

FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU

Executive Summary: 2006 Proposed Budget – Sewer Maintenance Fund

1. The 2006 Proposed Sewer Maintenance Fund budget provides \$58,920,730; a \$4,391,414 or 8.06% increase from \$54,529,316 in 2005. **(Page 6)**
2. The 2006 Proposed Budget provides \$5,366,567 for salaries and wages, a \$294,110 or 5.80% increase from the \$5,072,457 provided in 2005. **(Page 6)**
3. In 2006, Net Authorized Positions increase by 1 unit from 198 to 199 and total O&M FTE's increase by 0.38 units from 113.33 to 113.71 due to the proposed reduction in the number of crews from 3 to 2 when operations move to the Tower Automotive Site No layoffs are planned. **(Pages 6-7)**
4. Excluding salaries and wages, fringes, equipment, and special funds, the 2005 Proposed Budget-Operating Expenditures totals \$7,301,340, a \$539,590 or 7.98% decrease from the \$6,761,750 for 2004. **(Pages 7-8)**
5. The 2006 Proposed Budget Equipment Purchases Total provides \$448,500 compared to \$660,300 in 2005. **(Pages 8-9)**
6. The 2006 Proposed Budget Special Funds changes to \$20,050,365, compared to \$17,452,000 provided in 2005. **(Pages 9-11)**

In a 2006 proposal, the Sewer Maintenance Fund pays \$8,025,365 in Debt Service-Sewer Maintenance Fund, a 37.14% increase over last year, and also \$7 million, an ongoing payment, on Debt Service for Prior Years G.O. debt. While the latter converts tax levy support debt to self-supporting debt, reducing the 2005 property tax levy by approximately \$1 million, the measure may increase user fees in future years. **(Page 10)**

7. The 2006 Proposed Budget provides \$4,600,000 for a Payment to General Fund for street sweeping and leaf removal services. **(Page 10)**
8. The 2006 Proposed Budget provides 100% borrowing authority for the \$22,500,000 Relay Program and \$1,000,000 for building a biofiltration facility in the Menomonee Valley. **(Page 11)**
9. In 2006, Sewer Maintenance Fund revenues are estimated at \$58,920,730, a \$4,391,414 or 8.06% increase compared to \$54,529,316 forecast for 2005. In 2006, the local sewerage charge (Sewer Maintenance Fee) continues to be based on water use, but is reduced to reflect the additional revenue generated by the Storm Water Management Fee, which, effective January 1, 2006, will be based on every developed property and vacant, improved property's impervious surface area. **(Pages 12-14)**

10. The 2006 Proposed Sewer User Fee would generate \$27,600,000, compared to \$31,000,000 in 2005.

(Pages 12-13)

11. In 2006, a Storm Water Management Charge is proposed to generate \$6,575,552.

(Pages 13-14)

FISCAL REVIEW SECTION – LEGISLATIVE REFERENCE BUREAU
2006 Proposed Budget Summary: Sewer Maintenance Fund

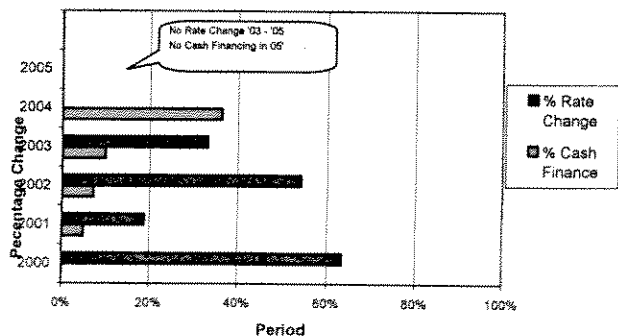
Expense Category	2004 Actual	2005 Budget	% Chg	2006 Proposed	% Chg
Operating	\$21,847,326	\$31,823,316	+ 45.67%	\$35,420,730	+ 11.31%
Capital	\$21,477,981	\$22,706,000	+ 5.72%	\$23,500,000	+ 3.50%
Positions	198	198	-	199	-

The Sewer Maintenance Fund is an enterprise fund for sewer maintenance expenses. It funds the administration, operation and maintenance of the City's sewer system. This Fund recovers sewer maintenance costs through a user fee rather than through the property tax. Residents pay for the costs of sewer maintenance as part of their quarterly city services bills. DPW-Infrastructure Services Division administers the Sewer Maintenance Fund, including oversight of personnel and activities. All revenues from this fee go to the Sewer Maintenance Fund. Interest earned on the revenues are credited 2/3 to the General Fund, and 1/3 to the Public Debt Amortization Fund.

