2015 and 2016 Rate Analysis
Rate Presentation

Light and Power: Customer Rates
Sanitary Landfill: Tipping Fees
Storm Drainage: Drainage and Platting Fees
Water Purification: Customer Rates
Water Reclamation: Customer Rates
Streets: Front Foot Assessment
Continued investment in our existing infrastructure reduces risk and maintains uninterrupted service.
We make large investments upgrading and expanding our utility systems. The use of low-interest loans allows for stable utility rates and positions Sioux Falls for economic development.
We Are On Plan

• Proposing three-year rate model for Storm Drainage.
Sioux Falls Light and Power

2015 and 2016 Rate Analysis

Trent Lubbers,
Utility Operations Administrator
Light and Power Facts

• **Serves small, defined service territory.**
  – Approximately 2600 customers
    • 2100 Private Accounts
    • 500 Governmental Accounts

• **Ten largest customers, by consumption:**
  1. Water Purification Plant
  2. Schools (approx. 14 buildings)
  3. SD Air Guard
  4. Lakeside Dairy
  5. Convention Center
  6. Washington Pavilion
  7. Sheraton Sioux Falls
  8. Airport
  9. Law Enforcement Center
  10. Arena

• **Approximately 50% of electricity provided by the Light Department is to public entities.**
Key Modeling Assumptions

• Cost of purchased power is anticipated to stabilize. Power costs account for 74% of 2015 operating budget.

• Target reserve levels are maintained.

• Upgrade distribution lines to improve reliability and reduce failure risk.

• No current or future debt planned for this utility.
Priority Light and Power Projects

Circuit Improvements $1,560,000
- New distribution circuits added to increase capacity and improve reliability.

Electronic Automated Reading System $ 365,000

Transmission and Substation Upgrades $1,300,000
### 2015 and 2016 Rate Setting Plan

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Rate Model projected increase</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2014 Rate Model projected increase</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**No Rate Increase for 2015 and 2016.**
Sioux Falls Regional Sanitary Landfill

2015 and 2016 Tipping Fee Analysis

Dave McElroy, Landfill Superintendent
Sioux Falls Regional Sanitary Landfill

• Landfill Serves a Five-County Region:
  – Lake
  – Lincoln
  – McCook
  – Minnehaha
  – Turner

• Landfill serves a population of approximately 255,000.

• Landfill located 5 miles west of Sioux Falls on 41st Street.
Municipal Solid Waste (MSW)
- Everyday trash or garbage.

Construction and Demolition Debris (C&D)
- Debris generated by construction, renovation and demolition.
- Concrete, wood, metals, glass, etc.
Key Modeling Assumptions

• 1% Increase in Waste Tonnage Annually.

• C&D Material Recovery Facility Operation beginning in 2016.

• MSW Cell 10 Development in 2024 within C&D Landfill Footprint.
Rate Funded Capital Improvement Projects (2015-2019)

• C&D Material Recovery Facility $5,574,000
• Leachate Recirculation and Landfill Gas Infrastructure $1,709,000
• Land Acquisition $1,181,000
• Composting Facilities Expansion $ 744,000
Proposed 2015 and 2016 Tipping Fees – Sanitary Landfill

MSW Fee:
2015 - $36.00 per ton ($1 per ton increase)
2016 – No fee increase

C&D Fee:
2015 - $34.00 per ton ($1 per ton increase)
2016 – No fee increase

MSW Fee: Outside the 5 county region
2015 - $64.00 per ton ($32.50 per ton decrease)
2016 – No fee increase

C&D Fee: Outside the 5 county region
2015 - $64.00 per ton ($32.5 per ton decrease)
2016 – No fee increase
Proposed 2015 and 2016 Tipping Fees - Sanitary Landfill (continued)

