

**City of Fairfield
Minutes
Regular Meeting of City Council
September 14, 2020**

Council-Manager Briefing

Water and Sewer Rate Study Review

Mayor Miller called the briefing to order at 6:00 PM. Councilmembers present: Leslie Besl, Terry Senger, Tim Abbott, Mark Scharringhausen, Chad Oberson and Bill Woeste.

Staff members present: Mark Wendling, Dan Wendt, Adam Sackenheim, Scott Timmer, Steve Wolterman, Ben Mann, Tiphonie Howard, Steve Maynard, Tom Wagner, Jason Hunold, Matt Young and Alisha Wilson.

Public Utilities Director Adam Sackenheim presented the water and sewer rate study. See attached slides.

Business Meeting Call to Order

Mayor Miller called the Regular Meeting to order at 7:00 PM.

Prayer/Pledge of Allegiance

Councilmember Abbott led in prayer and Pledge of Allegiance.

Roll Call

Councilmembers present included:

Attendee Name	Title	Status	Arrived
Mark Scharringhausen	Council Member at Large	Present	
Chad Oberson	Council Member at Large	Present	
Bill Woeste	Council Member at Large	Present	
Leslie Besl	Council Member, 1st Ward	Present	
Dale Paullus	Councilmember, 2nd Ward	Excused	
Terry Senger	Councilmember, 3rd Ward	Present	
Tim Abbott	Council Member, 4th Ward	Present	
Steve Miller	Mayor	Present	

Councilmember Abbott, seconded by Councilmember Woeste, moved to excuse Councilmember Paullus. Motion carried 6-0.

Agenda Modifications

None.

Executive Session Requests

Councilmember Abbott, seconded by Councilmember Woeste, moved for executive session to discuss the status of negotiations with public employees. Motion carried 6-0.

Special Presentations and Citizen Comments

Hugh Thompson, 5777 Windermere Lane - Mr. Thompson commended the energy agreement that was passed at the previous meeting and encouraged expansion on those efforts.

George Wilson, 151 Twin Lakes Drive - in light of recent events around the world, Mr. Wilson wanted to remind council of the time he felt he was racially profiled by a Fairfield police officer and offer his services for diversity training in the department. Chief Maynard responded to Councilmember Senger's request for a response that he stays in touch with Mr. Wilson regularly and has a good relationship with him. He respectfully feels that there are 2 different perspectives to the situation, but stated that the video was reviewed and the situation was investigated. He stated that there would have been some discipline action against the officer if he felt it was necessary.

Public Hearing(s)

None.

Approval of Minutes

The Regular Meeting Minutes of August 24, 2020 were approved as written and submitted.

OLD BUSINESS AND REPORTS

Community & Public Relations Committee

Dale Paullus, Chair; Leslie Besl, Vice Chair; Terry Senger, Member

Development Services Committee

Bill Woeste, Chair; Tim Abbott, Vice Chair; Mark Scharringhausen, Member

Ordinance to amend Section 1113.01 of Ordinance No. 166-84, the Codified Ordinances of Fairfield, Ohio, to adopt an amended Design, Construction and Materials Specification Handbook, 2020 Sixth Edition.

Recommendation:

It is recommended that Council hold a first reading on August 10, schedule a joint public hearing with Planning Commission for August 24, and await a written recommendation from Planning Commission.

Councilmember Woeste presented the second reading of this ordinance.

Parks, Recreation and Environment Committee

Leslie Besl, Chair; Dale Paullus, Vice Chair; Tim Abbott, Member

Public Safety Committee

Mark Scharringhausen, Chair; Terry Senger, Vice Chair; Dale Paullus, Member

Public Works Committee

Chad Oberson, Chair; Mark Scharringhausen, Vice Chair; Bill Woeste, Member

Ordinance to authorize the release of the maintenance bond and accept the public improvements for the Palomino Estates Subdivision.

Recommendation:

It is recommended that City Council authorize and direct preparation of legislation accepting these public improvements.

Councilmember Oberson presented the second reading of this ordinance.

Public Utilities Committee

Terry Senger, Chair; Chad Oberson, Vice Chair; Leslie Besl, Member

Finance & Budget Committee

Tim Abbott, Chair; Bill Woeste, Vice Chair; Chad Oberson, Member

NEW BUSINESS**Public Works Committee**

Chad Oberson, Chair; Mark Scharringhausen, Vice Chair; Bill Woeste, Member

Motion to Read by Title Only

Motion to read two ordinances by title only.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Chad Oberson, Council Member at Large
SECONDER:	Terry Senger, Councilmember, 3rd Ward
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Ordinance to authorize the City Manager to execute the Electric Vehicle Charging Station Grant Application and Agreement with the Ohio Environmental Protection Agency (OEPA) for the Fairfield Community Arts Center and declaring an emergency.

