

VILLAGE OF ALLOUEZ

Allouez Village Hall • 1900 Libal Street • Green Bay, Wisconsin 54301-2453
Phone No.: (920) 448-2800 • Fax No.: (920) 448-2850

Department of Public Works

ALLOUEZ UTILITY RATES FOR 2015

The following is a brief summary of the utility budgets and proposed rates for 2015.

Water Utility

The Water Utility 2014 estimated income will be approximately \$116,400 which is less than the budgeted income of \$172,495 due to lower water sales in 2014 (higher rainfall so less lawn watering). The utility income is less than the PSC approved rate of return.

The 2015 Water Utility budget income is forecasted at \$93,758. Based on the approved rate of return the income should be about \$225,000.

A Public Service Commission filing for a rate increase is recommended. The Water Utility rate of return is too low for continued operations with adequate cash reserves. Due to the number of years since the last PSC rate case the Utility cannot implement a purchased water rate increase should the CBCWA increase its wholesale water rate in 2016 (a CBCWA rate increase is forecasted). The PSC rate case would restore the purchased water rate increase option, as well as allow the utility to use the minor rate case adjustment option in future years. The cost of the PSC rate filing is included in the 2015 utility budget.

Sanitary Utility

A Sanitary Utility rate increase is recommended for 2015 due to the GBMSD sewage treatment cost increase from \$1,596,838 (2014 budget) to \$1,750,000 (2015 budget). This is 9.5% 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.

Attached is the rate analysis for 2015. Without a rate increase the Sanitary Utility is projected to run a deficit of \$152,668 (essentially the GBMSD rate increase), and with a rate adjustment the income is projected at \$58,658. The goal has been to maintain at least a \$50,000 income in the Sanitary Utility, though the actual income should be greater base on the desired rate of return.

The GBMSD 2015 fixed charge to Allouez increases to \$302,641 which is \$4.00 per meter equivalent per month. The GBMSD volume charge increases to \$4.00 per 1000 gallons for 2015.

Due to the increase in the debt service amount for 2015, it is recommended that the Allouez fixed charge be increased to \$7.50 per meter equivalent, but the Allouez volume charge will be decreased to \$1.12 per 1000 gallons from the current \$1.23 per 1000 gallons.

The recommended sanitary rate for 2015 is a fixed charge of \$11.50 per month for the average residential customer, and a volume charge of \$5.13 per 1000 gallons. This is the combined rate for Allouez and GBMSD. This results in an increase to \$34.54 per month for 2015 from \$32.38 per month for 2014. This is a 6.7% rate increase for the average residential customer in Allouez.

Stormwater Utility

The Stormwater Utility is projected to operate at a loss in 2015. Refer to the attached summary of the Stormwater Utility income and ERU rate. The change in net position shows a negative \$31,413 for 2015. The need to increase the ERU rate has been discussed in recent years, with the expected future rate to be \$7.50 per ERU per month.

The attached summary, at the bottom of the page, shows that the required ERU rate to pay for operating costs and debt service should be at least \$7.43 per ERU per month. At this rate a slight increase in year-end cash will be obtained.

A rate increase of \$0.25 per ERU should be implemented, to an ERU of \$7.50 per month. The analysis shows that an ERU rate of \$7.43 is required pay for the utility operating expenses without providing for any utility income (near break-even).

It is not anticipated that there will be significant storm sewer or stormwater treatment projects over the next 2-3 years.

