

# CITY OF BROKEN ARROW RATE STUDY PRESENTATION

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Kenneth D. Schwab, P.E., CFM  
Assistant City Manager – Operations

# BACKGROUND INFORMATION

## A. PURPOSE AND SCOPE OF THE RATE STUDY

1. DETERMINE ACTUAL COSTS OF THE SERVICES DELIVERED
2. DETERMINE PERSONNEL AND RESOURCES NEEDS
3. DEFINE THE CAPITAL IMPROVEMENTS PROGRAM (CIP)
4. DEVELOP A RATE STRUCTURE TO SECURE SUFFICIENT REVENUE
5. PRESENT FINDINGS TO THE COUNCIL/AUTHORITY

# BACKGROUND INFORMATION

## B. RESULTS OF THE RATE STUDY

1. IDENTIFIED THE CAPITAL IMPROVEMENTS NECESSARY (\$140M)
2. IDENTIFIED PERSONNEL NECESSARY (34 PEOPLE)
3. IDENTIFIED A SIGNIFICANT INCREASE IN THE UTILITY RATES TO  
GENERATE THE NECESSARY REVENUE

## C. CONCLUSIONS FROM THE SPECIAL STUDY SESSION

# ADJUSTED APPROACH

- A. MODIFY EMERGENCY RESERVE FUND BALANCE POLICY
- B. MITIGATE THE IMPACT OF THE CAPITAL IMPROVEMENT PROGRAM
- C. INCORPORATE A MORE REALISTIC AMORTIZATION SCHEDULE FOR DEBT SERVICE
- D. INCREASE THE PROGRAMMED AMOUNT IN A PROPOSED GENERAL OBLIGATION BOND PROGRAM

# CAPITAL IMPROVEMENTS PROGRAM

## REVISED CIP BUDGET

**CITY OF BROKEN ARROW  
PROJECTED UTILITY IMPROVEMENTS  
CAPITAL BUDGET OUTLAY  
UPDATED: 10-26-16 (KDS)**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Total</b>
Water System Improvement	\$7,655,750	\$5,180,000	\$5,025,000	\$5,025,000	\$3,685,000	\$5,455,000	\$7,375,000	\$7,325,000	\$47,225,750
Wastewater System Improvements	\$5,965,500	\$20,910,000	\$22,950,000	\$21,368,000	\$19,224,000	\$18,775,000	\$9,893,000	\$5,140,000	\$124,225,500
Stormwater System Improvements	\$880,000	\$2,122,500	\$1,875,000	\$2,557,500	\$2,012,500	\$1,060,000	\$1,013,000	\$683,000	\$12,203,500
	<b>\$14,501,250</b>	<b>\$28,212,500</b>	<b>\$30,350,000</b>	<b>\$28,950,500</b>	<b>\$24,921,500</b>	<b>\$25,290,000</b>	<b>\$18,281,000</b>	<b>\$13,148,000</b>	<b>\$183,654,750</b>

