

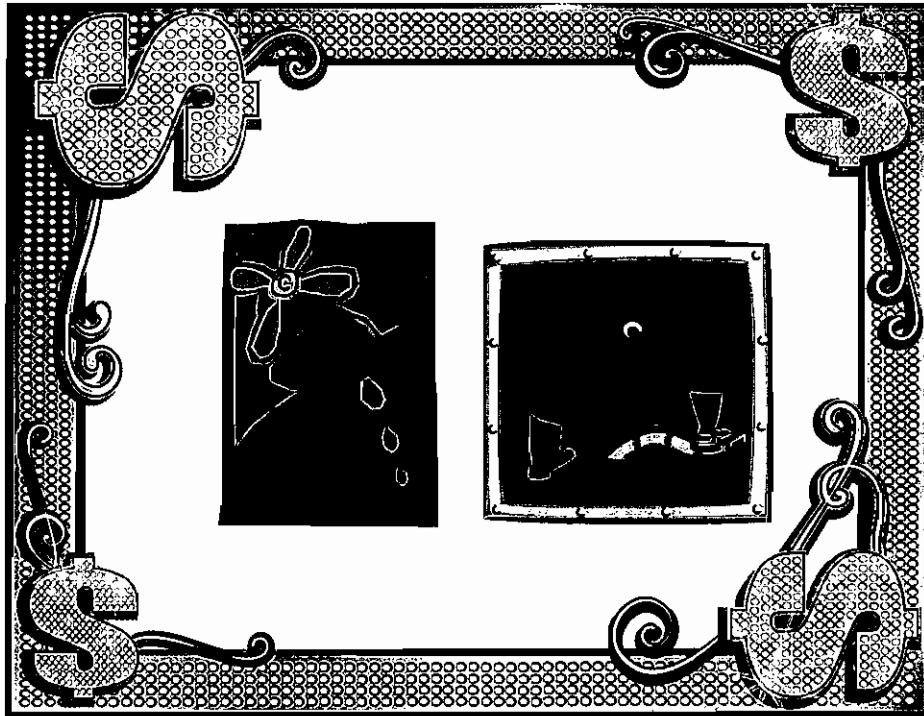
Water & Sewer Rate Task Force

Tuesday

January 22, 2013

Regular Meeting

5:30p.m.



City Hall Cowles Council Chambers
491 E. Pioneer Avenue
Homer, Alaska 99603



**NOTICE OF MEETING
REGULAR MEETING**

1. CALL TO ORDER

2. APPROVAL OF THE AGENDA

3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

4. RECONSIDERATION

5. APPROVAL OF MINUTES (*Minutes are not approved during worksessions*)

A. Minutes for the Regular Meeting on November 20, 2012 Page 5

6. VISITORS

7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

8. PUBLIC HEARING

A. Proposed Draft Rate Model for City of Homer Water and Sewer Rates 2013 Page 9

9. PENDING BUSINESS

A. Review and Discussion on Working Draft Rate Model - Water & Sewer Page 13
a. Draft Models printed from Working Spreadsheets - for reference only
b. Information for Presentation Submitted

10. NEW BUSINESS

A. Incorporating Public Comments or Suggestions into the Draft Rate Model
B. Discussion and Recommendations on Draft Presentation to City Council

11. INFORMATIONAL ITEMS

A. Public Comment received January 18, 2013 Re: Proposed Water & Sewer Rates
submitted by Mr. Slone, resident. Page 35

12. COMMENTS OF THE AUDIENCE

13. COMMENTS OF THE CITY STAFF

14. COMMENTS OF THE CHAIR

15. COMMENTS OF THE TASK FORCE

16. ADJOURNMENT the next **WORKSESSION** is scheduled for **FEBRUARY 5, 2013** at 5:15 p.m. in the Conference Room Upstairs, City Hall, a **REGULAR MEETING with PUBLIC HEARING ON FINAL DRAFT RATE MODEL IS SCHEDULED FOR FEBRUARY 19, 2013 at 5:30 P.M.** in the Cowles Council Chambers in City Hall located at 491 E. Pioneer Avenue, Homer Alaska.

