



**Lebanon**  
UTILITIES

**REVIEW OF  
LEBANON  
WASTEWATER  
UTILITY**

# LAST RATE INCREASE

## Wastewater:

- **In 2004 Lebanon Utilities approved the rate study which allowed for the following rate increases:**
  - **2004 – 32%**
  - **2005 – 8%**

**Prior to that records show a 50% rate increase in 1999.**

## Water:

- **Approximately 8% per year over the five year period of 2010 thru 2014.**

**Prior to that records show 1979 as the last rate increase.**

# LAST RATE INCREASE

- **Electric:**
- **In 2012 the IURC approved the following rate increases:**
  - **Residential – 16.2%**
  - **Municipal – 14.8%**
  - **Commercial 1 Phase – 14.9%**
  - **Commercial 3 Phase – 12.3%**
  - **Small Power – 8.1%**
  - **Industrial – 12%**
  - **Street Lights – 22.3%**
  - **Security Lights – 4.1%**
    - **Prior to that records show 1995 as the last rate increase.**

# WASTEWATER OPERATING EXPENSES

Year	Op. Expense	Difference	%	COLA
2010	\$3,245,659	\$233,463		
2011	\$3,189,029	(\$56,630)	-1.74%	3.16%
2012	\$3,309,552	\$120,523	3.78%	2.07%
2013	\$3,439,258	\$129,706	3.92%	1.47%
2014	\$3,462,315	\$23,057	0.67%	1.62%
Totals			6.62%	8.32%

# PILOT

Year	Wastewater PILOT	Additional Paid From 2010 To Date	Water PILOT	Additional Paid From 2010 To Date	Electric PILOT	Additional Paid From 2010 To Date	Telecom PILOT	Additional Paid From 2010 To Date
2010	\$40,042	\$0	\$112,164	\$0	\$61,500	\$0	\$1,318	\$0
2011	\$165,397	\$125,355	\$88,638	(\$23,526)	\$64,021	\$2,521	\$1,956	\$638
2012	\$185,181	\$270,494	\$105,313	(\$30,377)	\$80,880	\$21,901	\$1,957	\$1,277
2013	\$208,240	\$438,692	\$125,171	(\$17,370)	\$96,950	\$57,351	\$1,494	\$1,453
2014	\$207,814	\$606,464	\$124,203	(\$5,331)	\$109,175	\$105,026	\$1,948	\$2,083
2015	\$214,070	\$780,492	\$134,296	\$16,801	\$136,728	\$180,254	\$2,327	\$3,092

Total additional payments in the past 5 years - \$980,639

# STAFFING



Year	# of Employee's
2005	20
2006	20
2007	19
2008	19
2009	19
2010	19
2011	19
2012	19
2013	19
2014	17
Now	15

# LOANS



- **1999 – Water had to loan Wastewater in excess of \$3.5 million dollars for the WWTP.**
- **In 2003 the loan from water was paid off and re-borrowed via a revenue bond \$3 million for the Northside Sanitary Sewer System.**
- **Current balance is \$1,431,846.66 and is being paid from availability fees.**
- **In the upcoming rate analysis we will be including a option for a multi-year pay-back of the water loan.**

# BONDS



## **Current Outstanding Bonds (as of May 2015 financials):**

1. Refunding Bonds of 2013 - \$2,400,000
2. Refunding Bonds of 2014 - \$3,885,000

**Total Outstanding - \$6,285,000**

**Bond Payments due in 2015 \$664,587.42**



# TOP 10 CAPITAL PROJECTS IN LAST 10 YEARS

<b>Headworks Project</b>	<b>4,628,738</b>
<b>Re-Lining Projects (attached)</b>	<b>1,778,000</b>
<b>Prairie Heights Liftstation</b>	<b>1,456,662</b>
<b>Indianapolis Ave.</b>	<b>668,171</b>
<b>AMR</b>	<b>425,201</b>
<b>Vac Truck Dewatering Bldg</b>	<b>347,407</b>
<b>Chadwick Liftstation</b>	<b>302,162</b>
<b>Municipal Bldg</b>	<b>181,518</b>
<b>Northside Sewer</b>	<b>170,475</b>
<b>Land</b>	<b>137,573</b>

