

CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
AUGUST 18, 2009 AGENDA

Subject:	Type:	Submitted By:
ACCEPTANCE OF THE SEWER RATE STUDY	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SHEILA A. LINDBERG FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared to accept the Sewer Rate Study dated June 1, 2009, as prepared by Thompson, Dreessen & Dorner, Inc., serving as City Engineer and directing implementation of Option 2 regarding rates and fees.

FISCAL IMPACT

The City's sewer fund is an enterprise fund and as such all expenses associated with operating and maintaining the City's sewer system are supported by user fees — no property or sales tax dollars are used to support the sewer system. The last sewer rate study done in 2001 only projected through 2005. The study was put on hold until the waste water agreement with the City of Omaha was completed. During the interim, the rates have increased approximately 6% for the past few years. The current billing rates for sewer fees are not projected to provide sufficient revenue to meet the needs of the sewer system if left unchanged. Therefore, fee increases are proposed.

RECOMMENDATION

Approval.

BACKGROUND

The Sewer Rate Study was previously authorized to evaluate the future costs associated with operating and maintaining the sewer system but had to wait until the waste water agreement with the City of Omaha was approved. The City Council adopted the waste water agreement with the City of Omaha on April 7, 2009. The study takes into account the impact that the Combined Sewer Overflow (CSO) Control Program will have on the City of La Vista as well as increasing our users to include those within our extraterritorial jurisdiction (ETJ) east to the interstate and then in 2011 expanding to include those west of the interstate.

The City operates a sewer collection system and is responsible for the maintenance of the system. The City of Omaha treats the sewerage. Based upon the rates set by La Vista, a fee for sewer services is charged by the Metropolitan Utilities District (MUD) on its bills to all water customers. The current rates include a monthly charge of \$5.16 per customer and a charge for sewer service based upon the amount of water used by a customer called a flow charge, which is currently \$1.5050 per hundred cubic feet. The sewer fees collected by MUD are remitted back to the City of La Vista. Subsequently, the City of La Vista pays the City of Omaha for sewer treatment services.

In general, the study shows that income from sewer fees is not keeping up with the expenses of operating and maintaining the sewer system. To correct the proposed revenue deficiency the rate study proposed the following (generally described as Rate Option 2) be implemented over the next five fiscal years:

- The City of La Vista should increase fees for connection to sewer and drainage systems and facilities for residential and commercial users (including industrial users) — these fees are typically paid at the time a building permit is issued for new construction.

Proposed	Current	Proposed	Proposed	Proposed	Proposed
		FY 09/10	FY 10/11	FY 11/12	FY 12/13
FY13/14					
Residential					
Single Family dwellings change	\$1,050	\$1,100	no change	no change	no change
Duplex change	\$1,200	\$2,200	no change	no change	no change
Residential Multi-Family change	\$ 650 plus (3 or more units)	\$858/unit \$330 for each unit over two	no change	no change	no change
Commercial (including industrial) change	\$5,500/acre	\$5,973/acre	no change	no change	no change

- The City of La Vista rate structure:

A customer charge that is slightly higher than the residential rate is for commercial users. It is a generally accepted practice to have a rate schedule that distinguishes between residential and commercial users.

	Current	Proposed	Proposed	Proposed	Proposed
	Proposed	FY 09/10	FY 10/11	FY 11/12	FY 12/13
FY13/14					
Monthly Customer Charge					
Residential	\$5.16	\$5.57	\$6.02	\$6.50	\$7.02
Apartment per unit>1	\$4.64	\$5.01	\$5.41	\$5.85	\$6.31
Commercial/Industrial	\$5.53	\$5.97	\$6.45	\$6.97	\$7.52
Flow charge per ccf	\$1.51	\$1.63	\$1.76	\$1.90	\$2.05
					\$2.21

The above has been reviewed and recommended by the City Administrator, City Engineer, Finance Director and Public Works Director and is proposed to have the least initial impact on the typical user while maintain the future financial strength of the sewer fund. The actual fee increases are proposed to be effective October 1, 2009. A complete copy of the Sewer Rate Study is on file in the office of the City Clerk.

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA, ACCEPTING THE SEWER RATE STUDY DATED JUNE 1, 2009 AND APPROVING IMPLEMENTATION OF RATE OPTION 2 REGARDING RATES AND FEES.

WHEREAS, the Mayor and City Council of the City of La Vista, Nebraska, previously authorized the evaluation of future costs associated with operating and maintaining the sewer system; and

WHEREAS, the Mayor and City Council adopted the waste water agreement with the City of Omaha on April 7, 2009; and

WHEREAS, the sewer rate study was prepared by Thompson Dreessen & Dorner, Inc. serving as City Engineering; and

WHEREAS, the City Administrator, City Engineer, Finance Director and Public Works Director have recommended implementation of Rate Option 2 over the next five fiscal years.

NOW THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of La Vista, Nebraska that the Sewer Rate Study conducted by Thompson Dreessen and Dorner and the implementation of Rate Option 2 regarding rates and fees over the next five (5) years has been reviewed by the Mayor and City Council of the City of La Vista and the same hereby is, accepted and approved.

PASSED AND APPROVED THIS 18TH DAY OF AUGUST 2009.

CITY OF LA VISTA

ATTEST:

Douglas Kindig, Mayor

Pamela A. Buethe, CMC
City Clerk