Session 12-10 A Regular Meeting of the Water and Sewer Rate Task Force was called to order at 6:01 pm on November 20, 2012 by Chair Beth Wythe at City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: SHARON MINSCH, KEN CASTNER, BETH WYTHE
BEAU BURGESS

ABSENT: LLOYD MOORE, BOB HOWARD (EXCUSED)

STAFF: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Chair Wythe was detained and the meeting did not start until 6:00 p.m.

APPROVAL OF THE AGENDA

Chair Wythe called for approval of the agenda.

MINSCH/BURGESS – SO MOVED.

There was no discussion.

The agenda was approved by consensus of the Task Force.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

Mr. Walter Suomela, non-resident, owns rental property within city limits, commented on the high water and sewer bills he receives; his tenants do not pay these bills he does and pays well over \$3000 a year; he would like to see uniform rates that are fair across the board and his understanding is that is the goal of this Task Force. He commented that in his opinion there has been bias; this is an expensive system; he noted a recommendation that was made to Council previously when the rates were in discussion at charging everyone \$144; Mr. Suomela apologized for being ill prepared to testify at this meeting but had just come back into town from being aboard his boat.

Mr. Burgess provided direction where Mr. Suomela may find the information he was seeking regarding the work the Task Force has been doing.

RECONSIDERATION

There were no items for reconsideration.

APPROVAL OF MINUTES *(Minutes are approved during Regular Meetings only)*

A. Regular Meeting Minutes for October 23, 2012

Chair Wythe requested a motion to approve the minutes.

MINSCH/BURGESS – SO MOVED

There was no discussion.

The minutes were approved by consensus of the Task Force.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS *(Chair set time limit not to exceed 5 minutes)*

There were no reports included for this meeting.

PUBLIC HEARING *(3 minute time limit)*

There were no items for public hearing.

PENDING BUSINESS

A. Staff Responses to Requests for Information

1. Email from Carey Meyer dated November 13, 2012 Re: Number of Meters per Meter Size and Response to Request for Number of Six Inch Meters For Identifying Fire Service
2. Email from Carey Meyer dated November 13, 2012 Re: Spit Restroom Water Usage 2011
3. Email from Carey Meyer dated November 13, 2012 Re: Analysis of Spit Surcharge
4. Response from Regina Mauras/Laurie Moore dated November 13, 2012 Re: Kachemak City Rates and Questions with Resolution 11-094(S) as backup.
5. Copies of Actual Invoices for Water and Sewer Service
6. Kachemak City Rates, Billing Formulas, Number of Commercial Units

There was no discussion on the information provided by staff.

B. Review and Discussion on Working Draft Rate Model November 5, 2012

- a. Draft Models printed from Working Spreadsheets - for reference only

Chair Wythe introduced the item for discussion and asked how the group wished to proceed.

Discussion ensued and it was agreed to review the draft rate model as provided by Mr. Castner line item by line item. There were no recommendations to change the draft presented. Mr. Castner responded to questions from Mr. Burgess and Ms. Minsch regarding particular line items and accounting for various components of the model. Mr. Castner explained how the Rate Model Committee approached the task and accomplished the draft model as presented. Ms. Minsch presented her concerns on accounting for the multi-family customers and covering all the costs that those customers could bring or cause to the system and adequately covering the expenses.

Mr. Castner announced he had a prior commitment at 7:10 p.m. and needed to leave the meeting.

Chair Wythe noted his statement; asked for further questions and then confirmed with the Clerk the next meeting for the group was December 4 and it was a worksession. She stated they could discuss this further at that meeting.

NEW BUSINESS

There was no new business on the agenda.

INFORMATIONAL MATERIALS

- A. Meeting Calendar as of November 14, 2012
- B. Timeline as of November 14
- C. Resolution 12-094 Amending Resolution 12-027(A), Allowing Mayor Wythe to Remain on the Task Force.
- D. Confirming the Appointment of Beauregard Burgess to the Task Force

Chair Wythe noted the items under Informational materials for the record and asked if there were any questions or comments. There were none.

