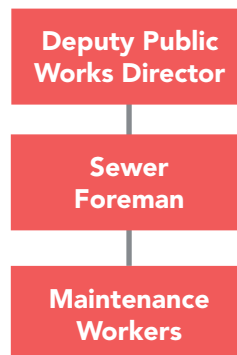




SEWER FUND

Sewer Fund Summary

Sewer Organizational Chart



The Sewer Fund is a type of proprietary fund, which is considered an enterprise fund. Enterprise funds account for business-type activities supported largely through user charges. The main purpose of this business-like approach is to provide services to consumers at a price that will cover both the current cost of operations (expenditures) and the maintenance and financing of the necessary capital assets.

The primary source of revenue for the Sewer Fund is the sewer use fees. Wastewater treatment provided by the City of Omaha is a significant portion of the fund's expenditures.

On August 19, 2014, the Mayor and City Council accepted a Sewer Rate Study which recommended a rate increase of 10% annually from FY15 through FY19 for all classes of sewer customers with the exception of multi-family customers. The Rate Study recommended a transition in the fees for multi-family sewer users so that by FY19 those customers are billed through the MUD billing system, which will eliminate manual billing by City staff. Consultant selection for a new Rate Study is currently underway.

FY18 FINANCIAL PERFORMANCE

Revenues - FY18 revenue is estimated to be \$4.1 million which is less than the budget of \$4.2 million. This is the result of continued declines in water usage by customers.

Expenditures & Capital for FY18 are estimated to total \$3.6 million, which is slightly less than the budgeted amount of \$3.64 million. This is due to reduced charges for wastewater treatment from the City of Omaha.

Fund Balance - The estimated FY18 ending fund balance is \$717,411 which is \$324,596 more than budgeted. This is due to a change in the construction schedule delaying a budgeted transfer to the Capital Improvement Fund in FY18.

There are also significant portions of the sewer system over 50 years old that will require future rehabilitation. One such area is east of 72nd and north of Thompson Creek. Preparations are currently underway to initiate a new Sewer Rate Study that will recommend rates for the next five years. The new Sewer Rate Study will take into account various rate scenarios and funding options for rehabilitation of the sewer system. Actual funding recommendations will be reviewed and determined annually based on current conditions and the recommendations in the Sewer Study.

Sewer Fund Summary

FY19 & FY20 BUDGET

The FY19 & FY20 budget continues to recommend funding to support strategic investment in well-planned and maintained public infrastructure and facilities that meet projected growth and development demands. Other expenditures that relate directly to goals in the Strategic Plan for FY19 include updating the Sewer Rate Study.

Revenues - The FY15 – FY19 Sewer Rate Study adopted by City Council recommended a 10% user rate increase for FY19. Because the City of Omaha has announced that their increase for FY19 will be 5.25% (*much lower than originally planned*) and the sewer fund is currently in a stable position currently, staff is recommending a sewer user rate increase at

only 8%. The new Sewer Rate Study to be presented to City Council in FY19 will provide recommendations for sewer rates during the FY20 – FY24 period. The overall total revenue for FY19 is \$4.5 million, an increase from FY18 Budget of \$283,245 (6.7%) increase.

At this time, revenue in the FY20 recommended budget is \$4.9 million which is a \$383,078 or 8.5% increase over FY19. As noted above, the new Sewer Rate Study will take into account various rate scenarios and funding options to begin in FY20 and make rate recommendations accordingly.

Expenditures & Capital - The FY19 budget recommends spending \$4.1 million 12.6% increase over FY18 budget. The significant increase is the result of a \$310,428 expenditure for a new camera unit. In FY20, the recommendation is \$3.8 million which is 7% decrease over FY19.

SEWER FUND BUDGET SUMMARY

	FY17 Actuals	FY18 Budget	FY18 Estimated Year-End	FY19 Proposed Budget	FY20 Proposed Budget	FY21 Projected Budget	FY22 Projected Budget	FY23 Projected Budget
Beginning Fund Balance	531,365	1,052,339	1,052,339	1,595,457	820,783	760,216	516,551	824,077
Operating								
Revenue	3,829,358	4,243,469	4,126,584	4,526,714	4,909,792	5,149,307	5,401,761	5,667,882
Expenditures	3,307,872	3,644,947	3,586,609	4,103,263	3,800,694	7,769,762	4,133,082	5,029,682
Surplus/(deficit)	521,486	598,522	539,975	423,451	1,109,098	(2,620,455)	1,268,679	638,200
Non-Operating								
Transfers-In	-	-	3,143	3,000	3,000	2,376,790	3,000	3,000
Transfers-Out	(512)	(380,000)	-	(1,201,125)	(1,172,665)	-	(964,153)	(462,257)
Surplus/(deficit)	(512)	(380,000)	3,143	(1,198,125)	(1,169,665)	2,376,790	(961,153)	(459,257)
Net Revenue	520,974	218,522	543,118	(774,674)	(60,567)	(243,665)	307,526	178,943
ENDING FUND BALANCE	1,052,339	1,270,861	1,595,457	820,783	760,216	516,551	824,077	1,003,020