<table>
<thead>
<tr>
<th>Service Description</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>MSW/C&amp;D - Flat Fee - Truck or 2-Wheel Trailer</td>
<td>$16.00</td>
<td>$18.00</td>
<td>$18.00</td>
</tr>
<tr>
<td>MSW/C&amp;D - Flat Fee - Passenger Car</td>
<td>$8.00</td>
<td>$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>Trailer Houses - per cubic yard</td>
<td>$7.00</td>
<td>$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>Mattress or box Spring - each</td>
<td>$9.00</td>
<td>$9.00</td>
<td>$9.00</td>
</tr>
<tr>
<td>Yard Waste Leaves - Commercial Haulers, 4-Wheel Trailers, and Trucks - Minimum Charge</td>
<td>2.00</td>
<td>5.00</td>
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<tr>
<td>Yard Waste Leaves - Passenger Car - Minimum Charge</td>
<td>2.00</td>
<td>3.00</td>
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<tr>
<td>Wood Waste - Commercial Haulers, 4-Wheel Trailers, and Trucks - Minimum Charge</td>
<td>2.00</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Wood Waste - Passenger Car - Minimum charge</td>
<td>2.00</td>
<td>3.00</td>
<td>3.00</td>
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</table>

No change to other fees, including:
- Tires
- Contaminated Soil
- Appliances
- Electronics
- Asbestos
Regional Tipping Fees for MSW

<table>
<thead>
<tr>
<th>Location of Landfill</th>
<th>Fee per Ton</th>
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<tbody>
<tr>
<td>Jackson, NE</td>
<td>$33.25</td>
</tr>
<tr>
<td>Lemmon, SD (2012)</td>
<td>$33.33</td>
</tr>
<tr>
<td>Watertown, SD</td>
<td>$34.33</td>
</tr>
<tr>
<td>Sioux Falls, SD (2014)</td>
<td>$35.00</td>
</tr>
<tr>
<td>Selby, SD</td>
<td>$35.00</td>
</tr>
<tr>
<td>Sioux Falls, SD (2015)</td>
<td>$36.00</td>
</tr>
<tr>
<td>Mitchell, SD</td>
<td>$36.00</td>
</tr>
<tr>
<td>Sioux Falls, SD (2016)</td>
<td>$36.00</td>
</tr>
<tr>
<td>Aberdeen, SD</td>
<td>$36.00</td>
</tr>
<tr>
<td>Sioux City, IA</td>
<td>$39.00</td>
</tr>
<tr>
<td>Sisseton, SD</td>
<td>$40.00</td>
</tr>
<tr>
<td>Vermillion, SD</td>
<td>$40.00</td>
</tr>
<tr>
<td>Pierre, SD</td>
<td>$41.00</td>
</tr>
<tr>
<td>Pukwana, SD</td>
<td>$41.50</td>
</tr>
<tr>
<td>Brookings, SD</td>
<td>$44.00</td>
</tr>
<tr>
<td>Belle Fourche, SD</td>
<td>$45.52</td>
</tr>
<tr>
<td>Lake Andes, SD</td>
<td>$46.00</td>
</tr>
<tr>
<td>Custer, SD</td>
<td>$52.00</td>
</tr>
<tr>
<td>Marshall, MN</td>
<td>$53.80</td>
</tr>
<tr>
<td>Worthington, MN</td>
<td>$55.00</td>
</tr>
</tbody>
</table>

Worthington, MN
Marshall, MN
Custer, SD
Lake Andes, SD
Belle Fourche, SD
Watertown, SD
Sioux Falls, SD (2016)
Sioux Falls, SD (2015)
Sioux Falls, SD (2014)
Selby, SD
Mitchell, SD
Aberdeen, SD
Sioux City, IA
Sisseton, SD
Vermillion, SD
Pukwana, SD
Brookings, SD
Belle Fourche, SD
Lake Andes, SD
Custer, SD
Marshall, MN
Worthington, MN
# Regional Tipping Fees for C&D Waste

<table>
<thead>
<tr>
<th>Location of Landfill</th>
<th>Fee per Ton</th>
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</thead>
<tbody>
<tr>
<td>Selby, SD</td>
<td>$18.00</td>
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<tr>
<td>Aberdeen, SD</td>
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<td>Belle Fourche, SD</td>
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<tr>
<td>Pierre, SD</td>
<td>$25.90</td>
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<tr>
<td>Marshall, MN</td>
<td>$26.00</td>
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<tr>
<td>Worthington, MN</td>
<td>$30.00</td>
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<tr>
<td>Sioux Falls, SD (2014)</td>
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</tr>
<tr>
<td>Jackson, NE</td>
<td>$33.25</td>
</tr>
<tr>
<td>Lemmon, SD (2012)</td>
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<tr>
<td>Sioux Falls, SD (2015)</td>
<td>$34.00</td>
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<tr>
<td>Sioux Falls, SD (2016)</td>
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<tr>
<td>Watertown, SD</td>
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<td>Sissetton, SD</td>
<td>$35.00</td>
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<tr>
<td>Mitchell, SD</td>
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<td>Sioux City, IA</td>
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<td>Brookings, SD</td>
<td>$44.00</td>
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<td>Custer, SD</td>
<td>$45.00</td>
</tr>
<tr>
<td>Rapid City, SD</td>
<td>$59.00</td>
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</tbody>
</table>
Policy
Clarifications
Garbage and Recycling Containers