Recommendation:

It is recommended that City Council authorize the preparation of legislation, with rules suspension and

emergency provision, authorizing the City Manager to execute and file the application for financial assistance, and enter into an agreement for a grant to fund the majority portion of the Electric Vehicle (EV) Charging Station Grant Application through the Ohio Environmental Protection Agency (OEPA) for the Fairfield Community Arts Center.

Staff believes the grant has merit and that the installation will help keep the City in touch with developing technologies. The addition of EV charging have the potential to provide support to our local businesses.

ORDINANCE NO. 72-20. APPROVED 5-1.

RESULT:	ADOPTED [5 TO 1]
MOVER:	Chad Oberson, Council Member at Large
SECONDER:	Leslie Besl, Council Member, 1st Ward
AYES:	Scharringhausen, Oberson, Woeste, Besl, Abbott
NAYS:	Senger
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Oberson presented the first reading of this ordinance.

Councilmember Senger commented that he is voting against this ordinance because of the location. He does not feel that Village Green is the appropriate location given all the restrictions on homeowners in that area.

Councilmember Oberson commented that he is in favor of the charging stations and that he understands that electric vehicle owners are willing to sacrifice and walk to stores while their car charges. Village Green will allow them places to spend time while they wait.

Councilmember Abbott commented that the technology is coming, whether anyone likes it or not, and it's better to be on the forefront.

Mayor Miller commented that he feels electric vehicles will be the only vehicles available to purchase in the next 10 years and that we should be ahead of the game, not scrambling to catch up. He would like to see the city work with some community partners to get charging stations in multiple locations throughout the city.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Chad Oberson, Council Member at Large
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Ordinance to authorize the City Manager to execute and file the application for financial assistance and enter into an agreement with ODOT for a grant to fund a major portion of the Route 4/Seward Road Improvement Project and declaring an emergency.

Recommendation:

It is recommended that City Council authorize the preparation of legislation, with rules suspension and emergency provision, authorizing the City Manager to execute and file the application for financial assistance, and (if successful) enter into an agreement with ODOT for a grant to fund a major portion of the Route 4/Seward Road Improvement Project.

ORDINANCE NO. 73-20. APPROVED 6-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Chad Oberson, Council Member at Large
SECONDER:	Tim Abbott, Council Member, 4th Ward
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Oberson presented the first reading of this ordinance.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Chad Oberson, Council Member at Large
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Public Utilities Committee

Terry Senger, Chair; Chad Oberson, Vice Chair; Leslie Besl, Member

Motion to Read by Title Only

Motion to read one ordinance by title only.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Terry Senger, Councilmember, 3rd Ward
SECONDER:	Tim Abbott, Council Member, 4th Ward
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Senger presented the first reading of this ordinance.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Terry Senger, Councilmember, 3rd Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Ordinance to authorize the City Manager to enter into a contract with Ferguson Waterworks for water meters and an automated meter reading system, and declaring an emergency.

Recommendation:

It is recommended that City Council authorize the City Manager to enter into a contract with Ferguson Waterworks and appropriate funding in the amount of \$250,000.00 for the procurement of water meters and an advanced automated meter reading system. Rules suspension is requested in order to expedite the project.

ORDINANCE NO. 74-20. APPROVED 6-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Terry Senger, Councilmember, 3rd Ward
SECONDER:	Tim Abbott, Council Member, 4th Ward
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Finance & Budget Committee

Tim Abbott, Chair; Bill Woeste, Vice Chair; Chad Oberson, Member

Motion to Read by Title Only

Motion to read one resolution and two ordinances by title only.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Resolution Accepting the Amounts and Rates as Determined by the Budget Commission and authorizing the necessary tax levies and certifying them to the County Auditor.

Recommendation:

The resolution would authorize the necessary tax levies to be collected for tax year 2020 collected during budget year 2021 to the Butler County Auditor.

RESOLUTION NO. 12-20. APPROVED 6-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Abbott presented the first reading of this resolution.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Ordinance to amend Ordinance No. 119-19 entitled “An Ordinance to make estimated appropriations for the expenses and other expenditures of the City of Fairfield, Ohio, during a period beginning January 1, 2020, and ending December 31, 2020.”

Recommendation:

It is recommended that City Council suspend the rules requiring a second and third reading of this Ordinance and adopt the appropriations listed above.

ORDINANCE NO. 75-20. APPROVED 6-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Abbott presented the first reading of this ordinance.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Ordinance to amend Ordinance No. 119-19 entitled “An Ordinance to make estimated appropriations for the expenses and other expenditures of the City of Fairfield, Ohio, during a period beginning January 1, 2020, and ending December 31, 2020.”

