



## MINUTES

### COMMITTEE #1

### REVENUES, DISBURSEMENTS, WATER AND WASTEWATER

August 15, 2016

**Committee #1 - Revenues, Disbursements, Water and Wastewater met on Monday, August 15, 2016 at 9:00 AM in the Council Chambers, City Hall, 30 West Central Street, Chippewa Falls, WI.**

Committee Members present: Rob Kiefer, John Monarski, Brent Ford.

Mayor/Other Council Members present: Mayor Hoffman.

Others present: Finance Manager/Treasurer Lynne Bauer, City Clerk Bridget Givens, City Engineer/Public Works Director/Utilities Manager Rick Rubenzer, Utility Office Manager Connie Freagon, Wastewater Supervisor George Hobbs, Fire Chief Mike Hepfler, Police Chief Matt Kelm, Firefighter Greg Bowe, Phil Severson – Strand Associates, Inc., Dennis Ferstenou, Dan Adams, Randy Woodruff, Wayne Bowe, Frank Beaudette.

Call to Order: 9:00 AM

**1. Discuss EMS township per capita fees. Possible recommendation to the Council.**

Representatives from the Townships of Eagle Point, Anson and Tilden appeared to discuss the City's 2017 increase in the EMS per capita charges. The rate for 2016 is \$22.28 per capita and the rate for 2017 will be \$27.18. The current contract with the townships allows for a cost of living adjustment (COLA) with a cap at 4% annually. Increases in past years have been minimal creating concerns that the citizens of the City are subsidizing EMS for the participating townships. The townships are concerned about the large increase for 2017 and the Committee indicated they are willing to meet to discuss a plan to implement the increase over multiple years. A Committee #1 and Committee #3 meeting will be scheduled to discuss the future increases.

**No action taken.**

**2. Discuss Police Department new hire costs and potential funding sources. Possible recommendations to the Council.**

Chief Kelm summarized unanticipated new hire costs to replace 4 officers in 2016 including recruitment costs of \$10,690; initial issue costs at \$14,280; and overtime costs at \$38,200. He indicated he budgeted for one replacement but does not have excess funds in his budget to cover the other three new hires. The status of his budget will be reviewed periodically and any necessary adjustments will be taken into consideration closer to the end of the year.

**No action taken.**

**3. Discuss funding for Rainbow Bridge celebration. Possible recommendations to the Council.**

City Engineer/Public Works Director/Utilities Manager Rick Rubenzer indicated he has been discussing a celebration for the completion of the Rainbow Bridge with Main Street Director Teri Ouimette. Due to the historical significance and rehabilitation of the bridge, it was determined the City would contribute \$1,000 toward the celebration. Funding will come from the Market Lot rental fees.

**Motion by Kiefer/Ford to recommend the Council approve a contribution of \$1,000 from the Market Lot rental fees for the Rainbow Bridge Celebration. All present voted aye. Motion carried.**

**4. Discuss Wastewater Utility Rate study and adjustment. Possible recommendation to the common council”**

Phil Severson from Strand Associates, Inc. presented information (attached) regarding the review they conducted of the wastewater utility rates. Mr. Severson highlighted the four expense categories involved in the review: operation and maintenance; equipment replacement; debt service; and depreciation fund. The recommendation proposes an average increase of approximately \$.96 per month for the typical residential user. A complete copy of the rate review and applicable tables is available in the City Clerk and Utility Offices.

**Motion by Ford/Monarski** to recommend the Council adopt the recommendations of Strand Associates, Inc. regarding an increase in the wastewater rates. **All present voted aye. Motion carried.**

**5. Discuss reserve liquor license and associated fees. Possible recommendation to the Council.**

City Clerk Bridget Givens discussed the City's reserve liquor license issued in 2011. At that time, the City's population increased by 500 persons to allow for a new license. That new license is identified as a "reserve" license and there is a one-time \$10,000 reserve license fee that must be paid by the applicant. After a recent audit of the City's quota and active liquor licenses, it was determined an additional license is available and the \$10,000 fee was charged in error. City Clerk Givens requested guidance from Attorney Ferg to determine the appropriate application process for the license.

