

**MINUTES
CITY OF LAUREL
CITY COUNCIL WORKSHOP
MONDAY, NOVEMBER 04, 2024**

A Council Workshop was held in Council Chambers and called to order by Mayor Dave Waggoner at 6:28 p.m. on November 4, 2024.

COUNCIL MEMBERS PRESENT:

<input checked="" type="checkbox"/> Tom Canape	<input checked="" type="checkbox"/> Heidi Sparks
<input checked="" type="checkbox"/> Michelle Mize	<input checked="" type="checkbox"/> Jessica Banks
<input checked="" type="checkbox"/> Casey Wheeler	<input checked="" type="checkbox"/> Irv Wilke
<input checked="" type="checkbox"/> Richard Klose	<input checked="" type="checkbox"/> Jodi Mackay

OTHERS PRESENT:

Brittney Harakal, Council Administrative Assistant
Michele Braukmann, Civil City Attorney
Kelly Strecker, Clerk/Treasurer
Matt Wheeler, Public Works Director

Public Input:

There were none.

General Items

Executive Review

1. Water and Sewer Rate Study Presentation

Todd Christiano with Raftelis presented the attached PowerPoint presentation.

It was questioned if capital projects are included in the proposed rate structure. It was clarified that this is correct. The anticipated capital projects are included in the proposed rate structure.

It was noted that the residential tier structure has customers who use over 20,000 gallons per month. It was questioned if those were indeed residential customers or if they were commercial customers. It was clarified that each customer type was analyzed individually. For residential customers 68% of users use under 5000 gallons each month. Only 6% of customers use over 20,000 monthly.

It was questioned how smoothly this implementation would go given another municipality nearby recent news coverage regarding their water rates. It was clarified that the City is only increasing its rates, it is not changing its billing system. It is anticipated that the implementation will be smooth. The anticipated effective date is January 10th.

It was questioned whether people are able to log in and check their usage during the month. It was clarified that anyone can read the meter located in their home. The last reading is listed on the utility bill. Customers can also call City Hall and have their meters read during the month.

A Council Member noted that they had a running toilet in their home that ran for 45 days. The toilet consumed roughly 2000 gallons of water. They reminded everyone that if you have a leak, get it fixed as soon as possible.

Council Issues

A Council Member noted their concern regarding the Mayor naming Mr. Markegard as Chief Administrative Officer. This Council Member requested a resolution be brought before Council next week.

Mayor Waggoner stated the matter would be brought before Council on November 19th and that this was an interim placement.

The American Legion will be doing a Veteran's Ceremony at 5:00 p.m. at their building located in Riverside Park. After the ceremony, there will be chili and cinnamon rolls.

The next Park Board meeting will be Thursday at 5:30 p.m. in Council Chambers.

Other Items

Attendance at Upcoming Council Meeting

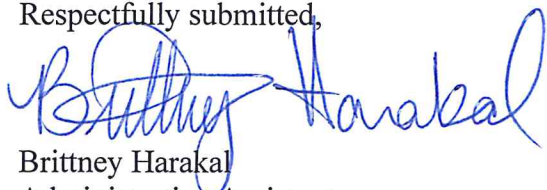
Council President Sparks will be absent from next week's meeting.

Announcements

There were no additional announcements.

The council workshop adjourned at 7:10 p.m.

Respectfully submitted,


Brittney Harakal
Administrative Assistant

NOTE: This meeting is open to the public. This meeting is for information and discussion of the Council for the listed workshop agenda items.

