

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: 12/05/16
Item No.: 14.b

Department Approval



City Manager Approval



Item Description: Consider Adopting the 2017 Utility Rate Adjustments

BACKGROUND

Over the past several months, City Staff has been reviewing the City's utilities operations to determine whether customer rate adjustments are necessary for 2017. The analysis included a review of the City's water, sanitary sewer, storm drainage, and curbside recycling operations.

The information presented below includes an analysis of these operations, some historical water usage information, and a series of rate comparisons with peer communities. Each of these are presented in separate sections.

Operational Review

Staff's analysis of its utility operations included a review of the following:

- ❑ *Fixed* costs including personnel, supplies and maintenance, and other costs that are generally independent of the amount of water purchased or wastewater that is generated.
- ❑ *Variable* costs including the purchase of water from the City of St. Paul, water treatment costs paid to the Metropolitan Council, and recycling contractor costs paid to Eureka Recycling.
- ❑ Capital replacement costs.
- ❑ Customer counts and consumption patterns, rate structure, and rates.

Based on an analysis of these costs and customer consumption patterns, Staff is recommending a number of fee adjustments for 2017. The need for these adjustments are presented in greater detail below sections.

Based on Staff's recommendation, the estimated quarterly impact on a typical single-family home is shown in the following table.

Utility Rate Impact: Single Family Home				
<u>Service</u>	<u>2016</u>	<u>2017</u>	<u>\$ Increase</u>	<u>% Increase</u>
Water - base fee	51.60	53.15	1.55	
Water - usage fee	33.75	33.75	-	
Sanitary Sewer - base fee	35.40	36.45	1.05	
Sanitary Sewer - usage fee	23.40	27.95	4.55	
Storm Sewer	12.35	12.95	0.60	
Recycling	5.60	6.50	0.90	
Total per Quarter	\$ 162.10	\$ 170.75	\$ 8.65	5.33%
Avg. Water consumption (1,000 gals.)	15			
Avg. Sewer consumption (1,000 gals.)	13			

For 2017 a typical single-family home will pay an estimated \$170.75 per quarter, or \$56.92 per month. This is an increase of \$2.88 per month from 2016. More detailed information for each operating division can be found below.

Water Operations

The City's water operation provides City customers with safe potable water, as well as on-demand water pressure sufficient to meet the City's fire protection needs. The following table provides a summary of the 2016 and 2017 (proposed) Budget excluding capital:

	2016	2017	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 7,487,750	\$ 7,100,000	\$ (387,750)	-5.2%
Interest Earnings	1,000	5,000	4,000	400.0%
Total	\$ 7,488,750	\$ 7,105,000	\$ (383,750)	-5.1%
Expenses				
Personnel Services	\$ 642,800	\$ 642,500	\$ (300)	0.0%
Supplies & Materials	82,100	88,200	6,100	7.4%
Other Services & Charges	5,793,850	5,565,750	(228,100)	-3.9%
Total	\$ 6,518,750	\$ 6,296,450	\$ (222,300)	-3.4%
Net Available for Capital **	\$ 970,000	\$ 808,550		
** Excludes \$592,000 in cash reserves set aside for water-related capital				

For 2017, overall *budgeted* revenues and expenditures are expected to decline significantly after adjusting for revised customer usage estimates. The revision affects both the 'Customer Charges' (revenue) and 'Other Services & Charges' (expenses). Costs associated with assigned personnel are expected to remain steady even after accommodating a 2.75% cost-of-living adjustment.

The single largest operating cost for the water operation is the purchase of wholesale water from the St. Paul Regional Water System (SPRWS). SPRWS Officials have informed us that there will be a 4.67% increase in the cost of purchasing wholesale water in 2017. However, Roseville's current customer usage rates have a sufficient cushion to accommodate this increase.

The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs

in the coming years which will require a 3.0% increase in the water *base* fee.

Sanitary Sewer Operations

The City maintains a sanitary sewer collection system to ensure the general public's health and general welfare. The following table provides a summary of the 2016 and 2017 (proposed) Budget excluding capital:

	2016	2017	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 5,032,745	\$ 5,040,000	\$ 7,255	0.1%
Interest Earnings	5,000	5,000	-	0.0%
Total	\$ 5,037,745	\$ 5,045,000	\$ 7,255	0.1%
Expenses				
Personnel Services	\$ 469,200	\$ 493,100	\$ 23,900	5.1%
Supplies & Materials	50,200	50,400	200	0.4%
Other Services & Charges	3,374,550	3,505,550	131,000	3.9%
Total	\$ 3,893,950	\$ 4,049,050	\$ 155,100	4.0%
Net Available for Capital **	\$ 1,143,795	\$ 995,950		
** Excludes \$205,000 in cash reserves set aside for sanitary sewer-related capital				

For 2017, overall costs are expected to rise 4.0%. Costs associated with assigned personnel are expected to increase 5.1% which includes a 2.75% cost-of-living adjustment.

The single largest operating cost to the sanitary sewer operation is the wastewater treatment costs paid to the Metropolitan Council Environmental Services Division (MCES). The MCES has informed us that we can expect a 5.7% increase in wastewater treatment costs for 2017 despite having lower sewer flows. The increase is attributable to the MCES' higher infrastructure replacement costs which are shared amongst metro area customers. This will require a 19.4% increase in sewer *usage* fees for our sanitary sewer customers.

The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs in the coming years which will also require a 3.0% increase in the sanitary sewer *base* fee.