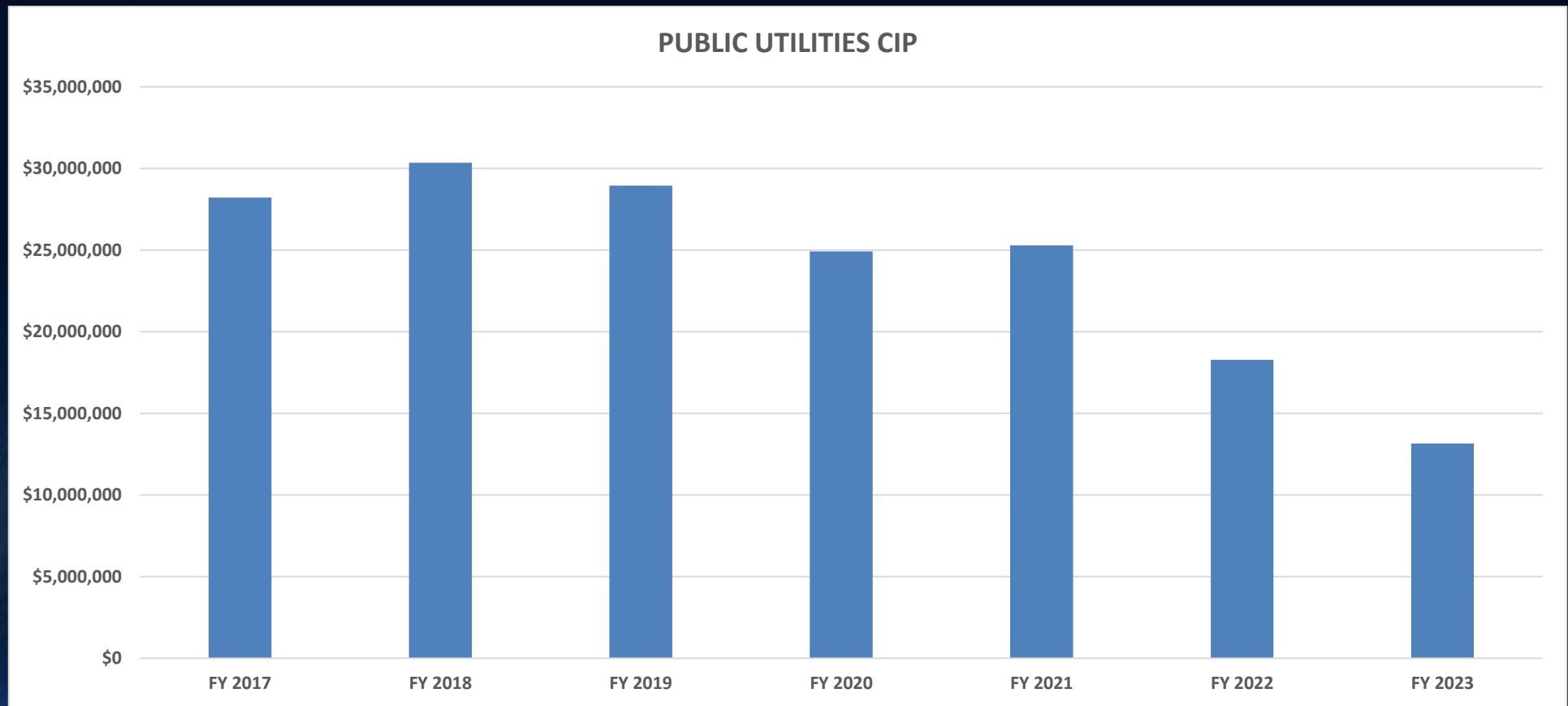
**Five Year  
Utilities Budget  
Plan Total = \$137,724,500**

**Five Year  
Utilities Budget  
Plan Average = \$27,544,900**

**Eight Year  
Utilities Budget  
Plan Total = \$183,654,750**

**Eight Year  
Utilities Budget  
Plan Average = \$22,956,844**

# CAPITAL IMPROVEMENTS PROGRAM



## RATE STUDY ANALYSIS RESULTS

# Broken Arrow Municipal Authority Financial Plan Scenarios FY2017 - FY2021

**Scenario 1 - GO Bond funding of \$50,000,000 available for Water and Wastewater in FY 2018 spread out over 5-years**

Scenario 1					
Year	Water	Sewer	Stormwater	Combined	ERF Days
2017	9.0%	14.0%	15.0%	11.4%	45
2018	5.5%	7.0%	9.0%	6.5%	60
2019	5.5%	7.0%	9.0%	6.5%	75
2020	5.5%	7.0%	9.0%	6.5%	85
2021	5.5%	7.0%	9.0%	6.5%	94

### Scenario 1 Assumptions:

\$50,000,000 GO Bond issue in FY 2018 for water and wastewater projects

Maintain the Emergency Reserve Fund balance from 2016 to 2017

Achieve 90 days of O&M, capital outlay and debt service on FAP loans by 2021

**Scenario 2 - GO Bond funding of \$50,000,000 available for Water and Wastewater in FY 2018 spread out over 5-years; smooth revenue increases**

Scenario 2					
Year	Water	Sewer	Stormwater	Combined	ERF Days
2017	6.5%	9.5%	15.0%	8.6%	39
2018	6.5%	9.5%	9.0%	7.8%	48
2019	6.5%	9.0%	9.0%	7.7%	61
2020	6.5%	9.0%	9.0%	7.7%	74
2021	6.5%	9.0%	9.0%	7.7%	91

**Scenario 2 Assumptions:**

\$50,000,000 GO Bond issue in FY 2018 for water and wastewater projects

Allow the balance in the Emergency Reserve Fund to drop from 2016 to 2017 to smooth the revenue increases from 2017 to 2018

