



# AGENDA

## City Council Work Session

Monday April 24, 2022 at 4:00 PM

City Hall Cowles Council Chambers In-Person & Via Zoom Webinar

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### Homer City Hall

491 E. Pioneer Avenue  
Homer, Alaska 99603  
[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

### Zoom Webinar ID: 965 8631 4135 Password: 792566

<https://cityofhomer.zoom.us>  
Dial: 346-248-7799 or 669-900-6833;  
(Toll Free) 888-788-0099 or 877-853-5247

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1. **CALL TO ORDER, 4:00 P.M.**
2. **AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual)
3. **CONSENT AGENDA**
4. **REGULAR MEETING AGENDA**
5. **DISCUSSION TOPIC(S)**
  - 5.A. FY24/25 Operating Budget and Utility Rates
6. **COMMENTS OF THE AUDIENCE** (3 minute time limit)
7. **ADJOURNMENT NO LATER THAN 4:50 PM** Next Regular Meeting is Monday, May 8, 2023 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska

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## Unpacking Water and Sewer Rates and other mysteries – Revisited

APRIL 24, 2023

### Question from 2022 – How should the CARMA Accounts be replenished?

► ***What we recommended then:***

- Use Utility Asset Management Plan to develop a 5-year CIP, based on need.
- Include CARMA expense as “input” in Rate Model rather than the 15%.
- Apply part of existing Fund Balance to maintain CARMA



## What we found out:

- ▶ Asset Management Plan is not enough.
- ▶ @#\$%% happens!
- ▶ We need a Reserve!



## What we're recommending now:

- ▶ ***That the 15% capital fee be reinstated.***

## More CARMA issues:

### ► What we recommended then:

- Set floor for each CARMA Fund – \$500,000
- Set cap for each CARMA Fund – \$1,500,000
- Explore loans for larger projects

## What we're recommending now:

- Floor for each CARMA Fund = \$500,000.
- Cap for each each CARMA fund = \$1,500,000.
- We pursue loans for projects over \$300,000.

Question from 2022: How should future Fund Balances be managed?

▶ ***What we recommended then:***

- ▶ Maintain 3-month Operating Reserve
- ▶ Replenish CARMA
- ▶ Buy down rate increases when possible

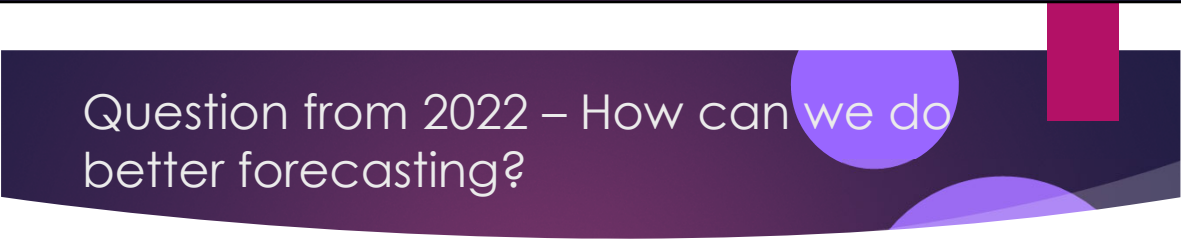
▶ ***We stand by those recommendations.***

Questions from 2022 – How should administrative fees be charged?

▶ ***What we recommended then:***

- ▶ Starting with FY 24/25 – Add cost of 1 FTE for Fin. Admin. as Input to “Rate Model”

▶ ***This is what's in the FY24/25 Rate Model.***



## Question from 2022 – How can we do better forecasting?

▶ ***What we recommended then:***

- ▶ Base Rates on the two-year Budget cycle
- ▶ Start with FY 24/25

▶ ***This is what we are doing.***

# Rate Calculations

<b>WATER Rate Model</b>	
<b>Revenues</b>	
FY24 Operating Revenue Required - Water	\$ 2,061,602
CARMA Transfer Requirement	309,240
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(54,105)
Deduct Portion Collected through Service Fee	0
Hydrant Rents (10% of Total)	(103,080)
Surplus Water Sales (Bulk) surcharge only	(75,436)
Revenue Required for Commodity Rate Calculation	\$ 2,138,220
<b>Water Consumption (Gallons)</b>	
Gross Meters Water Sales	133,014,300
Total Estimated Water Sales	133,000,000
<b>Water Rates:</b>	
Commodity Rate (per gal)	\$ 0.0161
Bulk Rate (per gal)	\$ 0.0201
Monthly Fees	\$ -
<b>Consumption Additional Information:</b>	
CY22 Gross Meters Water Sales (Gallons)	133,014,300
<b>SEWER Rate Model</b>	
<b>Revenues</b>	
FY24 Operating Revenue Required - Sewer	\$ 1,695,547
CARMA Transfer Requirement	254,332
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(25,515)
Lift Stations Costs	(216,228)
Pumping Fee	(10,224)
Dumping Station Fees	(5,575)
Multi-Units and K-city (\$5/unit/mo.)	(76,020)
Revenue Required for Commodity Rate Calculation	\$ 1,616,317
<b>Sewer Usage (Gallons)</b>	
Projected Billable Volume	77,000,000
Projected Billable Volume - Lift Zone Only	20,000,000
Total Projected Billable Volume	97,000,000
<b>Sewer Rate</b>	
Non-Lift Station Rate	\$ 0.0167
Lift Station Rate	\$ 0.0275
<b>Lift Station Additional Information:</b>	
FY 22 Actually Billed Gallons (Lift-Station Zone Only)	19,581,500
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