LRB – FISCAL REVIEW SECTION ANALYSIS

UTILITIES AND LICENSES COMMITTEE 011105

ITEM 2, FILE

APRIL 9, 2002 ANGELYN WARD

File #011105 is a substitute resolution relating to the establishment of Milwaukee Metropolitan Sewage District and Milwaukee Water Workers sewer user rates for 2002 by the Comptrollers Department.

BACKGROUND

- 1. The communication from the Comptroller's Office provides the Common Council with the new quarterly sewer user rates imposed by the Milwaukee Metropolitan Sewerage District (MMSD) as directed by Section 309-51 of the Milwaukee Code.
- 2. Under Section 309-51 of the Milwaukee Code, the City is to pass through rate changes imposed by the MMSD, plus the City's cost for administering the sewer user charge.
- 3. According to Common Council Ordinance File #010869, residential sewer charges, collected for the MMSD and the local sewer user fee that funds the City's sewer maintenance fund, established that the charges be based on a percentage of water consumed.
- 4. File #010869 requires that the percentage of consumption used to determine user charges must be approved annually by the Common Council.

DISCUSSION

- 1. This resolution establishes the sewer user billing method for 2002 as 95% of water consumption for the 6-month billing period of January through June. For 6-month billing period of July through December the percentage is 85% of water consumption.
- 2. The current average quarterly water consumption per residential account is 34 CCF. A quarterly sewer user charge bill under the current and proposed rates for such an account :

MMSD Sewer Treatment Fees

Proposed: Bill for January through June, 2 quarters @ 95% of 34 ccf = 32 ccf 32 ccf x \$0.65 = \$20.80 Consumption Charge 9.76 Service Charge 30.56 Per Quarter $\frac{x + 2}{\$61.12}$ For 2 quarters

Bill for July through December, 2 quarters @ 85% of 34 ccf = 29 ccf
29 ccf x
$$$0.65 = $18.85$$
 Consumption Charge
9.76 Service Charge
28.61 Per Quarter
 $\frac{x}{57.22}$ For 2 quarters

The cost for the average residential customers using water consumption at 34 ccf in the proposed percentage billing method for Sewer Treatment Fees is:

January through June, \$30.56 per quarter
$$x = $61.12$$
, and July through December, \$28.61 per quarter $x = 57.22

Total Cost per year \$118.34

City Sewer Maintenance Fee

Present: Billed, 4 quarters @ 96% of 34 ccf = 33 ccf

 $33 \text{ ccf } \text{ x} \quad \$0.8329 = \$27.49 \text{ Per Quarter}$

x 4 \$109.96 Per Year

Proposed: Bill January through June, 2 quarters @ 95% of 34 ccf = 32 ccf

32 ccf x \$0.8329 = \$26.65 Per Quarter

 $\frac{x}{$53.30}$ For 2 Quarters

Bill July through December, 2 quarters @ 85% of 34 ccf = 28.9 ccf

 $29 \text{ ccf } x \quad \$0.8329 = \$24.15 \text{ Per Quarter}$

 $\frac{x}{$48.30}$ for 2 Quarters

The cost for the average residential customers using water consumption at 34 ccf in the proposed percentage billing method for Sewer Maintenance Fee is:

January through June, \$26.65 per quarter x 2 = \$53.30, and July through December, \$24.15 per quarter x 2 = $\frac{$48.30}{101.60}$

- 3. The Comptroller's proposed rates have been reviewed by Water Works and City Engineer and they both concur.
- 4. The revised sewer rates are effective with the bills generated in February 2002.

FISCAL IMPACT

1. The proposed sewer user billing method for a average residential customer with the quarterly water consumption of 34 ccf for Sewer Treatment Fees and Sewer Maintenance Fees is as follows:

Sewer Treatment Fees	Present Yearly Cost \$124.84	Proposed Year Cost \$118.34	Difference (\$6.50)
Sewer Maintenance Fees	\$109.96	\$101.60	(\$8.36)

2. For Sewer Treatment Fees, the average residential customer will \$6.50 less in the proposed structure, a 5.2% decrease from \$124.84. For Sewer Maintenance Fees, the customers will pay \$8.36 less in the proposed structure, a 7.60% decrease from \$109.96.

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2002

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LRB – Fiscal Review

April 8,