

VILLAGE OF ALLOUEZ

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Department of Public Works

ALLOUEZ SANITARY UTILITY RATE FOR 2016

The following is a brief summary of the Sanitary Utility rate proposed for 2016.

Sanitary Utility

A Sanitary Utility rate increase is recommended for 2016 due to the Green Bay Metro Sewerage District (GBMSD) wastewater treatment cost increase from \$1,700,000 (2015 budget) to \$1,876,680 (2016 budget). This is a 7.6% wastewater treatment rate increase from GBMSD.

Attached is the rate analysis for 2016. Without a rate increase the Sanitary Utility is projected to run a deficit of \$134,198, and with a rate adjustment the income is projected at \$12,500. The goal has been to maintain at least a \$50,000 income in the Sanitary Utility but it is expected that the 2017 Sanitary Utility debt costs will decrease so increased income will result in 2017 with the proposed 2016 rate in effect.

The GBMSD 2016 fixed charge to Allouez increases to \$324,028 which is \$4.40 per meter equivalent per month. The GBMSD volume charge increases to \$4.31 per 1000 gallons for 2016.

The Allouez fixed charge increased to \$8.00 per meter equivalent, and the Allouez volume charge will be \$1.13 per 1000 gallons from the current \$1.12 per 1000 gallons.

The recommended sanitary rate for 2016 is a fixed charge of \$12.40 per month for the average residential customer, and a volume charge of \$5.44 per 1000 gallons. This is the combined rate for Allouez and GBMSD. This results in an increase to \$36.90 per month for 2016 from \$34.59 per month. This is a 6.7% rate increase for the average residential customer in Allouez.

Supporting Information

The following is additional information regarding the Sanitary Utility cost increases for the past several years and the impact on the rates.

Allouez Sanitary Sewer Replacement Projects

Sanitary sewer replacements completed since 2005 are shown on the attached map. These are the high priority sewer replacements. The debt service to support these projects is as shown below.

2005 Principal + Interest = \$392,254

2006 Principal + Interest = \$512,135 (large sewer project completed)

2011 Principal + Interest = \$486,609
2012 Principal + Interest = \$532,685
2013 Principal + Interest = \$527,950
2014 Principal + Interest = \$578,422
2015 Principal + Interest = \$633,060
2016 Principal + Interest = \$627,481

Aproximate increase since 2005 is about \$235,000.

The debt service for the years prior to 2011 will take some time to assemble so were not included.

GBMSD Rate Increases

The following are the wastewater treatment charge increases since the start of the rate increases to support the GBMSD R2E2 solids handling project.

2012 GBMSD Charges = \$1,228,407

2016 GBMSD Charges = \$1,876,680

Increase in Charges = \$ 648,273 (52.8% increase over 4 years)

Summary

The most significant cost to the Sanitary Utility is the GBMSD treatment charges, and these have increased a significant amount in the past 4 years.

The village sanitary debt service for sanitary sewer projects is a smaller cost increase. However, a large number of sewer replacement projects have been completed since 2005.

The future GBMSD rate increases should be in the range of 1-3% going forward.

SANITARY SEWER RATE - 2016 BUDGET
DRAFT 12/09/2015

	Projected 2016 No Rate Increase	Projected 2016 Rate Increase
PROJECTED OPERATING STATEMENTS		
Operating Revenues		
User charges	\$ 2,768,898	\$ 2,915,596
Permit fees	2,000	2,000
Total Operating Revenues	2,770,898	2,917,596
Operating Expenses		
Purchased services		
Green Bay MSD	1,876,680	1,876,680
Village water utility	120,000	120,000
City of Green Bay	1,000	1,000
Televising	10,000	10,000
Major maintenance and sewer repairs	-	55,000
Other operation and maintenance	255,434	255,434
Total operation and maintenance	2,263,114	2,263,114
Depreciation	160,000	160,000
Total Operating Expenses	2,423,114	2,423,114
Operating Income (Loss)	347,784	494,482
Nonoperating Revenues (Expenses)		
Interest revenue	500	500
Interest expense	(144,362)	(144,362)
Amortization of premium on bonds	6,191	6,191
Special assessment - private side lateral reimbursement	20,000	20,000
Total Nonoperating Revenues (Expenses)	(117,671)	(117,671)
Change in Net Assets	230,113	376,811
Cash Analysis:		
Change in Net Assets	230,113	376,811
Additional Cash Adjustments		
Depreciation	160,000	160,000
Amortization (net)	(6,191)	(6,191)
Interest expense	144,362	144,362
Interest payments on long-term debt (cash)	(142,417)	(142,417)
Principal payments on long-term debt (cash)	(485,065)	(485,065)
Transfer to equipment reserve restricted cash	(15,000)	(15,000)
Purchase of non-bond capital assets (estimate)	(20,000)	(20,000)
Total Additional Cash Adjustments	(364,311)	(364,311)
Excess (Deficiency)	(134,198)	12,500