COMMENTS OF THE AUDIENCE

Mr. Suomela questioned how the invoices in the packet were chosen. Mr. Castner explained what they represented and Mr. Suomela argued that they were not representative of what people pay and the average usage. He opined that it was very low. He commented that with the high cost of living in Homer he needed to determine if he could improve two additional lots he owned. He acknowledged earlier comments of the Task Force that customers have phones and could call and complain but he would like to see the true costs and where this money is actually going.

Ms. Minsch inquired what Mr. Suomela's average usage was and his response was vague since he was not present for the last several months being out on his boat.

COMMENTS OF THE CITY STAFF

Ms. Krause had no comments.

COMMENTS OF THE CHAIR

Chair apologized for her tardiness and thanked the members for attending the meeting.

COMMENTS OF THE TASK FORCE

There were no comments from the Task Force members present.

ADJOURN

There being no further business before the Water and Sewer Rate Task Force Chair Wythe adjourned the meeting at 7:15 p.m. The next meeting is a **WORKSESSION** scheduled for **TUESDAY, DECEMBER 4, 2012 at 5:15 P.M.** The next **REGULAR MEETING** is **DECEMBER 18, 2012 at 5:15 P.M.** All meetings are scheduled in the **UPSTAIRS CONFERENCE ROOM** at City Hall, 491 E. Pioneer Avenue, Homer, Alaska.

Renee Krause, CMC, Deputy City Clerk I

Approved: _____

PUBLIC NOTICE

Public notice is hereby given that the City of Homer will hold a public hearing by the Water and Sewer Rate Task Force on Tuesday, January 22, 2013 at 5:30 p.m. at Homer City Hall, 491 East Pioneer Avenue, Homer, Alaska on the following matters:

Draft Water and Sewer Rate Model

Anyone wishing to present testimony concerning these matters may do so at the meeting or by submitting a written statement to the Water and Sewer Rate Task Force, 491 East Pioneer Avenue, Homer, Alaska 99603, by 4:00 p.m. on the day of the meeting.

For additional information, please contact Renee Krause in the City Clerk's Office at 235-8121, ext. 2224.

PLEASE PUBLISH ONCE

ACCOUNT 100.101.5227

CLERK'S AFFIDAVIT OF POSTING

I, Renee Krause, Deputy City Clerk I for the City of Homer, Alaska, do hereby certify that a copy of the Public Hearing Notice for the Draft of the Proposed Water & Sewer Rate Model at the City of Homer kiosks located at City Clerk's Office, Captain's Coffee Roasting Co., Harbormaster's Office and Pudgy's Meat & Groceries on January 11, 2013 and that the City Clerk posted same on City of Homer Homepage on January 11, 2013.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of said City of Homer this 11th January, 2013.

Renee Krause
Renee Krause, Deputy City Clerk I



From: Renee Krause
Sent: Thursday, January 17, 2013 9:47 AM
To: Mary Wythe
Subject: Responses from Staff

Importance: High

1. Growth over the last five years – 2007-2012 according to Carey Meyer is approximately 2-3%. Finance can provide a better/actual number of customers who have hooked up to the system.
2. Lift Stations associated with Service to the Spit = 4 out of 7
3. There is one lift station for Kachemak Drive that serves 88 lots. Currently there are 45 lots with residences. Only 30 have hooked up to the system to date. It is expected that the remaining 15 will connect within the following year.
4. The Lift Station on Kachemak Drive pumps up to the Lift Station that serves Kachemak City. This is then sent up the hill and after that is gravity fed/piped to the water treatment plant.
5. The percentage of costs for the lift station on Kachemak Drive at this time cannot be determined since it has only been operational for approximately 3 months.

