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Water, Sanitary and Storm Sewer Utility Rate Study

City of Edina, Minnesota



Prepared By:

City Staff

And

Ehlers

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Executive Summary

The goal of a rate study is to ensure long-term financial health of the utility enterprise funds.

- As part of this analysis, the rate study takes into account historic trends, assumptions and state law, as applicable.
- The City Of Edina has been reinvesting in its utility systems through street and utility reconstruction projects, water treatment plants, and storm water improvements. The capital projects bring financial pressures to the utility funds. The City currently uses a combination of pay-as-you-go and bond financing for its capital needs. We expect that debt will continue to be necessary to support the capital improvements in the near future. It is the City's goal to reduce the issuance of debt in the long-term, and this rate study shows that, over time, the City will be able to pay for more projects with cash on hand.
- The Metropolitan Council will likely increase sanitary sewer rates in the next several years to compensate for a lack of revenues from hook-up fees. Future increases in City sewer rates will also likely be necessary to keep pace with the Met Council rates.
- No changes to the rate structure are proposed.

Recommendations

- **Recommendation One:** Adopt the rate changes proposed for 2012
 - 6% increase to water rates
 - 4% increase to sewer rates
 - 5% increase to storm sewer rates
- **Recommendation Two:** Update the utility study periodically to determine progress with cash balance goals and an updated capital improvement plan.

Goals of a Utility Rate Study

The City of Edina requested that Ehlers update the rate study of its water, storm water, and sanitary sewer system utilities. The purpose of the rate study is to ensure that:

1. Rates are sufficient to pay for the ongoing operations and capital improvements, and to maintain adequate cash balances.
2. The rate structure distributes the costs of operating the system across utility users consistent with the policy objectives of the Council.
3. Staff and Council revisit cash balance policies to ensure they are meeting their enterprise system's current and future needs.
4. The rate structure distributes the costs of operating the system across utility users consistent with the policy objectives of the Council.

Background Information on Enterprise Systems

Enterprise Funds

Most City operations, such as public works, public safety, administration and parks, are accounted for under governmental funds, primarily embedded in the General Fund. These operations usually depend on a variety of revenues, including property taxes, intergovernmental aid, and charges for services.

Municipal utility funds are considered “enterprise funds.” They are intended to be operated as a private enterprise in which the fee revenue pays for all operations. City operations include three utility funds: water, sewer, and storm sewer. In the City’s Comprehensive Annual Financial Report (CAFR), enterprise funds are segregated funds, recognizing the unique purpose and revenue streams of these City functions.

In addition to the CAFR segregating the enterprise funds, the City’s Capital Improvement Plan (CIP) distinguishes between projects that will be funded by the enterprise funds, and those funded by general governmental funds.

The Water Fund: The Influence of Rainfall

The City’s water is provided by groundwater wells that pumped 2,478,378,000 gallons in 2010. The City also purchases water from the City of Minneapolis, which is in turn provided to the residents of the Morningside area. Water demand, and thus revenues, is highly dependent on weather patterns. The graph on page 5 shows a consistent decline in water usage since 2006.

The need to reinvest in the City’s aging utility systems continues to place financial stresses on the utility fund, particularly related to water. The City’s recent and projected investments for replacing and improving the water and sewer systems are significant. Between 2006 and 2010, the City spent over \$15.6 million on capital improvements in the utility fund.

Faced with increasing capital costs, the City has increased user rates annually since 2006. In addition, in 2007 the City modified water rates to add usage tiers. The usage tiers charge higher water rates at higher levels of consumption. The rationale for a tiered rate structure was three-fold:

1. A tiered rate structure may promote water conservation and is now required by the Minnesota Department of Natural Resources as discussed below.
2. By charging more for water used on the lawn than water used in the home, the City is ensuring that essential water use remains as affordable as possible.
3. Cities construct water systems to meet the capacity of peak watering days in the summer. In Edina, the peak daily summer demand is approximately three times the average daily winter demand. A tiered rate system charges more per gallon for peak use, thereby allocating the cost of “oversizing” the system for peak days to the peak users.

The purpose of this update is to determine how rates will need to be adjusted for 2012 and beyond to keep the utilities financially self-sufficient.

This study incorporates the proposed 2012-2016 capital improvement plan for the utilities, and estimates of future capital costs from 2017 and beyond.

It should be noted that the City currently has one accounting fund for water, sanitary sewer, storm water, and recycling. For this analysis, we segregated the revenues and expenses for each utility, and treated each as a separate fund. By doing so, we can ensure that each utility will “pay its own way.” Municipal utility funds are considered “enterprise funds,” meaning they are intended to be operated as a private enterprise in which the fee revenue pays for all expenses. For purposes of this study, we refer to each segregated utility as its own fund.

The Sewer Fund: The Metropolitan Council Influence

The City of Edina participates in the Metropolitan Council Environmental Services (MCES) sewer system. This means that the City’s sanitary sewer system flows to the MCES treatment plant and the City receives a bill from the MCES for the service. The City does not maintain its own sanitary sewer treatment plant. The MCES disposal fees have increased since 2005. Currently, the 2011 MCES charge for service is budgeted at \$4,383,700, and is estimated to be \$4,244,100 in 2012. We have estimated that the MCES charge will increase by 5.50% per year after 2012. MCES allocates the cost of the metro area sanitation system to a user city based on the relative percent of that city’s flow into the system. The Met Council is also facing its own financial pressures on operating rates as new construction of residential and commercial development has slowed in the region, as well as rising debt service needs. If the MCES rates are lower than anticipated in 2013 and later, the City may be able to correspondingly lower its rate increases Edina’s share of the cost may change by more than 5.50%. The MCES disposal fees comprise approximately 74% of the sewer utility operating expenses.

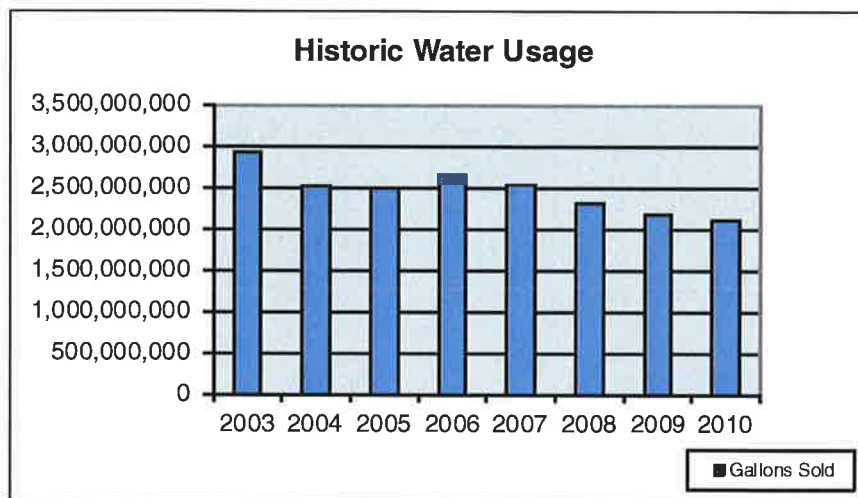
The Storm Sewer Fund: The City’s Perspective

The storm sewer fund was created to manage storm water runoff quality in concert with the local watershed. City projects often include repair and maintenance of drainage ditches, storm water ponds, and other wetland outlets. Single family residential properties pay a fixed quarterly fee. Commercial property owners are charged based on the amount of impervious surface that does not allow rainwater to be absorbed into the ground, but rather flows through the drainage ditches and into local lakes and streams. Over time, capital costs for the storm water system have increased to meet state standards and improve water quality.

Water System

Description of the Water System

The graph below shows the historic water usage from 2003 to 2010.

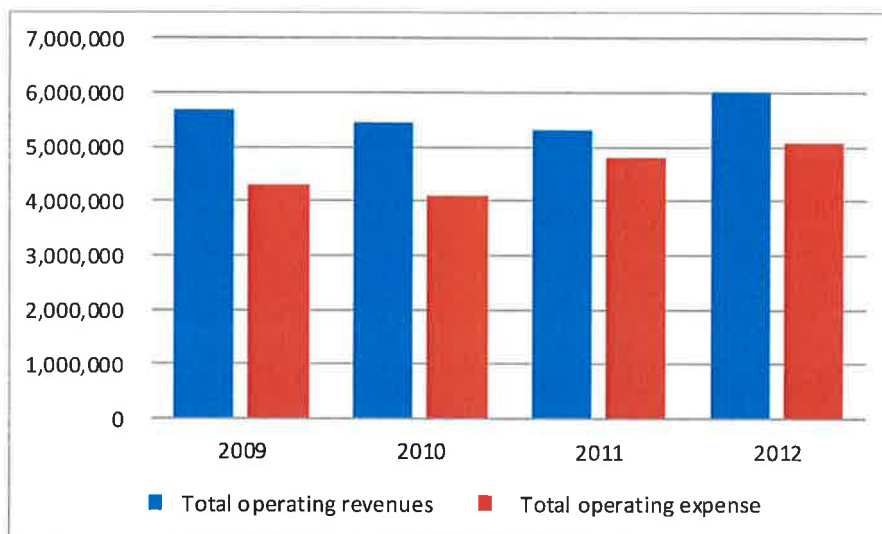


(Source: Department of Natural Resources Annual Report of Water Use)

Factors impacting the amount of water usage include: 1) change in the number of users / accounts from new development or closures; 2) consumption patterns of individual users and 3) weather (dry summers translate into heavier water demand).