CALCULATION OF REVENUE REQUIREMENT

Expenses	Total Revenue Generated
Fixed charges	\$ 955,445
Recovered through volume charges	1,960,151
	2,915,596

SANITARY SEWER RATE - 2016 BUDGET

2016 Projected

Costs to be recovered:	
Purchased services	\$ 1,673,652.00
Televising	10,000.00
Major maintenance and sewer repairs	-
Other operation and maintenance	255,434.00
Total operation and maintenance	<u>1,939,086.00</u>
Interest and principal payments on debt	951,510.00
Transfer to equipment reserve restricted cash	15,000.00
Purchase of non-bond capital assets (smoothed)	10,000.00
Allowance of operation and maintenance expenses	-
Total	<u>\$ 2,915,596.00</u>

Less GBMSD fixed charge for debt of \$324,028

Add GBMSD fixed charge for debt of \$324,028

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	8.00	4.40	148.80	\$ 790,276.80
1"	90	2.50	20.00	11.00	372.00	33,480.00
1 1/2"	58	5.00	40.00	22.00	744.00	43,152.00
2"	35	8.00	64.00	35.20	1,190.40	41,664.00
3"	12	15.00	120.00	66.00	2,232.00	26,784.00
6"	3	45.00	360.00	198.00	6,696.00	20,088.00
	<u>5,509</u>					<u>\$ 955,444.80</u>

Costs to be applied to the volume charge

Estimated gallons of metered water

Rate per thousand -

GBMSD 4.31

Allowez 1.13

Rate per thousand - (Can be Forced through allowance - currently no force amount) 5.44

Current \$ 34.59
 Mo Increase \$ 2.32

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

TOTAL REVENUE GENERATED

Fixed charges \$ 955,444.80

Volume charges 1,960,151.20

Total \$ 2,915,596.00

	2015	2016
GB Met Fixed Charge	4.00	4.40
Allouez Fixed Charge	7.50	8.00
Total Fixed Charge	11.50	12.40
GB Met Volume Charge	4.00	4.31
Allouez Volume Charge	1.12	1.13
Total Volume Charge	5.12	5.44

	Average (3/4" Meter - 4500 gal) User Charges				Green Bay Metropolitan Sewerage District (GBMSD) Charges			
	Fixed	Volume	Annual	Increase	% Increase	Annual	Increase	% Increase
2009	6.85	3.91	293			929,949		
2010	6.85	3.91	293	-	0.00%	1,123,579	193,630	20.82%
2011	6.85	4.25	312	19	6.60%	1,272,954	149,375	13.29%
2012	7.00	4.71	338	27	8.55%	1,330,000	57,046	4.48%
2013	7.00	5.24	367	29	8.46%	1,413,000	83,000	6.24%
2014	11.00	4.75	389	22	5.87%	1,596,838	183,838	13.01%
2015	11.50	5.13	415	27	6.83%	1,744,364	147,526	9.24%
Proposed 2016	12.40	5.56	449	34	8.20%	1,876,680	132,316	7.59%

Proposed

	Cost per 1000 Using 360M Gallons Billed	Monthly Cost for an Average 4500 Gallons per Month User	Annual Cost for an Average 4500 Gallons per Month User	GBMSD Cost per 1000 as a Percentage of the Volume Charge
2009	2.58	11.62	139.49	66.07%
2010	3.12	14.04	168.54	79.82%
2011	3.54	15.91	190.94	83.20%
2012	3.69	16.63	199.50	78.44%
2013	3.93	17.66	211.95	74.90%
2014	3.70	16.65	199.78	77.89%
Budget 2015	4.00	18.02	216.26	78.07%
Proposed 2016	4.31	19.41	232.90	77.57%

\$1,596,838 total charge less \$265,000 fixed charge
 \$1,744,364 total charge less \$302,641 fixed charge
 \$1,876,680 total charge less \$324,028 fixed charge

10 Yr
San Sew
Repairs

VILLAGE OF ALLOUEZ



