

SOUTH WEBER CITY COUNCIL MEETING

DATE OF MEETING: 8 December 2009

TIME COMMENCED: 6:00 p.m.

PLEDGE OF ALLEGIANCE: Councilmember Thomas

PRAYER: Councilmember Poff

PRESENT: MAYOR:

Brent Petersen

COUNCILMEMBERS:

Farrell Poll (excused at 6:10 p.m.)

Michael Poff

David Thomas

Scott Woodbury (excused at 6:10 p.m.)

Scott Peterson

CITY MANAGER:

Matt Dixon

CITY RECORDER:

Erika Ahlstrom

Transcriber: Minutes transcribed by Michelle Clark

A public work/discussion meeting was held at 5:00 p.m. to discuss the new water tank and related utility rates.

VISITORS: Brodie Poll, Skyler Hayes, Jeffery Smith, Ben Smith, Cameron Smith, Dakota Heninger, Marc Edminster, Elise Lechtenberg, and Brandon Jones.

APPROVAL OF THE AGENDA: Councilmember Woodbury moved to approve tonight's agenda with the change of moving the Water Tank discussion to the first of the meeting. Councilmember Poff seconded the motion. Councilmembers Peterson, Poff, Poll, Thomas, and Woodbury voted yes. The motion carried.

DISCUSSION – NEW WATER TANK AND RELATED UTILITY RATES:

The council continued discussion that took place during the work meeting. Councilmember Poff recommended tabling this item to gather more information.

Councilmember Poff moved to table this item. Motion died due to lack of second.

Councilmember Peterson moved to direct the city staff to: proceed with engineering design for the water tank, not necessarily saying we will construct but getting more details, so that the city council can get a tighter idea of the actual cost associated with construction; to obtain bids for the project; to move forward with securing the site property; to draft a parameters resolution; and to submit applications to the State for funding. Councilmember Thomas seconded the motion.

Discussion: Councilmember Poff expressed concern about the amount of money that will be spent moving forward in this manner. Marc Edminister said engineering costs can be recouped through the parameters resolution.

Councilmember Poll suggested securing a site so that the engineering will pertain to that actual site. Brandon Jones, City Engineer, suggested obtaining an agreement from the property owner contingent upon the city council moving forward. Councilmember Poll suggested having the property owner transfer the property to the city, with an agreement that if for some reason it doesn't work out the property would go back to the property owner. Councilmember Poff isn't opposed to acquiring the property, but he is opposed to moving forward with the potential of a \$120 tax increase put on the residents.

Erika Ahlstrom called for the vote. Councilmember Poll voted yes, Councilmember Poff voted no, Councilmember Woodbury voted no, Councilmember Peterson voted yes, and Councilmember Thomas voted yes. Motion carried 3 to 2.

Councilmembers Poll and Woodbury were excused at 6:10 p.m.

DECLARATION OF CONFLICT OF INTEREST: There was no conflict of interest declared by any council member.

CONSENT AGENDA:

- ◆ **APPROVAL OF 10 NOVEMBER 2009 COUNCIL MEETING MINUTES**
- ◆ **APPROVAL OF 01 DECEMBER 2009 COUNCIL WORK MEETING MINUTES**
- ◆ **WARRANT REGISTER – Ratification of Approval of 24 November 2009**
- ◆ **WARRANT REGISTER – Approval of 08 December 2009**
- ◆ **APPROVAL OF 2010 MEETINGS SCHEDULE**

Councilmember Thomas moved to approve the items on the Consent Agenda. Councilmember Peterson seconded the motion. Councilmembers Peterson and Thomas voted yes. Councilmember Poff voted no. The motion failed 2 to 1.

RESOLUTION 09-49: APPOINTMENT TO PLANNING COMMISSION – *Delene Hyde*
Councilmember Peterson moved to approve Resolution 09-49 to appoint Delene Hyde to the Planning Commission from 1 February 2010 to 31 January 2015. Councilmember Thomas seconded the motion. Erika called for the vote. Councilmember Poff voted yes, Councilmember Peterson voted yes, and Councilmember Thomas voted yes. The motion carried.

