



Notice of Study Session

For Abilene City Commission
4 p.m. Monday, July 1, 2019
Dwight D. Eisenhower Memorial Building
419 N. Broadway Avenue, Abilene, Kansas

PURPOSE

The City Commission's Study Sessions are for the purpose of providing the Commission the opportunity to study items in more detail.

OPEN FORUM

This is an opportunity to bring up items to be informally addressed. Mayor may impose a time limit on open forum.

STUDY ITEMS

1. Beth Warren to present utility rate review findings.
2. 2020 budget review.
3. Heritage Commission request for Historic District sign.





TO: Abilene City Commission

FROM: Marcus Rothchild, Finance Director

Memo

The City has been working with Beth Warren of Ranson/City Code Financial to help review and create scenarios to help set utility rates that will fund all utility operations today and in the upcoming years. Warren has conducted rate reviews for the past 15 years, has helped the state implement its rate checkup program and has taught the Kansas Department of Health and Environment's rate setting seminars. Our review has been in process for over a year with staff gathering data and information. As we continue to see the fund balances decrease in both the Water and Sewer funds, staff has found a rate increase to be necessary at this time. Beth will provide the complete rate review at the study session.

Public Works Director Lon Schrader and I have held a number of meetings to work through this review and discuss with Beth. After reviewing this data and working through the 2020 budget process I would recommend that the Commission consider the proposal to break even within three years in both the Water and Sewer department. This proposal would increase the rates over the next three years more aggressively, but then would level out with more moderate increases after we reach the break even point. I am including with this memo tables that show estimated user bills for both water and sewer and how the increase would affect those bills in the upcoming years. I am also including a draft copy of both the water and sewer 2020 budget pages that include this rate adjustment. In the future we hope to continue the practice of professional annual rate reviews to help avoid situations like these that require significant rate changes.



Table 24

City of Abilene, Kansas
Water Rate Analysis

Estimated User Bills Based on Proposed Increases

Version C - Proposed Rate Increase to breakeven with expenses within three (3) Years and then flat annual rate increase to reach one-hundred eighty (180) Days of Operating Cash within ten (10) Years

	<u>2018</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential - inside city						
1,000 gallons	\$17.00	\$19.17	\$21.61	\$24.37	\$25.16	\$25.98
5,000 gallons	30.00	33.83	38.14	43.00	44.40	45.84
10,000 gallons	46.25	52.15	58.80	66.29	68.45	70.67
25,000 gallons	95.00	107.11	120.77	136.17	140.59	145.16
50,000 gallons	176.25	198.72	224.06	252.63	260.84	269.31
100,000 gallons	338.75	381.94	430.64	485.54	501.32	517.62
250,000 gallons	826.25	931.60	1,050.38	1,184.30	1,222.79	1,262.53
500,000 gallons	1,638.75	1,847.69	2,083.27	2,348.89	2,425.23	2,504.05
1,000,000 gallons	3,263.75	3,679.88	4,149.06	4,678.07	4,830.11	4,987.08
Residential - outside city						
1,000 gallons	\$34.00	\$38.34	\$43.22	\$48.73	\$50.32	\$51.95
5,000 gallons	60.00	67.65	76.28	86.00	88.80	91.68
10,000 gallons	92.50	104.29	117.59	132.58	136.89	141.34
25,000 gallons	190.00	214.23	241.54	272.33	281.19	290.32
50,000 gallons	352.50	397.44	448.12	505.25	521.67	538.63
100,000 gallons	677.50	763.88	861.28	971.09	1,002.65	1,035.24
250,000 gallons	1,652.50	1,863.19	2,100.75	2,368.60	2,445.58	2,525.06
500,000 gallons	3,277.50	3,695.38	4,166.54	4,697.78	4,850.45	5,008.09
1,000,000 gallons	6,527.50	7,359.76	8,298.13	9,356.14	9,660.21	9,974.17
Commercial - inside city						
1,000 gallons	\$17.00	\$19.17	\$21.61	\$24.37	\$25.16	\$25.98
5,000 gallons	30.00	33.83	38.14	43.00	44.40	45.84
10,000 gallons	46.25	52.15	58.80	66.29	68.45	70.67
25,000 gallons	95.00	107.11	120.77	136.17	140.59	145.16
50,000 gallons	176.25	198.72	224.06	252.63	260.84	269.31
100,000 gallons	338.75	381.94	430.64	485.54	501.32	517.62
250,000 gallons	813.75	917.50	1,034.48	1,166.38	1,204.29	1,243.43
500,000 gallons	1,501.25	1,692.66	1,908.47	2,151.80	2,221.74	2,293.94
1,000,000 gallons	2,876.25	3,242.97	3,656.45	4,122.65	4,256.63	4,394.97
Commercial - outside city						
1,000 gallons	\$34.00	\$38.34	\$43.22	\$48.73	\$50.32	\$51.95
5,000 gallons	60.00	67.65	76.28	86.00	88.80	91.68
10,000 gallons	92.50	104.29	117.59	132.58	136.89	141.34
25,000 gallons	190.00	214.23	241.54	272.33	281.19	290.32
50,000 gallons	352.50	397.44	448.12	505.25	521.67	538.63
100,000 gallons	677.50	763.88	861.28	971.09	1,002.65	1,035.24
250,000 gallons	1,627.50	1,835.01	2,068.97	2,332.76	2,408.58	2,486.86
500,000 gallons	3,002.50	3,385.32	3,816.95	4,303.61	4,443.47	4,587.89
1,000,000 gallons	5,752.50	6,485.94	7,312.90	8,245.30	8,513.27	8,789.95

