



**CITY OF
COLD SPRING
2012 UTILITY
RATE STUDY**

**ADOPTED
DECEMBER 11, 2012**



CITY OF COLD SPRING
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Mayor Doug Schmitz

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Jan Dingmann
Robert Thelen
David Stadther
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Paul Hetland, City Administrator

TO: Honorable Mayor and City Council Members

FROM: Kris Dockendorf, Finance Director

DATE: December 11, 2012

Enclosed is the annual *Utility Rate Study*, which I've updated with the most recent information.

A few important items to note:

We are still proposing the drilling of a new well in 2013, which would be financed in 2014. I have included these costs in the plan, and the water rate adjustment proposed for Jan. 1, 2013 reflects the additional debt service that we will incur with paying for this project. If things go according to plan, we should not have to raise water rates for a while after this adjustment.

We are still looking at two more rate increases in the sewer fund in the near future in order to deal with the declining fund balance, which is due to the debt service costs for the 2004 treatment plant expansion. The next two increases will not be as significant as the one we did in 2012, and after that we will stabilize and hopefully start to build the fund balance back up.

COLD SPRING WATER & SEWER RATE HISTORY

History of Sewer Rate Adjustments		
Date	Base Rate	Rate Per Thousand
3/12/1985	\$7.50	\$1.50
3/14/1986	\$11.00	\$1.60
7/11/1989	\$15.00	\$2.60
8/10/1993	\$18.00	\$2.84
1/1/1998	\$18.00	\$2.98
1/1/2008	\$18.00	\$3.50
1/1/2012	\$21.00	\$5.00

History of Sewer Connection Charges				
Year		Change	Percent	Revenue
2002	\$1,600.00			\$130,240
2003	\$1,800.00	\$200.00	12.50%	\$142,200
2004	\$2,100.00	\$300.00	16.67%	\$148,501
2005	\$2,400.00	\$300.00	14.29%	\$199,801
2006	\$2,700.00	\$300.00	12.50%	\$124,594
2007	\$3,000.00	\$300.00	11.11%	\$72,000
2008	\$3,300.00	\$300.00	10.00%	\$24,420
2009	\$3,600.00	\$300.00	9.09%	\$0
2010	\$3,900.00	\$300.00	8.33%	\$11,700
2011	\$4,200.00	\$300.00	7.69%	\$23,940
2012	\$3,300.00	(\$900.00)	-21.43%	
Total				\$877,396

History of Water Rate Adjustments		
Date	Base Rate (First 6,000)	Rate Per Thousand
3/12/1985	\$7.50	\$1.30
3/14/1986	\$8.00	\$1.30
6/8/1999	\$8.00	\$1.40
1/1/2008	(First 4,000)	
1/1/2008	\$8.00	\$1.40
1/1/2010	(First 2,000)	
1/1/2010	\$8.00	\$1.50

History of Water Connection Charges				
Year	Amount	Change	Percent	Revenue
2002	\$450.00			\$41,200
2003	\$600.00	\$150.00	33.33%	\$47,400
2004	\$700.00	\$100.00	16.67%	\$51,849
2005	\$800.00	\$100.00	14.29%	\$68,199
2006	\$900.00	\$100.00	12.50%	\$43,649
2007	\$1,000.00	\$100.00	11.11%	\$24,000
2008	\$1,100.00	\$100.00	10.00%	\$8,140
2009	\$1,200.00	\$100.00	9.09%	\$0
2010	\$1,300.00	\$100.00	8.33%	\$3,900
2011	\$1,400.00	\$100.00	7.69%	\$8,047
2012	\$1,100.00	(\$300.00)	-21.43%	
Total				\$296,384

CAPITAL IMPROVEMENTS PLAN FOR WATER AND SEWER FUNDS

Fund Name	SEWER CIP											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Sewer Relining (no engineering included):				104,173								
Rebuild Air Compressors												
Used Vac Trailer			3,000	20,379								
2 Freightliner trucks					10,757							
Cold Storage Building Project				1,805		3,830	3,538					
Replacement of pickup					3,333							
Replace Primary Clarifier Chains and Drives							40,000					
Replace John Deere Gator							4,500					
Reconstruction of 4th St. N. - CR50 to 5th St N and 6th Ave N from 4th St N to 6th St N [Total: \$1,646,100]												
Reconstruction of 9th Ave S., 11th Ave S, 2nd St. S.												
Build Generator Bldg. At Frogtown Lift Station									20,000			
Total Sewer Capital Expenses			3,000	126,357	14,090	3,830	48,038	20,000	0	0	0	0