Historic Financial Trends

The following graph for the Water Utility shows the trend of operating revenues and expenses. The fund has been managed effectively because revenues have exceeded expenses. Furthermore, overall cash balances, as discussed later, are at healthy levels because bond issues for capital projects have also been managed effectively.



Current Rate Structure: Water Fees

There are three primary components to the City's water utility revenues:

- Fixed Charges
- Usage Fees
- WAC Fees (Water Access Fees or hook-up charges)

1) **Fixed Charges** are a fixed quarterly fee based on the property type and number of units. The fixed charge is established to recover certain fixed expenses, such as the billing system, that the City must incur for a customer regardless of the amount of water consumed. The 2011 fixed charge for single family residential accounts is \$14.29 per quarter. The fee does not include any water usage and increases as the size of the meter increases. This fixed charge raises approximately \$900,000 per year. This charge pays for administration of the system and a portion of the operating cost.

2) **Usage Fees** are based on the metered use of water. Currently the billing structure is tiered. The first tier of usage is \$1.17 per cubic feet to 3,500 cubic feet. The second tier is a rate of \$1.55 from usage over 3,500 cubic feet to 6,500 cubic feet. Usages over 6,500 cubic feet are charged a rate of \$2.43 per cubic feet. Water usage in the Morningside area is charged at \$2.34 per unit for all usage. The usage fee generates approximately \$4,400,000 in annual revenues and pays for the remainder of operating, debt, and capital expenditures. The usage charge represents 84% of operating revenues. The fixed charge accounts for the remaining 16% of revenues.

3) **Water Connection Fees** are paid by new construction of homes and businesses at the time of a building permit and are based upon residential equivalents of usage. The City of Edina charges \$800 per residential equivalency unit for new development. These connection fees will help pay for the capital costs of serving the new properties. To be conservative, the financial analysis does not count on any development related connection fee revenue for 2012 and beyond. We would recommend that the City increase its connections fees annually by an inflationary factor.

Pro-Forma Analysis Assumptions

Following is a chart that summarizes the significant assumptions in the rate study.

	Water Utility
Growth and Utility Usage	No new connections. The estimated usage for the existing residents is anticipated to be the 2010 usage levels. As the chart on page 5 shows, water usage has been declining since 2006. Weather patterns are the biggest determinant of usage revenues. In order to conservatively project revenues, usage is not expected to increase.
Operating Expenses	Increase 3% annually
Capital Expenses	Costs of improvements are inflated 4% per year. Future total capital improvements from 2012 to 2019 are estimated at an inflated value of \$22.7M and include two water treatment plants in the 2011/2012 to 2015 timeframe.
Rate Structure	No change proposed to proposed rate structure.

A summary of the CIP can be found in Appendix E.

Proposed Water Rates

Meter Charges are proposed to increase 6% in 2012.

Usage Fees are based on the metered use of water for all customers, except those in the Morningside area, are based on a tiered approach to charging for water usage. All types of property are included in the tiering of rates, although at different levels. The most recent rate study completed in 2009 projected a 5.5% rate increase for 2012. Usage has declined and the resulting revenues have declined slightly. Because the majority of the water costs are fixed, decrease in water consumption does not directly result in decreased operating costs. Therefore, this study recommends a slightly higher rate increase in order to maintain the financial health of the system and to provide for future operating and capital needs. The chart below shows a proposed 6% increase in usage rates.

Usage Fees for Morningside are projected to increase at about the same rate as the City as a whole. Edina obtains water for the Morningside area residents from the City of Minneapolis. In 2009, the City of Edina negotiated with the City of Minneapolis to lower the usage rate that is charged for water provided to the Morningside area. Historically, Edina has billed Morningside residents at the cost of water that is paid to Minneapolis plus an Edina administration charge, which is recommended to increase from \$.36 to \$.38 per 100 cubic feet. The recommended rate for the Morningside area is projected to increase at slightly less than the City as a whole for 2012.

Proposed Residential Water Rates

Annual rate increases of 6% will be needed to operate and improve the City's water system. The chart below shows the proposed residential water rates.

Usage Gallons	Actual	Proposed								
	2011	2012	2013	2014	2015	2016	2017	2018	2019	
Rate Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
0-35 units	\$1.17	\$1.24	\$1.31	\$1.39	\$1.48	\$1.57	\$1.66	\$1.76	\$1.86	\$1.86
Rate Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
36-65 units	\$1.55	\$1.64	\$1.74	\$1.85	\$1.96	\$2.07	\$2.20	\$2.33	\$2.47	\$2.47
Rate Increase	0.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
> 65 units	\$2.43	\$2.58	\$2.73	\$2.89	\$3.07	\$3.25	\$3.45	\$3.65	\$3.87	\$3.87
Morningside										
0-35 units	2.34	2.46	2.59	2.72	2.86	3.01	3.17	3.31	3.46	3.46
36-65 units	2.34	2.46	2.59	2.72	2.86	3.01	3.17	3.31	3.46	3.46
> 65 units	2.34	2.46	2.59	2.72	2.86	3.01	3.17	3.31	3.46	3.46
	0.00%	5.00%	5.10%	5.10%	5.10%	5.30%	5.30%	4.50%	4.50%	4.50%

Note: The projected increases for Morningside relate to expected rates for the City of Minneapolis and the City of Edina administrative charge.

Irrigation/Sprinkler Meters

Water connections used solely for sprinklers for residential customers are charged at the same rate as regular water usage in the same usage tiers.

Water connections used in sprinklers for commercial customers are charged the two highest tiers at a rate of \$1.55 per unit for 0-35 units per quarter, and \$2.43 for each unit over 35 units. The proposed 2012 commercial irrigation water rates are \$1.64 and \$2.58, respectively.

Commercial Customers

Commercial customers are charged on the first two tiers. Water consumption of 0-35 units is \$1.17 per unit, and all water consumption over 35 units is \$1.55 per unit. The proposed 2012 rates are \$1.24 and \$1.64 respectively.

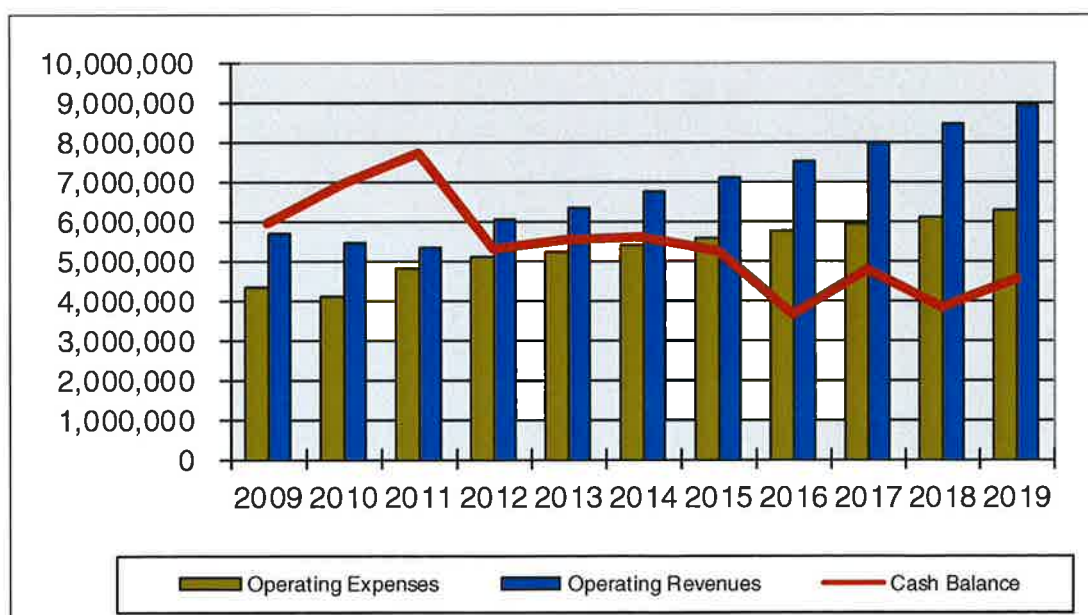
Water Connection Fees

The City of Edina charges \$800 per residential equivalency unit for new development. These connection fees will help pay for the capital costs of serving the new properties. To be conservative, the financial analysis does not count on any development related connection fee revenue for 2012 and beyond. We would recommend that the City increase its connections fees annually by an inflationary factor.

Operating Margins and Cash Balance

Below is a chart that demonstrates the future cash balances for the water fund. It is important to remember that the water fund income will vary significantly by the volume of water used by residents and businesses. As the chart on page 5 illustrates, water usage has been declining. The amount of rain in a summer is a primary determinant of the volume of water used. The tiering of rates does augment the fluctuations in income because the marginal use of water is priced at the highest tier. The chart below shows operating revenues, expenses and cash balances. As described below, cash balances decline because capital projects in future years are paid with cash.