# RE-LINING PROJECTS



## Past Cured-in-Place Pipe (CIPP) Sanitary Sewer Lining Projects

Year Project Area Project Cost:

2005 Chadwick	\$ 239,000
2007 Morningside	\$ 137,000
2008 Edgewood	\$ 294,000
2010 24" Prairie Industries & East to St. Rd. 39	\$ 187,000
2011 Southeast end of town	\$ 390,000
2012 Southeast end of town	\$ 195,000
2013 MarLee	\$ 336,000
<b>TOTAL</b>	<b>\$ 1,778,000</b>

# 2015-2021 TOP 10 PLANNED CAPITAL PROJECTS

## **System Rehab** **1,800,000**

- This project is two fold. It reduces infiltration and puts our replacement program on a 100 year cycle.

## **Patterson** **1,300,000**

- New 24” collector main line around the Prairie Industries from North Street to State Road 32 and picking up line on Main Street. If the line fails under Prairie Industries the cost of this project will double. It will back up the whole north side of the downtown area.

## **Elizaville** **769,265**

- This is a gravity system to address the homes along Elizaville to John Bart and includes running a line into Winding Way. This addresses a number of homes without sanitary.

## **Grit Removal** **680,000**

- This is a new Grit Removal system at the head works. The present system is rusted and undersized. This project addresses a bottle neck in the plant as well as system.

# 2015-2021 TOP 10 PLANNED CAPITAL PROJECTS

## **Indianapolis Avenue Liftstation**

**650,000**

- This is to replace the old canister lift station which was part of the original Indianapolis Project. It is hard to find parts for this system. It is close to 50 years old.

## **Vehicle Replacement**

**618,283**

- We have our vehicles on a ten-year replacement program, however, normally do not replace them for 12+ years.

## **Morningside Liftstation**

**608,000**

- Connecting Morningside lift station to Grant lift station by gravity line. It is hard to find parts for this system. It is close to 50 years old.

## **Indianapolis Avenue**

**558,700**

- This is the current project on Indianapolis Ave. This will provide a gravity sanitary system to the area.

# 2015-2021 TOP 10 PLANNED CAPITAL PROJECTS

## **Manhole Rehab**

**480,000**

- \$80,000 per year to reduce inflow and maintain system integrity. This project is two fold. It reduces infiltration and puts our replacement program on a 100 year cycle.

## **Facility Rehab**

**390,000**

- This is for continued maintenance of our facility.



# 2015-2021 OTHER PLANNED CAPITAL PROJECTS

## **Prairie Heights Lift Station**

**323,200**

- This will move and consolidate the PH and KFC lift stations. This will move it out of the floodway as it has been flooded two times.

## **Indpls Ave. Phase II**

**220,000**

- Lining the sanitary under the road project of the 2<sup>nd</sup> phase. This will help strengthen the line structure so that we do not need to replace it or tear up the road to make repairs.

## **AMR**

**175,000**

- Continued maintenance of the metering system.