• Garbage and recycling containers should be stored inside, beside or behind the structure (within 3 feet) except the day of collection.

• No containers larger than 125 gallons for single-family residential properties.

• C&D roll off container storage limited to 30 days or valid building permit.

• Solid Waste Planning Board approved.
Storm Drainage Utility

2015, 2016 and 2017 Rate Analysis

Andy Berg, Principal Drainage Engineer
Shawn Gaddie, AE2S Nexus
Implementation Road Map

- **MAY 7, 2014**
  Overview with Infrastructure Review and Advisory Board (IRAB)

- **MAY 21, 2014**
  Follow-up discussion with IRAB and Proposed Action

- **JUNE 3 – JUNE 17, 2014**
  City Council Approval Process

- **JANUARY 1, 2015**
  Implementation Date of Rate Recommendations
STORM DRAINAGE DIVISION OVERVIEW

• Instituted in 1982
• Mission is to safely convey urban runoff to the Big Sioux River
• 2003 Stormwater Master Plan addresses regional stormwater needs
• Both flood control and water quality elements
• Utilizes regional detention facility approach funded by Drainage System Cost Recovery (DSCR); land by Regional Detention Charge (RDC)
• Attempts to share costs of regional/oversized facilities 50/50 with developers
CURRENT STORM DRAINAGE FUNDING

DRAINAGE FEE REVENUE

OPERATION & MAINTENANCE

CAPITAL IMPROVEMENTS IN EXISTING AREAS

CAPITAL IMPROVEMENTS IN DEVELOPING AREAS

PLATTING FEE REVENUE
CURRENT STORM DRAINAGE FUNDING

OPERATION & MAINTENANCE
- Maintenance Personnel
- Engineering Personnel
- Storm Sewer & Pond Maintenance
- Mosquito Control
- Contract Maintenance

CAPITAL IMPROVEMENTS IN EXISTING AREAS
- Repair and Replacement of Aging Infrastructure
- Drainage-way Rehabilitation
- Drainage Studies

CAPITAL IMPROVEMENTS IN DEVELOPING AREAS
- Infrastructure Oversizing
- Regional BMPs
- Land for Regional Infrastructure
INLETS ARE DETERIORATING FASTER THAN WE CAN FIX THEM
STORM DRAINAGE FUNDING

INLETS ARE DETERIORATING FASTER THAN WE CAN FIX THEM
STORM DRAINAGE FUNDING

CLEANING CHANNELS AND PIPES TO REDUCE STREET FLOODING
STORM DRAINAGE FUNDING

STREET SWEEPING TO REDUCE SILTATION AND IMPROVE WATER QUALITY
STORM DRAINAGE FUNDING

CHANNEL REHABILITATION
STORM DRAINAGE FUNDING

CHANNEL REHABILITATION
STORM DRAINAGE FUNDING

PROPERTY MAINTENANCE
(GARBAGE, MOWING, SPRAYING, ETC.)
STORM DRAINAGE FUNDING

VECTOR/MOSQUITO CONTROL
STORM DRAINAGE FUNDING

REGIONAL BMP PROGRAM
(LAND, CONSTRUCTION, MAINTENANCE)
STORM DRAINAGE FUNDING

SUMP PUMP COLLECTION SYSTEMS
STORM DRAINAGE FUNDING

SUMP PUMP COLLECTION SYSTEM RETROFITS
THE FUTURE OF STORM DRAINAGE FUNDING

LEVEE SYSTEM OPERATIONS AND MAINTENANCE
THE FUTURE OF STORM DRAINAGE FUNDING

LEVEE SYSTEMS OPERATIONS AND MAINTENANCE
THE FUTURE OF STORM DRAINAGE FUNDING

DRAINAGE FEE REVENUE

OPERATION & MAINTENANCE

FLOOD CONTROL SYSTEM RENEWAL & REPLACEMENT

CAPITAL IMPROVEMENTS IN EXISTING AREAS

PLATTING FEE REVENUE

CAPITAL IMPROVEMENTS IN DEVELOPING AREAS

ADDITIONAL O&M REVENUE REQUIREMENTS
The City retained AE2S in 2008 to conduct a Utility Rate Study for its Storm Drainage division.

