

RESOLUTION #22-22

WHEREAS, the City of Yankton has determined that it is necessary to adjust the existing municipal wastewater rate surcharges to a level which will maintain the operation of the municipal wastewater system on a self-sustaining user basis, and fund SRF debt service at the State required 110%, and;

WHEREAS, the City of Yankton has conducted a wastewater rate review based on forecasted State Revolving Loans / Clean Water (SRF CW loans five, six, and seven) and;

WHEREAS, the City of Yankton determined during the recent workshop that an annual increase should be applied to the surcharge to fund the debt service for the proposed SRF CW # 05, #06, and #7;

NOW, THEREFORE, BE IT RESOLVED by the Board of City Commissioners:

That the following municipal wastewater monthly surcharge rates and regulations shall be adopted;

1. Surcharge Rates

The monthly wastewater surcharge for all meters shall be effective with the billings issued after November 1, 2022, November 1, 2023, November 1, 2024, and November 1, 2025.

Previous Base \$11.22

New Surcharges and effective dates:

November 1, 2022 \$17.53 (Prev. base \$11.22 + \$6.31 Increase = \$17.53)

November 1, 2023 \$23.84

November 1, 2024 \$30.15

November 1, 2025 \$36.46

The surcharge shall be billed monthly to all wastewater users based on the above effective water rate surcharge table.

2. The surcharge will continue to be used for the debt service of Clean Water Loans 05 through 07 until such time as they are fully borrowed. The surcharge rate will then be reassessed and adjusted to reflect the combined required 110% debt service for Clean Water Loans 05, 06, and 07.

3. Non-City Residential, Commercial, and Industrial Surcharge Rates

The monthly surcharge wastewater charge for any meter location located outside the city limits of Yankton shall be at a rate twice that charged for in-City wastewater users as established by this resolution unless otherwise established by the City Commission.

Adopted: 6-27-2022

Stephanie Moser

Stephanie Moser, Mayor

ATTEST:

Al Viereck

Al Viereck, Finance Officer



Memorandum #22-129

To: City Commission
From: Finance Officer
Date: June 20, 2022
Subject: Memorandum Supporting Resolution #22-22, Proposing New Yankton Wastewater Surcharge Rates

Attached to this memorandum is Resolution #22-22 proposing new four-year Wastewater Surcharge rates to fund the proposed debt service for State Revolving Loans (Clean Water / Wastewater) 05, 06, and 07. The proposed Surcharge would replace the current Wastewater base charge and implement a four year stepped surcharge rate increase to fund the debt service required for the construction projects and the respective SRF borrowing (see previous item proposing a Wastewater surcharge ordinance)

The City of Yankton is pursuing funding utilizing SRF sources for the proposed wastewater collection system and wastewater treatment projects. The estimated total of the projects is \$49.2 million dollars with \$2,000,000 dollars coming from a consolidated grant, \$16,681,550 from an American Rescue Plan Act Grant, and \$30,518,450 (\$23,318,450, CW 06 and \$7,200,000, CW 07) dollars proposed to be SRF funding. The discussion and consensus at the May 23rd City Commission Work Session meeting was to utilize a surcharge to replace our current minimums to raise revenues for our current Wastewater SRF debt (CW 05) for the \$4,500,000.00 authorized for previously approved improvements back in June of 2021, as well as the \$30,518,450 for the two new loans (CW 06 and CW 07).

Also attached to this memorandum is an excel spreadsheet showing the proposed debt service requirements for Loan 05, 06, and 07.

It is recommended that the City Commission adopt Resolution #22-22 enacting the new rates effective November 1, 2022, November 1, 2023, November 1, 2024, and November 1, 2025.

Thank you,



Al Viereck, Finance Officer

I concur with the recommendation.

I do not concur with the recommendation.



Amy Leon
City Manager

Proposed Loan Amortizations		Proposed	
	20 yr. - 2%	Surcharge	\$36.46
CW Loan #05	\$ 4,500,000	Current Base	\$11.22
Annual	\$ 262,954.00	Increase	\$25.24
w/10%	\$ 289,249.40		

	20 yr. - 2%	Annual	
CW Loan #06	\$ 23,318,450	4 - Yr. Incr.	\$6.31
Annual	\$ 1,417,485.28	1st Year	\$17.53
w/10%	\$ 1,559,233.81	2nd Year	\$23.84

	20 yr. - 2%	3rd Year	\$30.15
CW Loan #07	\$ 7,200,000.00	4th Year	\$36.46
Annual	\$ 437,674.64		
w/10%	\$ 481,442.10		

		Proposed	
		2021 Yr. End	Monthly
		Customers	Surcharge
			Total
Total	\$ 2,329,925.31	5327	\$36.46 \$2,330,669.04

Current Consumption Rate \$6.80 per 1000 Gal.		No Rate Increase, But Review Again in Fall					
2021		Revenue					
Total WW	508,794	\$3,459,799	w/o Base				
Consumption				\$1,043,450	Depreciation - Principal + Capital		
				Year	Principal #3	Principal #4	Capital
2021				2022	\$402,545	\$135,574	\$505,331
Operating	Expenses	\$3,207,105	Includes \$1,043,450 Depr.	2023	\$416,321	\$139,687	\$487,442
		\$252,694	7.88% Excess	2024	\$0	\$143,925	\$899,525
2022							
April YTD	Expenses	\$852,705	-0.77%				
	Revenues	\$1,332,140	3.83%				

Current Avg Bill (5,000 Gal.)		Current	Yr. One	Yr. Two	Yr. Three	Yr. Four	
Base / Surcharge		\$11.22	\$17.53	\$23.84	\$30.15	\$36.46	
5,000 Gal.		\$34.00	\$34.00	\$34.00	\$34.00	\$34.00	
Total		\$45.22	\$51.53	\$57.84	\$64.15	\$70.46	
% Increase			13.95%	12.25%	10.91%	9.84%	
Consmpt.@5%				\$35.70	\$37.49	\$39.36	Est. 5%
				\$59.54	\$67.64	\$75.82	
				15.54%	13.60%	12.10%	