

LRB – FISCAL REVIEW SECTION ANALYSIS

**SEPTEMBER 8, 2005 AGENDA
FINANCE AND PERSONNEL COMMITTEE**

**ITEM 1, FILE 050321
Emma J. Stamps**

File No. 050321 is a resolution establishing the 2006 Local Sewerage Charge in accordance with Section 309-54 of the Milwaukee Code of Ordinances.

Other Information

The Committee will also consider files to create a new charge that would distribute storm water costs directly to a charge based on impervious surfaces and not cubic feet of water used (see Items 2 and 3 on today's agenda).

Background

1. The Sewer Maintenance Fund funds the costs of collecting wastewater and storm water deposits through a local sewerage charge authorized in s. 309-54 of the Milwaukee Code.
2. The current residential rate, \$1.1094 per 100 cubic feet of discharged water, has been in effect since January 1, 2003.
3. Beginning in 2005, annual debt service for sewer expansions are no longer supported by the property tax levy but added to the user-fee supported Sewer Maintenance Fund operating budgets. This year, \$7 million was transferred to the Sewer Maintenance Fund although the user rate has not increased since 2003. The Common Council may or may not authorize more debt transfers when adopting the 2006 budget.
4. Adopting File No. 050321 establishes the 2006 Local Sewerage Charge, in accordance with s. 309-54 of the Code of Ordinances, as follows:
 - \$1.27 per 100 cubic feet of discharged water for the 1st and 2nd quarters of the calendar year.
 - \$0.85 per 100 cubic feet of discharged water for the 3rd and 4th quarters of the calendar year.
5. The Local Sewerage Charge is based on billable consumption patterns (adjustable for certified non-residential users, using quarterly water consumption for residential, and using billable cycle water consumption for non-certified, non-residential uses).

Fiscal Impact

1. The \$27,600,000 fiscal impact from this revenue file is dependent upon adopting Files 050320 and 050324 which authorize the creation of a new storm water management charge to separate the cost recoveries for 94% of storm water and wastewater management costs. Those files pass additional revenues totaling \$6,575,552 to the new charge.

If those files are not adopted, the Budget Office recommends substituting higher Local Sewerage Charge rates above the \$1.27 and \$0.85 limits set forth in File 050321 to compensate for the lost revenue source and minimize Withdrawals from Retained Earnings.

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