

MEMORANDUM

TO: City Council
Jeff Mikorski, City Manager

FROM: Timothy L. Ball, General Manager, MUB

DATE: September 18, 2013

SUBJECT: **BOND AND RATE ORDINANCES**
SUNSHINE ESTATES SEWER PROJECT
COUNCIL COMMITTEE OF THE WHOLE MEETING INFORMATION
Sept 24, 2013

This will serve as a read ahead to help you prepare for the meeting. If you have any questions please contact me prior to the meeting on Tuesday evening.

The attached ordinances will facilitate the construction of sewer system improvements to serve the Sunshine Estates area. This will be an extension of MUB's Morgantown sewer system, utilizing a connection to the Deckers Creek PSD.

This project will be financed as follows:

WV IJDC grant	\$ 820,000
Mon County Commission Grant	\$ 100,000
MUB PSC Rule 5.5 Contribution	\$ 57,700
WV DEP loan (38 years, 0.5%)	<u>\$ 662,300</u>
TOTAL	\$1,640,000

Notable is the fact that WV DEP and IJDC have pledged very favorable financing in order that this project may resolve a high priority environmental threat (the failure of a private wastewater plant).

MUB will be the formal applicant / recipient for these funds, thus the need for the Bond Ordinance.

Also notable is the fact that **the debt service to repay the proposed loan will be paid entirely by the residents that will be served by the project.** This money will be collected by MUB through a \$38 per month surcharge that will be added to their regular sewer bill. The customers will also pay a second surcharge of \$0.25 per thousand gallons for transportation through the Deckers Creek PSD system. The subject Rate Ordinance is necessary in order to add the surcharges to our existing tariff.

MUB has almost always taken a "pay as you go" approach to system expansion, wherein the customers to be served must pay the full cost of the extension. This approach, however, becomes difficult to execute when the project cost is high. With recent implementation of such surcharges, we have established an exciting new solution that allows more expensive system additions to be done, and still without subsidization by MUB.

MUB'S Bond Resolution is included as an exhibit.

I will attend the Council meeting, and will be happy to provide any further explanation that you may desire.

CITY OF MORGANTOWN

AN ORDINANCE AMENDING SECTION 925.03 OF THE CITY OF MORGANTOWN'S STREETS, UTILITIES AND PUBLIC SERVICES CODE BY SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF MORGANTOWN.

THE COUNCIL OF THE CITY OF MORGANTOWN HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal sewerage services provided to all general domestic, commercial, industrial and resale users and customers of the City of Morgantown's Municipal Sewage Treatment Plant and Collection System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

925.03 SCHEDULE OF RATES

SCHEDULE NO. 1

(a) Applicable to entire territory served, except that served by Cheat Lake Wastewater Treatment Plant, the former Canyon Public Service District, and the former Scott's Run Public Service District. Effective for bills rendered on or after January 1, 2012 except as otherwise noted.

- (1) Availability of service. Available for sanitary sewer service.
- (2) Rate. Based upon the metered amount of water supplied.

Gallons Used

First 60,000 per month, <u>or 120,000 bi-monthly</u>	\$4.66 per 1,000 gallons
All Over 60,000 per month, <u>or 120,000 bi-monthly</u>	\$4.00 per 1,000 gallons

- (3) Minimum Charge.

Per month	\$ 4.66
Bi-monthly	\$ 9.32

(4) Tap fee. The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre- construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of seven hundred dollars (\$700.00) will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap system.

(5) Delayed payment penalty. The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

(6) Reconnection charge. A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charged whenever the service is disconnected for violation of rules, nonpayment of bills, or fraudulent use of water. No such charge shall be assessed if the customer has paid a water reconnection charge for the same reconnection.

(7) Leak adjustment. \$0.385 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customers of the meter. This rate shall beside applied to all such unusual consumption above the customer's historical average usage.

(8) Sunshine Estates Debt Service Surcharge. Applicable only to customers in the Sunshine Estates area: \$32.00 per month per customer, or \$64.00 bi-monthly per customer. This surcharge will be evaluated annually and in the event that a change in the number of customers results in a five percent (5%) change in the rate, the rate will be adjusted.

(9) Sunshine Estates DCPSD Transportation Surcharge. Applicable only to customers in the Sunshine Estates area: \$0.25 per 1,000 gallons.

(10) The surcharges described immediately above shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia; and upon completion of the Sunshine Estates Sewer Project.

SCHEDULE NO. 2

(b) Applicable to territory served by Cheat Lake Wastewater Treatment Plant. Effective for bills rendered on or after January 1, 2012.

(1) Availability of service. Available for sanitary sewer service.

(2) Rate. Based upon the metered amount of water supplied.