Pertinent Historical Information

1. The 1998 Budget created the Sewer Maintenance Fund by transferring two decision units from DPW-Infrastructure Services: (1) Environmental and (2) Underground Operations. Included was the transfer of 188 positions.
2. The 2000 Adopted Budget transferred the Relief and Relay Sewer capital program from the City's capital program to the Sewer Maintenance Fund. The Relief and Relay Sewers are to be financed through issuance of revenue or general obligation bonds and paid for through the Sewer Maintenance Fee. Prior to 2000, the Relief and Relay Sewers were largely cash financed.
3. The 2000 budget authorized a \$14,560,000 Sewerage System Revenue Bond issuance and the 2001 budget authorized an addition \$14,535,000 bond issuance for financing costs of improvement to the City's sewerage system. The most recent bond issue was June 20, 2003 for up to \$33,885,000.
4. In 2001, a cash conversion policy was developed for the Sewer Maintenance Relay Program for realizing substantial long-term savings through debt service avoidance. The intent is to balance current costs and future savings thereby making annual fee increases manageable and acceptable. Cash financing, and not borrowing, for capital improvement projects was eliminated in the 2005 budget to avoid raising the sewer rate in 2005, and, to

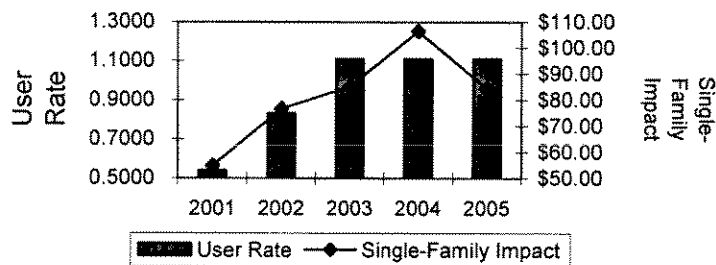
Cash Financing Effect on % Change in Sewer Rate



avoid using debt to pay for debt included in the proposed \$7 million transfer of pre-2000 tax levy debt service to the Fund. If the ongoing transfer of debt service is approved, future sewer rates must be adjusted upward to cover the required payments.

5. In 2001, the department began purchasing its own equipment fleet. Prior to 2001, the enterprise fund rented equipment from DPW – Buildings & Fleet.
6. Since 2001, the average residential sewer user rate has increased by \$0.5693 from \$0.5401 per 100 Ccf to \$1.1094 per 100 Ccf, and, annual average single-family property owner billings ranged from \$30.31 to \$106.52 per year.

Historic Sewer Maintenance User Rates and Single-Family Impact



7. In 2002, Special Funds began providing for the first time a \$4,372,001 Payment to the General Fund for the Street Sweeping and Leaf Collection services. The Department of Public Works (Buildings & Fleet and Sanitation) delivers those services to City of Milwaukee property tax payers and non-profits.
8. The MMSD grant that offsets costs related to monitoring and studying the sanitary sewer system expired on December 31, 2002. No comparable grant sources have been identified to replace this revenue stream.
9. In 2002, the DNR charged that the city failed to adequately enforce erosion control ordinances. Future resources must be dedicated to correcting those areas of noncompliance.
10. In 2003, 2 major organizational changes enhanced the number of positions and management assignment to the Environmental Section. Those changes involved reassigning personnel and responsibilities from the following:
 - Field Operations Section – Underground Unit to the Environmental Section and,
 - Streets and Bridges Unit - Underground Maintenance area to the Environmental Section Underground Operations Unit
11. The 2003 Proposed budget provided \$200,000 for a dewatering facility capital project based on a dewatering facility study. The recommendation is to continue current practices, which is more cost efficient.

