



City Council Staff Report

REPORT DATE: June 7, 2021

HEARING DATE: June 9, 2021

SUBJECT	Utility Fee Analyses
ITEM TYPE	<input type="checkbox"/> Public Hearing <input checked="" type="checkbox"/> Work Session <input checked="" type="checkbox"/> Action Item
PRESENTER	Olivia Goodale, City Administrator

APPLICABLE VICTOR VALUES

- | | | |
|--|--|---|
| <input type="checkbox"/> Culturally Historic | <input type="checkbox"/> Sustainable | <input type="checkbox"/> Connected to Nature |
| <input type="checkbox"/> Small Town Feel | <input type="checkbox"/> Family Friendly | <input checked="" type="checkbox"/> Administrative Need |

PURPOSE & PROCESS

The purpose of this item is to present the results of the Water, Sewer, and Irrigation Rate Analyses that have been performed as part of the upcoming fiscal year's budget.

BACKGROUND/ALTERNATIVES

The City of Victor has three utility enterprise funds that provide services to the end users. These include the Water, Sewer, and Irrigation Funds. Each year, staff performs a rate analysis in each fund to ensure that the services are sustainable to maintain the current level of service. These analyses have been completed in preparation for this year's budget cycle. The cash needs approach was used for all three analyses meaning that depreciation of the system was not accounted for and that future projects will be funded through the debt service component of the fees. This is the same approach that most municipalities use throughout the nation.

Water Fund Analysis. Attached is a spreadsheet that summarizes the Water Fund analysis. The City did start using the North Well in the rotation for the water system which influenced the Power and Gas line account beginning in FY21. In FY20, the City purchased a sewer jet vac truck for maintenance purposes as reflected in the budget. This truck was purchased under a seven-year lease and is shared between the Sewer Fund and the Water Fund. The yearly lease amount in the Water Fund is \$18,455. Looking ahead to FY22, staff anticipates that variable costs will increase while fixed costs will remain constant. Further, the City has added 51 water Equivalent Residential Users (ERU) which helps offset some of the cost increases. As a result, the analysis recommends decreasing the base rate from \$44.15 to \$43.60 or -1.26% while at the same time increasing the 1st Tier Usage Fee per 1,000 Gallons (0-6,000) from \$1.51 to \$1.64, or 8.66%. For the winter months, the analyses further recommends increasing the fixed fee from \$53.23 to \$53.44, or 0.4%. Staff is recommending a zero-rate increase and monitoring the fund closely over the next several years for trends.

Sewer Fund Analysis. Attached is a spreadsheet that summarizes the analysis. In FY20, the City purchased a sewer jet vac truck for maintenance purposes as reflected in the budget. This truck was

purchased under a seven-year lease and is shared between the Sewer Fund and the Water Fund. The yearly lease amount in the Sewer Fund is \$43,061. The sewer rate analysis recommends a decrease in the rate from \$50.26 to \$48.45, or -3.60% due to a decrease in the supplies line account and the Driggs Treatment Fee. Because the City anticipates that the Driggs Treatment Fee will increase in the near future due to needed improvements at the treatment plant, staff recommends leaving the fee as is at this time. In past years, the Driggs Treatment Fee has often ended the year above budget.

Irrigation Enterprise Fund. Attached is a spreadsheet that summarizes the analysis which shows a total revenue requirement increase of approximately \$400. This equals a 2.43% increase to \$132.73 (from \$129.58) per acre PER YEAR. The City bills the users of the irrigation system on a per acre basis once per year. If a property owner owns a lot that is a quarter of an acre the yearly bill would increase by \$0.79. Staff recommends raising the irrigation rates accordingly.

ATTACHMENTS

- 2021 Water Fee Analysis Spreadsheet
- 2021 Sewer Fee Analysis Spreadsheet
- 2021 Irrigation Fee Analysis Spreadsheet

FISCAL IMPACT

See the attached spreadsheets.

STAFF IMPACT

None.

