



City of Stevenson

Leana Kinley, City Administrator

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To: City Council
From: Leana Kinley, City Administrator
RE: 2021 Sewer Rates
Meeting Date: November 19, 2020

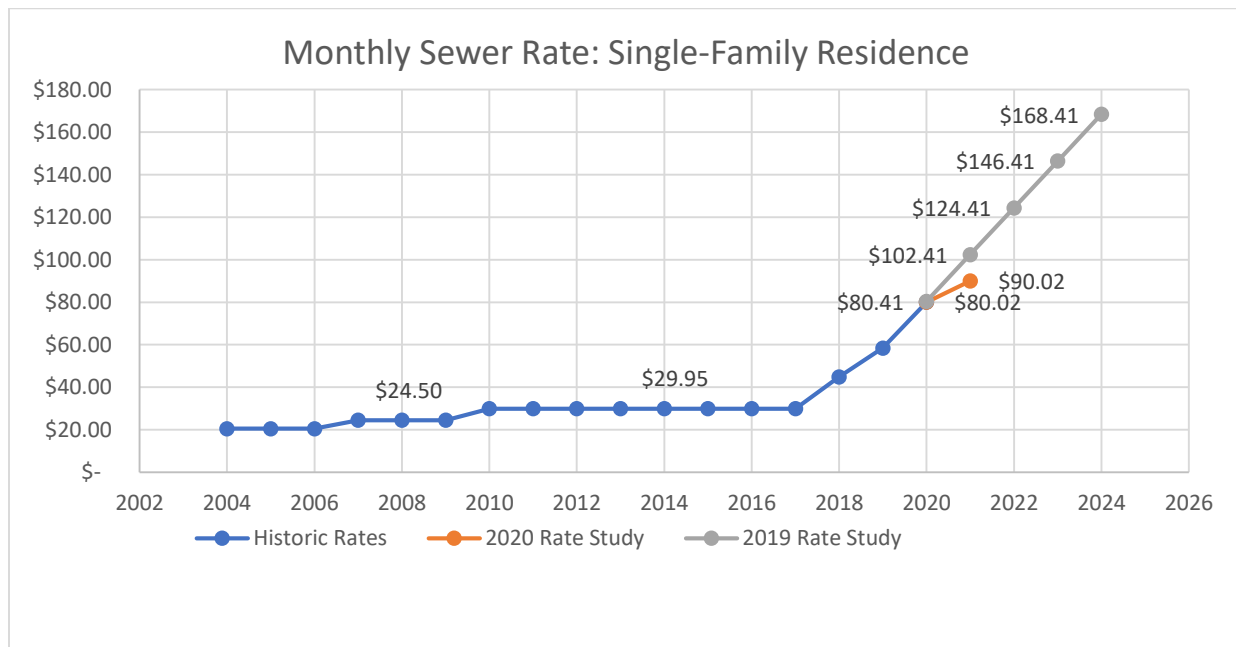
Executive Summary:

The rate projections in the 2019 amendment to the General Sewer Plan and Wastewater Facilities Plan Update recommended a \$22 annual increase until 2024 to ensure the financial needs can be met. Staff has worked diligently at improving operations, reducing costs and obtaining more grants with the overall impact of lower annual operating costs. These factors, in addition to the impact of COVID-19 on the community, leads to the recommendation of a \$10 increase to the monthly residential sewer rate.

Overview:

In 2017, as part of the General Sewer Plan and Wastewater Facilities Plan, the city conducted a rate study. It was update in February, 2019 based on changed assumptions. Since then, the city has taken over operations of the wastewater treatment plant where it was previously operated under a service contract. There have also been additional grants and financing secured. The design for the wastewater treatment plant are 90% complete and other projects are between 50%-90% complete with more refined estimates. The result is a clearer picture of the future operations and maintenance needs and the rates necessary to ensure the financial viability of the utility.

A chart of the historic rates and projected rates from the 2019 rate study are below.



A detailed list of the differences between the 2019 study and current projections are below.

Six-Year Sewer Capital Improvements - 2019 Plan Amendment							
	2019	2020	2021	2022	2023	2024	Totals
2019 WW Capital Budget	25,000						25,000
Design							
WWTP Improvements	521,000	521,000					1,062,840
Rock Creek PS	61,000	61,000					124,440
Fairgrounds PS	6,000	6,000					12,240
Construction							
WWTP Improvements			2,121,000	7,776,000			11,041,016
Rock Creek PS			249,000	913,000			1,296,319
Fairgrounds PS-Phase 1			23,000	84,000			119,365
Cascade PS-Phase 1				4,000	35,000		45,445
Cascade Ave Sewer-Phase 1				44,000	413,000		532,646
Kanaka PS-Phase 1				73,000	697,000		897,506
Cascade Interceptor				67,000	641,000		825,245
Total CIP by Year	613,000	588,000	2,393,000	8,961,000	1,786,000		
Total w/4% escalation	613,000	612,000	2,588,000	10,080,000	2,089,000		15,982,000

