented by – Erin Wells  
Assistant City Administrator

# Garbage Department Overview

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- Revenue
  - Can fees
- Expenses
  - Garbage Tipping Fees (Northpointe)
  - Hauling Fees (Waste Management)
  - Other costs (salaries and benefits, billing charges, credit card fees, etc.)
- Can Count
  - First Garbage - 4,663
  - Second Garbage - 2,838
  - Recycling - 3,272

# Historical Budget Impact

	<b>FY21</b>	<b>FY22 Budgeted</b>	<b>FY22 Projected</b>
Total Revenue	\$1,022,850	\$990,000	\$1,002,538
Total Expense	\$958,262	\$997,038	\$1,003,308
Net Revenue	\$64,588	(\$7,038)	(\$770)

# FY23 Budget Changes

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- 7.2% - Annual household growth
- \$1 per ton increase for Northpointe
- 11.1% increase for Waste Management

# FY23 Can Cost Impacts

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	<b>Total Can Cost to City</b>	<b>Current Rate</b>	<b>Deficit</b>
First Garbage	\$10.75	\$9.61	(\$1.14)
Second Garbage	\$7.49	\$6.76	(\$0.73)
Recycling	\$7.18	\$6.27	(\$0.91)



# FY23 Budget Impact

	<b>No Rate Change Scenario</b>	<b>Breakeven Scenario</b>	<b>Net Revenue Buffer Scenario</b>
Total Revenue	\$1,050,461	\$1,179,589	\$1,229,589
Total Expense	\$1,179,589	\$1,179,589	\$1,179,589
Net Revenue	(\$129,128)	\$--	\$50,000

# Monthly Resident Impact

	<b>No Rate Change Scenario</b>	<b>Breakeven Scenario</b>	<b>Net Revenue Buffer Scenario</b>
First Garbage	\$9.61	\$10.75	\$11.13
Second Garbage	\$6.76	\$7.49	\$7.87
Recycling	\$6.27	\$7.18	\$7.55
Difference	\$--	\$2.79	\$3.91



# **FY2022-2023 (FY2023)**

# **TENTATIVE BUDGET**

## *LEGISLATIVE*

Item 3 – Public Hearing  
Presented by – Tyler Bahr  
Finance Director

# Tentative Budget - Revisions

Description	Amount
ARPA - transfer to Park Capital	\$1,134,657
Net building revenue - transfer to Building Capital	537,895
Previously unbudgeted items now included (General Fund)	445,200
Elections	35,000
Previously unbudgeted items now included (other funds)	1,318,000

*\*Results in \$555K of one-time net General Fund revenue - allocate to expenses or transfer to a capital fund*

# Public Safety Fee

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	<b>Monthly Fee</b>	<b>Annual Revenue Generated</b>
<b>Current Fee</b>	\$11.50	\$650K
<b>Proposed</b>	\$15.25 (↑\$3.75)	\$862K (↑\$212K)

# Public Safety Fee

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Ongoing revenue is sufficient to cover public safety increase WITHOUT raising the Public Safety fee

## Pros

- Reduces overall impact on residents when other increases are necessary – utilities, garbage

## Cons

- Public safety consumes **66%** of GF ongoing revenue – was 47% in 2008
- Limits ability to address inflation
- Timing between cost & revenue increase

# Items for Consideration

## General Fund

Account Number	One-time or Ongoing?	Account Title	Amount	Notes
10-43-75	One-time	Capital Outlay-Special Proj	100,000	Council Chambers AV
10-60-74	One-time	Capital Outlay-Equipment	77,000	Skid steer (Cemetery)
10-43-75	Ongoing	Capital Outlay-Special Proj	50,000	Tree replacement
10-60-48	One-time	Streets, Traffic, & Warn Signs	20,000	2nd variable message sign
10-43-74	One-time	Capital Outlay-Equipment	6,500	Fire station exhaust system
10-60-34	One-time	Prof and Tech Services	15,000	Traffic Control Toolbox Study
10-60-48	Ongoing	Streets, Traffic, & Warn Signs	14,000	Radar Speed & RRFB Sign
10-72-63	Ongoing	Community Enrichment	7,800	Christmas lights
10-41-62	Ongoing	Council Appropriations	18,000	\$3K per Mayor & Council Member
10-52-25	One-time	Special Projects	78,400	General Plan update \$75K Alt Trans Plan Match \$3.4K
10-70-31	Ongoing	Park Maintenance Contract	3,500	Gardening beds - City Hall, LP
10-43-40	Ongoing	Mass Notification System	5,000	Texting system

# Items for Consideration

## General Fund – Building Permits

Account Number	One-time or Ongoing?	Account Title	Amount	Notes
10-58-74	One-time	Capital Outlay-Equipment	50,000	Vehicle for inspector

## Other Funds

Account Number	Fund	One-time or Ongoing?	Account Title	Amount	Notes
42-40-67	CAP IMP BUILDING	One-time	New Parks Maintenance Bldg.	900,000	Parks Maint Bldg
40-40-75	CAPITAL IMP PARKS	Ongoing	Park Equipment	41,000	Garbage cans in parks
21-43-74	Cemetery	One-time	Capital Outlay	75,000	Grave excavation equip
21-43-12	Cemetery	Ongoing	Overtime	2,000	Weekend burials
20-43-74	Open Space	Ongoing	Capital Outlay	150,000	Playground @ Mitchell Hollow
TBD	Parks Tax	Ongoing	Playground Maintenance & Rep.	150,000	Playground @ Heritage Park