Table 18

City of Abilene, Kansas

Sewer Rate Analysis

Estimated User Bills Based on Proposed Increases

Version B - Proposed Rate Increase to breakeven with expenses within three (3) Years and then flat annual rate increase to reach one-hundred eighty (180) Days of Operating Cash within eight (8) Years

	<u>2018</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Inside City Limits Users						
1,000 gallons	\$16.15	\$18.41	\$20.99	\$23.93	\$24.70	\$25.51
5,000 gallons	35.15	40.07	45.68	52.08	53.77	55.52
10,000 gallons	58.90	67.15	76.55	87.26	90.10	93.03
25,000 gallons	130.15	148.37	169.14	192.82	199.09	205.56
50,000 gallons	248.90	283.75	323.47	368.76	380.74	393.11
100,000 gallons	486.40	554.50	632.13	720.62	744.04	768.22
Outside City Limits Users						
1,000 gallons	\$24.23	\$27.62	\$31.48	\$35.89	\$37.06	\$38.26
5,000 gallons	52.73	60.11	68.52	78.11	80.65	83.27
10,000 gallons	88.35	100.72	114.82	130.89	135.15	139.54
25,000 gallons	195.23	222.56	253.71	289.23	298.63	308.34
50,000 gallons	373.35	425.62	485.21	553.13	571.11	589.67
100,000 gallons	729.60	831.74	948.19	1,080.93	1,116.06	1,152.34

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Abilene

2020

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Water	Prior Year Actual for 2018	Current Year Estimate for 2019	Proposed Budget Year for 2020
Unencumbered Cash Balance Jan 1	283,684	117,642	103,571
Receipts:			
Charges for Services	1,421,877	1,365,974	1,409,381
Sales Tax	195	117	104
Fines and Penalties	11,923	14,200	11,923
Reimbursed Expenses		8,488	0
Antenna Fees	15,634	15,000	
Interest Income	168	1,000	1,185
Miscellaneous			10,617
Does miscellaneous exceed 10% Total Rec			
Total Receipts	1,449,797	1,404,779	1,433,210
Resources Available:	1,733,481	1,522,421	1,536,781
Expenditures:			
WELLS/PRODUCTION & WTP			
Personnel	189,461	200,000	200,999
Operations	321,065	281,215	340,618
Capital Outlay	0	0	25,000
Contractual	35,791	0	0
WATER DISTRIBUTION			
Personnel	230,436	240,000	244,470
Operations	284,935	300,000	323,109
Capital Outlay	142,065	25,000	25,000
Contractual	0	0	0
COMMERCIAL			
Personnel	131,785	139,238	139,811
Operations	93,086	87,298	98,755
Capital Outlay	1,057	2,500	2,500
Contractual	19,556	9,393	20,747
DEBT SERVICE			
Principal Payments	95,000	45,000	0
Interest	1,602	518	33,243
TRANSFERS			
Transfer to General Fund	70,000	88,688	74,263
Transfer to Water Equipment Reserve	0	0	0
Cash Forward (2020 column)			8,265
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	1,615,839	1,418,850	1,536,780
Unencumbered Cash Balance Dec 31	117,642	103,571	1
2018/2019/2020 Budget Authority Amount:	1,620,273	1,593,530	1,536,780