Councilmember Poff stated he is not opposed to Delene Hyde; however, he would like to know if the city holds an application process for other individuals. Councilmember Poff stated the longer he has served he has noticed that most cities don't re-appoint individuals. Mayor Petersen stated he has discussed this appointment with Mayor Elect Jeff Monroe. Mayor Petersen said he does agree that the city may want to give other citizens an opportunity in the future.

2008-2009 AUDIT REPORT: Tim Reese, of Gilbert & Stewart, presented the 2008-2009 audit report. He complimented the city personnel for work on budgeted amounts as he reviewed the Budgetary Comparison Schedule General Fund. Matt discussed the city transferring funds from

the general fund to capital improvements. Mr. Reese said he is available to answer any questions or concerns. Mr. Reese said this is a clean report with no exceptions. Mayor Petersen complimented the city staff for a job well done. Matt thanked Treasurer Jami Jones.

MAYOR'S ITEMS:

Recognized and Welcomed Visitors: Jeff Smith introduced himself and his sons, Cameron, Dallen, and Ben who are working on the Citizenship in Community merit badges. Dakota Heninger, Skyler Hayes, and Brodie Poll introduced themselves and stated they were in attendance for a U.S. Government assignment.

Christmas Party: Thanked city staff for a successful party.

COUNCIL ITEMS:

Councilmember Poff:

Senior Citizen Luncheon: This will be held on Friday December 11 at the Family Activity Center.

Youth Council: They will be conducting the annual Christmas light recognition. Winners will receive a certificate.

Councilmember Poff moved to reconsidering the consent agenda. Councilmember Thomas second. Councilmembers Poff, Peterson, and Thomas voted yes. The motion carried.

Councilmember Thomas moved to approve the consent agenda. Councilmember Peterson moved to second. Councilmembers Poff, Peterson, and Thomas voted yes. The motion carried.

Councilmember Peterson:

Air Monitoring: He received a letter from Hill Air Force Base concerning a home that has had air sampling in their home. They found a Christmas tree ornament made in China that sends off compounds.

Councilmember Thomas:

Water/Sewer: He reported that a city has now been sued for anti-trust for water and sewer. He asked that the city verify that ULCT covers this. He said you have to allow independent water systems to come into your city.

CITY MANAGER ITEMS:

Christmas Party: He felt as though the party was a success and the food was good.

Playground – Canyon Meadows: He stated the playground should be finished soon.

Part-time Employee Position Available: He said there is a part-time position open for a receptionist in the front office.

Councilmember Poff moved to authorize the Mayor to take care of any unpaid bills for remainder of 2010. Councilmember Peterson seconded. Councilmembers Poff, Peterson, and Thomas voted yes. The motion carried.

ADJOURNED: Councilmember Peterson moved to adjourn the City Council meeting at 6:41 p.m. Councilmember Thomas seconded the motion. Councilmembers Peterson, Poff, and Thomas voted yes. The motion carried.

APPROVED: _____ **Date** 12 Jan 2010
Mayor: Jeffery G. Monroe

Transcriber: Michelle Clark

Attest: _____
City Recorder: Erika Ahlstrom

DECEMBER 8, 2009
WORK/DISCUSSION MEETING PRIOR TO CITY COUNCIL

The work session commenced at 5:08 p.m.

Those in attendance to the work session were: Mayor Brent Petersen, Councilmembers Scott Peterson, Michael Poff, Farrell Poll, Dave Thomas, Scott Woodbury, City Manager Matt Dixon, City Recorder Erika Ahlstrom, City Treasurer Jami Jones.

Visitors: Brandon Jones, Marc Edminster, Elise Lechtenberg, Jay Yahne.

Discussion – New Water Tan and Related Utility Rates: Mayor Petersen said he spoke with Jeff Monroe who asked if it will cost money to buy more water to fill he tank. It will not until the city needs more water to accommodate the population.

