



City of Homer

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MEMORANDUM 13-073

TO: MAYOR WYTHE & HOMER CITY COUNCIL
FROM: WATER & SEWER RATE TASK FORCE
THRU: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I
DATE: APRIL 5, 2013
SUBJECT: PROPOSED WATER & SEWER RATES AND ADDITIONAL RECOMMENDATIONS

Attached is the Water & Sewer Rate Task Force's ("the Task Force") recommendation regarding the rate-setting model for the City of Homer Water & Sewer services. The Task Force was established in accordance with the provisions of Resolution 12-027(A), consisting of five City of Homer residents (Ken Castner, Bob Howard, Sharon Minsch, Lloyd Moore and Terry Yager) and two City Council members (Barbara Howard and Beth Wythe), appointed by Mayor James Hornaday through Memorandum 12-056. Subsequent to the original appointments, community member Terry Yager submitted his resignation from the Task Force and the seat remained unfilled for the duration of the review process. Also, following the October elections, Beth Wythe was authorized to continue on the Task Force through Resolution 12-094 following her election as Mayor. Barbara Howard resigned from the Task Force in November and was replaced by Council Member Beau Burgess through Memorandum 12-161(A). Copies of all Resolutions and Memoranda are included in the appendix of this report as supporting documentation.

Following the establishment of the Task Force the initial meeting was held May 9, 2012. At this meeting the Task Force established the framework for a meeting schedule for meeting the first and third Tuesday of each month; the first Tuesday being a work session and the third Tuesday being a regular meeting. Work sessions and meetings were scheduled in the conference room with the exception of public hearings which were held in the Council Chambers.. The schedule was adjusted from time-to-time to accommodate holidays and scheduling conflicts for members of the Task Force.

The initial meetings of the Task Force were primarily focused on determining the types and sources of information that would be required to allow the Task Force to more fully understand rate making concepts and the nature of the City of Homer's current rate design. This process included:

- Reviewing the 1991 Water and Wastewater Utilities Rate Study conducted by KPMG Peat Marwick.
- Reviewing the 1997 Utility Rate Study prepared by Montgomery Watson. Task Force Members Castner and Moore were participants in that rate study as well and were able to provide valuable insight into the resulting rate model which was successfully used by the City until recent history.
- Reviewing budget documents from several prior years, as well as more current information included in the proposed 2013 budget.
- Reviewing the areas served by the Water & Sewer Enterprise and discussions related to potential users that have a disproportionate impact on the existing infrastructure. These include the requirements of the system specific to providing fire hydrant services, commercial building sprinkler services, and the expense of delivering water to, and returning sewage from the Spit.
 - The requirements for certified staff and the staffing plan for the water and sewer treatment plants were reviewed, as was the allocation of other staff services to the Water & Sewer Enterprise.
 - The loss of large volumes of treated water as a result of dead-ended lines were a major concern and were considered regularly throughout the process as this appeared to be a substantial expense to the system as a whole.
 - Rates from other nearby communities were reviewed and the reasons for the difference in operating costs, as well as anticipated impacts of new regulations on these systems as compared to the Homer system, were discussed.
 - User data was reviewed to develop a sense of the “average” user, and again to develop a better understanding of the disproportionate users.
 - Staff provided an overview of both the water system from treatment to return, and the sewer system from return to treatment.
 - Fire protection expenses were also discussed periodically as a substantial contributor to the expense of the system that was not adequately or properly allocated.

Following the collection and review of this information the Task Force considered a variety of ratemaking formulas giving consideration to fairness and consumer satisfaction. The following rate evaluation illustration was provided in the American Water Works Association manual M54, Developing Rates for Small Systems (2004, p. 38).

OBJECTIVES	INCREASING RATE MODEL	UNIFORM RATE MODEL	SEASONAL RATE MODEL	FLAT RATE MODEL
FAIRNESS	High	Low	High	Low
CONSERVATION	High	Low	High	Low
EQUITY	High	Low	High	Low
COST OF SERVICE BASED	High	Low	High	Low
UNDERSTANDABLE	High	Low	High	Low
FEASIBLE	High	Low	High	Low
DEFENDABLE	High	Low	High	Low
REVENUE STABILITY	Low	High	Low	High
COST RECOVERY	High	High	High	High
LEGAL	High	High	High	Low



Upon considering the various rate design options, the Task Force determined that focusing its energy on designing a commodity based, uniform rate structure that considered expenses that were not directly related to the delivery of service to all consumers, such as system size due to fire hydrants, delivering water to the Spit, water used to flush dead-end lines, and water leakage in the harbor. The Task Force also considered extraordinary expenses on the sewer system including the impact of high biochemical oxygen demand (BOD) waste which increases the cost of waste processing and the requirement in some areas for lift-stations to deliver waste to the treatment plant.

The recommendations of this report are based on this information and result in a balanced budget for the Water & Sewer Enterprise Fund. The recommendations also provide a new rate model that will ensure the collection of the required funding into the future. Distributing the expense for the system more equitably based on a cost-causer, cost-payer is the foundation of the proposed rate model.

The recommendations of the Task Force include:

- Replacing the current rate model with the proposed commodity based model found on page A1-A4.
- Continue to periodically review the allocation of administrative and other overhead expenses to ensure they properly reflect the actual expenses being charged to water & sewer.
- Clearly delineate water and sewer rates, by location, in future budget documents (i.e., revenue from City facilities and related expense lines in Port & Harbor, Water & Sewer, and other administrative budgets.)

- Confirm that ALL City of Homer facilities receiving water and sewer services are being properly metered and billed.
- Consider alternatives for refreshing the water in deadened lines that does not result in the waste of large volumes of treated water.
- Renew the contract with Kachemak City and ensure that the rates adequately reflect the cost of this area on the system as a whole, including any added administrative expenses.
- Consider methods for rate-setting that will not allow political influences to result in the under collection of rates in the future.

While this review may not have fully exhausted the rate design possibilities available to a rates consulting firm, it is the belief of the Task Force that the information and recommendations found in this report have met the fundamental review requirements that the Task Force was requested to consider in the development of their recommendations.

Respectfully submitted,

HOMER WATER & SEWER TASK FORCE

Chair: Beth Wythe

Vice Chair: Beauregard Burgess

Current Members: Ken Castner, Robert Howard, Sharon Minch, and Lloyd Moore

Water and Sewer Rate Review Proposed Water & Sewer Rate Model and Recommendations

Report of the Water & Sewer Rate Task Force

4/8/2013

Contributing Task Force Members Beauregard Burgess, Ken Castner, Barbara Howard, Terry Yager, Bob Howard, Sharon Minsch, Lloyd Moore, Beth Wythe

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INTRODUCTION:

The Water & Sewer Rate Task Force (the Task Force) was established in accordance with the provisions of Resolution 12-027(A), consisting of five City of Homer residents (Ken Castner, Bob Howard, Sharon Minsch, Lloyd Moore and Terry Yager) and two City Council members (Barbara Howard and Beth Wythe), appointed by Mayor James Hornaday through Memorandum 12-056. Subsequent to the original appointments, community member Terry Yager submitted his resignation from the Task Force and the seat remained unfilled for the duration of the review process. Also, following the October elections, Beth Wythe was authorized to continue on the Task Force through Resolution 12-094 following her election as Mayor. Barbara Howard resigned from the Task Force in November and was replaced by Council Member Beau Burgess through Memorandum 12-161(A). Copies of all Resolutions, Memoranda and information provided by Staff are included in the Appendices to this report; all reference materials accessed or reviewed have been cited as supporting documentation.