12. 32 clogged sewers were logged in 2004. This performance measure relates only to sewers that clog due to grease, dirt, and debris, or collapses and results in a backwater into a home.
13. Retained Earnings had a \$17,611,125 balance at the end of 2004.
14. Through September 2005, 3,415 street flooding complaints and 36 clogged sewer complaints have been received.

Flow Reduction Projects (Pilot)

The 2005 Budget provided \$1,080,000 for a Flow Reduction Project, which provides for three separate pilot projects. The purpose is to reduce the amount of clear water flowing directly into sanitary and combined sewers. These capital funded disconnection projects include:

- \$300,000 – Downspout Disconnections – This pilot project targets 1,200 single and two-family residential buildings in the Washington Park neighborhood for voluntary downspout disconnections. In previous years, MMSD funded a similar Sewer Maintenance Fund administered pilot program where property owners in targeted areas received \$50 per downspout disconnected, with a maximum of \$100 per house.
- \$275,000 – Inlet Restrictors and Downspout Disconnection – The project calls for the installation of inlet restrictors in catch basins to reduce the rate of rainwater runoff entering into the combined sewers. The water is temporarily stored on the street (puddle) and gradually released into the sewers. This pilot project is expected to result in increased street flooding and complaints by citizens during the first year.
- \$550,000 – Footing Drain Disconnections – This pilot project targets homes built before 1954 in one area of the Lincoln Creek watershed. Homeowners must voluntarily consent to have foundation footing drains disconnected from sanitary sewers.
- \$126,000 – Retrofit Control Flow Flat Roof Drainage – This pilot targets 125 city-owned buildings including libraries, police stations, fire stations, City Hall, DPW facilities, Health Department clinics, MPS schools, and Housing Authority properties

2006 Budget Highlights and Issues

The 2006 Proposed Sewer Maintenance Fund budget provides \$58,920,730; a \$4,391,414 or 8.06% increase from \$54,529,316 in 2005. Included are proposals for the following:

- No position layoffs
- Increase total authorized positions by 1 unit
- Increase Operating Expenditures Total by \$539,590
- Implement a new storm water management fee
- Purchase more equipment items
- Transfer \$7 million debt service from the tax levy
- Increase Street Sweeping/Leaf Collection Activities and Payment to the General Fund for salary increases
- Adjust to variable sewer rates

PERSONNEL

The 2006 Proposed Budget provides \$5,366,567 for salaries and wages, a \$294,110 or 5.80% increase from the \$5,072,457 provided in 2005. On August 26, 2005, staff reported the following 'above-the-line' positions vacant:

- Engineering Technician II, vacated 1/6/2005, proposed for reclassification (see below)
- Sewer Services Manager, vacated 3/24/2005, plan to fill
- Sewer Repair Crew Leader (2 positions), plan to eliminate 1 and fill the other
- Sewer Mason (2 positions), plan to fill as work load requires
- Sewer Crew Leader I (10 positions), plan to fill as work load requires
- Sewer Laborer II (10 positions), plan to fill as work load requires
- Sewer Laborer I (9 positions), plan to fill as work load requires

In addition, from 2005 to 2006, Net Authorized Positions increase by 1 unit from 198 to 199 and total O&M FTE's increase by 0.38 units from 113.33 to 113.71 due to the proposed reduction in the number of crews from 3 to 2 when operations move to the Tower Automotive Site (see discussion on Underground Decision Unit). In addition, the Storm Water Fee, scheduled for implementation in 2006, will require 2 additional staff.

Environmental Decision Unit

A Capital Service Deduction is taken for staff time spent working on capital sewer projects. In 2006, Capital Services Deduction for the Environmental Decision Units increases to \$979,798 from \$842,180 budgeted in 2005. Positions involved in this work include Management Civil Engineer – Senior, Civil Engineer III, Civil Engineer II, Engineering Drafting Technician V, Engineering Drafting Technician IV, and Engineering Drafting Technician II.