Councilmember Peterson posed some questions to Jay Yahne, the geotech engineer. The north portion has been resloped by Wasatch Integrated, so the potential for landslide has been significantly reduced. Jay said they buttressed the tow, which helped the slope stability. Jay satisfactorily answered Councilmember Peterson's questions.

Councilmember Poff said everybody knows where he stands and he is not ready to move forward 100 percent. He agrees the city needs to address the storage. However, financially looking at the nation and the way things are going with development, he does not see it as a pressing need. He said another issue is the easement for the water line; he said he thinks this may be something to incorporate as development goes in up there. He is concerned about putting in a road that is not done properly that may create problems for the city. Councilmember Poff believes there may be other options we want to look at. He said he not ready to put a "tax increase" (though he stated he knows it's not really a tax increase) on the citizens of South Weber.

Matt said the city has looked at several other sites before coming to this site. He said as far as options, from taking with Matt H. and Brandon from Jones and Associates, when you have elevation and you look at a system that uses gravity, thereby having less pump costs. Matt said it is to the city's advantage that we do have elevation available so we can save long term in pumping and other costs. Brandon said the objective is to make the system as self sufficient as you can, taking away as many things that can fail, such as electricity and pumping.

Mayor Petersen asked if there are compelling reasons to build today. Brandon said, as stated in previous meetings, the city is behind on state requirements for fire flow protection. Mayor Petersen added that construction costs are down. Brandon said that would be his most compelling reason. Mayor Petersen said the property owner is also willing to give the city the land.

Councilmember Peterson said the fact that the current water tank is on slope increases the potential of severing that source in the event of any large scale catastrophic event, so this would be a good backup. He added he has learned from his former profession that you don't want to rely on pumps.

Councilmember Poff discussed that we will still have to pump the water to the tank. Brandon said at this location, Weber Basin has already pumped to a certain level and our pump would only have to pump 80 feet (as opposed to 250 feet if pumping to the South Weber side.)

Matt said representatives from Lewis Young Robertson and Burningham (LYRB) are here to go over scenarios for possible rate increases. The water utility fund hasn't been performing well, so the city will

have to increase the rates enough to improve the water fund as well as cover debt service. LYRB also looked at our sewer rates to see if we can offset the impact to the citizens.

Elise Lechtenberg provided memo summarizing the city's water and sewer enterprise funds and rates structure. (Summary and analyses tables are attached to these minutes.) She indicated that the coverage rates were implemented in October, so there may be a little bit of a lag to see the impact of this change. Elise reported the city needs 1.25 coverage for debt service payments. Marc Edminster said this is required from state agencies, and bond agencies typically want the same. He indicated they may accept a lower coverage rate, but would charge a high rate. Elise said the city can cover some of the water tank cost with impact fee revenues. However, we can't rely heavily on the growth rate due to the recent decline.

Elise discussed that the city has been pulling funds from sewer reserves to support the water fund. Jami Jones reported after this year the sewer reserve will be about \$550K. Elise provided a proposed variation to the current rate structure which suggests changing rates for connection based on meter size. She said this would bring in an extra \$16K in revenue.

Councilmember Woodbury arrived at this time (5:30 p.m.)

Elise said the city installed 100 meters, which caused a \$95K deficit. Future annual expenses for meters will be approximately \$20K so she used that figure for the revenue requirement analyses she provided. Current rates shows a \$13K shortfall. The assumption is the annual debt payment will be \$175K; therefore we are looking at a rate increase of \$10.75 under the current rate structure. If the city changes the structure to include rates based on meter size, the increase that would need to be considered is \$9.40. Elise reported her analyses include the assumption of 5% (annual) increase because when rates were changed an annual increase was built in. A conservative .6% growth assumption, and expense increases were also included.

Elise reported the city may use a 1.1 ratio if impact fees are significant enough, then the increase is under \$8 month.