The City Council approved the creation of a Task Force after numerous public comments and complaints about the 2012 increase in Water & Sewer Rates and fees.

From the beginning, the Task Force resolved to reach decisions that were not colored by sentiment or popularity. The Task Force began its work of developing a recommendation for the City Council by considering who the benefactors were of the water and sewer systems. In addition to the residential and business customers there are large commercial users such as South Peninsula Hospital and the Port & Harbor. There are also incidental benefits that the system was designed to provide including providing both fire hydrants and sufficient water for buildings that house sprinkler fire suppression equipment. While the City Council will make the final decision regarding any rate changes, the Task Force has included recommendations for allocating the additional expenses related to these specifically identifiable cost centers in an equitable manner.

CURRENT RATE STRUCTURE:

Currently water and sewer rates differentiate between various water usage and sewage returns based on whether they are delivered to or derived from residential customers, or small or large commercial customers. The Task Force believes that a gallon of water or a gallon of waste should be of an equal base cost to all users, and when a class or location of users is found to be more costly, a surcharge should be added.

Public Works states that the size of the City's water system is primarily designed to handle the delivery volume required for the fire protection needs of the City. The current City contribution to the annual water budget does not fully reflect the attributed costs that should be recovered through "hydrant rents".

FAIR AND EQUITABLE RATES:

The Task Force believes the basic service charge for water and sewer customers should accurately reflect the cost of customer billing, banking and accounting expenses. Other system maintenance and treatment expenses should be billed in accordance with the customers' actual usage. There is an inherent fairness in charging all customers hooked into the system(s) the same rate for an indistinct commodity. A gallon of water is the same no matter what its use. A uniform rate lends itself to easy rate adjustments using calculations that are simple and transparent.

The Task Force identified costs associated with the water and sewer system that are derived from the population in general (fire protection, City owned buildings, public rest rooms, fish cleaning stations and support of other community facilities that use water in their day-to-day activities). These costs should be borne by the City as general fund expenses using the same tariff basis as any other user.

Fairness also requires that users that require services beyond the normal, or create additional costs, be charged for those expectations and/or costs. Two examples of the former would be those buildings with un-metered fire protection service lines and multi-unit complexes using a single meter. Two examples of the latter would be the additional cost of treating "hot" (high BOD) sewage and the costs of maintaining and powering the sewer lift stations. In order to address these non-standard users a small surcharge has been recommended.

SYSTEM REQUIREMENTS:

The water and sewer system in Homer has some unique characteristics that increase the cost of operations and maintenance. The first is the location of our water source and another is the elevation of many users relative to the sewer treatment plant.

Having water come from the top of the hill may at first appear to be a great asset since many water systems are challenged with pumping water to higher elevation customers. However, reducing the pressure in the delivery system as a result of the gravity fed nature of Homer's system presents its own costly challenges. The construction and maintenance of the pressure reducing valves that are required to safely deliver water into the system and then into the residences and businesses receiving services is a substantial contributor to the cost of Homer's water system over other similarly sized systems across the state.

In addition to these challenges, having a surface source of water increases the volume of treatment required to make the water potable. As a result, Homer has been required to maintain a state-of-the-art water treatment facility for years and has recently built a new treatment facility with the capacity to meet current and anticipated water quality standards for years to come.

The water delivery system has also been sized to provide adequate pressure and flows for a variety of special services including fire sprinkler systems and hydrants. Hydrants benefit all City property owners whether they are connected to the delivery system or not. Therefore the Task Force believes that a portion of the additional system costs related to system size should be shared by property owners independently from the rates charged to water and sewer customers.

There are many service locations on the sewer system that pass through elevations that will not allow for gravity to deliver sewage all the way to the sewer treatment plant. In order to provide service to these areas lift stations are required to pump sewage to a higher elevation in the system so it can continue to the treatment plant by gravity delivery. Just as the pressure reducing valves required on the water system create an additional maintenance expense, these lift stations create an additional maintenance expense for the sewer system. Unlike the pressure reducing stations that benefit all customers, the lift stations only provide benefit to those that are in areas where they are required. For this reason, the Task Force has included a nominal monthly fee to the billing for customers that live in areas served by lift stations.

DISPROPORTIONATE IMPACTS:

In addition to the above expenses specific to Homer's water delivery and sewer collection systems, other costs of operating the systems which the Task Force determined to be identifiable to specific users included:

High BOD waste; and water required for flushing dead-end lines

A nominal fee is recommended for the purposes of identifying the existence of high BOD waste contributors and to marginally off-set additional expenses related to treatment.

The water loss related to dead-end lines is considered a cost of the system in general and no fee was recommended in association with this impact.

Another potentially disproportionate impact that was identified but not quantifiable was the presence of facilities that have water delivered, but return sewage through the sewer without being billed.

OPTIONS FOR DISTRIBUTING COSTS TO CAUSERS:

The proposed rate model provides a spreadsheet for the calculation of water rates independent of the spreadsheet for calculating sewer rates, although the proposed structure continues the practice of billing sewage based on water usage. The singular exemption to this was in reducing the volume of projected sewage from the Spit due to the large volume of water used at the Port that is not returned as sewage.

When reviewing the proposed water model you will observe first that the model begins with the required revenue in mind. The required revenue is then reduced by a variety of alternative revenue sources including:

- Service fees (finance fees/number of customers)
- Hydrant Rents (10% of required water system revenues)
- Sprinkler Differential (\$5/month/identified user)
- Surplus (Bulk) Water sales (estimated sales X \$0.004)
- Dwelling Fees (\$5/month/business or residence)

This identifies the amount of revenues that need to be collected through the commodity (usage) rates. In the projection provided, consideration is also given for the potential reduction in water use that may result from the commodity based fee schedule (conservation).

Using this model, rate reductions are as easy as updating the "Total Water Revenue Requirements", the "Metered Sales Projections"; the "Number of Meters"; and the "Finance Department O/H" cells. Updating these cells will generate the "Water Rate" which is the commodity fee, and the "Metered Service Fee" which is rounded up to the next highest dollar amount and becomes the monthly base rate for water services.

The use and maintenance of the proposed sewer rates is very similar. Beginning with the projected annual revenue assumption reduced by:

Lift Station Charge (lift station maintenance costs/users);
High BOD fees (\$10/month/identified user);
Multi-residential facility & Kachemak City fees (\$5/month/identified facility);
Kachemak City Fees (less pumping);
Dumping Station Fees; and
Water Only Meters (no septic returned).

Resulting in the total revenue required through rates. Rates are allocated based on historic usage allocated to those meters that are in sewer return areas that require a lift station and those that are not to generate two rates; Non-lift zone customers – sewer rate/gal, and Lift Station Zones – Sewer Rate/gal.

Again, with the adjustment of the key cells, new rate projections become simple.

CRITERIA FOR EVALUATING THE SOLUTIONS:

Because the primary complaint regarding the current rate structure has consistently been the perception of unfairly allocating costs, the Task Force was assigned the responsibility of reviewing the current rate model and recommending new rates for the 2013 rates review process. Through reviewing not only the current rate model, but also the components of the water and sewer system and identifying not only the billed users, but also others that benefit from the system, the Task Force believes that the proposed commodity based, uniform rate structure provides the most fair distribution of the expenses for operations and maintenance of the water and sewer system.