SANITARY SEWER TE - 2015 BUDGET

PROJECTED OPERATING STATEMENTS

	Actual 2012	Actual 2013	Estimated 2014	Projected 2015 No Rate Increase	Projected 2015 Rate Increase
Operating Revenues					
User charges	\$ 2,253,230	\$ 2,364,803	\$ 2,557,572	\$ 2,557,572	\$ 2,768,898
Permit fees	530	1,250	3,500	1,000	1,000
Total Operating Revenues	2,253,760	2,366,053	2,561,072	2,558,572	2,769,898
Operating Expenses					
Purchased services					
Green Bay MSD	1,228,407	1,485,641	1,578,104	1,744,364	1,744,364
Village water utility	102,213	98,381	102,500	102,500	102,500
City of Green Bay	937	944	1,000	1,000	1,000
Televising	12,592	1,107	5,000	10,000	10,000
Major maintenance and sewer repairs	-	-	-	-	55,000
Other operation and maintenance	251,669	211,855	277,986	245,838	245,838
Total operation and maintenance	1,595,818	1,797,928	1,964,590	2,103,702	2,103,702
Depreciation	150,161	151,952	155,000	155,000	155,000
Total Operating Expenses	1,745,979	1,949,880	2,119,590	2,258,702	2,258,702
Operating Income (Loss)	507,781	416,173	441,482	299,870	511,196
Nonoperating Revenues (Expenses)					
Interest revenue	1,082	444	800	500	500
Interest expense	(217,380)	(129,467)	(117,647)	(150,623)	(150,623)
Amortization of premium on bonds	29,374	9,163	9,604	6,191	6,191
Debt discount/expense	(49,179)	-	(21,737)	-	-
Special assessment revenue	-	42,430	22,000	20,000	20,000
Total Nonoperating Revenues (Expenses)	(236,103)	(77,430)	(106,980)	(123,932)	(123,932)
Change in Net Assets	271,678	338,743	334,502	175,938	387,264
Change in Net Assets					
Additional Cash Adjustments					
Depreciation				175,938	387,264
Amortization (net)				155,000	155,000
Interest expense				(6,191)	(6,191)
Interest payments on long-term debt (cash)				150,623	150,623
Principal payments on long-term debt (cash)				(145,838)	(145,838)
Transfer to equipment reserve restricted cash				(447,200)	(447,200)
Purchase of non-bond capital assets (estimate)				(15,000)	(15,000)
Total Additional Cash Adjustments				(20,000)	(20,000)
Excess (Deficiency)				(328,606)	(328,606)
				(152,668)	58,658

Revenue needed based on this rate increase

CALCULATION OF REVENUE REQUIREMENT

Expenses	
Fixed charges	\$ 886,098
Recovered through volume charges	1,882,800
	2,768,898

Total Revenue Generated

\$	886,098
	1,882,800
	2,768,898

10-9-2014

SANITARY SEWER RATE - 2015 BUDGET

**2015
Projected**

Costs to be recovered:	
Purchased services	\$ 1,545,223.00
Televising	10,000.00
Major maintenance and sewer repairs	-
Other operation and maintenance	245,838.00
Total operation and maintenance	<u>1,801,061.00</u>
Interest and principal payments on debt	895,679.00
Transfer to equipment reserve restricted cash	15,000.00
Purchase of non-bond capital assets (smoothed)	20,000.00
Allowance of operation and maintenance expenses	-
	<u>930,679.00</u>
Total	<u><u>\$ 2,731,740.00</u></u>

Less GBMSD fixed charge for debt of \$302,641

Add GBMSD fixed charge for debt of \$302,641

Meter Size	Number of Customers	User Charge Factor	Allowez Fixed per Month	GBMSD Fixed per Month	Per Year	Annual Revenue
3/4"	5,311	1.00	7.50	4.00	138.00	\$ 732,918.00
1"	90	2.50	18.75	10.00	345.00	31,050.00
1 1/2"	58	5.00	37.50	20.00	690.00	40,020.00
2"	35	8.00	60.00	32.00	1,104.00	38,640.00
3"	12	15.00	112.50	60.00	2,070.00	24,840.00
6"	3	45.00	337.50	180.00	6,210.00	18,630.00
	<u>5,509</u>					<u><u>\$ 886,098.00</u></u>

Costs to be applied to the volume charge

Estimated gallons of metered water

\$ 1,845,642.00

360,000,000

Rate per thousand - GBMSD Allowez

4.00

1.12

\$ 5.13

Rate per thousand - (Can be Forced through allowance - currently no force amount)

Current \$ 32.38

Mo Increase \$ 2.16

AVERAGE RESIDENTIAL CUSTOMER - MONTHLY SEWER BILL (4500 gal/mo)

TOTAL REVENUE GENERATED

Fixed charges	\$ 886,098.00
Volume charges	<u>1,882,800.00</u>
Total	<u><u>\$ 2,768,898.00</u></u>