Elise discussed the sewer fund, reiterating the reserve has dropped significantly due to transfers to the water fund. She had been asked to see if the city could drop the sewer rates to offset the impact of a water rate increase to the residents. Elise said the biggest issue is that Central Weber Sewer is constructing a treatment plant, therefore their rates will increase 25% in FY2011, and will increase again in 2012 and 2013. The city's revenues are going to stay at \$527K, which includes operating and non operating revenues. The city is paying on a loan that will be paid off in 2013. Revenues are not quite covering operating expenses. Elise recommends the city assess sewer rates according to water rates (ERU vs connection). She said given revenues are down and the impending increases set by Central Weber, they are not recommending lowering rate, and in fact are recommending increasing rate. She said if the city starts charging based on ERUs, we will still have a \$37K shortfall in 2010. They are recommending \$27.35 per ERU to break even.

Councilmember Poff asked how long the fund reserve is supposed to last. Elise said a substantial reserve needs to be kept in the fund in the event something comes up.

Elise said the sewer payment can be paid with impact fee revenues, and there is a \$200K balance in impact fee revenue. However, the city can't rely on impact fees so we have to make sure monthly rates can cover the payment.

Matt said based on the analyses, the worse case scenario is we are looking at a \$9.95 water rate increase. The council needs to decide if this is acceptable in order to decide if the city should continue with the

water tank design and go after funding. Matt said the sewer issue is independent of this discussion, and that we will face it at another time.

Work meeting adjourned at 5:58 p.m.

Work meeting minutes by Erika Ahlstrom.

South Weber Water/Sewer Rate Discussion

The Water System, Enterprise Fund & Rate Structure

- The City has found a viable location for the proposed water tank, which is needed to ensure there is sufficient water for future development.
- Construction costs are currently at a low, making the construction of the water tank ideal
- The City does not have the money to cash fund the tank, is considering financing options
- The City must review water rates to determine the needed increase to meet debt service coverage requirements
- The attached tables show the following iterations:
 - o how the water fund is doing under the current rate structure;
 - o necessary increases to the rates to maintain a self-sufficient water enterprise fund;
 - o an estimation of revenues should the City charge a higher base rate to development using meters larger than 3/4"
 - o shows 1.25X debt service coverage and 1X, assuming impact fees will fund debt
 - o NOTE: the FY 2010 budget accounts for a \$100K investment into purchasing new water meters; this annual expense will be closer to \$20K after the current year; two of the tables show what revenues look like assuming a \$20K annual expense for meters, assuming the other \$80K will be funded with the transfer from the sewer fund (this gives an idea of recurring expenses, rather than one time expenses)

The Sewer System, Enterprise Fund & Rate Structure

- With this need to increase water rates, the question has been raised as to whether the City can offset some of this additional burden by lowering sewer rates
- Interest Earnings projected to come in well below original budget; adjusted accordingly
- City Staff proposed increase to \$25.20/month; one scenario reflects this assumption
- The sewer system has an outstanding State Loan with an annual debt service payment of \$153K
- State Loan will be retired in 2013
- The City's operational expenses are showing significant increases for the next two years, due to increases to the CWSID annual assessment
- The attached tables show the following:
 - o how the sewer fund is functioning under the current rate structure;
 - o separate tables detailing City expenses separate from CWSID expenses;
 - o debt service coverage ratios;
 - o what ability (if any) the City may have to reduce rates

*****ALL ASSUMPTIONS ASSUME A 5% ANNUAL INCREASE TO WATER & SEWER RATES
(ACCOUNTING FOR MCI INDEX INCREASES)*****

South Weber Water/Sewer Rate Discussion

The Water System, Enterprise Fund & Rate Structure

- The City has found a viable location for the proposed water tank, which is needed to ensure there is sufficient water for future development.
- Construction costs are currently at a low, making the construction of the water tank ideal
- The City does not have the money to cash fund the tank, is considering financing options
- The City must review water rates to determine the needed increase to meet debt service coverage requirements
- The attached tables show the following iterations:
 - o how the water fund is doing under the current rate structure;
 - o necessary increases to the rates to maintain a self-sufficient water enterprise fund;
 - o an estimation of revenues should the City charge a higher base rate to development using meters larger than ¾"
 - o NOTE: the FY 2010 budget accounts for a \$100K investment into purchasing new water meters; this annual expense will be closer to \$20K after the current year; two of the tables show what revenues look like assuming a \$20K annual expense for meters, assuming the other \$80K will be funded with the transfer from the sewer fund (this gives an idea of recurring expenses, rather than one time expenses)