Recommendation:

It is recommended that City Council suspend the rules requiring a second and third reading of this Ordinance and adopt the appropriations listed above.

ORDINANCE NO. 76-20. APPROVED 6-0.

RESULT:	ADOPTED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Chad Oberson, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Motion to Suspend Second and Third Readings

Councilmember Abbott presented the first reading of this ordinance.

RESULT:	CARRIED [UNANIMOUS]
MOVER:	Tim Abbott, Council Member, 4th Ward
SECONDER:	Bill Woeste, Council Member at Large
AYES:	Scharringhausen, Oberson, Woeste, Besl, Senger, Abbott
EXCUSED:	Paullus

Meeting Schedule

Clerk Wilson read the following meeting schedule:

- A. Monday, September 28 - Council-Manager Briefing, 6:00 PM; Regular Meeting 7:00 PM
- B. Tuesday, October 13 - Council-Manager Briefing, 6:00 PM; Regular Meeting 7:00 PM
- C. Monday, October 26 - Council-Manager Briefing, 6:00 PM; Regular Meeting 7:00 PM

Executive Session of Council (if needed)

Council recessed to Executive Session at 7:35 PM.

14. ADJOURNMENT

The Regular Meeting adjourned at 8:10 PM.

ATTEST:

Clerk of Council

Mayor's Approval

Date Approved_____



FY 2020 Water and Sewer Utility Rate and Fee Study

Results and
Recommendations

September 14, 2020

Rate Study Overview

1. Background
2. Financial Plan Results
3. Expansion Fee Analysis Results
4. Rate & Fee Evaluation & Recommendation

Rate History

- No water rate increases 1985-2007
- 2007-2016 4.3% increase/year (combined)
- Significant increases 2017-2020
 - 2017 +9.7%
 - 2018 +9.9%
 - 2019 +5.2%
 - 2020 +4.9%

Why did we need these increases?
What did we do with the revenue?



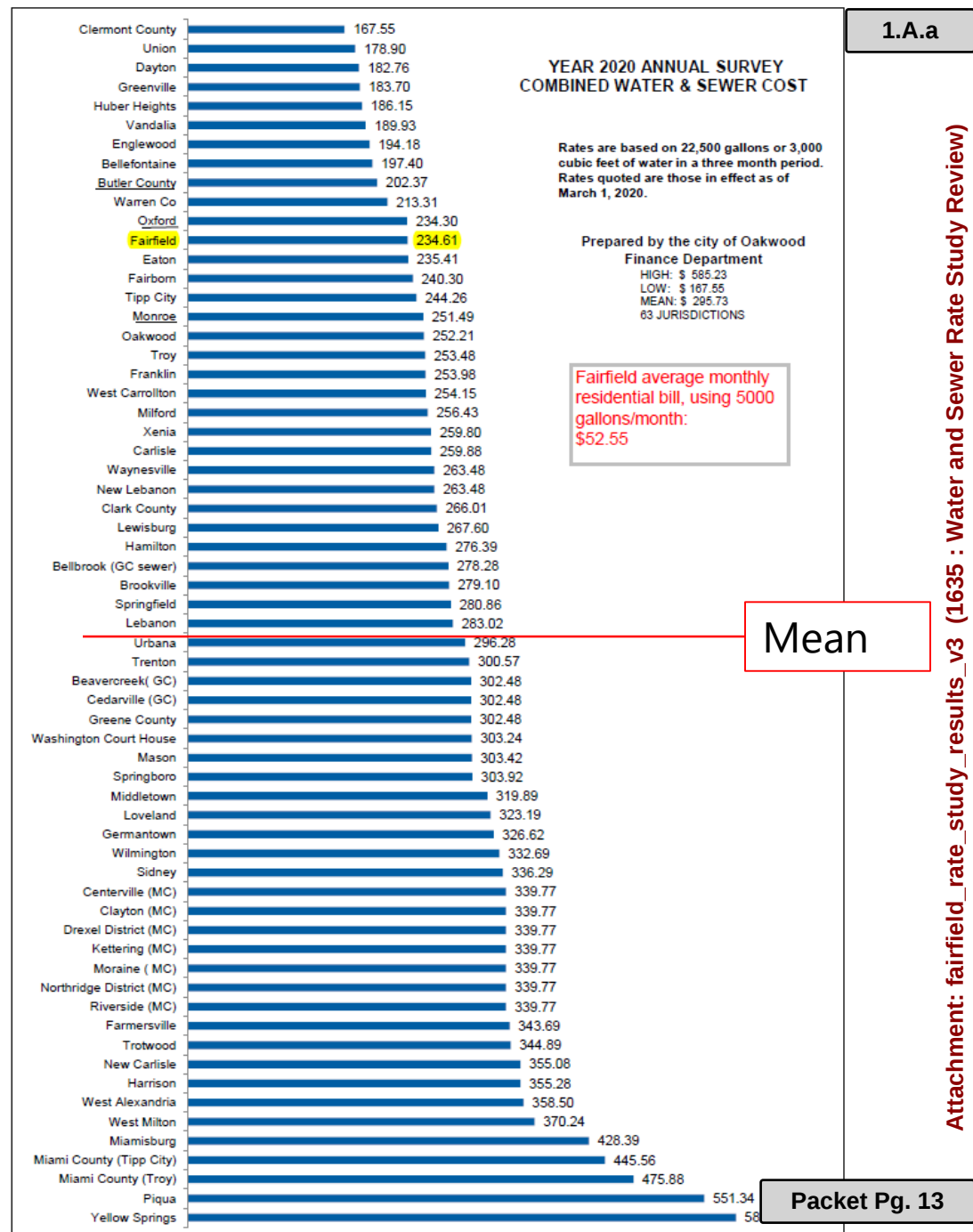
Stretching our Dollar...

