

VILLAGE OF ALLOUEZ

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Department of Public Works

ALLOUEZ UTILITY RATES FOR 2014

The following is a brief summary of the utility budgets and proposed rates for 2014.

Water Utility

The Water Utility 2013 budget income was \$227,408 (which is the PSC approved 6.5% rate of return) but the actual forecast to year-end is \$178,930 (a 5.3% rate of return) due to lower water sales than planned.

The 2014 Water Utility budget income is \$172,495 (a 5.8% rate of return) based on a slight increase in water sales.

The Water Utility does not require a rate increase for 2014.

Sanitary Utility

The Sanitary Rate increase for 2014 is due to the increased GBMSD sewage treatment cost increase from \$1,413,000 (2013 budget) to \$1,578,104 (2014 budget). This is 12.5% increase of which about 1/3 is due to the R2E2 project debt, and the balance due to the decrease in industrial BOD loading and increased operating costs.

However, the actual 2014 rate increase to Allouez customers will be about 6% because the 2013 sanitary rate increase included the one-time funding for the Whitney/Betty Court sanitary sewer replacement.

The 2013 actual income is projected at \$305,902 and the 2014 budget income is \$316,712 with the recommended rate increase for 2014. The 2014 projected cash at end of year is \$213,484 which is slightly increased from the projected 2013 cash balance. Thus the recommended rate increase will not increase the fund cash balance very much and will not reach the goal of a \$400,000 cash balance that was established several years ago.

GBMSD will be charging a fixed charge to Allouez for 2014 at \$265,000 (which is \$4.00 per customer per month) as part of the total annual billing. The balance of the sewage treatment cost is the variable charge. It is recommended that the \$4.00 per month fixed charge be added to the current monthly fixed charge to Allouez customer's, and the variable charge be reduced from \$5.24 per 1000 gallons to \$4.75 per 1000 gallons.

The recommended sanitary rate for 2014 will be a fixed charge of \$11.00 per month for the average residential customer, and a volume charge of \$4.75 per 1000 gallons. This results in

an increase to \$32.38 per month for 2014 from \$30.58 per month for 2013, or a 5.5% increase in the Allouez monthly invoice versus a 13% rate increase from GBMSD.

The Allouez sanitary sewer charge and the GBMSD sewerage charge will be billed as separate line items on the monthly utility invoice—so Allouez customers will know the cost of GBMSD services each month. Our staff will perform this programming.

Stormwater Utility

The Stormwater Utility ERU rate was not increased for 2013 with the goal of breaking even for the year. It was discussed that a rate increase would be necessary for 2014 because of the added Heritage Hill project debt service cost.

For 2012 the Stormwater Utility reported a loss of \$37,261 per the audit report. For 2013 the actual income is forecasted at a loss of approximately \$22,226.

The 2014 budgeted income \$12,206, and the cash at end of year is estimated at \$204,020. The cash balance should be increased to the \$400,000 level to maintain a reasonable reserve for this fund. Based on this projection, the stormwater ERU rate should be increased to improve the income and cash balance for the stormwater utility.

A rate increase of \$0.50 per ERU should be implemented, to an ERU of \$7.50 per ERU. This will add approximately \$44,000 in revenue to the utility, which should result in a positive income of about \$56,000 for 2014. The attached financial summary shows that an ERU rate of \$7.17 is required pay for the utility operating expenses without providing for any utility income. Note that there will be additional storm sewer construction debt service for the storm utility due to the upcoming projects.

VILLAGE OF ALLOUEZ
PROPOSED BUDGET - 2014
OTHER FUNDS - ESTIMATED CASH BALANCES

SEWAGE TREATMENT SERVICES		
	2013 Projected	2014 Budget
Revenues	\$ 2,382,342 (2,076,440)	\$ 2,531,170 (2,214,458)
Expenses		
Net Income (Loss)	305,902	316,712

Cash - Beginning Of Year	143,457	192,430
+ Net Income (Loss)	305,902	316,712
- Miscellaneous Amortization	-	-
- Amortization of Premium on Debt	(9,162)	(9,162)
+ Amortization of Well Capping	-	-
+ Vacation/Sick Accrual	-	-
- Vacation/Sick Payout	-	-
+ Depreciation	155,000	155,000
+ Amortization of Property Losses	-	-
+ Other Income Deductions	-	-
+ Interest Expense	158,615	117,647
+ Amortization of Debt Disc./Exp.	-	-
+ Miscellaneous Debits to Surplus	-	-
- Debt Repayment (P & I)	(527,950)	(537,953)
- Non-Bond Capital Assets	(18,432)	(6,190)
- Transfer to Equip Restict Cash	(15,000)	(15,000)
Cash - End Of Year	192,430	213,484

EQUIPMENT REPLACEMENT		
	2013 Projected	2014 Budget
Revenues	\$ 938,000 (988,888)	\$ 918,000 (902,752)
Expenses		
Net Income (Loss)	(50,888)	15,248

Cash - Beginning Of Year	2,646,085	2,676,202
+ Net Income (Loss)	(50,888)	15,248
+ Depreciation	330,000	330,000
- Gain/Loss on Sale of Equipment	(50,000)	(50,000)
+ Proceeds from Sale of Equipment	50,000	50,000
- Non-Bond Capital Assets	(248,995)	(460,298)
Cash - End Of Year	2,676,202	2,561,152

WATER UTILITY		
	2013 Projected	2014 Budget
Revenues	\$ 3,391,728 (3,212,798)	\$ 3,489,348 (3,316,853)
Expenses		
Net Income (Loss)	178,930	712,495