City of Laurel

Water and Wastewater Rate Study

November 5, 2024



Agenda



Study goals and objectives



Rate study process



Financial plan



Cost of service

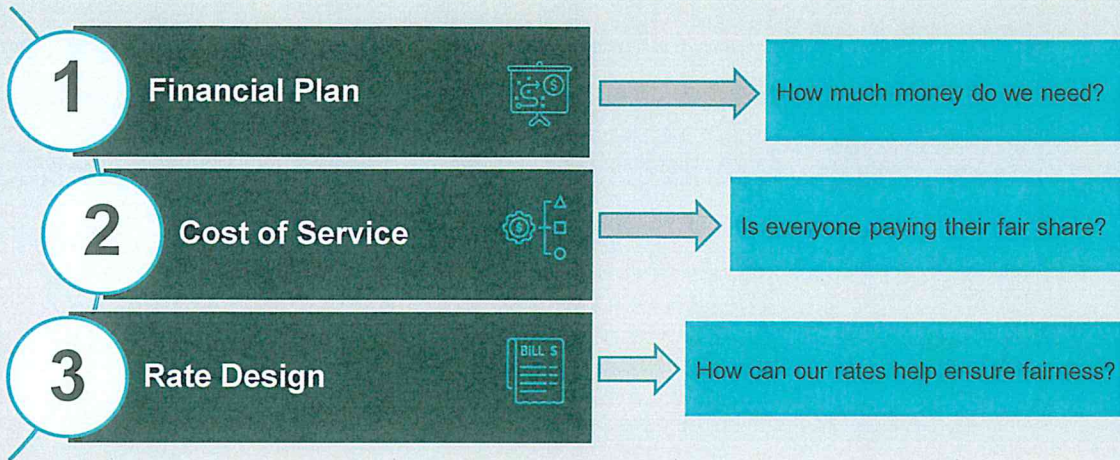


Rate design



Bill comparison/Utility survey

Rate study process



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**Starting with
the end.**



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Proposed typical water and wastewater monthly bill
Residential – 6,000 gal water, 3,000 gal wastewater
¾” Meter



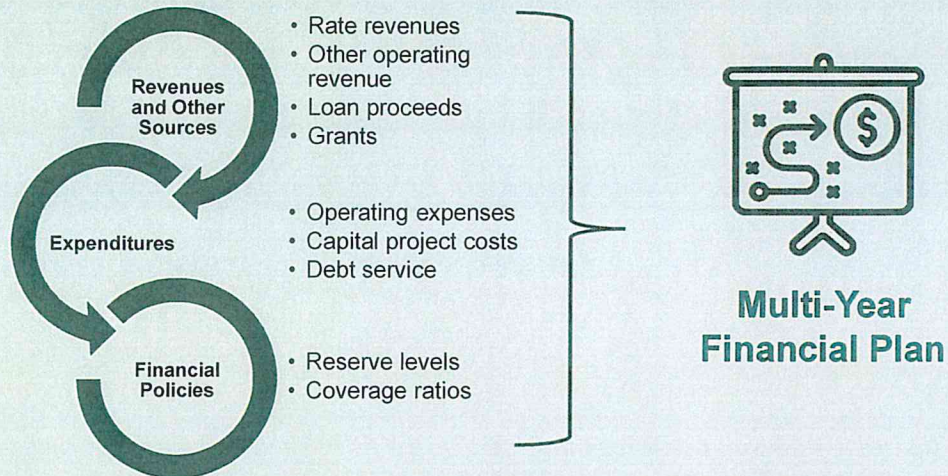
Financial Plan





Financial planning process

What is the revenue required to meet expenditures?



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Financial plan assumptions

Water Reserve Targets

- Operating reserve
- Capital reserve
- Bond reserves
- Water line, meter replacement, and deposit reserve
- Total annual reserve target: \$3.9 million

Wastewater Reserve Targets

- Operating reserve
- Capital reserve
- Bond reserves
- Total annual reserve target: \$2.7 million

Inflation Factors and Debt Service Coverage

- Operation and maintenance expense: 4.0%
- Capital: 4.5%
- Personnel Services: 4.5%
- Debt service coverage target: 1.20x debt service