- Operational considerations:
 - Staffing
 - Restructuring
 - Technology
 - Automation
 - Metering



Rate Survey

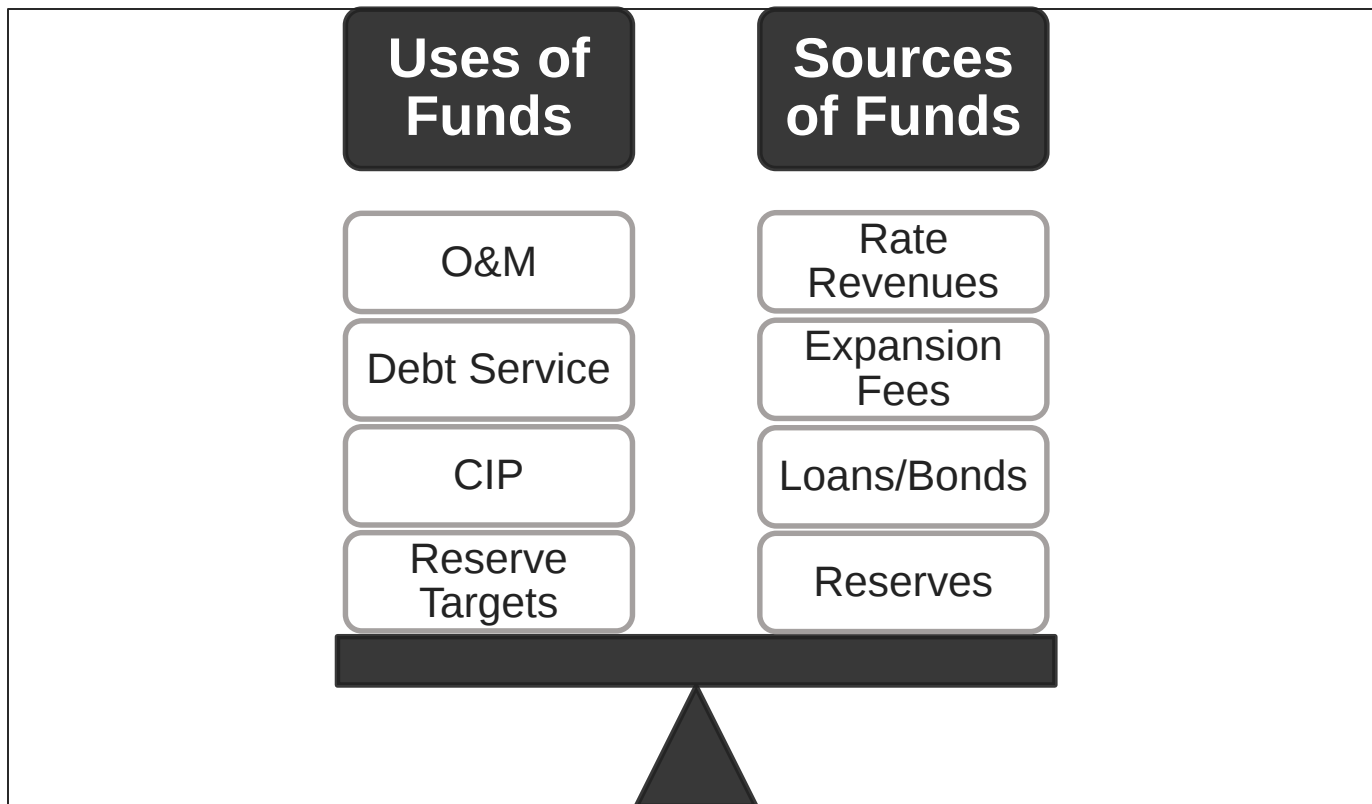
Where are we now?
And what else do we need to do?



