



CITY OF DUBLIN.

Office of the City Manager

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Memo

To: Members of Dublin City Council

From: Marsha I. Grigsby, City Manager *mlg*

Date: November 14, 2013

Initiated By: Angel L. Mumma, Deputy City Manager/Director of Finance & Administration

Re: Ordinance No. 95-13 - Amending Chapter 51, Establishing User Fees and Capacity Charges for the Sanitary Sewer System

Summary

A financial review of the City's Water and Sewer Funds was completed as part of the annual update of the City's Capital Improvements Program (CIP). The review included financial projections through 2022 for operating costs, capital improvement projects, and existing and projected debt service obligations. Based on the review and analysis of the operations for both funds, it was determined that adjustments to the user fees in the sewer fund were warranted.

As discussed during the presentation of the overview information at the CIP workshop, the City has established for both the Water and Sewer Funds a target year-end fund balance of 25% of the historical value for each system's capital assets. Although the Water Fund year-end balance did not meet the target fund balance, it remains close and is projected to remain between 20 and 23% through 2022.

The Sewer Fund has not met the target fund balance because of the amount of its annual debt service obligations. The Sewer Fund has significant annual debt service obligations as a result of the construction of the Upper Scioto West Branch Interceptor (USWBI). The debt payment for the USWBI is \$1,350,725 per year through 2017 with a final payment of \$675,560 in 2018. Additional debt was issued in 2009 in the amount of \$2.2 million, and \$2.54 million in 2012 to finance the lining of existing sanitary sewer lines and manhole rehabilitation. Additionally, as part of the 2014 – 2018 CIP, \$2 million is anticipated to be issued for similar improvements to the sewer system.

As part of the CIP workshop, an increase in the sewer surcharge was briefly discussed. At that time, the projected fund balance took into account a \$0.25 per MCF increase effective January 1, 2014, and a \$0.50 per MCF increase each January 1, 2015, January 1, 2016, and January 1, 2017. The discussion at that time was to have no change to the water surcharge.

In reviewing current sewer revenues and expenditures as well as more definitive expenditures for 2014, the recommendation is to adjust the sewer charge as follows:

- Effective 1/1/2014 and on 1/1/2015, an increase of \$0.25 per thousand cubic feet (MCF) in sewer charges.

This adjustment is reflected in Ordinance 95-13.

Implementation of the recommended user fees for the Columbus Service Area will result in the following rates per MCF:

	<u>Water *</u>	<u>Sewer *</u>	<u>Total</u>
<i>Current rate - 2013</i>	\$3.30	\$10.60	\$13.90
2014 increase	<u>0</u>	<u>.25</u>	<u>.25</u>
<i>January 1, 2014 Surcharge</i>	\$3.30	\$10.85	\$14.15
2014 increase	<u>0</u>	<u>.25</u>	<u>.25</u>
<i>January 1, 2015 Surcharge</i>	\$3.30	\$11.10	\$14.40

*These rates are in addition to rates charged by the City of Columbus.

Based on the average Equivalent Residential Unit (ERU) of 1,100 cubic feet of water usage per month, the average **quarterly** Dublin surcharge costs are estimated as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<i>Current rate - 2013</i>	\$10.89	\$34.98	\$45.87
January 1, 2014	\$10.89	\$35.81	\$46.79
January 1, 2015	\$10.89	\$36.63	\$47.61

The recommended sanitary sewer system user fee adjustments also apply to the area that is served by Delaware County (Wedgewood Hills, Campden Lakes, and Wedgewood Glen). Delaware County charges a flat rate user charge and the monthly Dublin user charge reflected in the ordinance is based on an ERU of 1,100 cubic feet of water usage per month and the user fee rates per MCF.

	<u>Sewer – Monthly *</u>	<u>Sewer – Quarterly *</u>
<i>Current rate - 2013</i>	\$11.60	\$34.80
January 1, 2014	\$11.95	\$35.85
January 1, 2015	\$12.20	\$36.60

*These rates are in addition to rates charged by Delaware County.

Based on implementation of the recommended increase in the sewer fees, staff would anticipate the fund balance and percentage of system value to be as follows over the next five years:

Year ending December 31	Fund Balance	Percentage of System Value
2013	\$6,024,286	9.78%
2014	5,167,310	8.39%
2015	4,014,556	6.51%
2016	2,259,039	3.67%
2017	1,312,215	2.13%
2018	1,002,209	1.63%

Without the increase, staff anticipates the fund balance declining each year with a balance in 2018 of \$624,752, which would be 1.01% of the system value.