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Capital projects

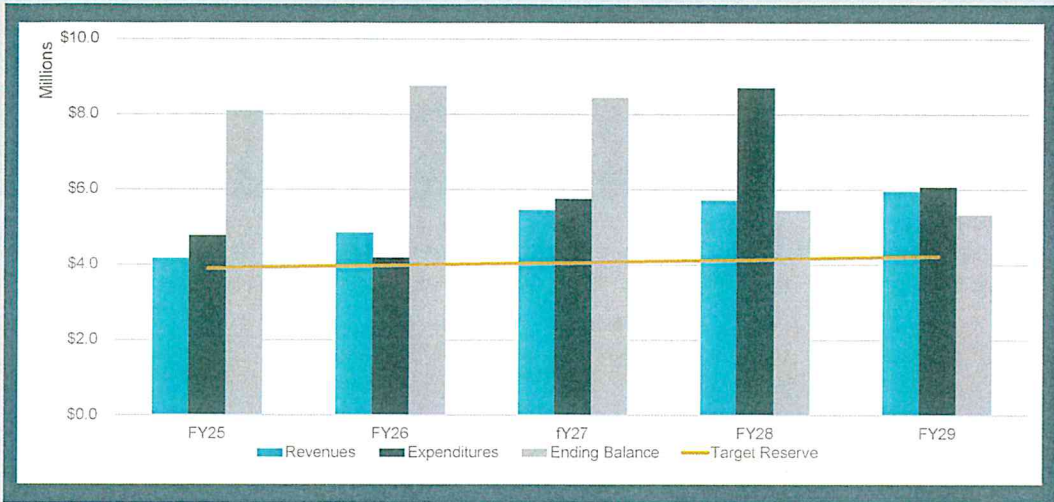
Water	<ul style="list-style-type: none"> • Capital project 1 – FY25 – West 7th St. Water • Capital project 2 – FY26 – Riverside Park • Capital project 3 – FY27 – New Water Tank • Capital project 4 – FY28 – Filters • Capital project 5 – FY28 – Tank Painting 	<ul style="list-style-type: none"> • \$650,000 • \$360,000 • \$18,675,000 • \$5,000,000 • \$800,000
	<ul style="list-style-type: none"> • Grants – Engineering of New Water Tank • Loans – Water Tank & Filters 	<ul style="list-style-type: none"> • \$2,075,000 • \$22,165,000

Wastewater	<ul style="list-style-type: none"> • Capital project 1 – FY25 – WW Plant Boilers • Capital project 2 – FY25 – Manhole Lining • Capital project 3 – FY26 – Clarifier Recoat • Capital project 4 – FY26 – System Repair 	<ul style="list-style-type: none"> • \$600,000 • \$350,000/yr • \$200,000 • \$TBD
	<ul style="list-style-type: none"> • Grants • Loans 	<ul style="list-style-type: none"> • \$0 • \$0

Water Financial Plan



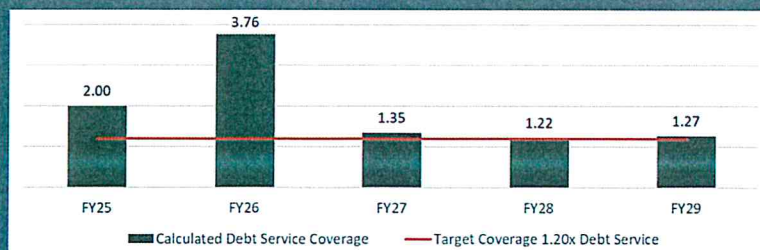
Water cash flow proforma



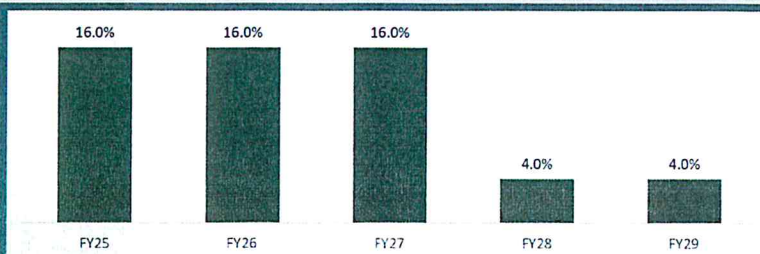
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Water operating cash flow financial metrics