Storm Drainage Operations

The City provides for the management of storm water drainage to prevent flooding and pollution control, as well as the street sweeping program. The following table provides a summary of the 2016 and 2017 (proposed) Budget excluding capital:

	2016	2017	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 1,645,685	\$ 1,775,000	\$ 129,315	7.9%
Interest Earnings	35,000	20,000	(15,000)	-42.9%
Total	\$ 1,680,685	\$ 1,795,000	\$ 114,315	6.8%
Expenses				
Personnel Services	\$ 397,600	\$ 404,700	\$ 7,100	1.8%
Supplies & Materials	83,500	86,500	3,000	3.6%
Other Services & Charges	271,200	347,100	75,900	28.0%
Total	\$ 752,300	\$ 838,300	\$ 86,000	11.4%
Net Available for Capital **	\$ 928,385	\$ 956,700		
** Excludes \$1,090,000 in cash reserves set aside for storm sewer-related capital				

For 2017, overall costs are expected to rise 11.4%. Costs associated with assigned personnel are expected to increase 1.8% which includes a 2.75% cost-of-living adjustment. The increase in 'Others Services & Charges' is due to the costs associated with updating the Stormwater Plan, which is required as part of the broader decennial update of the Comprehensive Plan.

The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs in the coming years which will require a 5.0% increase in the storm sewer fee.

Recycling Operations

The recycling operation provides for the contracted curbside recycling pickup throughout the City and related administrative costs. The primary operating cost is the amounts paid to a contractor to pickup recycling materials.

The following table provides a summary of the 2016 and 2017 (proposed) Budget:

	2016	2017	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Base Fee Revenue	\$ 346,000	\$ 426,210	\$ 80,210	23.2%
Usage Fee Revenue	-	-	-	0.0%
SCORE Grant	89,200	85,000	(4,200)	-4.7%
Revenue Sharing	48,000	-	(48,000)	-100.0%
Interest Earnings	1,000	1,000	-	0.0%
Total	\$ 484,200	\$ 512,210	\$ 28,010	5.8%
Expenses				
Personnel Services	\$ 36,800	\$ 36,800	\$ -	0.0%
Supplies & Materials	2,000	2,000	-	0.0%
Other Services & Charges	453,410	473,410	20,000	4.4%
Total	\$ 492,210	\$ 512,210	\$ 20,000	4.1%
Net From Operations **	\$ (8,010)	\$ -		
** The Recycling Fund has a cash balance of \$90,600				

For 2017, overall costs are expected to rise 4.1% resulting from a new multi-year contract for services

95 (review pending). The increased contractor costs which include the addition of pickups in public areas,
96 coupled with a decline in revenue sharing will require a 16.0% increase in the recycling fee charged to
97 customers.

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99 **Recommended Rates for 2016**

100 As noted above, a typical single-family home will pay \$170.75 per quarter, or \$56.92 per month under
101 the recommended rates. The following tables provide a more detailed breakdown of the proposed rates.

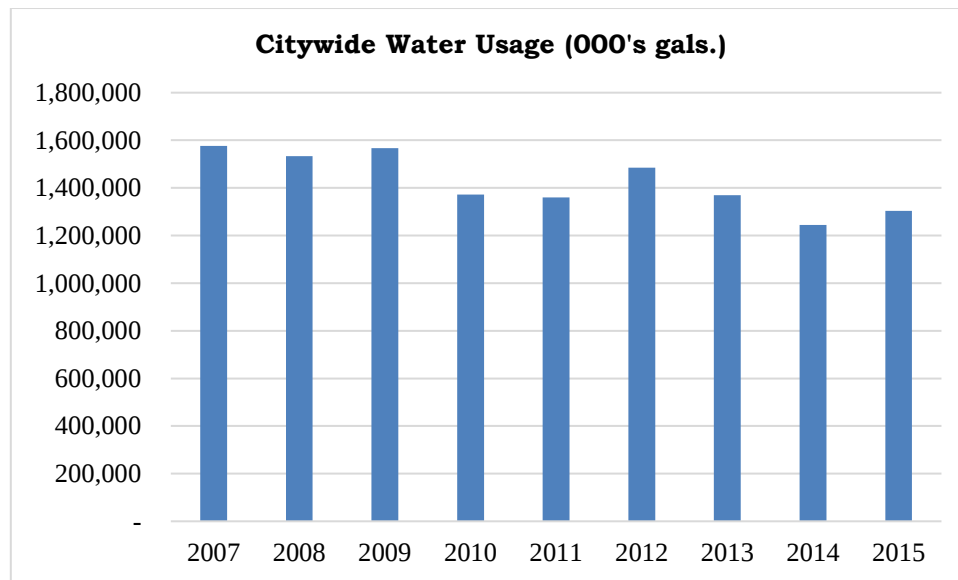
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<u>Water Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 51.60	\$ 53.15	Standard SF rate
Single-Family Residential: Low-Income Discount	33.50	34.55	Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	51.60	53.15	Standard SF rate
Non-SF Residential (1.0" Meter)	64.50	66.45	Standard SF rate x 1.25
Non-SF Residential (1.5" Meter)	103.00	106.10	Standard SF rate x 2.00
Non-SF Residential (2.0" Meter)	193.50	199.30	Standard SF rate x 3.75
Non-SF Residential (3.0" Meter)	387.00	398.60	Standard SF rate x 7.50
Non-SF Residential (4.0" Meter)	774.00	797.20	Standard SF rate x 15.00
Non-SF Residential (6.0" Meter)	1,548.00	1,594.45	Standard SF rate x 30.00
<u>Water Usage Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
SF Residential: Up to 30,000 gals./qtr	\$ 2.25	\$ 2.25	Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.50	2.50	Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.70	Standard SF rate +20%
Non-SF Residential (winter rate)	2.95	2.95	Standard SF rate +30%
Non-SF Residential (summer rate)	3.15	3.15	Standard SF rate +40%
Rates are per 1,000 gallons			
<u>Sewer Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 35.40	\$ 36.45	Standard SF rate
Single-Family Residential: Low-Income Discount	23.00	23.70	Standard SF rate x 0.65
Multi-Family Residential (townhomes)	35.40	36.45	Standard SF rate x 1.00
Multi-Family Residential (apartments & condos)	24.90	25.65	Standard SF rate x 0.70
Non-SF Residential (5/8" Meter)	26.50	27.30	Standard SF rate x 0.75
Non-SF Residential (1.0" Meter)	53.00	54.60	Standard SF rate x 1.50
Non-SF Residential (1.5" Meter)	79.50	81.90	Standard SF rate x 2.25
Non-SF Residential (2.0" Meter)	124.00	127.70	Standard SF rate x 3.50
Non-SF Residential (3.0" Meter)	260.00	267.80	Standard SF rate x 7.25
Non-SF Residential (4.0" Meter)	515.00	530.45	Standard SF rate x 14.50
Non-SF Residential (6.0" Meter)	1,025.00	1,055.75	Standard SF rate x 29.00
Multi-family rate is per housing unit			
<u>Sewer Usage Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Residential	\$ 1.80	\$ 2.15	Standard rate
Non-Residential	4.20	5.00	Standard rate x 2.30
Rates are per 1,000 gallons			