Due to 2008-2009 economic conditions, the implementation of Study recommendations was delayed.

In 2013, the City requested an update to the analysis completed in the original study.
STORM DRAINAGE RATE STUDY – DRIVING FORCES

- Meet Revenue Requirements
- Keep up with Growth
- Rate Equitability
- Establish consistency with funding policy
- Address additional demands on drainage fee
### RATE STUDY COMPONENTS

#### COST OF GROWTH ANALYSIS
- Revisit cost analysis and calculations in Stormwater Master Plan
- Determine accuracy of planned developing areas Capital Improvements Plan (CIP)

#### RATE DESIGN
- Review assumptions associated with current platting fee calculations
- Recalculate platting fees based on updated and refined data

#### REVENUE ADEQUACY ANALYSIS
- Evaluate Drainage Fee Revenue Increase Requirements
- Evaluate overall Financial Health of Utility
Currently the City of Sioux Falls charges two platting fees:

- Drainage System Cost Recovery (DSCR)
  - Construction Costs associated with Growth Related Capital Improvements

- Regional Detention Charge (RDC)
  - Land Costs associated with Acquisition of Land for Regional Stormwater Improvements
# Summary of Cost of Growth Analysis and Rate Design Results

## DSCR Summary:

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Cost per Watershed Acre</td>
<td>$3,577</td>
<td>$4,073</td>
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<tr>
<td>DSCR SFE</td>
<td>$1,580</td>
<td>$1,979</td>
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## RDC Summary:

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<tbody>
<tr>
<td>Cost per Watershed Acre</td>
<td>$1,727</td>
<td>$1,667</td>
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<tr>
<td>RDC SFE</td>
<td>$763</td>
<td>$810</td>
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</table>
# Platting Fees Recommendations

## DSCR
- **Proposed 3 year phase-in of recalculated DSCR**

<table>
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<tbody>
<tr>
<td>Single Family</td>
<td>$1,579.70</td>
<td>$1,706.08</td>
<td>$1,842.56</td>
<td>$1,978.65</td>
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<tr>
<td>Multi-Family</td>
<td>$3,159.40</td>
<td>$3,412.15</td>
<td>$3,685.12</td>
<td>$3,957.30</td>
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<tr>
<td>Industrial</td>
<td>$3,949.25</td>
<td>$4,265.19</td>
<td>$4,606.41</td>
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<tr>
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<td>$3,159.40</td>
<td>$3,412.15</td>
<td>$3,685.12</td>
<td>$3,957.30</td>
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<tr>
<td>Commercial</td>
<td>$5,213.00</td>
<td>$5,630.04</td>
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<td>Institutional</td>
<td>$3,159.40</td>
<td>$3,412.15</td>
<td>$3,685.12</td>
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<tr>
<td>Recreational</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>Agricultural</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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</table>

**Approximately 8% increase per year**
RDC

• Proposed 3 year phase-in of recalculated RDC

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>$ 762.57</td>
<td>$ 777.82</td>
<td>$ 793.38</td>
<td>$ 809.63</td>
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</tr>
<tr>
<td>Multi-Family</td>
<td>$ 1,525.13</td>
<td>$ 1,555.63</td>
<td>$ 1,586.75</td>
<td>$ 1,619.27</td>
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<tr>
<td>Industrial</td>
<td>$ 1,906.41</td>
<td>$ 1,944.54</td>
<td>$ 1,983.43</td>
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<tr>
<td>Office</td>
<td>$ 1,525.13</td>
<td>$ 1,555.63</td>
<td>$ 1,586.75</td>
<td>$ 1,619.27</td>
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<tr>
<td>Commercial</td>
<td>$ 2,516.46</td>
<td>$ 2,566.79</td>
<td>$ 2,618.12</td>
<td>$ 2,671.79</td>
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<tr>
<td>Institutional</td>
<td>$ 1,525.13</td>
<td>$ 1,555.63</td>
<td>$ 1,586.75</td>
<td>$ 1,619.27</td>
<td></td>
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<td>$ -</td>
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<tr>
<td>Agricultural</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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APPROXIMATELY 2% INCREASE PER YEAR
DRAINAGE FEE RECOMMENDATIONS