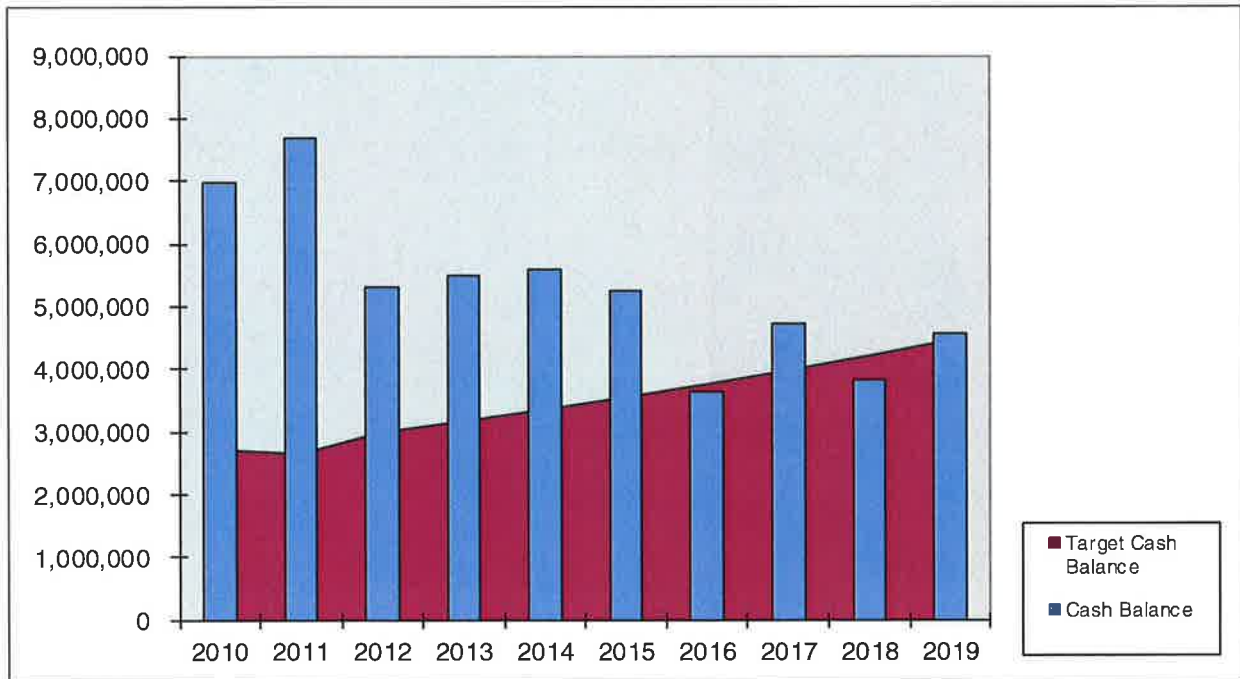
Water Operating Revenue and Expenses (with Cash Balances)



Cash Balances and Prudent Use of Debt

Cash balances are available to accommodate fluctuations in revenue depending on weather, and to fund unexpected repairs and a portion of capital improvements. Over the long term, the City's goal is a cash balance equal to 50% of operating revenues. The chart below demonstrates the projected cash balance as compared to the City's goal for operating reserves.

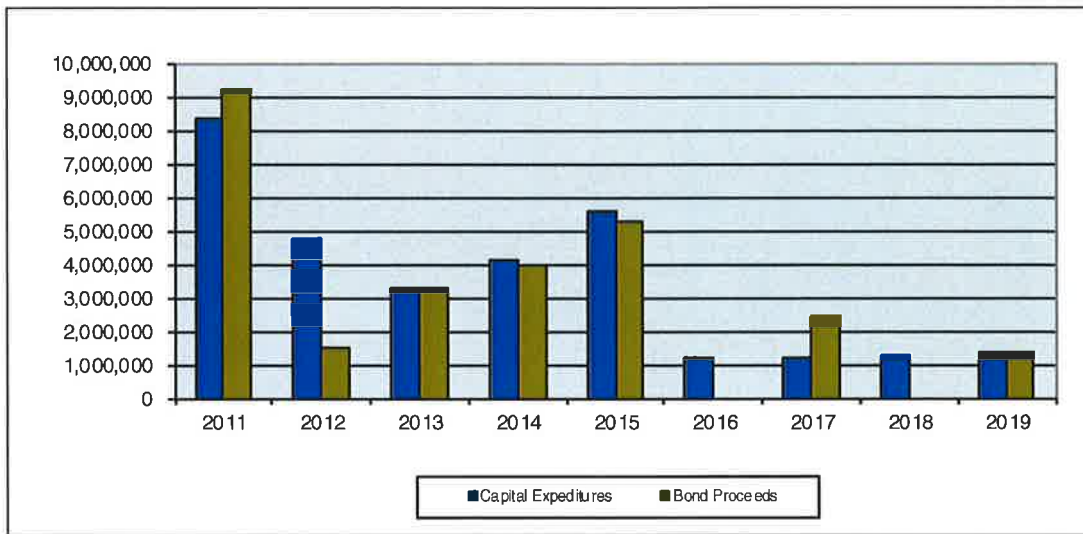
Water Fund Cash Balances



The cash balance spikes in 2010 and 2011 are due to proceeds from bonds issued for the 2011 and 2012 capital improvement projects. The cash balance will decline in 2012 as the projects are completed and paid for.

In order to maintain a positive cash position and achieve the target cash reserve over the long term, the City will need to finance all of its capital improvements in the near term. The projections and the proposed rate increases were structured so that the City will be less reliant on annual bond financing in the future. The projections assume most capital costs will be financed over the next three years and, beginning in 2016, bonds will be issued only every other year. This is shown in the chart above and accounts for the decline in cash balance in 2016 and 2018, the years when capital projects are financed 100% with cash on hand. This is a change from the last study, when all capital projects were financed. Capital projects financed with debt are amortized over a ten-year period and interest rates are estimated based on a spread over current market conditions. The chart below demonstrates how much capital is to be expended and how much debt is to be issued in each year.

Water Capital Expenses and Debt Issues



It is unrealistic to expect ratepayers to fund the level of proposed improvements and fully fund depreciation at the same time. As was stated above, the projections move away from annual bonding for capital improvements. By keeping the term of the debt to ten years, the City will be able to:

- 1) Protect its bond rating; and
- 2) Allow time after the debt is retired to fund replacement reserves and reduce reliance on debt in the future.

Recommendation for Water Fees

Based on the completed rate study, we would recommend:

- 1) The 2012 meter charges and usage water rates increase 6% from 2011 as shown in Appendix A. The rate study projects a 6% annual water rate increase after 2012.
- 2) The City Council review and establish water rates on an annual basis.

Sewer System

Pro-Forma Analysis Assumptions

	Sanitary Sewer Utility
Growth and Utility Usage	Sewer usage will remain constant
Operating Expenses	City expenses increase 3% annually
Capital Expenses	Costs of improvements are inflated 4% per year. Future total capital improvements from 2012 to 2019 are estimated at an inflated value of \$9.2M.
Rate Structure	Sewer billed based on winter quarter water consumption.

Proposed Sewer Rates

2011 Sewer Rates

The 2011 rate is \$2.96 per unit of sewer based on water used during the winter quarter. One unit is 100 cubic feet or approximately 750 gallons. The sewer usage is assumed to be identical to water usage during the winter quarter when there is almost no outside water use (car washing, lawn sprinkling, swimming pool, etc.). There is a minimum quarterly fee, regardless of use, of \$47.36 (16 units or 1600 cubic feet). The minimum charge helps pay for the fixed costs of the system.

Proposed 2012 Sewer Rates

The projected rate increase for sanitary sewer is 4.0% per year from 2012 to 2019. Revenues have been strong in this fund. The previous 2009 report recommended a 5.5% increase for 2012. Strong revenues, combined with healthy cash balances have allowed for the lower rate increase. We do not recommend changing the rate structure at this time. The unit charge and the minimum quarterly charge would both be increased by 4% for 2012. The proposed rate per unit is in the chart below. The rate applies to all residential and commercial customers in Edina.