Water Fund	WATER CIP											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Replacement of Pickup					3,333							
Demo of Well #1 building				1,112								
Dig new well						620,000						
Reconstruction of 4th St. N. - CR50 to 5th St N and 6th Ave N from 4th St N to 6th St N [Total: \$1,646,100]												
Reconstruction of 9th Ave S., 11th Ave S, 2nd St. S.												
Water Treatment Plant												
Fence around water tower												
Total Water Capital Expenses				1,112	3,333	620,000	0	0	0	0	0	0

COLD SPRING WATER DEPRECIATION

Asset Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Buildings (water)	\$53,024	\$46,405	\$44,608	\$42,813	\$42,810	\$42,810	\$55,210	\$55,210	54,189	54,189
Equipment (water)	\$33,595	\$33,196	\$33,199	\$32,323	\$31,311	\$31,311	\$25,230	\$20,990	20,483	21,097
Improvements (water)	\$83,737	\$85,948	\$87,769	\$91,347	\$91,347	\$89,590	\$89,590	\$89,590	\$89,590	\$89,590
Contributed Capital, Improvements	\$33,059	\$33,336	\$33,547	\$33,663	\$33,663	\$33,663	\$33,663	\$33,663	\$33,663	\$33,663
Total Water Depreciation	\$203,415	\$198,885	\$199,123	\$200,146	\$199,131	\$197,374	\$203,693	\$199,453	197,925	\$198,539

* added \$12,400 per year to Buildings, starting in 2014, for a new well - \$620,000 depreciated over 50 years

COLD SPRING SEWER DEPRECIATION

Asset Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Buildings	\$9,233	\$8,765	\$8,935	\$7,136	\$4,852	\$4,852	\$4,852	\$4,852	\$4,852	\$4,852
Equipment	\$16,693	\$18,869	\$19,128	\$18,513	\$18,041	\$16,973	\$11,223	\$7,026	4,537	4,673
Contributed Capital, Improvements	\$132,500	\$133,555	\$133,987	\$126,172	\$126,172	\$133,555	\$133,555	\$133,555	\$133,555	137,562
WWTF	\$423,701	\$423,701	\$423,703	\$152,069	\$152,069	\$152,069	\$134,849	\$126,236	\$126,236	\$126,236
Land	\$0	\$0	\$0	\$0	\$0	\$0	0	0		0
Total Sewer Depreciation	\$582,127	\$584,891	\$585,753	\$303,890	\$301,134	\$307,449	\$284,479	\$271,669	\$269,180	\$273,323

COLD SPRING WATER DEBT SERVICE PAYMENTS

Fund	Fund Name	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
13	Water fund	\$64,195	\$0					\$76,260	\$74,834	\$73,408	\$71,982	\$70,556
54	2003-A bonds (Hwy 23 Comm. Utilities)	\$6,093	\$5,955	\$5,805	\$5,643	\$5,468	\$5,285	5,095	0	0	0	0
20	2003-B bonds (GnP, Sauk River Rd, West Forcemain)	\$106,434	\$109,259	\$106,971	\$109,489	\$106,788	\$108,899	105,840	107,601	109,085	105,356	106,393
41	2009-A bonds (2009 SW Reconstruction)				\$5,784	\$9,677	\$9,698	10,517	10,396	11,125	10,929	11,599
44	2010-B bonds (Brewery Hill Recon.)					\$28,426	\$28,358	28,948	28,686	28,350	28,782	29,148
Total Annual Water Debt Service		\$176,722	\$115,214	\$112,776	\$120,916	\$150,359	\$152,240	\$226,660	\$221,517	\$221,968	\$217,049	\$217,696

* includes anticipated debt service payments (shown on top line), starting in 2014, for possible new well in 2013 (\$620,000 debt service) @ 2.3% interest for 10 years

COLD SPRING SEWER DEBT SERVICE PAYMENTS

Fund	Fund Name	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
14	Sewer Fund (1989 WWTP Expansion)	\$151,285	\$140,676	\$135,051	\$158,604							0
14	Sewer Fund (2004 WWTP Expansion)	\$460,177	\$447,386	\$447,277	\$447,384	\$447,291	446,999	447,508	446,793	446,879	447,741	447,354
54	2003-A bonds (Hwy 23 Comm. Utilities)	\$6,973	\$6,835	\$11,610	\$11,285	\$10,935	10,570	10,190	0	0	0	0
20	2003-B bonds (GnP, Sauk River Rd, West Forcemain)	\$89,694	\$87,894	\$86,064	\$89,061	\$86,867	89,503	86,982	89,300	86,450	88,406	85,156
41	2009-A bonds (2009 SW Reconstruction)				\$4,400	\$7,362	7,378	8,001	7,909	8,463	8,314	8,824
	2010-B bonds (Brewery Hill Recon.)					\$25,344	25,283	25,809	25,576	25,276	25,661	25,988
Total Annual Sewer Debt Service		\$708,129	\$682,791	\$680,002	\$710,734	\$577,799	\$579,733	\$578,490	\$569,578	\$567,068	\$570,122	\$567,322

Note: 2004 WWTP Expansion is a PFA loan with a 20-year fixed rate of 2.49%.