2015 – 2017 DRAINAGE FEE RECOMMENDATIONS:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Charge % Increase*</td>
<td>9%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Typical Residential Bill**</td>
<td>$36.90</td>
<td>$40.22</td>
<td>$43.82</td>
</tr>
</tbody>
</table>

*2014 Unit Charge = $0.000602
**7,500 sq ft lot; 2014 Residential Bill = $33.86
• Evaluation of overall financial health of the Storm Drainage Fund

• Key Components of Revenue Adequacy Analysis Include:
  1. Projected Pace of Development
  2. Recommended Annual CIP
  3. Capital Reserve Target Recommendation
  4. New Flood Control Revenue Requirements
  5. Additional New O&M
  6. Drainage Fee Recommendations
REVENUE ADEQUACY RESULTS

City of Sioux Falls Storm Drainage Utility
Projected Operating, DSCR and RDC Cash Balances

Capital Reserve for developing areas based on defined scenario upset condition
### 2014 Regional Stormwater Monthly Charge Comparison
(Typical Residential Charge)

The chart below illustrates the stormwater charges for various cities in the region, excluding Minneapolis/St. Paul Metro. The charges are shown as typical monthly residential stormwater charges in dollars.

- **Valley City, ND**: $1.00
- **Little Falls, MN**: $1.03
- **Aberdeen, SD**: $1.25
- **Stewartville, MN**: $1.60
- **Dickinson, ND**: $1.75
- **Williston, ND**: $2.00
- **St. Michael, MN**: $2.00
- **Mandan, ND**: $2.00
- **St. Cloud, MN**: $2.10
- **Baxter, MN**: $2.10
- **Thief River Falls, MN**: $2.50
- **Bliss, MN**: $2.00
- **Otsego, MN**: $2.05
- **Grand Forks, ND**: $2.72
- **Sioux Falls, SD (2014)**: $3.86
- **St. Peter, MN**: $3.89
- **Fargo, ND**: $3.00
- **Brainerd, MN**: $3.00
- **Alexandria, MN**: $3.00
- **Belle Plaine, MN**: $3.12
- **Hibbing, MN**: $3.20
- **Brookings, SD**: $3.33
- **Mounds View, MN**: $3.34
- **Sioux Falls, SD (2013)**: $3.36
- **Ramsey, MN**: $3.43
- **Hutchinson, MN**: $3.45
- **St. Joseph, MN**: $3.50
- **Farming, MN**: $3.50
- **Rogers, MN**: $3.73
- **Fairmont, MN**: $3.96
- **Aurora, MN**: $4.00
- **Detroit Lakes, MN**: $4.15
- **Marshall, MN**: $4.25
- **East Grand Forks, MN**: $4.50
- **Worthington, MN**: $4.74
- **Buffalo, MN**: $5.00
- **Grande, MN**: $5.28
- **Fergus Falls, MN**: $5.75
- **Grand Rapids, MN**: $6.00
- **Bemidji, MN**: $6.44
- **Prior Lake, MN**: $6.53
- **Waconia, MN**: $7.00
- **Kasson, MN**: $7.15
- **North St Paul, MN**: $7.38
- **Moorhead, MN**: $8.06
- **Vermillion, SD**: $10.21
- **Minneapolis, MN**: $10.35

The typical monthly residential stormwater charge varies significantly across different cities, with Minneapolis having the highest charge at $10.35.
Sioux Falls Water Purification

2015 and 2016 Rate Analysis

Greg Anderson, Water Superintendent
Based on the recommended daily consumption of eight glasses of water per day, the City of Sioux Falls can provide that water to you for $1.57 per customer, annually.
The water distribution system currently has more than 833 miles of water main, delivering on average 19 million gallons per day to our customers.
Priority Water Purification Projects 2015 - 2019

