

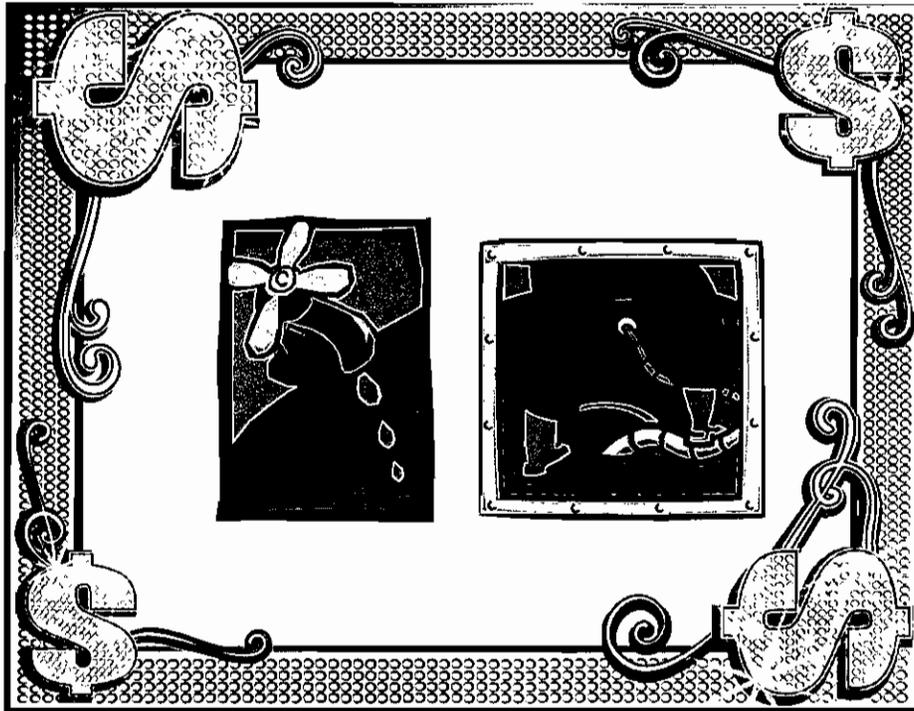
Water & Sewer Rate Task Force

Tuesday

July 24, 2012

Special Meeting

5:15 p.m.



City Hall Conference Room - Upstairs
491 E. Pioneer Avenue
Homer, Alaska 99603



**NOTICE OF MEETING
SPECIAL MEETING**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
- 4. RECONSIDERATION**
- 5. APPROVAL OF MINUTES** (*Minutes are approved during regular meetings only*)
- 6. VISITORS**
- 7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
 - A. Projected Revenue and Amount of Revenue to Date for Resolution 11-094(S) Rates Page 5
 - B. City of Homer Water and Sewer Systems
 - What is the amount of water produced versus the amount sold? Page 31
 - How much was produced to meet the budgetary requirements?
 - What are the additional areas that cost more to provide service? See Map
 - What is the recommended maintenance reserve that should be maintained for the systems? Page 19
 - Page 29
 - What rate adjustment is required to accomplish this in the next 10 years? Page 19
 - C. 2000 Rate Model Projection to 2012 Page 25
- 10. NEW BUSINESS**
 - A. Discussion - How Does Fire Protection Affect the City Water System Page 27
 - B. Discussion – Water and Sewer Service on the Homer Spit
 1. What is the cost to bring water in and sewage off the Spit? Page 27
Page 33
 2. When was the surcharge removed from Spit water service? Page 33
 3. How many lift stations for water & sewage are located on the Spit? How many are required? Page 29
 4. Does the cost differential to provide service on the Spit require a separate fee?
 5. Flush Tank – What is this and Why Is it Needed? What is Effect on the System?
 - C. Discussion – City of Homer Sewer System
 1. What is the impact to the system from restaurants? Page 29
- 11. INFORMATIONAL ITEMS**
 - A. It Seems At First Glance Such a Waste – Flushing Page 35
 - B. Sewage Collection Map Handout
 - C. Water Distribution Map Handout
- 12. COMMENTS OF THE AUDIENCE** Page 37
- 13. COMMENTS OF THE CITY STAFF**
- 14. COMMENTS OF THE CHAIR**
- 15. COMMENTS OF THE TASK FORCE**
- 16. ADJOURNMENT** next WORKSESSION is scheduled for **TUESDAY, AUGUST 7, 2012** City Hall Upstairs Conference Room at 5:15 p.m. The next REGULAR MEETING is **TUESDAY, AUGUST 21, 2012** at 5:15 p.m. Conference Room Upstairs in the City Hall located at 491 E. Pioneer Avenue, Homer Alaska.

Water and Sewer Rate Task Force Purpose:

TO EXAMINE THE EXISTING RATES AND RATE STRUCTURE

TO PREPARE A RECOMMENDATION TO COUNCIL ON A RATE AND RATE STRUCTURE FOR 2013.



City of Homer

Finance

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Date: July 19, 2012
To: Water/Sewer Task Force
From: Regina Mauras *Regina*
Subject: Projected Revenues from Resolution 11-094(S)

The annual revenue stream expected from the implication of Resolution 11-094(S) was \$71,490.08. This was based on assumed number of units being affected of 576 and using total Gallonage of 18,332,700 for these customers. The price per gallon decreased from .01264 a gallon to .00997 for sewer; and from .01140 per gallon to .00442 per gallon for water.

This was not implemented until February 2012 billing due to giving adequate notice to our customers of the rate changes.

The actual number of units being billed at this time is 626 units. The actual dollar revenue difference is unknown. Segregation of these units Gallonage would take quite a bit of time.

For your review however, I have included the Revenue and Expenses for Water / Sewer for the first six months of 2012.



CITY OF HOMER
HOMER, ALASKA

City Clerk

RESOLUTION 11-094(S)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, MAINTAINING THE CITY OF HOMER FEE SCHEDULE AT THE CURRENT RATES, AND AMENDING CUSTOMER CLASSIFICATIONS IN THE WATER AND SEWER RATE SCHEDULES.