**Motion by Ford/Monarski** to recommend the Council refund the \$10,000 reserve license fee contingent upon verification of who funded the licensing fees. **All present voted aye. Motion carried.**

**Motion by Ford/Monarski** to recommend the Council authorize City Clerk Givens to work with City Attorney Ferg regarding the proper process for the reserve license. **All present voted aye. Motion carried.**

**6. Adjournment.**

**Motion by Monarski/Ford** to adjourn at 9:55 AM. **All present voted aye. Motion carried.**

Minutes submitted by,  
Lynne Bauer, Finance Manager/Treasurer

**CITY OF CHIPPEWA FALLS**  
**2014, 2015, 2016 SUMMARY OF PER CAPITA CHARGES - August 1, 2016**

	2014					Increase from
	Population	Per Capita	Annual	2 Pay	3 Pay	Prior Year
Anson	2100	\$ 21.86	\$ 45,906.00	\$ 22,953.00	\$ 15,302.00	\$ 630.00
Eagle Point	3034	\$ 21.86	\$ 66,323.24	\$ 33,161.62	\$ 22,107.75	\$ 910.20
Tilden	753	\$ 21.86	\$ 16,460.58	\$ 8,230.29	\$ 5,486.86	\$ 225.90
						\$ 1,766.10

	2015	.8% CPI-U				
	Population	Per Capita	Annual	2 Pay	3 Pay	
Anson	2100	\$ 22.03	\$ 46,263.00	\$ 23,131.50	\$ 15,421.00	\$ 357.00
Eagle Point	3036	\$ 22.03	\$ 66,883.08	\$ 33,441.54	\$ 22,294.36	\$ 559.84
Tilden	750	\$ 22.03	\$ 16,522.50	\$ 8,261.25	\$ 5,507.50	\$ 61.92
						\$ 978.76

	2016	.7% CPI-U				
	Population	Per Capita	Annual	2 Pay	3 Pay	
Anson	2133	\$ 22.18	\$ 47,309.94	\$ 23,654.97	\$ 15,769.98	\$ 1,046.94
Eagle Point	3067	\$ 22.18	\$ 68,026.06	\$ 34,013.03	\$ 22,675.35	\$ 1,142.98
Tilden	755	\$ 22.18	\$ 16,745.90	\$ 8,372.95	\$ 5,581.97	\$ 223.40
						\$ 2,413.32

	2017					
	Population	Per Capita	Annual	2 Pay	3 Pay	
Anson	2133	\$ 27.18	\$ 57,974.94	\$ 28,987.47	\$ 19,324.98	\$ 10,665.00
Eagle Point	3067	\$ 27.18	\$ 83,361.06	\$ 41,680.53	\$ 27,787.02	\$ 15,335.00
Tilden	755	\$ 27.18	\$ 20,520.90	\$ 10,260.45	\$ 6,840.30	\$ 3,775.00
						\$ 29,775.00

Ambulance/Equipment  
 \$175,000-\$200,000  
 2012;2014;2016  
 (Not included in per capita rate)

YEAR	PER CAPITA RATE	PER CAPITA INCREASE	CITY PER CAPITA RATE
2010	\$ 20.25	\$ 0.53	\$ 92.10
2011	\$ 20.57	\$ 0.32	\$ 99.70
2012	\$ 21.18	\$ 0.61	\$ 102.58
2013	\$ 21.54	\$ 0.36	\$ 97.11
2014	\$ 21.86	\$ 0.32	\$ 99.22
2015	\$ 22.03	\$ 0.17	\$ 82.04
2016	\$ 22.18	\$ 0.15	\$ 83.64

## CFPD New Hire Costs Sheet

### Police and Fire Commission Account 10.52050.5349 – Budgeted \$ 4,000

Position Advertisement:	\$ 150 Total
Written Test:	\$ 500 Total
Background:	\$ 8,000 Total (8 available candidates)
Psychological:	\$ 1,400 Total
Medical Exam:	\$ 500 Total
Drug Screen:	\$ 140 Total
	<b>\$ 10,690 Grand Total</b>
	-\$ 6,690 Difference*

\*Only if all \$4,000 is used for the police department and none for the fire department hiring processes.

### Initial Issue Account 5345 – Budgeted \$ 3,120

Initial Issue Duty Gear:	\$ 12,480
Duty Pistols:	\$ 1,800 Total (One resigning/retiring officer was not eligible to keep their duty pistol)
	<b>\$ 14,280 Grand Total</b>
	-\$ 11,160 Difference

### Overtime Costs to Cover Vacant Officer Slots

Approximately 100 hrs/month May-Dec @ \$47.75 hrs Overtime Rate = **\$ 38,200 (38% of total OT Budget)**

*Backfilling Patrol to Minimum Staffing  
Extra Investigation Overtime due to Pulling Investigators out to patrol  
Training new Field Training Officers  
Tactical Trainers Overtime Training new officers  
Overtime for running testing and interviews*



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August 9, 2016

Mr. Rick Rubenzer, P.E.  
City of Chippewa Falls  
30 West Central Street  
Chippewa Falls, WI 54729

Re: 2016 Wastewater Rate Review

Dear Mr. Rubenzer:

This letter summarizes the review by Strand Associates, Inc.<sup>®</sup> of the City of Chippewa Falls' (City) wastewater utility user rates. The current rates charged by the wastewater utility are summarized in Table 1. These rates were fully adopted with an effective date of January 1, 2012.

