



EHLERS
LEADERS IN PUBLIC FINANCE

City of Waukesha 2016 Sewer User Rate Review

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Presentation Overview

- Background on sewer user rates
- Factors affecting sewer user rates for 2016
- Recommended User Rates for 2016
- User rate comparison
- User rate estimates for next 5-years
- Questions





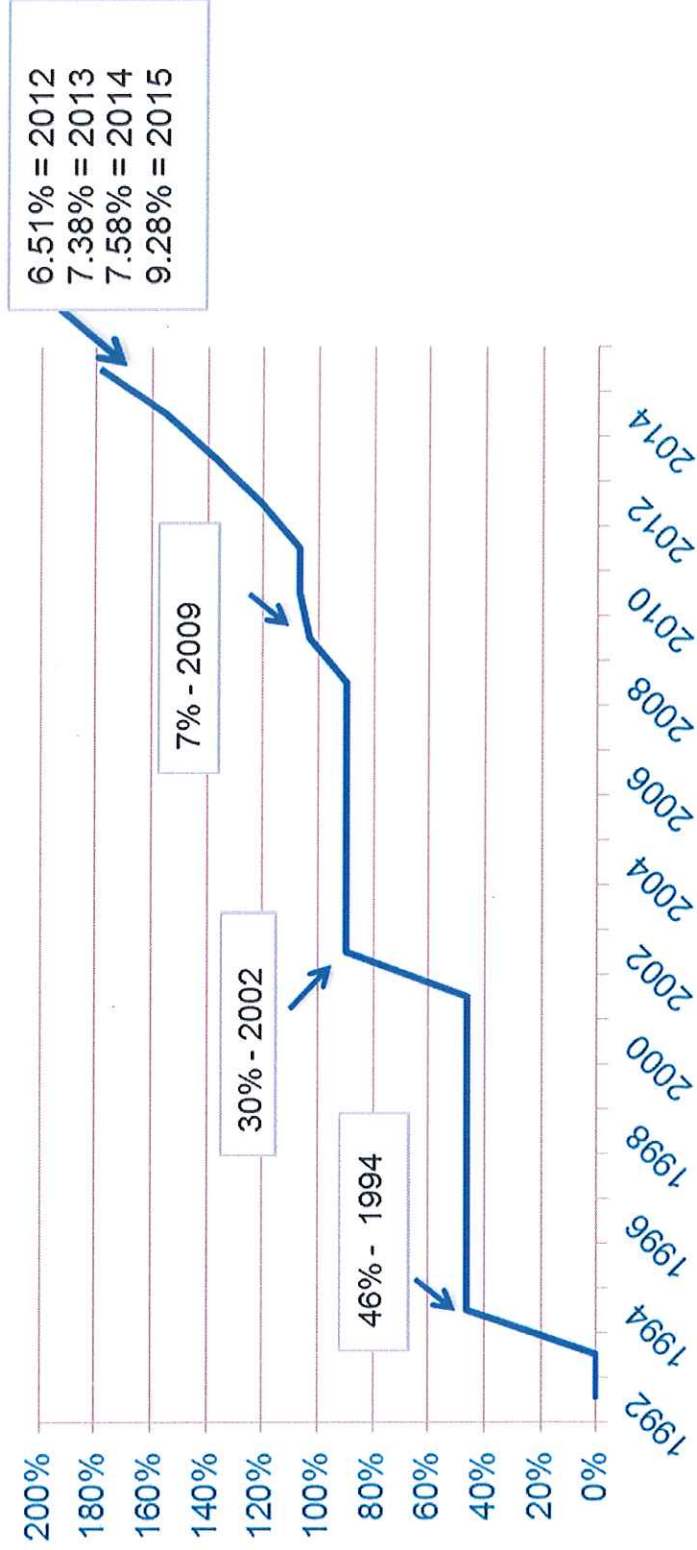
Background on Sewer User Rates

- The City has annually completed a user rate review since 2008
- In 2011 a long-range finance plan was prepared to estimate future user rate increases necessary to fund the annual debt service payments associated with future Treatment Facility and collection system projects
 - Updated annually in conjunction with user rate update
- Goals:
 - Design rates that are fair and equitable for all customer classes
 - Recover the full revenue requirements for the Utility
 - Avoid rate spikes in any particular year