WHEREAS, Fees are reviewed annually during the budget cycle; and

WHEREAS, Ordinance 11-43 amends HCC 14.08.037 regarding the number of water meters per lot; and

WHEREAS, It was determined that there were no rate adjustments to the City of Homer Fee Schedule needed at this time.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the City of Homer Fee Schedule is amended as follows:

SEWER FEES:

Sewer Connection and Extension Permit Fee

Single Family/Duplex \$255

Multi-Family/Commercial/Industrial \$330

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly sewer services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$20	\$0.00997	\$ 9.97
Multi-Family Residential	\$20 (per unit)	\$0.00997	\$ 9.97
Commercial	\$20	\$0.01264	\$12.64

*-Customer classification definitions for determining water rates:

Single Family Residential - A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household: contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-

45 housing projects, and multiple structures on one lot (where units are normally rented or
46 occupied for longer than one month at a time). Examples of units not considered as
47 multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are
48 routinely rented or occupied for less than one month at a time.)
49

50 **Commercial - Any user not defined as Residential.**

51
52 **Sewer System Residential or Residential Equivalent Dischargers Who Are Not Water System**
53 **Users:**

54
55 Sewer system dischargers who are not water system users shall be charged at the rate of
56 \$54.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge
57 \$20. The City reserves the right to adjust this rate based on the characteristics of the service
58 for non-residential or non-residential equivalent users. Customers who receive septic service
59 shall be charged an additional \$6.00* per month.
60

61 **Sewer System Dischargers Who Are Members of Kachemak City LID:**

62 Kachemak City Local Improvement District (LID) members have contributed to the initial cost
63 of the sewer treatment plant and the collection system. Kachemak City LID dischargers
64 connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at
65 the rate of \$60.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly
66 customer charge of \$20 plus septage cost \$6.00* per month for each residential or residential
67 equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.
68

69 Domestic sewer service customers who use large quantities of City water in addition to their
70 domestic use shall be allowed, with the Public Works Director's approval, to install an
71 additional water meter on the domestic water use line for the purpose of metering and charging
72 for domestic sewer system use. Sewer system use will be billed monthly.
73

74 The City will allow, upon approval by Public Works and a permit from the Public Works
75 Department, a second water usage meter - called a seasonal sewer meter - for each customer
76 that desires to measure the flow of City water that is not discharged to the sewer system during
77 the summer growing season, June 15 through September 15. Rates noted above do not apply.
78

79 Seasonal Sewer Meter Fee is \$211.97.
80
81

82 **WATER FEES:**

83 **Water Connection Fee**

84
85 Single Family/Duplex \$300

86 Multi-Family/Commercial/Industrial \$375
87

88 **Water Rate Schedule.**
89

90 All water utility services shall be billed according to the following schedule. This schedule is for
91 monthly water service and is in addition to any charges for connecting or disconnecting the
92 service, installation of the service or any assessment of the improvements.
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Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$25	\$0.00442	\$ 4.42
Multi-Family Residential	\$25 (per unit)	\$0.00442	\$ 4.42
Commercial	\$25	\$0.01140	\$11.40
Bulk	\$25	\$0.01269	\$12.69

*-Customer classification definitions for determining water rates:

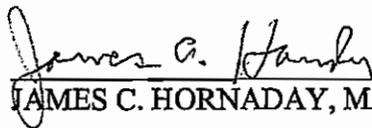
Single Family Residential - A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household: contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one lot (where units are normally rented or occupied for longer than one month at a time). Examples of units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are routinely rented or occupied for less than one month at a time.)

Commercial - Any user not defined as Residential.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 12th day of December, 2011.

CITY OF HOMER


 JAMES C. HORNADAY, MAYOR

ATTESTS:

 JO JOENSON, CMC, CITY CLERK

Fiscal Note: Revenue amounts not defined in CY2012 budget.

CITY OF HOMER
 REVENUES WITH COMPARISON TO BUDGET
 FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCES	BUDGET	UNEARNED
<u>WATER SYSTEMS ADMINISTRATION</u>					
200-400-4527 PERS REVENUE	.00	.00	.00	50,000.00	50,000.00
200-400-4616 METER SALES RES	321,466.33	321,466.33	.00	713,541.00	392,074.67
200-400-4617 METER SALES COM	480,322.19	480,322.19	.00	932,560.00	452,237.81
200-400-4618 METER SALE IND	8,270.44	8,270.44	.00	32,000.00	23,729.56
200-400-4661 CONNECTION FEES	8,330.63	8,330.63	.00	15,000.00	6,669.37
200-400-4662 SERVICE & METERS	2,876.87	2,876.87	.00	24,000.00	21,123.13
200-400-4801 INTEREST INCOME	.00	.00	.00	5,000.00	5,000.00
200-400-4802 PENALTY/INT	4,301.55	4,301.55	.00	6,000.00	1,698.45
TOTAL WATER SYSTEMS ADMINISTR	825,568.01	825,568.01	.00	1,778,101.00	952,532.99
<u>SEWER SYSTEMS ADMINISTRATION</u>					
200-500-4616 METER SALES RES	417,819.63	417,819.63	.00	953,785.00	535,965.37
200-500-4617 METER SALES COM	309,090.62	309,090.62	.00	582,305.00	273,214.38
200-500-4618 METER SALE IND	4,216.38	4,216.38	.00	20,000.00	15,783.62
200-500-4662 SERVICE&METER	3,545.21	3,545.21	.00	13,000.00	9,454.79
200-500-4701 RV DUMP STATION	196.87	198.87	.00	3,000.00	2,801.13
TOTAL SEWER SYSTEMS ADMINISTR	734,870.71	734,870.71	.00	1,572,090.00	837,219.29
TOTAL FUND REVENUE	1,560,438.72	1,560,438.72	.00	3,350,191.00	1,789,752.28