In addition to the current rate model that is “class” based, with a large base rate, the Task Force considered rate structures designed to encourage conservation (increasing rates when usage increased); structures that encouraged usage (reduced rates as usage increased); and rates that were fully commodity based (a flat fee per gallon, regardless of base expenses and extraordinary expenses). Ultimately, it was determined that the proposed rate model would best meet the test of “fairness”.

By distributing the administrative costs of billing between all customers and then charging the same rate per delivered gallon of water, water users can take control of their bill and no customer is subsidizing the use of another customer. By separating expenses related to making water available for non-standard uses such as fire protection and bulk water sales the model removes subsidies. Customers are merely being charged for the service they are receiving.

Similarly, on the sewer side subsidies are being removed by allocating extraordinary expenses related to lift stations and high BOD waste to the users that benefit from them, and multi-family dwellings are contributing proportionally to the cost of maintaining a larger system to accommodate sewage generated by more than one customer using the same metering system.

OTHER CONSIDERATIONS:

In developing the proposed rate structure, the Task Force accepted the costs that had been promulgated by the City Administration and approved by the City Council.

Eighty percent of the combined budgets are costs necessary for the treatment and delivery of water for the City and its customers, together with the cost of collection and treatment of the produced effluent. The remainder is the allocated cost of administrative service. The decision as to the size and appropriateness of that allocation, and the decision to use City employees to provide those services, rests with the City Council.

The Task Force does not believe that the proposed rate model will resolve all of the complaints regarding fairness in the allocation of the expenses for maintenance and operation of the water and sewer program, but we do feel that the concerns identified and those brought before us through public comment have been appropriately addressed through this model. Additionally, the model provides an ease of administration and future rate setting that if properly applied will help the City continue to adequately fund the program for years to come.

CONCLUSIONS:

In conclusion the Task Force is pleased to provide the City Council with the following recommendations with the anticipation of improved rate stability in the water and sewer program.

- Replacing the current rate model with the proposed commodity based model found on page A-1 - A-4.
- Continue to periodically review the allocation of administrative and other overhead expenses to ensure they properly reflect the actual expenses being charged to Water & Sewer.
- Clearly delineate water and sewer rates, by location, in future budget documents (i.e., revenue from City facilities and related expense lines in Port & Harbor, Water & Sewer, and other administrative budgets.)
- Confirm that ALL City of Homer facilities receiving water and sewer services are being properly metered and billed.
- Consider alternatives for refreshing the water in dead-end lines that does not result in the waste of large volumes of treated water.
- Renew the contract with Kachemak City and ensure that the rates adequately reflect the cost of this area on the system as a whole, including any added administrative expenses.
- Conduct rate-setting in a manner that will not allow political influences to result in the under collection of rates in the future.
- Establish a periodic meter inspection program to ensure that all meters are properly installed and reading.
- Customer/Tenant Fees as applied within the proposed rate model for Water and Sewer are defined as apartments, rental units, or multi-unit buildings where each unit has one or more restrooms. This fee applies to all units whether commercial or residential that is intended to be rented on a monthly basis or longer, excluding public or shared restroom facilities.

APPENDICES

Appendix A – Creation of the Task Force

- Resolution 12-027(A), Establishing a Water & Sewer Rate Task Force
- Resolution 12-094, Amending Resolution 12-027(A), The Composition of the Water and Sewer Rate Task Force to Allow Mayor Wythe to Continue to Serve
- Memorandum 12-161, Appointing of Councilmember Burgess to the Water & Sewer Rate Task Force

Appendix B – City of Homer Water & Sewer Rates

- Resolution 11-094(S), Maintaining the City of Homer Fee Schedule at the Current Rates and Amending Customer Classifications in the Water & Sewer Rate Schedules
- Ordinance 11-43, Amending HCC 14.08.037, Water Meters Regarding Number of Meters Per Lot
- Resolution 11-062(A) Maintaining the City of Homer Fee Schedule Under Water and Sewer Fees.

Appendix C - Budgets

- 2012 Operating Budget Water & Sewer
- City of Homer 2012 Operating Budget Fund 200 – Water & Sewer Special Revenue Fund
- Fund 400 - Water Fund Administration, Fund 400 Water & Fund 500 Sewer Fund Revenues
- City of Homer Year End 2011 Utility Special Revenue Fund 2011 Balance Sheet
- Year to Date figures Water & Sewer June 2012
- Year to Date figures Water & Sewer August 2012

Appendix D – Classifications & Sample Invoices

- Classifications & Average Monthly Usage for 2011
- Actual Random Sample Invoices depicting various gallonage used for comparison

Appendix E – Fire Protection, Flushing, Water Treatment Plant, Depreciation, Meter Sizes, Maps

- How Fire Protection Affects the Water System – Public Works
- Flushing Fire Hydrants & Water Mains- Public Works
- Water Treatment Plant Flows in Millions of Gallons – Public Works
- Depreciation Reserves Requirements and 2012 Depreciation Reserves – Water & Sewer – Finance Dept
- Maps Indicating Lift Station Locations and Areas Served – Public Works
- Number of Gallons of Water delivered to the Spit Annually – Public Works
- Staff Response to Questions regarding Staff time to produce Invoice – Finance Dept.
- Staff response to Questions regarding How Budget Numbers are calculated – Finance Dept.
- Staff Response to Number of Meeting Sizes - Meter Sizes & Number of Each Size – Public Works
- Staff Response to Question regarding Gallonage Used in the Harbor – Public Works

Appendix F – Spit Surcharges

- Resolution 04-94(S) (A), Amending Homer Fee Schedule Regarding Water Rates
- Resolution 04-95, Amending Homer Fee Schedule Regarding Sewer Rates
- Excerpt from City Council Minutes, 2004, regarding Resolution 04-94(S) & Resolution 04-95
- Resolution 05-121(A), Amending the City of Homer Fee Schedule Regarding Water Rates
- Resolution 05-122, Amending the City of Homer Fee Schedule Regarding Sewer Rates
- Staff Response Analysis on Proposed Spit Surcharge – Public Works

Appendix G – Public Written Comments

REFERENCES AND RESOURCES

Rate Setting for Small Water Systems, Texas Cooperative Extension Service, Texas A & M University System
Excerpt from Basic Guide to Water Rates, www.lwua.gov.ph/water_rates_08/rates_two.html
Chart Table 2-1 Annual Funds Required – Unknown Source
Anchorage Water & Sewer Rates 2012 www.awwu.biz/website/Customer_Service/water_tariff13-2.htm
Intergovernmental Agreement for Kachemak /Homer Wastewater System between Kachemak City and City of Homer, dated August 10, 1988
KPMG Peat Marwick, Water and Wastewater Utilities Rate Study, February 11, 1991
Montgomery Watson, Utility Rate Study, August 11, 1997
City of Homer 2000 Rate Model Matrix – Water & Sewer 2008 Rates Analysis Water & Sewer Enterprise Fund
City of Kenai Water & Sewer Rate Study Prepared by Kurt Playstead, CH2M HILL, February 7, 2011
M54: Developing Rates for Small Systems, the American Water Works Association, Copyright 2004
City of Soldotna Water & Sewer Rate Study Prepared by HDR Engineering (No date)

City of Homer Water and Sewer Rate Study Draft Rate Model
April 5, 2013
PROPOSED WATER RATES