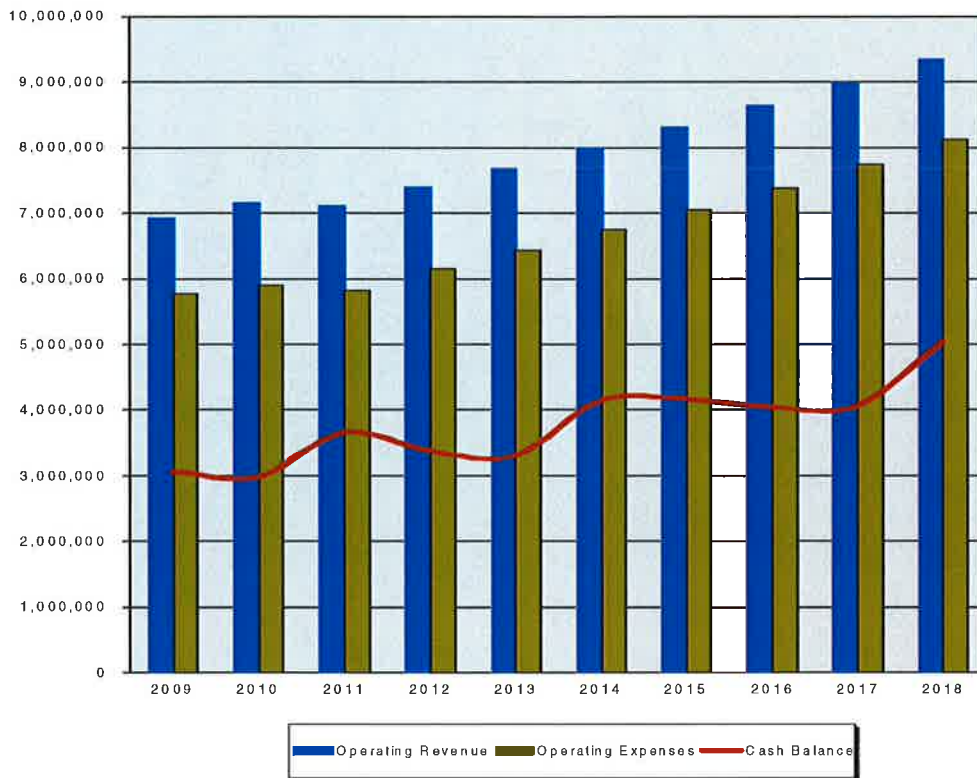
Sanitary Sewer	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rate per Unit	\$2.96	\$3.08	\$3.20	\$3.33	\$3.46	\$3.60	\$3.75	\$3.90	\$4.05

Proposed Sanitary Sewer City Connection Fees

The City charges a sewer connection fee for new users to “buy-in” to the system. Connection fees are paid at the time a builder or homeowner pulls a building permit. The connection fee in the City of Edina

is \$400 per residential equivalency unit. In addition, the City collects the MCES connection fee and remits it to the Metropolitan Council. The City sewer connection fees will help offset City sanitary sewer infrastructure costs associated with new development and redevelopment. To be conservative, the projections presented in the Appendices to the rate study do not consider the collection of any connection fee revenues for projects not already approved. We would recommend an annual inflationary increase to the connection fee.

Sanitary Sewer Operating Margins (with Debt)



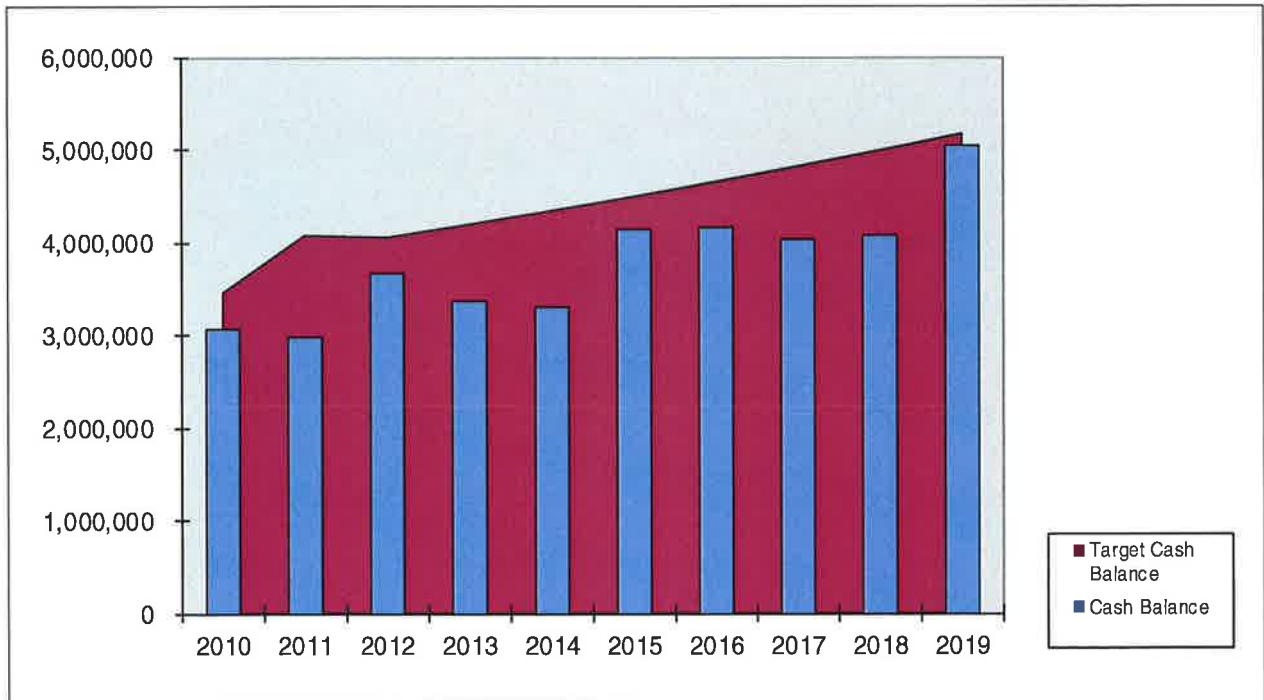
The above graph shows that steady rate increases are necessary in order fund operations.

Recommended Sewer Fund Cash Balances

The target cash balance for the sewer fund equals 50% of sewer operating revenues. We are recommending an increase in the target cash balance for unexpected sewer operation interruptions, such as main breaks. The projections increase the target cash balance by \$500,000 for this reason.

The graph below portrays the projected cash balances based on the stated assumptions and proposed capital expenditures. It can be seen that the proposed rate increases and use of debt financing should be adequate to achieve the target cash balance.

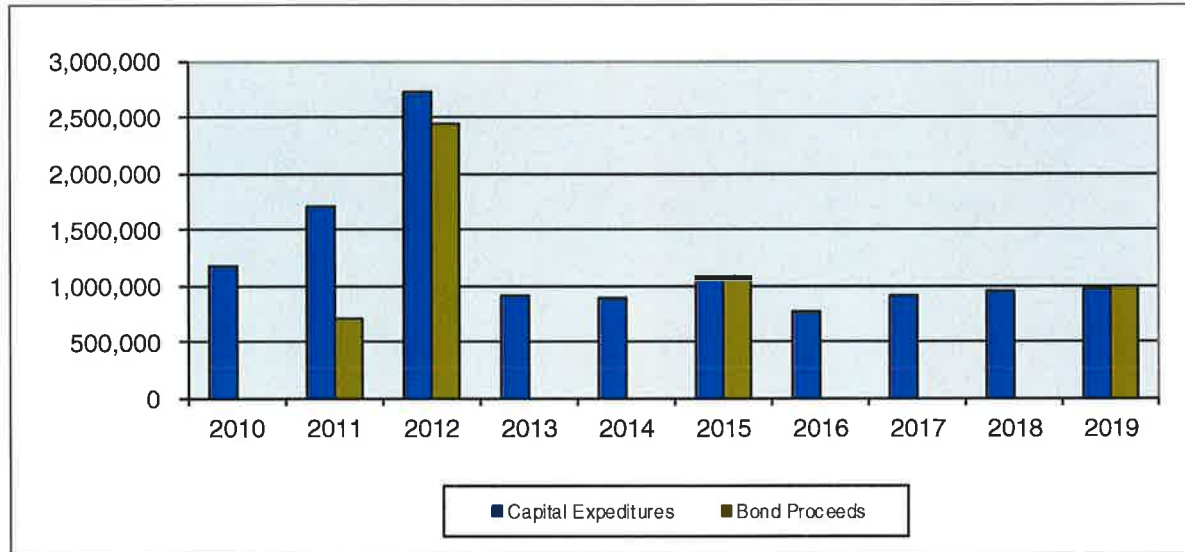
Sanitary Sewer Cash Balances



Cash balances are available to accommodate fluctuations in revenue, pay for new and unexpected regulatory requirements, to fund a portion of capital improvements, and to establish replacement reserves.

As with the Water Fund, the proposed sewer rates will move the City away from annual bond issues for capital improvements. The prior study showed bond issues every year. Healthy cash balances and prudent management of the utility has allowed for the use of cash to pay for most capital improvements in the future.

Sanitary Sewer Capital Expenses and Debt Issues



Recommendation for Sanitary Sewer Fees

Based on the completed rate study, we would recommend that the City increase sewer rates 4% per year for 2012 and future years, in order to meet the goals of funding capital improvements of the system and target cash reserves.

Storm Sewer System

Storm Sewer revenues are based on a fixed quarterly fee based on the type of property being served. The quarterly charge is established to pay for the cost of operating and maintaining the system.