#### **Projected Rate Year (2016 and 2017) Budgets and Allocations**

The revenue requirement for the City wastewater utility was based on four expense categories: operation and maintenance (O&M), equipment replacement, debt service, and depreciation fund. Required annual revenue was determined from the sum of the above-mentioned expense categories. Specific amounts required for each expense category are discussed as follows.

#### **1. Operation and Maintenance**

The 2017 annual O&M budget, projected to be \$1,791,544 (Attachment 1), was determined by applying a 3 percent inflation factor to line items from the 2016 O&M budget of \$1,754,888, which was provided by the City.

#### **2. Equipment Replacement**

The City currently makes an annual contribution to the equipment replacement fund. This fund can be utilized to pay for the replacement of equipment that reaches the end of its service life, thereby allowing the overall treatment system function to be maintained. Equipment associated with the Screening, Dewatering, and Hauled Waste Receiving Improvements, the 2016 Capital Improvements, and the 2017 Capital Improvements was added or removed accordingly to the 2016 annual replacement fund budget (Attachment 2), which is projected to be \$181,801, and the 2017 annual replacement fund budget, which is projected to be \$223,024.

#### **3. Debt Service**

Principal and interest (P&I) payments for the wastewater utility's current loans are shown in Attachment 3. The debt retirement allocations for the 2016 and 2017 total debt service are shown in Attachment 4.

The total annual P&I payment for 2016 is expected to be \$674,016. The 2017 debt service revenue requirement includes a project debt service payment of approximately \$142,000 for the current 2016

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Wastewater Treatment Plant Screening, Dewatering, and Hauled Wastes Receiving Improvements project. The 1996 Clean Water Fund Loan with annual debt service of approximately \$348,000 will mature in 2016. As a result, there is a net decrease in the total debt service payments in 2017. The total annual P&I payment for 2017 will be \$474,698.

It is our understanding City's current debt obligations require a minimum 110 percent debt coverage ratio. Our evaluation of the debt coverage ratio is based the following equation:

$$\frac{(\text{Net revenue before debt service} + \text{Replacement fund deposit})}{\text{Debt service payment}}$$

Based on this equation, the debt ratio coverage is estimated to be 202 percent for 2016, and 279 percent for 2017.

#### 4. Depreciation Fund

The City has a depreciation fund that is used to fund replacement of assets not included in the equipment replacement fund. The depreciation schedule, as provided by the City, for WWTP and collection system assets was used as a basis for allocating the depreciation fund contribution costs. Projected asset additions from the WWTP Screening, Dewatering, and Hauled Waste Receiving Improvements, 2016 Capital Improvements, 2017 Capital Improvements, were added to the 2016 and 2017 depreciation fund budget (Attachment 5). The annual equipment replacement fund contribution and allocations were subtracted from the annual depreciation. The City has decided to include a depreciation fund contribution of \$495,000 in 2016, and \$590,000 in 2017.

#### 5. Summary

The projected other revenues including customers forfeited discount, land rental, waste disposal fees, and laboratory fees are deducted from the total revenue requirement to determine the revenue requirement from user rates. The projected 2016 and 2017 revenue requirements for the sewer utility are presented in Table 1 to determine the minimum rate increase. The revenue requirements serve as the basis for determining the rates necessary to fund the wastewater utility for the 2016 and 2017 budget years. The revenue requirements are approximately \$2,823,000 and \$2,797,000 for 2016 and 2017, respectively. Because of the debt retirement of the 1996 Clean Water Fund loan, the 2017 revenue requirement is less than the 2016 revenue requirement.

#### Proposed Rates for 2016 and 2017

Proposed rates were developed using the projected 2016 and 2017 revenue requirements. All costs included in the revenue requirement were allocated to the user charge system parameters of fixed, volume, biochemical oxygen demand (BOD<sub>5</sub>), suspended solids (SS), phosphorus, and copper. Unit costs for treatment of each billable parameter were determined using 2015 WWTP flow, loads, and billing records data. The allocations of expenses to each billable parameter were reviewed and adjusted. Modifications to the previous allocations have been highlighted in the attachments. Table 2 lists the proposed wastewater utility rate structure, current wastewater utility rate structure, and the percent increase relative to the proposed rates.

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The projected typical residential user and large industrial user rate impacts for the recommended rates are shown in Table 3. The average increase for typical residential users would be about 6 percent above the current rates which would be a monthly average increase of \$0.96 for a typical water use of 36,000 gallons per year. The 2017 rates are the same as proposed for 2016.

**Recommendations**

We recommended the City adopt the proposed rates in Table 2 to be effective this year. The 2018 rates should be reviewed if debt service increases or if 2017 user revenues or other revenues decrease from the projections assumed in the rate review.