Revenue Assumptions (dollars):		Source:	
1	Total Water Revenue Requirements (2014)=	1,890,265	Annual Budget
2	Deduct Portion Collected through Service Fee=	310,077	Annual Budget
3	Hydrant Rents (10% of E6) =	189,027	Annual Budget
4	Sprinkler Differential (20 buildings - \$5/mo)=	1,200	Building Customer
5	Surplus Water Sales (Bulk) surcharge only =	92,290	Bulk Sales
6	Adjusted Revenue Requirements =	1,297,672	Calculated
Usage Assumptions (gallons):			
7	Metered Sales Projection (gallons) =	125,000,000	Prior Year
8	6.5% Commodity Reduction due to Conservation =	8,125,000	Number to be tested
9	Adjusted Sales Projection (gallons) =	116,875,000	Calculated
Informational:			
10	Spit Water Sales =	17,921,000	Prior Year
11	Surplus (Bulk) Water Sales =	23,072,500	Prior Year
12	Number of Meters =	1,472	Prior Year
13	City Hall Finance Department O/H=	775,192	Annual Budget
14	Public Facilities Water Usage (value)=	134,904	Annual Budget
All Customers	Water Rate Per Gallon	Metered Service Fee	
15	0.0111	\$18	Round up to Next \$
16	Bulk Water = .015/gallon		

City of Homer Water and Sewer Rate Study Draft Rate Model

April 5, 2013

PROPOSED SEWER RATES

Revenue Assumptions (dollars)		Source:	
1	2014 Total Revenue Requirement=	1,680,279	Annual Budget
2	Sewer Differential (.86*84% of Lift Stations) =	181,915	All Lift Station Users
3	High BOD Generator Sewage Differential (\$10/mo) =	5,760	New Fee
4	Customer Fee Kachemak City/Tenant Fee (\$5/mo) =	53,160	Reduced Fee
5	Kachemak City Fees (less pumping) =	81,270	Prior Year
6	Dumping Station Fees	10,500	Prior Year
7	Summer Metered Gallons (Septic Reduction) =	(400.00)	From Accounting
8	Adjusted Revenue Requirements=	1,348,074	
Usage Assumptions (gallons):			
9	Discharge Sales Projection (gross metered) =	125,000,000	Water Sales
10	6.5% Commodity Reduction due to Conservation =	(8,125,000)	
11	Metered Spit w/o entering Treatment Line=	(9,150,000)	
12	Adjusted Discharge Sales Projection =	107,725,000	
Informational			
13	Spit Sewer Discharge (gallons)=	7,225,000	Prior Year
14	Lift Station Costs=	181,915	Annual Budget
15	Single Connection Multi-Tenant Units=	886	Prior Year
16	Public Facilities Contribution =	46,918	Annual Budget
17	Number of High BOD Generators Sewage=	48	From Page 2
18	Dumping Station Fees =	10,500	Annual Budget
19	Lift Station Gallons=	46944000.0	PW Annual Pumping Rates Est
NON-Lift Zone Customers - Sewer Rate /gal			
20	0.013		
** Lift Station Zones - Sewer Rate /gal			
21	0.016		

High B.O.D Users

Restaurants	24
Hotels w/ Rest & Hosp	4
Clubs, Seniors, Schools	12
Laundromats	3
Car Wash	2
Service Stations	3

Total High BOD Generators 48

Type of User	\$18/mo Service Fee	1.11¢ gal Water Fee	1.5¢ gal Bulk Water	1.3¢ gal Sewer Fee Non-Lift Station	1.6¢ gal Sewer Fee Lift Station	\$5/mo Customer /Tenant Fee	\$10/month BOD Fee	\$5/mo Fire Demand
BASE FEES:								
Bulk Water Purchaser			✓					
Residential/ Commercial *	✓	✓		✓				
Residential/Commercial - Lift Zones	✓	✓			✓			
Residential/Com - Kachemak City						✓		
ADDITIONAL FEES:								
Commercial/Institutional Kitchens							✓	
Multi-unit Customer Fee**						✓		
Car Washes							✓	
Hotels/Motels							✓	
Processing Facilities							✓	
Campground/RV Parks							✓	
Laundromat							✓	
Service Stations							✓	
Buildings w/ Sprinkler Systems								✓
* Includes: B & B's Businesses Churches w/o DEC Kitchens Cocktail Lounges Groceries w/o DEC Kitchens Private Club w/o DEC Kitchens Public Authority w/o DEC Kitchens				** Includes: Apartment/Housing Complexes Malls & Other Multi-unit Commercial Trailer Parks on Shared Meter(s)				

CITY OF HOMER, ALASKA

Utility Special Revenue Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended December 31, 2012

	Utility Operations	HAWSP Debt Service	Utility Capital Projects	Utility Reserves	Total Utility Fund
Revenues:					
Sales tax	\$ -	1,174,683	-	-	1,174,683
Intergovernmental:					
Capital grants	-	-	46,370	-	46,370
State of Alaska PERS relief	130,004	-	-	-	130,004
Total intergovernmental	130,004	-	46,370	-	176,374
Charges for services:					
Water charges and connection fees	1,717,259	-	-	-	1,717,259
Sewer charges and connection fees	1,552,816	-	-	-	1,552,816
Total charges for services	3,270,075	-	-	-	3,270,075
Water and sewer special assessments	-	262,591	-	-	262,591
Other	-	-	-	10,900	10,900
Total revenues	3,400,079	1,437,274	46,370	10,900	4,894,623
Expenditures:					
Water:					
Pumping system	88,471	-	-	-	88,471
Treatment plant and operations testing	481,615	-	-	-	481,615
Distribution system and reservoir	354,459	-	-	-	354,459
Water meters	115,531	-	-	-	115,531
Water hydrants	92,038	-	-	-	92,038
Administration	680,152	138,797	-	-	818,949
Total water	1,812,266	138,797	-	-	1,951,063
Sewer:					
Pumping system	761,560	-	-	-	761,560
Collection system	173,131	-	-	-	173,131
Administration	672,471	138,797	-	-	811,268
Total sewer	1,607,162	138,797	-	-	1,745,959
Debt service:					
Principal	-	834,681	-	-	834,681
Interest	1,794	158,704	-	-	160,498
Total debt service	1,794	993,385	-	-	995,179
Capital outlay	-	-	1,633,463	255,372	1,888,835
Total expenditures	3,421,222	1,270,979	1,633,463	255,372	6,581,036
Excess of revenues over (under) expenditures	(21,143)	166,295	(1,587,093)	(244,472)	(1,686,413)
Other financing sources (uses):					
Issuance of long-term debt	-	1,565,730	-	-	1,565,730
Eliminating transfers	(213,181)	(1,532,027)	1,532,027	213,181	-
Transfers out	(20,300)	-	-	-	(20,300)
Net other financing sources (uses)	(233,481)	33,703	1,532,027	213,181	1,545,430
Change in fund balances	(254,624)	199,998	(55,066)	(31,291)	(140,983)
Beginning fund balances (deficits)	3,212,721	(3,199,283)	(1,005,612)	4,337,639	3,345,465
Ending fund balances (deficits)	\$ 2,958,097	(2,999,285)	(1,060,678)	4,306,348	3,204,482

**CITY OF HOMER
2013 OPERATING BUDGET**

Water Reserves

256 - 378

Expenses thru 6/30/12

Acct #		2010	2011	2012	2013
		Actual	Budget	Budget	Budget
	Beginning Balance	2,104,794	2,129,479	2,133,390	2,206,440
4992	Annual Transfer	250,000	250,000	100,000	100,000
	Adjustment to Reserves			(3,124)	
	Loan Repayment for Energy Proje			12,395	12,395
4801	Interest Income	4,035			
5990	Energy Fund				
	Ord 10-14	(88,975)	(166,089)		
5xxx	Expenditures	(140,375)	(80,000)	(14,092)	
	Subtotal	2,129,479	2,133,390	2,228,569	2,318,835
	Encumbered			(22,129)	(25,000)
	Ending Balance	2,129,479	2,133,390	2,206,440	2,293,835

