

**CITY OF COLUMBUS COMMON COUNCIL
NOTICE OF PUBLIC MEETING
POTENTIAL QUORUM OF MEMBERS MAY BE PRESENT**

**JOINT MEETING – SEWER RATE STUDY
CITY OF COLUMBUS
VILLAGE OF FALL RIVER**

DATE: THURSDAY, JULY 7, 2016
TIME: 6:00 P.M.
LOCATION: CITY HALL, 105 N. DICKASON BLVD.

AGENDA:

- 1.) CALL TO ORDER
- 2.) DISCUSSION AND RECOMMENDATION ON THE PROPOSED SEWER RATE STUDY AND POTENTIAL CHANGES TO CURRENT SEWER RATE FEES.

Notice: It is possible that members of and possibly a quorum of members of other governmental bodies may be in attendance at the above stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice.

MEMORANDUM

June 30, 2016

TO: Patrick Vander Sanden, Administrator
FROM: Kim Manley, Finance Director/Treasurer
SUBJECT: 2016 Sewer Utility Rate Study

In light of the upcoming meeting I'd contacted Dan LaHaye, CPA/Manager, from Baker Tilly to help with some of the potential talking points for the upcoming meeting. Attached you'll find the following:

Summary of Cost of Service – Fall River (Revised)

This summary of costs has been redone to be allocated based on an averaged number of gallons vs the forecasted number of gallons.

Summary of Cost of Service – Fall River (Original)

The original schedule from the rate study based on forecasted gallons.

City of Columbus Users – Monthly Bill Comparison (Revised)

This has been updated to reflect the impact on City users if the Village of Fall River is calculated using the averaged number of gallons for Fall River not forecasted as originally shown in the rate study. It increases the City customers-users proposed rate increase.

City of Columbus Users – Monthly Bill Comparison (Original)

This is the original schedule provided within the rate study showing the proposed rate increase for City users with the Village of Fall River based on forecasted gallons not averaged.

Village of Fall River – Monthly Bill Comparison

This schedule was created by myself using the same structure as the schedule shown within the rate study to show the impact of the proposed increase currently shown in the report to Fall River customers. Used *only* for a comparison purpose to give all an idea of the impact of the rate increase – same number of gallons used as in the original schedule found in the rate study, etc. to compare equal numbers to equal numbers. (The fixed rates shown are taken from the Village of Fall River Sewer Utility pamphlet found on the Village's website. Fixed rates are not the same in every community.)

Summary of Fall River Fees – Per Gallon & Operating/Maintenance

Per the intergovernmental agreement the Village has two components to its rate – one is the rate per 1,000 gallons and the other is the operating and maintenance costs broken down to be a rate per 1,000 gallons.

- a.) Based on Forecasted Gallons. Shows the increases as of \$.12 per gallon for the operating and maintenance and \$.38 for the per 1,000 gallon charge.
- b.) Based on Averaged Gallons. Shows the increases as of \$.11 per gallon for the operating and maintenance and \$.38 for the per 1,000 gallon charge.

**SUMMARY OF COST OF SERVICES
AVERAGED GALLONS USED**

Schedule 11B

COLUMBUS SEWER UTILITY

Summary of Cost of Service
Fall River Rate Analysis
Forecasted 2016

This schedule provides an update for current forecasted costs to the analysis of the agreed upon rates as outlined in Exhibit C of the intergovernmental agreement with Fall River.

	Forecasted 2016 Costs
Operation and maintenance expenses	\$ 94,200
Administrative and general expenses	28,900
Treatment plant replacement fund	27,400 (A)
Allocated costs	<u>\$ 150,500</u>
Forecasted 2016 gallons (000)	<u>63,000</u>
Cost per 1,000 gallons:	<u>\$ 2.39</u>

(A) - Fall River's portion of the treatment plant replacement fund was allocated based on the method used in Exhibit C in the intergovernmental agreement.