The Sewer System, Enterprise Fund & Rate Structure

- With this need to increase water rates, the question has been raised as to whether the City can offset some of this additional burden by lowering sewer rates
- The sewer system has an outstanding State Loan with an annual debt service payment of \$153K
- State Loan will be retired in 2013
- The City's operational expenses are showing significant increases for the next two years, due to increases to the CWSID annual assessment
- The attached tables show the following:
 - o how the sewer fund is functioning under the current rate structure;
 - o separate tables detailing City expenses separate from CWSID expenses;
 - o debt service coverage ratios;
 - o what ability (if any) the City may have to reduce rates

WATER RATE DATA

PROPOSED VARIATION TO CURRENT RATE STRUCTURE

	Total # of Connections*	Proposed Multipliers**	Total ERUs	Projected Annual Revenues	Projected Revenues (w/o Multipliers)	Difference
3/4"	1696	1.00	1,696.0	447,744	447,744	
1"	6	1.60	9.6	2,534	1,584	
2"	6	4.00	24.0	6,336	1,584	
4"	3	12.70	38.1	10,058	792	
6"	1	25.45	25.5	6,719	264	
Apts	60	0.83	49.6	13,096	13,096	
	1772		1,842.8	\$ 486,487.66	\$ 465,064.06	\$ 21,423.60

* 3/4" Connections is the average of Jan-Nov 2009 3/4" meters in billing data

** Multipliers calculated by American Water Works Association (AWWA)

Under the proposed rate structure, the meters in the City would pay a more equitable monthly rate, as the rates would be based on potential demand of the meter placed on the water system. This has not been done in the City in the past, as many of the non-residential meters are 3/4" meters, and there have historically been very few larger meters. However, as development continues, and as larger meters have been and will be introduced into the City, now is an ideal time for the City to adopt this rate structure for equitable cost recovery of the water enterprise fund.

REVENUE REQUIREMENT ANALYSIS UNDER CURRENT RATE STRUCTURE

	FY 2010*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Total Revenues	\$ 539,343.46	\$ 569,708.49	\$ 601,783.08	\$ 635,663.47	\$ 671,451.32	\$ 709,254.03
Estimated Expenses	633,414.88	580,085.63	608,089.91	637,494.40	669,369.12	702,837.58
Excess/(Shortfall)	\$ (94,071.43)	\$ (10,377.14)	\$ (6,306.83)	\$ (1,830.94)	\$ 2,082.20	\$ 6,416.45
<i>Expense of proposed Water Revenue Bonds</i>	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	94.97	94.40	93.84	93.28	92.72	92.17
Increase/ERU (Monthly)	\$ 7.91	\$ 7.87	\$ 7.82	\$ 7.77	\$ 7.73	\$ 7.68
<i>Expense of Proposed Bonds + Shortfall</i>	\$ 269,071.43	\$ 185,377.14	\$ 181,306.83	\$ 176,830.94	\$ 172,917.80	\$ 168,583.55
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	146.02	100.00	97.22	94.25	91.62	88.79
Increase/ERU (Monthly)	\$ 12.17	\$ 8.33	\$ 8.10	\$ 7.85	\$ 7.63	\$ 7.40

* Expenses higher than in subsequent years due to the cost of installing new meters; this cost drops much lower in following years