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>WATER SYSTEMS ADMINISTRATION</u>						
200-400-5101 REG EMPLOYEES	62,344.45	62,344.45	.00	128,650.00	66,305.55	48.5
200-400-5102 FRINGE BENEFITS	35,047.75	35,047.75	.00	100,017.00	84,969.25	35.0
200-400-5103 PART TIME EMPL	2,134.45	2,134.45	.00	.00	2,134.45-	.0
200-400-5104 FRINGE BEN P/T	436.95	436.95	.00	.00	436.95-	.0
200-400-5105 OVERTIME	123.83	123.83	.00	1,000.00	876.17	12.4
200-400-5106 LEAVE CASH OUT	15,755.16	15,755.16	.00	15,699.00	56.16-	100.4
200-400-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-400-5201 OFFICE SUPPLIES	736.46	736.46	.00	1,200.00	463.54	61.4
200-400-5202 OPR SUPPLIES	379.26	379.26	.00	900.00	520.74	42.1
200-400-5203 FUEL/LUBE	181.82	181.82	.00	.00	181.82-	.0
200-400-5208 EQUIPMENT MAINTENANCE	.00	.00	.00	1,000.00	1,000.00	.0
200-400-5210 PROF & SPEC SVC	1,962.67	1,962.67	.00	13,500.00	11,537.33	14.5
200-400-5211 AUDIT SERVICES	8,826.74	8,826.74	.00	9,496.00	669.26	93.0
200-400-5215 COMMUNICATIONS	2,014.59	2,014.59	.00	4,200.00	2,185.41	48.0
200-400-5216 POSTAGE/FREIGHT	.00	.00	.00	1,500.00	1,500.00	.0
200-400-5221 PROPERTY INS	.00	.00	.00	13,444.00	13,444.00	.0
200-400-5222 AUTO INSURANCE	.00	.00	.00	11,439.00	11,439.00	.0
200-400-5223 LIABILITY INS	.00	.00	.00	17,777.00	17,777.00	.0
200-400-5227 ADVERTISING	129.48	129.46	.00	700.00	570.52	18.5
200-400-5231 TOOLS/EQUIP	541.18	541.18	.00	1,200.00	658.82	45.1
200-400-5234 RECORD/PERMITS	150.00	150.00	.00	1,000.00	650.00	15.0
200-400-5235 MEMBERSHIP/DUES	366.25	368.25	.00	1,000.00	631.75	36.8
200-400-5236 TRANSPORTATION	1,273.45	1,273.45	.00	.00	1,273.45-	.0
200-400-5241 G/F ADMIN FEES	226,432.00	226,432.00	.00	226,432.00	.00	100.0
200-400-5252 CREDIT CARD SERVICE FEES	2,801.01	2,801.01	.00	15,000.00	12,198.99	18.7
200-400-5602 SAFETY EQUIP	419.24	419.24	.00	750.00	330.76	55.9
200-400-5603 EMPLOYEE TRAIN	761.50	761.50	.00	7,200.00	6,438.50	10.6
200-400-5606 BAD DEBT EXP	31,019.48	31,019.48	.00	.00	31,019.48-	.0
200-400-5608 INTEREST EXPENSE	216.38	216.38	.00	.00	216.38-	.0
200-400-5900 TRANSFERS TO	100,000.00	100,000.00	.00	100,000.00	.00	100.0
TOTAL WATER SYSTEMS ADMINISTR	494,058.20	494,058.20	.00	673,104.00	179,045.80	73.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>TREATMENT PLANT</u>						
200-401-5101 REG EMPLOYEES	49,034.01	49,034.01	.00	97,400.00	48,365.99	50.3
200-401-5102 FRINGE BENEFITS	35,123.06	35,123.06	.00	63,933.00	28,809.94	54.9
200-401-5103 PART TIME EMPLOYEES	.00	.00	.00	4,130.00	4,130.00	.0
200-401-5104 P/T FRINGE BENEFITS	.00	.00	.00	558.00	558.00	.0
200-401-5105 OVERTIME	14,319.49	14,319.49	.00	11,500.00	2,819.49	124.5
200-401-5202 OPR SUPPLIES	936.60	936.60	.00	6,000.00	5,063.40	15.6
200-401-5203 FUEL/LUBE	25,751.98	25,751.96	.00	35,000.00	9,248.02	73.6
200-401-5204 CHEMICALS	37,266.64	37,266.64	.00	32,000.00	5,266.64	116.5
200-401-5207 VEHICLE/BOAT MAINTENANCE	654.36	654.36	.00	1,200.00	545.64	54.5
200-401-5208 EQUIPMENT MAINT	9,582.64	9,582.84	.00	21,000.00	11,417.16	45.6
200-401-5209 BLDG/GRDS MAINT	406.28	406.28	.00	4,000.00	3,593.72	10.2
200-401-5210 PROF & SPEC SVC	132.00	132.00	.00	3,600.00	3,668.00	3.5
200-401-5214 RENTS AND LEASES	.00	.00	.00	2,000.00	2,000.00	.0
200-401-5217 ELECTRICITY	25,806.50	25,806.50	.00	40,000.00	14,193.50	84.5
200-401-5602 SAFETY EQUIP	77.94	77.94	.00	500.00	422.06	15.6
TOTAL TREATMENT PLANT	199,091.70	199,091.70	.00	323,021.00	123,929.30	61.6
<u>TESTING</u>						
200-402-5101 REG EMPLOYEES	10,341.43	10,341.43	.00	16,800.00	6,258.57	62.3
200-402-5102 FRINGE BENEFITS	5,856.14	5,856.14	.00	10,590.00	4,733.86	55.3
200-402-5105 OVERTIME	178.56	178.56	.00	500.00	321.44	35.7
200-402-5202 OPR SUPPLIES	1,303.00	1,303.00	.00	4,600.00	3,297.00	28.3
200-402-5208 EQUIPMENT MAINT	1,775.00	1,775.00	.00	4,000.00	2,225.00	44.4
200-402-5210 PROF & SPEC SVC	215.66	215.66	.00	2,200.00	1,984.34	9.8
200-402-5226 TESTING/ANALYS	6,047.40	6,047.40	.00	16,000.00	9,952.60	37.8
TOTAL TESTING	25,717.19	25,717.19	.00	54,490.00	28,772.81	47.2
<u>PUMP STATIONS</u>						
200-403-5101 REG EMPLOYEES	9,197.03	9,197.03	.00	19,558.00	10,360.97	47.0
200-403-5102 FRINGE BENEFITS	6,324.37	6,324.37	.00	11,647.00	5,322.63	54.3
200-403-5103 PART TIME EMPLOYEES	.00	.00	.00	590.00	590.00	.0
200-403-5104 P/T FRINGE BENEFITS	.00	.00	.00	80.00	80.00	.0
200-403-5105 OVERTIME	176.21	176.21	.00	400.00	223.79	44.1
200-403-5202 OPR SUPPLIES	2.31	2.31	.00	2,200.00	2,197.69	.1
200-403-5203 FUEL/LUBE	.00	.00	.00	1,000.00	1,000.00	.0
200-403-5208 EQUIPMENT MAINT	.00	.00	.00	7,000.00	7,000.00	.0
200-403-5209 BLDG/GRDS MAINT	.00	.00	.00	5,000.00	5,000.00	.0
200-403-5217 ELECTRICITY	26,465.68	26,465.66	.00	45,000.00	18,534.34	58.8
200-403-5231 TOOLS/EQUIP	.00	.00	.00	1,000.00	1,000.00	.0
TOTAL PUMP STATIONS	42,165.58	42,165.58	.00	93,475.00	51,309.42	45.1