<u>Stormwater Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential & Duplex	\$ 12.35	\$ 12.95	Standard SF rate
Multi-Family & Churches	95.55	100.35	Standard SF rate x 7.75
Cemeteries & Golf Course	9.30	9.75	Standard SF rate x 0.75
Parks	28.75	30.20	Standard SF rate x 2.35
Schools & Community Centers	46.45	48.80	Standard SF rate x 3.75
Commercial & Industrial	191.00	200.55	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			
<u>Recycling Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family	\$ 5.60	\$ 6.50	Standard rate
Multi-Family	5.60	6.50	Standard rate

Water Usage History

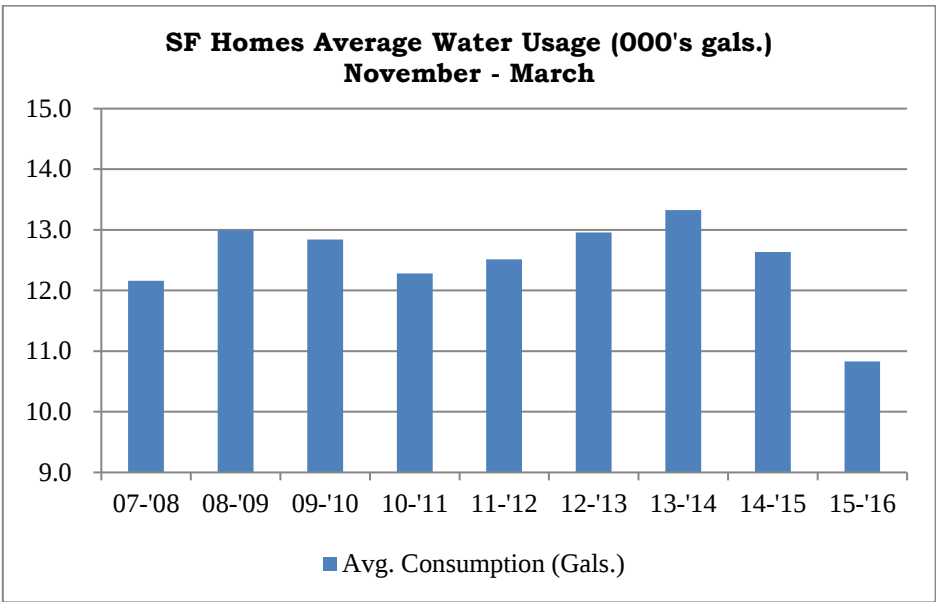
The series of graphs presented below depict water customer consumption patterns over the past 8 years beginning with a depiction of the *citywide* water consumption.



As indicated in the graph, citywide consumption has generally been falling over the past eight years – a 17% reduction since 2007. With aggregate data it's difficult to conclude whether water customers are truly modifying their behavior or if the volume is decreasing for other reasons such as the loss of high-water users (manufacturing, hotels, apartments, etc.) or higher summertime rainfall totals.

As we'll discuss further below, the average monthly summertime rainfall totals have increased somewhat since 2009, however during this same period the City has seen growth in housing units, retail establishments, and other commercial uses. The bottom line is that overall consumption has declined, while the City has grown.

The next graph depicts the average quarterly wintertime usage for single-family homes. Because it excludes summer lawn & garden irrigation months, the graph is indicative what single-family homes use for ‘normal’ household usage such as laundry, showering/bathing, etc.