Sewer Fund Summary

Fund Balance - the FY19 fund balance is \$820,783 which is a 48.6% decrease over the FY18 year-end estimate. The fund balance represents a 22% cash reserve. FY20 recommended fund balance is \$760,216, a decrease from FY19 of 7.4%. However, the cash reserve remains within the 20-25% policy at 20%. The FY19-FY20 Biennial Budget recommends creating a Sewer Reserve Fund to track cash reserves set aside to fund future significant infrastructure and equipment costs. Transfers of \$1,201,125 in FY19 and \$1,172,665 in FY20 to the Sewer Reserve Fund are calculated to maintain a 20% operating reserve in the Sewer Fund.

SUMMARY

The fees paid to the City of Omaha to treat sewage account for 68% of the FY18 operating budget. The City of Omaha bills the City of La Vista for treating sanitary sewage and has increased that rate 9% annually through 2018. Omaha's new sewer rate study for years 2019-2023 proposes a 5.25% increase annually.

The sewer fund budget currently includes 75/25 split between the General Fund Public Works Administration department and the Sewer Operations department. The salary and benefits of the City Engineer, Administrative Assistant and Intern are split 50/50 between the General Fund Public Works Administration department and the Sewer Operations department.

Transfers to the recommended Sewer Reserve Fund will accumulate funds for future construction projects.

SEWER FUND REVENUE DETAIL

	FY17 Actuals	FY18 Budget	FY18 Estimated Year-End	FY19 Proposed Budget	FY20 Proposed Budget	FY21 Projected Budget	FY22 Projected Budget	FY23 Projected Budget
Sewer Service Charges	162,010	106,806	106,806	70,173	11,000	11,550	12,128	12,734
Sewer User Fees	3,421,985	4,023,015	3,949,563	4,352,612	4,794,872	5,034,615	5,286,346	5,550,663
Sales Tax Collection Fee	(191)	457	175	115	18	19	20	21
Sewer Hookup Fee	224,105	100,000	50,000	100,000	100,000	100,000	100,000	100,000
Interest Income	1,718	3,191	4,413	3,814	3,902	3,123	3,267	4,464
Grant Income	19,731	10,000	10,000	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-
Miscellaneous	-	-	5,627	-	-	-	-	-
TOTAL REVENUE	3,829,358	4,243,469	4,126,584	4,526,714	4,909,792	5,149,307	5,401,761	5,667,882

SEWER FUND EXPENDITURE DETAIL

	FY17 Actuals	FY18 Budget	FY18 Estimated Year-End	FY19 Proposed Budget	FY20 Proposed Budget	FY21 Projected Budget	FY22 Projected Budget	FY23 Projected Budget
Personnel Services	760,086	569,620	536,105	618,649	644,472	667,684	693,953	715,485
Commodities	2,500,272	3,013,847	2,989,023	2,987,706	3,122,393	3,262,078	3,409,129	3,564,197
Contractual Services	-	-	-	125,000	-	3,800,000	-	450,000
TOTAL EXPENDITURE	3,260,358	3,583,467	3,525,128	3,731,355	3,766,865	7,729,762	4,103,082	4,729,682

Sewer Fund Summary

STORM WATER MANAGEMENT

The City is a recipient of the Nebraska Department of Environmental Quality Storm Water Management grant of \$22,918 annually. This funding is used to comply with storm water management per the Clean Water Act. A local match of \$4,816 is required. Due to budget cuts at the state, the FY18 grant is \$10,000 and we expect to receive no further grant funding under this program. Expenditures in the FY19 and FY20 biennial budget were reduced by the amount of the previously required match. We have added an additional expenditure to this department in the amount of \$28,500 annually for Hell Creek Channel maintenance and anticipate adding Thompson Creek maintenance in future years.