REVENUE REQUIREMENT ANALYSIS UNDER CURRENT RATE STRUCTURE

	FY 2010*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Total Revenues	\$ 539,343.46	\$ 569,708.49	\$ 601,783.08	\$ 635,663.47	\$ 671,451.32	\$ 709,254.03
Estimated Expenses	553,414.88	580,085.63	608,089.91	637,494.40	669,369.12	702,837.58
Excess/(Shortfall)	\$ (14,071.43)	\$ (10,377.14)	\$ (6,306.83)	\$ (1,830.94)	\$ 2,082.20	\$ 6,416.45
<i>Expense of proposed Water Revenue Bonds</i>	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	94.97	94.40	93.84	93.28	92.72	92.17
Increase/ERU (Monthly)	\$ 7.91	\$ 7.87	\$ 7.82	\$ 7.77	\$ 7.73	\$ 7.68
<i>Expense of Proposed Bonds + Shortfall</i>	\$ 189,071.43	\$ 185,377.14	\$ 181,306.83	\$ 176,830.94	\$ 172,917.80	\$ 168,583.55
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	102.60	100.00	97.22	94.25	91.62	88.79
Increase/ERU (Monthly)	\$ 8.55	\$ 8.33	\$ 8.10	\$ 7.85	\$ 7.63	\$ 7.40

Assumes \$80K of cost of new meters is paid through transfer from sewer fund; considers only recurring O&M expenses

REVENUE REQUIREMENT ANALYSIS W/MODIFICATION TO RATES

	FY 2010*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Total Revenues	\$ 560,767.06	\$ 592,338.24	\$ 625,686.88	\$ 660,913.06	\$ 698,122.46	\$ 737,426.76
Estimated Expenses	553,414.88	580,085.63	608,089.91	637,494.40	669,369.12	702,837.58
Excess/(Shortfall)	\$ 7,352.17	\$ 12,252.61	\$ 17,596.98	\$ 23,418.65	\$ 28,753.34	\$ 34,589.17
<hr/>						
<i>Expense of proposed Water Revenue Bonds</i>	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	94.97	94.40	93.84	93.28	92.72	92.17
Increase/ERU (Monthly)	\$ 7.91	\$ 7.87	\$ 7.82	\$ 7.77	\$ 7.73	\$ 7.68
<hr/>						
<i>Expense of Proposed Bonds + Shortfall</i>	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	94.97	94.40	93.84	93.28	92.72	92.17
Increase/ERU (Monthly)	\$ 7.91	\$ 7.87	\$ 7.82	\$ 7.77	\$ 7.73	\$ 7.68

* Assumes users pay base rate based on size of water meter; actual revenues may be slightly lower in FY 2010 depending on timing of rate adjustment
 Assumes \$80K of cost of new meters is paid through transfer from sewer fund; considers only recurring O&M expenses

