



Memorandum

DATE: June 10, 2015

TO: Menasha Board of Public Works

FROM: Mark Radtke, Director of Public Works *MR*

RE: Storm Water Utility Financial Report

Attached is the financial report for the City of Menasha Storm Water Utility. The report was prepared by Administrative Services Director Steeno, who will be available to summarize the report and answer questions.

Future major capital expenses will be determined by Menasha's allocation associated with the Lower Fox River Total Maximum Daily Load (TMDL). The City's consultant has continued its work on the DNR TMDL Storm Water Planning Grant to assist in planning our runoff management standards. The TMDL storm water plan will be completed by the end of 2015. There is a long term, multi-year timeline for compliance with the Phosphorus and suspended solids allocations for the City; however, there are benchmarks which need to be established and met every five years. Additionally, there are submittals for mapping, pollutant load modeling and compliance planning that are due at various stages in the next four years.

The TMDL specified reductions in suspended solids and Phosphorus for the City of Menasha are very significant and it is expected there will be a corresponding need for additional revenue to meet the standards. Later this year we will have our consultant present a status report to the Board of Public Works to help clarify our expected commitment to the TMDL.

Attachments

M:\word\BPW memo re Storm Water Utility financial report_6-10-15.docx

Storm Water Fund
 Update: 5/31/15
 Prepared by: Comptroller/Treasurer

Statement of Net Assets
 As of March 31, 2015

	Audited Year End 2009	Audited Year End 2010	Audited Year End 2011	Audited Year End 2012	Audited Year End 2013	Unaudited Year End 2014	Unaudited Thru March 2015
ASSETS							
Cash/Investments	\$ 10,111	\$ 414,185	\$ 965,280	\$ 994,781	\$ 932,844	\$ 999,333	\$ 1,033,288
Accounts Receivable		295		270			
Due from Other Governments		265,232	10,789	401	401	401	401
Land	\$ 291,373	\$ 1,116,754	\$ 1,316,334	\$ 1,316,334	\$ 1,316,334	\$ 1,316,334	\$ 1,316,334
Improvements (other than buildings)	\$ 9,369,529	\$ 9,369,529	\$ 9,369,529	\$ 9,369,529	\$ 9,369,529	\$ 9,531,138	\$ 9,531,138
Accumulated Depreciation	\$ (1,244,107)	\$ (1,337,773)	\$ (1,431,439)	\$ (1,525,105)	\$ (1,618,771)	\$ (1,713,799)	\$ (1,737,556) *
TOTAL ASSETS	\$ 8,426,906	\$ 9,828,222	\$ 10,230,493	\$ 10,156,210	\$ 10,000,337	\$ 10,133,407	\$ 10,143,605
LIABILITIES							
Accounts Payable	\$ 3,412	\$ 189,534	\$ 110,163	\$ 86,317	\$ 60,602	\$ 351,324	\$ 331,060
Long Term Obligations							
Due within one year			23,821	24,600	25,941	27,603	27,603 *
Due in more than one year		429,222	581,117	555,442	528,160	499,739	499,739
TOTAL LIABILITIES	\$ 3,412	\$ 618,756	\$ 715,101	\$ 666,359	\$ 614,703	\$ 878,666	\$ 858,402
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	\$ 8,416,795	\$ 8,719,288	\$ 8,673,307	\$ 8,580,716	\$ 8,512,991	\$ 8,606,331	\$ 8,582,574
Unrestricted	\$ 6,699	\$ 490,178	\$ 842,085	\$ 909,135	\$ 872,643	\$ 648,410	\$ 702,630
TOTAL NET ASSETS	\$ 8,423,494	\$ 9,209,466	\$ 9,515,392	\$ 9,489,851	\$ 9,385,634	\$ 9,254,741	\$ 9,285,204

* estimate

Storm Water Fund
 Update: 5/31/2015
 Prepared by: Comptroller/Treasurer

Statement of Revenues, Expenses and Changes in Net Assets
 For Operations through March 31, 2015

