

**ORDINANCE NO. 31-04**

By: Mr. McClelland

An Ordinance to authorize the Mayor and Auditor to enter into a contract with EMH&T for a Water and Sewer Rate Study as detailed in the Scope of Services that is attached and made a part of this Ordinance, and to appropriate \$5,000.00 each from the unencumbered Sewer Fund and the unencumbered Water Fund for the purpose of paying for the cost of the study.

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BEXLEY:**

Section 1. That the Mayor and Auditor should be and hereby are authorized to enter into a contract with EMH&T for a Water and Sewer Rate Study.

Section 2. That the amount of \$5,000.00 should be and hereby is appropriated from the unencumbered Sewer Fund and \$5,000.00 from the unencumbered Water Fund.

Section 3. That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.


Passed: 5-11, 2004

Attest:   
Clerk of Council

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President of Council

Approved: 5/11, 2004

4.13.04 First Reading  
4.27.04 Second Reading  
5.11.04 Third Reading.  
Passed

  
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David H. Madison, Mayor

**CITY OF BEXLEY  
WATER AND SEWER RATE STUDY  
SCOPE OF SERVICES**

**PROJECT MISSION:**

Complete a study of the water and sewer rates for the City of Bexley to determine the City's ability to fund operation, maintenance and capital improvements over the next five years.

**PROJECT GOAL:**

Assess impacts, specific projects, budget costs, and a timetable for funding needs.

**SPECIFIC OBJECTIVES:**

- To evaluate a projected revenue and expense position through the year 2009,
- To make recommendations for changes to the system of rates and charges through the year 2009.
- To perform a study of the current system of rates and charges for water and wastewater services,

**SCOPE OF SERVICES:**

Task 1: Data Collection

The purpose of this task to collect and review relevant data associated with completing the objectives of the study. Following Notice to Proceed, the information will be requested:

- Enabling and Rate Ordinances
- Inter-local Agreements for Service (e.g. with City of Columbus)
- History of Water Rates since 1999
- Revenues and Expenses since 1999
- Long/Short term debt service including annual payments and any required coverage ratios
- Union Agreements pertaining to staff which operate and maintain the utility systems
- Borrowing history – general obligation bonds, revenue bonds, state and local loan funds (OWDA, Issue 2, etc.)
- Bonding Capacity
- Master water meter records since 1999
- Estimated water consumption (based on customer billings)
- Number of customers by user class
- Development trends (by land use classifications) since 1999 ; projections to 2009

- System-wide maintenance history
- Capital Improvement Plan

Additional information, if deemed relevant by the City, City's bond counsel, City's Auditor or City staff may also be provided.

#### Task 2: Meet with City Representatives

This task involves meeting with representatives of the City responsible for the water and sewer utilities to review our understanding of the data collected in Task 1. The purpose of this task is to establish a common baseline of understanding before proceeding with the study.

***Deliverable: Meeting agenda, meeting minutes***

#### Task 3: Proforma of Past and Current Conditions

A revenue sufficiency analysis will be prepared to establish the pattern of revenues and expenses for both the water and wastewater utilities. The intent of the revenue sufficiency analysis will be to assess trends and the financial sufficiency status of each utility system.

The revenue sufficiency analysis will include the City's existing borrowing program, acceptable sources of funding (general obligation, revenue, etc.) and spend down limits. In addition, funds required by bond covenants will also be incorporated into the revenue sufficiency analysis.

#### Task 4: Future Water and Sewer Use Conditions

Utilizing the water consumption records and projected and past growth records, water consumption will be projected to the year 2009 for the various classifications of system users. Water use projections will be based on slow growth (0 to 1%) scenario.

***Deliverable: Memorandum of findings on growth for comment and concurrence by the City***

#### Task 5: Analysis of Future Conditions

The basis of this analysis will be the result of combining information gathered and analyzed as part of Tasks 3 and 4. A revenue sufficiency analysis will be conducted for the next five years. Revenues will be initially projected based on the current system of rates and charges. Net revenues will be estimated.