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>DISTRIBUTION SYSTEMS</u>						
200-404-5101 REG EMPLOYEES	61,400.25	61,400.25	.00	125,121.00	63,720.75	49.1
200-404-5102 FRINGE BENEFITS	40,665.71	40,665.71	.00	77,358.00	36,692.29	52.6
200-404-5103 PART TIME EMPLOYEES	2,755.20	2,755.20	.00	.00	2,755.20-	.0
200-404-5104 P/T FRINGE BENEFITS	337.13	337.13	.00	.00	337.13-	.0
200-404-5105 OVERTIME	5,704.24	5,704.24	.00	10,000.00	4,295.76	57.0
200-404-5107 PART TIME OVERTIME	12.60	12.60	.00	.00	12.60-	.0
200-404-5202 OPR SUPPLIES	5,804.32	5,804.32	.00	9,000.00	3,195.68	84.5
200-404-5208 EQUIPMENT MAINT	.00	.00	.00	6,500.00	6,500.00	.0
200-404-5209 BLDG/GRDS MAINT	184.94	184.94	.00	1,500.00	1,315.06	12.3
200-404-5210 PROF & SPEC SVC	281.25	281.25	.00	7,500.00	7,218.75	3.8
200-404-5217 ELECTRICITY	74,527.62	74,527.62	.00	42,000.00	32,527.62-	177.5
200-404-5231 TOOLS/EQUIP	533.12	533.12	.00	6,000.00	5,466.88	8.9
TOTAL DISTRIBUTION SYSTEMS	192,206.38	192,206.38	.00	284,979.00	92,772.62	67.5
<u>WATER RESERVOIR</u>						
200-405-5101 REG EMPLOYEES	15,285.99	15,285.99	.00	27,347.00	12,061.01	55.9
200-405-5102 FRINGE BENEFITS	9,200.92	9,200.92	.00	17,589.00	8,388.08	52.3
200-405-5103 PART TIME EMPL	459.20	459.20	.00	.00	459.20-	.0
200-405-5104 FRINGE BEN P/T	52.03	52.03	.00	.00	52.03-	.0
200-405-5105 OVERTIME	463.36	483.36	.00	500.00	36.64	92.7
200-405-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-405-5202 OPR SUPPLIES	37.54	37.54	.00	1,000.00	962.46	3.8
200-405-5208 EQUIPMENT MAINT	171.87	171.87	.00	3,000.00	2,828.13	5.7
200-405-5209 BLDG/GRDS MAINT	.00	.00	.00	2,000.00	2,000.00	.0
200-405-5210 PROF & SPEC SVC	.00	.00	.00	5,600.00	5,600.00	.0
200-405-5213 SURVEY/APPRaisal	.00	.00	.00	1,200.00	1,200.00	.0
TOTAL WATER RESERVOIR	25,673.01	25,673.01	.00	58,238.00	32,562.99	44.1
<u>WATER METERS</u>						
200-406-5101 REG EMPLOYEES	25,252.03	25,252.03	.00	54,021.00	28,768.97	46.7
200-406-5102 FRINGE BENEFITS	16,300.17	16,300.17	.00	35,304.00	19,003.83	46.2
200-406-5103 PART TIME EMPLOYEES	459.20	459.20	.00	.00	459.20-	.0
200-406-5104 P/T FRINGE BENEFITS	52.03	52.03	.00	.00	52.03-	.0
200-406-5105 OVERTIME	27.45	27.45	.00	2,000.00	1,972.55	1.4
200-406-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-406-5202 OPR SUPPLIES	2,648.52	2,646.52	.00	15,000.00	12,353.48	17.6
200-406-5231 TOOLS/EQUIP	244.67	244.67	.00	1,500.00	1,255.33	18.3
200-406-5602 SAFETY EQUIP	507.28	507.28	.00	750.00	242.72	67.6
200-406-5603 EMPLOYEE TRAINING	.00	.00	.00	1,200.00	1,200.00	.0
TOTAL WATER METERS	45,491.45	45,491.45	.00	109,775.00	64,283.55	41.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>WATER HYDRANTS</u>						
200-407-5101	REG EMPLOYEES	23,798.93	23,798.93	.00	47,620.00	23,821.07 50.0
200-407-5102	FRINGE BENEFITS	15,355.62	15,355.62	.00	27,934.00	12,578.38 55.0
200-407-5103	PART TIME EMPLOYEES	918.40	918.40	.00	.00	918.40- .0
200-407-5104	P/T FRINGE BENEFITS	104.09	104.09	.00	.00	104.09- .0
200-407-5105	OVERTIME	479.65	479.65	.00	100.00	379.65- 479.7
200-407-5107	PART TIME OVERTIME	4.20	4.20	.00	.00	4.20- .0
200-407-5202	OPR SUPPLIES	4,876.98	4,876.98	.00	7,000.00	2,123.02 69.7
200-407-5210	PROFESSIONAL & SPECIAL SERVICE	.00	.00	.00	1,000.00	1,000.00 .0
	TOTAL WATER HYDRANTS	45,537.87	45,537.87	.00	83,654.00	38,116.13 54.4
<u>SEWER SYSTEMS ADMINISTRATION</u>						
200-500-5101	REG EMPLOYEES	62,023.65	62,023.65	.00	128,650.00	66,626.35 48.2
200-500-5102	FRINGE BENEFITS	34,158.98	34,158.98	.00	100,017.00	65,858.02 34.2
200-500-5103	PART TIME EMPL	2,134.45	2,134.45	.00	.00	2,134.45- .0
200-500-5104	FRINGE BEN P/T	436.97	436.97	.00	.00	436.97- .0
200-500-5105	OVERTIME	123.80	123.80	.00	1,000.00	876.20 12.4
200-500-5106	LEAVE CASH OUT	20,149.16	20,149.16	.00	20,093.00	56.16- 100.3
200-500-5107	PART TIME OVERTIME	2.10	2.10	.00	.00	2.10- .0
200-500-5201	OFFICE SUPPLIES	14.49	14.49	.00	.00	14.49- .0
200-500-5202	OPR SUPPLIES	282.59	282.59	.00	800.00	517.41 35.3
200-500-5210	PROF & SPEC SVC	670.65	670.65	.00	10,000.00	9,329.35 6.7