**SUMMARY OF COST OF SERVICES
FORECASTED GALLONS USED**

Schedule 11B

COLUMBUS SEWER UTILITY

Summary of Cost of Service
Fall River Rate Analysis
Forecasted 2016

This schedule provides an update for current forecasted costs to the analysis of the agreed upon rates as outlined in Exhibit C of the intergovernmental agreement with Fall River.

	Forecasted 2016 Costs
Operation and maintenance expenses	\$ 107,200
Administrative and general expenses	32,900
Treatment plant replacement fund	<u>31,200 (A)</u>
Allocated costs	<u>\$ 171,300</u>
Forecasted 2016 gallons (000)	<u>71,700</u>
Cost per 1,000 gallons:	<u>\$ 2.39</u>

(A) - Fall River's portion of the treatment plant replacement fund was allocated based on the method used in Exhibit C in the intergovernmental agreement.

**SCHEDULE SHOWING CHANGE IN
CITY OF COLUMBUS USERS -
AVERAGED FALL RIVER GALLONS**

COLUMBUS SEWER UTILITY
Monthly Bill Comparison
Forecasted 2016

Schedule 17

Customer	Meter (CCF)	Volume	PRESENT CHARGE			COST BASED CHARGE			CHANGE CURRENT TO COST BASED	
			Volume	Fixed	Total	Volume	Fixed	Total	\$	%
Residential	5/8"	3	\$16.08	\$15.60	\$31.68	\$16.74	\$15.90	\$32.64	\$0.96	3.03%
Residential (Average)*	5/8"	4	21.44	15.60	37.04	22.32	15.90	38.22	\$1.18	3.19%
Residential	5/8"	7	37.52	15.60	53.12	39.06	15.90	54.96	\$1.84	3.46%
Commercial	5/8"	10	53.60	15.60	69.20	55.80	15.90	71.70	\$2.50	3.61%
Commercial (Average)*	5/8"	15	80.40	15.60	96.00	83.70	15.90	99.60	\$3.60	3.75%
Commercial	1-1/2"	30	160.80	26.00	186.80	167.40	29.00	196.40	\$9.60	5.14%
Industrial (Average)*	1-1/2"	47	254.92	26.00	277.92	262.26	29.00	291.26	\$13.34	4.80%
Public Authority (Average)*	2"	11	58.96	34.00	92.96	61.38	39.00	100.38	\$7.42	7.98%
High School	4"	107	573.52	80.00	653.52	597.06	96.00	693.06	\$39.54	6.05%

* - Average monthly volume amounts were obtained from Schedule 2A.

Please refer to Accountants' Report, Summary of Significant Assumptions, and Summary of Significant Accounting Policies.

**ORIGINAL SCHEDULE WITH CHANGE
FOR CITY OF COLUMBUS USERS**

COLUMBUS SEWER UTILITY
Monthly Bill Comparison
Forecasted 2016

Customer	Meter	Volume (CCF)	PRESENT CHARGE			COST BASED CHARGE			CHANGE CURRENT TO COST BASED	
			Volume	Fixed	Total	Volume	Fixed	Total	\$	%
Residential	5/8"	3	\$16.08	\$15.60	\$31.68	\$16.38	\$15.70	\$32.08	\$0.40	1.26%
Residential (Average)*	5/8"	4	21.44	15.60	37.04	\$21.84	15.70	37.54	\$0.50	1.35%
Residential	5/8"	7	37.52	15.60	53.12	\$38.22	15.70	53.92	\$0.80	1.51%
Commercial	5/8"	10	53.60	15.60	69.20	\$54.60	15.70	70.30	\$1.10	1.59%
Commercial (Average)*	5/8"	15	80.40	15.60	96.00	\$81.90	15.70	97.60	\$1.60	1.67%
Commercial	1-1/2"	30	160.80	26.00	186.80	\$163.80	29.00	192.80	\$6.00	3.21%
Industrial (Average)*	1-1/2"	47	251.92	26.00	277.92	\$256.62	29.00	285.62	\$7.70	2.77%
Public Authority (Average)*	2"	11	58.96	34.00	92.96	\$60.06	39.00	99.06	\$6.10	6.56%
High School	4"	107	573.52	80.00	653.52	\$584.22	95.00	679.22	\$25.70	3.93%

* - Average monthly volume amounts were obtained from Schedule 2A.