Position Changes

The 2006 Proposed Budget contains a proposal to reclassify a vacant Engineering Technician II (PR 602) position to Civil Engineer II (PR 626) within the "Research, Planning & Stormwater" section, resulting in a net cost increase of \$41,840 from 2005 levels, excluding fringe benefits. It also proposes creating and funding 1-Auxiliary Engineering Drafting Technician II (PR 602) and 1-Auxiliary Civil Engineer II (PR 626) at a net cost increase totaling \$63,692, excluding fringe benefits. No classification study has been requested from DER as of 10/4/2005.

The additional staff will address requirements in program areas including wet weather flow reduction projects (including infiltration/inflow reductions), storm water management, and erosion control. If adopted, the Position Ordinance will eliminate and create these positions, which, may change again based on DER recommendation and adoption thereof by separate Common Council resolution.

Underground Operations Unit

The Capital Services Deduction increases to \$335,266 in 2006 from \$327,273 budgeted in 2005 for staff time spent working on drainage structures and manholes prior to paving of a street. Positions that perform this work include Sewer Repair Crew Leader, Sewer Laborer II, Sewer Laborer I, and Sewer Mason.

Position Changes

The 2006 Proposed Budget provides for restructuring management in the Underground decision unit, at a net cost savings totaling \$68,896, excluding fringe benefits. No classification study was requested from DER as of 10/4/2005.

- Eliminate 1-Sewer Operations Supervisor (SG 5)
- Increase funding only for 2-Sewer Services District Manager (SG 9) from \$64,700 to \$132,867 (105.36%)
- Eliminate authority and funding for 1-Auxiliary Sewer Services District Mgr Senior (SG 10)
- Create position authority only for 1-Auxiliary Sewer Services District Manager (SG 9)

Currently, the Underground Operations unit operates 3 sewer districts. When operations move to the Tower site, the districts will restructure into 2 districts, eliminating the need for 1 Sewer Operations Supervisor position. Past budgets carried position authority for 2-Sewer Services District Manager (SG 9) positions, but funded only one due to the other position being held and funded by an Auxiliary Sewer Services District Manager Sr. (SG 010) position.

By eliminating the auxiliary position and funding in 2006, the department plans to fill the second, previously unfunded 'above the line' Sewer Services District Manager (SG 9) position in 2006.

The 2006 Proposed Budget also creates, but does not fund, 1-Auxiliary Sewer Services District Manager (SG 9) position to maintain 3 sewer districts in case the move to the Tower site is delayed or does not occur.

OPERATING EXPENDITURES

The 2006 Proposed Budget Total Operating Expenditures provides \$7,301,340 compared to \$6,761,750 provided in 2005, a \$539,590 or 7.98% increases. Only the following Operating Expenditure budget categories changed funding during this period.

Operating Expenditure	2005 Adopted	2006 Proposed	Monetary Change	Percentage Change
<i>Environmental Decision Unit</i>				
Vehicle Rental	\$1,611,000	\$1,600,000	\$-11,000	-0.69%
Professional Services	280,250	113,250	\$-167,000	-59.58%
Information Technology Services	50,000	25,000	\$-25,000	-50.00%
Reimburse Other Depts.	420,000	487,635	\$+67,635	+16.11%
<i>Underground Decision Unit</i>				
Professional Services	90,000	70,000	\$-20,000	-22.22%
Infrastructure Services	-0	900,000	\$+900,000	
Reimburse Other Depts.	1,442,000	542,000	\$-900,000	-62.41%