Renee Krause, CMC
Deputy City Clerk I
City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603
Ph. 907-235-8121 ext. 2224
Fax. 907- 235-3143
rkrause@ci.homer.ak.us

"Successful is the person who has lived well, laughed often and loved much, who has gained the respect of children, who leaves the world better than they found it, who has never lacked appreciation for the earth's beauty, who never fails to look for the best in others or give the best of themselves."

The information contained in this message is proprietary and/or confidential. If you are not the intended recipient, please: (i) delete the message and all copies; (ii) do not disclose, distribute or use the message in any manner; and (iii) notify the sender immediately. In addition, please be aware that any message is subject to archiving and review by persons other than the intended recipient. Thank you.

Renee Krause

From: Ken Castner <KCastner@tonsina.biz>
Sent: Monday, January 14, 2013 11:26 AM
To: Renee Krause
Subject: East Road / Kach Drive Lift Stations

Renee:

I don't know if Beth has asked this question, but it is we need prior to the 22nd.

The total budgeted cost of the lift stations is \$181,915 and Public Works has told us that the Spit users account for \$90,958.

We have been asked, and it is a legitimate question, what the costs are for the lift stations on Kachemak Drive and East Road.

Our understanding to date is that those lift stations imposes a minimal cost, as most of the balance goes to the lift station at the Sewage Treatment Plant.

What are the costs of those two stations?

Thank you.

Did you pass my comments for the draft report on to Beth?

Ken Castner

TO: MAYOR WYTHE & HOMER CITY COUNCIL

FROM: WATER & SEWER RATE TASK FORCE

DATE: MARCH , 2013

RE: PROPOSED WATER & SEWER RATES AND ADDITIONAL RECOMMENDATIONS

BACKGROUND

Attached is the Water & Sewer Rate Task Force's ("the Task Force") recommendations 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.

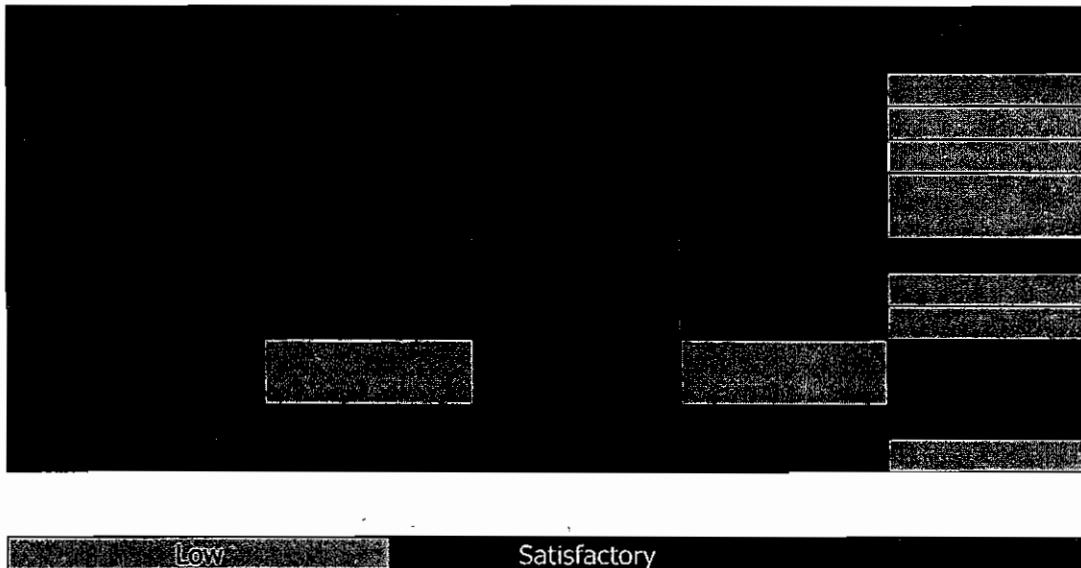
Following the establishment of the Task Force the initial meeting was held May 9, 2012. At this meeting the Task Force established the framework for a meeting schedule for meeting the first and third Tuesday of each month with the first Tuesday being a work session and the third Tuesday being a regular meeting. All work sessions and meetings were scheduled in the conference room. 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 and returning sewage to 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.
- Rates from other nearby communities were reviewed and the reasons for the difference in operating costs as well as coming impacts for 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 treatment from return to treatment.
- Fire protection expenses.