Debt Service Coverage



Proposed Annual Rate Increases



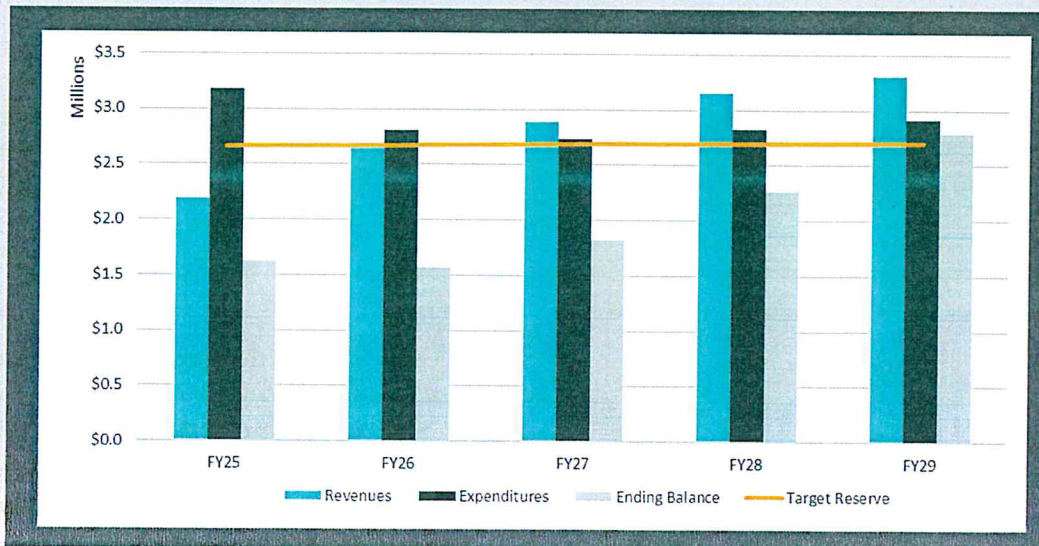
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Wastewater Financial Plan



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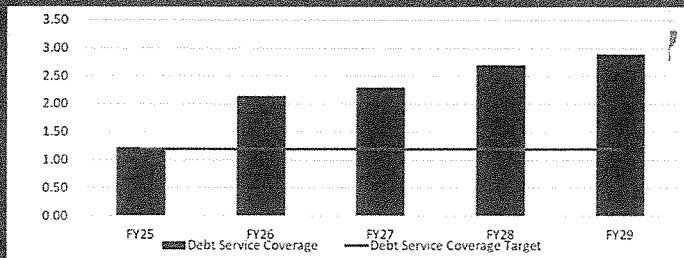
Wastewater cash flow proforma



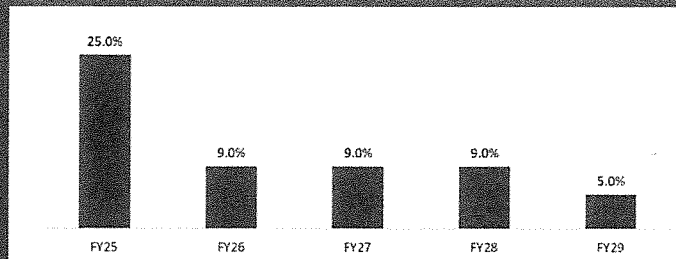
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Wastewater operating cash flow financial metrics

Debt Service Coverage



Proposed Annual Rate Increases



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Cost of Service



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What is a cost of service analysis?



- Determines amount of revenue to be recovered from each customer class
- Considers the number of customers and usage demands they impose on the system