Expenditure Detail

	Ord #	2010	2011	2012	2013
		Actual	Budget	Budget	Actual
Water Main Line Tapping Tool	Bud				
Watershed Land	09-08(A)				
Watershed Land		140,375			
Used Allman Light Tower	11-16(A)		10,000	10,000	
Land - Nancy Hillstrand	11-38		70,000	70,000	
2012 Budget					
Frost Ripper Attachment (1/2)				2,750	
Steamer Unit	Ord 12-09			9,092	
Badger Orion Meter	Ord 12-12			7,713	
Steam/Boiler Unit	Ord 12-33(A)(S)			16,667	
2013 Budget					
1/3 Vacuum Excavator					25,000
		140,375	80,000	80,000	36,221
					- 25,000 -

**CITY OF HOMER
2013 OPERATING BUDGET**

Sewer Reserves

256 - 379

Expenses thru 6/30/12

Acct #	Ord #	2010	2011	2012	2013
		Actual	Budget	Budget	Budget
		1,836,716	1,997,741	2,178,693	1,994,609
4992		250,000	250,000	100,000	100,000
	Loan Repayment for Energy Projects Ord 11-02(S)(A)			787	787
5xxx	Expenditures		(62,206)	(49,555)	
5990	Trsf to Energy Fund		(6,843)		
	Ord 10-14	(88,975)	(6,843)		
	Subtotal	1,997,741	2,178,693	2,229,925	2,095,396
	Encumbered			(235,316)	(365,000)
	Ending Balance	1,997,741	2,178,693	1,994,609	1,730,396

Expenditure Detail

	Ord #	2010	2011	2012		2013	
		Actual	Budget	Actual	Budget	Actual	Budget
Aqua Tech Sewer Jet	Ord 06-61(S)						
Biosolid Treatment Feasibility Study			50,000	45,816			
Polymer Feed Equip Replacement	11-16(A)		35,000	7,390		21,925	
Dynapac Diesel Plate Compactor	ord 11-16(A)		10,000	9,000			
2012 Budget							
Frost Ripper Attachment (1/2)					2,750		
Beluga Lift Station Pump Replacement					20,000	18,538	
Campground Lift Station					9,500		
Siemens Mag Meter, Flow Meter & Totalizers					10,000		
Bock Oil Fired Water Heater					10,000		
Steam Sterilizer, Autoclave					10,999	9,092	
WWTP Odor Control Alternative					11,101		
WWTP Headworks Improvement Alternatives					17,967		
Polymer Equipment Replacement	Ord 12-02(A)				114,288		
Steamer Unit	Ord 12-09				9,092		
Badger Orion Meter	Ord 12-12				7,713		
Bald Mtn Air Sewer Service Replace	Ord 12-21				12,000		
Steam/Boiler Unit	Ord 12-33(A)(S)				16,667		
2013 Budget							
1/3 Vacuum Excavator						25,000	
Beluga Lift Station						20,000	
Odor Control/Bar Screen						250,000	
Sewer Pipeline Inspection Equipment						10,000	
Lift Stations SCADA Upgrade						60,000	
		-	95,000	62,206	252,076	49,555	365,000
							-

**City of Homer
2013 Operating Budget**

**Fund 200
400 Water & 500 Sewer Fund Revenues**

	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2013 Adopted Budget	Difference Between 2012 Amended & 2013 Adopted Budget
Water Revenue						
Operating Revenue:						
4616 Metered Sales Residential	\$ 460,681	\$ 443,853	\$ 713,541	\$ 713,541	\$ 664,234	
4617 Metered Sales Commercial	1,154,757	1,230,033	932,560	932,560	1,107,241	
4618 Metered Sales Industrial	31,318	33,594	32,000	32,000	33,000	
4661 Connection Fees	14,813	15,516	15,000	15,000	15,000	
4662 Services & Meters	23,452	19,495	24,000	24,000	24,000	
Total Operating Revenue	1,685,020	1,742,491	1,717,101	1,717,101	1,843,475	126,374 7.36%
Non- Operating Revenue						
4801 Interest on Investments	4,566	4,668	5,000	5,000	5,000	
4802 Penalty & Interest (Utilities)	8,812	8,772	6,000	6,000	6,000	
4527 PERS Revenue	49,838	108,649	50,000	50,000	112,810	
4902 Other Revenue	147,493	12,371	-	-	-	
Total Non-Operating Revenue	210,709	134,461	61,000	61,000	123,810	62,810 102.97%
Total Water Revenue	\$ 1,895,729	\$ 1,876,952	\$ 1,778,101	\$ 1,778,101	\$ 1,967,285	189,184 10.64%
Sewer Revenue						
Operating Revenue						
4616 Metered Sales	634,165	600,522	953,785	953,785	824,821	
4617 Meter Sales Commercial	818,798	882,664	582,304	582,304	793,511	
4618 Meter sales Industrial	17,925	16,036	20,000	20,000	20,000	
4662 Services & Meters	9,609	5,220	13,000	13,000	6,000	
4701 RV Dump Station	2,924	3,010	3,000	3,000	3,000	
Total Operating Revenue	1,483,423	1,507,452	1,572,089	1,572,089	1,647,332	75,243 4.79%
Total Sewer Revenue	\$ 1,483,423	\$ 1,507,452	\$ 1,572,089	\$ 1,572,089	\$ 1,647,332	75,243 4.79%
Operating Transfers						
Total Operating Revenue	\$ 3,168,443	\$ 3,249,942	\$ 3,289,190	\$ 3,289,190	\$ 3,490,807	
Total Non-Operating Revenue	\$ 210,709	\$ 134,461	\$ 61,000	\$ 61,000	\$ 123,810	
Total Water & Sewer Revenue	\$ 3,379,152	\$ 3,384,403	\$ 3,350,190	\$ 3,350,190	\$ 3,614,617	264,427 7.89%