***Deliverable: Memorandum regarding funding of operations and maintenance for review and comment by the City.***

#### Task 6: Capital Improvement Funding

In addition to this information, projected capital improvement project costs (capital and/or debt service) will be added against the projected net revenue to determine sufficiency of the existing rate structure to fund capital improvement projects. Capital project funding capacity will be determined based on a variety of financing strategies. (Revenue bonds, general obligation bonding, cash, state and federal loan programs or a combination thereof.)

Based on the results of this analysis, alternative rate structures will be tested. The alternative rate structures include the existing structure with an across-the-board increase, a fixed charge and variable charge, and a fixed charge and a set of block variable charges.

***Deliverable: Memorandum regarding funding of capital improvement projects based on funding strategies and rate structures.***

#### Task 7: Meet with City Representatives

Based on the results of Tasks 3, 4, 5 and 6, EMH&T will meet with City Representatives to present our findings. Appropriate changes and analysis will be completed based on the results of this meeting. It is anticipated that this meeting will include interactive manipulation of the rate model to allow for discussion of what-if scenarios on a real time basis.

***Deliverable: Meeting minutes***

#### Task 8: Preliminary Report

A bound report will be presented to the City documenting the results and preliminary recommendations. EMH&T will provide a total of ten (10) copies of the Preliminary Report.

***Deliverable: Ten copies of preliminary report***

#### Task 9: Public Participation Meeting

Assist the City in holding a public meeting to present the Preliminary Report findings and recommendations. Appropriate exhibits and handouts will be prepared for use at the meeting. Comments resulting from the meeting will be documented and included as a report appendix.

***Deliverable: Public meeting exhibits and handouts***

#### Task 10: Final Report

Based on comments received from the public meeting, a final report will be prepared and ten (10) copies provided to the City.

***Deliverable: Ten copies of final report***

**ADDITIONAL SERVICES:**

This scope of services does not include the following services:

- Fully allocated cost of service analysis- this service includes determining the costs associated with each process of the water and wastewater treatment facilities. Typically, this service is used to set high strength user charges, as well as high demand user charges. In addition, this service also provides information on fees and charges for services other than usage.
- Delivery of the rate analysis model- typically, this model can become somewhat complex. Generally, we have found that it is more cost effective for the client to update the model through us rather than attempt to modify the model in-house. Training for this model would require an additional service.
- Depreciation and asset valuation- these services are associated with the GASB 34 regulations and are considered outside the scope of these services, but can be provided through amendment hereto.

**Comparison of Potable Water User Fees  
Selected Cities  
March 2003**

City	Flat Fee	Cycle	Volumetric	Unit	Bracket	Typical Quarterly Bill					Gallons Cubic Feet
						3,000 401	5,000 668	8,000 1,070	10,000 1,337	15,000 2,005	
Columbus (City)	\$ 3.32	Quarter	\$ 12.12	1000 cf	first 1500 cf next 23500 cf	\$ 8.18	\$ 11.42	\$ 16.28	\$ 19.52	\$ 26.79	
	\$ 3.32		\$ 10.46	1000 cf							
Columbus (master metered)	\$ 4.31	Quarter	\$ 11.92	1000 cf		\$ 9.09	\$ 12.28	\$ 17.06	\$ 20.25	\$ 28.21	
Columbus (outside City)	\$ 4.98	Quarter	\$ 15.76	1000 cf	first 1500 cf next 23500 cf	\$ 11.30	\$ 15.51	\$ 21.84	\$ 26.05	\$ 35.49	
	\$ 4.98		\$ 13.60	1000 cf							
Grove City			\$ 3.70	1000 cf	added to COLS	\$ 10.57	\$ 14.75	\$ 21.02	\$ 25.19	\$ 35.63	
Dublin			\$ 4.55	1000 cf	added to COLS	\$ 10.92	\$ 15.32	\$ 21.92	\$ 26.33	\$ 37.34	
Pickerington	\$ 13.50	Quarter	\$ 2.13	1000 gallons	up to 36000 gallons > 36000 gallons	\$ 19.89	\$ 24.15	\$ 30.54	\$ 34.80	\$ 45.45	
	\$ 13.50		\$ 3.22	1000 gallons							
Reynoldsburg (MM)			\$ 2.65	1000 gallons		\$ 7.95	\$ 13.25	\$ 21.20	\$ 26.50	\$ 39.75	
Westerville		Month	\$ 1.99	100 cf	first 15 ccf next 85 ccf above 100 ccf	\$ 7.98	\$ 13.30	\$ 21.28	\$ 26.60	\$ 39.91	
			\$ 1.40	100 cf							
			\$ 0.84	100 cf							
Delaware	\$ 6.00	Month	\$ 2.37	100 cf	first 3000 cf 3001 to 47000 cf > 47000 cf	\$ 27.51	\$ 33.84	\$ 43.35	\$ 49.68	\$ 65.53	
	\$ 6.00		\$ 1.65	100 cf							
	\$ 6.00		\$ 1.13	100 cf							
Bexley (MM)			\$ 25.00	1000 cf		\$ 10.03	\$ 16.71	\$ 26.74	\$ 33.42	\$ 50.13	
Gahanna (MM)	\$ 15.84	Quarter	\$ 2.82	1000 gallons		\$ 24.30	\$ 29.94	\$ 38.40	\$ 44.04	\$ 58.14	