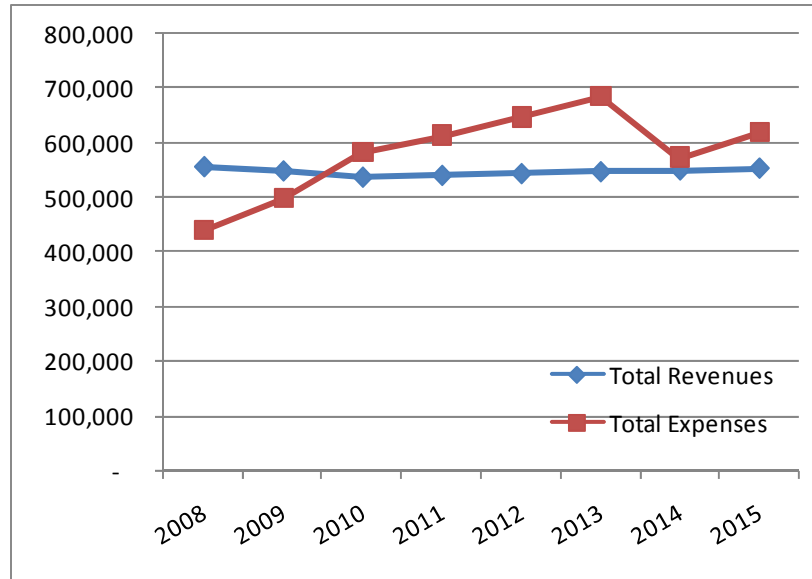
REVENUE REQUIREMENT ANALYSIS W/MODIFICATION TO RATES

	FY 2010*	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Estimated Base Rate Revenue	\$ 560,767.06	\$ 592,338.24	\$ 625,686.88	\$ 660,913.06	\$ 698,122.46	\$ 737,426.76
Estimated Expenses	633,414.88	580,085.63	608,089.91	637,494.40	669,369.12	702,837.58
Excess/(Shortfall)	\$ (72,647.83)	\$ 12,252.61	\$ 17,596.98	\$ 23,418.65	\$ 28,753.34	\$ 34,589.17
<hr/>						
<i>Expense of proposed Water Revenue Bonds</i>	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	94.97	94.40	93.84	93.28	92.72	92.17
Increase/ERU (Monthly)	\$ 7.91	\$ 7.87	\$ 7.82	\$ 7.77	\$ 7.73	\$ 7.68
<hr/>						
<i>Expense of Proposed Bonds + Shortfall</i>	\$ 247,647.83	\$ 162,747.39	\$ 157,403.02	\$ 151,581.35	\$ 146,246.66	\$ 140,410.83
Total Estimated ERUs	1,842.76	1,853.81	1,864.94	1,876.13	1,887.38	1,898.71
Increase/ERU (Annual)	134.39	87.79	84.40	80.79	77.49	73.95
Increase/ERU (Monthly)	\$ 11.20	\$ 7.32	\$ 7.03	\$ 6.73	\$ 6.46	\$ 6.16

* Assumes users pay base rate based on size of water meter; actual revenues may be slightly lower in FY 2010 depending on timing of rate adjustment
 Expenses higher than in subsequent years due to the cost of installing new meters; this cost drops much lower in following years

SEWER RATE DATA

Under the current rate structure, the City's revenues and expenditures, for 2008-2015, look like this:



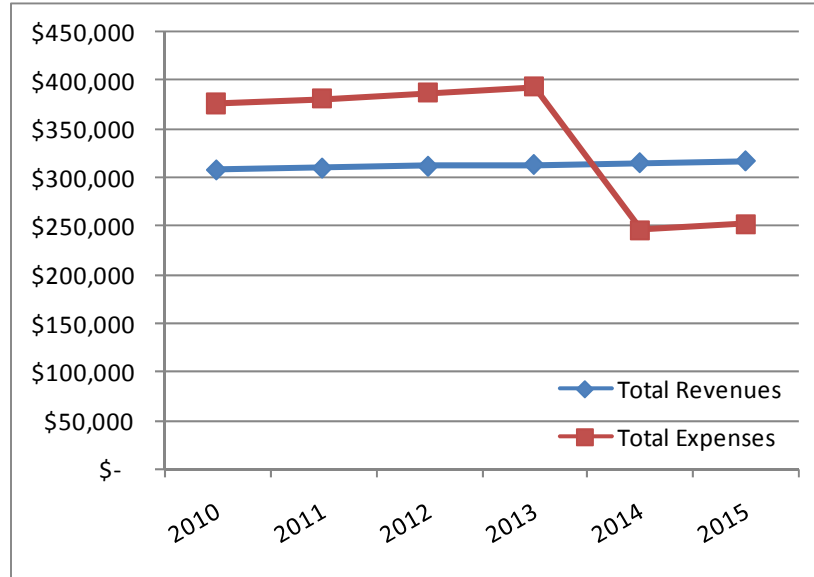
	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues (Sewer Rate Revenues)	\$ 475,754	\$ 514,502	\$ 508,500	\$ 511,527	\$ 514,554	\$ 517,580	\$ 520,607	\$ 523,634
Non-Operating Revenues	80,285	34,021	29,000	29,165	29,332	29,502	29,675	29,850
Total Revenues	\$ 556,039	\$ 548,523	\$ 537,500	\$ 540,692	\$ 543,886	\$ 547,083	\$ 550,282	\$ 553,484
City O&M Expenses	\$ (135,444)	\$ (205,063)	\$ (218,209)	\$ (223,593)	\$ (229,136)	\$ (234,843)	\$ (240,721)	\$ (246,775)
City Debt Expense	(153,000)	(153,000)	(153,000)	(153,000)	(153,000)	(153,000)	-	-
CWSID Expenses	(151,706)	(141,000)	(211,200)	(236,544)	(264,929)	(296,721)	(332,327)	(372,207)
Total Expenses	\$ (440,150)	\$ (499,063)	\$ (582,409)	\$ (613,137)	\$ (647,065)	\$ (684,564)	\$ (573,048)	\$ (618,982)

Expected Rate Increases CWSID: 50% assessed property value and 50% on population.