	Audited Year End 2009	Audited Year End 2010	Audited Year End 2011	Audited Year End 2012	Audited Year End 2013	Unaudited Year End 2014	Unaudited Thru March 2015
OPERATING REVENUES							
Charges for Services	\$ 995,098	\$ 1,068,678	\$ 1,075,592	\$ 1,098,003	\$ 1,113,744	\$ 1,130,974	\$ 187,608
TOTAL OPERATING REVENUES	\$ 995,098	\$ 1,068,678	\$ 1,075,592	\$ 1,098,003	\$ 1,113,744	\$ 1,130,974	\$ 187,608
OPERATING EXPENSES							
Operation & Maintenance	\$ 697,026	\$ 864,962	\$ 677,850	\$ 963,687	\$ 1,126,179	\$ 1,168,954	\$ 133,388
Depreciation & Amortization	\$ 93,666	\$ 93,666	\$ 93,666	\$ 93,666	\$ 93,666	\$ 95,028	\$ 23,757 *
TOTAL OPERATING EXPENSES	\$ 790,692	\$ 958,628	\$ 771,516	\$ 1,057,353	\$ 1,219,845	\$ 1,263,982	\$ 157,145
OPERATING INCOME (LOSS)	\$ 204,406	\$ 110,050	\$ 304,076	\$ 40,650	\$ (106,101)	\$ (133,008)	\$ 30,463
NON-OPERATING REVENUES							
Intergovernmental	\$ -	\$ 675,922	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	\$ -	\$ -	\$ 1,584	\$ 1,567	\$ 1,884	\$ 2,115	\$ -
Gain on Disposal of Capital Assets	\$ -	\$ -	\$ 266	\$ -	\$ -	\$ -	\$ -
TOTAL NON-OPERATING REVENUES	\$ -	\$ 675,922	\$ 1,850	\$ 1,567	\$ 1,884	\$ 2,115	\$ -
Income Before Contributions & Transfers	\$ 204,406	\$ 785,972	\$ 305,926	\$ 42,217	\$ (104,217)	\$ (130,893)	\$ 30,463
Capital Contributions	\$ 6,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	\$ 8,212,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	\$ 8,423,494	\$ 785,972	\$ 305,926	\$ (25,541)	\$ (104,217)	\$ (130,893)	\$ 30,463
Net Assets-January 1	\$ -	\$ 8,423,494	\$ 9,209,466	\$ 9,515,392	\$ 9,489,851	\$ 9,385,634	\$ 9,254,741
Net Assets-December 31	\$ 8,423,494	\$ 9,209,466	\$ 9,515,392	\$ 9,489,851	\$ 9,385,634	\$ 9,254,741	\$ -
Net Assets-March 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,285,204

Storm Water Utility Details – Q & A

Q. Why does the City of Menasha have a Storm Water Utility?

A. The City of Menasha Storm Water Utility was created in 2008 in response to the Wisconsin Department of Natural Resources Administrative Code Section 216 requirements to improve the quality of storm water discharged into waters of the state. The City owns, constructs, operates, repairs and maintains the storm sewer system that provides collection and management of storm water generated by properties within the City.

Costs associated with storm water management significantly increased in order to meet the NR 216 requirements. The Storm Water Utility allows the City to equitably charge all dischargers of storm water on a volume basis. Included are tax exempt properties, which typically can be some of the largest generators of storm water runoff. The Utility also allows the City to credit properties with systems that reduce runoff volume or improve storm water quality and properties that generate little runoff or discharge directly to the Fox River or Lake Winnebago.

Q. How is the Storm Water Utility Classified and how are the records for the Utility maintained?

A. The Storm Water Utility is classified as an enterprise fund of the City. An enterprise fund establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. Under enterprise accounting, all applicable revenues and expenses are recorded in a separate fund with its own financial statements, and are not commingled with the revenues and expenditures of the government activities of the City. The objective of an enterprise fund is to charge the costs of the program to those that benefit from the program, and to be self-sustaining, utilizing its revenues to cover its expenditures, and using its returns/proceeds to cover its capital activities. If an enterprise fund is not self-sustaining, and cannot support its own activities, it must be supported by outside funds such as general tax revenue.

Q. When and how was the Storm Water Utility created?

A. The Storm Water Utility was created by the Common Council on October 20, 2008, with Ordinance O-19-08. The Council then authorized an initial ERU (Equivalent Runoff Charge) of \$65.00 per year, on January 5, 2009, to be effective for services on and after January 1, 2009.

Q. What are the current rates being charged to ratepayers and when were the rates established?

A. The current rate, as authorized by the Common Council on December 21, 2009, effective for services on and after January 1, 2010, is \$75.00 per ERU (Equivalent Runoff Unit) per year.

Q. What are the comparable rates being charged by other Wisconsin Storm Water Utilities (geographic and size comparisons)?