200-500-5211	AUDIT SERVICES	8,826.74	8,826.74	.00	9,495.00	888.26 93.0
200-500-5215	COMMUNICATIONS	.00	.00	.00	4,500.00	4,500.00 .0
200-500-5216	POSTAGE/FREIGHT	.00	.00	.00	2,500.00	2,500.00 .0
200-500-5221	PROPERTY INS	.00	.00	.00	7,719.00	7,719.00 .0
200-500-5222	AUTO INSURANCE	.00	.00	.00	11,439.00	11,439.00 .0
200-500-5223	LIABILITY INS	.00	.00	.00	17,447.00	17,447.00 .0
200-500-5227	ADVERTISING	81.00	81.00	.00	500.00	419.00 16.2
200-500-5231	TOOLS/EQUIP	231.91	231.91	.00	1,500.00	1,268.09 15.5
200-500-5234	PERMITS	1,680.00	1,680.00	.00	.00	1,680.00- .0
200-500-5235	MEMBERSHIP/DUES	700.00	700.00	.00	1,500.00	800.00 46.7
200-500-5236	TRANSPORTATION	429.84	429.84	.00	.00	429.84- .0
200-500-5241	G/F ADMIN FEES	310,086.00	310,086.00	.00	310,086.00	.00 100.0
200-500-5252	CREDIT CARD SERVICE FEES	2,802.37	2,802.37	.00	15,000.00	12,197.63 18.7
200-500-5601	CLOTHNG/UNIFORM	400.14	400.14	.00	250.00	150.14- 160.1
200-500-5602	SAFETY EQUIP	1,798.91	1,798.91	.00	1,500.00	298.91- 119.9
200-500-5603	EMPLOYEE TRAIN	2,169.60	2,169.60	.00	4,000.00	1,830.40 54.2
200-500-5990	TRANSFERS TO	100,000.00	100,000.00	.00	100,000.00	.00 100.0
	TOTAL SEWER SYSTEMS ADMINISTR	549,203.35	549,203.35	.00	747,996.00	198,792.85 73.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>SEWER PLANT OPERATIONS</u>						
200-501-5101 REG EMPLOYEES	57,326.79	57,326.79	.00	128,776.00	71,449.21	44.5
200-501-5102 FRINGE BENEFITS	40,611.46	40,611.46	.00	85,126.00	44,514.54	47.7
200-501-5103 PART TIME EMPL	459.20	459.20	.00	7,080.00	6,620.80	6.5
200-501-5104 FRINGE BEN P/T	594.25	594.25	.00	956.00	381.75	62.2
200-501-5105 OVERTIME	6,906.11	6,906.11	.00	10,600.00	3,693.89	65.2
200-501-5107 P/T OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-501-5202 OPR SUPPLIES	2,805.53	2,805.53	.00	7,500.00	4,694.47	37.4
200-501-5203 FUEL/LUBE	24,079.20	24,079.20	.00	45,000.00	20,920.80	53.5
200-501-5204 CHEMICALS	15,730.00	15,730.00	.00	25,000.00	9,270.00	62.9
200-501-5208 EQUIPMENT MAINT	6,664.73	6,664.73	10,985.40	21,000.00	3,349.87	84.1
200-501-5209 BLDG/GRDS MAINT	33.85	33.85	.00	1,500.00	1,466.15	2.3
200-501-5210 PROF & SPEC SVC	477.00	477.00	.00	3,000.00	2,523.00	15.9
200-501-5214 RENTS & LEASES	.00	.00	.00	1,500.00	1,500.00	.0
200-501-5216 FREIGHT	75.00	75.00	.00	.00	75.00-	.0
200-501-5217 ELECTRICITY	27,110.43	27,110.43	.00	173,200.00	146,089.57	15.7
200-501-5218 WATER	9,148.88	9,148.68	.00	15,000.00	5,851.32	61.0
200-501-5219 SEWER	356.38	356.38	.00	900.00	543.62	39.6
TOTAL SEWER PLANT OPERATIONS	192,380.71	192,380.71	10,985.40	526,138.00	322,771.89	38.7
<u>SEWER SYSTEM TESTING</u>						
200-502-5101 REG EMPLOYEES	20,495.00	20,495.00	.00	34,432.00	13,937.00	59.5
200-502-5102 FRINGE BENEFITS	11,623.02	11,623.02	.00	21,501.00	9,877.98	54.1
200-502-5105 OVERTIME	311.60	311.60	.00	200.00	111.60-	155.8
200-502-5202 OPR SUPPLIES	4,099.32	4,099.32	.00	3,000.00	1,099.32-	136.6
200-502-5210 PROFESSIONAL & SPECIAL SERVICE	150.00	150.00	.00	800.00	450.00	25.0
200-502-5226 TESTING/ANALYS	648.00	648.00	.00	4,000.00	3,352.00	16.2
TOTAL SEWER SYSTEM TESTING	37,326.94	37,326.94	.00	63,733.00	26,406.06	58.6
<u>SEWER LIFT STATIONS</u>						
200-503-5101 REG EMPLOYEES	39,708.76	39,708.76	.00	78,317.00	38,608.24	50.7
200-503-5102 FRINGE BENEFITS	25,768.47	25,768.47	.00	47,769.00	22,000.53	53.9
200-503-5103 PART TIME EMPLOYEES	2,298.00	2,298.00	.00	.00	2,296.00-	.0
200-503-5104 P/T FRINGE BENEFITS	260.30	260.30	.00	.00	260.30-	.0
200-503-5105 OVERTIME	3,067.01	3,067.01	.00	1,700.00	1,367.01-	180.4
200-503-5107 PART TIME OVERTIME	10.50	10.50	.00	.00	10.50-	.0
200-503-5202 OPR SUPPLIES	3,808.12	3,806.12	.00	10,500.00	6,693.88	36.3
200-503-5208 EQUIPMENT MAINT	53.67	53.67	.00	7,000.00	8,946.33	.8
200-503-5209 BLDG/GRDS MAINT	.00	.00	.00	2,000.00	2,000.00	.0
200-503-5217 ELECTRICITY	8,896.45	8,896.45	.00	16,500.00	9,603.55	41.8
200-503-5231 TOOLS/EQUIP	.00	.00	.00	1,500.00	1,500.00	.0
TOTAL SEWER LIFT STATIONS	81,867.28	81,887.28	.00	165,286.00	83,418.72	49.5