**City of Homer
2013 Operating Budget**

**FUND 200 WATER
EXPENDITURE SUMMARY BY LINE ITEM**

	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	FY 2012 Amended Budget	FY 2013 Adopted Budget	Difference Between 2012 Amended & 2013 Adopted Budget	
Salaries and Benefits							
5101 Permanent Employees	509,706	504,172	516,317	516,317	526,291	9,974	1.93%
5102 Fringe Benefits	383,986	378,848	344,372	344,372	400,710	56,338	16.36%
5103 Part Time Employees	2,532	590	4,720	4,720	4,909	189	4.01%
5104 P/T Fringe Benefits	741	159	638	638	630	(8)	-1.21%
5105 Overtime	32,633	39,736	26,000	26,000	26,000	-	0.00%
5107 Part Time Overtime	2	-	-	-	-	-	0.00%
Total Salaries and Benefits	929,599	923,505	892,047	892,047	958,539	\$ 66,493	7.45%
Maintenance and Operations							
5201 Office Supplies	1,274	2,010	1,200	1,200	1,700	500	41.67%
5202 Operating Supplies	50,785	57,190	45,700	45,700	59,100	13,400	29.32%
5203 Fuel/Lube	34,490	49,307	36,000	36,000	51,000	15,000	41.67%
5204 Chemicals	43,714	122,401	32,000	32,000	100,000	68,000	212.50%
5207 Vehicle/Boat Maintenance	414	327	1,200	1,200	900	(300)	-25.00%
5208 Equipment Maintenance	15,203	16,994	42,500	42,500	38,750	(3,750)	-8.82%
5209 Building & Grounds Maintenance	12,088	2,628	12,500	12,500	10,500	(2,000)	-16.00%
5210 Professional & Spec Services	28,683	18,587	33,600	33,600	42,600	9,000	26.79%
5211 Accounting/Auditing	7,392	8,414	9,496	9,496	9,496	-	0.00%
5213 Survey/Appraisal	950	-	1,200	1,200	1,000	(200)	-16.67%
5214 Rents & Leases	394	-	2,000	2,000	-	(2,000)	-100.00%
5215 Communications	3,887	4,020	4,200	4,200	4,200	-	0.00%
5216 Postage/Freight	83	441	1,500	1,500	1,000	(500)	-33.33%
5217 Electricity	122,864	188,969	127,000	127,000	148,000	21,000	16.54%
5220 Refuse/Disposal	170	-	-	-	-	-	0.00%
5221 Property Insurance	12,243	13,088	13,444	13,444	14,750	1,306	9.71%
5222 Auto Insurance	11,808	11,033	11,439	11,439	11,473	34	0.30%
5223 Liability Insurance	19,274	14,996	17,777	17,777	11,670	(6,107)	-34.35%
5226 Testing/Analysis	19,009	17,024	16,000	16,000	16,000	-	0.00%
5227 Advertising	249	210	700	700	250	(450)	-64.29%
5231 Tools/Equipment	9,980	5,570	9,700	9,700	8,000	(1,700)	-17.53%
5234 Recording/Permit Fees	150	249	1,000	1,000	300	(700)	-70.00%
5235 Memberships/Dues	343	553	1,000	1,000	750	(250)	-25.00%
5236 Transportation	386	2,006	-	-	1,000	1,000	0.00%
5237 Subsistence	301	910	-	-	200	200	0.00%
5252 Credit Card Expense	24,712	25,699	15,000	15,000	15,000	-	0.00%
5261 Construction	6,072	59,463	-	-	-	-	0.00%
5602 Safety Equipment	1,508	1,863	2,000	2,000	1,500	(500)	-25.00%
5603 Employee Training	7,331	170	8,400	8,400	8,400	-	0.00%
5606 Bad Debt Expense	3,635	3,163	-	-	-	-	0.00%
Total Maintenance & Operations	439,390	627,285	446,556	446,556	557,539	110,983	24.85%
Capital Outlay, Transfers and Reserves							
5990 Transfers To Reserves	250,000	250,000	100,000	100,000	100,000	-	0.00%
59901 Energy Projects - Repayment	-	-	-	12,864	12,864	0	0.00%
Leave Cash Out Bank Transfer	12,785	16,211	15,699	15,699	21,824	6,125	39.02%
Total Capital Outlay, Transfers & Reserves	262,785	266,211	115,699	128,563	134,688	6,125	4.76%
5607 Debt Payment	(909)	-	-	-	-	-	0.00%
5608 Interest Expense	1,354	523	-	-	-	-	0.00%
Total Debt Service	445	523	-	-	-	-	0.00%
5241 G/F Admin Services	195,392	200,968	226,432	226,432	241,203	14,771	6.52%
Total Other Charges	195,392	200,968	226,432	226,432	241,203	14,771	6.52%
TOTAL	\$ 1,827,611	\$ 2,018,492	\$ 1,680,734	\$ 1,693,598	\$ 1,891,970	198,372	11.71%

City of Homer
2013 Operating Budget

**FUND 200 SEWER
EXPENDITURE SUMMARY BY LINE ITEM**

		FY 2010	FY 2011	FY 2012	FY 2012	FY 2013	Difference Between 2012	
		Actual	Actual	Adopted Budget	Amended Budget	Adopted Budget	Amended & 2013 Adopted Budget	
5101	Regular Employees	\$ 433,677	\$ 419,697	\$ 446,817	\$ 446,817	\$ 455,520	8,703	1.95%
5102	Fringe Benefits	323,334	323,441	299,072	299,072	343,869	44,798	14.98%
5103	Part Time Employees	3,419	590	7,080	7,080	7,364	284	4.01%
5104	P/T Fringe Benefits	1,329	159	956	956	945	(11)	-1.16%
5105	Overtime	23,618	22,406	14,500	14,500	14,500	-	0.00%
5107	Part Time Overtime	2	-	-	-	-	(46)	0.00%
Total Salaries and Benefits		785,379	766,293	768,424	768,424	822,198	53,774	7.00%
Maintenance and Operations								
5201	Office Supplies	105	1,143	-	-	1,000	1,000	0.00%
5202	Operating Supplies	23,324	26,022	26,800	26,800	27,800	1,000	3.73%
5203	Fuel/Lube	46,895	40,303	45,000	45,000	42,000	(3,000)	-6.67%
5204	Chemicals	29,654	76,390	25,000	25,000	25,000	-	0.00%
5207	Vehicle/Boat Maintenance	-	45	-	-	-	-	0.00%
5208	Equipment Maintenance	23,061	27,274	29,200	29,200	26,200	(3,000)	-10.27%
5209	Building & Grounds Maintenance	3,119	354	3,500	3,500	2,500	(1,000)	-28.57%
5210	Professional & Special Services	6,449	14,947	48,600	48,600	14,900	(33,700)	-69.34%
5211	Earnings before transfers	7,392	8,414	9,495	9,495	9,495	-	0.00%
5214	Rents & Leases	850	95	1,500	1,500	200	(1,300)	-86.67%
5215	Communications	75	-	4,500	4,500	500	(4,000)	-88.89%
5216	Postage/Freight	34	359	2,500	2,500	500	(2,000)	-80.00%
5217	Electricity	188,528	162,988	189,700	189,700	180,000	(9,700)	-5.11%
5218	Water	17,044	17,246	15,000	15,000	16,000	1,000	6.67%
5219	Sewer	598	661	900	900	750	(150)	-16.67%
5221	Property Insurance	12,262	7,743	7,719	7,719	8,433	713	9.24%
5222	Auto Insurance	11,808	11,033	11,439	11,439	11,473	34	0.30%
5223	Liability Insurance	18,311	13,805	17,447	17,447	11,582	(5,865)	-33.61%
5226	Testing/Analysis	3,300	5,729	4,000	4,000	4,000	-	0.00%
5227	Advertising	-	-	500	500	300	(200)	-40.00%
5231	Tools/Equipment	4,438	4,459	4,500	4,500	4,000	(500)	-11.11%
5232	Damage not covered by insurance	5,850	-	-	-	-	-	0.00%
5235	Memberships/Dues	1,926	515	1,500	1,500	750	(750)	-50.00%
5236	Transportation	124	276	-	-	450	450	0.00%
5237	Subsistence	375	892	-	-	150	150	0.00%
5252	Credit Card Expense	24,712	25,697	15,000	15,000	15,000	-	100.00%
5601	Clothing/Uniforms	470	313	250	250	400	150	60.00%
5602	Safety Equipment	1,592	1,451	1,500	1,500	1,950	450	30.00%
5603	Employee Training	1,892	986	4,000	4,000	9,000	5,000	125.00%
5606	Bad Debt Expense	980	2,137	-	-	2,500	2,500	0.00%
Total Operations & Maintenance		435,169	451,276	469,550	469,550	416,833	(52,717)	-11.23%
Capital Outlay, Transfers and Reserves								
5990	Transfer to Reserves	250,000	250,000	100,000	100,000	100,000	-	0.00%
59901	Energy Projects - Repayment	-	-	-	20,618	20,618	0	0.00%
5106	Leave Cash Out Bank Transfer	18,064	20,412	20,093	20,093	25,574	5,481	27.28%
Total Capital Outlay, Transfers and Reserves		268,064	270,412	120,093	140,711	146,192	5,481	3.90%
5607	Debt Payment	(909)	-	-	-	-	-	0.00%
5608	Interest Expense	242	-	-	-	-	-	0.00%
Total Debt Service		(667)	-	-	-	-	-	0.00%
524	G/F Admin Services	281,469	279,013	310,086	310,086	319,102	9,016	2.91%
Total Other Charges		281,469	279,013	310,086	310,086	319,102	9,016	2.91%
Totals		\$ 1,769,414	\$ 1,766,994	\$ 1,668,154	\$ 1,688,771	\$ 1,704,325	15,554	0.92%

