



# City of Homer

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## Memorandum 17-072

TO: Mayor Zak and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: May 3, 2017  
SUBJECT: Water Sewer Follow up

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The purpose of this memo is to address specific questions raised by Council during the Water and Sewer worksession held April 24.

### How much do we have in reserves?

	12/31/2016 Balance	2017 Budgeted Transfer to Reserves	2017 Approved Projects	Total
Water	\$2,540,313	\$264,126	(\$35,000)	\$2,769,439
Sewer	\$1,933,912	\$335,840	(\$327,790)	\$1,942,962

To provide a point of comparison, currently for insurance purposes we value the Sewer Treatment plant, associated infrastructure and contents at \$14.2m. The new water treatment plant, contents, and associated water storage tanks are valued at \$18.9m.

### Are there any water/sewer projects on the Capital Improvement Plan (CIP)?

Yes, phase 2 of Water Storage/Distribution Improvements is currently on the CIP, however it is not listed as a top 5 project. This project includes installation of an underground water storage tank and 2,000 linear feet of water main between the tank and the new water system for \$3.9m. The project is on hold until further development in the area, including a large subdivision.

### Definition of Operational Adjustment

When looking at water volume, you will see an “operational adjustment” is applied. This number represents the volume of water the sewer treatment plant uses to process sewer. Because it is a necessary intra-operational expense, it is excluded from water volume so as not to skew the data when analyzing for rate setting purposes.

### What portion of sales are bulk versus metered?

Since 2013 bulk sales averaged 14.5% of total volume. See attached chart for details.

### What is the volume of water produced at the water treatment plant in comparison to metered sales?

Total water produced at treatment plant in 2016 was 188.8 million gallons. Total metered sales for 2016 was 124.5 million gallons. This equates to 64.3 million gallons, or 34% of production, used to treat waste, flush lines, fire hydrant testing and maintenance, and any leaks in the system. The majority of the flow is from flushing the lines to keep water going into people’s homes and businesses fresh with low levels of potential contaminants. Looping dead ends in the system, like the water storage/ distribution system project above, will reduce the need for flushing the lines.

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CIP page for Water Storage/Distribution Improvements, Phase 2

## Chart: Bulk vs. Metered Water Sales