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>COLLECTION SYSTEM</u>						
200-504-5101 REG EMPLOYEES	37,659.16	37,659.16	.00	76,641.00	38,981.84	49.1
200-504-5102 FRINGE BENEFITS	24,148.81	24,148.81	.00	44,659.00	20,510.19	54.1
200-504-5105 OVERTIME	881.58	881.58	.00	1,000.00	118.42	88.2
200-504-5202 OPR SUPPLIES	1,121.96	1,121.96	62.76	5,000.00	3,815.28	23.7
200-504-5208 EQUIPMENT MAINT	.00	.00	.00	1,200.00	1,200.00	.0
200-504-5210 PROF & SPEC SVC	6,453.75	6,453.75	.00	35,000.00	28,546.25	18.4
200-504-5231 TOOLS/EQUIP	.00	.00	.00	1,500.00	1,500.00	.0
TOTAL COLLECTION SYSTEM	70,265.26	70,265.26	62.76	165,000.00	94,671.98	42.6
TOTAL FUND EXPENDITURES	2,000,984.92	2,000,984.92	11,048.18	3,348,887.00	1,336,853.92	60.1
NET REVENUE OVER EXPENDITURES	440,546.20-	440,548.20-	(11,048.18)	1,304.00	452,898.36	(34631



City of Homer

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Date: July 19, 2012
To: Water/Sewer Task Force
From: Regina Mauras *Regina*
Subject: Depreciation Reserve Questions

Resolution 06-100 requires that an amount equal to 40% of the net fixed assets be maintained in depreciation reserve accounts.

Fixed assets for year ended 2011 for Water / Sewer are as follows:

Net Fixed Assets: \$36,198,441

40% = \$14,479,376

Depreciation Reserve Balances:	Water:	\$2,462,606
	Sewer:	<u>\$2,142,514</u>
	Total	\$4,605,120

Shortage in depreciation reserve accounts: \$9,874,256.

In order to make the reserves whole over the next ten years, \$987,426, needs to be put in the reserves annually. Assuming \$200,000 is already allocated annually, than there is a \$787,426 shortage. If this is computed by gallons, the increase would be .006481 a gallon.



**CITY OF HOMER
2012 OPERATING BUDGET**

NARRATIVE

WATER & SEWER DEPRECIATION RESERVES

This Fund is used to put resources aside for the replacement and repair of fixed assets. Two separate accounts are maintained for depreciation reserves for the Utility Fund, one for Water Infrastructure (378), and one for Sewer Infrastructure (379).

FUND: 256 DEPRECIATION RESERVES

		2009	2010	2011	2012
378 - Water Depreciation Reserves		Actual	Actual	Budget	Budget
	Beginning Balance	2,171,674	2,104,794	2,129,479	2,365,356
4992	Annual Transfer	170,083	250,000	250,000	100,000
4801	Interest Income	29,271	4,035		
5990	Energy Fund		(88,975)		
	10-23(S)				
5xxx	Expenditures	(266,234)	(140,375)	(14,123)	
	Subtotal	2,104,794	2,129,479	2,365,356	2,465,356
	Encumbered				(2,750)
	Ending Balance	2,104,794	2,129,479	2,365,356	2,462,606

		2009	2010	2011	2012
379 - Sewer Depreciation Reserves		Actual	Actual	Budget	Budget
	Beginning Balance	1,786,716	1,836,716	1,997,741	2,134,831
4992	Earnings before transfers	50,000	250,000	250,000	100,000
	Transfer fm Proj 932, 934 - ORD 08-38	-			
5xxx	Expenditures			(27,910)	
5990	Trsf to Energy Fund		(88,975)		
	10-23(S)				
	Subtotal	1,836,716	1,997,741	2,219,831	2,234,831
	Encumbered			(85,000)	(92,317)
	Ending Balance	1,836,716	1,997,741	2,134,831	2,142,514

This data is provided for information only, details can be found in the "Projects" tab of the budget.