- The Sewer Maintenance Fund pays equipment rental fees to DPW. The rental payments are funded in the Vehicle Rental account. The yearly payments are as follows:
 - 2003 actual - \$1,544,805.43
 - 2004 actual - \$1,358,693.47
 - 2005 budgeted is \$1.6 million - \$394,769.66 actual 1st-Quarter payment
 - 2006 proposed - \$1,600,000
- Under the Environmental Decision Unit, Professional Services reflects a reduction of (1) \$100,000 needed for a Building Service digitizing program by changing from consultants to existing staff, (2) \$40,000 less required for sampling under the City's Storm Water permit, (3) the removal of \$25,000 for a water quality study that has been completed, and (4) a reduction of \$2,000 in staff training.
- The Information Technology Services budget was reduced to reflect moving ITMD charges for the annual fees for software licenses back to Reimburse Other Depts., where these charges have been paid for in the past.
- The Reimburse Other Departments account increases by \$20,000 for ITMD charges (see above), \$67,635 for an increase for administration charges paid to Infrastructure Services, Construction, and Public Works. The 2005 Proposed Budget disallowed a \$500,000 requested increase for boulevard maintenance.
- Under the Underground Decision Unit, the like amount decrease in Professional Services and increase in Reimburse Other Departments is related to paving cuts and repairs performed by DPW-Street Maintenance related to work perform by the Underground Operations unit. Moving the funds for these expenditures is responsible for budget changes from 2005-2006.
- Infrastructure Services provides \$750,000 for manhole rehabs.

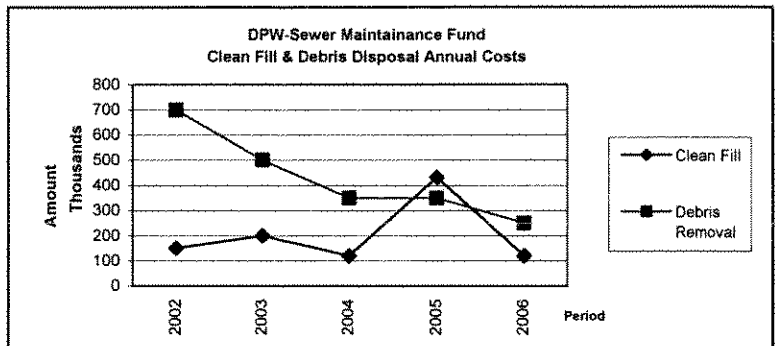
EQUIPMENT EXPENDITURES

The 2006 Proposed Budget Equipment Purchases Total provides \$448,500 compared to \$660,300 in 2005. The funds will be used to purchase the following:

- 10 Flow meters, \$40,000
- 1 Printer, \$2,500
- 2 Computers, \$3,200
- 8 Computer monitors, \$4,000
- 2 CCTV Cameras, \$42,000
- 6 Quad gas detectors, \$15,000
- 1 Step Van, \$55,000
- 1 Bucket Machine (mechanical unit), \$77,000
- 1 Small dump truck, \$48,000
- 1 Sewer Jet, \$140,000
- 10 Jet nozzles, \$15,000
- 3 Radios, hand held, \$5,300
- 10 Confined space safety harnesses, \$1,500

Clean Fill & Debris Removal Trend

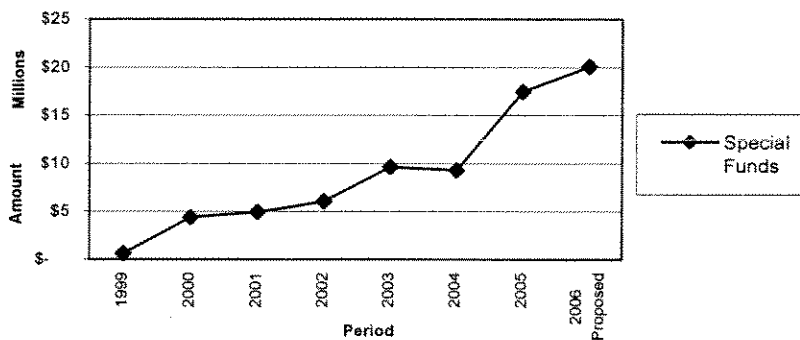
The 2006 Proposed Budget provides \$250,000 for debris removal and \$120,000 for clean fill disposal, compared to \$350,000 and \$120,000 in 2004, respectively.



SPECIAL FUNDS

The 2006 Proposed Budget Special Funds provides \$20,050,365 compared to \$17,452,000 provided in 2005, an increase of \$2,598,365 or 14.89% based on changes discussed on pages 9-11. Historically, the Special Funds budget category provided for debt service, payment to the general fund, PILOT payments, contingencies and depreciation. These line items are supported by sewer user fees.