Following the collection and review of this volume of information the Task Force considered a variety of ratemaking formulas with consideration for fairness and consumer satisfaction.



Upon considering the various rate design options, the Task Force determined that focusing its energy on designing a commodity based rate structure that took into consideration expenses that were not directly related to the delivery of service to consumers, such as system size due to fire hydrants, bringing water to the Spit, **(improve list)** _____, and also considered extraordinary expenses on the sewer side (BOD?) _____.

The recommendations of this report are based on these presumptions and result in the Water & Sewer Enterprise collecting the needed funds, but distributing the expense for the system more equitably based on a cost-causer, cost-payer foundation.

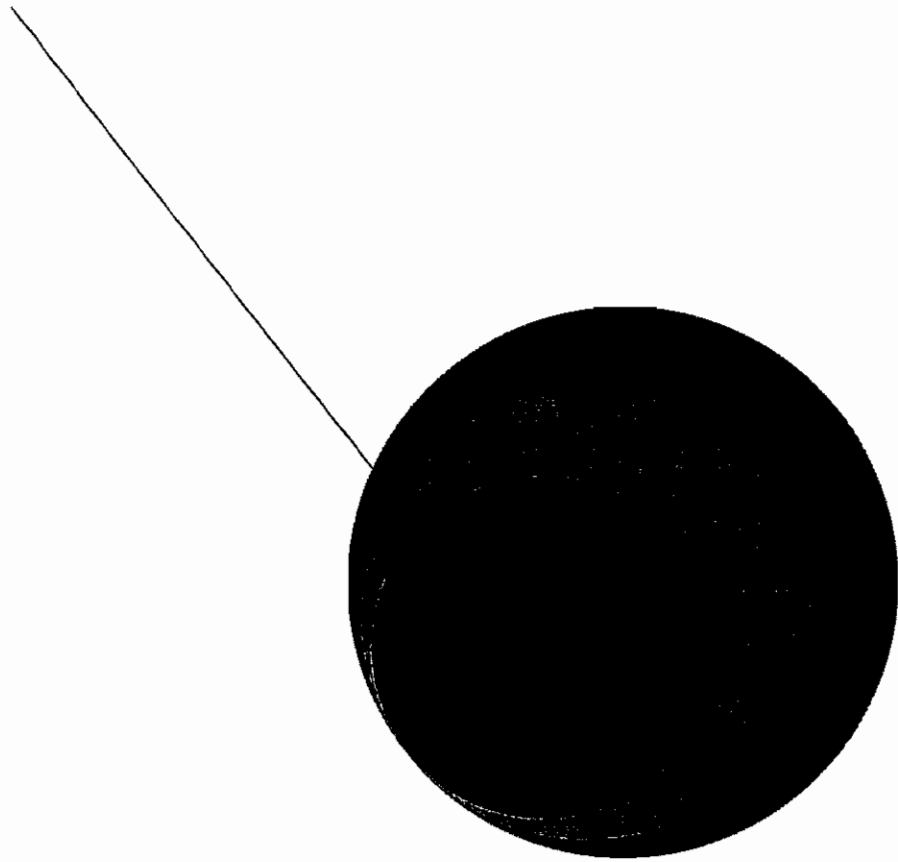
Respectfully submitted,

HOMER WATER & SEWER TASK FORCE

Chair: Mayor Wythe

Vice Chair: Beauregard Burgess

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



**Water & Sewer Rate Task Force
Rate Review Recommendation Report – Draft**

Fair and equitable distribution of system expenses based on cost-causer.

This document contains a review of findings of the 2012 Water & Sewer Task Force and a recommendation for a commodity based rate structure.