The rate structures for both the water and sanitary sewer systems will continue to be reviewed as part of the annual CIP updates. Based on the need to continue lining the sanitary sewer lines, it is highly likely that additional modifications and/or increases will be needed in the future.

Also attached for Council's review is information compiled by the City of Columbus which, prior to the January 1, 2013 adjustment shows the suburban surcharge for each of the entities in which Columbus does the billing. Additionally, we have included a comparison of the sanitary sewer and water capacity charges/tap fees which were increased by five percent effective January 1, 2013. The 3/4" tap size fee had been increased in 2009; however, fees for the 1" tap size to the 6" tap size hadn't been increased since 1992. Fees for the 8" to 16" tap size were established in 1995 and hadn't been modified since that time.

Recommendation

Staff recommends that Ordinance 95-13 be adopted at the second reading/public hearing on December 9, 2013.

RECORD OF ORDINANCES

Ordinance No. 95-13

Passed _____, 20____

AN ORDINANCE AMENDING CHAPTER 51 ESTABLISHING USER FEES AND CAPACITY CHARGES FOR THE SANITARY SEWER SYSTEMS, AND DECLARING AN EMERGENCY

WHEREAS, a financial analysis of the City's Water and Sewer Funds is conducted annually as part of the Capital Improvements Program update; and

WHEREAS, the financial analysis is completed to evaluate the water and sewer system rate structure and projected fund balance in the Water and Sewer Funds; and

WHEREAS, the City's goal is to maintain water and sewer rate structures, which are adequate to ensure the Water and Sewer Funds (Enterprise Funds) are self-supporting, including the costs of operations, maintenance of the systems, debt service obligations and necessary capital replacements; and

WHEREAS, based on the financial analysis completed as part of the 2014 – 2018 Capital Improvements Program update, it is necessary to amend the fees for the sanitary sewer user fees and capacity charges.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Dublin, State of Ohio, _____ of the elected members concurring:

Section 1. Section 51.64 of the Codified Ordinances to be amended to read as follows:

(A) The following rate is the charge for sewer service and use and is based on metered consumption of water for the area of the City served by the City of Columbus:

Rate Per 1,000 Cubic Feet			
<u>Effective Date</u>	<u>OM&R</u>	<u>Debt Service</u>	<u>Total</u>
January 1, 2014	\$7.22	\$3.63	\$10.85
January 1, 2015	\$7.54	\$3.56	\$11.10

(B) These rates are in addition to the sewer rates charged by the City of Columbus.

(C) The following rate is the charge for sewer service and use for the area of the City serviced by Delaware County:

Flat Rate Per Month			
<u>Effective Date</u>	<u>OM&R</u>	<u>Debt Service</u>	<u>Total</u>
January 1, 2014	\$7.95	\$4.00	\$11.95
January 1, 2015	\$8.28	\$3.92	\$12.20

(D) These rates are in addition to the sewer rates charged by the Delaware County.

(E) Fees received from use of the sewer system shall be deposited in the Sewer Fund and used for the operation and maintenance of the system, including capital improvements and any related debt service.

RECORD OF ORDINANCES

Ordinance No. 95-13

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Section 2. This ordinance is declared to be an emergency necessary for the immediate preservation of the public peace, health, safety or welfare, and for the further reason that the new rates must be in effect on January 1, 2014. Therefore this ordinance shall be effective on January 1, 2014.

Passed this _____ day of _____, 2013

Mayor - Presiding Officer

ATTEST:

Clerk of Council

**RESIDENTIAL / CONSECUTIVE
WATER / SEWER RATES EFFECTIVE JANUARY 1, 2013**

			WATER USAGE CHARGES PER CCF PER MONTH						SUBURBAN SURCHARGES PER CCF		SEWER SERVICE CHARGES & USAGE CHARGES			
			RESIDENTIAL AU, CU, DU, SF, SR, IR<2" Mtr			CONSECUTIVE AC, CC, DP, MM			WATER SURCHARGE	SEWER SURCHARGE	SWR SVC CHARGE MONTHLY	QTLY SWR SVC CHARGE PER MNTH	SEWER USAGE PER CCF	CLEAN RIVER FUND PER ERU
SUBDIVISION	¹ WTR SVC CHARGE MONTHLY	¹ QTLY WTR SVC CHARGE PER MNTH	FIRST 5 CCF PER MO	OVER 5 CCF PER MO	RATE CODE	PER CCF	RATE CODE QUARTER	RATE CODE MONTHLY						
Columbus	31.75	7.27	2.596	2.886	WQIC	2.596	QQIC	QMIC	N/A	N/A	10.86	3.62	3.720	0.1472 ² 0.1023
County Rural	47.63	10.91	3.894	4.329	WQNC	3.894	QQNC	QMNC	N/A	N/A	10.86	3.62	4.060	0.0607
Brice	41.28	9.45	3.375	3.752	WQBR	3.375	QQBR	QMBR	N/A	N/A	10.86	3.62	4.060	0.0607
Brookside Estates	41.28	9.45	3.375	3.752	WQBE	3.375	QQBE	QMBE	1.97	0.59	10.86	3.62	4.060	0.0607
Dublin	41.28	9.45	3.375	3.752	WQDU	3.375	QQDU	QMDU	.330	1.060	10.86	3.62	4.060	0.0607
Grandview	41.28	9.45	3.375	3.752	WQGV	3.375	QQGV	QMGV	12%	12%	10.86	3.62	4.060	0.0607
Grove City	41.28	9.45	3.375	3.752	WQGC	3.375	QQGC	QMGC	.315	.355 / 2.00M	10.86	3.62	4.060	0.0607
Groveport	41.28	9.45	3.375	3.752	WQGP	3.375	QQGP	QMGP	15%	N/A	10.86	3.62	4.060	0.0607
Hamilton Meadows	41.28	9.45	3.375	3.752	WQHM	3.375	QQHM	QMHM	1.97	0.59	10.86	3.62	4.060	0.0607
Hilliard	41.28	9.45	3.375	3.752	WQHL	3.375	QQHL	QMHL	14.25%	10%	10.86	3.62	4.060	0.065 ² 0.0607
Marblecliff	41.28	9.45	3.375	3.752	WQMC	3.375	QQMC	QMMC	10%	15%	10.86	3.62	4.060	0.0607
Minerva Park	41.28	9.45	3.375	3.752	WQMP	3.375	QQMP	QMMP	.55 / .274D	.086	10.86	3.62	4.060	0.0607
New Albany	41.28	9.45	3.375	3.752	WQNA	3.375	QQNA	QMNA	N/A	N/A	10.86	3.62	4.060	0.0607
Obetz	41.28	9.45	3.375	3.752	WQOB	3.375	QQOB	QMOB	N/A	N/A	N/A	3.62	N/A	0.0607
Rickenbacker	41.28	9.45	3.375	3.752	WQRB	3.375	QQRB	QMRB	N/A	N/A	10.86	3.62	4.060	0.0607
Ridgewood	41.28	9.45	3.375	3.752	WQRW	3.375	QQRW	QMRW	1.97	0.59	10.86	3.62	4.060	0.0607
Riverlea	41.28	9.45	3.375	3.752	WQRV	3.375	QQRV	QMRV	N/A	N/A	10.86	3.62	4.060	0.0607
Upper Arlington	41.28	9.45	3.375	3.752	WQUA	3.375	QQUA	QMUA	10%	18%	10.86	3.62	4.060	0.0607
Urbancrest	41.28	9.45	3.375	3.752	WQUR	3.375	QQUR	QMUR	.20 / 1.08M	.20 / 1.08M	10.86	3.62	4.060	0.0607
Valleyview	41.28	9.45	3.375	3.752	WQVV	3.375	QQVV	QMVV	N/A	N/A	10.86	3.62	4.060	0.0607
Village Park	41.28	9.45	3.375	3.752	WQVP	3.375	QQVP	QMVP	1.97	0.59	10.86	3.62	4.060	0.0607
Whitehall	41.28	9.45	3.375	3.752	WQWH	3.375	QQWH	QMWH	N/A	N/A	10.86	3.62	4.060	0.0607
Worthington	41.28	9.45	3.375	3.752	WQWO	3.375	QQWO	QMWO	.075	.075	10.86	3.62	4.060	0.0607

¹ For 5/8" meter only--larger meters & Senior Citizen, see Service Charge Rate Sheet

² Columbus Stormwater Charge / Hilliard Stormwater Effective 4/1/10

³ County Rural Rate where county sewer maintenance fee is applicable

Minerva Park water surcharge revised 4/19/04-\$100.00 annual charge added (.274 per day) / surcharge per ccf changed from \$.46 to \$.55

D-Charge per day (Minerva Park)