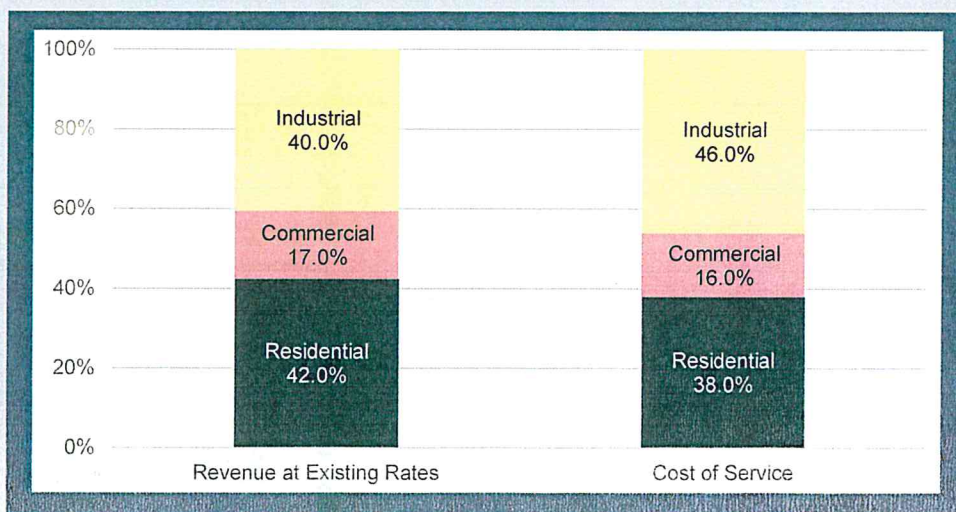
- Recognizes the different demand and customer characteristics of each class
 - Water
 - Average day demand
 - Peak demands
 - Number of customers
 - Number of meters by size
 - Sewer
 - Contributed flow
 - Wastewater strength



- Cost to provide service will vary by class

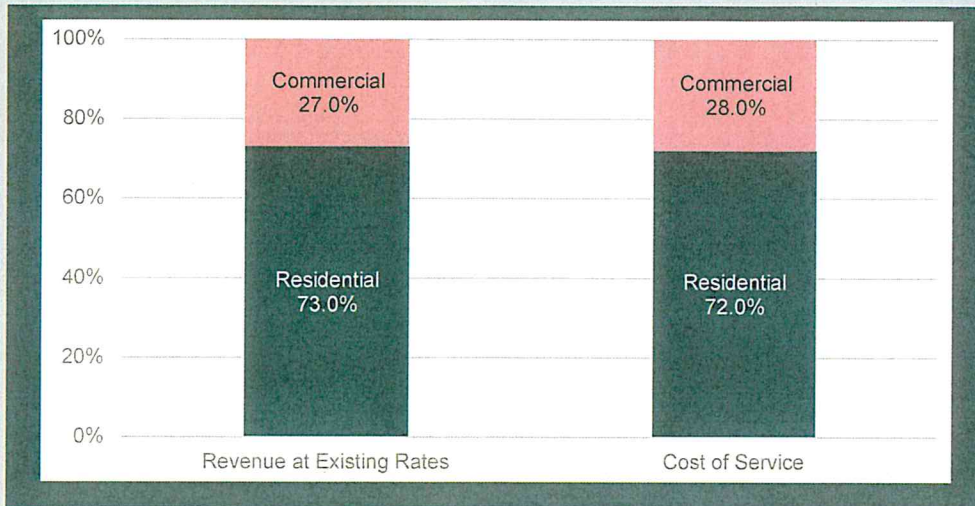
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Allocation of water utility costs to customer classes Existing and cost of service rates



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Allocation of wastewater utility costs to classes Existing and cost of service rates