COLD SPRING SEWER AND WATER CONNECTION CHARGES

WATER FUND	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Connections	9	0	3	5	6	3	5	8	10	10	15
Rate per Connection	1,100	1,200	1,300	1,400	1,100	1,500	1,600	1,700	1800	1900	2000
Total Water Connection Revenue	9,680	0	3,900	8,047	6,600	4,500	8,000	13,600	18,000	19,000	30,000

SEWER FUND	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of Connections	9	0	3	5	6	3	5	8	10	10	15
Rate per Connection	3,300	3,600	3,900	4,200	3,300	4,500	4,800	5,100	5400	5700	6000
Total Sewer Connection Revenue	29,040	0	11,700	23,940	19,800	13,500	24,000	40,800	54,000	57,000	90,000

LONG-TERM FORECAST

WATER FUND	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Number of Connections	20	20	25	25	25	25	25	25	25	25	25
Rate per Connection	2100	2200	2300	2400	2500	2600	2700	2800	2900	3000	3100
Total Water Connection Revenue	42,000	44,000	57,500	60,000	62,500	65,000	67,500	70,000	72,500	75,000	77,500

SEWER FUND	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Number of Connections	20	20	25	25	25	25	25	25	25	25	25
Rate per Connection	6300	6600	6900	7200	7500	7800	8100	8400	8700	9000	9300
Total Sewer Connection Revenue	126,000	132,000	172,500	180,000	187,500	195,000	202,500	210,000	217,500	225,000	232,500

COLD SPRING WATER FUND REVENUES WITH 2008, 2010 & 2013 INCREASES

OPERATING REVENUES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
4101 Principal Levied	649	797	1,087	482	600	500	500	500	500	505	510
4312 Grants	1,904	0	481	0	0	5,600	0	0	0	0	0
4418 Other	242	7,908	1,567	4,141	0	0	0	0	0	0	0
4613 SAC/WAC Fees	0	0	0	0	0	0	0	0	0	0	0
4614 Wellhead Protection Reimb.		2,896	2,340	6,598	0	0	0	0	0	0	0
4709 Water Festival Revenue	5,010	1,765	815	2,190	1,800	1,500	1,500	1,500	1500	1,515	1,530
4710 Water Sales	317,302	319,732	280,883	327,817	355,000	345,000	348,450	351,935	355,454	359,008	362,598
4710 Water Sales (Additional Revenue)	16,786		50,318			37,396	37,770	38,148	38,529	38,914	39,304
4711 Connection Fees	9,680	0	3,900	8,047	6,600	4,500	8,000	13,600	18,000	19,000	30,000
4712 Penalties	3,409	2,909	2,942	3,149	3,000	3,100	3,100	3,100	3100	3,131	3,162
4713 Water Meters	3,011	3,678	4,275	1,883	490	980	2,450	2,940	2940	2,969	2,999
4714 Labor to Turn on Water	650	700	700	850	500	600	450	450	450	455	459
4717 Water Test Fee	8,936	9,206	9,171	9,227	9,464	9,540	9,600	10,560	11,616	11,732	11,849
4718 Water Test Fee Penalty	137	135	143	146	150	180	150	150	160	162	163
4719 Rent of Land	100	100	100	100	100	0	100	100	100	101	102
4624 Sales Tax Refund	1,526				0						
Total Water Revenues	369,342	349,826	358,721	364,630	377,704	408,896	412,070	422,982	432,349	437,492	452,677
Annual increase/(decrease) in revenues		-5.28%	2.54%	1.65%	3.59%	8.26%	0.78%	2.65%	2.21%	1.19%	3.47%
Total Water Fund Revenues	369,342	349,826	358,721	364,630	377,704	408,896	412,070	422,982	432,349	437,492	452,677
Total Water Fund Expenditures	224,595	278,331	249,058	221,591	284,710	265,553	267,392	275,398	283,675	298,170	300,950
Surplus or (Deficit)	144,747	71,495	109,663	143,039	92,994	143,343	144,678	147,584	148,674	139,323	151,728