

Public Hearing on SAC Transfer Amount

Presented to the Environment Committee
April 13, 2010

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SF 2925/HF 2949

- Paragraph (a) describes current SAC practices (no changes)
- Paragraph (b) allows Council flexibility to temporarily reduce the SAC transfer and shift this amount to Municipal Wastewater Charges
 - Limited to when financially necessary
 - Requires study and public hearings
 - Balanced by mandatory minimum SAC rate increase
 - Sunset in 2015
- Paragraph (c) requires shift back when fund balance recovers

Bill Enacted

■ House:

- Passed 2 committees
 - Local Government Division 3/8/10
 - State and Local Government Ops 3/10/10
- Adopted 3/25/10

■ Senate:

- Passed committee
 - State and Local Government Ops 3/17/10
- Adopted 3/29/10

■ Governor:

- Signed into law 4/1/10

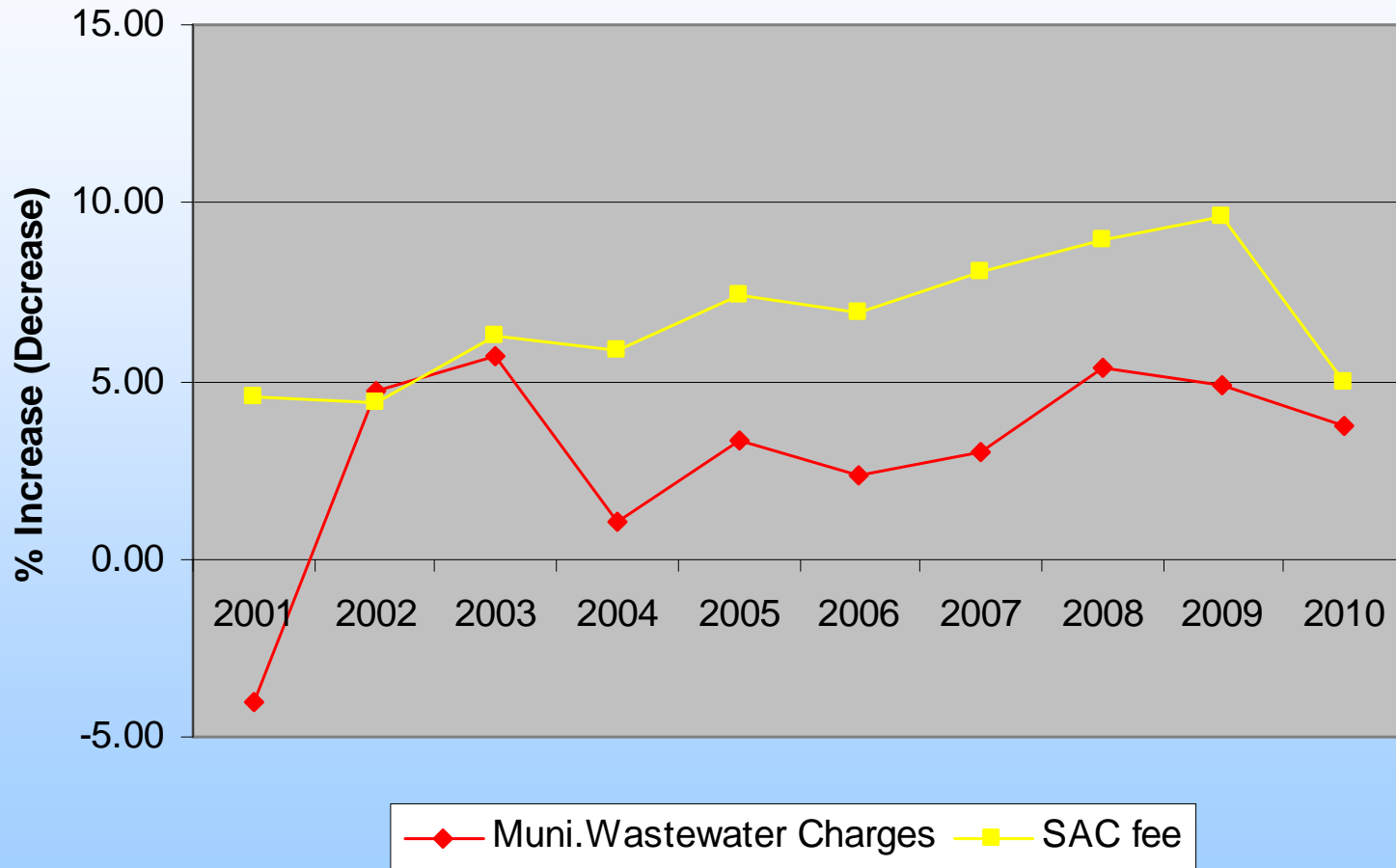
Mitigation Actions to Date

- **Deferred capital projects based on changes to forecasted service demands**
- **Refined reserve capacity definition**
- **Tightened SAC credit rules**
- **Appointed task force to develop long term policies for defining and funding reserve capacity**