## **Grant St**

**170,000**

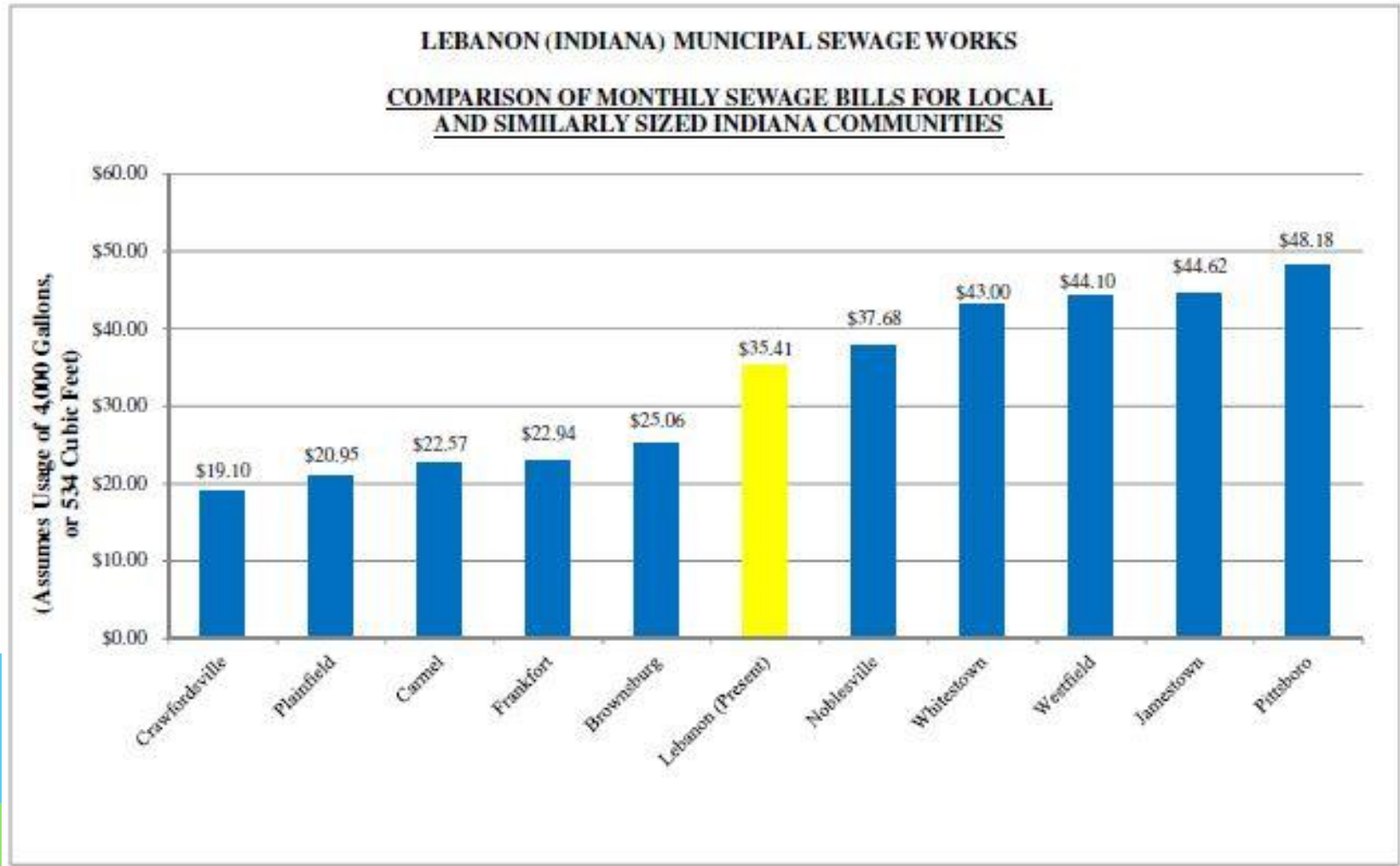
- This is the current project on Grant Street to re-route the creek crossings. It will eliminate some blockage across the creek.

## **WW Portion IT Budget**

**207,867**

- Maintenance of our communications network.

# RATE COMPARISON (BASED ON LAST ANALYSIS 2/14/14)



# WASTEWATER VALUATION



## Numbers Prepared By Umbaugh & Associates:

- **Net Revenue Method - \$2,799,800**
- **Discounted Cash Flows - \$9,707,700**
- **Historical Cost - \$24,444,200 (8/31/13)**
  - **Value of Net Assets net of depreciation as of 5/31/2015 - \$28,862,098**
- **Umbaugh report can be provided upon request.**



## WHERE WE ARE NOW

- 1. Met with City officials on February 28, 2014 to discuss the need for a wastewater increase.**
- 2. Delayed or removed over \$1,000,000 from the 5 year capital plan in order to temporarily hold off on a rate increase.**
- 3. We are now in a position that without a rate increase we will be putting the system at risk.**
- 4. Umbaugh & Associates are in the process of performing a cost of service rate study for the wastewater utility.**

# NEXT STEPS



- **Umbaugh & Associates Estimate Mid-August**
- **Public Information Meeting**
- **Lebanon Utilities Board Review and Draft Ordinance**
- **Lebanon City Council Approves Wastewater rate increase**
- **New rate takes effect: 30 days after ordinance approval**

# FUTURE CONSIDERATIONS



- **Annual update to Council on financial status of each utility**
- **Consideration for a COA adjustment each year based on the financial forecast**