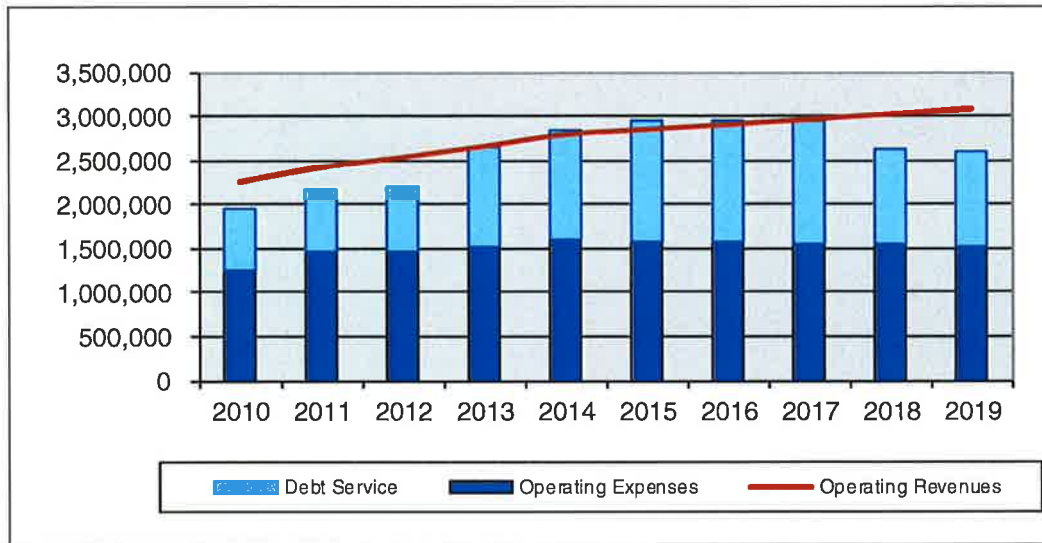
Proposed Storm Sewer Rates

Over the next five years, the City anticipates approximately \$9.1 million in capital costs to address storm water from drain tile systems, expand storm water ponds, rehabilitate lift stations and replace its aging storm water system. Storm water rates will need to be increased to fund the capital projects and maintain minimum cash reserves.

The City's current quarterly storm water rate is \$19.58 per quarter. The proposed rate increases in the chart below will allow the City to maintain and improve its storm water infrastructure, as well as sustaining adequate cash reserves. These rates are consistent with the rates proposed in previous studies, and are comparable with other fully developed metro area communities.

2011	2012	2013	2014	2015	2016	2017	2018	2019
\$19.58	\$20.56	\$21.59	\$22.67	\$23.12	\$23.58	\$24.05	\$24.53	\$25.03

Cities across the state will be facing pressure to generate more revenue to fund storm water systems. The Clean Water Legacy Act provided funding to test and develop plans for Minnesota's polluted waterways. These plans may result in new unfunded mandates for local governments. While the future requirements for managing the quality and quantity of storm water are unknown, the level of projected capital expenses in this study should pay for many of the mandated improvements. Our experience with other cities indicates that most have not yet planned for significant improvements to their storm water system, and their quarterly fees are established at a level that will only pay for the annual operations and maintenance of the storm water system. As more cities undertake planning for capital improvements to their storm water systems, we expect to see higher storm water utility fees across the metro area.



The chart above indicates that cash balances will be sufficient to fund most of the capital improvements. Future capital improvements are dependent upon unknown regulatory requirements and could increase in the future.

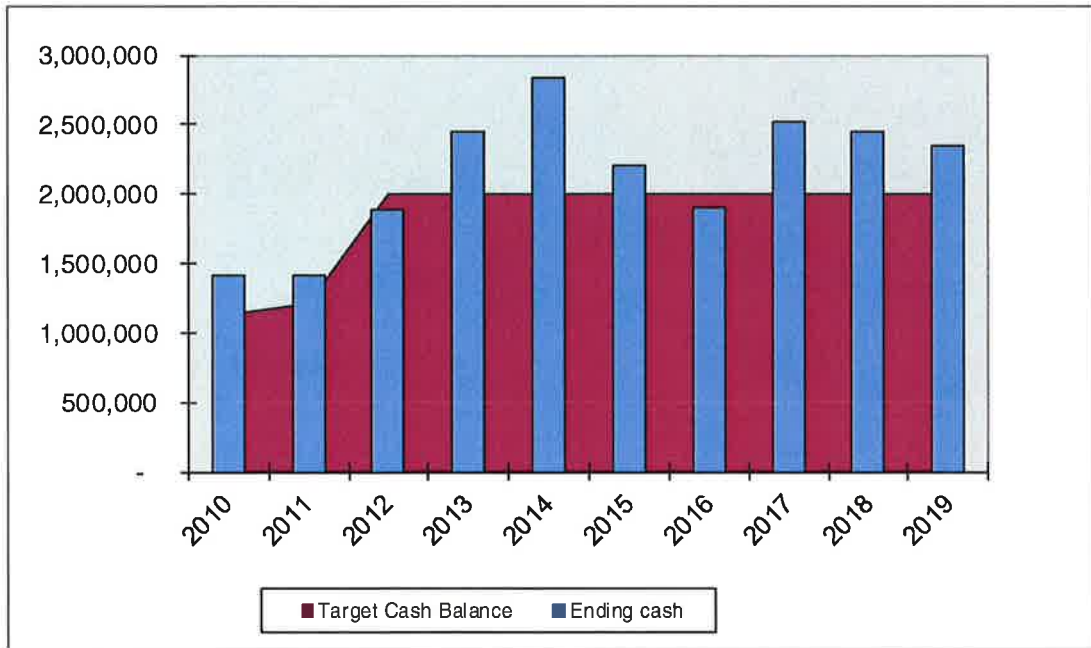
Future Debt for Capital Improvements

We are projecting bond proceeds of approximately \$2M for the currently proposed capital improvements of \$9.1M for the time period of 2012 to 2016 with a 10 year amortization to balance the current cash needs of the system with future cash flows. As cash balances and project costs are evaluated in the future, the amount of debt and the term of debt can be re-evaluated.

Cash Balances

The purpose of the cash balance is to allow the City to fund routine improvements on a “pay-as-you-go” basis, reserving the use of debt for major improvements, and have operating reserves available for cashflow purposes. It is our recommendation that the system be operated to maintain a minimum cash balance approximately equal to \$2M. As was stated above, capital needs are dependent upon maintaining the system and responding to potential regulatory requirements. The projected cash balances, assuming the proposed rates above, are shown in the following graph.

Storm Sewer Cash Balances



Putting It All Together: The Utility Bill

The chart below shows the total utility bill for sample residents who use varying amounts of water. Because residents view their utilities together in one bill, we have included water, sanitary, and storm water charges, along with a cumulative total.

City of Edina Sample Projected Residential Utility Bills

Sample Family Quarterly Bill	2011	2012	2013	2014	2015
Winter months - 30 units water and sewer					
Sewer	88.80	92.35	96.05	99.89	103.88
Water	49.39	52.35	55.49	58.82	62.35
Storm Water	<u>19.58</u>	<u>20.56</u>	<u>21.59</u>	<u>22.67</u>	<u>23.12</u>
Total	\$ 157.77	\$ 165.26	\$ 173.13	\$ 181.38	\$ 189.36
Combined Fee Increase	\$ 8.56	\$ 7.49	\$ 7.86	\$ 8.25	\$ 7.98
Percent Increase	5.74%	4.75%	4.76%	4.77%	4.40%
Summer months - 50 units water and 30 units sewer					
Sewer	88.80	92.35	96.05	99.89	103.88
Water	78.49	83.20	88.19	93.48	99.09
Storm Water	<u>19.58</u>	<u>20.56</u>	<u>21.59</u>	<u>22.67</u>	<u>23.12</u>
Total	\$ 186.87	\$ 196.11	\$ 205.82	\$ 216.04	\$ 226.09
Combined Fee Increase	\$ 10.06	\$ 9.24	\$ 9.71	\$ 10.21	\$ 10.06
Percent Increase	5.69%	4.94%	4.95%	4.96%	4.66%
Sample Summer Quarterly Bill -					
100 units water and 30 units sewer					
Sewer	88.80	92.35	96.05	99.89	103.88
Water	186.79	198.00	209.88	222.47	235.82
Storm Water	<u>19.58</u>	<u>20.56</u>	<u>21.59</u>	<u>22.67</u>	<u>23.12</u>
Total	\$ 295.17	\$ 310.91	\$ 327.51	\$ 345.02	\$ 362.82
Combined Fee Increase	\$ 15.81	\$ 15.74	\$ 16.60	\$ 17.51	\$ 17.80
Percent Increase	5.66%	5.33%	5.34%	5.35%	5.16%
Sample Bill for Low Utility User					
12 units water and sewer					
Sewer (minimum quarterly rate)	47.36	49.25	51.22	53.27	55.40
Water	28.33	30.03	31.83	33.74	35.77
Storm Water	<u>19.58</u>	<u>20.56</u>	<u>21.59</u>	<u>22.67</u>	<u>23.12</u>
Total	\$ 95.27	\$ 99.84	\$ 104.64	\$ 109.68	\$ 114.29
Combined Fee Increase	\$ 5.38	\$ 4.57	\$ 4.80	\$ 5.04	\$ 4.61
Percent Increase	5.99%	4.80%	4.81%	4.81%	4.20%

Recommendations

The City of Edina has managed its utility funds well, and as a result has been able to pay for improvements through a combination of cash and debt. The need to reinvest in the water and sewer utility system over the next several years will put financial pressures on all of the utility funds.

The rate study indicates that rate increases are necessary in 2012. Modest and steady annual rate increases will be needed for water, sanitary sewer, and storm water utilities to pay for City operating costs and capital improvements.