Please refer to Accountants' Report, Summary of Significant Assumptions, and Summary of Significant Accounting Policies.

VILLAGE OF FALL RIVER
CHANGES IN CUSTOMER BILLINGS BASED ON STUDY
FALL RIVER USERS
SAMPLE OF RATE INCREASE FOR

ESTIMATED IMPACT OF PROPOSED RATE INCREASE OF \$.50 PER 1,000 GALLONS USED				PRESENT CHARGES FOR SERVICE				PROPOSED CHARGES FOR SERVICE				S of Increase:	%:
CUSTOMER TYPE:	Meter:	Volume:	Fixed:	Total:	Volume:	Fixed:	Total:	Volume:	Fixed:	Total:			
Residential													
3,000 gallons	5/8"	\$20.88	\$32.44	\$53.32	\$22.38	\$32.44	\$54.82	\$1.50					2.813%
4,000 gallons (average)	5/8"	\$27.84	\$32.44	\$60.28	\$29.84	\$32.44	\$62.28	\$2.00					3.318%
Commercial													
10,000 gallons	5/8"	\$69.60	\$32.44	\$102.04	\$74.60	\$32.44	\$107.04	\$5.00					4.900%
15,000 gallons (average)	5/8"	\$104.40	\$32.44	\$136.84	\$111.90	\$32.44	\$144.34	\$7.50					5.481%
30,000 gallons	1 1/2"	\$208.80	\$162.21	\$371.01	\$223.80	\$162.21	\$386.01	\$15.00					4.043%
Industrial													
47,000 gallons (average)	1 1/2"	\$327.12	\$162.21	\$489.33	\$350.62	\$162.21	\$512.83	\$23.50					4.802%
Public Authority													
11,000 gallons (average)	2"	\$76.56	\$259.53	\$336.09	\$82.06	\$259.53	\$341.59	\$5.50					1.636%
High School													
107,000 (average)	4"	\$744.72	\$811.03	\$1,555.75	\$798.22	\$811.03	\$1,609.25	\$53.50					3.439%

*AVERAGE gallons matches the rate study examples used for the City of Columbus customer types.

BASED ON FORECASTED GALLONS

Summary of Fall River ERF Portion of Rate	Source	O&M Rate Summary	Source
ERF Funding Requirement Total	147,900 Per Schedule 15 of rate study	Forecasted O&M Expense	107,200 Per Schedule 3 of rate study
Less Items not applicable to Fall River	(12,294) Per John N on Schedule 15	Forecasted A&G Expense	32,900 Per Schedule 3 of rate study
Revised ERF Funding Requirement	135,606	Total Forecasted costs	140,100
O&M Percentage	23.00% Per Schedule 3 of rate study	Forecasted 2016 gallons	71,700 Per schedule 11b of rate study
ERF Allocated to FR (rounded)	31,200 Per schedule 11b of rate study	O&M Rate	\$ 1.95
Forecasted 2016 gallons	71,700 Per schedule 11b of rate study	Existing O&M rate	\$ 1.57 Per Exhibit C of FR agreement
Rate associated with ERF	\$ 0.44 per 1,000 gallons	Change	\$ 0.38
Existing rate associated with ERF	\$ 0.32 Per Exhibit C of FR agreement	Total forecasted rate	\$ 2.39 Per schedule 11b of rate study
Change	\$ 0.12	Total existing rate	\$ 1.89 Per Exhibit C of FR agreement