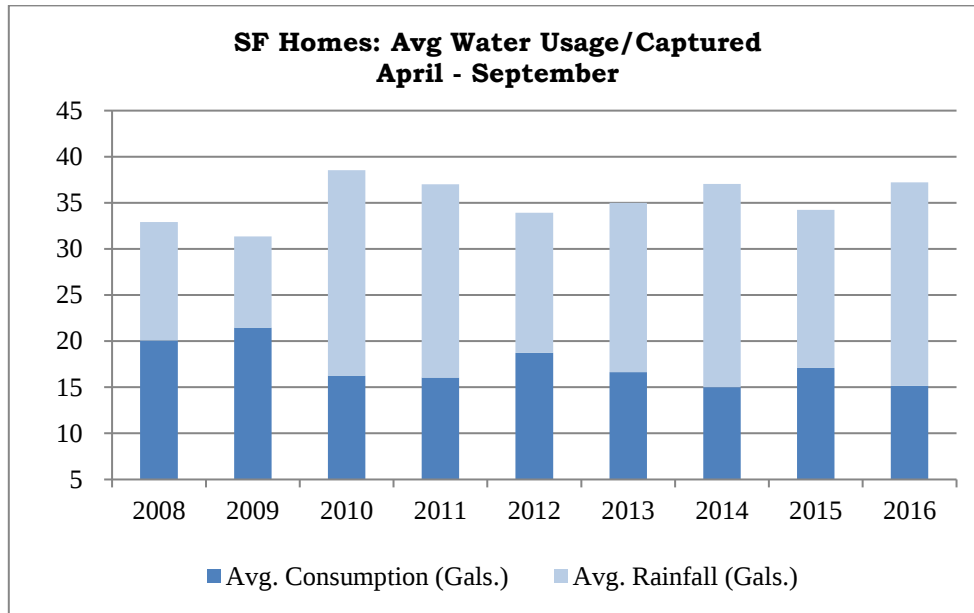


As shown in the graph, the average overall usage for single-family homes in the wintertime has remained relatively stable since 2007 with a variance of only about 2,000 gallons from year to year.

On the surface, the data suggests that customer behavior and consumption patterns were not influenced by changes in the water usage fees in either direction. This may have occurred because the financial incentive or penalty to modify a household’s behavior was simply not large enough. Then again, it could mean that most households simply held to an established standard of cleanliness, while remaining mindful of societal norms associated with water conservation.

This seems to be evidenced when the water usage fee dropped from \$2.35 per thousand gallons in 2008 to \$1.85 in 2009 as part of an overall rate structure change. This effectively lowered the cost of consumption by 20%. Despite these favorable circumstances, household usage remained unchanged.

Finally, we can look at the average quarterly *summertime* usage for single-family homes to gauge whether water usage behaviors are influenced by seasonal factors such as lawn & garden irrigation. In this instance, we need to also track local rainfall totals because it can influence how much water households use for outdoor purposes.



As the graph indicates, over the past eight years the average overall usage + captured volume of water for single-family homes in the summertime ranged from 31,000 gallons per quarter to 39,000.

What is clearly evidenced by the data, summertime consumption patterns are directly influenced by rainfall amounts. Clearly, customers reduced their summertime consumption during heavier rainfall periods. Changes in water usage fees didn't seem to be a factor on how much water was used. Once again, it appears that customers are making a conscious decision to maintain an established standard – in this case a healthy lawn and garden while remaining mindful of the tenets of water conservation. The bottom line is that single-family *summertime* water consumption has dropped by 29% since 2009.

Rate Comparisons

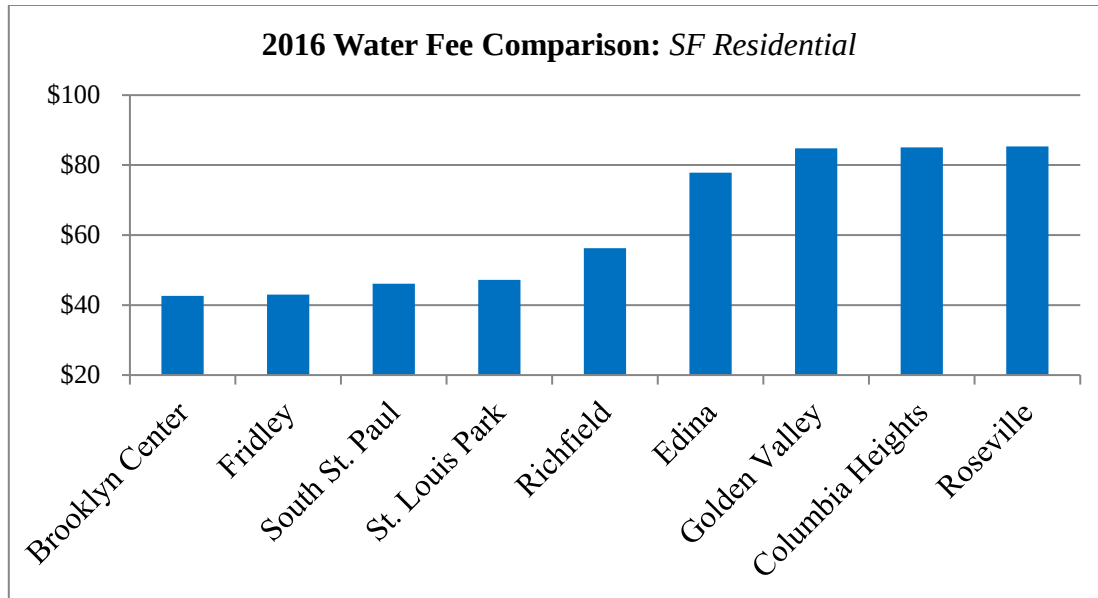
The graphs below depict a number of water and sewer rate comparisons with other peer communities. For this analysis, peer communities include 1st ring suburbs that serve a population between 18,000 and 50,000, and which are not simply an extension of a larger entity's system (e.g. Maplewood is excluded because they're part of St. Paul's system). This group was selected to try and approximate cities with stand-alone systems with similar age of infrastructure which can have a significant influence on the cost of water and sewer services.

It should be noted that broad comparisons only give a cursory look at how one community's rates compares to another. One must also incorporate each City's individual philosophy in funding programs and services.

For example, Roseville does NOT utilize assessments to pay for water or sewer infrastructure replacements like many other cities do. Instead we fund infrastructure replacements 100% through the rates. As a result, Roseville's water and sewer rates are inherently higher when compared to a City that uses assessments to pay for improvements. Other influences on the rates include whether or not a community softens its water before sending it on to customers, and the extent in which communities charge higher rates to non-residential customers.