Special Funds Trend: 1999 to 2006 Proposed



Special Funds Reserved for Debt Payments: Revenue vs. General Obligation

Sewer capital is categorized as (1) Relief and Relay (replacement or rehabilitation of existing sewer systems) and (2) Expansion of Sewer Capacity (installation of new sewer systems). Revenue bonds provide for replacement and rehabilitation projects and general obligation

borrowing provides for expanding the existing sewer system. Pre-2000 borrowing, and its debt service, was supported by the property tax levy. Post-2000 relay projects have been funded by user fees collected by the Sewer Maintenance Fund. The Budget Office proposes an ongoing transference of annual debt service for all sewer related projects, regardless of age, from the tax levy to sewer users as sewer fees billable on the municipal service bill.

As mentioned above, the 2006 Special Funds budget provides for the following uses:

Title and Cost	Description
<i>Debt Service-SMF</i> \$8,025,365:	The 2000 Budget transferred the Relief and Relay Sewer capital program from the City's capital improvement budget to the Sewer Maintenance Fund. The Relief and Relay Sewers are financed through issuance of revenue bonds and paid for through the Sewer Maintenance Fee. The City of Milwaukee issued a series of Sewerage System Revenue Bonds, Series 2001, in the principal amount not to exceed \$29,095,000 to finance Sewer Maintenance Fund capital projects and Series 2003 S4, in the principal amount not to exceed \$33,888,500 (included \$16,138,500 in year 2002 borrowing authority). This budget line provides for repayment of that debt.

Early Comptroller's Office estimates calculated Sewer Maintenance Fund expenditures for debt service at \$1.4 million in 2003 and \$2.6 million per year in years 2003-2023.

In 2006, the proposed Debt Service-SMF is listed as \$8,025,365, a \$2,173,365 or 37.14% increase compared to the \$5,852,000 provided in 2005 and approximately 207.7% increase over the Comptroller's earlier expenditure estimate for year 2006.

<i>Debt Service-Prior G.O. Debt</i> \$7,000,000:	All pre-2000 sewer projects were financed using general obligation borrowing as tax levy supported debt. If adopted in 2006, ongoing annual transfers from the Sewer Maintenance Fund to the city for annual debt service related to pre-2000 sewer expansion and rehabilitation projects will be paid by quarterly user fee collections. The 2005 Budget provided for the initial annual payment, converting \$7 million in pre-2000 sewer related tax levy supported debt to the Fund, with the expectation of reducing the 2005 property tax levy approximately \$1 million (2005 Budget Summary). Another \$7 million debt transfer from the tax levy to the Sewer Maintenance Fund is proposed. Transfers of tax levy debt could increase sewer user rates in future years.
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<i>Payment to the General Fund</i> \$4,600,000:	A proposed \$4,600,000 Payment to the General Fund is \$400,000 more than budgeted in 2005. The payment reduces the tax levy impact related to the costs of providing Street Sweeping and Leaf Collection services through the DPW Operations Sanitation and the Buildings & Fleet decision units. The payment amount is sensitive to annual fluctuations in operating expenditures, debt service, and revenue stream changes.
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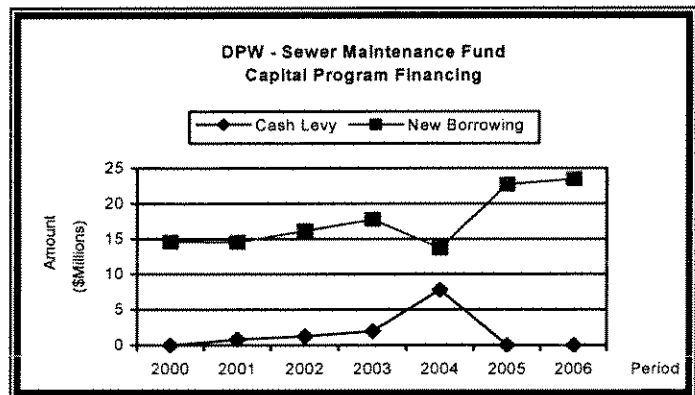
Title and Cost <i>Water Administration</i> \$350,000	Description The Milwaukee Water Works provides a fee-based service to the Sewer Maintenance Fund for billing, adjusting, collecting and remitting Sewer Fees through the users' Municipal Services Bills. The annual fee increased from \$100,000 in 1998 to \$355,000 in 2003. The fee was decreased to \$350,000 in 2004 and remains at that level in 2005 and 2006.
Contingencies \$None	Contingencies finance future wage settlements, fluctuations in revenue sources, and unknowns, such as a successful challenge to individual fee collections. No Contingency financing was budgeted in 2005 or proposed for 2006. The 2004 Budget provided \$900,000 for Contingencies, a \$275,000 decrease from the \$1,175,000 provided in 2003.
Depreciation \$ None	Since 2003, the first time since 1999, the DPW-Sewer Maintenance Fund has not budgeted for Depreciation based on a Budget Office decision.

