

RESOLUTION 12-80 A

**A RESOLUTION TO ESTABLISH SEWER RATES FOR THE CITY OF SPRING HILL,
AS SET FORTH IN ORDINANCE 10-09**

WHEREAS, the Board of Mayor and Aldermen of the City of Spring Hill passed Ordinance 10-09 to establish sewer rates for customers inside the city limits; and

WHEREAS, the Board of Mayor and Aldermen desires to review the scheduled rate adjustment prior to implementation as stated in Section 3 of Ordinance 10-09; and

WHEREAS, Ordinance 10-09, section 3 states:

“**Section 3.** The Sewer rates shall increase on July 1, 2012, upon review by the Board of Mayor and Aldermen by April 2012, to the following:

<u>Gallons per month:</u>	<u>Sewer Rate Inside City:</u>
0- 2,000	\$ 14.26 (minimum)
Over 2,000	\$ 5.34 per thousand gal.”

WHEREAS, after review of sewer rates, revenues, projected income and growth assumptions, the Board of Mayor and Aldermen does not feel that a 30% increase is warranted at this time as stated in Ordinance 10-09, Section 3; and

WHEREAS, the Board of Mayor and Aldermen desires to implement a winterized billing program for sewer consumption; and

WHEREAS, City Staff has recommended a 17% (seventeen percent) increase in sewer rates to meet the projected revenue requirements; and

NOW, THEREFORE BE IT RESOLVED that the Board of Mayor and Aldermen of the City of Spring Hill hereby approves a 17 % increase in sewer rate as follows:

<u>Gallons per month:</u>	<u>Sewer Rate Inside City:</u>
0- 2,000	\$ 12.83 (minimum)
Over 2,000	\$ 4.81 per thousand gal.”

~~Passed and adopted this 20th day of August, 2012.~~

Michael Dinwiddie, Mayor

ATTEST:

April Goad, City Recorder

LEGAL FORM APPROVED:

Timothy P. Underwood, City Attorney

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
ected Revenues (Sewer Rate Only)	\$2,656,146	\$3,307,682	\$4,320,000	\$4,389,350	\$4,076,787	\$4,158,323
Projected Expenses Sewer	\$ 2,649,859	\$ 1,960,701	\$ 2,733,381	\$ 2,376,390	\$ 2,403,488	\$ 2,538,682
Depreciation	\$490,000	\$490,000	\$490,000	\$892,504	\$892,504	\$892,504
YEAR ?? ---->	0	0	0	1	2	3
CIP Debt Payment	\$0	\$0	\$0	\$914,768	\$914,768	\$914,768
TOTAL EXPENSES INCL Dep&CIP	\$3,139,859	\$2,450,701	\$3,223,381	\$4,183,662	\$4,210,759	\$4,345,954
	(\$483,713)	\$856,982	\$1,096,619	\$205,688	(\$133,972)	(\$187,631)
	25%	-36%	-37%	-7%	4%	6%

Revenue increase needed in Sewer Rate

PROPOSED RATE INCREASES	0%	25%	30%	17%	0%	0%
Projected Revenue	\$2,656,146	\$3,307,682	\$4,320,000	\$4,572,950	\$4,264,059	\$4,349,340
Prjtd Income minus Expense,Dep,CIP	-\$483,713	\$856,982	\$1,096,619	\$389,288	\$53,300	\$3,386
Months left in 2009-2010 ---->	0					
				Cash gain(loss) from 2009-2015		\$1,915,862

Growth Assumptions (Expenses)

General	5%
Employee Salaries	5%
Employee Benefits	10%
Utilities	5%
Repair & Maintenance	5%
Operating Supplies	5%
Property/Liability Insurance	20%

CIP Funding Interest Rate Payment

CIP Funding	\$14,100,144	Interest Rate	2.62%	Payment	\$914,768 <--- Year 1
					\$914,768 <--- Year 2
	\$15,960,000	Contract			\$914,768 <--- Year 3
	(\$2,000,000)	Principal Forgiveness			\$914,768 <--- Year 4
	12-20	\$59,839	Change Order #1		\$914,768 <--- Year 5
	12-34	\$55,357	Change Order #2		\$914,768 <--- Year 6
	12-49	\$24,948	Change Order #3		

w/ 11% reduction of revenue due to winterized billing

Growth Assumptions (Revenue)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Existing Rates	0%	25%	30%	17%	0%	0%
\$	6.75	8.44	10.97	12.83	12.83	12.83
\$	2.53	3.16	4.11	4.81	4.81	4.81
\$	2.17	3.16	4.11	4.81	4.81	4.81
\$	1.97	3.16	4.11	4.81	4.81	4.81
\$	1.76	3.16	4.11	4.81	4.81	4.81
\$	14.34	17.93	23.30	27.26	27.26	27.26
		3.59	5.38	3.96	-	-

27.26
3.96

AVERAGE E
net change,