Six-Year Sewer Capital Improvements - Actual Costs Incurred & Revised Estimates							
	2019	2020	2021	2022	2023	2024	Totals
2019 WW Capital Budget	21,254						21,254
Design							
WWTP Improvements	329,093	638,463	41,932				1,009,488
Rock Creek PS							-
Fairgrounds PS							-
Construction							
WWTP Improvements	25,371	27,032	2,121,000	7,540,000			9,713,404
Rock Creek PS			1,284,000				1,284,000
Fairgrounds PS-Phase 1 & 2				866,000			866,000
Main D Extension				274,704			274,704
Cascade PS-Phase 1 & 2				40,000	413,000		453,000
Cascade Ave Sewer-Phase 1							-
Kanaka PS-Phase 1 & 2				73,000	697,000		770,000
Cascade Interceptor					496,000		496,000
Total CIP by Year-Includes Escalation	375,718	665,495	3,446,932	8,793,704	1,606,000		14,887,850

2019 Estimated CIP Funding Source	2019	2020	2021	2022	2023	2024	Totals
Sewer Budget	25,000						25,000
Ecology Loan 1-WWTP Design	588,000	612,000					1,200,000
Ecology Loan 2-WWTP Construction			2,588,000	9,869,000			12,457,000
Ecology Loan 3-Pump Stations, Cascade Ave				211,000	2,089,000		2,300,000
Total CIP Funding Sources by Year	613,000	612,000	2,588,000	10,080,000	2,089,000		15,982,000

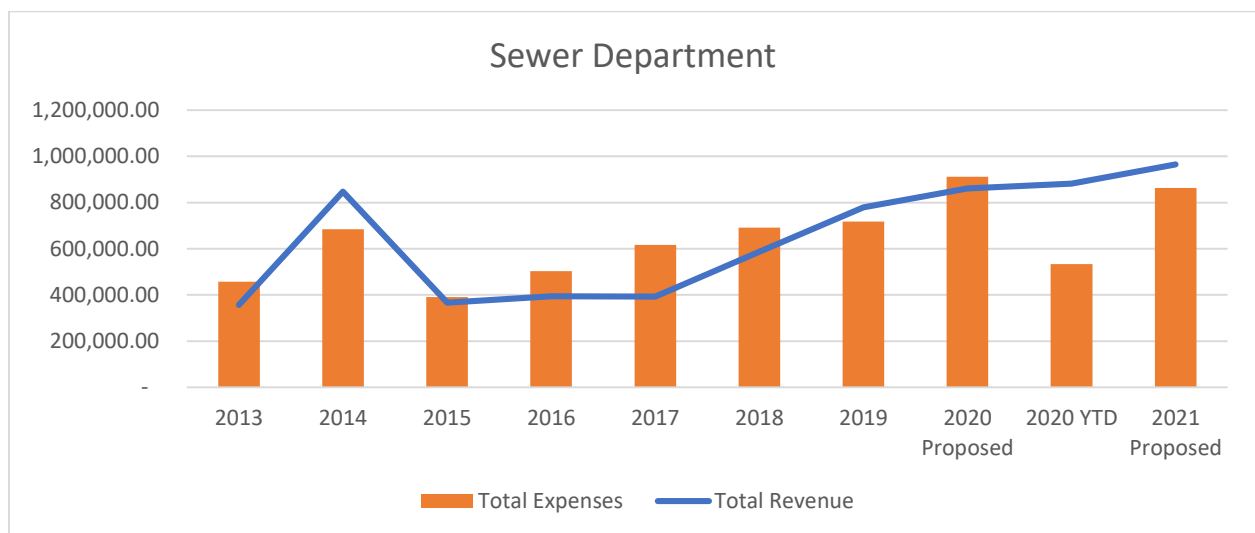
Actual Funding Sources	2019	2020	2021	2022	2023	2024	Totals
Sewer Budget	21,254						21,254
Ecology Loan-WWTP Design	251,670	472,502	29,772				753,943
Ecology Forg. Prin.-WWTP Design	102,795	192,994	12,160				307,949
EDA Grant-Pump Stations, Cascade Ave			1,027,200	1,742,400	1,284,800		4,054,400
USDA Loan-Pump Stations, Cascade Ave			256,800	435,600	321,200		1,013,600
*Ecology Loan-WWTP Construction			1,505,910	4,697,150			6,203,060
*Ecology Forg. Prin.-WWTP Construction			615,090	1,918,554			2,533,644
Total CIP Funding Sources by Year	375,718	665,495	3,446,932	8,793,704	1,606,000		14,887,850

* Loan application in process

Overall, the estimated annual debt service has been reduced by almost \$560k. This reduction translates to over \$45 per month in savings on a residential sewer bill by the end of 2024.

Funding Summary					
			Actual Grants Secured		4,362,349
			Estimated Grants Applied		2,533,644
2019 Plan Estimated Grants	3,000,000		Actual & Estimated Grants		6,895,993
2019 Plan Estimated Loans	12,982,000		Actual & Estimated Loans		7,970,603
Original Estimated Debt Service	840,100		Revised Est. Debt Service		280,385

The 2021 proposed revenue and expenses for the sewer department are below. The current 12.5% rate increase only to base fees proposed will bring in enough revenue to replenish reserves and cover the expenses and ensure future increases will not be as high as initially estimated.



The city will continue to work on refining the operations costs, secure a finance package for construction of the wastewater treatment plant, and determine an adequate level of capital reserves. These will be incorporated into next years rate study where we hope to have a longer-term forecast for future rates.

Action Needed:

Motion to approve ordinance 2020-1168 revising the sewer rates. Or no motion and the item will move to a second reading at the December council meeting.