CAPITAL BUDGET

In 2006, all capital improvement projects will be paid for using debt. The ultimate goal has been to develop a cash conversion policy for the Sewer Maintenance Fund. The major advantage of cash financing is the long-term savings derived from avoiding paying for debt service. The 2006 Proposed Budget deviates from that policy by **borrowing for all 2006 Proposed capital projects.**

Relief and Relay Program

The Sewer Maintenance Relay Program activity includes the replacement of existing combined, sanitary and storm sewers. The 2006 Proposed Budget provides \$22,500,000 for the Relay Program, compared to \$21,500,000 provided in 2004.



Water Quality Projects – **NEW in 2006**

Several relief and relay projects could qualify as uses for the State's Clean Water Fund, but they must be listed separately in annual capital budgets. To qualify a proposed biofiltration facility in the Menomonee Valley, the Sewer Maintenance Fund proposes creating a separate \$1,000,000 new borrowing authority to fund the project. The project will resemble a small ecosystem including tree plantings and other landscaping in areas currently marketed for private development. This project will compliment other valley projects and their funding sources including state and federal grants and aids, tax incremental financing, and private investments.

Expansion of Capacity Sewer Program

New sewers are funded in the Expansion of Capacity Sewer Program. In 2006, the \$3 million "Expansion of Capacity Sewer Program" Capital Improvement Request: Part II form indicated that the city will not receive Grants & Aid, Revenue, Special Assessments, or Enterprise funding to support the program that includes a \$2,775,000 Miller Brewing project. The department stated that the 10' x 7' sewer located in an easement that runs through the Miller Brewing Company land is non-assessable since it is not exclusive to Miller.

In 2006, an additional \$3.3 million is listed in the DPW-Infrastructure 2006 Capital budget for the citywide Expansion of Capacity Sewer Program (\$3 million vs. \$3,194,000 in 2005) and Developer Financed Sewers (\$300,000 same level as in 2005). Moreover, \$6,840,000 in Wisconsin Department of Natural Resources Grants & Aids are expected to be applied for through other city departments.

DEPARTMENT REVENUES

In 2006, Sewer Maintenance Fund revenues are estimated at \$58,920,730, a \$4,391,414 or 8.06% increase compared to \$54,529,316 estimated for 2005. In 2006, the local sewerage charge (Sewer Maintenance Fee) continues to be based on water use, but is reduced to reflect the additional revenue generated by the Storm Water Management Fee, which, effective January 1, 2006, will be based on every developed property and vacant, improved property's impervious surface area.

