



Agenda Commentary

Item Title/ Subject: Consider Rate Adjustment by Foss Con. District

Staff Source: City Manager, Steve Hewitt

Date: January 15, 2014

Background/Subject Information:

Foss Water Conservancy District has passed a new budget which includes a large rate adjustment. (New Rates: Assessment goes to \$3.67/1000 20% increase – Overage to \$3.42/1000 26% increase)

After multiple conversations with the Board Chairman and Chief Operating Manager, they have nearly \$800,000 in capital improvements that need to be addressed. These are not related to the new upgrade they are considering. These are items that have been neglected for years and must be resolved. Those items, we understand and agree with. Revenues must be increased to cover those improvements, thus the rate increase.

See the attached budget they provided. Extra Water Sales they only budgeted \$50,000 in revenue. 2012, because Clinton is purchasing 100% Foss Water, they receipted \$1.2 Million in extra water sales (over our assessment), and collected over \$1 Million in 2013. The concern is that have only budgeted \$50,000 of extra water sales (see marked budget sheet attached). City of Clinton has nearly \$70,000 of overages in January.

Foss Management informed staff that it tries to be conservative and cannot assume large extra sales. This isn't realistic and irresponsible budgeting. This was an issue last year that we discovered and the Foss Board reviewed and agreed to no increased rates. I understand conservative revenue budgeting. However, knowing Clinton Lake is still down, a conservative \$300,000-400,000 budget of Extra Sales could and should be considered. This would reduce any rate increase to 10-15%.

Recommendation:

City Council/PWA should consider a public review/request to the Foss Board to revisit this rate hike and make in more appropriate and realistic to actual water sales. The budget method is simply not accurate and fiscally inappropriate. This is a large impact to our citizens and business district. Add an addition \$.65 cents/1000 gal. for the upgrade project debt service, this current rate hike must be reconsidered and properly adjusted.

Price/Cost: Potential Estimated over \$400,000 impact to PWA Budget

2014 BUDGET

FOSS RESERVOIR MASTER CONSERVANCY DISTRICT PLANT & AQUEDUCT

	2013 BUDGET	2013 EXPENSES	2014 BUDGET
PAYROLL, TAXES, INS.	\$345,000.00	\$345,000.00	\$385,000.00
PLANT PAYMENT	\$262,000.00	\$262,000.00	\$262,000.00
ELECTRIC ENERGY	\$175,000.00	\$218,256.37	\$219,200.00
UTILITIES	\$9,000.00	\$5,991.16	\$8,500.00
ALARM MONITORING	\$2,600.00	\$2,432.02	\$2,600.00
REPAIRS, SERVICE CONT.	\$90,000.00	\$126,136.74	\$125,000.00
REPAIRS (OUTSIDE PLANT)	\$90,000.00	\$81,381.20	\$100,000.00
PLANT SUPPLIES	\$3,000.00	\$2,408.95	\$3,000.00
STACK SUPPLIES (IONICS)	\$122,000.00	\$123,324.70	\$168,000.00
COST OF CHEMICALS	\$350,000.00	\$392,747.00	\$391,349.00
D.E.Q. REG SERVICE	\$10,000.00	\$4,815.00	\$9,000.00
DISCHARGE (TESTING & REG)	\$55,000.00	\$38,170.86	\$60,000.00
INSURANCE	\$52,000.00	\$51,931.68	\$54,000.00
TELEPHONE EXPENSES	\$3,000.00	\$2,168.37	\$2,900.00
INTERNET SERVICE	\$500.00	\$426.76	\$550.00
GASOLINE & OIL	\$20,000.00	\$13,743.36	\$19,000.00
ENGINEERING SERVICES	\$88,000.00	\$141,790.10	\$40,000.00
PROFESSIONAL FEES	\$28,500.00	\$33,001.56	\$37,500.00
BANK CHARGES	\$750.00	\$600.00	\$700.00
SECRETARY EXPENSES	\$1,075.00	\$1,066.32	\$1,075.00
DIRECTORS FEES	\$2,800.00	\$4,049.95	\$4,200.00
TRAVEL	\$800.00	\$1,429.55	\$1,350.00
OFFICE & POSTAGE	\$4,400.00	\$4,994.62	\$5,500.00
LABORATORY SUPPLIES	\$8,000.00	\$6,166.26	\$8,000.00
EMPLOYEES TRAINING	\$3,000.00	\$3,693.08	\$3,500.00
TOTAL	\$1,726,425.00	\$1,867,726.59	\$1,909,924.00