Financial Plan

Building Blocks of Financial Plan

The financial plan projects level of revenues required to meet costs (i.e., revenue requirement) for services provided



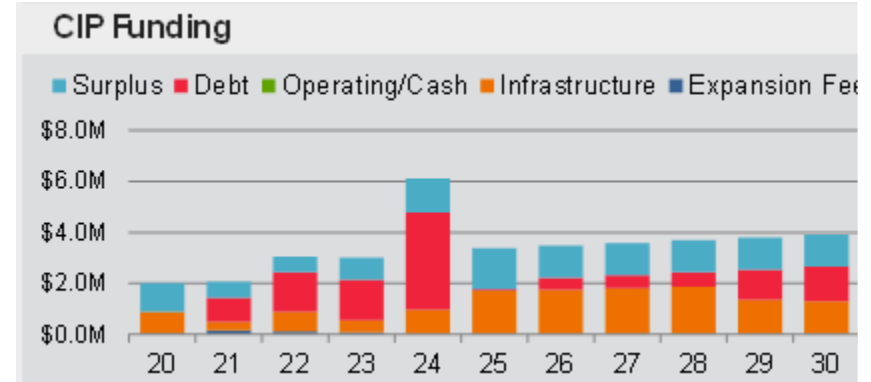
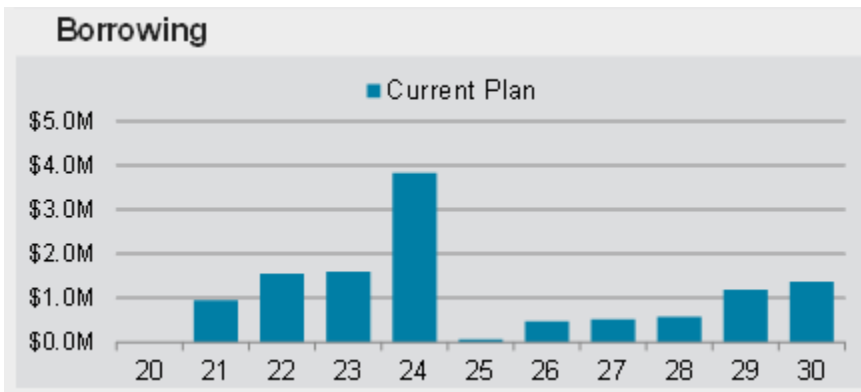
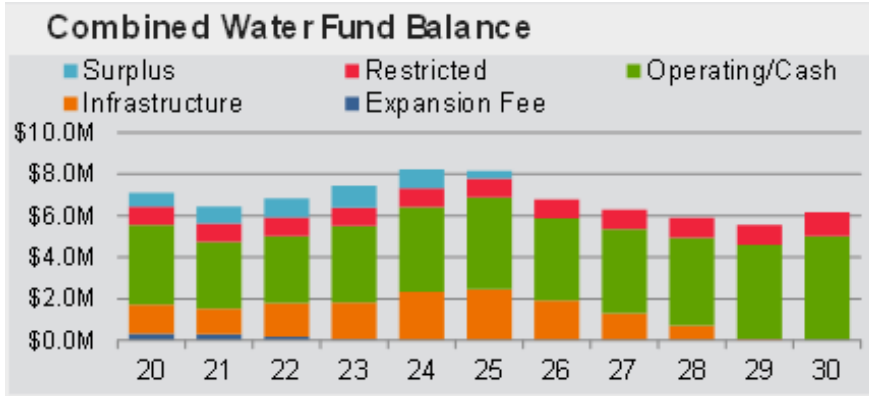
Levelized Plan of Rate Increases

The following plan of **water rate increases** was developed based on operating expenses, capital expenses, debt service requirements, and fund balance reserve targets:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Rate Plan	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Rate Plan	0.00%	11.11%	20.00%	16.67%	0.00%	7.14%	0.00%	6.67%	0.00%	6.25%	0.00%
Water Bill	\$20.53	\$21.26	\$22.00	\$22.76	\$23.56	\$24.39	\$25.24	\$26.13	\$27.04	\$27.99	\$28.99
Infrastructure Bill	\$2.25	\$2.50	\$3.00	\$3.50	\$3.50	\$3.75	\$3.75	\$4.00	\$4.00	\$4.25	\$4.50
Total Water Bill (5,000 gal)	\$22.78	\$23.76	\$25.00	\$26.26	\$27.06	\$28.14	\$28.99	\$30.13	\$31.04	\$32.24	\$33.49

Note: Infrastructure surcharge can only be used for CIP projects

Long-Term Financial Sustainability



Borrowing in FY 21 - 24 for distribution system improvements and AMR. Borrowing in outer years will depend on capital needs.