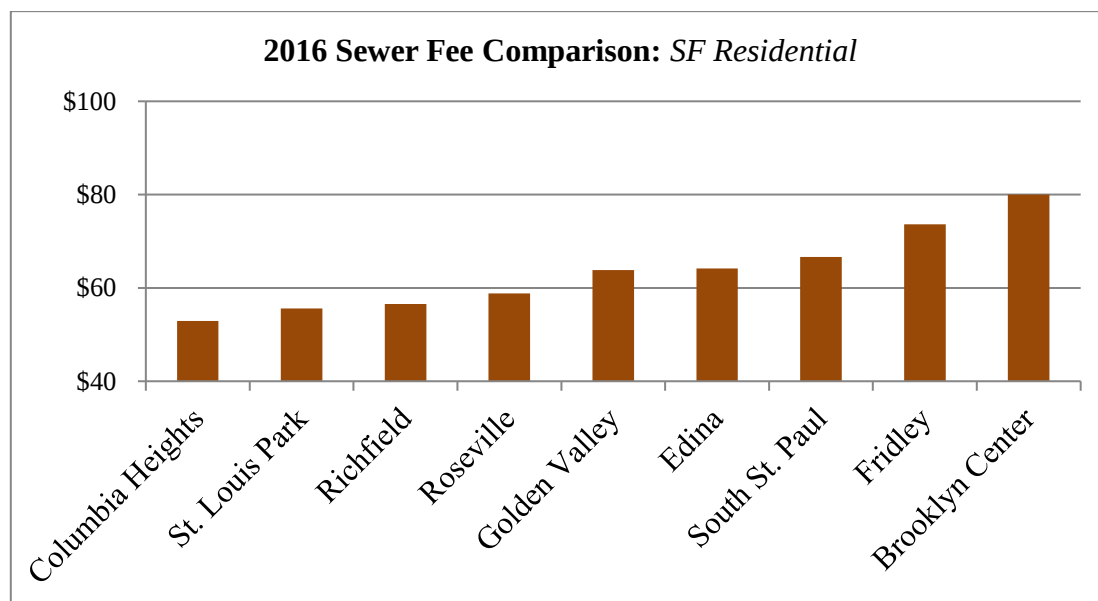
The following chart depicts the peer group comparison for combined *water* base rate and usage rate for

a single-family home that uses 15,000 gallons per quarter.



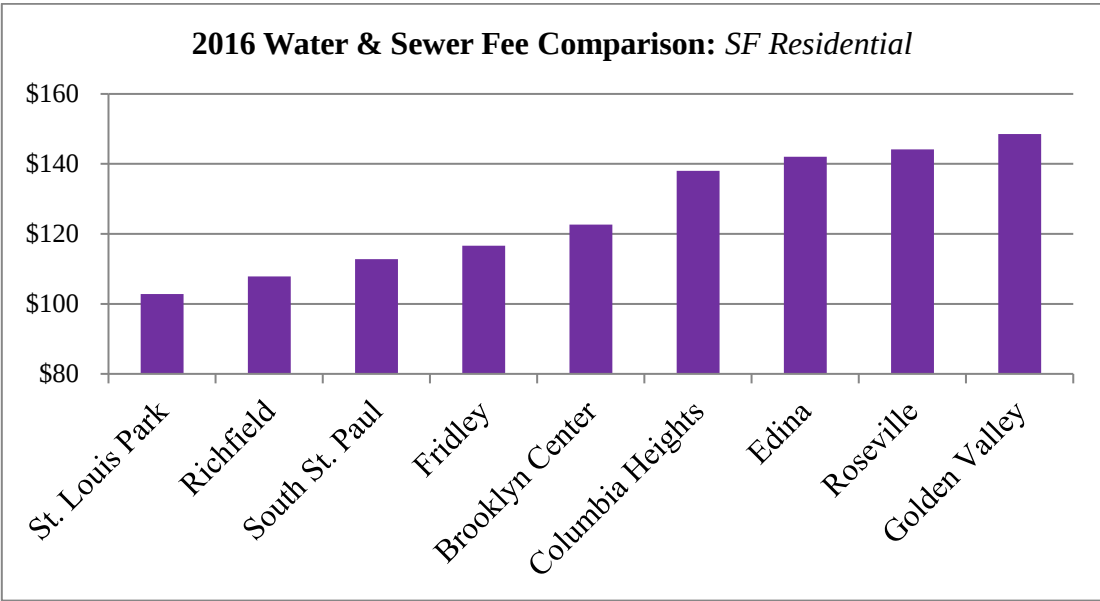
As is shown in the graph, Roseville's total water charge (base + usage) is the highest in the comparison group. One of the primary reasons why Roseville's water rates are higher is due to the significant increase in infrastructure replacements in recent years, which unlike many other cities, are funded solely by the rates.

The following chart depicts the peer group comparison for combined sewer base rate and usage rate for a single-family home that uses 13,000 gallons per quarter.



In this comparison, Roseville sewer charges were less than the median.