Contributing Task Force Members:

Beauregard Burgess, Ken Castner, Barbara Howard, Robert Howard, Sharon Minsch, Lloyd Moore, Terry Yager, Beth Wythe

(DATE SUBMITTED TO COUNCIL) MARCH , 2013

TABLE OF CONTENTS

INTRODUCTION:5

CURRENT RATE STRUCTURE:5

FAIR AND EQUITABLE RATES:.....5

SYSTEM REQUIREMENTS:6

DISPROPORTIONATE IMPACTS:6

OPTIONS FOR DISTRIBUTING COSTS TO CAUSERS:6

CRITERIA FOR EVALUATING THE SOLUTIONS:6

OTHER CONSIDERATIONS:6

CONCLUSIONS:6

WORKS CITEDError! Bookmark not defined.

INTRODUCTION:

(This section will provide an explanation of what lead to the development of the Task Force. What our commission was and briefly what the recommendation is.)

The City Council approved the creation of a Task Force after numerous Public Comments and complaints on the increase in the fees related to the Water & Sewer Rates.

The Water & Sewer Rate Task Force resolved to try and reach decisions that were not colored by sentiment or popularity. The City Council will be the final decider of any rate changes, and political decisions should be left to elected officials.

CURRENT RATE STRUCTURE:

This section will review what the billing system is currently and the resulting rates using three categories (residential, small volume commercial, and large volume commercial), etc.

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 is added.

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

The Task Force believes the service charge should reflect the actual cost of customer billing, banking and accounting.

FAIR AND EQUITABLE RATES:

This section will provide discussion on what makes a fair and equitable rate design.

The Task Force established that there were costs associated that were derived from the population in general (fire protection, City owned buildings, public rest rooms, fish cleaning stations and support of other services that use water in their day-to-day activities). Those costs should be borne by the City through its general fund.

General Fund tariffs should be the same as any other user.

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 provides leads to easy and automatic rate changes as the calculations are simple and transparent.

Fairness also requires that users that demand service beyond the normal, or create additional costs, be charged for those expectations and/or costs. Two examples of the former would be the small surcharge placed on 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.

SYSTEM REQUIREMENTS:

This section will provide an overview of why the system is sized the way it is and the resulting financial impact to the consumers.

DISPROPORTIONATE IMPACTS:

This section will review wasted water, the cost of sewage return due to lift stations, and BOD impacts.

OPTIONS FOR DISTRIBUTING COSTS TO CAUSERS:

This section will discuss the proposed reallocation of costs. The user fees proposed, the reallocation of expense to fire hydrants, etc.

CRITERIA FOR EVALUATING THE SOLUTIONS:

This section will discuss how we arrived at the use of a commodities based rate structure.

OTHER CONSIDERATIONS:

This section can include other items that we wanted to educate the community on. (staffing certification requirements, EPA regulation changes, etc.)

In establishing these new rates, 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.

CONCLUSIONS:

This will be our recommendations list and supporting statements. Remember we need to include such things as "it is proposed that the rate model, if adopted, be managed without consideration of political influence and public out-cry", etc.

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)

APPENDIX

We need to include the resolutions and memorandums and any the documents that support our recommendation.

Resolution 12-027(A), Establishing a Water & Sewer Rate Task Force
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.
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 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

Information Provided by Finance Department
City of Homer Year End 2011 Utility Special Revenue Fund
2011 Balance Sheet
Classifications & Average Monthly Usage for 2011
Actual Random Sample Invoices depicting various gallonage used for comparison
Depreciation Reserves Requirements
2012 Operating Budget Water & Sewer
Staff time to produce Invoice
How Budget Numbers are calculated
Year to Date figures Water & Sewer June 2012
Year to Date figures Water & Sewer August 2012
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

Information Provided by Public Works
How Fire Protection Affects the Water System – Public Works
Spit Water Overhead & Maintenance Costs
Flushing Fire Hydrants & Water Mains
2011 Average Water Usage By Classification
Water Treatment Plant Flows in Millions of Gallons
Maps Indicating Lift Station Locations and Areas Served
Number of Gallons of Water delivered to the spit Annually
Approximate Amounts returned to Water Treatment Plant
Meter Sizes & Number of Each Size
Gallonage in the Harbor

