

# MSD-ARRA

## *Wastewater & Stormwater Rate Proposal September 9, 2009*

*Original MSD Rate Commission Public Hearings  
Held between February 27, 2008 – March 15, 2008*



# Rate Commission Public Hearing

- The following slides are from the Rate Commission public hearings held between *February 27, 2008 and March 15, 2008*
- *The presentation also discusses the rationale for departure from a 100% pay go funding approach to the use of a mixture of debt and pay go to fund the project.*



# Why New Consideration of Rates?

- Last rate change recommendation delivered to MSD Board on August 13, 2007.
- MSD Board approached by ratepayers concerned the recommended rates were too high.
- In response to customers, MSD Staff submits new lower rate change proposal to MSD Rate Commission on January 18, 2008.
- New rate proposal assumes use of \$275 million in bonds to lower rates.



# Missouri River Treatment Plant Digester Project

- Work at the Missouri River Treatment Plant was contemplated and integrated into the rate proposal and included as part of the capital program that was forwarded to the Rate Commission to be included in the user rate.
- Bond authorization election successfully passed by almost a 3 to 1 majority on August 5, 2008, where the District received approval to issue \$275 million in bonds.
- \$212 million of available authorization.
- Project financing approved as part of the State Revolving Loan fund projects for the fiscal 2010 intended use plan.
- Any ARRA Loan or grant funds will be used in lieu of the SRF loan.



# Why the Use of Bonds?

- Reduces customers' total sewer bill.
- Continues progress of infrastructure replacement program.
- Maintains progress toward regulatory goals;



# Current Wastewater Rates

- Prior Rate increase 60% over 2002-2005;
- As of 12/1/07 Average Single Family Bill \$22.62 per month. New rates:

Wastewater	\$25.74 (effective 1/1/08)
Stormwater	<u>\$ 3.00</u> (effective 3/1/08)
Total	\$28.74

- Wastewater Basis:
  - Metered winter water use – County.
  - Water Division billing attributes – City.
- Stormwater Basis:
  - Impervious Area of owned property



# Proposed Wastewater Rate

- Assumes voter bond authorization for \$275 million.
- Fund next five years through a combination of cash and debt;
- Average Residential monthly rates\*:
  - \$ 25.74 per month FY 2008 (effective 1/1/08)
  - \$ 25.74 per month FY 2009 (Zero increase; effective 7/1/08)
  - \$ 26.26 per month FY 2010 (2.2% increase; effective 7/1/09)
  - \$ 27.56 per month FY 2011 (5.0% increase; effective 7/1/10)
  - \$ 28.73 per month FY 2012 (4.3% increase; effective 7/1/11)

\*Based on average usage of 8 ccf per month



# Proposed Wastewater Capital Improvement & Replacement Program

Fiscal Year	Program Level
2008 (Current)	\$103,075,000
2009	\$111,343,000
2010	\$134,373,000
2011	\$151,090,000
2012	\$160,974,000
Total 5 Year Program	\$660,855,000



# Current Stormwater Rates

- 12¢ per 100 square feet of impervious area on customer's property;
- Future property taxes dedicated to sewer district operations eliminated as of 9/1/08 for 2008 tax year.



# Proposed Stormwater Charge Increases

- Covers Operations & Repair of existing systems;
- Covers Regulatory work required of MSD;
- Ramped over 7 years, 12¢ - 29¢ per 100 sq. ft. of impervious area per month;
- Applies to all parcels, including tax-exempt, in MSD service area;
- Public streets are not included;
- Funds solutions to majority of regions stormwater infrastructure problems.



# Proposed Typical Residential Stormwater Bill

- **Average Residential Customer monthly cost\* :**

- FY08	\$3.00	Current
- FY09	\$3.50	17% Increase
- FY10	\$4.25	21% Increase
- FY11	\$5.50	29% Increase
- FY12	\$6.50	18% Increase
- FY13	\$7.00	8% Increase
- FY14	\$7.25	4% Increase

\*Based on 2,500 average sq. ft. Impervious Area



# Questions/Answers



PRIORITIES  
PERFORMANCE  
SERVICE