Travel and Training

TRAVEL & TRAINING DETAIL

Department	Name of Conference	Attendees	Event Location	FY19 Travel	FY19 Training	FY20 Travel	FY20 Training
SEWER OPERATING	Pre-Fall Conference	6	Kearney, NE	648	240	654	242
	APWA, AWWA, NWEA Fall Conference	6	Kearney, NE	1,404	810	1,418	818
	LNW Wastewater Operations Snow Ball Conference	6	TBA	1,460	450	1,475	455
	WWETT Show	2	Indianapolis, IN	3,260	200	3,293	202
	Pesticide Applicator Training	6	Omaha, NE	-	360	-	364
	Metam Sodium License	4	Lincoln, NE	-	600	-	606
	AWWA Conference	1	Kearney, NE	118	135	119	136
	Stormwater Training			415	205	142	77
	25% Allocation from Streets Administration			1,169	1,498	1,494	1,627
SUBTOTAL SEWER OPERATIONS				\$8,474	\$4,498	\$8,595	\$4,527
TOTAL SEWER FUND				\$8,474	\$4,498	\$8,595	\$4,527

Capital Outlay

DEPARTMENT / ITEM	FY19	FY20
Sewer Operations		
Pick Up 4x4	35,000	
Camera Unit	300,000	
Previous Years Financed Outlay		
CAT Trailer FY17	4,587	4,206
CAT Excavator FY17	32,321	29,623
Total	\$371,908	\$33,829

SEWER FUND CAPITAL OUTLAY REQUESTS

The department capital outlay requests are shown below along with the funding recommendation of the Managing Directors.

SEWER OPERATIONS

FY19

Pickup 4x4 - \$35,000: We currently have a 2009 Dodge charger that we use to go get parts and do locates in. We also use it to travel to conferences out of town as it seats 4 comfortably. The engine is about shot in the car and isn't worth replacing the engine. By having a pickup that seats 4 we could use it for traveling to conferences along with doing locates and picking up parts. The pickup doesn't have to be used to plow snow with.

Camera Unit - \$300,000: We currently have a 2010 CUES truck camera unit. We have had many issues with the current camera unit that has put us down from a couple of days to a couple of weeks. With a new camera unit we would be able to have the newest technology and software. We would be able to televise more efficiently and do more lines with the new technology that is out there now.

Financing from Previous Years

FY19

CAT Trailer - \$4,587 Financed by Caterpillar

CAT Excavator - \$32,321 Financed by Caterpillar

FY20

CAT Trailer - \$4,587 Financed by Caterpillar

CAT Excavator - \$32,321 Financed by Caterpillar



SEWER RESERVE FUND



Sewer Reserve Fund Summary

The Sewer Reserve Fund is an extension of the Sewer Fund. In FY12, a reserve was calculated and included in the cash balance of the Sewer Fund for future infrastructure and equipment replacement. The FY19 and FY20 Biennial Budget recommends the creation of a Sewer Reserve Fund for tracking cash balances in both the Sewer Fund and the Sewer Reserve Fund. The transfer to the Sewer Reserve Fund will be determined annually based on maintaining the Sewer Fund with a 20% operating reserve. Funds in excess of 20% will be transferred to the Sewer Reserve Fund to fund future significant future infrastructure and equipment costs.

FY19 & FY20 BUDGET

Revenues – Recommended transfers from the Sewer Fund are \$1,201,125 in FY19; and, \$1,172,665 in FY20.

Expenditures & Capital - There are no anticipated expenditures in the FY19-FY20 Budget.

Fund Balance – the cash fund balance in FY19 would be \$1,208,518 and in FY20 would be \$2,390,120.

SUMMARY

There are significant portions of the sewer system over 50 years old that will require future rehabilitation. One such area is east of 72nd north of Thompson Creek. In order to begin addressing these needs, establishing a Sewer Reserve Fund is recommended. The FY21 projection anticipates use of the Sewer Reserve Funds to avoid issuing debt. The current project estimate is \$3 million and would use the entire cash balance in the Sewer Reserve Fund. The new Sewer Rate Study will take into account various rate scenarios and funding options should the study find there is a need for rehabilitation of the sewer system.

SEWER RESERVE FUND BUDGET SUMMARY

	FY17 Actuals	FY18 Budget	FY18 Estimated Year-End	FY19 Proposed Budget	FY20 Proposed Budget	FY21 Projected Budget	FY22 Projected Budget	FY23 Projected Budget
Beginning Fund Balance	-	-	-	880,241	1,208,518	2,390,120	22,264	988,827
Operating								
Revenue	-	-		7,393	8,937	5,934	2,410	5,976
Expenditures	-	-		-	-	-	-	-
Surplus/(deficit)	-	-		7,393	8,937	5,934	2,410	5,976
Non-Operating								
Transfers-In	-	-		1,201,125	1,172,665	(2,373,790)	964,153	462,257
Transfers-Out	-	-		-	-	-	-	-
Surplus/(deficit)	-	-		1,201,125	1,172,665	(2,373,790)	964,153	462,257
Net Revenue	-	-		1,208,518	1,181,602	(2,367,856)	966,563	468,233
ENDING FUND BALANCE	-	-		1,208,518	2,390,120	22,264	988,827	1,457,060