• Repair and Replacement of Infrastructure $ 24.43M
  (Minnesota Avenue Transmission Main and Neighborhood Watermains)

• New Development $ 28.81M
  (SD Highway 100 Transmission Main, New Elevated and Ground Storage)

• Investment in Source and Supply $ 11.82M
  (Large Collector Well Improvements)
2015 and 2016 Rate Setting Plan

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
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<tbody>
<tr>
<td>2012 Rate Model projected increase</td>
<td>4%</td>
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</tr>
<tr>
<td>2014 Rate Model projected increase</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

• Under the current 10 year plan, the Water Purification division will decrease their principal outstanding debt by more than $48 million.

No Rate Increase for 2015 and 2016.
Sioux Falls Population = 165,000; Population for other cities noted in brackets next to city name

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Sioux Falls Water Reclamation

2015 and 2016 Rate Analysis

Mark Perry, Water Reclamation Superintendent
Wastewater Treatment Facility

- Design Capacity Average Flow – 21 MGD
- 2013 Average Flow – 16.1 MGD
- Customers – 50,000+
Sanitary Sewer Collection System

23 Lift Stations
- 4 Major
- 2 Private

Collection Mains
- 836+ Miles
- 6 to 66 Inch Diameter
- 15,000+ Manholes and Structures
Sanitary Sewer Collection and Treatment System Assessment and Mitigation

• Project initiated in 2010 after significant rain events caused Sanitary Sewer Overflows (SSO’s)
• Tier 1 Projects
  – Were mandated by SD DENR/US EPA
  – All projects completed by July 1, 2012 deadline
• Tier 2 Projects
  – Preliminary list was developed as a part of the assessment
  – Many projects completed, many in CIP, many TBD
Sanitary Sewer Tier I Projects

Water Reclamation Facility Improvements
Walnut and Main Trunk Sewer SlipLining
Central Main Interceptor Segment 5
Central Main Interceptor Segment 6
Tomar Heights Trunk Sewer and Drainageway Improvements

Complete $19.67 Million

*NOTE: Not all projects are shown for map clarity
Sanitary Sewer Tier II Projects

Tier 2: In CIP / Complete

*NOTE: Not all projects are shown for map clarity
Priority Water Reclamation Projects

- Brandon Road Pump Station Force Main – 2015 $ 11.84M
- Outfall Sewer Replacement – 2016 $ 16.42M
- Brandon Road Pump Station Replacement – 2019 $ 1.96M (Design)
- Digester Complex Projects – 2015-2018 $ 18.48M
- Water Reclamation Yard Piping Improvements – 2015 $ 2.00M
- Trunk Sewer Extension – 2016-2019 $ 11.90M
## 2015 and 2016 Rate Setting Plan

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Rate Model projected increase</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>2014 Rate Model projected increase</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- The Water Reclamation division is highly regulated by State and Federal requirements.
Cash Targets & Balance Projections

Sioux Falls Water Reclamation Division
2015 Budget Year Rate Analysis
June 3, 2014

Capital Reserve (Restricted & Unrestricted)
Operating Reserve
## Proposed 2015 Rates
### Water Reclamation

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Proposed 2015 Adjustment</th>
<th>2014 Rate</th>
<th>Proposed 2015 Rate</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Basic Charge</td>
<td>6.0%</td>
<td>$3.56</td>
<td>$3.77</td>
<td>$0.21</td>
</tr>
<tr>
<td></td>
<td>Flow (per CCF*)</td>
<td>6.0%</td>
<td>$3.35</td>
<td>$3.55</td>
<td>$0.20</td>
</tr>
<tr>
<td>Commercial</td>
<td>Basic Charge</td>
<td>6.0%</td>
<td>$15.52</td>
<td>$16.46</td>
<td>$0.94</td>
</tr>
<tr>
<td></td>
<td>Flow (per CCF*)</td>
<td>6.0%</td>
<td>$4.03</td>
<td>$4.27</td>
<td>$0.24</td>
</tr>
<tr>
<td>Domestic Industrial</td>
<td>Basic Charge</td>
<td>6.0%</td>
<td>$15.52</td>
<td>$16.46</td>
<td>$0.94</td>
</tr>
<tr>
<td></td>
<td>Flow (per kgal**)</td>
<td>6.0%</td>
<td>$5.39</td>
<td>$5.72</td>
<td>$0.33</td>
</tr>
<tr>
<td>High Strength Industrial</td>
<td>Basic Charge</td>
<td>2.0%</td>
<td>$15.60</td>
<td>$15.91</td>
<td>$0.31</td>
</tr>
<tr>
<td></td>
<td>Flow (per kgal**)</td>
<td>2.0%</td>
<td>$1.59</td>
<td>$1.62</td>
<td>$0.03</td>
</tr>
</tbody>
</table>