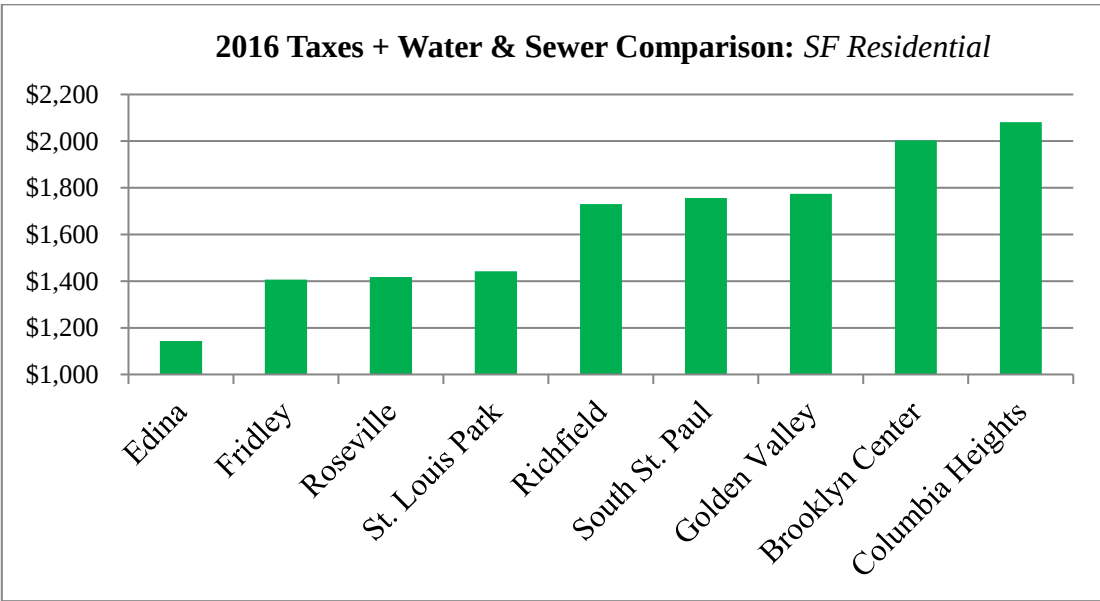
To get a broader perspective, the following chart has been prepared depicting the combined *water and sewer* impact for a typical single-family home for the comparison group.



When combined, Roseville is approximately 14% above the average for the peer group.

It should be noted that most of the cities shown in the chart that have lower water & sewer rates, happen to have much higher property tax rates. This is an important distinction because again, each City employs a different philosophy in how it funds the direct and indirect costs of providing water & sewer services.

Roseville's philosophy is to ensure that all indirect costs are reflected in the water and sewer rates. This results in higher water and sewer rates. This also means that we don't have as many indirect costs being supported by the property tax or assessments. We can adjust for these differences by combining property taxes and water & sewer fees for a typical single-family home.



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214 As is shown in this graph, when looking at more comprehensive comparison that factors in a broader
215 spectrum of needs and funding philosophies, Roseville has one of the lowest financial impacts on
216 residents of the comparison group – approximately 12% below the peer average.

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218 Staff will be available at the Commission meeting to address any inquiries.

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220 **POLICY OBJECTIVE**

221 An annual review of the City’s utility rate structure is consistent with governmental best practices to
222 ensure that each utility operation is financially sound.

223 **FINANCIAL IMPACTS**

224 See above.

225 **STAFF RECOMMENDATION**

226 Based on the increasing costs noted above, Staff is recommending rate adjustments as shown in the
227 attached resolution.

228 **REQUESTED COUNCIL ACTION**

229 Motion to approve the attached resolution establishing the 2017 Utility Rates.

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Prepared by: Chris Miller, Finance Director
Attachments: A: Resolution establishing the 2017 Utility Rates
B: Utility rate calculations

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EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 5th day of December, 2016 at 6:00 p.m.

The following members were present:
and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _____

RESOLUTION ESTABLISHING THE 2017 UTILITY RATES

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, the water, sanitary sewer, storm drainage, and recycling rates are established for 2017 as follows:

<u>Water Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 51.60	\$ 53.15	Standard SF rate
Single-Family Residential: Low-Income Discount	33.50	34.55	Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	51.60	53.15	Standard SF rate
Non-SF Residential (1.0" Meter)	64.50	66.45	Standard SF rate x 1.25
Non-SF Residential (1.5" Meter)	103.00	106.10	Standard SF rate x 2.00
Non-SF Residential (2.0" Meter)	193.50	199.30	Standard SF rate x 3.75
Non-SF Residential (3.0" Meter)	387.00	398.60	Standard SF rate x 7.50
Non-SF Residential (4.0" Meter)	774.00	797.20	Standard SF rate x 15.00
Non-SF Residential (6.0" Meter)	1,548.00	1,594.45	Standard SF rate x 30.00
<u>Water Usage Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
SF Residential: Up to 30,000 gals./qtr	\$ 2.25	\$ 2.25	Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.50	2.50	Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.70	Standard SF rate +20%
Non-SF Residential (winter rate)	2.95	2.95	Standard SF rate +30%
Non-SF Residential (summer rate)	3.15	3.15	Standard SF rate +40%
Rates are per 1,000 gallons			

<u>Sewer Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 35.40	\$ 36.45	Standard SF rate
Single-Family Residential: Low-Income Discount	23.00	23.70	Standard SF rate x 0.65
Multi-Family Residential (townhomes)	35.40	36.45	Standard SF rate x 1.00
Multi-Family Residential (apartments & condos)	24.90	25.65	Standard SF rate x 0.70
Non-SF Residential (5/8" Meter)	26.50	27.30	Standard SF rate x 0.75
Non-SF Residential (1.0" Meter)	53.00	54.60	Standard SF rate x 1.50
Non-SF Residential (1.5" Meter)	79.50	81.90	Standard SF rate x 2.25
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Non-SF Residential (4.0" Meter)	515.00	530.45	Standard SF rate x 14.50
Non-SF Residential (6.0" Meter)	1,025.00	1,055.75	Standard SF rate x 29.00
Multi-family rate is per housing unit			
<u>Sewer Usage Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Residential	\$ 1.80	\$ 2.15	Standard rate
Non-Residential	4.20	5.00	Standard rate x 2.30
Rates are per 1,000 gallons			
<u>Stormwater Base Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family Residential & Duplex	\$ 12.35	\$ 12.95	Standard SF rate
Multi-Family & Churches	95.55	100.35	Standard SF rate x 7.75
Cemeteries & Golf Course	9.30	9.75	Standard SF rate x 0.75
Parks	28.75	30.20	Standard SF rate x 2.35
Schools & Community Centers	46.45	48.80	Standard SF rate x 3.75
Commercial & Industrial	191.00	200.55	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			
<u>Recycling Rate Category</u>	<u>2016 Rate</u>	<u>2017 Rate</u>	<u>Comments</u>
Single-Family	\$ 5.60	\$ 6.50	Standard rate
Multi-Family	5.60	6.50	Standard rate

The motion for the adoption of the foregoing resolution was duly seconded by member and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

WHEREUPON, said resolution was declared duly passed and adopted.