While this analysis proposes the use of debt to allow for steady and predictable rate increases, it is not a debt plan. The City should review whether it has sufficient cash to pay for capital improvements prior to issuing debt. At its option, the City may accumulate less cash in its utility funds (thereby funding less depreciation) in order to reduce the amount of new debt issued for utility improvements. As with all other bonding decisions, the City's decision to issue debt for any given improvement will be based on many factors, including the City's cash balances, rating, and other financing needs.

Summary of Recommendations

- **Recommendation One:** Adopt the rate changes proposed for 2012 as shown in Appendix A.
 - 6% increase to water rates
 - 4% increase to sewer rates
 - 5% increase to storm sewer rates

- **Recommendation Two:** Update the utility rate study periodically

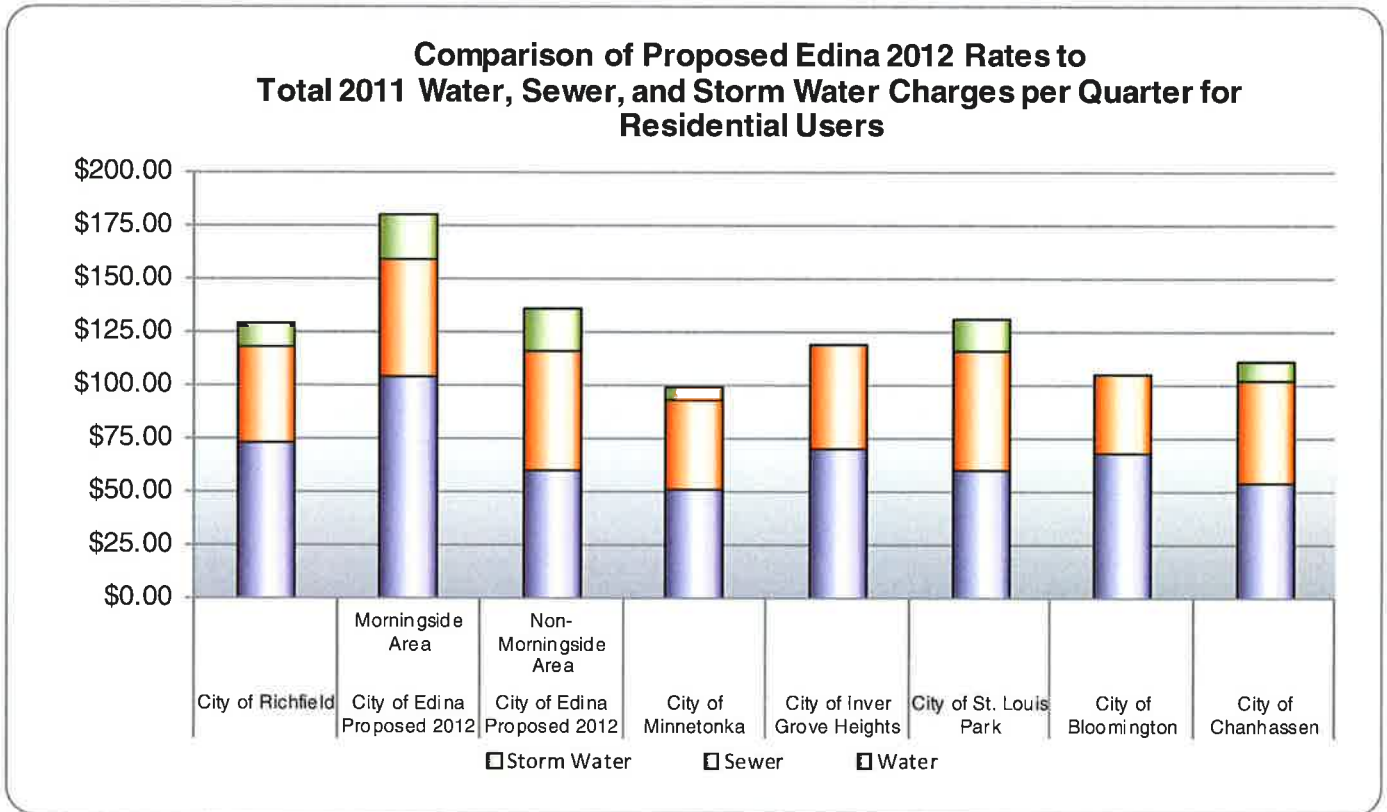
Appendices to this report follow:

Appendix A	Comparisons to Other Cities' Rates
Appendix B	Water Utility Projections
Appendix C	Sanitary Sewer Utility Projections
Appendix D	Storm Sewer Utility Projections
Appendix E	Capital Improvement Plan for Water
Appendix F	Capital Improvement Plan for Sanitary Sewer
Appendix G	Capital Improvement Plan for Storm Sewer
Appendix H	Proposed Residential Rate Tier Options

Appendix A

Comparison of Rates in Comparable Cities

Using proposed 2012 rates with a quarterly usage of 27,000 gallons of water and 13,500 gallons for sewer, plus storm water charges. The rates for the comparable communities are the actual 2011 rates.



Appendix B

Water Utility Projections

City of Edina
Utility Funds - Water Fund
Water Fund

	Per Financial Statements										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Budget					Projected					
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1 Revenues											
2 Charges for services											
3 Quarterly Meter Service Charges											
4 Charges for Water Usage	5,455,830	5,123,540	5,100,000	5,709,642	6,052,221	6,415,354	6,800,275	7,208,292	7,640,789	8,099,237	8,585,191
5 Sale of Water Meters	26,381	13,845	15,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
6 State Health Fee	88,638	88,042	90,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
7 Other	112,264	213,767	110,000	155,000	159,650	164,440	169,373	174,454	179,687	185,078	190,630
8 Total operating revenues	5,683,113	5,439,194	5,315,000	6,001,732	6,352,143	6,723,344	7,116,575	7,533,151	7,974,464	8,441,992	8,937,299
9 Expenses											
10 Admin.	631,898	602,324	555,582	613,417	631,820	650,774	670,297	690,406	711,118	732,452	754,426
11 Buildings	0	0	0	0	0	0	0	0	0	0	0
12 Water Distribution	1,710,834	1,284,639	1,481,786	1,479,455	1,523,839	1,569,554	1,616,640	1,665,140	1,715,094	1,766,547	1,819,543
13 Tanks, Towers, and Reservoirs	0	0	0	0	0	0	0	0	0	0	0
14 Source of Supply	385,778	542,163	665,100	760,713	783,534	807,040	831,252	856,189	881,875	908,331	935,581
15 Water Treatment	475,790	526,489	586,747	613,898	632,315	651,284	670,823	690,948	711,676	733,026	755,017
16 Meter Reading	0	0	0	0	0	0	0	0	0	0	0
17 Meter Repair	0	0	0	0	0	0	0	0	0	0	0
18 Equip Operation	0	0	0	0	0	0	0	0	0	0	0
19 Training	0	0	0	0	0	0	0	0	0	0	0
20 Depreciation	1,107,148	1,128,097	1,526,271	1,610,000	1,658,300	1,708,049	1,759,290	1,812,069	1,866,431	1,922,424	1,980,097
21 Total operating expense	4,311,448	4,083,712	4,815,486	5,077,483	5,229,807	5,386,702	5,548,303	5,714,752	5,886,194	6,062,780	6,244,664
22 Operating income (loss)	1,371,666	1,355,483	499,514	924,249	1,122,336	1,336,643	1,568,273	1,818,399	2,088,270	2,379,212	2,692,635
23 Non operating rev (exp)											
24 Investment income	31,559	13,734	22,000	21,560	92,952	96,357	98,160	91,992	64,284	83,617	67,738
25 Gain (loss) on disposal of asset	(28,063)	(23,503)	(18,470)	(12,778)	(6,568)	(47,800)	(34,800)	(21,300)	(7,200)	(59,200)	(20,400)
26 Interest Expense: 2003C Bonds	(105,400)	(94,800)	(83,800)	(72,300)	(60,300)	(47,800)	(34,800)	(21,300)	(7,200)	(59,200)	(20,400)
27 Interest Expense: 2007B Bonds	(276,106)	(283,337)	(262,712)	(240,431)	(216,462)	(190,624)	(161,787)	(129,700)	(95,200)	(59,200)	(20,400)
28 Interest Expense: 2008A Bonds				(158,730)	(200,850)	(184,750)	(167,800)	(150,550)	(132,950)	(115,000)	(96,700)
29 Interest Expense: 2011A Bonds				(342,982)	(391,227)	(326,817)	(266,227)	(209,558)	(171,066)	(90,583)	(49,362)
30 Miscellaneous											
31 Intergovernmental	(378,009)	(387,905)	(342,982)	(482,679)	(391,227)	(326,817)	(266,227)	(209,558)	(171,066)	(90,583)	(49,362)
32 Total non-operating Revenue	993,656	967,577	156,532	461,571	731,108	1,009,825	1,302,045	1,608,841	1,917,204	2,288,629	2,643,273
33 Net income (loss)	993,656	967,577	156,532	461,571	731,108	1,009,825	1,302,045	1,608,841	1,917,204	2,288,629	2,643,273
34 Operating transfer in											
35 Operating transfer out	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36 Net change to retained earnings	993,656	967,577	156,532	461,571	731,108	1,009,825	1,302,045	1,608,841	1,917,204	2,288,629	2,643,273
37 Beginning retained earnings	4,652,057	5,645,713	6,613,291	6,769,823	7,231,393	7,962,502	8,972,327	10,274,373	11,883,214	13,800,417	16,089,046
38 Ending retained earnings	5,645,713	6,613,291	6,769,823	7,231,393	7,962,502	8,972,327	10,274,373	11,883,214	13,800,417	16,089,046	18,732,319

