



City of Grand Island

Tuesday, June 09, 2009

Council Session

Item G10

**#2009-133 - Approving Final Waste Water Cost of Service Based
Rate Study Report**

Staff Contact: Steven P. Riehle, Public Works Director

Council Agenda Memo

From: Steven P. Riehle, Public Works Director

Meeting: June 9, 2009

Subject: Approving Final Waste Water Cost of Service Based Rate Study Report

Item #'s: G-10

Presenter(s): Steven P. Riehle, P.E., Director of Public Works

Background

Bill Stoner, Derek Cambridge and Anna White from engineering consulting firm Black & Veatch presented tables and allocations for a waste water cost of services based rate study at the May 5th City Council study session.

The City Council approved the rate study format and tables for the allocation of the treatment facility cost, collection system cost and capital expenditures to customer classes on May 12th by resolution number 2009-116.

Discussion

The final waste water cost of service based rate study report is now complete and ready for council approval. The final report includes the tables that were presented at the May 5th study session and approved at the May 12th council meeting. Because the final report also includes a significant narrative to make a complete report, staff felt it was appropriate to ask council to approve the final report.

The final report includes the following areas:

- Introduction
 - Purpose
 - Scope
- Summary of Findings and Recommendations
 - Revenue under Existing Rates
 - Revenue Requirements
 - Cost of Service Allocations
 - Proposed Rate Adjustments
- Revenue

- Customer Growth
- Water Revenue under Existing Rates
- Other Revenue
- Revenue Requirements
 - Operation and Maintenance Expense
 - Major Capital Improvements
 - Routine Capital Additions
 - Debt Service Requirements
- Summary of Revenue and Revenue Requirements
 - Major Capital Improvement Financing
 - System Operations
 - Bond Coverage Requirements
- Cost Allocations
 - Cost of Service Allocation
 - Functional Cost Components
 - Allocation to Cost Components
 - Allocation of Net Plant Investment
 - Allocation of Capital Improvements
 - Allocation of Operating Expenses
 - Distribution of Costs to Customer Classes
 - Customer Classification
 - Units of Service
 - Customer Class Costs of Service
- Rate Adjustment
 - Existing Rates
 - Proposed Rates
 - Adequacy of Proposed Rates
 - Typical Bills

The final report tables are different for one item. When putting together the final rate study report, Black & Veatch noticed that table 18 of the rate study that was presented on May 5th showed a BOD rate per pound for the current Fiscal Year (FY) 2009 of \$0.2806 and a recommended rate of \$0.2797 for FY 2010. Then the rate study showed a recommended rate of \$0.3042 for FY 2011. Rather than have a FY 2010 rate decrease of 0.3% followed by a FY 2011 increase of 8.76%, Black & Veatch recommends that the rate for BOD remain flat between FY 2009 and FY 2010. The revision of Table 18 is attached.

The final report includes recommended rates for fiscal years 2010, 2011, 2012 and 2013. The first year of rate adjustments will be considered by the council along with other city rates as part of the normal budget process. Copies of the final report with all narratives will be distributed to council with the council packets.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand.
The Council may:

1. Move to approve.
2. Refer the issue to a Committee.
3. Postpone the issue to a future date.
4. Take no action on the issue.

Recommendation

Public Works Administration recommends that the Council approve the final waste water cost of service based rate study report.

Sample Motion

Move to approve final waste water cost of service based rate study report.

Table 18
City of Grand Island, NE
Wastewater Utility
Proposed Rates

Charges to be Effective October 1,

	2009	2010	2011	2012	2013
Sewer Service Charge - \$/month					
All Customers	8.24	8.24	8.24	8.24	8.24
Volume Charge - \$/Ccf					
Low Strength Industrial Dischargers	0.42	0.58	0.77	0.93	1.13
JB Swift	1.37	1.29	1.20	1.11	1.02
All Other Customers	1.37	1.45	1.68	1.88	2.13
Excess Strength Surcharge - \$/lb					
BOD over 250 mg/l (see note 1)	0.2806	0.2797 0.2806	0.3042	0.3143	0.3385
Suspended Solids over 250 mg/l	0.2180	0.2180	0.2180	0.2180	0.2180
Oil & Grease over 100 mg/l	0.0115	0.1465	0.1465	0.1944	0.2050
Low Strength Industrial Dischargers BOD over 0 mg/l (see note 1)	0.2806	0.2797 0.2806	0.3042	0.3143	0.3385
Suspended Solids over 0 mg/l	0.2180	0.2180	0.2180	0.2180	0.2180
Oil & Grease over 0 mg/l	0.0115	0.1465	0.1465	0.1944	0.2050
Ammonia over 30 mg/l	0.3729	0.5539	0.5701	0.6914	0.7256
Hydrogen Sulfide over 0 mg/l	0.1252	0.3569	0.3899	0.4558	0.4868
Hydrogen Sulfide Flat Fee - \$/month	8,376.29	9,160.00	9,160.00	9,160.00	9,160.00

Ccf = Hundred Cubic Feet
BOD = Biochemical Oxygen Demand
mg/l = milligram per liter

Note 1: The rate for BOD over 250 mg/l that was presented at the May 5, 2009 City Council Study Session was \$0.2797/lb. Black & Veatch recommends that the 2010 rate for BOD remain the same as the 2009 rate.

RESOLUTION 2009-133

WHEREAS, at the May 5, 2009 City Council Study Session, representatives from the engineering consulting firm Black & Veatch Corporation of Kansas City, Missouri presented tables and allocations for a waste water cost of services based rate study; and

WHEREAS, on May 12, 2009, by resolution number 2009-116 City Council approved the rate study as presented at the May 5, 2009 City Council Study Session; and

WHEREAS, the final waste water cost of service based rate study report has been finalized by Black & Veatch and is now complete; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the final Waste Water Cost Based Rate Study report as prepared by engineering consulting firm Black & Veatch Corporation of Kansas City, Missouri is hereby approved and adopted.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 9, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
June 4, 2009 ☐ City Attorney