	City of Homer Water and Sewer Rate Study Draft Rate Model					
	Version 7 - Working					
Updated November 5, 2012 by KC						
Water Rates						
	Revenue Assumptions (dollars):				Source:	
1	Total Water Revenue Requirements (2014)=			1,890,265	annual budget	
2	Deduct Water portion collected through Service Fee			310,077	annual budget	
2	Hydrant Rents (10% of E6) =			189,027	annual budget	
4	Sprinkler Differential (20 buildings - \$5/mo)=			1,200	Building Customer	
6	Surplus Water Sales (Bulk) surcharge only =			98,750	Bulk Sales	
8	Adjusted Revenue Requirements =			1,291,211	Calculated	
9	Usage Assumptions (gallons):					
10	Metered Sales Projection (gallons) =			125,000,000	Prior Year	
11	Commodity Reduction due to Conservation =		13%		Number to be tested	
12	Adjusted Sales Projection (gallons) =			108,750,000	Calculated	
	Informational:					
13	Spit Water Sales =			17,921,000	Prior Year	
14	Surplus (Bulk) Water Sales =			23,072,500	Prior Year	
15	Number of Meters =			1,472	Prior Year	
16	City Hall Finance Department O/H=			775,192	annual budget	
17	Public Facilities Water Usage (value)=			134,904	annual budget	
	All Customers	Water Rate	Metered Service Fee			
		0.0119	17.55			

	City of Homer Water and Sewer Rate Study		Draft Rate Model				
Updated November 20, 2012 by KC							
Sewer Rates			Version 7 - Working				
	Revenue Assumptions (dollars):						Source:
1	2014 Total Revenue Requirement=				1,680,279		Annual Budget
2	Spit Differential Sewer (.86*50% of Lift Stations) =				78,223		Spit Users
3	High BOD Generator Sewage Differential (10%) =				21,980		New Fee
4	Customer Fee from KC/Tennants (\$5/mo) =				53,160		Reduced Fee
7	Kachemak City Fees (less pumping) =				81,270		
8	Summer Metered Gallons (Septic Reduction) =				(400.00)		
9	Adjusted Revenue Requirements=				1,446,046		
	Usage Assumptions (gallons):						
10	Discharge Sales Projection (gross metered) =				125,000,000		
11	13% Commodity Reduction due to Conservation =				(16,250,000)		
12	Metered Spit w/o entering Treatment Line=				(9,150,000)		
13	Adjusted Discharge Sales Projection =				99,600,000		
	Informational:						
14	Spit Sewer Discharge (gallons)=				7,225,000		Prior Year
15	Lift Station Costs=				181,915		Annual Budget
16	Single Connection Multi-Tenant Units=				886		Prior Year
17	Public Facilities Contribution =				46,918		Annual Budget
18	High BOD Generator Sewage (gallons) =				15,700,000		
19	Dumping Station Fees =				10,500		Annual Budget
	All Customers - Sewer Base Rate /gal						
	0.015						
	Spit Customer - Sewer Rate /gal (Base plus Differential)						
	0.025						
	Spit Customer - Sewer Rate /gal (High BOD = .004)						
		0.029					
	High BOD Rate						
		0.0183					

Type of User	\$18/mo Service Fee	1.2¢ gal Water Fee	1.6¢ gal Bulk Water	1.5¢ gal Sewer Fee	2.7¢ gal Sewer Fee	\$5/mo Customer Fee	\$.0183/gal BOD Fee	\$5/mo Fire Demand
BASE FEES:								
Bulk Water Purchaser			✓					
Residential/ Commercial - City*	✓	✓		✓				
Residential/ Commercial - Spit	✓	✓			✓			
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)								
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WHAT DO THESE NEW RATES MEAN TO ME?

Example # 1 The vast majority of customers will fall under this rate.