See Attachment – Comparable Listing

Q. What gets charged to the Storm Water Utility and Why?

A. See Attachment - Details of Charges to the Storm Water Utility

Q. Why is a rate increase required in the Storm Water Utility?

A. Storm water rates were last revised in 2010. Since that time, the City's cost to operate and maintain our storm sewer system has increased due to increases in the cost of labor, construction, materials, and equipment operation. Additionally, the City has added several Best Management Practices (BMP's) including storm water management ponds, bio-filters, etc. that require City resources to construct and manage. An increase in the amount of street improvement work also has resulted in the decrease of the Storm Water Utility Fund Balance because the Fund supports the construction of associated curb and gutter and storm sewer system items.

With the approval of the Lower Fox River TMDL, additional storm water discharge quality improvements will be necessary to meet the TMDL standards. Although we do not know the exact dollar impact to the City at this time, we do know this will require additional spending to meet our assigned load allocation.

Q. What happens to the Storm Water Utility if there is not a rate increase?

A. As discussed during the 2015 Budget process, there are two choices: (1) reduce the expenses (i.e. reduce the services provided) of the Storm Water Utility, or (2) increase the rates to an adequate level to operate the Utility. If the rates are not set and maintained at a prudent level to operate and maintain the Utility, there will be a need to increase the tax levy to make up the shortage.

Q. What is the recommended timing of the rate increase?

A. Staff is recommending a phased in approach, to arrive at the needed rates, with two increases: the first increase would be effective for services on and after September 1, 2015, and the second increase would be effective for services on and after July 1, 2016. Staff is currently working on the analysis and will forward it, along with the rate recommendation to the Board of Public Works, for consideration, no later than the second meeting in July.

Stormwater Utility Name	Population of Municipality (2010 census)	Year Stormwater Utility Created	Equivalent Runoff Unit, ERU, Size (Sq. Feet)	Annual Stormwater Fee for one ERU (typical single family home)	Does the Stormwater Utility Offer Credits? (Yes/No)	Max Credit Amount Available	Does the Utility Offer Credits Based on "Numerically Defined Hydrologic Criteria" Documented in a Published Credit Policy or Ordinance? (Yes/No)	Max Credit Amount Available Based on "Numerically Defined Hydrologic Criteria" Documented in a Published Credit Policy or Ordinance	Primary Reason for Creating Stormwater Utility (where: a) pay for WPDES MS4 permit compliance, b) Pay for flood control projects, c) Free up property taxes to fund other community needs, and/or d) Other)	Community has WPDES MS4 Permit	Approximate Stormwater Utility Annual Revenue	Approximate Total Annual Cost to Comply with WPDES MS4 Permit (Including Admin, Capital, and O&M Expenses)
Appleton (City)	60,045	1996	2,368	\$ 155.00	Y	75%	Y	75%	a, b, c, d - create dedicated funding source for sw management.	Y	\$ 9,200,000	\$ 3,680,000
Oshkosh (City)	66,083	2003	2,817	\$ 123.92	Y	75%	Y	75%	a, b	Y	\$ 5,200,000	unknown
Kimberly (Village)	6,468	2007	3,350	\$ 110.00	N	NA	N	NA	a, b, c, d	Y	\$ 517,400	\$ 400,000
Menasha (Town)	18,498	2009	4,177	\$ 100.00	Y	80%	Y	80%	a, b	Y	\$ 1,500,000	\$ 1,500,000
Grand Chute (Town)	20,919	1997	3,283	\$ 98.84	Y	85%	Y	85%	a, b, d - to fund stormwater infrastructure on a town-wide basis	Y	\$ 2,900,000	\$ 760,000
Gamer's Creek Watershed (includes Village of Combined Locks, Town of Buchanan, and Town of Harrison)	20,922 - total population of three constituent municipalities	1998	3,623	\$ 96.00	Y	85%	Y	85%	a, b, d - Reduce streambank erosion	Y	\$ 830,000	\$ 580,000
Little Chute (Village)	10,449	1999	2,762	\$ 84.00	N	NA	N	NA	a	Y	\$ 811,000	\$ 716,000
Neenah (City)	25,501	2003	3,138	\$ 84.00	Y	68%	Y	68%	a, c, d - capture appropriate service costs from non-profit owned properties	Y	\$ 2,100,000	\$ 2,465,000
Menasha (City)	17,353	2008	2,980	\$ 75.00	Y	68%	N	NA	a	Y	\$ 1,170,000	unknown
Neenah (Town)	3,237	2008	4,040	\$ 75.00	Y	undefined	N	NA	a	Y	\$ 307,000	\$ 360,000
Kaukauna (City)	15,462	2009	2,944	\$ 66.00	Y	50%	Y	50%	a	Y	\$ 830,000	\$ 826,000 plus capital projects
Greenville (Town)	10,309	2004	4,510	\$ 65.00	Y	85%	Y	85%	a, b	Y	\$ 614,000	unknown