*** NOTE:**

THE 2012 ADOPTED BUDGET WAS PASSED WITHOUT REGARD TO THE LOAN REPAYMENTS TO THE ENERGY FUND AND DEPRECIATION RESERVES. ACCORDING TO AN ANALYSIS THAT WAS COMPLETED, THE LOANS WERE TO BE REPAYED BY SAVINGS ACHIEVED THROUGH REDUCED ENERGY EXPENSES. AT THE TIME BUDGET WAS BEFORE COUNCIL, THE EXACT AMOUNT FOR EACH PROJECT HAD YET TO BE DETERMINED. THIS WILL NEED TO BE APPROVED BY COUNCIL AND THE 2012 BUDGET WILL NEED TO BE AMENDED ACCORDINGLY.

Loan Repayment to Depreciation Reserves Amounts:	Payback Period	Annual Payment	Total Repayment
Sewer Treatment Plant Lagoon Solar Aerat	8.7 years	787	6,843
Raw Water Pump	13.4 years	12,395	166,089
Total		13,181	172,932

**CITY OF HOMER
HOMER, ALASKA**

Wythe

RESOLUTION 06-100

A RESOLUTION OF THE HOMER CITY COUNCIL EXPRESSING ITS INTENT AND DESIRE REGARDING FUTURE BUDGET APPROPRIATIONS TO DEPRECIATION RESERVE ACCOUNTS AND THE CASH BALANCES IN THOSE ACCOUNTS.

WHEREAS, Maintaining healthy cash balances in depreciation reserve accounts is good fiscal policy because it provides security in the event emergency appropriations are needed and allows the City to repair and replace aging and outdated buildings and equipment as needed and on schedule, and

WHEREAS, Over the past ten years, the City has experienced relatively tight budgets and as a result, has been forced to limit contributions to depreciation reserve accounts, defer needed maintenance expenditures, and defer procurement of new equipment, and

WHEREAS, Over the past two budget cycles, the City Council has made a concerted effort to increase contributions to depreciation reserve accounts in response to new GASB 34 guidelines and the fact that the City's buildings and equipment are aging and in need of repair and replacement, and

WHEREAS, In recent budget discussions, the City Council has identified increased contributions to depreciation reserve accounts and maintaining healthy cash balances in those accounts as a top fiscal priority.

NOW THEREFORE BE IT RESOLVED, That the Homer City Council finds that increasing appropriations to depreciation reserve accounts (building and fleet reserves) and gradually growing the cash balances in those accounts is sound fiscal policy and a worthy goal, and

BE IT FURTHER RESOLVED, That the Council hereby establishes a goal of gradually, over ten years, attaining a cash balance in depreciation reserve accounts equal to 40% of depreciable capital assets (excluding land), and

BE IT FURTHER RESOLVED, That the goal established above shall apply to all General Fund, Port and Harbor Enterprise Fund, and Water and Sewer Enterprise Fund depreciation reserve accounts.

PASSED AND APPROVED by the Homer City Council this 14th day of August, 2006.

CITY OF HOMER



City of Homer

Finance

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Date: July 19, 2012
To: Water/Sewer Task Force
From: Regina Mauras *Regina*
Subject: Use of old water model using 2012 budget

I apologize for the delay of getting this information to you. Getting the meter sizes incorporated in our accounting software has been time consuming.

While doing this, we (finance) have been looking at the difference between Public Works meter readings compared to billing in order to fully understand why the large difference in the two. We have got many answers, but are still working on this for you. We believe that the total gallonage and the average gallon usage data is still correct from our findings thus far.

It is our hope that by the time the task force meets on the 24th, we will have the rate model and an explanation of the differences in the gallonage.



How does Fire Protection affect the Water System?

The entire community receives significant benefit from fire protection. The cost of constructing a water system would be greatly reduced if it only needed to supply domestic demand. Piping could be 2", 3", or 4"; rather than 8", 10", and 12". Water storage tank sizes could generally be reduced by 50 to 70%.

The cost of operating/maintaining the system (the fire protection portion) is harder to determine. Smaller water storage tanks and water mains still need to be maintained. Larger mains required more flushing, larger tanks require more cleaning effort. Fire hydrants require maintenance.

Providing a water system with the potential to fight fires has little impact on the cost of constructing or maintaining a sewer system.

Spit Water O&M Costs

If there are additional costs to provide water on the Spit (relative to other areas of the City), it would be associated with in need for a five mile long dead end water main and the need for additional water tank that serves a few customers. The City's water system is comprised of approximately 50 miles of water main; 10% of which serves only those few customers on the Spit. Because it is a dead end main; the water main on the Spit requires higher maintenance than other mains in the system (much of the water used to bleed "stale" water off the system is required because of the long detention time associated with a five mile long dead end water main). The tank on the Spit is also more expensive to maintain (additional water bleeding is needed (or energy costs to pump water back to town). Without a more detailed analysis, it could be expected that the cost of providing water to Spit customers is 15 to 25% more expensive than other City customers. A detailed analysis could be performed that would quantify the additional costs.

Sewer customers that may have higher treatment and/or collection costs

Restaurants: These customers generate higher levels of grease increasing cost to maintain collection system and provide treatment. Waste water has a higher biological oxygen demand (contains more organic matter), increasing treatment costs.

Supermarkets (especially those with food preparation): Same as restaurants; also expired milk dumping.

Car Wash: sand and grit increases cost of maintaining collection system.