State of Minnesota)
) SS
County of Ramsey)

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I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of said City Council held on the 5th day of December, 2016 with the original thereof on file in my office.

WITNESS MY HAND officially as such Manager this 5th day of December, 2016.

Patrick Trudgeon
City Manager

Seal

2017

Attachment B

Total Fixed Costs	<u>2017</u>	
Personal Services	\$ 642,800	
Supplies & Maintenance	88,200	
Other Charges (net of water purchase)	915,750	
Less Depreciation	(350,000)	
Capital Outlay	1,209,300	(20-year CIP amortization)
		** \$1,170,700 in 2016; \$39K Increase (3.3%)
Total	\$ 2,506,050	= Amount to recover from <u>BASE</u> rates

			Current		Proposed						Current		Proposed				
	# of	Avg.	Base Fee	Base Fee	% Increase	Base Fee	Rate	Actual		Fee per	Usage Fee	Fee per	% Increase	Usage Fee	Rate	Actual	
	Customers	Usage (a)	Base Fee	Revenue	(decrease)	Revenue	Multiplier	Calculation		1,000 gals.	Revenue	1,000 gals.	(decrease)	Revenue		Calculation	
Single-Family Residential (b)	9,497	14	51.60	490,045	53.15	3.00%	504,747	Standard SF rate	n/a	2.25	299,156	2.25	0.00%	299,156	Standard SF rate	n/a	
Multi-Family and Non-Residential																	
5/8" Meter or 3/4" Meter	70	28	51.60	3,612	53.15	3.00%	3,721	Standard SF rate	1.00	2.95	5,811	2.95	0.00%	5,811	Standard SF rate +30%	31.1%	
1.0" Meter	276	137	64.50	17,802	66.45	3.02%	18,340	Standard SF rate x 1.25	1.25	2.95	111,317	2.95	0.00%	111,317			
1.5" Meter	210	146	103.00	21,630	106.10	3.01%	22,281	Standard SF rate x 2.00	2.00	2.95	90,162	2.95	0.00%	90,162			
2.0" Meter	144	178	193.50	27,864	199.30	3.00%	28,699	Standard SF rate x 3.75	3.75	2.95	75,602	2.95	0.00%	75,602			
3.0" Meter	42	420	387.00	16,254	398.60	3.00%	16,741	Standard SF rate x 7.50	7.50	2.95	51,998	2.95	0.00%	51,998			
4.0" Meter	1	7	774.00	774	797.20	3.00%	797	Standard SF rate x 15.00	15.00	2.95	19	2.95	0.00%	19			
6.0" Meter	2	3,798	1,548.00	9,288	1,594.45	3.00%	9,567	Standard SF rate x 30.00	30.00	2.95	22,408	2.95	0.00%	22,408			
Total # of Customers	10,242			587,269			604,893				656,473			656,473			
		Total Annual Revenue	2,349,077				2,419,570				2,625,893			2,625,893			

Total Costs to Recoup	2,456,988
Revenue over (under) Costs	168,905

Total Variable Costs	St. Paul Cu Ft Rate	Roseville Cu Ft Rate *	Roseville Gal. Rate	Consumption %	Blended Rate	Allowance	Estimated Gallons (1000's)	Estimated Cost
						For Unaccounted Water @ 5%		
2017 St. Paul Base Rate								
Base Rate					0.409	0.429		552,000
Water Rate: Winter	2.640	1.848	1.382	45.0%	0.622	0.653	607,500	839,750
Water Rate: Summer	2.740	1.918	1.435	55.0%	0.789	0.829	742,500	1,065,238
* Per Contract with SPRWS, Roseville pays 70% of the 'inside City rate'					1.820	1.911	1,350,000	2,456,988 = amount to recover from <u>USAGE</u> rates

Total Projected Usage (1,000 gals.) 1,350,000
(Roseville only - excludes Arden Hills)

City of Roseville

Sanitary Sewer Rate Analysis

2017

Total Fixed Costs

2017

Personal Services \$ 493,100

Supplies & Maintenance 50,400

Other Charges (net of sewer treatment) 805,550

Less Depreciation (300,000)

Capital Outlay 1,309,925 (20-year CIP amortization) ** \$1,251,450 in 2016; \$58K Increase (5%)