*CCF = 100 cubic feet = 748 gallons
**kgal = 1,000 gallons
## Proposed 2015 Rates
### Water Reclamation

<table>
<thead>
<tr>
<th></th>
<th>2014 Rate</th>
<th>Proposed 2015 Rate</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOD (per pound)</td>
<td>$0.2429</td>
<td>$0.2478</td>
<td>$0.0049</td>
</tr>
<tr>
<td>TSS (per pound)</td>
<td>$0.2429</td>
<td>$0.2429</td>
<td>$0</td>
</tr>
<tr>
<td>TKN (per pound)</td>
<td>$0.8904</td>
<td>$0.9082</td>
<td>$0.0178</td>
</tr>
<tr>
<td>Grease (per pound)</td>
<td>$0.8094</td>
<td>$0.9082</td>
<td>$0.0988</td>
</tr>
<tr>
<td><em><em>Outside Customer Rate (per kgal</em>)</em>*</td>
<td>$4.01</td>
<td>$4.25</td>
<td>$0.24</td>
</tr>
<tr>
<td>Credit for Flow Equalization (per kgal*)</td>
<td>($0.44)</td>
<td>($0.47)</td>
<td>($0.03)</td>
</tr>
<tr>
<td>Credit for Strength Equalization (per kgal*)</td>
<td>($0.55)</td>
<td>($0.58)</td>
<td>($0.03)</td>
</tr>
</tbody>
</table>

*kgal = 1,000 gallons
### Proposed 2016 Rates
#### Water Reclamation

<table>
<thead>
<tr>
<th></th>
<th>Proposed 2016 Adjustment</th>
<th>Proposed 2015 Rate</th>
<th>Proposed 2016 Rate</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Residential</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Charge</td>
<td>5%</td>
<td>$3.77</td>
<td>$3.96</td>
<td>$0.19</td>
</tr>
<tr>
<td>Flow (per CCF*)</td>
<td>5%</td>
<td>$3.55</td>
<td>$3.73</td>
<td>$0.18</td>
</tr>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Charge</td>
<td>3%</td>
<td>$16.46</td>
<td>$16.95</td>
<td>$0.49</td>
</tr>
<tr>
<td>Flow (per CCF*)</td>
<td>3%</td>
<td>$4.27</td>
<td>$4.40</td>
<td>$0.13</td>
</tr>
<tr>
<td><strong>Domestic Industrial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Charge</td>
<td>3%</td>
<td>$16.46</td>
<td>$16.95</td>
<td>$0.49</td>
</tr>
<tr>
<td>Flow (per kgal**)</td>
<td>3%</td>
<td>$5.72</td>
<td>$5.89</td>
<td>$0.17</td>
</tr>
<tr>
<td><strong>High Strength Industrial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Charge</td>
<td>2%</td>
<td>$15.91</td>
<td>$16.23</td>
<td>$0.32</td>
</tr>
<tr>
<td>Flow (per kgal**)</td>
<td>2%</td>
<td>$1.62</td>
<td>$1.65</td>
<td>$0.03</td>
</tr>
</tbody>
</table>