STACK RESERVE ACCOUNT	\$0.00	\$0.00	
MAJOR UPDATES & REPAIRS	\$660,000.00	\$254,110.97	\$800,000.00
CONTINGENCY FUND	\$20,000.00	\$0.00	\$15,000.00
NEW PICKUP	\$14,500.00	\$10,908.00	\$14,000.00
DAM & RES. OPERATING EXP.	\$201,000.00	\$180,842.02	\$197,200.00
TOTAL	\$895,500.00	\$445,860.99	\$1,026,200.00
GRAND TOTAL	\$2,621,925.00	\$2,313,587.58	\$2,936,124.00
DEPRECIATION			

INCOME			
CITIES (ALLOCATION)	\$1,569,682.50	\$1,569,682.50	\$1,888,765.50
CITIES DAM & RES. ASSESSMENTS	\$70,000.00	\$70,000.00	\$70,000.00
EXTRA WATER SALES	\$101,500.00	\$1,050,007.91	\$50,000.00
INTEREST EARNED	\$0.00	\$7,396.03	\$0.00
DAM & RES. REIMB. EST	\$131,000.00	\$132,619.80	\$118,858.50
RESERVE FUNDS	\$749,742.36	\$0.00	\$808,500.00
MISCELLANEOUS INCOME	\$0.00	\$1,036.20	\$0.00
WATER REV. OTHER	\$0.00	\$0.00	\$0.00
TOTAL	\$2,621,924.86	\$2,830,742.44	\$2,936,124.00

FIXED OPERATION & MAINT. OF PLANT & AQUEDUCT (WATER ALLOCATION)

	%	WTR LOSS %	TTL%	2013	2014
CITY OF CLINTON	48.63249	0.0297	48.66219	\$763,841.88	\$919,114.65
CITY OF HOBART	35.63249	0.0297	35.66219	\$559,783.16	\$673,575.14
CITY OF CORDELL	14.03484	0.0297	14.06454	\$220,768.62	\$265,846.18
TOWN OF BESSIE	1.58138	0.0297	1.61108	\$25,286.84	\$30,429.53
TOTAL				\$1,569,682.50	\$1,888,765.50

FIXED TOTAL ASSESSMENT TO PROJECT CITIES FOR OPERATION IN 2014

CITY OF CLINTON	\$802,901.88	\$958,174.65
CITY OF HOBART	\$581,581.16	\$695,373.14
CITY OF CORDELL	\$229,672.62	\$274,560.18
TOWN OF BESSIE	\$25,526.84	\$30,667.53

City of Clinton Annual Assessment and Overage Costs for calendar year 2013 as compared to year 2014 new rates
 Foss Master Conservancy District

20.32% Increase			26.67% Increase		
Year 2013	New Rate 2014	Increase	Year 2014	New Rate 2014	Increase
Mthly Assessment at \$3.05/1000	at \$3.67/1000		Mthly Overage at \$2.70/1000	at \$3.42/1000	
01/01/2013	\$67,210.43	\$80,867.59	Dec-13	\$72,036.28	\$91,245.95
02/01/2013	\$66,906.06	\$80,501.37	Jan-14	\$61,504.82	\$77,906.11
03/01/2013	\$67,210.43	\$80,867.59	Feb-14	\$55,093.13	\$69,784.63
04/01/2013	\$66,841.66	\$80,423.89	Mar-14	\$52,609.13	\$66,638.23
05/01/2013	\$66,841.66	\$80,423.89	Apr-14	\$75,357.01	\$95,452.21
06/01/2013	\$66,841.66	\$80,423.89	May-14	\$75,588.83	\$95,745.85
07/01/2013	\$66,841.66	\$80,423.89	Jun-13	\$86,267.60	\$109,272.29
08/01/2013	\$66,841.66	\$80,423.89	Jul-13	\$124,177.06	\$157,290.94
09/01/2013	\$66,841.66	\$80,423.89	Aug-13	\$83,203.37	\$105,390.94
10/01/2013	\$66,841.66	\$80,423.89	Sep-13	\$108,344.80	\$137,236.75
11/01/2013	\$66,841.66	\$80,423.89	Oct-13	\$66,563.81	\$84,314.16
12/01/2013	\$66,841.66	\$80,423.89	Nov-13	\$55,949.03	\$70,868.77
	\$802,901.86	\$966,051.56		\$916,694.87	\$1,161,146.83
		\$163,149.70			\$244,451.96
Increase in next 12 months based on 2013 data and 2014 increased rates					\$407,601.66