



CITY OF TONKA BAY
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WORK SESSION ENTERPRISE BUDGETS

Memo

To: Mayor and City Council
From: Lindy Crawford, City Administrator
Date: November 24, 2015
Re: Enterprise Budgets

Staff has outlined a narrative to the proposed changes to the Enterprise Funds from the November 10th Work Session below.

Water Operating

At the last Work Session staff was asked to research other software for water reading and billing purposes. Attached you will find what other cities use for software. Tonka Bay treats water with lime. This is something different than the surrounding cities, so staff also looked at Eden Prairie and Richfield during the research.

Most cities are using the same software and are billing the same way that Tonka Bay does. We use Banyon and bill on a quarterly basis. The cities who are not using Banyon software are still handling the tier structures identical to Banyon. Customizing software would cost roughly \$25,000 and staff does not believe there would be a change in how water is read.

The cities researched have 2-5 tier structures all ranging in different tier limits. Note that Richfield and Eden Prairie have significantly lower rates due to the fact that there are many more homes to service. Through this research staff feels that the base rates in Tonka Bay are very reasonable and on the lower end of the compared cities.

After reviewing the findings from the research staff recommends staying with Banyon software and changing the tier structure as well as the proposed rate increase from the last Work Session. Staff is not proposing to change water revenue in the budget from the last Work Session as it is a true conservative number. The proposed rate changes and structure gives the potential for increased revenues. Please see the below table.

Proposed Water Tier/ Fee Breakdown

2015 Tier	2016 Tier	2015	2016	% / \$ Change
1-18	1-15	4.44	4.57	+3% / +\$0.13
19-36	16-30	4.65	4.79	+3% / +\$0.14
37-71	31-45	5.13	5.28	+3% / +\$0.15
72-999999999	46-99999999	6.41	6.60	+3% / +\$0.19

	2015	2016	% / \$ Change
Base Rate	\$15.75	\$16.25	+3.2% / +\$0.50

Proposed 2016 Rates with 3% increase + changes to tier levels							
Residential	From	To	Usage*	Rate	Amount	Count	Reduced tier high by
			0		0.00	18	
	1	15	20,000	4.57	91,400.00	478	3,000
	16	30	9,000	4.79	43,110.00	100	6,000
	31	45	4,000	5.28	21,120.00	28	26,000
	46	99999999	5,000	6.60	33,000.00	12	
			38,000		188,630.00	636	
	Base rate	16.25		41,340.00			
				<u>\$ 229,970.00</u>			
Commercial	From	To	Usage*	Rate	Amount	Count	Reduced tier high by
			0		0.00	9	
	1	15	1100	4.57	5,027.00	24	3,000
	16	30	695	4.79	3,329.05	4	6,000
	31	45	765	5.28	4,039.20	3	26,000
	46	99999999	2375	6.60	15,675.00	4	
			4935		28,070.25	44	
	Base rate	16.25		2,860.00			
				<u>\$ 30,930.25</u>			

*all usage per thousand gallons
 **usage numbers are estimates only

Other Funds

There are no proposed changes from the last Work Session for the following funds: Sewer Operating, Garbage, Recycling/ Yard Waste, Dock, Stormwater Drainage, PEG, and Water/ Sewer CIP (Reserve).

There are no proposed 2016 changes to the following funds: Antenna, Parks, Manitou Seawall, and Southshore Center.

Attachments

- Water Rates Research
- 2016 Enterprise Fund Budgets
- 2016 Water/ Sewer Reserve CIP Schedule