

AIRPORT BOARD FINANCE COMMITTEE
AGENDA
2:00 P.M., TUESDAY, AUGUST 5, 2014
ALASKA ROOM

- I. ROLL CALL
- II. BUSINESS: Water & Sewer
 - A. **Current City and Airport Rates (Attachment 1)**
 - B. **Proposed Airport Rate Change (Attachment 2)**
 - C. **Discussion Items (Attachment 3)**
- III. TIME AND PLACE OF NEXT MEETING
- IV. ADJOURN

Current City and Airport Water/Sewer Rate

	City	Airport	Difference
Water			
Flat Base	\$26.40	\$10.00	\$16.40
Metered Base	\$18.06	\$15.50	\$2.56
Add. 1,000 gals	\$2.43	\$2.00	\$0.43
Sewer			
Flat Base	\$64.13	\$25.00	\$39.13
Metered Base	\$64.13	\$55.00	\$9.13
Add. 1,000 gals	\$8.53	\$7.30	\$1.23

City Five Year Water/Sewer Rate Increase

		With increases of 6.5%						
Water	Current	Jan'15	Jul'15	Jul'16	Jul'17	Jul'18	Jul'19	Jul'20
Flat Base	\$26.40	\$28.12	\$29.94	\$31.89	\$33.96	\$36.17	\$38.52	\$41.03
Metered Base	\$18.06	\$19.23	\$20.48	\$21.82	\$23.23	\$24.74	\$26.35	\$28.06
Additional 1,000 gals	\$2.43	\$2.59	\$2.76	\$2.94	\$3.13	\$3.33	\$3.55	\$3.78
Large Commercial	\$347.42	\$370.00	\$394.05	\$419.67	\$446.94	\$476.00	\$506.94	\$539.89
Large Com. Add. 1,000 gals	\$0.70	\$0.75	\$0.79	\$0.85	\$0.90	\$0.96	\$1.02	\$1.09

		With increases of 8%						
Sewer	Current	Jan'15	Jul'15	Jul'16	Jul'17	Jul'18	Jul'19	Jul'20
Flat	\$64.13	\$69.26	\$74.80	\$80.79	\$87.25	\$94.23	\$101.77	\$109.91
Metered	\$64.13	\$69.26	\$74.80	\$80.79	\$87.25	\$94.23	\$101.77	\$109.91
Additional 1,000gals	\$8.53	\$9.21	\$9.95	\$10.75	\$11.60	\$12.53	\$13.54	\$14.62

 Airport (Sub-Utility) Rate

One Fiscal Year (Current)

Tenant Revenue			
	Water	Sewer	Tenants
Meter	\$15.50	\$55.00	22
Add 1,000	\$2.00	\$7.30	
Flat	\$10.00	\$25.00	7
	Water	Sewer	Total
	\$10,114.00	\$31,695.30	\$41,809.30

Airport Expenses (Sub-Utility)			
	Water	Sewer	Meters
Metered	\$347.42	\$64.13	2
Add. 1,000	\$0.70	\$8.53	
	Water	Sewer	Total
	\$8,338.08	\$36,358.58	\$44,696.66

Tenant Revenue Minus Airport Expenses		
		</

January 1 with No Airport Rate Change

Tenant Revenue			
	Water	Sewer	Tenants
Meter	\$15.50	\$55.00	22
Add 1,000	\$2.00	\$7.30	
Flat	\$10.00	\$25.00	7
	Water	Sewer	Total
	\$10,114.00	\$31,695.30	\$41,809.30

Airport Expenses (Sub-Utility)			
	Water	Sewer	Meters
Metered	\$370.00	\$69.58	2
Add. 1,000	\$0.75	\$9.26	
	Water	Sewer	Total
	\$8,880.00	\$39,469.24	\$48,349.24

Tenant Revenue Minus Airport Expenses		

Change Tenant Rates to Match City Rates

Tenant Revenue			
	Water	Sewer	Tenants
Meter	\$19.23	\$69.26	22
Add 1,000	\$2.59	\$9.21	
Flat	\$28.12	\$69.26	7
	Water	Sewer	Total
	\$14,149.49	\$40,860.57	\$55,010.06

Airport Expenses (Sub-Utility)			
	Water	Sewer	Meters
Metered	\$370.00	\$69.58	2
Add. 1,000	\$0.75	\$9.26	
	Water	Sewer	Total
	\$8,880.00	\$39,469.24	\$48,349.24

Tenant Revenue Minus Airport Expenses		
Water	Sewer	Total
\$5,269.49	\$1,391.33	\$6,660.82

Water and Sewer Discussion Items

1. **Utility Maintenance.** The Airport pays Public Works \$10,000 annually for general maintenance on the hydrants. This includes flushing all hydrants in the AOA, as well as winterizing.
2. **Infrastructure Costs.** As part of the Memorandum of Agreement, the Airport is responsible to maintain the utility infrastructure as well as cover the costs for future construction/expansion.
3. **Annual Rate Increase.** Public Works will be increasing their rates annually. With these increases, the Airport will also need to increase rates to maintain a surplus. Public Works increases water at 6.5% and sewer at 8.0% on January 1, 2015, and again July 1, 2015, and at an annual rate thereafter.
4. **Two Meter Charges.** The Airport is currently incurring charges for two meters rather than one. This addition creates a (current) annual expense of \$4,500.
5. **Sewer Variance.** The Airport is currently being charged sewer for every thousand gallons of water that enters the airport system. After all removal of all tenant metered water, there is a monthly variance of 67,000 gallons and 800,000 gallons annually. The Airport sub-utility currently receives bulk water; however, it does not receive bulk sewer and is incurring the sewer that is associated with the water not being covered by the airport metered tenants. This additional expense is roughly \$500 a month or \$6,000 annually.
6. **Subtraction Metering.** The Airport is in discussion with Public Works on a way to subtract the sewer amount out of tenants that do not use sewer. TEMSCO does not use sewer, however, the Airport is being charged for every gallon entering the system and assumed all sewer exits unless a subtraction meter is applied. If Public Works credits the Airport sub-utility, it will reduce expenses by 23,000 gallons a month with a savings of a little under \$200.00 a month or \$2,400.00 annually.
7. **Past Debt.** The Airport is working with the Finance Department, as well as Public Works, to reimburse Public Works for all Airport outstanding debt.
8. **Disbanding the Sub-Utility.** It is the opinion of the Airport Manager's Office that the Airport should have never been made to enter the utility business. Currently, there are no plans for Public Works to reclaim the airport utility, but it has been a discussion item between the Airport and Public Works.