CITY OF HOMER
COUNCIL REPORT
FOR THE 4 MONTHS ENDING APRIL 30, 2013

WATER / SEWER SPECIAL REVENUE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE	PCNT
<u>WATER REVENUE</u>					
PERS REVENUE	.00	.00	112,810.00	112,810.00	.0%
METER SALES RES	223,957.44	223,957.44	664,234.00	440,276.56	34.0%
METER SALES COM	249,400.86	249,400.86	1,107,241.00	857,840.14	23.0%
METER SALE IND	7,366.54	7,366.54	33,000.00	25,633.46	22.0%
CONNECTION FEES	5,450.00	5,450.00	15,000.00	9,550.00	36.0%
SERVICE & METERS	4,033.63	4,033.63	24,000.00	19,966.37	17.0%
INTEREST INCOME	705.90	705.90	5,000.00	4,294.10	14.0%
PENALTY/INT	2,332.19	2,332.19	6,000.00	3,667.81	39.0%
	<u>493,246.56</u>	<u>493,246.56</u>	<u>1,967,285.00</u>	<u>1,474,038.44</u>	<u>25.0%</u>
<u>SEWER REVENUE</u>					
METER SALES RES	294,294.28	294,294.28	824,821.00	530,526.72	36.0%
METER SALES COM	181,799.56	181,799.56	793,511.00	611,711.44	23.0%
METER SALE IND	869.85	869.85	20,000.00	19,130.15	4.0%
SERVICE&METER	1,785.00	1,785.00	6,000.00	4,215.00	30.0%
RV DUMP STATION	.00	.00	3,000.00	3,000.00	.0%
	<u>478,748.69</u>	<u>478,748.69</u>	<u>1,647,332.00</u>	<u>1,168,583.31</u>	<u>29.0%</u>
	<u>971,995.25</u>	<u>971,995.25</u>	<u>3,614,617.00</u>	<u>2,642,621.75</u>	<u>27.0%</u>
<u>WATER EXPENDITURES</u>					
WATER SYSTEMS ADMINISTRATION	465,469.80	465,469.80	695,990.00	230,520.20	67.0%
TREATMENT PLANT	110,021.65	110,021.65	429,783.00	319,761.35	26.0%
TESTING	11,533.32	11,533.32	57,027.00	45,493.68	20.0%
PUMP STATIONS	31,102.60	31,102.60	99,313.00	68,210.40	31.0%
DISTRIBUTION SYSTEMS	88,849.20	88,849.20	309,299.00	220,449.80	29.0%
WATER RESERVOIR	18,941.29	18,941.29	72,389.00	53,447.71	26.0%
WATER METERS	29,235.28	29,235.28	136,407.00	107,171.72	21.0%
WATER HYDRANTS	27,256.67	27,256.67	91,761.00	64,504.33	30.0%
	<u>782,409.81</u>	<u>782,409.81</u>	<u>1,891,969.00</u>	<u>1,109,559.19</u>	<u>41.0%</u>
<u>SEWER EXPENDITURES</u>					
SEWER SYSTEMS ADMINISTRATION	583,295.19	583,295.19	771,137.00	187,841.81	76.0%
SEWER PLANT OPERATIONS	160,154.24	160,154.24	529,320.00	369,165.76	30.0%
SEWER SYSTEM TESTING	21,345.50	21,345.50	71,675.00	50,329.50	30.0%
SEWER LIFT STATIONS	52,592.83	52,592.83	181,914.00	129,321.17	29.0%
COLLECTION SYSTEM	44,804.33	44,804.33	150,279.00	105,474.67	30.0%
	<u>862,192.09</u>	<u>862,192.09</u>	<u>1,704,325.00</u>	<u>842,132.91</u>	<u>51.0%</u>

CITY OF HOMER
 COUNCIL REPORT
 FOR THE 4 MONTHS ENDING APRIL 30, 2013

{SEGTITLE[F FUND]}

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE	PCNT
	1,644,601.90	1,644,601.90	3,596,294.00	1,951,692.10	46.0%
NET REVENUE OVER EXPENDITURES	(672,606.65)	(672,606.65)	18,323.00	690,929.65	(3671.0)
TOTAL WATER, SEWER, HAWSP	(672,606.65)	(672,606.65)	18,323.00	690,929.65	(3671.0)

**CITY OF HOMER
2013 OPERATING BUDGET**

Water Reserves

256 - 378

Expenses thru 6/30/12

Acct #		2010	2011	2012	2013
		Actual	Budget	Budget	Budget
	Beginning Balance	2,104,794	2,129,479	2,133,390	2,206,440
4992	Annual Transfer	250,000	250,000	100,000	100,000
	Adjustment to Reserves			(3,124)	
	Loan Repayment for Energy Proje			12,395	12,395
4801	Interest Income	4,035			
5990	Energy Fund				
	Ord 10-14	(88,975)	(166,089)		
5xxx	Expenditures	(140,375)	(80,000)	(14,092)	
	Subtotal	2,129,479	2,133,390	2,228,569	2,318,835
	Encumbered			(22,129)	(25,000)
	Ending Balance	2,129,479	2,133,390	2,206,440	2,293,835

Expenditure Detail

	Ord #	2010	2011	2012	2013
		Actual	Budget	Budget	Actual
Water Main Line Tapping Tool	Bud				
Watershed Land	09-08(A)				
Watershed Land		140,375			
Used Allman Light Tower	11-16(A)		10,000	10,000	
Land - Nancy Hillstrand	11-38		70,000	70,000	
2012 Budget					
Frost Ripper Attachment (1/2)				2,750	
Steamer Unit	Ord 12-09			9,092	
Badger Orion Meter	Ord 12-12			7,713	
Steam/Boiler Unit	Ord 12-33(A)(S)			16,667	
2013 Budget					
1/3 Vacuum Excavator					25,000
		140,375	80,000	80,000	36,221
					- 25,000 -

**CITY OF HOMER
2013 OPERATING BUDGET**

Sewer Reserves

256 - 379

Expenses thru 6/30/12

Acct #	Ord #	2010	2011	2012	2013
		Actual	Budget	Budget	Budget
		1,836,716	1,997,741	2,178,693	1,994,609
4992		250,000	250,000	100,000	100,000
	Loan Repayment for Energy Projects Ord 11-02(S)(A)			787	787
5xxx	Expenditures		(62,206)	(49,555)	
5990	Trsf to Energy Fund		(6,843)		
	Ord 10-14	(88,975)	(6,843)		
	Subtotal	1,997,741	2,178,693	2,229,925	2,095,396
	Encumbered			(235,316)	(365,000)
	Ending Balance	1,997,741	2,178,693	1,994,609	1,730,396