1. 12.5% overall - \$48,106 (two payments)
2. 15.74% based on growth \$61,863 quarterly pmts. 2011 fiscal year. \$3,000 pretreatment for 2011.
3. Projected one year 25% and following 25% increase.

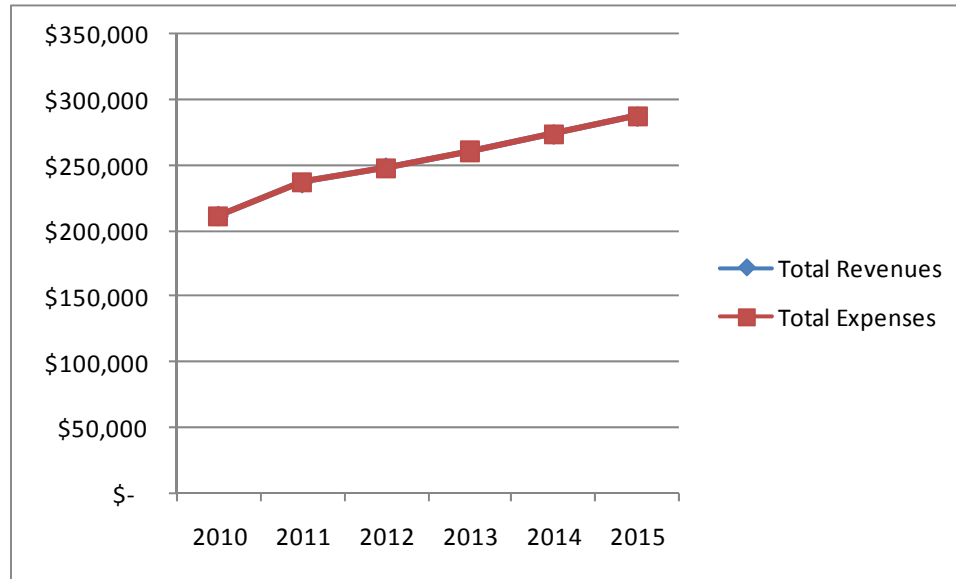
Budget will be approved Dec. 21, 2009

City Revenues/Expenses:



	2010	2011	2012	2013	2014	2015
Operating Revenues (Sewer Rate Revenues)	\$ 278,800	\$ 280,460	\$ 282,119	\$ 283,779	\$ 285,438	\$ 287,098
Non-Operating Revenues	29,000	29,165	29,332	29,502	29,675	29,850
Total Revenues	\$ 307,800	\$ 309,625	\$ 311,452	\$ 313,281	\$ 315,113	\$ 316,948
City O&M Expenses	\$ 223,209	\$ 228,693	\$ 234,338	\$ 240,149	\$ 246,133	\$ 252,296
City Debt Expense	153,000	153,000	153,000	153,000	-	-
Total Expenses	\$ 376,209	\$ 381,693	\$ 387,338	\$ 393,149	\$ 246,133	\$ 252,296

CWSID Revenues/Expenses:



	2010	2011	2012	2013	2014	2015
Operating Revenues (Sewer Rate Revenues)	\$ 191,200	\$ 216,425	\$ 228,133	\$ 240,433	\$ 253,353	\$ 266,925
Non-Operating Revenues	20,000	20,119	20,238	20,357	20,476	20,595
Total Revenues	\$ 211,200	\$ 236,544	\$ 248,371	\$ 260,790	\$ 273,829	\$ 287,521
CWSID Expenses	\$ 211,200	\$ 236,544	\$ 248,371	\$ 260,790	\$ 273,829	\$ 287,521
Total Expenses	\$ 211,200	\$ 236,544	\$ 248,371	\$ 260,790	\$ 273,829	\$ 287,521