LEGAL REVIEW

N/A

RECOMMENDATION

Staff recommends that Council approve staff to incorporate the fee analyses into the FY22 Budget such that there will not be a fee increase for the water and sewer funds and a 2.43% increase to \$132.73 (from \$129.58) per acre PER YEAR within the Irrigation Fund.

SUGGESTED MOTION

I move to direct staff to incorporate the water, sewer, and irrigation fee analyses into the FY22 budget such that there will not be a fee increase for the water and sewer funds and a 2.43% increase to \$132.73 (from \$129.58) per acre PER YEAR within the Irrigation Fund.



Sewer Fee Analysis

Date: 5-24-2021

Operation & Maintenance

Category	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022**
Professional City Staff	\$ 173,576.08	\$ 185,428.43	\$ 213,172.86	\$ 256,121.61	\$ 198,715.54	\$ 217,630.94	\$ 242,257.20	\$ 254,333.87	\$ 269,922.00	\$ 292,428.00
City Hall Rent								\$ 6,150.00	\$ 6,300.00	\$ 7,300.00
Purchased Services	\$ 37,827.86	\$ 16,522.59	\$ 13,498.10	\$ 12,261.06	\$ 10,956.41	\$ 10,772.23	\$ 10,562.89	\$ 14,455.82	\$ 18,000.00	\$ 18,000.00
Phone Services		\$ 7,849.29	\$ 5,846.27	\$ 6,894.39	\$ 5,799.91	\$ 4,149.63	\$ 1,928.98	\$ 1,864.94	\$ 4,500.00	\$ 4,500.00
Professional Development	\$ -	\$ 4,989.56	\$ 4,941.62	\$ 4,192.75	\$ 3,295.77	\$ 5,196.01	\$ 3,448.46	\$ 1,524.57	\$ 5,000.00	\$ 5,000.00
Drigg's Treatment Fee	\$ 121,316.49	\$ 118,068.23	\$ 110,289.53	\$ 123,868.62	\$ 175,250.91	\$ 168,791.28	\$ 167,582.29	\$ 213,960.23	\$ 185,000.00	\$ 160,000.00
Supplies	\$ 44,917.96	\$ 49,338.16	\$ 60,956.65	\$ 35,713.61	\$ 50,727.35	\$ 66,244.48	\$ 48,063.83	\$ 32,033.63	\$ 73,857.00	\$ 60,000.00
Power/Utilities	\$ 14,241.08	\$ 8,380.14	\$ 6,198.25	\$ 6,875.19	\$ 7,247.35	\$ 6,312.62	\$ 8,773.80	\$ 6,618.39	\$ 8,800.00	\$ 8,800.00
Equipment	\$ -		\$ 448.09	\$ 4,121.60	\$ 15,000.00	\$ 15,000.00	\$ 14,251.91	\$ 26,756.29	\$ 27,333.00	\$ 27,333.00
***Capital Expenditures					\$ 57,395.54		\$ 81,338.40	\$ 58,498.03	\$ 53,000.00	\$ 53,000.00
Subtotal	\$ 391,879.47	\$ 390,576.40	\$ 415,351.37	\$ 450,048.83	\$ 524,388.78	\$ 494,097.19	\$ 578,207.76	\$ 616,195.77	\$ 651,712.00	\$ 636,361.00

*Budgeted Amount

**Proforma Test Year

***70% of Jet Vac Truck Annual Lease (30% goes to Water Fund) plus \$10,000 for Manhole Repair

Debt Service

Description	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022*
2002 DEQ Bond Sewer Collection System (Matures in 2022)	\$ 95,443.44	\$ 95,443.44	\$ 95,443.44	\$ 22,320.72	\$ -	\$ -	\$ -		\$ -	
Driggs Treatment Plant Share/Sewer Interceptor (Matures in 2036)		\$ 52,022.00	\$ 78,033.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00
Subtotal	\$ 95,443.44	\$ 147,465.44	\$ 173,476.44	\$ 227,968.72	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00	\$ 205,648.00
Total Revenue Requirement	\$ 487,322.91	\$ 538,041.84	\$ 588,827.81	\$ 678,017.55	\$ 730,036.78	\$ 699,745.19	\$ 783,855.76	\$ 821,843.77	\$ 857,360.00	\$ 842,009.00

