



## Council Committee Memorandum

**TO:** Joint Council Committee  
**THROUGH:** Tim Murray, City Administrator  
**FROM:** Karla McCall, Finance Director  
**MEETING DATE:** October 30, 2018  
**SUBJECT:** 2019 Budget Work Session – Water & Sewer Funds

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**Discussion:**

During this budget work session we will review the Water Fund (601) and the Sewer Fund (602). These funds are classified as enterprise, or proprietary funds, relying on user fees to support the operations, infrastructure and capital improvements of utility funds.

The Sewer fund is the only enterprise fund carrying debt. The City secured a loan with the Public Facilities Authority (PFA) for \$23,332,461 in 2009 to upgrade the Waste Water Treatment Plant. The annual payment is approximately \$1,497,000 and the final payment will be made in 2029. The cash balance has been increasing steadily over the last several years to support future capital projects. The City Administrator has recommended a reduction in the 2019 sewer rate to offset increases to the water rates.

Water rates were increased in 2018 to begin the process of planning for debt service for a water treatment plant. The 2019, 2020 and 2021 rates will require increases to provide additional revenue to cover a bond payment of approximately \$800,000 beginning in 2021. The attached presentation provides data and recommendations for rate increases.

**Attachments:**

- Water and Sewer Fund presentation
- 2019-2023 Capital Improvement Plan – Water and Sewer (DRAFT)