Village of Allouez - Storm Water Utility

With Rate Increase		2016
Projected	Projected	Projected
2015	2015	2016

Without Rate Increase		2016
Projected	Projected	Projected
2016	2016	2016

Estimated	Actual	Actual	Actual
2014	2013	2012	2011

Actual	Actual	Actual	Actual
2010	2011	2012	2013

Actual	Actual	Actual	Actual
2009	2010	2011	2012

Operating Revenues	\$ 570,604	\$ 573,344	\$ 609,472	\$ 615,000	\$ 625,000	\$ 646,552
User charges - monthly billings	3,230	4,100	3,600	3,500	2,000	2,000
Storm water lateral inspections	-	300	1,731	6,542	6,000	6,000
Storm water management site reviews	-	-	11,483	10,000	5,000	5,000
Fee in Lieu of Treatment Chgs	573,834	577,744	631,096	634,500	638,000	659,552
Total Operating Revenues						

Operating Expenses	87,412	49,697	58,926	145,912	52,082	56,098
Operation and maintenance	29,716	35,940	35,472	34,673	33,580	33,706
Engineering	46,606	58,969	60,183	104,124	67,426	72,757
Public works administration	116,413	134,605	102,921	116,475	122,605	142,765
Street cleaning	11,179	10,971	12,476	12,038	13,784	8,274
Storm sewer	653	366	203	349	262	744
Locates	24,882	17,187	30,792	28,310	32,823	25,000
Storm lateral inspections	9,559	10,942	9,618	7,883	8,965	8,594
Storm water treatment	2,094	2,847	3,179	2,893	2,927	2,742
Leaf collection	328,514	321,524	313,769	452,657	334,455	350,189
LeBrun road/farm	195,893	194,067	193,818	204,267	217,389	220,000
Total operation and maintenance	524,407	515,590	507,587	656,924	551,844	580,695
Depreciation	49,427	62,153	67,490	(37,310)	79,252	89,363
Total Operating Expenses						

Operating Income (Loss)	955	(110,664)	90,061	4,022	(2,941)	4,189
Nonoperating Revenues (Expenses)	955	(110,664)	90,061	4,022	(2,941)	4,189
Interest revenue	932	(113,674)	543	(163,177)	81,403	230
Interest expense	303,494	4,163	23,863	7,387	(6,005)	4,734
Capital grant	4,022	(2,941)	4,163	7,387	(6,005)	4,734
Amortization of premium on bonds	4,189	(11,765)	(57,368)	15,865	(118,224)	(106,922)
Amortization of debt expense	35,049	260,586	(44,275)	100,883	(28,861)	(28,065)
Gain (loss) on asset removals	4,512	2,977	864	19,000	19,000	19,000
Other revenue	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)						

Net Income (Loss) Before Contributions	39,561	263,563	(43,411)	119,893	45,644	(9,861)
Capital Contributions (Special Assessments)	195,893	194,067	193,818	204,267	217,389	220,000
Cumulative Effect of Change in Accounting Principle	524,407	515,590	507,587	656,924	551,844	580,695
Change in Net Position						

Cash - beginning of year	570,604	573,344	609,472	615,000	625,000	646,552
Operating income (loss)	3,230	4,100	3,600	3,500	2,000	2,000
Add back depreciation	-	300	1,731	6,542	6,000	6,000
Interest revenue	573,834	577,744	631,096	634,500	638,000	659,552
Interest paid on long-term debt	87,412	49,697	58,926	145,912	52,082	56,098
Principal paid on long-term debt	29,716	35,940	35,472	34,673	33,580	33,706
ADDITIONAL INTEREST & PRINCIPAL ON NEW DEBT	46,606	58,969	60,183	104,124	67,426	72,757
CAPITAL/PLANT OUTLAY	116,413	134,605	102,921	116,475	122,605	142,765
Capital contributions (special assessments)	11,179	10,971	12,476	12,038	13,784	8,274
Total cash activity	653	366	203	349	262	744
Cash - end of year	24,882	17,187	30,792	28,310	32,823	25,000
Operation & maintenance (excluding depreciation expense)	9,559	10,942	9,618	7,883	8,965	8,594
Principal & interest	2,094	2,847	3,179	2,893	2,927	2,824
Total	328,514	321,524	313,769	452,657	334,455	350,189
Estimated monthly ERU based on 7,440.48 ERUs	195,893	194,067	193,818	204,267	217,389	220,000
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Principal						