Total \$ 2,358,975 = Amount to recover from BASE rates

	# of Customers	Avg. Usage (a)	Current		Proposed		Base Fee	Rate Multiplier	Actual Calculation	Current		Proposed		Usage Fee	Rate Multiplier	Actual Calculation
			Base Fee	Revenue	Base Fee	% Increase (decrease)				Fee per 1,000 gals.	Usage Fee	Fee per 1,000 gals.	% Increase (decrease)			
Single-Family Residential	9,497	13	35.40	336,194	36.45	2.97%	346,166	Standard SF rate	n/a	1.80	222,230	2.15	19.44%	265,441	Standard SF rate	n/a
Residential - Multi Family (b)	60	10								1.80	1,056	2.15	19.44%	1,262		
Residential - Apts & Condos (c)	189	260								1.80	88,299	2.15	19.44%	105,468		
Residential - Multi Family (b)	239		35.40	8,461	36.45	2.97%	8,712	Standard SF rate x 1.00	1.00							
Residential - Apts & Condos (c)	5,976		24.90	148,802	25.65	3.01%	153,284	Standard SF rate x 0.70	0.70							
Non-residential									-							
5/8" Meter or 3/4" Meter	70	35	26.50	1,855	27.30	3.02%	1,911	Standard SF rate x 0.75	0.75	4.20	10,181	5.00	19.05%	12,121	Standard rate x 2.30	2.33
1.0" Meter	276	47	53.00	14,628	54.60	3.02%	15,070	Standard SF rate x 1.50	1.50	4.20	54,633	5.00	19.05%	65,039		
1.5" Meter	210	73	79.50	16,695	81.90	3.02%	17,199	Standard SF rate x 2.25	2.25	4.20	64,704	5.00	19.05%	77,028		
2.0" Meter	144	167	124.00	17,856	127.70	2.98%	18,389	Standard SF rate x 3.50	3.50	4.20	100,953	5.00	19.05%	120,182		
3.0" Meter	42	274	260.00	10,920	267.80	3.00%	11,248	Standard SF rate x 7.25	7.35	4.20	48,353	5.00	19.05%	57,563		
4.0" Meter	1	11	515.00	515	530.45	3.00%	530	Standard SF rate x 14.50	14.55	4.20	47	5.00	19.05%	56		
6.0" Meter	2	-	1,025.00	6,150	1,055.75	3.00%	6,335	Standard SF rate x 29.00	28.96							
				562,076			578,843				590,456			704,161		
											2,361,825			2,816,642		
			Total Annual Revenue	2,248,303			2,315,370									

(a) Usage is in thousands of gallons. Residential usage is based on average WINTER usage

Total Costs to Recoup 2,358,975

(b) Total UB Accounts = 60, total units for base revenue calculation = 239

Revenue over (under) Costs (43,605)

Total Costs to Recoup 2,816,218

(c) Total UB Accounts = 189, total units for base revenue calculation = 5,976

Revenue over (under) Costs 424

Total Variable Costs

Total Wastewater Treatment Cost 2,816,218 ** based on Met Council letter dated 08/17/2016

City of Roseville

Storm Sewer Rate Analysis

2017

Total Costs	<u>2017</u>	
Personal Services	\$ 404,700	
Supplies & Maintenance	86,500	
Other Charges	747,100	
Less Depreciation	(400,000)	
Capital Outlay	1,175,500	(20-year CIP amortization)
Total	\$2,013,800	** \$1,084,300 in 2016; \$91K Increase (8%)

= Amount to recover from rates

	# of <u>Customers</u>	# of Lots / <u>Acreage</u>	<u>Current Rates</u>		<u>Proposed</u>		<u>Base Fee Revenue</u>	<u>Rate Multiplier</u>	<u>Actual Calculation</u>
			<u>Base Fee</u>	<u>Revenue</u>	<u>Base Fee</u>	<u>% Increase (decrease)</u>			
Single Family & Duplex	9,497	9,497	12.35	\$ 117,288	12.95	4.86%	\$ 122,986	= Standard SF rate	n/a
Multi-Family & Churches	n/a	350	95.55	33,443	100.35	5.02%	35,123	Standard SF rate x 7.75	7.75
Cemeteries & Golf Course (a)	n/a	79	9.30	735	9.75	4.84%	770	Standard SF rate x 0.75	0.75
Parks (b)	n/a	1	28.75	29	30.20	5.04%	30	Standard SF rate x 2.35	2.33
Schools & Comm. Centers (c)	n/a	153	46.45	7,107	48.80	5.06%	7,466	Standard SF rate x 3.75	3.77
Commercial & Industrial	n/a	1,450	191.00	276,950	200.55	5.00%	290,798	Standard SF rate x 15.50	15.49
				435,551			\$ 457,173		
Total Annual Revenue			\$1,742,203				\$ 1,828,692		

Total Costs to Recoup **2,013,800** ---> Includes \$75K in one-time costs for
 OK to be Negative: \$1.0 M reserves ---> Revenue over (under) Costs (185,108) for Stormwater Plan update

City of Roseville

Solid Waste Recycling Rate Analysis

2017

Attachment B

Total Costs

	<u>2017</u>	
Personal Services	\$ 36,800	
Supplies & Maintenance	2,000	
Other Charges: Miscellaneous	23,410	
Contractor Costs: Customers	438,120	@ 15,469 units
Contractor Costs: Public Spaces	1,920	@ 64 units
Total	\$ 502,250	= Amount to recover from rates

	# of Customers (Units) *	Current Rates		Proposed Rates	
		Base Fee	Revenue	Base Fee (decrease)	% Increase (decrease)
Single Family	9,385	5.60	52,556	6.50	16.07%
Multi family	6,084	5.60	34,070	6.50	16.07%
Revenue Sharing from Contractor (quarterly)	15,469		12,000		-
Ramsey Co. SCORE Grant (quarterly)			22,300		21,250
			120,926		121,799
Total Quarterly Revenue					
Total Annual Revenue			483,706		487,194
Total Costs to Recoup					502,250
Revenue over (under) Costs					(15,056)

Expenses

	<u>2016</u>	<u>2017</u>	<u>% Increase</u>
Contractor base rate per month	2.31	2.36	2.16%
Contractor base rate per quarter	6.93	7.08	
# of customers	15,469	15,469	
Total Contractor Cost per Quarter	107,200	109,521	
Total City Costs per Quarter	15,478	15,553	----> excludes recycling contract costs
Quarterly Costs	\$ 122,678	\$ 125,073	

Revenues

Estimated Revenue Sharing from Contractor	12,000	-
Estimated Ramsey County SCORE grant	22,300	21,250
Quarterly Non-Customer Revenues	34,300	21,250
Amount Needed from Customers	88,378	103,823
# of Customers	15,469	15,469

Quarterly Base Fee Needed \$ 5.71 \$ 6.71