RESOLUTION R-25-15

RESOLUTION PERTAINING TO EQUIVALENT RUNOFF UNIT (ERU) CHARGES FOR STORM WATER UTILITY

Introduced by Mayor Merkes

WHEREAS, the ordinance creating a storm water utility contains a provision that charges for storm water services for each lot within the City of Menasha shall be made by resolution, and

WHEREAS, the current storm water charge does not equate to adequate revenues to operate the storm water utility prudently per the rate analysis that has been completed (ATTACHMENT A), and

WHEREAS, staff recommends a two phased increase, one in 2015 and one in 2016, to ease the initial burden on the ratepayers.

THEREFORE, BE IT RESOLVED that the storm water charge shall be based on the Equivalent Runoff Unit (ERU) and the charge for one (1) ERU shall be $87.00, applicable for services billed by the Menasha Utilities or the City of Menasha on or after September 1, 2015.

BE IT FURTHER RESOLVED that the storm water charge shall be based on the Equivalent Runoff Unit (ERU) and the charge for one (1) ERU shall be $99.00, applicable for services billed by the Menasha Utilities or the City of Menasha on or after July 1, 2016.

BE IT FURTHER RESOLVED that the Comptroller and Director of Public Works shall report to the Mayor and the Common Council as to whether the rates are still appropriate at least annually.

Passed and approved this 3rd day of August, 2015.

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Donald Merkes, Mayor

ATTEST:

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Deborah A. Galeazzi, City Clerk

MEMORANDUM

To: City of Menasha Board of Public Works

From: Mark Radtke, Director of Public Works
Peggy Steeno, Director of Administrative Services

Date: September 2, 2015

RE: RESOLUTION R-25-15 – Resolution Pertaining to Equivalent Run-Off Unit (ERU) Charges for the Storm Water Utility

BACKGROUND

As discussed during the 2015 budget workshops, and at the June 15, 2015, July 20, 2015, and August 3, 2015 Board of Public Works Meetings, storm water rates need to be increased in 2015 to keep the Utility in a productive capacity, operating at a prudent level.

ANALYSIS

The increase is needed due to the following reasons:

- The Storm Water Utility operations have resulted in a negative position from 2012 through 2014,
- Storm water revenues have been relatively flat from 2013 to the present,
- Moderate increases in expenses from 2013 to the present, and
- A large Capital Improvement Program in 2014 and beyond with regard to storm water infrastructure projects.

As enumerated above, a $1/ERU per month rate increase in both 2015 (effective 10/1/15) and 2016 (effective 7/1/2016) is necessary to fund operations, capital improvements, and debt service needs.

Please note that in addition to the city's current storm water needs, the Utility is facing substantial costs in the future with regard to the TMDL standard, as has been discussed for quite some time. Our representative from McMahon and Associates is working on the cost estimates which are expected to be calculated in the near future. Those costs will be shared with the Board of Public Works as soon as they are available.

FISCAL IMPACT

If approved, the impact of the increase will be approximately $44,760 of additional revenues for the Storm Water Utility in 2015, and an additional $223,800 of additional revenues in 2016. In terms of the monthly storm water rates, the average residential user is currently paying $6.25 per month, which would increase to $7.25 per month in October of 2015, and then to $8.25 per month beginning in July of 2016.

RECOMMENDATION

Staff recommends that the Board of Public Works approve this resolution, and forward it on to Council for consideration at the September 21, 2015 Meeting.

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BE IT FURTHER RESOLVED that the Comptroller and Director of Public Works shall report to the Mayor and the Common Council as to whether the rates are still appropriate at least annually.

Passed and approved this 8th day of September, 2015.

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Donald Merkes, Mayor

ATTEST:

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Deborah A. Galeazzi, City Clerk

ATTACHMENT A

City of Menasha
Storm Water Utility Budget and Rate Needs for 2015 & 2016
July 30, 2015

	Actual			Estimate*	*Budget*	*W/Out Increase***	*Increase Recommendation***	*Recommendation*
Line Item	**2011**	**2012**	**2013**	**2014**	**2015**	**2015**	**2015**	**2016**
Operating Expenses								
Operation and Maintenance	$677,850	$882,997	$1,082,615	$1,125,403	$1,262,101	$1,262,101	$1,262,101	$1,306,275
Depreciation and Amortization	$93,666	$93,666	$93,666	$95,028	$97,400	$97,400	$97,400	$99,835
Operation Expenses Total	$771,516	$976,663	$1,176,281	$1,220,431	$1,359,501	$1,359,501	$1,359,501	$1,406,110
Debt Service								
Principal and Interest	$0	$80,690	$43,564	$43,551	$43,788	$43,788	$43,788	$45,000
Transfer to Other Funds	$0	$67,758	$0	$0	$0	$0	$0	$0
Planned CIP Projects					$478,450	$343,000	$343,000	$272,745
Use of Funds	$771,516	$1,125,111	$1,219,845	$1,263,982	$1,881,739	$1,746,289	$1,746,289	$1,723,855
Source of Funds								
Borrowed Funds	$0	$0	$0	$0	$478,450	$343,000	$343,000	$272,745
Interest Revenue	$1,584	$1,567	$1,884	$2,115	$1,500	$2,000	$2,000	$2,000
Cash Reserve/Borrowed Funds on Hand Spending	$0	$0	$0	$0				
Federal & State Grants	$0	$0	$0	$0				
Misc. Revenue	$5,038	$4,493	$2,434	$5,481	$43,000	$43,000	$43,000	$43,000
Subtotal	$6,622	$6,060	$4,318	$7,597	$522,950	$388,000	$388,000	$317,745
Storm Water Utility Fees Annual Revenue	$1,070,820	$1,093,510	$1,111,310	$1,125,492	$1,120,000	$1,119,000	$1,163,760	$1,387,560
Change in Net Assets / Per Annual Operations	$305,926	($25,541)	($104,217)	($130,893)	($238,789)	($239,289)	($194,529)	($18,550)
Net Assets (Balance as of 1/1/2011 = $9,209,466)	$9,515,392	$9,489,851	$9,385,633	$9,254,740	$9,015,951	$9,015,451	$9,060,211	$9,041,662
Total # of ERUs:	14,278	14,580	14,817	15,007	14,934	14,920	14,920	14,920
Utility Rate ($/ERU/year)	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$87.00	$99.00
Utility Rate ($/ERU/month)	$6.25	$6.25	$6.25	$6.25	$6.25	$6.25	$7.25	$8.25
Rate Increase Recommendation							16%	14%

* Please note that these numbers are marked as estimates at this time as 2014 is not completely closed out.
** 2015 Budget adjustments made based on current information available.