

For the CIP Budget there was a note that it's been \$6M more a year since 2014. Wanted to understand what has caused it to be more than expected. This \$6M was planned spending. With the new income tax being passed, the City Council adopted an aggressive CIP to show the community that we were getting to work on many of the items that were mentioned during the 2014 CFRTF review and the Issue 23 campaign.

For utilities and fees charged, do we have any summary data to give us a sense how much we would need to increase charges related to sewer, storm water, refuse, etc. to cover operating and capital improvement costs? At the last meeting I remember hearing that the water surcharge would have to be over double to cover it so curious about the others. See Attachment A that was part of a budget presentation that was made in November of 2018.

From an income tax perspective can we get a current estimate on what raising the income tax rate by .25% would generate and what reducing the credit for taxes paid to other municipalities to 80% would generate? There was a similar analysis done in 2014. Based on tax year 2017 data, we estimate that increasing the income tax rate .25% to 2.75% would generate an additional \$6M in revenue. In scenario two, where the income tax remains at 2.5% and the credit for taxes paid to other municipalities reduced to 80% (i.e. if you work in Columbus, you would pay Columbus 2.5%, when filing UA taxes you would only receive credit for paying 2% of taxes to Columbus and have to pay an additional .5% to UA, essentially paying 3% municipal income taxes), we estimate \$6.2M in additional revenue.

As far as other revenue options, outside of the traditional income tax system are there any other alternatives to consider that other municipalities have instituted to raise revenue? **Researching this topic.**

Guiding Policies - Operating Management Policies

14. Vehicles, technology equipment, and other operating equipment replacement schedules shall be developed and updated annually, including proposed funding sources.

Have the replacement schedules been developed? If so, can we have copies as we did the CIP schedules? The City does not have a centralized, multi-year replacement plan for all equipment that is comparable to the 10-year CIP. Rather, each department maintains schedules of when their equipment will need to be replaced. One example would be the City's fleet management system which tracks items such as mileage and maintenance and provides a score that ultimately drives when an item is scheduled to be replaced.

How this policy is currently being used (and in the past) is that departments must submit their equipment requests through an annual budget process (as opposed to following the two-year normal budget process). The equipment requests are analyzed balanced with the equipment budget for the upcoming year and then are ultimately presented to Council for final approval.

Reserve Policies

A Facilities Maintenance Reserve shall be established to ensure adequate funding for operating equipment replacement of City facilities (HVAC, roofing, etc.). How does this relate to the comments in the General Fund Overview on page 18 of the 2019-2020 Budget: The overall fund balance is projected to decline in 2019 primarily due to a few large, non-routine expenditures (i.e. replacement of the roof at the Municipal Service Center) . . . The City does not have a separate fund or other mechanism to track a Facility Maintenance Reserve. Essentially, the General Fund holds all reserves. Thus, when a major facilities maintenance project comes up it is worked into the General Fund budget and can deplete the fund balance.



CITY OF **UPPER**
ARLINGTON

Sewer and Water Rates


November 19, 2018

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Deputy Director/City Engineer, Public Service Department


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Finance Director




Agenda



- Rates vs. Surcharge
- Rate Setting Goals/Assumptions
- Proposed Rates
 - Rate History and Comparisons
 - Cost to Average Households
- Proposed adoption schedule
- Questions



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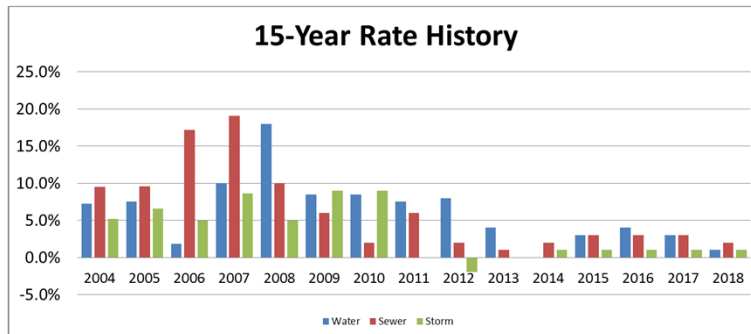
Rates vs. Surcharge