CPA Summary



Abilene

2020

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Sewer	Prior Year Actual for 2018	Current Year Estimate for 2019	Proposed Budget Year for 2020
Unencumbered Cash Balance Jan 1	568,672	341,646	142,210
Receipts:			
Charges for Service	1,240,003	1,250,000	1,401,657
Interest Income	916	2,714	916
Reimbursed Expenses	459	2,016	459
Fines and Penalties	42	6,000	42
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	1,241,420	1,260,730	1,403,074
Resources Available:	1,810,092	1,602,376	1,545,284
Expenditures:			
COLLECTION			
Personnel	102,473	110,000	108,714
Operations	43,156	50,000	51,962
Capital Outlay	2,872	5,000	25,000
Contractual	0	0	0
WASTEWATER TREATMENT PLANT			
Personnel	150,497	155,000	161,273
Operations	285,243	300,000	309,339
Capital Outlay	0	5,000	25,000
COMMERCIAL			
Personnel	131,932	138,934	139,967
Operations	76,665	53,837	81,334
Capital Outlay	2,962	2,500	2,500
Contractual	19,550	9,400	20,741
DEBT SERVICE			
Principal Payments	464,800	435,830	447,147
Interest Payments	128,296	116,616	105,299
TRANSFERS			
Transfer to General Fund	60,000	78,049	63,654
Transfer to Sewer Reserve	0	0	
Cash Forward (2020 column)			3,354
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	1,468,446	1,460,166	1,545,284
Unencumbered Cash Balance Dec 31	341,646	142,210	0
2018/2019/2020 Budget Authority Amount:	1,985,136	1,537,890	1,545,284

CPA Summary



NOTICE OF BUDGET HEARING

2020

The governing body of

Abilene

will meet on 08/12/2019 at 4:00 p.m. at Abilene Public Library 209 NW 4th Street, Abilene, KS 67410 for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax.

Detailed budget information is available at City Hall 419 N Broadway, Abilene, KS 67410 and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2020 Expenditures and Amount of 2019 Ad Valorem Tax establish the maximum limits of the 2020 budget.

Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2018		Current Year Estimate for 2019		Proposed Budget Year for 2020		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2019 Ad Valorem Tax	Estimate Tax Rate *
General	4,235,575	31.835	4,846,820	33.250	6,360,406	1,813,007	31.571
Debt Service	621,935	6.999	619,593	7.999	747,036	499,414	8.697
Library	435,582	7.511	509,069	8.288	533,035	475,959	8.288
Airport	204,291	0.290	49,600	0.289	116,400	10,884	0.190
Fire Apparatus	48,110	0.474	91,881	1.669	131,152	104,524	1.820
Capital Improvement	106,360	2.123	59,710		442,993	24,900	0.434
Special Highway	376,178		155,000		478,874		
Sales Tax Street	143,901		366,000		766,975		
Recycle	103,122		157,797		236,220		
Storm Water	57,172		18,000		650,897		
Special Parks & Recreation	99,816		35,765		43,178		
Special Alcohol & Drug	23,000		54,000		20,000		
Special Revenue- Comm Ctr					124,931		
Special Revenue- Library/Pool	437,831		149,384		53,368		
Water	1,615,839		1,418,850		1,536,780		
Sewer	1,468,446		1,460,166		1,545,284		
Recreation Commission	478,269		636,221		842,514		
Convention & Visitors Bureau	276,227		246,417		258,101		
Non-Budgeted Funds-A	163,134						
Totals	10,894,788	49.232	10,874,273	51.495	14,888,144	2,928,688	51.000
Less: Transfers	158,000		592,737		563,917		
Net Expenditure	10,736,788		10,281,536		14,324,227		
Total Tax Levied	11,191,986		2,825,432		xxxxxxxxxxxxxxxxxxxx		
Assessed Valuation	55,078,727		54,868,195		57,425,891		
Outstanding Indebtedness,							
January 1,	2017		2018		2019		
G.O. Bonds	7,420,000		6,335,000		5,275,000		
Revenue Bonds	17,440,000		17,635,000		17,430,000		
Other	5,467,110		5,053,061		4,628,261		
Lease Purchase Principal	324,604		313,737		1,577,594		
Total	30,651,714		29,336,798		28,910,855		

*Tax rates are expressed in mills

Marcus Rothchild
City Official Title: Finance Director