Key Performance Indicators

Debt is used to fund large projects in the year they occur; overall debt-funding of CIP is sustainable

Long-term outlook of debt service coverage is above target

Performance Indicators	Source	Stronger/ AAA	Midrange/ AA	Weaker/ A	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
% CIP funded by Debt	Fitch	Less than 50%	50% to 90%	Over 90%	0%	46%	51%	53%	63%	2%	13%	15%	16%	31%	30%
Cumulative % CIP funded by Debt	Fitch	Less than 50%	50% to 90%	Over 90%	0%	23%	35%	40%	49%	41%	37%	34%	31%	31%	30%
All-In Debt Service Coverage	Moody's	Over 2.00	2.00 to 1.25	Less than 1.25	1.97	2.19	4.33	3.14	2.54	1.68	2.79	2.79	2.76	3.07	2.9
Fixed Revenue % of Total Rate Revenue	Fitch	Over 30%	30% to 15%	Less than 15%	45.7%	45.7%	45.6%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45.5%	45%
Days Cash on Hand	Moody's	Over 250	250 to 150	Less than 150	222	218	242	263	279	244	244	250	261	283	25

Days cash on hand remains at highest target level in outer years

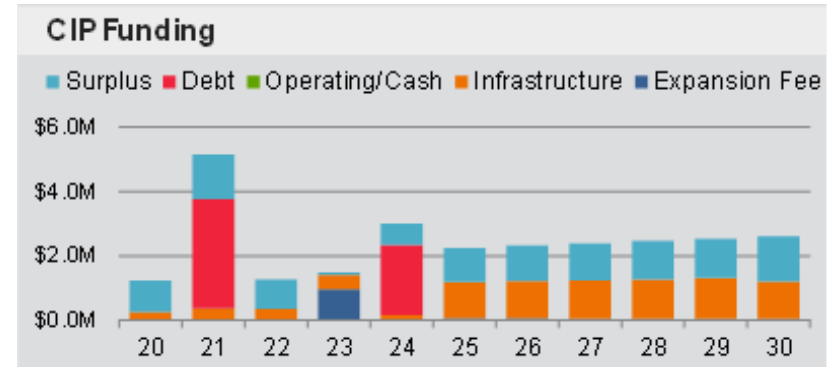
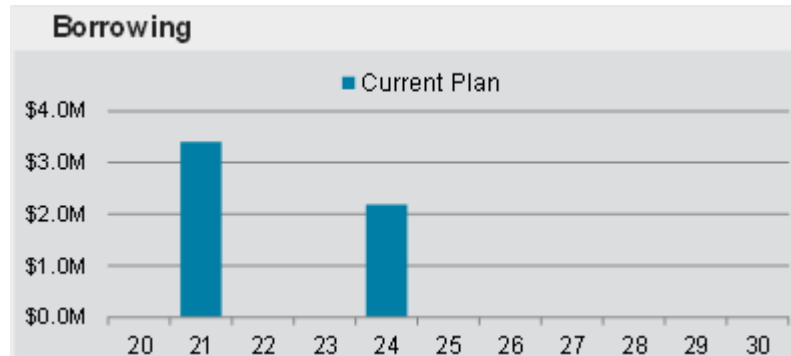
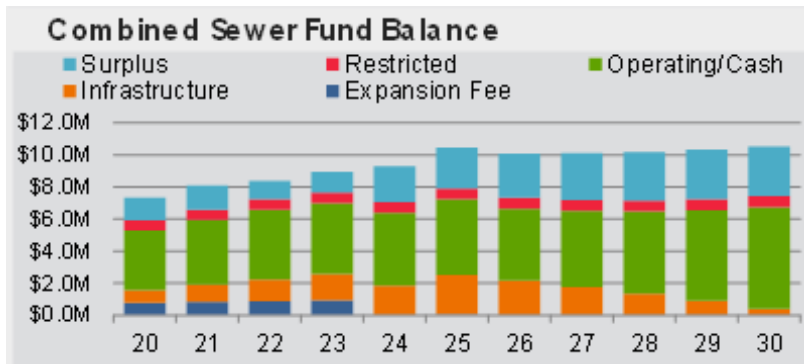
Lower Near-Term Rate Increases

The following plan of **sewer rate increases** was developed based on operating expenses, capital expenses, debt service requirements, and fund balance reserve targets:

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Sewer Rate Plan	0.00%	1.50%	1.50%	1.50%	1.50%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%
Infrastructure Rate Plan	0.00%	11.11%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sewer Charge	\$27.50	\$27.91	\$28.32	\$28.74	\$29.18	\$30.05	\$30.95	\$31.89	\$32.84	\$33.83	\$34.83
Infrastructure Charge	\$2.25	\$2.50	\$2.50	\$2.50	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Total Sewer Bill (5,000 gal)	\$29.75	\$30.41	\$30.82	\$31.24	\$32.18	\$33.05	\$33.95	\$34.89	\$35.84	\$36.83	\$37.83

Note: Infrastructure
surcharge can only be
used for CIP projects

Long-Term Financial Sustainability



Borrowing in FY 21 & 24 for dewatering building and AMR.