Grandview surcharges started 7/1/04

%-Percent of water or sewer commodity charges=surcharge

M-Minimum surcharge charge per month

Market Rate Comparisons - Water Capacity/Tap Fees

Tap Size	City of Dublin		City of New Albany	City of Westerville	City of Grove City	City of Marysville	Union County
	Current Fee - domestic water	Current Fireline Capacity Fees	Current Fee - domestic water				
	(1)		(1) (A)	(1)	(1)	(3)	(3)
5/8"	N/A	N/A	N/A	N/A	N/A	\$4,950	\$5,445
3/4"	\$1,890	378.00	\$1,224	\$714	\$1,153	\$7,423	\$8,165
1.0"	\$3,090	618.00	\$2,098	\$1,207	\$1,200	\$12,372	\$13,609
1.5"	\$7,370	1,474.00	\$3,947	\$3,214	\$1,250	\$24,746	\$27,220
2.0"	\$13,110	2,622.00	\$6,096	\$11,257	\$1,300	\$39,592	\$43,551
3.0"	\$28,070	5,614.00	\$11,790	\$26,531	\$1,412	\$74,235	\$81,658
4.0"	\$44,790	8,958.00	\$18,185	\$42,071	\$2,512	\$123,726	\$136,098
6.0"	\$99,650	19,930.00	\$35,821	\$97,789	\$4,973	\$247,451	\$272,196
8.0"	\$180,920	36,184.00	\$56,954	\$152,350	\$8,032	\$395,921	\$435,513
10.0"	\$274,690	54,938.00	\$81,634	\$195,470	\$11,582	N/A	N/A
12.0"	\$384,550	76,910.00	N/A	\$122,367	\$21,646	N/A	N/A
16.0"	\$428,720	85,744.00	N/A	\$337,065	\$25,134	N/A	N/A

(1) - Columbus fee is separate. Fireline capacity fees are separate as are any front footage fees and meter fees.

(3) - Fireline capacity fees are separate as are any front footage fees and meter fees. All properties within a development south of Fladt Road are subject to an additional \$1,950 tap fee or developer driven installation of 36" waterline along Industrial Parkway.

(A) - Established at 60% of the Columbus water capacity fee.

Market Rate Comparisons - Sanitary Sewer Capacity/Tap Fees

Tap Size	City of Dublin	City of New Albany	City of Westerville	City of Grove City	City of Marysville	Union County
	Fees	Capacity and Tap Fees	Fees	Fees	Fee - sanitary sewer (sewer permit is separate)	Fee - sanitary sewer (sewer permit is separate)
	(2)	(2) (B)	(2) (C)	(2)		
5/8"	N/A	N/A	N/A	N/A	\$6,562	\$7,874
3/4"	\$2,210	\$1,652	\$1,550	\$3,288	\$9,842	\$11,810
1.0"	\$3,580	\$2,797	\$3,250	\$3,552	\$16,405	\$19,686
1.5"	\$9,180	\$5,464	\$8,550	\$7,103	\$32,808	\$39,369
2.0"	\$15,900	\$8,638	\$14,100	\$11,365	\$52,493	\$62,991
3.0"	\$33,150	\$16,886	\$29,350	\$22,730	\$98,425	\$118,110
4.0"	\$51,740	\$26,149	\$45,900	\$35,516	\$164,040	\$196,484
6.0"	\$117,600	\$51,648	\$103,500	\$71,033	\$328,080	\$393,696
8.0"	\$206,980	\$82,220	\$175,950	\$113,652	\$524,929	\$629,914
10.0"	\$322,560	\$117,866	\$273,200	\$163,374	N/A	N/A
12.0"	\$464,580	N/A	N/A	\$305,439	N/A	N/A
16.0"	\$517,660	N/A	N/A	\$338,936	N/A	N/A

(2) - Columbus fee is separate. Any front footage fee is separate as is inspection or permit fees.

(B) - Established at 50% of the Columbus sewer capacity fee.

(C) - Tap fees are not included: SFD = \$150; multi-family is \$75 per unit.

Tap Size	City of Columbus	
	Water Capacity Charge	Sewer Capacity Charge
	(Excludes fire)	
5/8"	N/A	N/A
3/4"	\$2,186	\$3,044
1.0"	\$3,643	\$5,074
1.5"	\$7,286	\$10,147
2.0"	\$11,658	\$16,236
3.0"	\$23,314	\$32,472
4.0"	\$36,429	\$50,737
6.0"	\$72,856	\$101,475
8.0"	\$116,570	\$162,360
10.0"	\$167,570	\$233,392
12.0"	\$313,283	\$436,342
16.0"	\$349,085	\$484,194

Note: Typical residential home taps are 3/4". Commercial tap sizes vary depending on the use and type of operations.