Appendix C

Sanitary Sewer Utility Projections

City of Edina
Utility Funds - Sanitary Sewer Fund

	Per Financial Statements													
	2009	2010	Estimated	2011	Budget	2012	2013	2014	2015	Projected	2016	2017	2018	2019
1 Revenues														
2 Sewer Charges	6,590,873	6,826,855	7,000,000	6,978,867	7,258,022	7,548,343	7,850,276	8,164,287	8,490,859	8,830,493	9,183,713			
3 City SAC														
4 Other	149,899	89,447	153,000	130,000	133,900	137,917	142,055	146,316	150,706	155,227	159,884			
5 Total operating revenues	6,740,772	6,916,302	7,153,000	7,108,867	7,391,922	7,686,260	7,992,331	8,310,603	8,641,564	8,985,720	9,343,596			
6 Expenses														
7 Disposal Charges	4,132,873	4,266,072	4,383,691	4,244,096	4,477,521	4,723,785	4,983,593	5,257,691	5,546,864	5,851,941	6,173,798			
8 Admin.	631,898	602,324	602,324	620,393	639,005	658,175	677,920	639,005	658,175	677,920	698,258			
9 Collection Systems	220,315	541,018	541,018	557,249	573,966	591,185	608,921	627,188	646,004	665,384	685,345			
10 Depreciation	368,569	368,569	368,569	393,726	454,318	467,947	481,986	517,839	533,375	549,376	565,857			
11 Total operating expense	5,353,655	5,777,983	5,895,602	5,815,464	6,144,810	6,441,092	6,752,420	7,041,723	7,384,417	7,744,621	8,123,259			
12 Operating income (loss)	1,387,118	1,138,320	1,257,399	1,293,403	1,247,112	1,245,167	1,239,911	1,268,880	1,257,147	1,241,099	1,220,338			
13 Non operating rev (exp)														
14 Investment income	71,226	31,215	50,000	49,000	64,027	59,054	57,941	72,568	72,880	70,736	71,133			
15 Gain (loss) on disposal of asset	(12,810)													
16 Interest Expense: 1999A Bonds	(28,063)	(23,503)	(18,470)	(12,778)	(6,568)									
17 Interest Expense: 2003C Bonds	(53,600)	(48,200)	(42,500)	(36,600)	(30,500)	(24,200)	(17,600)	(10,700)	(3,600)					
18 Interest Expense: 2007B Bonds	(106,553)	(109,362)	(101,412)	(92,812)	(83,550)	(73,588)	(62,431)	(50,026)	(36,726)	(22,826)	(7,863)			
19 Interest Expense: 2008A Bonds														
20 Interest Expense: 2011A Bonds														
21 Miscellaneous														
22 Intergovernmental														
23 Total non operating	0	(149,851)	(112,382)	(105,672)	(72,391)	(53,284)	(35,340)	(58)	22,054	38,810	55,620			
24 Net income (loss)	1,257,318	988,469	1,145,017	1,187,731	1,174,720	1,191,883	1,204,571	1,268,822	1,279,201	1,279,908	1,275,958			
25 Operating transfers in														
26 Operating transfers out														
27 Net change to retained earnings	0	988,469	1,145,017	1,187,731	1,174,720	1,191,883	1,204,571	1,268,822	1,279,201	1,279,908	1,275,958			

City of Edina
Utility Funds - Sanitary Sewer Fund

	Per Financial Statements												
	2009	2010	Estimated	2011	Budget	2012	2013	2014	2015	2016	2017	2018	2019
Sanitary Sewer Charges Increase					4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Investment Rate					1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
Other revenue increase					3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
MCES Disposal Cost Increase					5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Expenditure increase					3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Cash flow													
41 Operating income (loss)	1,387,118	1,138,320	1,257,399	1,293,403	1,245,167	1,247,112	1,245,167	1,239,911	1,268,880	1,257,147	1,241,099	1,220,338	1,220,338
42 Depreciation	368,569	368,569	368,569	393,726	467,947	454,318	467,947	481,986	517,839	533,375	549,376	565,857	565,857
46 Bond payments: 1999A P&I	(317,810)	(165,000)	(172,500)	(180,000)	(160,000)	(185,000)	(160,000)	(170,000)	(175,000)	(180,000)	(180,000)	(180,000)	(180,000)
47 Bond payments: 2003C Prin	(160,000)	(140,000)	(145,000)	(150,000)	(300,000)	(290,000)	(300,000)	(315,000)	(325,000)	(340,000)	(355,000)	(370,000)	(370,000)
48 Bond Payments: 2007B Prin	(130,000)	(260,000)	(270,000)	(280,000)	(65,000)	(60,000)	(65,000)	(65,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
49 Bond Payments: 2008A Prin	(140,000)				(112,338)	(136,418)	(112,338)	(93,281)	(72,626)	(50,826)	(31,926)	(15,513)	(15,513)
50 Bond Payments: 2011A Prin					59,054	64,027	59,054	57,941	72,568	72,880	70,736	71,133	71,133
51 Net other	71,226	31,215	50,000	49,000									
52 Investment income													
53													
54 Met Council I&I Surcharge		(130,000)											
55 Met Council I&I Surcharge Rebate (50%)		0											
56 Capital	(2,194,000)	(1,178,782)	(1,716,240)	(2,731,000)	(897,728)	(922,480)	(897,728)	(1,069,746)	(766,257)	(912,490)	(948,989)	(986,949)	(986,949)
57 2008 proceeds spent	(295,893)												
58 Bond proceeds			705,000	2,439,000									1,000,000
59 Bonds:													
60													
61													
62													
63 Debt (P&I) - 2012 Bonds						(300,707)	(300,707)	(300,707)	(300,707)	(300,707)	(300,707)	(300,707)	(300,707)
64 Debt (P&I) - 2013 Bonds						0	0	0	0	0	0	0	0
65 Debt (P&I) - 2014 Bonds													
66 Debt (P&I) - 2015 Bonds													
67 Debt (P&I) - 2016 Bonds										(131,884)	(131,884)	(131,884)	(131,884)
68 Debt (P&I) - 2017 Bonds										0	0	0	0
69 Debt (P&I) - 2018 Bonds													
70 Debt (P&I) - 2019 Bonds													
71 Debt (P&I) - 2020 Bonds													
72													
Cash flow	(1,410,791)	(335,679)	(85,155)	679,457	(63,604)	(284,148)	(63,604)	835,805	17,813	(122,505)	22,704	977,275	977,275
Beginning cash	4,810,846	3,400,056	3,064,377	2,979,222	3,374,531	3,658,679	3,374,531	3,310,927	4,146,732	4,164,545	4,042,039	4,064,743	4,064,743
Ending cash	3,400,056	3,064,377	2,979,222	3,658,679	3,310,927	3,374,531	3,310,927	4,146,732	4,164,545	4,042,039	4,064,743	5,042,019	5,042,019
Target Cash Balance (50% of operating revenues)	3,370,386	3,458,151	4,076,500	4,054,434	4,343,130	4,195,961	4,343,130	4,496,165	4,655,302	4,820,782	4,992,860	5,171,798	5,171,798
Actual cash over (under) minimum cash	29,670	(393,775)	(1,097,278)	(395,754)	(1,032,203)	(821,430)	(1,032,203)	(349,434)	(490,757)	(778,743)	(928,117)	(129,780)	(129,780)