Key Performance Indicators

Debt is used to fund large projects in the year they occur; overall debt-funding of CIP is sustainable

Performance Indicators	Source	Stronger/ AAA	Midrange/ AA	Weaker / A	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
% CIP funded by Debt	Fitch	Less than 50%	50% to 90%	Over 90%	0%	66%	0%	0%	73%	0%	0%	0%	0%	0%	0%
Cumulative % CIP funded by Debt	Fitch	Less than 50%	50% to 90%	Over 90%	0%	53%	44%	37%	46%	39%	33%	29%	26%	23%	20%
All-In Debt Service Coverage	Moody's	Over 2.00	2.00 to 1.25	Less than 1.25	7.59	7.80	3.44	3.49	3.54	2.46	4.87	5.20	5.56	5.93	6.30
Fixed Revenue % of Total Rate Revenue	Fitch	Over 30%	30% to 15%	Less than 15%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%	49.1%
Days Cash on Hand	Moody's	Over 250	250 to 150	Less than 150	243	258	257	258	263	246	254	269	291	318	346

Debt service coverage exceeds highest target each year

Days cash on hand remains highest target level in outer years

Summary of Rate Recommendations

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water Rate Increase**	-	3.50%	3.50%	3.50%	3.50%	3.50%
Water Infrastructure fee Increase (per kgal)	-	\$0.05	\$0.10	\$0.10	\$0.00	\$0.05
Sewer Rate Increase	-	1.50%	1.50%	1.50%	1.50%	3.00%
Sewer Infrastructure fee Increase (per kgal)	-	\$0.05	\$0.00	\$0.00	\$0.10	\$0.00
Avg. Monthly Residential Bill (5,000 gal)	\$52.53	\$54.17	\$55.82	\$57.50	\$59.24	\$61.19
\$ Change	-	\$1.64	\$1.65	\$1.68	\$1.74	\$1.95
% Change	-	3.1%	3.0%	3.0%	3.0%	3.3%

Projected Movement on Oakwood Utility Rate Survey?

NEGLIGIBLE

**No changes to structure of rates or minimum consumptions, EXCEPT:
Multi-family water customers currently pay a different minimum charge + a monthly charge.
In FY 2021, multi-family will pay the same rates as all other classes.

Summary of Rate Recommendations

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Water Rate Plan	0.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Infrastructure Rate Plan	0.00%	11.11%	20.00%	16.67%	0.00%	7.14%	0.00%	6.67%	0.00%	6.25%	0.00%
Water Bill	\$20.53	\$21.26	\$22.00	\$22.76	\$23.56	\$24.39	\$25.24	\$26.13	\$27.04	\$27.99	\$28.94
Infrastructure Bill	\$2.25	\$2.50	\$3.00	\$3.50	\$3.50	\$3.75	\$3.75	\$4.00	\$4.00	\$4.25	\$4.25
Total Water Bill (5,000 gal)	\$22.78	\$23.76	\$25.00	\$26.26	\$27.06	\$28.14	\$28.99	\$30.13	\$31.04	\$32.24	\$33.19
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Sewer Rate Plan	0.00%	1.50%	1.50%	1.50%	1.50%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%
Infrastructure Rate Plan	0.00%	11.11%	0.00%	0.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sewer Charge	\$27.50	\$27.91	\$28.32	\$28.74	\$29.18	\$30.05	\$30.95	\$31.89	\$32.84	\$33.83	\$33.83
Infrastructure Charge	\$2.25	\$2.50	\$2.50	\$2.50	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Total Sewer Bill (5,000 gal)	\$29.75	\$30.41	\$30.82	\$31.24	\$32.18	\$33.05	\$33.95	\$34.89	\$35.84	\$36.83	\$36.83
Total Sewer Bill (5,000 gal)	\$29.75	\$30.41	\$30.82	\$31.24	\$32.18	\$33.05	\$33.95	\$34.89	\$35.84	\$36.83	\$36.83
Combined Water & Sewer Bill	\$52.53	\$54.17	\$55.82	\$57.50	\$59.24	\$61.19	\$62.94	\$65.02	\$66.88	\$69.07	\$70.02
Combined % Change	N/A	3.1%	3.0%	3.0%	3.0%	3.3%	2.9%	3.3%	2.9%	3.3%	1.4%