- Columbus Rates
 - Covers cost of water treatment, distribution, operation and maintenance (waterline repairs)
 - Columbus reviews rates annually
- Upper Arlington Surcharge
 - 100% based on usage
 - covers the cost of operation and maintenance (video & cleaning of sewers) and **Supports** cost of capital projects (replacements and new)
 - UA has not raised the surcharge since 2008




Proposed Rates

- Columbus Rate Increase
 - Water: 2.0%
 - Sewer: 3.0%
- \$7.53 quarterly increase (based on 30ccf/quarter)

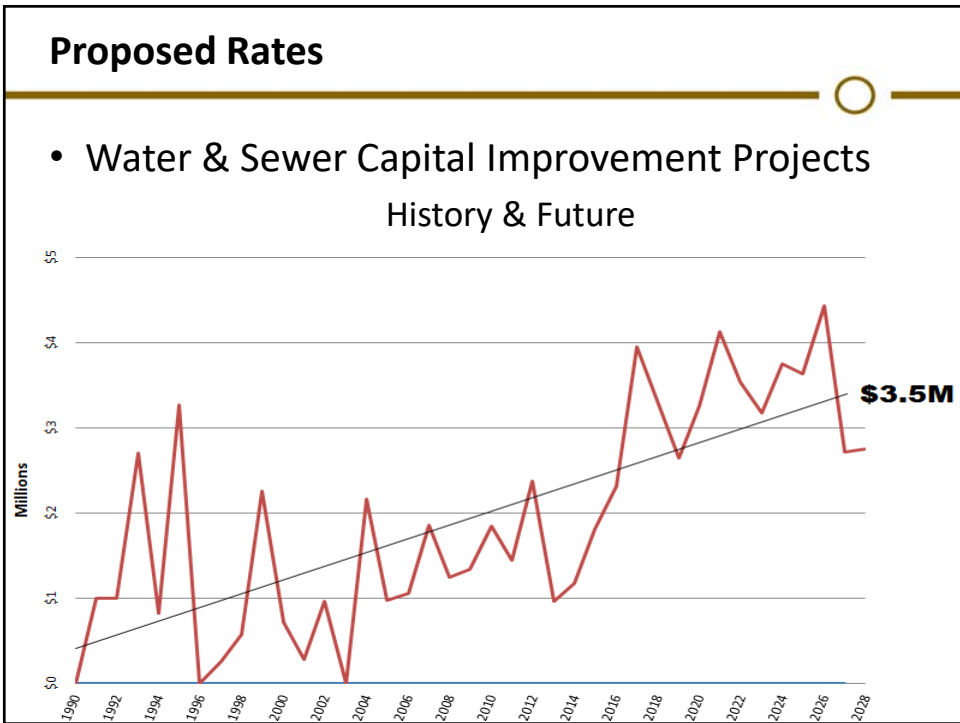


Proposed Rates

- Upper Arlington Surcharge
 - Water: 5% (from 10% to 15%)
 - Sewer: 5% (from 18% to 23%)



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Proposed Rates

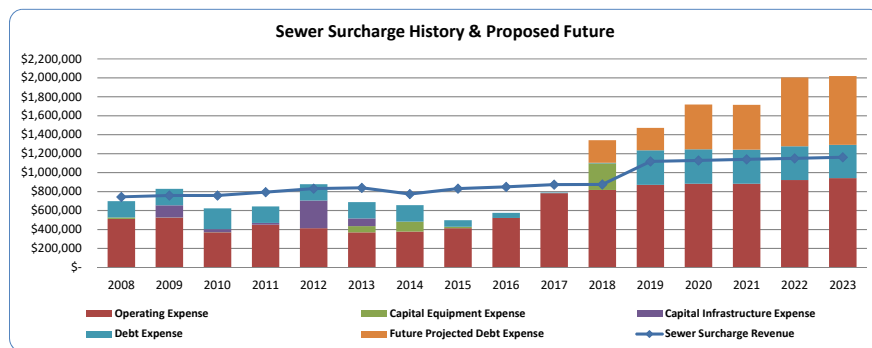
- Key Recommendations from the Citizens Financial Review Task Force

Utility charges should be set at a Level sufficient to cover both operating and capital improvement costs associated with those utilities.