Expenditure Detail

	Ord #	2010	2011	2012		2013	
		Actual	Budget	Actual	Budget	Actual	Budget
Aqua Tech Sewer Jet	Ord 06-61(S)						
Biosolid Treatment Feasibility Study			50,000	45,816			
Polymer Feed Equip Replacement	11-16(A)		35,000	7,390		21,925	
Dynapac Diesel Plate Compactor	ord 11-16(A)		10,000	9,000			
2012 Budget							
Frost Ripper Attachment (1/2)					2,750		
Beluga Lift Station Pump Replacement					20,000	18,538	
Campground Lift Station					9,500		
Siemens Mag Meter, Flow Meter & Totalizers					10,000		
Bock Oil Fired Water Heater					10,000		
Steam Sterilizer, Autoclave					10,999	9,092	
WWTP Odor Control Alternative					11,101		
WWTP Headworks Improvement Alternatives					17,967		
Polymer Equipment Replacement	Ord 12-02(A)				114,288		
Steamer Unit	Ord 12-09				9,092		
Badger Orion Meter	Ord 12-12				7,713		
Bald Mtn Air Sewer Service Replace	Ord 12-21				12,000		
Steam/Boiler Unit	Ord 12-33(A)(S)				16,667		
2013 Budget							
1/3 Vacuum Excavator						25,000	
Beluga Lift Station						20,000	
Odor Control/Bar Screen						250,000	
Sewer Pipeline Inspection Equipment						10,000	
Lift Stations SCADA Upgrade						60,000	
		-	95,000	62,206	252,076	49,555	365,000
							-

WATER AND SEWER FEES:

(The following fees have been set by the following legislative enactment HCC Title 14, new fees set forth in Ordinance 11-43, Resolution 11-062(A), Resolution 09-47(S)(A), Resolution 09-48(S)(A), Resolution 07-119 (A), Resolution 07-120(A), Ordinance 06-62(A), Resolution 06-04, Resolution 05-125, Resolution 05-122, Resolution 05-121(A), Resolution 05-09, Resolution 04-95, Resolution 04-94(S)(A), Resolution 03-159, Resolution 02-80, Resolution 01-80(A), Resolution 00-123, Resolution 00-34, Ordinance 00-02, Ordinance 97-17(A), amending the rates set forth in Ordinance 97-5(S)(A), with amendments by Ordinance 97-7, Ordinance 97-13 and Ordinance 97-14).

Public Works - 235-3170
City Hall - 235-8121
Billing - 235-8121 x2240

A 15% admin. fee for replacement parts for water/sewer services, functions, pressure reducing valves, sewer saddles, any Public Works Department stock item for resale to public.

Establishing service includes a one time disconnect - \$30

Service calls, inspections, repairs not to exceed one hour - \$25 per employee plus equipment and materials.

Service calls, inspections and repairs during normal operating hours in excess of one hour labor: actual labor costs by City plus equipment and materials.

Service calls, inspections and repairs after normal operating hours or on weekends/holidays: \$50 minimum plus equipment and materials or actual cost incurred by City, whichever is greater.

SEWER FEES:

Sewer Connection and Extension Permit Fee

Single Family/Duplex \$255
Multi-Family/Commercial/Industrial \$330

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly sewer services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$20	\$0.00997	\$ 9.97
Multi-Family Residential	\$20 (per unit)	\$0.00997	\$ 9.97
Commercial	\$20	\$0.01264	\$12.64

Seasonal monthly sewer customer charge will be \$10.00 or one half off the regular monthly customer charge.

*-Customer classification definitions for determining water rates:

Single Family Residential – A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household: contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one lot (where units are normally rented or occupied for longer than one month at a time). Examples of units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are routinely rented or occupied for less than one month at a time.)

Commercial - Any user not defined as Residential.

Sewer System Residential or Residential Equivalent Dischargers Who Are Not Water System Users:

Sewer system dischargers who are not water system users shall be charged at the rate of \$54.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge \$20. The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septic service shall be charged an additional \$6.00* per month.

Sewer System Dischargers Who Are Members of Kachemak City LID:

Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at the rate of \$60.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge of \$20 plus septage cost \$6.00* per month for each residential or residential equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.

Domestic sewer service customers who use large quantities of City water in addition to their domestic use shall be allowed, with the Public Works Director's approval, to install an additional water meter on the domestic water use line for the purpose of metering and charging for domestic sewer system use. Sewer system use will be billed monthly.

The City will allow, upon approval by Public Works and a permit from the Public Works Department, a second water usage meter – called a seasonal sewer meter – for each customer that desires to measure the flow of City water that is not discharged to the sewer system during the summer growing season, June 15 through September 15. Rates noted above do not apply.

Seasonal Sewer Meter Fee is \$211.97.

WATER FEES:

Water Connection Fee

Single Family/Duplex \$300

Multi-Family/Commercial/Industrial \$375

Water Rate Schedule.

All water utility services shall be billed according to the following schedule. This schedule is for monthly water service and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$25	\$0.00442	\$ 4.42
Multi-Family Residential	\$25 (per unit)	\$0.00442	\$ 4.42
Commercial	\$25	\$0.01140	\$11.40

Bulk	\$25	\$0.01269	\$12.69
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Seasonal monthly water customer charge will be \$12.50 or one half off the regular monthly customer charge.

*-Customer classification definitions for determining water rates:

Single Family Residential – A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household: contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one lot (where units are normally rented or occupied for longer than one month at a time). Examples of units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are routinely rented or occupied for less than one month at a time.)

Commercial - Any user not defined as Residential.

Meter Size Deposits.

<u>Size (inches)</u>	<u>Residential Users</u>	<u>Nonresidential Users</u>
5/8	\$75.00	\$220.00
3/4	\$80.00	\$230.00
1	\$90.00	\$250.00
1-1/2	\$115.00	\$310.00
2	\$150.00	\$370.00
3	\$220.00	\$525.00
4	\$310.00	\$730.00
6	\$520.00	\$1,225.00

\$750 meter deposit shall apply to metered fire hydrant connections. The deposit will be returned when the meter is returned undamaged. This deposit may be waived upon the recommendation of the Public Works Superintendent.

If a bulk water customer purchases a meter from the City for measuring the quantity of water purchased, it shall be exempt from the monthly meter service charge. It is the responsibility of the bulk water customer to maintain that meter so the City can accurately determine the amount of water being purchased. In the event the meter fails, it is the bulk water customer's responsibility, at its expense, to repair it or purchase a replacement meter from the City. The City may at any time test the meter for accuracy.

RESIDENTIAL HOLDING TANK FEES

(Resolution 02-23)

City of Homer will bill property owner/customer monthly for City service, not pumping contractor charge.

Each property owner/customer will be billed once each month, regardless of number of pumping, 1[one] Customer Charge \$3.98 + 1 [one] General Service Charge \$16.95 + Commodity Charge [\$12.00 per pumping]

Property owner/customer is responsible for payment to pumping contractor.

City of Homer monthly billing examples based on number of pumping per month:

<u>Type of Charge</u>	<u>No Pumping</u>	<u>1 mo.Pumping</u>	<u>3 mo. Pumping</u>
Customer Charge	\$3.98	\$3.98	\$3.98

Gen. Svs. Charge	\$16.95	\$16.95	\$16.95
Commodity Charge	\$0	\$12.00	\$36.00
Total Monthly Bill	\$20.93	\$32.93	\$56.93