Historical Look at User Rates

Cumulative Percent Increase to User Rates (Avg. Single-Family Home)





Factors Affecting the User Rates in 2016

- City has closed on all Clean Water Fund Loans for the Wastewater Treatment Facility Upgrade
- Full debt service starts in 2016, estimated to be \$3.64 million annually
- Need to maintain 1.25X debt coverage throughout the life of all revenue bonds and CWF loans
- Planning to issue debt for \$5.4 million of collection system projects
- Maintaining the minimum required replacement fund balance per the 2014-2015 Clean Water Fund Loan Requirements (\$1.58 million)





Factors Affecting the User Rates in 2016

- Billable flow continues to decline
 - Primarily in the residential and industrial class over past 12 months
- Total billable flows have declined approximately 21% over the last 10-years
- Operating and Maintenance costs are projected to decrease 2.30% in 2016



Results for 2016

	Current Rates Effective 1/1/2015	2016 Proposed Rates	\$ Change	% Change
<u>City (Inside) User Charges</u>				
Quarterly Fixed Charge	\$12.58	\$12.96	\$0.38	3.00%
Volumetric Charge per 1,000 gallons	\$4.95	\$5.48	\$0.53	10.71%
Quarterly flat charge (unmetered users only)	\$148.50	\$164.40	\$15.90	10.71%
Surcharge Rate BOD /lb	\$0.74	\$0.78	\$0.04	5.41%
Surcharge Rate SS /lb	\$0.33	\$0.37	\$0.04	12.12%
Surcharge Rate P /lb	\$5.77	\$6.38	\$0.61	10.57%
Surcharge Rate TKN /lb	\$1.15	\$1.29	\$0.14	12.17%
<u>Extraterritorial (Outside) User Charges</u>				
Quarterly Fixed Charge	\$12.58	\$12.96	\$0.38	3.00%
Volumetric Charge/1,000 gal	\$6.62	\$7.33	\$0.71	10.71%
Quarterly flat charge (unmetered users only)	\$198.60	\$219.87	\$21.27	10.71%
<u>Hauled Waste Charges</u>				
Septic Tank Rate per 1,000 gal	\$41.00	\$44.90	\$3.90	9.50%
Holding Tank Rate per 1,000 gal	\$13.55	\$14.84	\$1.29	9.50%
Chemical Toilet Waste Rate per 1,000 gal	\$117.39	\$127.43	\$10.04	9.50%
Annual Cost for Average Residential User (58,500 gallons/year)	\$339.90	\$372.41	\$32.51	9.57%
Quarterly Increase			\$8.13	



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Estimated Utility Cash Flow for 2016

	2016
Cash Sources	
Total Cash Sources	\$12,895,807
Cash Uses	
O&M	\$7,099,647
Net Before Debt Service	\$5,796,160
Debt Service	
Pension State Trust Fund	\$27,175
2012 G.O. Promisary Note	\$341,800
2014 Sewer Revenue Bonds	\$552,325
2014 Clean Water Fund Loan	\$2,210,968
2015 Clean Water Fund Loan	\$969,485
2015 Bond Anticipation Note	\$292,917
2016 Bond Anticipation Note	\$0
Total Debt Service	\$4,394,670
Capital Outlay (non reserve)	\$250,000
Addition to Replacement Fund	\$792,775
Net Cash Flow	\$358,715



Comparison of User Rates

Community	Annual Cost per Single-Family Home
New Berlin, City	\$758
Muskego, City	\$671
Menomonee Falls, Village	\$615
Brookfield, City	\$500
Mukwonago, Village	\$470
Pewaukee, City	\$440
Waukesha, City, Proposed	\$372
Waukesha, City, Current	\$340
Oconomowoc, City	\$321
Racine, City	\$262

Based Upon 58,500 gallons per year for the average single-family home



User Rate Estimates for Next 5-Years

Year	Average Annual Payment - SF Home	Percent Rate Increase	Increase to Quarterly Bill
2016	\$372	9.57%	\$8.13
2017	\$407	9.25%	\$8.61
2018	\$444	9.25%	\$9.41
2019	\$486	9.25%	\$10.28
2020	\$532	9.50%	\$11.53





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