*Budgeted Amount

**Proforma Test Year

Fee Requirements

Description	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022**
Teton Springs Fees	\$ 40,991.62	\$ 51,335.11	\$ 47,992.62	\$ 58,466.40	\$ 66,448.28	\$ 73,516.84	\$ 72,691.42	\$ 84,421.00	\$ 73,000.00	\$ 85,000.00
Teton Springs Percentage of Total Fee	8.41%	9.54%	8.15%	8.62%	9.10%	10.51%	9.27%	10.27%	8.51%	10.09%
Total Number of ERU's***	1108	1108	1108	1108	1144	1191	1304	1302	1314	1302

*Budgeted Amount

**Proforma Test Year

***Prior to 2018 the total number of services in the billing software were used as the total number of ERU's. Starting in 2018 only the active services were used.



Revenue Requirement Summary

Revenue Requirement	2021*		
Operation and Maintenance	\$ 636,361.00		
Reserves	\$ -		
Debt Service	\$ 205,648.00		
Total Revenue Requirement	\$ 842,009.00		
System Users			
Existing Equivalent Residential Units (ERU)	1302		
Fee Analysis			
Anticipated Yearly Fees from Teton Springs	\$ 85,000.00	Existing Rate	Percent Increase
Monthly Revenue Needed per ERU	\$ 48.45	50.26	-3.60%

*Proforma Test Year

Revenue Requirement Break Down

Description	Amount	Percent
Total Revenue Requirement	\$ 842,009.00	100.0%
Driggs Fee (Treatment/Debt Service/Interceptor)	\$ 365,648.00	43.4%
Victor Collections Fee	\$ 476,361.00	56.6%



Irrigation Fee Analysis
Date: 5-24-2021

1.0 Operation & Maintenance

Category	Fiscal Year												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022**
Salaries and Benefits		\$ -	\$ 2,588.00	\$ 5,489.00	\$ 6,026.00	\$ 7,548.00	\$ 7,842.00	\$ 5,464.12	\$ 5,888.70	\$ 6,224.37	\$ 6,183.22	\$ 6,452.00	\$ 6,809.00
General Maintenance	\$ 3,827.00	\$ 2,532.00	\$ 6,172.00	\$ 2,676.00	\$ 3,793.00	\$ 12,331.00	\$ 2,661.00	\$ 319.50	\$ 4,755.04	\$ 246.69	\$ 4,237.41	\$ 3,750.00	\$ 4,240.00
Equipment											\$ 1,755.72	\$ 1,482.18	\$ 1,500.00
Misc.								\$ 939.00	\$ 609.87	\$ 29.64	\$ -	\$ 868.00	\$ 380.00
Total Number of Shares	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00
Reserves (10% of Operational Cost)								\$ 1,019.01	\$ 1,505.02				\$ -
Total	\$ 3,827.00	\$ 2,532.00	\$ 8,760.00	\$ 8,165.00	\$ 9,819.00	\$ 19,879.00	\$ 10,503.00	\$ 6,802.63	\$ 12,758.63	\$ 8,256.42	\$ 11,902.81	\$ 12,552.00	\$ 12,925.00

*Budgeted Amount
**Pro-Forma Year

2.0 Trail Creek Share Breakdown

Category	# of Shares
Shares - Total	219
Shares - City Parks (City Property)	49.18
Shares - City Property Owners (Old Town)	114.82
Shares - Golf Vista Park (City Property)	9.04
Share - Golf Vista Property Owners	45.96
Total Check	219