Future changes more
tempered than current

Expansion Fees

Expansion Fee Attributes

- One-time charge paid by new connections to the City's utility system
- Revenue from charges pays for growth-related capital projects
- Method of recovery for the cost of constructing capacity

Methodology	Description	Appropriate for
Buy-in method	Fees are based on cost of constructing existing utility system	System with ample existing capacity to sell
Incremental cost method	Fees are based on planned capital improvements	System with no/very limited existing capacity to sell
Combined method	Fees are based on cost of existing system and planned capital improvements	System with existing capacity to sell and with significant growth related capital projects

Expansion Fee Calculation

Diagram illustrating the components of the Expansion Fee Calculation:

- Depreciated value of assets escalated to current replacement cost
- Expansion related capital projects
- Credit on outstanding debt principal
- Donated assets contributions

$$\text{Expansion Fee} = \frac{\text{Plant in Service} + \text{CIP} - \text{Debt}^1 - \text{Contributions}}{\text{System Capacity}}$$

(Measured in Equivalent Residential Units)

¹ Debt service is paid for through user rates, so the credit ensures no double cost recovery.

Water Expansion Fee Calculation

Functional Component:	Source of Supply/Treatment	Distribution/ Transmission	Total
Gross Plant in Service Value	\$ 18,311,664	\$ 20,162,456	\$ 38,474,120
Capital Improvement Cost	1,125,000	100,000	1,225,000
Gross System Value	\$ 19,436,664	\$ 20,262,456	\$ 39,699,120
Less:			
Principal Credit	\$ -	\$ 4,640,000	\$ 4,640,000
Specific Asset Contributions/Exclusions	129,791	77,651	207,442
General Allowance for Asset Contributions	-	8,002,105	8,002,105
Net System Value	\$ 19,306,873	\$ 7,542,700	\$ 26,849,573
<i>Fee Calculation:</i>			
Capacity			
Units Served at Build-out	18,000	18,000	
Initial Capacity Cost per ERU	\$ 1,073	\$ 419	\$ 1,492
Escalation Factor to Effective Year			3.00%
Calculated Fee per ERU	\$ 1,105	\$ 432	\$ 1,530
Current Fee per ERU			800
Dollar Change			\$ 730
Percent Change			91%

Sewer Expansion Fee Calculation

Functional Component:	Collection/ Conveyance	Treatment/ Disposal	Total
Gross Plant in Service Value	\$ 20,068,027	\$ 27,698,378	\$ 47,766,405
Capital Improvement Cost	1,000,000	-	1,000,000
Gross System Value	\$ 21,068,027	\$ 27,698,378	\$ 48,766,405
Less:			
Principal Credit	\$ -	\$ 1,360,000	\$ 1,360,000
Specific Asset Contributions/Exclusions	326,336	71,677	398,013
General Allowance for Asset Contributions	8,495,634	-	8,495,634
Net System Value	\$ 12,246,057	\$ 26,266,702	\$ 38,512,758
<i>Fee Calculation:</i>			
Capacity			
Units Served at Build-out	18,000	18,000	
Initial Capacity Cost per ERU	\$ 680	\$ 1,459	\$ 2,140
Escalation Factor to Effective Year			3.00%
Calculated Fee per ERU	\$ 701	\$ 1,503	\$ 2,200
Current Fee per ERU	1,240	450	1,690
Change			\$ 510
Percent Change			30%

Current and Proposed Expansion Fees

	Water	Sewer
Current Expansion Fee (per ERU)	\$800	\$1,690
Proposed Expansion Fee (per ERU)	\$1,530	\$2,200
\$ Change	\$730	\$510
% Change	91%	30%

Local utility expansion fees:

- Fairfield*: \$3,730.00
- BCWS: \$9,000.00
- Hamilton: \$3,900.00
- Middletown: \$7,000.00
- Oxford: \$3,360.00
- MSDGC/GCWW: \$7,658.00

Rate Evaluation & Recommendation

Overview of Rate Evaluation

- ❑ Thorough evaluation of water and sewer minimum charges, usage charges, and infrastructure charges
- ❑ Each rate structure was evaluated based on the following criteria:
 - ✓ Legal Precedent and Local Practice
 - ✓ Common Industry Practice
 - ✓ Fairness and Equity
 - ✓ Ease of Administration
 - ✓ Customer Understanding
 - ✓ Fiscal Stability
 - ✓ Affordability

Rate & Fee Summary of Recommendations

1. Current rate structure achieves fiscal stability and transparency
2. Modifying multi-family rates to be consistent with other classes will result in greater equity
3. FY 21-30 plan of rate increases results in 3.0% annual overall increase to typical residential customer's combined monthly bill
4. Water expansion fees can be increased to \$1,530 per ERU; sewer expansion fees can be increased to \$2,200 per ERU

Next Steps & Questions...