The first line on your bill is the Customer Service Charge for Water:

It is a flat fee for both water and sewer \$ 18.00

The second line on your bill is for water per 100 gallons

Multiply your consumption by 1.19

Example: $35 \times 1.19 = \$ 41.65$

The third line on your bill is the Customer Service Charge for Sewer

There is just one service fee \$ -

The fourth line on your bill is the septage per 100 gallons

Multiply your consumption by 1.5

Example: $35 \times 1.50 = \$ 52.50$

Total for this example using 3500 gallons: \$ 112.15

So for *most* customers you simply multiply your metered water by \$ 2.69
and add the \$18 service fee

Example: $35 \times 2.69 = \$ 94.15$ then add 18.00 = \$ 112.15

Multiply that number by 7.5% for the tax \$ 112.15 x 0.075 = \$ 8.41

Add them together = \$ 120.56

HOW MANY GALLONS DO YOU USE EACH MONTH?

For *most* residential and commercial users:

If you have multiple units:**

Gallons Used:

Your Total Bill:*

Your Total Bill:*

1000	48.27
2000	77.19
3000	106.10
4000	135.02
5000	163.94
6000	192.86
7000	221.77
8000	250.69
10000	308.53
12000	366.36
15000	453.11
20000	597.70
30000	886.88
40000	1176.05
60000	1754.40
100000	2911.10

2 unit	3 unit	4 unit	6 unit	8 unit
53.64	59.02	69.77	80.52	91.27
82.56	87.94	98.69	109.44	120.19
111.48	116.85	127.60	138.35	149.10
140.40	145.77	156.52	167.27	178.02
169.31	174.69	185.44	196.19	206.94
198.23	203.61	214.36	225.11	235.86
227.15	232.52	243.27	254.02	264.77
256.07	261.44	272.19	282.94	293.69
313.90	319.28	330.03	340.78	351.53
371.74	377.11	387.86	398.61	409.36
458.49	463.86	474.61	485.36	496.11
603.08	608.45	619.20	629.95	640.70
892.25	897.63	908.38	919.13	929.88

* City sales tax included

** Applies to both residential and commercial

To: Homer Water/Sewer Rate Task Force members; City Manager; City Mayor; City Council.

From: Larry Slone

Subject: Proposed Water/Sewer Rate Model

Approximations of current (resolution 11-094(S)) monthly costs to city water-and-sewer users versus using the model (model) being proposed by the TaskForce for public presentation on Jan 22, 2013. Taxes NOT included.

Commercial or Public Building (Not Spit) using 100,000 gals per month

Now: \$2,450 \$24.04/1,000 gal combined water/sewer plus \$45 service fee

Model: \$2,620/+7% more \$26/1,000 gal combined water/sewer plus \$18 service fee

If this building is **high BOD** add \$183. **New total:** \$2,800 BOD=\$1.83/1,000

Bulk using 1,000,000 gals (water only) per month

Now: \$12,725 \$12.69/1,000 for water only plus \$25 service fee

Model: \$16,020/+ 26% more \$16/1,000 plus \$18 service fee

Multiplex - 4 plex using 10,000 gal (2,500 each unit) monthly

Now: \$324 \$14.39/1,000 plus \$45 service fee EACH unit

Model: \$298/-10% less \$26/1,000 combined water/sewer plus \$18 meter
(first unit) plus \$5 each remaining ⁴~~3~~ units

Residential 3,000 gal/month

Now: \$88 \$14.39/1,000 plus \$45

Model: \$96/+9% more \$26/1,000 plus \$18

Residential 1,000 gals/month

Now: \$59 \$14.39/1,000 plus \$45

Model: \$44/-25% less \$26/1,000 plus \$18

Spit , Commercial 10,000 gals/month

water only: **Now:** \$139 \$11.40/1,000 gal/month plus \$25 service fee

water only: **Model:** \$138 \$12/1,000 plus \$18 service fee

water AND sewer: **Now:** \$285 \$24/1,000 plus \$45 service fee

water AND sewer: **Model:** \$408/+44% more \$39/1,000 plus \$18 service fee

If BOD applies **add** \$1.83/1,000 gals