Achieve 90 days of O&M, capital outlay and debt service on FAP loans by 2021



## SCENARIO 1 - RATE ANALYSIS

### WATER

Fiscal Year	Base Rate	Service Rate	Incremental		Cumulative	
			Cost	%	Cost	%
2016	\$7.70	\$4.00	NA	NA	NA	NA
2017	\$8.40	\$4.38	\$0.38	9.5%	\$0.38	9.5%
2018	\$8.80	\$4.63	\$0.25	5.7%	\$0.63	15.8%
2019	\$9.25	\$4.89	\$0.26	5.6%	\$0.89	22.3%
2020	\$9.65	\$5.15	\$0.26	5.3%	\$1.15	28.8%
2021	\$10.00	\$5.40	\$0.25	4.9%	\$1.40	35.0%

### SEWER

Fiscal Year	Base Rate	Service Rate	Incremental		Cumulative	
			Cost	%	Cost	%
2016	\$7.50	\$2.67	NA	NA	NA	NA
2017	\$8.20	\$3.08	\$0.41	15.4%	\$0.41	15.4%
2018	\$8.60	\$3.33	\$0.25	8.1%	\$0.66	24.7%
2019	\$9.00	\$3.59	\$0.26	7.8%	\$0.92	34.5%
2020	\$9.40	\$3.85	\$0.26	7.2%	\$1.18	44.2%
2021	\$9.80	\$4.10	\$0.25	6.5%	\$1.43	53.6%

## SCENARIO 2 - RATE ANALYSIS

### WATER

Fiscal Year	Base Rate	Service Rate	Incremental		Cumulative	
			Cost	%	Cost	%
2016	\$7.70	\$4.00	NA	NA	NA	NA
2017	\$8.40	\$4.25	\$0.25	6.3%	\$0.25	6.3%
2018	\$8.80	\$4.55	\$0.30	7.1%	\$0.55	13.8%
2019	\$9.25	\$4.86	\$0.31	6.8%	\$0.86	21.5%
2020	\$9.65	\$5.18	\$0.32	6.6%	\$1.18	29.5%
2021	\$10.00	\$5.48	\$0.30	5.8%	\$1.48	37.0%

### SEWER

Fiscal Year	Base Rate	Service Rate	Incremental		Cumulative	
			Cost	%	Cost	%
2016	\$7.50	\$2.67	NA	NA	NA	NA
2017	\$8.20	\$2.90	\$0.23	8.6%	\$0.23	8.6%
2018	\$8.60	\$3.25	\$0.35	12.1%	\$0.58	21.7%
2019	\$9.00	\$3.59	\$0.34	10.5%	\$0.92	34.5%
2020	\$9.40	\$3.93	\$0.34	9.5%	\$1.26	47.2%
2021	\$9.80	\$4.28	\$0.35	8.9%	\$1.61	60.3%

**UTILITY BILL COMPARISON**  
**SCENARIO 1 - 7,000 GALLONS**

Itemized Service Charge		Broken Arrow		Tulsa	
<b>Water Service</b>	<b>Usage</b>	<b>Rate</b>	<b>Charges</b>	<b>Rate</b>	<b>Charges</b>
Usage Charge	7,000	\$4.38	\$30.66	\$3.93	\$27.51
Base Rate		\$8.40	\$8.40	\$5.51	\$5.51
Sub-Total			<b>\$39.06</b>		<b>\$33.02</b>
<b>Sewer Service</b>	<b>Usage</b>	<b>Rate</b>	<b>Charges</b>	<b>Rate</b>	<b>Charges</b>
Usage Charge	5,000	\$3.08	\$15.40	\$6.70	\$33.50
Base Rate		\$8.20	\$8.20	\$5.88	\$5.88
Sub-Total			<b>\$23.60</b>		<b>\$39.38</b>
<b>Stormwater Service</b>			<b>\$5.77</b>		<b>\$6.45</b>
<b>Refuse (Trash) Service</b>			<b>\$15.50</b>		<b>\$13.92</b>
<b>Life Ride (EMS) Charge</b>			<b>\$5.45</b>		<b>\$5.45</b>
<b>Street Light Fee</b>			<b>\$1.00</b>		<b>\$0.00</b>
<b>Total Customer Charges</b>			<b>\$90.38</b>		<b>\$98.22</b>

**UTILITY BILL COMPARISON**  
**SCENARIO 2 - 7,000 GALLONS**

Itemized Service Charge		Broken Arrow		Tulsa	
Water Service	Usage	Rate	Charges	Rate	Charges
Usage Charge	7,000	\$4.25	\$29.75	\$3.93	\$27.51
Base Rate		\$8.40	\$8.40	\$5.51	\$5.51
Sub-Total			<b>\$38.15</b>		<b>\$33.02</b>
Sewer Service	Usage	Rate	Charges	Rate	Charges
Usage Charge	5,000	\$2.90	\$14.50	\$6.70	\$33.50
Base Rate		\$8.20	\$8.20	\$5.88	\$5.88
Sub-Total			<b>\$22.70</b>		<b>\$39.38</b>
Stormwater Service			<b>\$5.77</b>		<b>\$6.45</b>
Refuse (Trash) Service			<b>\$15.50</b>		<b>\$13.92</b>
Life Ride (EMS) Charge			<b>\$5.45</b>		<b>\$5.45</b>
Street Light Fee			<b>\$1.00</b>		<b>\$0.00</b>
<b>Total Customer Charges</b>			<b>\$88.57</b>		<b>\$98.22</b>