Laundry mat: higher levels of detergents and cleaning products can increase treatment costs.

Sump pumps, Roof drains and Foundation drain connections: residences and businesses that have groundwater or surface water connections to the sewer system increase treatment costs, increase lift station energy costs, and reduce treatment plant capacity.

Sewer Lift Station O&M Costs

The City spends between \$150,000 and \$200,000 operating and maintaining sewer lift stations. These facilities also have high depreciation costs (relatively short useful life spans), not included in operating budget.

Of the seven sewer lift stations on the sewer collection system, three are on the Spit. A fourth lift station (Beluga) also serves the Spit. At least half of the cost of operating and maintaining lift stations can be directly attributed to serving the Spit.

Quantity of water produced at the water treatment plant

Attached is a chart showing water production at the treatment plant (on a monthly basis), 2005-2012.

Maintenance Reserve

The City strives to maintain a 6 month emergency reserve. Households are encouraged to do the same. If the annual operating/maintenance cost of the water and sewer system is approximately \$4,000,000; a maintenance reserve of \$2,000,000 might be required. If this reserve were to be established over a 10 year period; \$200,000 would need to be generated each year. This would result in a 20% increase in rates. If the reserve was established only to fund cost changes from year to year (reducing the need for yearly rate adjustments), this reserve could be smaller.

WTP Flows in MG

Month	2005	2006	2007	2008	2009	2010	2011	2012
1	16.022	14.484	16.340	14.687	15.451	15.272	15.420	12.599
2	13.514	14.081	13.573	14.990	14.492	13.960	15.078	11.283
3	16.155	15.826	15.739	16.319	16.653	15.763	16.482	10.686
4	14.862	14.521	17.929	16.239	17.786	15.736	16.130	13.729
5	17.817	20.220	23.394	18.368	20.290	19.154	22.630	
6	22.306	22.362	23.598	21.368	21.879	20.803	19.441	
7	24.870	27.572	23.654	25.034	25.034	22.333	22.304	
8	20.388	23.698	21.392	23.252	20.632	19.958	18.561	
98	16.021	20.661	15.743	17.768	16.836	20.704	15.580	
10	15.288	18.341	14.768	16.670	16.534	15.944	14.224	
11	14.037	15.670	13.430	14.684	13.970	13.739	13.217	
12	14.323	15.528	13.607	16.139	14.129	14.370	12.128	
Total	205.603	222.964	213.167	215.518	213.686	207.736	201.195	48.297



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Date: July 19, 2012
To: Water/Sewer Task Force
From: Regina Mauras *Regina*
Subject: Spit Questions

A segregation of costs associated with water/sewer lines to the spit are not maintained separately.

The surcharge for the spit was last used in 2005.



Handwritten scribble

IT SEEMS AT FIRST GLANCE TO BE SUCH A WASTE!

Periodically, you will see Public Works personnel releasing water from fire hydrants. Homer residents often ask why the City flushes water from fire hydrants. It seems at first glance to be such a waste. The answer is that regular hydrant flushing is a vital part of routine water system maintenance for these important reasons:

- **Improves water quality:** Flushing removes minerals such as iron and magnesium that have collected in the water mains.
- **Hydrant maintenance:** A fire hydrant is a mechanical device. Operation of a hydrant lubricates internal mechanisms and gaskets.
- **Hydrant inspection:** Any deficiencies are noted and repaired as necessary to insure that each hydrant will perform when needed in an emergency.



In Homer there is another important reason for flushing water mains. The City is required to maintain trace residual chlorine in the water to assure that it is protected from contamination by pathogens once it leaves the treatment plant. Over time, chlorine breaks down; water without chlorine residual can no longer be considered microbiologically clean. The water distribution system in Homer consists of approximately 50 miles of water main with only 1400 customers. Because of the low number of customers per mile of water main, water can be stored within the system longer than the chlorine residual lasts. By flushing or bleeding water out of the system; especially off “dead-end lines” (like the 5 mile long Homer Spit dead-end water line); safe, pathogen-free drinking water is maintained through the distribution system.

If that isn't enough to justify flushing water off hydrants, chlorine in contact with organics in the treated water produces “disinfection byproducts”. The longer the contact time, the more byproducts are produced. Some studies have shown that these byproducts, at high enough levels can pose health risks. By flushing or bleeding water off the distribution system (especially long dead-end lines), the levels of these byproducts can be kept below levels considered unsafe. It is important to provide protection from pathogens (maintaining a chlorine residual), while simultaneously minimizing health risks from disinfection byproducts (by minimizing detention times).

Renee Krause

From: Larry Slone <larryslone543@gmail.com>
Sent: Thursday, July 19, 2012 1:33 PM
To: Renee Krause
Subject: water/sewer task force meeting July 24

Thur July 19, 2012

To: Water/Sewer Rate Task Force Members
From: Larry Slone
Subject: User Group Classification

Once again I encourage Task Force members to consider developing a model splitting all users into two major groups based upon the "demand" they place upon the infrastructure. Those using water-service-lines of, say, 2" or less would constitute one group composed of approximately 90% of users, and the remaining 10% constituting the other group, those with special-demand needs.

The "90 %'ers ", or "two inchers", place an approximately equal individual user-demand upon the system. It's immediately apparent who qualifies as a member of this group.

The second group, the "special-needs" users, can be examined more closely and, as needed or desired, shifted into the "2-incher" group. For potential members of this group I am listing the following users:

1. Snowbirds
2. Dead-enders - those on long dead-end lines
3. The Spit
4. Anyone else on a larger line than 2'
5. Fire Protection

Rates

For the 90 %'ers I think it appropriate that they have a separate rate from that of the 10 %'ers who might require a special rate or surcharge for each type user. Ultimately, I suspect that - with the exception of more Fire Protection costs shifted into the public-revenue sector, and those few users on larger than 2" water lines - everyone else will be in the same rate category.

Meanwhile, I will continue on work on refining the share-of-infrastructure cost to be allotted to each group.