Proposed Rates

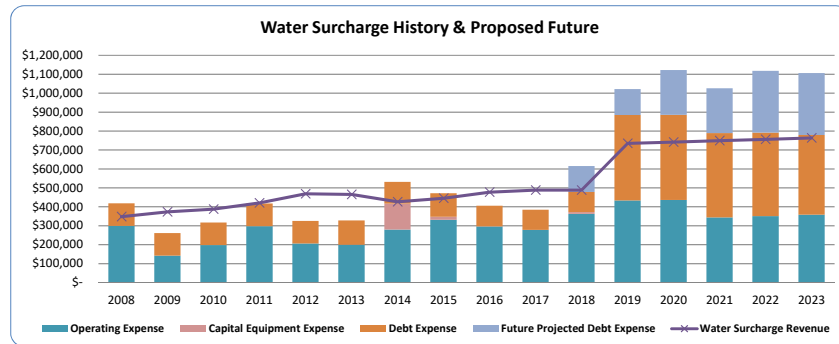
- Sewer Surcharge - History & Future
 - 18% surcharge instituted in 2008, prior methodology was \$4.90/10 CCF
 - Proposed increase to 23% surcharge - estimated \$240k additional revenue
 - Surcharge would need to be approximately 62% to cover future capital expenses



Proposed Rates

- Water Surcharge - History & Future

- 10% surcharge instituted in 2008, prior methodology was \$2.25/10 CCF
- Proposed increase to 15% surcharge - estimated \$240k additional revenue
- Surcharge would need to be approximately 40% to cover future capital expenses



Proposed Rates

- UA Surcharge Rate Increase

- Family of 4

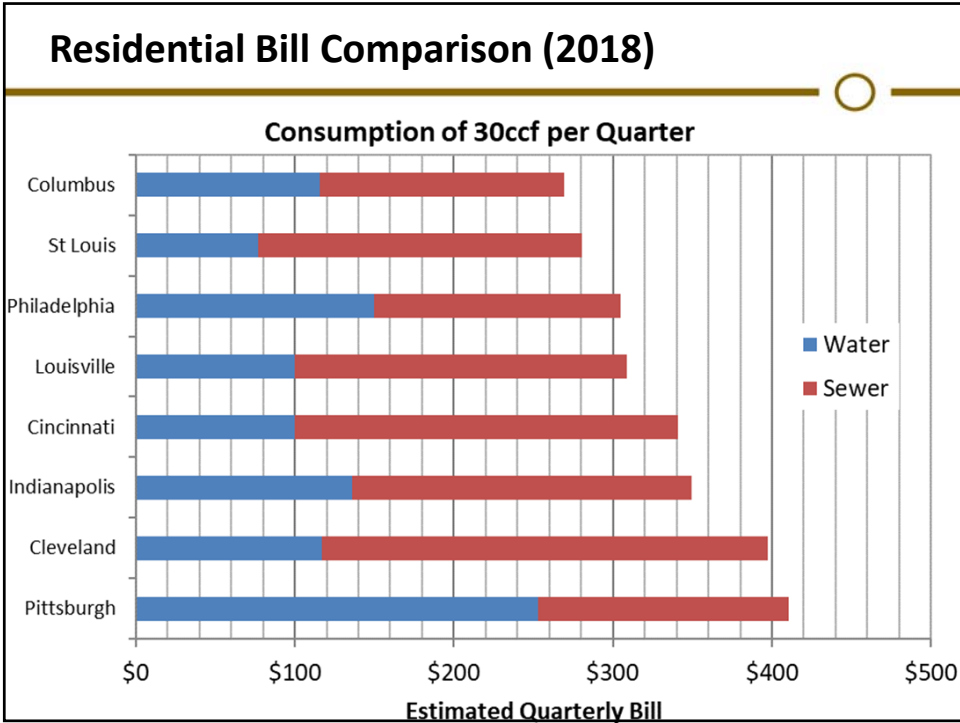
- (assumes 30 ccf/quarter)
- \$39/quarter
- Total/quarter = \$392




- Single

- (assumes 10 ccf/quarter)
- \$13/quarter
- Total/quarter = \$162





- ### Rate Adjustment Schedule (estimated)
- Presented in Draft 2019-2020 Budget Book – November 5th
 - Presentation to Council – November 19th
 - CIP Presentation to Council – December 3rd
 - Vote to Adopt Budget – December 10th
 - Rates will be effective January 1, 2019.
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Thank you
Questions?