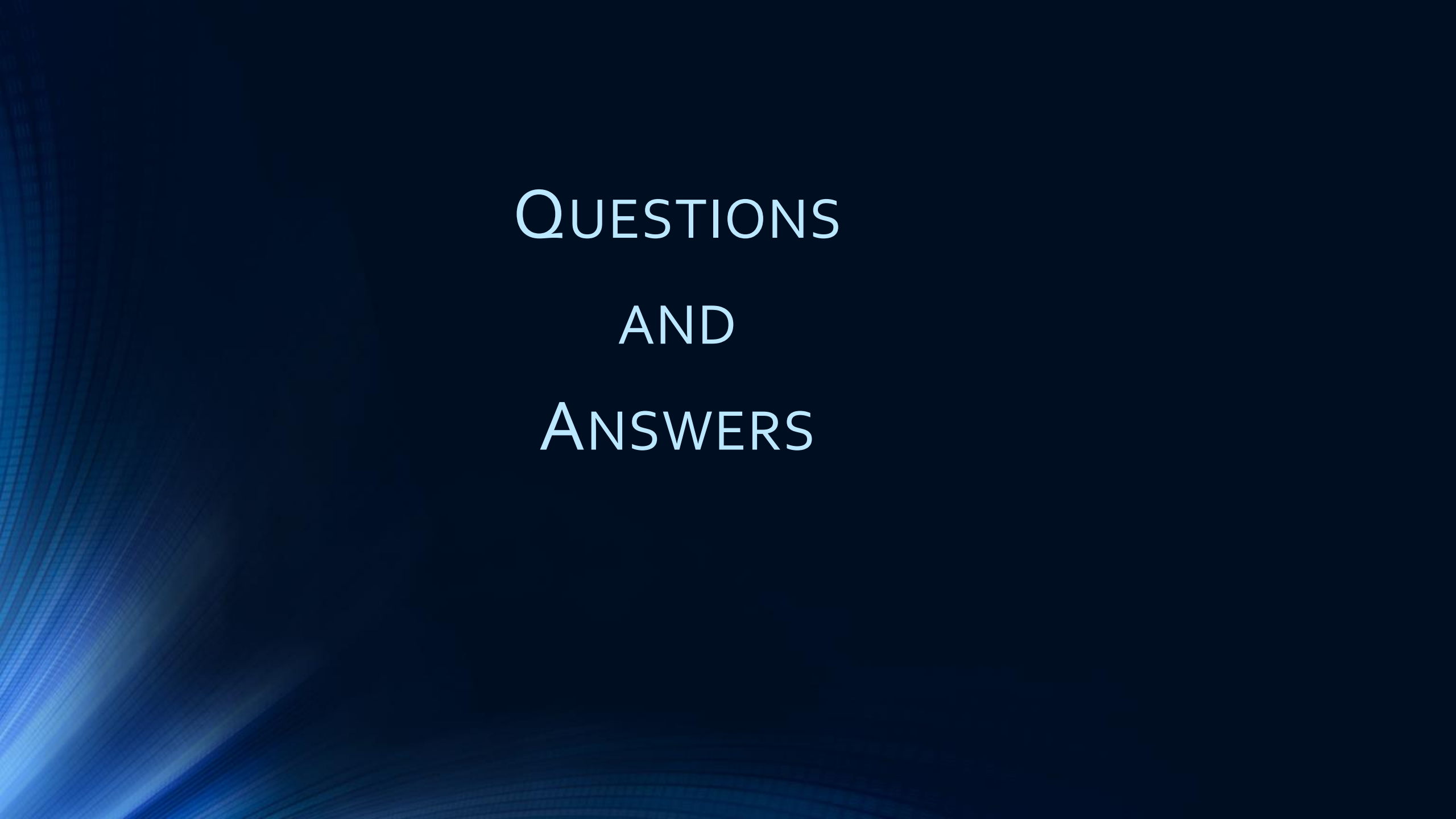
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QUESTIONS  
AND  
ANSWERS