*CCF = 100 cubic feet = 748 gallons

**kgal = 1,000 gallons
## Proposed 2016 Rates

**Water Reclamation**

<table>
<thead>
<tr>
<th></th>
<th>Proposed 2016 Adjustment</th>
<th>Proposed 2015 Rate</th>
<th>Proposed 2016 Rate</th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industrial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOD (per pound)</td>
<td>2%</td>
<td>$0.2478</td>
<td>$0.2527</td>
<td>$0.0049</td>
</tr>
<tr>
<td>TSS (per pound)</td>
<td>0%</td>
<td>$0.2429</td>
<td>$0.2429</td>
<td>$0</td>
</tr>
<tr>
<td>TKN (per pound)</td>
<td>2%</td>
<td>$0.9082</td>
<td>$0.9264</td>
<td>$0.0182</td>
</tr>
<tr>
<td>Grease (per pound)</td>
<td>2%</td>
<td>$0.9082</td>
<td>$0.9264</td>
<td>$0.0182</td>
</tr>
<tr>
<td><em><em>Outside Customer Rate (per kgal</em>)</em>*</td>
<td>6%</td>
<td>$4.25</td>
<td>$4.51</td>
<td>$0.26</td>
</tr>
<tr>
<td><em><em>Credit for Flow Equalization (per kgal</em>)</em>*</td>
<td>6%</td>
<td>($0.47)</td>
<td>($0.50)</td>
<td>($0.03)</td>
</tr>
<tr>
<td><em><em>Credit for Strength Equalization (per kgal</em>)</em>*</td>
<td>6%</td>
<td>($0.58)</td>
<td>($0.61)</td>
<td>($0.03)</td>
</tr>
</tbody>
</table>

*kgal = 1,000 gallons
### Typical Monthly Sewer Bill

**Proposed 2015 Residential Sewer Rate Increase = 6.0%**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5,310</td>
<td>7.1</td>
<td>$27.35</td>
<td>$1.63</td>
<td>$28.98</td>
</tr>
</tbody>
</table>

*Average Winter Water Use

**Proposed 2016 Residential Sewer Rate Increase = 5.0%**

<table>
<thead>
<tr>
<th>Monthly Consumption in Gallons*</th>
<th>Monthly Consumption in CCF</th>
<th>2015 Monthly Charge</th>
<th>2016 Monthly Increase with 5.0% Adjustment</th>
<th>2016 Monthly Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,310</td>
<td>7.1</td>
<td>$28.98</td>
<td>$1.46</td>
<td>$30.44</td>
</tr>
</tbody>
</table>

*Average Winter Water Use
Sioux Falls Population = 165,000; Population for other cities noted in brackets next to city name
Water Reclamation Fee Changes

Sewer Taps

Smith Taps
Why Are Changes Required?

- Last updated prior to 2000.
- 2014 labor and material costs are higher than existing fee charges.
- Increases in labor, fuel, energy, transportation, and raw material.
## Proposed Fee Recommendations

### Sewer Service Taps

<table>
<thead>
<tr>
<th>Size</th>
<th>Current Charges</th>
<th>2015 Proposed Charges</th>
<th>2016 Proposed Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 inch</td>
<td>$ 149.75</td>
<td>$ 400.00</td>
<td>$ 420.00</td>
</tr>
<tr>
<td>6 inch</td>
<td>$ 153.52</td>
<td>$ 425.00</td>
<td>$ 450.00</td>
</tr>
</tbody>
</table>
Sioux Falls Street Department

2015 Front Foot Assessment Resolution

Galynn Huber, Street/Fleet Operations Manager
## History and Rate for Front Foot Assessment

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$0.80</td>
</tr>
<tr>
<td>2008</td>
<td>$0.90</td>
</tr>
<tr>
<td>2009</td>
<td>$1.00</td>
</tr>
<tr>
<td>2010</td>
<td>$1.00</td>
</tr>
<tr>
<td>2011</td>
<td>$1.00</td>
</tr>
<tr>
<td>2012</td>
<td>$1.00</td>
</tr>
<tr>
<td>2013</td>
<td>$1.00</td>
</tr>
<tr>
<td>2014</td>
<td>$1.00</td>
</tr>
<tr>
<td>2015</td>
<td>$1.00 (No Adjustment)</td>
</tr>
</tbody>
</table>
Next Steps

• 1st Reading of All Ordinances: June 10, 2014

• 2nd Reading of All Ordinances: June 17, 2014

• Resolution for Front Foot Assessment: June 17, 2014
Thank you for your support!

Mark Cotter  
Director of Public Works  
mcotter@siouxfalls.org  

Dean Borchardt  
Business Operations Manager  
dborchardt@siouxfalls.org  

Trent Lubbers  
Utility Operations Administrator  
tlubbers@siouxfalls.org  

(605) 367-8600