Appendix D

Storm Sewer Utility Projections

City of Edina
Utility Funds - Storm Sewer Fund

	Per Financial Statements										Budget	Projected				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		2019				
Storm Sewer Revenue Increase				5.00%	5.00%	5.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
Other revenue increase				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		
Investment Rate				1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%		
Expenditure increase				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		
1 Revenues																
2 Charges for services	2,031,318	2,253,909	2,400,000	2,520,000	2,646,000	2,778,300	2,833,866	2,890,543	2,948,354	3,007,321	3,067,468					
3 Other	18,988	7,455	21,000	15,000	15,750	16,538	16,888	17,206	17,550	17,901	18,259					
4	0	0	0	0	0	0	0	0	0	0	0					
5	0	0	0	0	0	0	0	0	0	0	0					
6 Total operating revenues	2,050,306	2,261,364	2,421,000	2,535,000	2,661,750	2,794,838	2,850,734	2,907,749	2,965,904	3,025,222	3,085,726					
7 Expenses																
8 Admin	154,844	145,093	149,206	154,110	158,733	163,495	168,400	173,452	178,656	184,015	189,536					
9 Operating Expenses	219,683	402,992	265,650	317,050	326,562	336,358	346,449	356,843	367,548	378,574	389,932					
10 Depreciation	399,195	474,815	550,000	600,000	648,701	702,340	756,257	805,851	859,226	915,371	974,414					
11 Total operating expense	773,722	1,022,900	964,856	1,071,160	1,133,996	1,202,194	1,271,106	1,336,146	1,405,430	1,477,960	1,553,882					
12																
13																
14 Operating income (loss)	1,276,584	1,238,464	1,456,144	1,463,840	1,527,754	1,592,643	1,579,628	1,571,603	1,560,474	1,547,262	1,531,845					
15																
16																
17 Cash flow																
18 Operating income (loss)	1,276,584	1,238,464	1,456,144	1,463,840	1,527,754	1,592,643	1,579,628	1,571,603	1,560,474	1,547,262	1,531,845					
19 Depreciation	399,195	474,815	550,000	600,000	648,701	702,340	756,257	805,851	859,226	915,371	974,414					
20 Other changes	0	0	0	0	0	0	0	0	0	0	0					
21 Intergovernmental	0	0	0	0	0	0	0	0	0	0	0					
22 Interest income	39,887	17,480	28,000	27,440	33,019	42,855	49,554	38,616	33,371	44,167	42,810					
23 Transfers	0	0	0	0	0	0	0	0	0	0	0					
24 Disposal of assets	0	0	0	0	0	0	0	0	0	0	0					
25 Bond proceeds	0	0	1,595,200	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000					
26 Debt payments: 1999 bonds P&I	(119,830)															
27 Debt payments: 2007 bonds P&I	(434,600)	(432,000)	(433,900)	(435,200)	(431,000)	(431,300)	(431,000)	(430,100)	(433,500)	(431,362)	(430,631)					
28 Debt payments: 2008A bonds P&I	(176,513)	(268,488)	(267,713)	(266,538)	(264,956)	(267,862)	(269,881)	(270,962)	(271,362)	(271,362)	(270,631)					
29 Debt payments: 2011A bonds P&I				(27,522)	(169,850)	(177,050)	(174,150)	(176,300)	(178,150)	(175,050)	(176,900)					
30																
31																
32																
33 Debt (P&I) - 2012 Bonds																
34 Debt (P&I) - 2013 Bonds																
35 Debt (P&I) - 2014 Bonds																
36 Debt (P&I) - 2015 Bonds																
37 Debt (P&I) - 2016 Bonds																
38 Debt (P&I) - 2017 Bonds																
39 Debt (P&I) - 2018 Bonds																
40 Debt (P&I) - 2019 Bonds																
41																
42 Capital	(2,160,000)	(1,362,540)	(2,926,810)	(2,895,000)	(1,535,040)	(1,708,928)	(1,642,301)	(1,345,337)	(1,459,983)	(1,518,383)	(1,579,118)					
43																
44 Cash flow	(1,175,277)	(332,269)	921	467,020	562,046	382,826	(625,057)	(299,093)	616,912	(77,538)	(97,123)					
45																
46 Beginning cash	2,926,399	1,751,122	1,418,853	1,419,774	1,886,794	2,448,840	2,831,666	2,206,609	1,906,916	2,523,828	2,446,290					
47																
48 Ending cash	1,751,122	1,418,853	1,419,774	1,886,794	2,448,840	2,831,666	2,206,609	1,906,916	2,523,828	2,446,290	2,349,167					
49																
50																
51 Quarterly Charge for Single Family Home	16.79	18.13	19.58	20.56	21.59	22.67	23.12	23.58	24.05	24.53	25.03					

Appendix E

Capital Improvement Plan-Water Utility

City of Edina
 Utility Funds
 Water Fund Capital Improvements
 Exhibit

2012 2013 2014 2015 2016 2017 2018 2019

	2012	2013	2014	2015	2016	2017	2018	2019
Main Rehabilitation/Replacement/Extensions:								
W 69th St and York Ave water main loop	\$ 110,000							
Well Rehabilitation/Replacement/Construction:								
Piping wells #5 and# 8 to WTP #5			\$ 100,000					
Well #5 (West 69th St)		\$ 100,000						
Well #12 rehab	\$ 120,000							
Well #9 rehab		\$ 120,000						
Well #8 rehab		\$ 150,000						
Well #11 rehab			\$ 120,000					
Well #10 rehab				\$ 100,000				
Well #8		\$ 35,000						
Future well rehab					\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Meter Replacements/Upgrades:								
Water meter replacement program	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000				
Water Treatment Plant Rehab:								
Water treatment plant (#5)		\$ 1,600,000	\$ 2,500,000	\$ 3,500,000				
Water treatment plant (#6)	\$ 3,000,000							
Miscellaneous Projects:								
Backhoe replacement					\$ 170,000			
Braemar lead removal	\$ 200,000							
SCADA upgrade	\$ 50,000							
Vehicle replacement		\$ 75,000				\$ 75,000		
Water main improvements	\$ 925,000	\$ 828,000	\$ 805,000	\$ 1,104,000	\$ 726,000			
PW generator	\$ 75,000							
SCADA radio system upgrade	\$ 20,000							
Cityworks asset management update	\$ 21,000	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000			
TOTAL	\$ 4,761,000	\$ 3,173,000	\$ 3,775,000	\$ 4,964,000	\$ 1,036,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Inflated Costs 4.00% \$ 4,761,000 \$ 3,299,920 \$ 4,083,040 \$ 5,583,825 \$ 1,211,973 \$ 1,216,653 \$ 1,265,319 \$ 1,315,932

Appendix F

Capital Improvement Plan-Sanitary Sewer Utility

City of Edina
 Utility Funds
 Sanitary Sewer Fund Capital Improvements
 Exhibit

2019

2018

2017

2016

2015

2014

2013

2012

	PROJ. #	2012	2013	2014	2015	2016	2017	2018	2019
Main Rehabilitation/Replacement/Extensions:									
1									
2	UT-08-014	\$ 1,200,000							
3	UT-12-002	\$ 790,000	\$ 722,000	\$ 690,000	\$ 931,000	\$ 635,000			
4									
Lift Station Rehabilitation/Replacement/Construction:									
5	UT-05-010	\$ 200,000							
6									
7							\$ 200,000		\$ 200,000
8									
Control System Replacements/Upgrades:									
9									
10	UT-12-007	\$ 20,000							
11									
Sanitary Sewer Treatment Plant Rehab:									
12									
Miscellaneous Projects:									
13									
14	UT-07-008	\$ 350,000							
15	UT-10-010	\$ 80,000	\$ 80,000	\$ 80,000					
16	UT-11-005	\$ 70,000		\$ 50,000			\$ 50,000		\$ 50,000
17	UT-11-008		\$ 30,000						
18	UT-12-005		\$ 30,000						
19	UT-12-008	\$ 21,000	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000			
20									
TOTAL		\$ 2,731,000	\$ 887,000	\$ 830,000	\$ 951,000	\$ 655,000	\$ 750,000	\$ 750,000	\$ 750,000

Inflated Costs

4.00%

\$ 2,731,000 \$ 922,480 \$ 897,728 \$ 1,069,746 \$ 766,257 \$ 912,490 \$ 948,989 \$ 986,949

Appendix G

Capital Improvement Plan-Storm Sewer Utility

City of Edina
 Utility Funds
 Storm Sewer Fund Capital Improvements
 Exhibit

		2012	2013	2014	2015	2016	2017	2018	2018	2019
1										
2	Pond and lake dredging	\$ 1,100,000	\$ 60,000	\$ 120,000						
3	Storm water lift station			\$ 200,000						
4	Storm sewer pipe and grading improvements	\$ 1,755,000	\$ 1,311,000	\$ 1,250,000	\$ 1,440,000	\$ 1,130,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
5	SCADA radio system upgrade	\$ 20,000								
6	Cityworks asset management update	\$ 20,000	\$ 25,000	\$ 10,000	\$ 20,000	\$ 20,000				
7	Cooper circle pond outlet		\$ 80,000							
8										
9										
10	TOTAL	\$ 2,895,000	\$ 1,476,000	\$ 1,580,000	\$ 1,460,000	\$ 1,150,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000

11
 12 **Inflated Costs** 4.00% \$ 2,895,000 \$ 1,535,040 \$ 1,708,928 \$ 1,642,301 \$ 1,345,337 \$ 1,459,963 \$ 1,518,363 \$ 1,579,118 \$ 1,642,283

Appendix H

Proposed 2012 Residential Rates and Tiers

		Usage Range	Rates
Water Usage			
Residential	Tier One	0-35 units	\$1.24
	Tier Two	36-65 units	\$1.64
	Tier Three	Over 65 units	\$2.58
Commercial	Tier One	0-35 units	\$1.24
	Tier Two	36-65 units	\$1.64
	Tier Three	Over 65 units	\$1.64
Morningside	All usage	Residential and Commercial	\$2.46
Irrigation-Commercial	Tier One	0-35 units	\$1.64
	Tier Two	Over 35 units	\$2.58
Sewer Usage			
Res and Commercial	To 16 units		\$49.28
	Over 16 units		\$3.08
		Based on winter quarter use	
Storm Sewer			
		Based on residential equivalent units	\$20.56