**Comparison of Sanitary Sewer User Fees  
Selected Cities  
March 2003**

City	Flat Fee	Cycle	Volumetric	Unit	Bracket	Typical Quarterly Bill					Gallons Cubic Feet
						3,000 401	5,000 668	8,000 1,070	10,000 1,337	15,000 2,005	
Columbus (City)	\$ 2.10	Month	\$ 1.793	100 cf		\$ 13.49	\$ 18.28	\$ 25.47	\$ 30.27	\$ 42.25	
Columbus (master metered)	\$ 2.10	Month	\$ 1.793	100 cf		\$ 13.49	\$ 18.28	\$ 25.47	\$ 30.27	\$ 42.25	
Columbus (outside City)	\$ 2.10	Month	\$ 2.065	100 cf		\$ 14.58	\$ 20.10	\$ 28.38	\$ 33.90	\$ 47.71	
Grove City			\$ 3.00	1000 cf	added to COLS	\$ 14.69	\$ 20.29	\$ 28.68	\$ 34.28	\$ 48.27	
Westerville		Month	\$ 3.84	100 cf	first 2 ccf	\$ 12.36	\$ 18.59	\$ 27.94	\$ 34.17	\$ 49.74	
			\$ 2.33	100 cf	over 2 ccf						
Reynoldsburg (MM)			\$ 3.63	1000 gallons		\$ 10.89	\$ 18.15	\$ 29.04	\$ 36.30	\$ 54.45	
Dublin			\$ 8.35	1000 cf	added to COLS	\$ 16.84	\$ 23.86	\$ 34.40	\$ 41.43	\$ 59.00	
Delaware	\$ 7.78	Month	\$ -	100 cf	first 200 cf						
	\$ 7.78		\$ 3.01	100 cf	>200 cf	\$ 29.39	\$ 37.44	\$ 49.51	\$ 57.56	\$ 77.68	
Pickerington	\$ 38.61	Quarter	\$ -	1000 gallons	up to 9000 gallons						
			\$ 4.29	1000 gallons	> 9000 gallons	\$ 12.87	\$ 21.45	\$ 34.32	\$ 42.90	\$ 64.35	
Bexley (MM)			\$ 35.80	1000 cf		\$ 14.36	\$ 23.93	\$ 38.29	\$ 47.86	\$ 71.79	
Gahanna (MM)	\$ 31.02	Quarter	\$ -	1000 gallons	first 6000 gallons	\$ 31.02	\$ 31.02	\$ 41.36	\$ 51.70	\$ 77.55	
			\$ 5.17	1000 gallons	over 6000 gallons						