Details of Charges to the Storm Water Utility

2015 Budget

(0201) City Attorney

\$10,890

The City Attorney charges the Storm Water Utility for a small portion of salary and benefits that cover the time it takes to complete the legal activities of the Storm Water Utility. This includes the review of agreements and contracts relating to the Utility as well as ongoing legal issues that arise during the course of the year that are directly and indirectly related to the Utility.

(0304) Community Development

\$44,546

Community Development charges the Storm Water Utility for wages, salaries and benefits as follows:

Community Development Director (15% of total salary and benefits \cong \$17,229), related to:

- Storm water management planning/coordination with other jurisdictions and agencies.
- Development review/coordination as may be related to storm water management associated with site plans and land divisions.

Principal Planner (24% of total salary and benefits \cong \$22,461), related to:

- Coordination with NEWSC -Information & Education Committee Participation.
- Preparation of MS4 Annual Report
- Preparation of Post Construction Storm Water Maintenance Agreements

Community Development Intern (100%of total wages and benefits \cong \$4,856), related to:

- Preparation and dissemination of Storm Water Information/Education program materials.
- Research and analysis of storm water program guidelines/requirements as directed by the Community Development Director or Principal Planner.

(0401) Finance / (0403) IT

\$34,739

Finance and IT charges the Storm Water Utility for the following: (1) a small portion of the salary and benefits (\$10,314) for the following items: storm water accounting – accounts payable, accounts receivable, budgeting, rate monitoring, bi-annual reporting, year-end reporting, and IT administrative costs; (2) a portion of the annual financial audit costs (\$1,300); and (3) the amount charged by Menasha Utilities to process the monthly storm water billing (\$23,125).

(0410) Debt Service

\$16,600

This charge is for the debt service, principal and interest, for the Tayco Pond, a joint project with the Town of Menasha.

(0706) Forestry

\$37,973

Forestry charges the Storm Water Utility for the following: (1) a small portion (5%) of wages and benefits (\$8,077) for the Arborist, and others, who perform tree planting functions; (2) \$2,500 is allocated for contracting tree trimming and stump removal; (3) \$7,162 is allocated for the equipment usage associated with tree planting and trimming; and (4) \$6,500 is budgeted for the purchase of trees.

(1002) Engineering

\$167,470

The Engineering Department charges 25% to 30% of all Engineering wages, salaries and benefits for design, inspection, regulation enforcement, program administration, etc. Additionally, 25% of all other remaining Engineering costs are charged to the Storm Water Utility, representing the approximate share of storm water engineering activity.

(1003) Street Construction

\$448,511

The portion of the Street Construction budget, including: wages, salaries, benefits, motorized equipment, tools and supplies for the construction and repair of curb and gutter is charged to the Storm Water Utility. Additionally, all capital costs for curb and gutter construction/reconstruction are funded by the Storm Water Utility.

(1005) Street Cleaning

\$141,608

All costs associated with street sweeping and cleaning of City streets are charged to the Storm Water Utility.

(1006) Snow & Ice Removal

\$123,628

The portion of the snow removal budget that deals explicitly with the removal and hauling of snow from City terraces is charged to the Storm Water Utility. This includes wages, salaries, benefits, and motorized equipment. Removing the snow reduces pollutants that would otherwise be conveyed through the storm sewer system to the waterways of the state.

(1010) Storm Sewers & Drains

\$508,659

All charges addressing construction, repair, maintenance, and debt service done on City storm sewer systems, drainage ways, storm water management ponds, and administrative items such as permit compliance, NEWSC membership, and computer software licenses to meet WisDNR reporting requirements are charged to the Storm Water Utility.

(1013) Parking Lots

\$22,442

Wages, benefits, and motorized equipment costs for pavement sweeping and the removal and hauling of snow from City parking lots, again reducing the conveyance of pollutants through the storm sewer system, are charged to the Storm Water Utility.

(1028) Recycling – Yard Waste

\$227,273

Wages, salaries, benefits, motorized equipment, and tub grinder rental for the collection and processing of leaves, mostly during the fall leaf collection program, are charged to the Storm Water Utility. Collection of leaves reduces the pollutant loadings in the waterways of the state.

Total

\$1,784,339