STORM WATER UTILITY		
	2013 Projected	2014 Budget
Revenues	\$ 678,417 (700,643)	\$ 667,887 (655,681)
Expenses		
Net Income (Loss)	(22,226)	12,206

Village of Allouez - Storm Water Utility

	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Estimated 2013		Without Rate Increase With Rate Increase - \$7.50/ERU	
								Projected 2014	Projected 2015
Operating Revenues									
User charges - monthly billings	\$ 569,216	\$ 570,604	\$ 573,344	\$ 570,247	\$ 607,470	\$ 615,000	\$ 625,000	\$ 669,643	\$ 669,643
Storm water lateral inspections	1,160	3,230	4,100	3,100	3,300	2,000	2,000	2,000	2,000
Storm water management site reviews	-	-	300	1,731	8,844	9,500	7,000	7,000	7,000
Fee in Lieu of Treatment Chgs	-	-	-	-	-	5,000	5,000	5,000	5,000
Total Operating Revenues	570,376	573,834	577,744	575,078	619,614	631,500	639,000	683,643	683,643
Operating Expenses									
Operation and maintenance									
Engineering	128,768	87,412	49,697	58,926	145,912	67,704	58,797	60,561	58,797
Public works administration	29,716	35,472	34,673	35,264	36,030	37,111	36,030	37,111	37,111
Street cleaning	46,606	58,969	60,183	104,124	75,192	75,147	77,401	75,147	77,401
Storm sewer	116,413	134,605	102,921	116,475	131,869	131,100	135,033	131,100	135,033
Locates	9,236	11,179	10,971	12,476	12,038	10,746	10,873	11,199	11,199
Storm lateral inspections	1,449	653	366	203	349	735	744	766	766
Storm water treatment	16,248	24,882	17,187	30,792	28,310	27,500	20,600	20,000	20,000
Leaf collection	10,118	9,559	10,942	9,618	7,883	8,732	8,613	8,871	8,871
LeBrun road/farm	1,083	2,094	2,847	3,179	2,893	2,781	2,828	2,828	2,913
Total operation and maintenance	373,762	328,514	321,524	313,769	452,657	360,523	344,132	354,456	344,132
Depreciation	197,300	195,893	194,067	193,818	204,267	200,000	205,000	195,000	195,000
Total Operating Expenses	571,062	524,407	515,590	507,587	656,924	560,523	549,132	559,456	559,456
Operating Income (Loss)	(686)	49,427	62,153	67,490	(37,310)	70,977	89,868	79,544	134,187

Nonoperating Revenues (Expenses)

Interest revenue	1,472	955	(106,664)	(113,674)	(163,177)	(136,788)	(106,549)	(106,549)	(107,000)
Interest expense	(114,224)	90,061	303,494	81,403	25,000	2,500	-	2,500	-
Capital grant	19,336	4,022	4,022	4,163	23,863	4,247	7,387	7,387	4,371
Amortization of premium on bonds	4,022	(2,941)	(2,941)	(3,186)	-	(3,332)	-	-	-
Amortization of debt expense	(2,941)	(125)	-	-	-	-	-	-	-
Gain (loss) on asset removals	-	4,189	(14,378)	198,433	(111,765)	(57,368)	(110,873)	(96,662)	(102,629)
Other revenue									
Total Nonoperating Revenues (Expenses)	(93,146)	35,049	260,586	(44,275)	(94,678)	(39,896)	(6,734)	(23,085)	47,849
Net Income (Loss) Before Contributions									31,558
Capital Contributions (Special Assessments)	6,197	4,512	2,977	864	383	17,670	19,000	-	-
Cumulative Effect of Change in Accounting Principle	-	-	-	(37,261)	-	-	-	19,000	-
Change in Net Position									-
	\$ (86,949)	\$ 39,561	\$ 263,563	\$ (43,411)	\$ (131,556)	\$ (22,226)	\$ 12,206	\$ (23,085)	\$ 66,849
									\$ 31,558

ESTIMATED CASH FLOWS

Cash - beginning of year	\$ 140,976	\$ 185,886	\$ 203,560	\$ 185,886	\$ 248,203
Operating income (loss)	70,977	89,868	79,544	-	-
Add back depreciation	200,000	205,000	205,000	195,000	195,000
Interest revenue	-	-	-	-	-
Interest paid on long-term debt	(93,737)	(99,977)	(94,433)	(99,977)	(94,433)
Principal paid on long-term debt	(150,000)	(196,217)	(187,003)	(196,217)	(187,003)
ADDITIONAL INTEREST & PRINCIPAL ON NEW DEBT	-	-	-	-	-
CAPITAL/PLANT OUTLAY	17,670	19,000	-	-	-
Capital contributions (special assessments)	44,910	17,674	3,108	19,000	47,751
Total cash activity					
Cash - end of year	\$ 185,886	\$ 203,560	\$ 206,668	\$ 248,203	\$ 295,954

ESTIMATED ERUs	\$ 360,523	\$ 344,132	\$ 354,456	\$ 344,132	\$ 354,456
Operation & maintenance (excluding depreciation expense)	\$ 243,737	\$ 246,194	\$ 281,436	\$ 266,194	\$ 281,436
Principal & interest	\$ 604,260	\$ 640,326	\$ 635,892	\$ 640,326	\$ 635,892
Total	\$ 6,777	\$ 7,177	\$ 7,121	\$ 7,171	\$ 7,121
Estimated monthly ERU based on 7,440.48 ERUs					

\$625,000 / 12 / \$7.00 = 7,440.48 ERUs

7,440.48 * 12 * \$7.50 = \$669,643

= 7,177 to stay at 7,440.48 ERUs