BASED ON AVERAGED GALLONS

Summary of Fall River ERF Portion of Rate	Source	O&M Rate Summary	Source
ERF Funding Requirement Total	147,900 Per Schedule 15 of rate study	Forecasted O&M Expense	94,200 Per Revised Draft Schedule 3
Less Items not applicable to Fall River	(12,294) Per John N on Schedule 15	Forecasted A&G Expense	28,900 Per Revised Draft Schedule 3
Revised ERF Funding Requirement	135,606	Total Forecasted costs	123,100
O&M Percentage	20.21% Per Revised Draft Schedule 3	Forecasted 2016 gallons	63,000 Per Revised Draft Schedule 11b
ERF Allocated to FR (rounded)	27,400 Per Revised Draft Schedule 11b	O&M Rate	\$ 1.95
Forecasted 2016 gallons	63,000 Per Revised Draft Schedule 11b	Existing O&M rate	\$ 1.57 Per Exhibit C of FR agreement
Rate associated with ERF	\$ 0.43 per 1,000 gallons	Change	\$ 0.38
Existing rate associated with ERF	\$ 0.32 Per Exhibit C of FR agreement	Total forecasted rate	\$ 2.39 Per Revised Draft Schedule 11b
Change	\$ 0.11	Total existing rate	\$ 1.89 Per Exhibit C of FR agreement

**BREAKDOWN OF RATE INCREASE BY:
FORECASTED
AVERAGED**

DETAILED OPERATION & MAINTENANCE
EXPENSES
AVERAGED GALLONS USED

COLUMBUS SEWER UTILITY
Detailed Operation and Maintenance Expenses
Actual 2012 - Budgeted 2016

Schedule 3

	Actual				Forecasted 2015	Budgeted 2016		City of Columbus		Allocation	
	2012	2013	2014	2015				City of Columbus	Elbera Sanitary District	Fall River	
Operating Expenses											
Supervision and labor	\$ 51,899	39,261	55,648	\$ 52,265	\$ 66,250	(A)	\$ 53,728	\$ 726	\$ 13,796		
Employee pensions & benefits	20,295	21,923	21,923	21,845	34,411	(A)	27,089	366	6,956		
Power and fuel for pumping equipment	12,847	11,212	13,942	18,027	22,000	(A)	17,318	234	4,447		
Power and fuel for aeration equipment	91,750	85,481	76,490	84,590	85,000	(A)	66,914	904	17,181		
Chlorine	20,000	22,227	25,209	22,825	30,000	(A)	23,616	319	6,064		
Transportations	-	5,780	6,088	6,088	6,000	(A)	4,723	64	1,213		
Other operating supplies & expense	20,372	18,631	39,043	20,242	28,250	(A)	22,239	300	5,710		
Total Operating Expenses	217,163	203,639	238,343	225,435	273,911		215,627	2,913	55,367		
Sludge Processing											
Operation - labor	7,987	8,000	9,463	8,512	15,400	(A)	12,123	164	3,113		
Employees pensions & benefits	3,002	3,421	3,563	3,553	7,784	(A)	6,128	83	1,573		
Repairs and maintenance	454	13,638	2,495	6,060	9,800	(A)	5,353	72	1,375		
Chemicals	6,853	4,455	4,976	4,976	6,000	(A)	4,723	64	1,213		
Total Sludge Processing	18,296	29,514	20,497	23,100	35,984		28,327	383	7,274		
Maintenance Expenses											
Maint. of sewage collection system	21,746	17,510	22,977	22,907	18,800	(A)	18,800	-	-		
Supervision and labor	8,095	8,684	9,045	8,098	9,499	(A)	9,499	-	-		
Employees pensions & benefits	24,613	88,073	6,998	148,446	98,000	(A)	98,000	-	-		
Other											
Maint. Of Pumping Equipment	6,243	5,035	7,27	6,540	5,200	(A)	5,200	-	-		
Supervision and labor	2,378	2,629	2,738	2,729	2,641	(A)	2,641	-	-		
Employees pensions & benefits	15,804	7,389	11,851	10,306	16,650	(A)	16,650	-	-		
Other											
Treatment and disposal equipment	67,598	55,159	99,565	65,460	46,100	(A)	36,292	490	9,318		
Supervision and labor	26,286	26,311	27,513	27,321	23,225	(A)	18,284	247	4,695		
Employees pensions & benefits	30,358	18,406	24,991	22,226	36,000	(A)	28,340	363	7,277		
Other											
Buildings and Grounds	9,622	9,236	10,923	9,826	17,100	(A)	13,462	182	3,457		
Supervision and labor	4,016	3,949	4,113	4,101	8,647	(A)	6,806	92	1,748		
Employees pensions & benefits	16,273	12,117	13,489	12,185	25,000	(A)	19,681	266	5,053		
Other	232,232	254,978	211,474	329,735	306,862		273,655	1,660	31,548		
Total Maintenance Expenses	50,012	59,096	72,075	69,990	72,000	(A)	72,000	-	-		
Billing, collecting and accounting	50,012	53,696	72,075	69,990	72,000		72,000	-	-		
Total Customer Accounts Expenses	50,012	53,696	72,075	69,990	72,000		72,000	-	-		
Total Operating Expenses before Administrative and General Expenses	\$ 688,757	\$ 589,609	\$ 4,956	\$ 94,189							