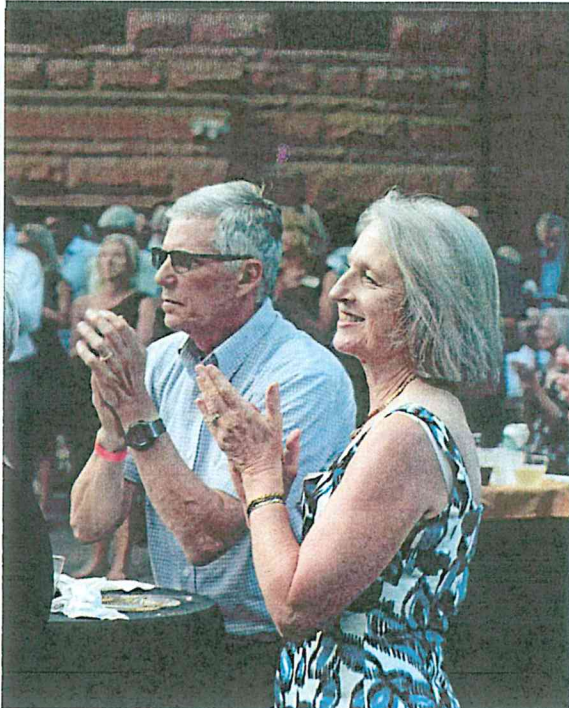


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Rate Design



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Pricing Objectives

A means of ensuring community values are reflected in the way costs of providing service are recovered.

Revenue Sufficiency

Defensibility

Required objectives



Costs covered & Financial health maintained



Legally compliant; defensible in court

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Common pricing objectives



Revenue stability



Essential use pricing



Cost recovery between classes



Customer understanding



Cost recovery within a class



Customer impact



Water conservation



Ease of administration/
implementation

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Water rates

Existing and proposed rate structure



Single Family



Comm/Ind

- Existing structure
 - Monthly minimum charge which varies by meter size
 - 1,000 gallons volume allowance
 - Capital charge which varies by meter size
 - Uniform volume rate same for all customer classes
- Proposed
 - Monthly base charge which varies by meter size
 - No volume allowance
 - Capital charge which varies by meter size
 - Residential volume rate: 4-tiered rate structure
 - Commercial, industrial, and irrigation volume rate: uniform rate

Water utility Existing and proposed rates

Monthly Minimum Charge/Base Charge, \$ per Bill		
Meter Size	Existing	Proposed
<i>Inches</i>		
3/4"	\$32.61	\$32.61
1"	\$56.11	\$56.11
1.25"	\$85.57	\$85.57
1.5"	\$121.86	\$121.86
2"	\$215.28	\$215.28
3"	\$478.86	\$478.86
4"	\$852.82	\$852.82
6"	\$1,915.49	\$1,915.49
10"	\$5,291.82	\$5,291.82

Includes capital charge of \$8.00 per EDU

Volume Rate, \$ per 1,000 gallons		
Threshold	Existing	Proposed
<u>Residential</u>		
First 1,000	\$0.00	\$2.17
Next 4,000	2.86	2.17
Next 5,000	2.86	2.71
Next 10,000	2.86	3.26
Over 20,000	2.86	4.34
<u>Commercial</u>		
First 1,000	\$0.00	\$3.27
Over 1,000	2.86	3.27
<u>Industrial</u>		
First 1,000	\$0.00	\$4.02
Over 1,000	2.86	4.02

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Wastewater utility Existing and proposed rate structures



Single Family



Comm/Ind

- Existing structure
 - Base charge varies by meter size
 - No volume allowance in base charge
 - Capital charge which varies by meter size
 - Uniform volume rate same for all customer classes
- Proposed structure
 - Monthly base charge which varies by meter size
 - No volume allowance
 - Capital charge which varies by meter size
 - Uniform rate for residential and commercial customers
 - Residential volume based on average winter consumption
 - Commercial billed on actual water usage

Wastewater utility Existing and proposed rates

Monthly Minimum Charge/Base Charge, \$ per Bill		
Meter Size	Existing	Proposed
<i>Inches</i>		
3/4"	\$29.24	\$29.24
1"	52.34	52.34
1.25"	81.29	81.29
1.5"	116.96	116.96
2"	208.77	208.77
3"	467.84	467.84
4"	835.39	835.39
6"	1,879.84	1,879.84
10"	5,198.29	5,198.29
Volume Rate, \$ per 1,000 Gallons		
	Existing	Proposed
All Usage	\$5.27	\$8.45

Includes capital charge of \$10.00 per EDU

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Typical water and wastewater monthly residential bills Indoor, average, and summer use



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Utility Surveys



Peer utility residential typical bill survey 3/4" meter; 6,000 gallons water usage, 3,000 wastewater





Thank you!

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303 305 1138 / tcristiano@raftelis.com