3.0 Trail Creek Sprinkler Fee

Category	Fiscal Year												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022**
Trail Creek Sprinkler Company Yearly Fee	\$ 3,936.00	\$ 3,808.00	\$ 3,385.00	\$ 3,822.00	\$ 3,822.00	\$ 3,822.00	\$ 4,260.00	\$ 4,406.50	\$ 4,406.50	\$ 4,406.50	\$ 3,968.50	\$ 4,407.00	\$ 4,407.00
Number of Shares Billed	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00	219.00
Average Charge per Share	\$ 17.97	\$ 17.39	\$ 15.46	\$ 17.45	\$ 17.45	\$ 17.45	\$ 19.45	\$ 20.12	\$ 20.12	\$ 20.12	\$ 18.12	\$ 20.12	\$ 20.12
Charge for City Property Owners (Old Town)	\$ 2,063.61	\$ 1,996.50	\$ 1,774.73	\$ 2,003.84	\$ 2,003.84	\$ 2,003.84	\$ 2,233.48	\$ 2,310.29	\$ 2,310.29	\$ 2,310.29	\$ 2,080.65	\$ 2,310.56	\$ 2,310.56
Charge for Golf Vista Property Owners	\$ 826.02	\$ 799.16	\$ 710.39	\$ 802.10	\$ 802.10	\$ 802.10	\$ 894.02	\$ 924.76	\$ 924.76	\$ 924.76	\$ 832.84	\$ 924.87	\$ 924.87
Charge for City Parks (Including Golf Vista)	\$ 1,046.36	\$ 1,012.34	\$ 899.88	\$ 1,016.06	\$ 1,016.06	\$ 1,016.06	\$ 1,132.50	\$ 1,171.44	\$ 1,171.44	\$ 1,171.44	\$ 1,055.00	\$ 1,171.58	\$ 1,171.58
Total Check	\$ 3,936.00	\$ 3,808.00	\$ 3,385.00	\$ 3,822.00	\$ 3,822.00	\$ 3,822.00	\$ 4,260.00	\$ 4,406.50	\$ 4,406.50	\$ 4,406.50	\$ 3,968.50	\$ 4,407.00	\$ 4,407.00

4.0 Revenue Requirement Summary

Category	Fiscal Year												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022**
Operation and Maintenance	\$ 3,827.00	\$ 2,532.00	\$ 8,760.00	\$ 8,165.00	\$ 9,819.00	\$ 19,879.00	\$ 10,503.00	\$ 6,802.63	\$ 12,758.63	\$ 8,256.42	\$ 11,902.81	\$ 12,552.00	\$ 12,925.00
Trail Creek Sprinkler Charge	\$ 2,063.61	\$ 1,996.50	\$ 1,774.73	\$ 2,003.84	\$ 2,003.84	\$ 2,003.84	\$ 2,233.48	\$ 2,310.29	\$ 2,310.29	\$ 2,310.29	\$ 2,080.65	\$ 2,310.56	\$ 2,310.56
Total Revenue Requirement - Old Town	\$ 5,890.61	\$ 4,528.50	\$ 10,534.73	\$ 10,168.84	\$ 11,822.84	\$ 21,882.84	\$ 12,736.48	\$ 9,112.93	\$ 15,068.93	\$ 10,566.71	\$ 13,983.46	\$ 14,862.56	\$ 15,239.56
Recommended Yearly Fee Per Share	\$ 51.30	\$ 39.44	\$ 91.75	\$ 88.56	\$ 102.97	\$ 190.58	\$ 110.93	\$ 79.37	\$ 131.24	\$ 92.03	\$ 121.79	\$ 129.44	\$ 132.73

*Pro-Forma Test Year

5.0 Summary

	Proposed Rate	Existing Rate	% Increase
Old Town Property Owner Yearly Fee	\$ 132.73	\$ 129.58	2.43%
Golf Vista Property Owner Yearly Fee (Pass Along)	\$ 20.12	\$ 20.12	0.02%
Trail Creek Parks Fee (Including Golf Vista Park)	\$ 1,171.58	\$ 1,171.44	0.01%

6.0 Basis for Billing

The City bills the users of the irrigation system on a per acre basis. If a property owner owns a lot that is a quarter of an acre the yearly bill would be calculated as follows:

Old Town Property:	
Property Size (Acres):	0.25
Yearly Fee per Acre:	\$ 132.73
Total Yearly Fee:	\$ 33.18
Golf Vista Property Owner (Trail Creek Fee Pass Along):	
Property Size (Acres):	0.25
Yearly Fee per Acre:	\$ 20.12
Total Yearly Fee:	\$ 5.03