SEWER MAINTENANCE FUND – 2006 PROPOSED REVENUES				
<u>TYPES OF REVENUE</u>	<u>2005</u>	<u>2006</u>	<u>CHANGE</u>	<u>%CHANGE</u>
*CHARGES FOR SERVICES	\$149,871	\$198,818	+ \$48,947	+ 32.66%
RETAINED EARNINGS	396,875	751,432	+ 354,557	+ 89.34%
MISCELLANEOUS REVENUE	58,683	42,503	- 16,180	- 27.58%
PROCEEDS FROM BORROWING	22,706,000	23,500,000	+ 794,000	+ 3.50%
SEWER MAINTENANCE FEE*	31,000,000	27,600,000	- 3,400,000	- 10.97%
<u>STORM WATER MGMT CHARGE*</u>	<u>- 0 -</u>	<u>6,575,552</u>	<u>+ 6,575,552</u>	<u>+ 100 %</u>
TOTAL	\$54,529,316	\$58,920,730	+ \$4,391,414	+ 8.06%

Charges for Services and Miscellaneous Revenues

The various services provided under Charges for Services and Miscellaneous Revenue include: (1) deferred sewer assessments, (2) unused sewer life, (3) certified survey plat review, (4) storm water management manual sales, (5) sewer maintenance non-city services, (6) sewer maintenance plat and reviews, (7) sewer user penalty for transfers to property tax roll.

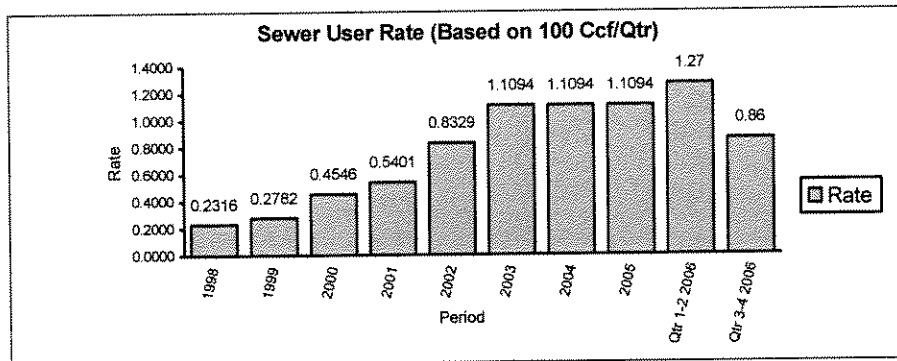
Retained Earnings

In 2006, Retained Earnings is expected increase to \$751,432, an 89.34% increase compared to \$396,875 in 2005. Withdrawals from retained earnings are common when actual water consumption vary significantly from forecasts, resulting in insignificant revenues to cover budgeted expenditures.

Sewer User Rate

Various customer classes contribute to the total Sewer user fee revenues. Assuming a decrease in estimated Sewer Maintenance Fee revenues from \$31,000,000 in 2005, to \$27,600,000 in 2006, the Sewer maintenance (user) rates have increased from \$0.2316 per hundred cubic feet of water in 1998 to \$1.27 for quarters 1-2 and \$0.85 for quarters 3-4 in 2006 (see chart below). In 2006, the charges typically billed under the local sewerage charge will be divided among two fees, the Sewer Maintenance Fee and the Storm Water Management Charge, comparatively lowering the sewer user rates (both are billed and collected through the same Municipal Services Bill). A typical single-family residence would pay \$96.88 per year for local sewerage charges (2006 Budget Summary, p. 202), compared to \$84.31 in 2005.

Chart Historical Sewer User Rates



Cash financing, and not borrowing, for capital improvement projects was eliminated in the 2005 budget to avoid raising the sewer rate in 2005, and, to avoid using debt to pay for debt included in the proposed \$7 million transfer of pre-2000 tax levy debt service to the Fund. Another \$8.07 million transfer is proposed for 2006. Ongoing transfer of debt service of this magnitude will impact future sewer rates, which would have to increase enough to cover the required payments.

Storm Water Management Charge – **NEW in 2006**

The Code allows for charging uniform amounts for each dwelling (building containing 1-4 dwelling units, including condominiums) based on the citywide average impervious area per residential developed property. For all other properties, the amount of the charge shall vary based on the amount of impervious surface area on each property. The Common Council is to set the “equivalent residential unit” rate on an annual basis for which to calculate the Storm Water Management charge.

The 2006 Proposed Budget provides \$6,575,552 for the DPW-Sewer Maintenance fund's Storm Water Management charge. The charge is expected to appear on Municipal Services Bills between August - October 2006. All residential properties will be charged a flat rate of \$8/quarter

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