Please refer to Accountants' Report, Summary of Significant Assumptions, and Summary of Significant Accounting Policies.

COLUMBUS SEWER UTILITY
Detailed Operation and Maintenance Expenses
Actual 2012 - Budgeted 2016

Schedule 3 (cont.)

	Actual 2012	Actual 2013	Actual 2014	Forecasted 2015	Budgeted 2016	Allocation		
						City of Columbus	Elba Sanitary District	Fall River
Administrative and general salaries	\$ 34,268	\$ 43,090	\$ 72,866	\$ 59,025	\$ 62,775	\$ 53,738	\$ 452	\$ 8,585
Office supplies and expenses	1,003	1,440	1,785	1,961	3,600	3,082	26	492
Outside services	99,307	90,593	56,102	57,168	94,850	81,196	682	12,971
Insurance expense	18,803	25,000	21,880	19,000	19,980	17,104	144	2,732
Miscellaneous	695	1,490	1,662	750	1,500	1,285	11	205
Economic development contribution	17,940	19,000	8,333	10,000	10,000	8,560	72	1,368
Pensions and benefits	13,246	9,149	19,613	18,582	18,570	15,898	134	2,539
Total Admin. and General Expenses	185,262	189,762	182,241	167,286	211,275	180,863	1,521	28,892
Total Operation and Maint. Expenses	\$ 702,965	\$ 730,989	\$ 724,630	\$ 623,476	\$ 900,032	\$ 770,472	\$ 6,477	\$ 123,081

Volume Allocation Basis:

Forecasted 2016 - City (000 gallons) billed 107,992 (C)

Forecasted 2016 City Infiltration Inflow 137,366 (C)

Forecasted 2016 - Elba (000 gallons) 3,315 (F)

Forecasted 2016 - Fall River (000 gallons) 63,000 (C)

Forecasted 2016 - City (000 gallons) treated 311,673 (C)

(A) O&M and A&G expense amounts used are per the 2015/2016 Budget

(B) Administrative and general expenses are allocated based on the allocation of direct O&M expenses

(C) Forecasted volumes used are per November 2014 - October 2015 actual usage.

(D) O&M allocated to Fall River based on a percentage of gallons treated. Prior study percentage was 0.72%

(E) O&M allocated to Elba in prior study was 1.05%.

(F) Elba forecasted volume is determined using a 3 year average from 2012 - 2014, reduced by 5% for city customers passing through Elba flow meter.

Please refer to Accountants' Report, Summary of Significant Assumptions, and Summary of Significant Accounting Policies.