Gallons Used

First	2,000 per month	or 4,000 bi-monthly	\$8.75 per 1,000 gallons
Next	8,000 per month	or 16,000 bi-monthly	\$8.00 per 1,000 gallons
Next	20,000 per month	or 40,000 bi-monthly	\$7.50 per 1,000 gallons
Next	30,000 per month	or 60,000 bimonthly	\$7.00 per 1,000 gallons
Next	940,000 per month	or 1,880,000 bi-monthly	\$6.00 per 1,000 gallons
All Over	1,000,000 per month	or 2,000,000 bi-monthly	\$5.50 per 1,000 gallons

- (3) Minimum Charge.
 - A. Per month \$ 17.50
 - B. Bimonthly \$ 35.00

(4) Tap fee. A fee of seven hundred dollars (\$700.00) will be charged for new customers connecting to the sewerage system.

(5) Delayed Payment Penalty. The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

(6) Reconnection Charge. A fee of fifteen dollars (\$15.00) during Utility Board regular working hours and twenty-five dollars (\$25.00) after hours shall be charges whenever the service is disconnected for violation of rules, nonpayment of bills, or fraudulent use of water. No such charge shall be assessed if the customer has paid a water reconnection charge for the same reconnection.

(7) Leak Adjustment. \$0.385 per M gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 3

(c) Applicable to territory served by Star City Wastewater Treatment Plant, and delivered by other systems. Effective for bills rendered on or after January 1, 2012.

(1) Availability of service. Available for sanitary sewer service to other systems.

(2) Rates. All wastewater from other systems will be treated at the approved rate of \$1.50 per 1,000 gallons.

SCHEDULE NO. 4

(d) Applicable to the former Canyon Public Service District service area. Effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia; and upon acquisition of the Canyon Public Service District. for bills rendered on or after August 22, 2013.

(1) Availability of service. Available for sanitary sewer service.

(2) Rates. (Customers with metered water supply)

Service Charge	\$8.50 per month, <u>or \$17.00 bi-monthly</u>
Usage Charge	\$8.67 per 1,000 gallons

(3) Minimum Charge. No minimum bill will be rendered for less than the following based on meter size:

Meter Size	Minimum Charge
5/8"	\$25.46 per month, or \$50.92 bi-monthly
1 1/2"	\$125.78 per month, or \$251.56 bi-monthly
2"	\$201.02 per month, or \$402.04 bi-monthly

(4) Flat Rate Charge. Customers with non-metered water supply \$25.84 per month.

(5) Tap fee. The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of seven hundred dollars (\$700.00) will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap system.

(6) Delayed payment penalty. The above tariff is net. On all current usage billings not paid in full when due, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is only to be collected once for each month where it is appropriate.

(7) Disconnection charge. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with the Cheat View Public Service District, a disconnection fee of \$15.00 shall be charged or in the event the delinquent sewer bill is collected by Cheat View Public Service District, an administrative fee of \$15.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Cheat View Public Service District, is reconnected, a reconnection fee of \$15.00 shall be charged.

(8) Leak adjustment. \$2.89 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

SCHEDULE NO. 5

(e) Applicable to the former Scott's Run Public Service District service area. Effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia; and upon acquisition of the

Scott's Run Public Service District.

- (1) Availability of service. Available for sanitary sewer service.
- (2) Rates. (Customers with metered water supply)

Service Charge	\$8.50 per month
Usage Charge	\$8.53 per 1,000 gallons
- (3) Flat Rate Charge. (Customer with non-metered water supply)
Equivalent to 3,832 gallons water usage, \$41.47.

(4) Delayed payment penalty. The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

(5) Tap fee. The following charges are to be made whenever the utility installs a new tap to serve an applicant. A tap fee of one hundred dollars (\$100.00) will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant's premises that is associated with a certificate proceeding. A tap fee of seven hundred dollars (\$700.00) will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap system.

(6) Disconnect/Reconnect/Administrative Fees. Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with Pleasant Valley Public Service District, a disconnection fee of \$20.00 shall be charged or in the event the delinquent sewer bill is collected by Pleasant Valley Public Service District, an administrative fee of \$20.00 shall be charged.

Whenever water service, which has been previously disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with Pleasant Valley Public Service District, is reconnected, a reconnection fee of \$20.00 shall be charged.

(7) Returned Check Charge. A service charge equal to the actual bank fee assessed to the sewer utility up to a maximum of \$25.00 will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

(8) Leak adjustment. \$0.61 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of meter. This rate shall be applied to all consumption above the customer's historical average usage.

This Ordinance shall become effective forty-five (45) days after enactment or as otherwise provided herein, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

First Reading: October 1, 2013

MAYOR

Second Reading
and Public Hearing: October 15, 2013

CITY CLERK

Filed: _____

Recorded: _____