Sincerely,

STRAND ASSOCIATES, INC.®



Philip B. Severson, P.E.

Enclosures: Summary Tables 1 through 3  
2016 and 2017 Rate Review Tables (Attachments 1 through 5)

c: George Hobbs, City of Chippewa Falls  
Vernon Witthuhn, Strand Associates, Inc.®

Item	2016	2017
Operation & Maintenance	\$ 1,754,888	\$ 1,791,544
Debt Service	\$ 674,016	\$ 474,698
Equipment Replacement Fund	\$ 181,801	\$ 223,024
Depreciation Fund	\$ 495,000	\$ 590,000
Subtotal	\$ 3,105,704	\$ 3,079,266
Other Revenues	\$ -	\$ -
Customers Forfeited Discount	\$ (23,000)	\$ (23,000)
Rent (farmland)	\$ (11,000)	\$ (11,000)
Rent (water dept.)	\$ (12,000)	\$ (12,000)
Liquid Waste Disposal	\$ (189,000)	\$ (189,000)
Lab Income	\$ (2,500)	\$ (2,500)
Other Non Operating Income	\$ (45,000)	\$ (45,000)
Total Revenue Requirement from Rates	\$ 2,823,204	\$ 2,796,766

**Table 1** 2016 and 2017 Revenue Requirements

Component	Current Sewer User Charge	2016 Proposed Rates	2017 Proposed Rates
Fixed User Charge (\$/quarter)	\$ 17.01	\$ 17.01	\$ 17.01
Basic User Charge (\$/100 cf)	\$ 2.52	\$ 2.75	\$ 2.75
<b>Surcharges (\$/lb)</b>			
BOD (>250 mg/L)	\$ 0.30	\$ 0.31	\$ 0.31
TSS (>250 mg/L)	\$ 0.32	\$ 0.34	\$ 0.34
TP (>10 mg/L)	\$ 3.57	\$ 4.14	\$ 4.14
Cu (>150 µg/L)	\$ 17.77	\$ 17.77	\$ 17.77
<b>Miscellaneous Wastes</b>			
Holding Tank			
First 1000 gallons (\$)	\$ 7.04	\$ 7.48	\$ 7.48
Additional volume > 1000 gallons (\$/100 gal)	\$ 0.70	\$ 0.75	\$ 0.75
Minimum Charge (\$)	\$ 20.00	\$ 20.00	\$ 20.00
Portable Toilet Wastes			
First 1000 gallons (\$)	\$ 51.49	\$ 54.62	\$ 54.62
Additional volume > 1000 gallons (\$/100 gal)	\$ 5.15	\$ 5.46	\$ 5.46
Septic Tank Wastes			
First 1000 gallons (\$)	\$ 63.14	\$ 66.85	\$ 66.85
Additional volume > 1000 gallons (\$/100 gal)	\$ 6.31	\$ 6.68	\$ 6.68

**Table 2** Existing and Proposed Rates (2016 and 2017)

<b>Estimated Typical Residential User (36,000 gallons/yr.)</b>					
	<b>Current</b>	<b>2016</b>	<b>% Increase</b>	<b>2017</b>	<b>% Increase</b>
Quarterly Fixed Costs	\$ 17.01	\$ 17.01	0.0%	\$ 17.01	0.0%
Annual Volumetric Costs	\$ 121.28	\$ 132.35	9.1%	\$ 132.35	0.0%
Annual Total Costs	\$ 189.32	\$ 200.39	5.8%	\$ 200.39	0.0%
Average Monthly Cost per user	\$ 15.78	\$ 16.70	5.8%	\$ 16.70	0.0%
<b>Large Industrial Customer - Estimated Impact</b>					
	<b>Current</b>	<b>2016</b>	<b>% Increase</b>	<b>2017</b>	<b>% Increase</b>
Quarterly Fixed Costs	\$ 17.01	\$ 17.01	0.0%	\$ 17.01	0.0%
Total Annual Volumetric Costs	\$ 172,492	\$ 188,235	9.1%	\$ 188,235	0.0%
Total Annual BOD Costs	\$ 255,300	\$ 263,810	3.3%	\$ 263,810	0.0%
Total Annual TSS Costs	\$ 66,560	\$ 70,720	6.3%	\$ 70,720	0.0%
Total Annual TP Costs	\$ 5,712	\$ 6,624	16.0%	\$ 6,624	0.0%
Total Annual Copper Costs	\$ -	\$ -	0.0%	\$ -	0.0%
Total Annual Costs	\$ 500,081	\$ 529,406	5.9%	\$ 529,406	0.0%

**Table 3** Typical Impact of Proposed Rates