Fiscal Impacts

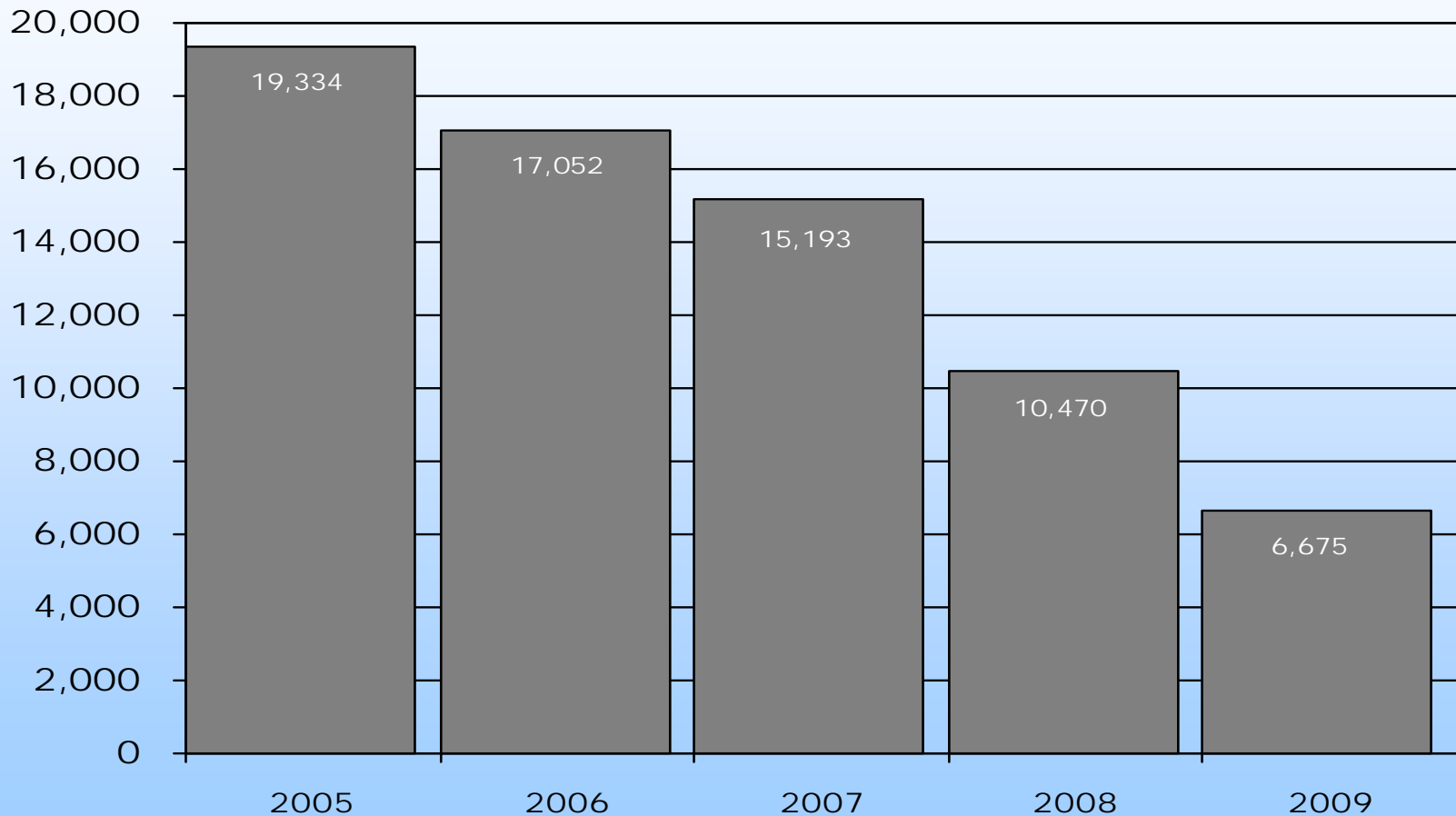
- **Household impact of possible shift: \$0-\$1.20/month (\$22 million shift)**
- **Projected household impact in 2011: \$.35/month (about a \$6 million shift)**
 - **based on reserve capacity method approved by Council last fall, 6,000 SAC units collected, and a 6% SAC rate increase**

Historical Fee Increases (in %)



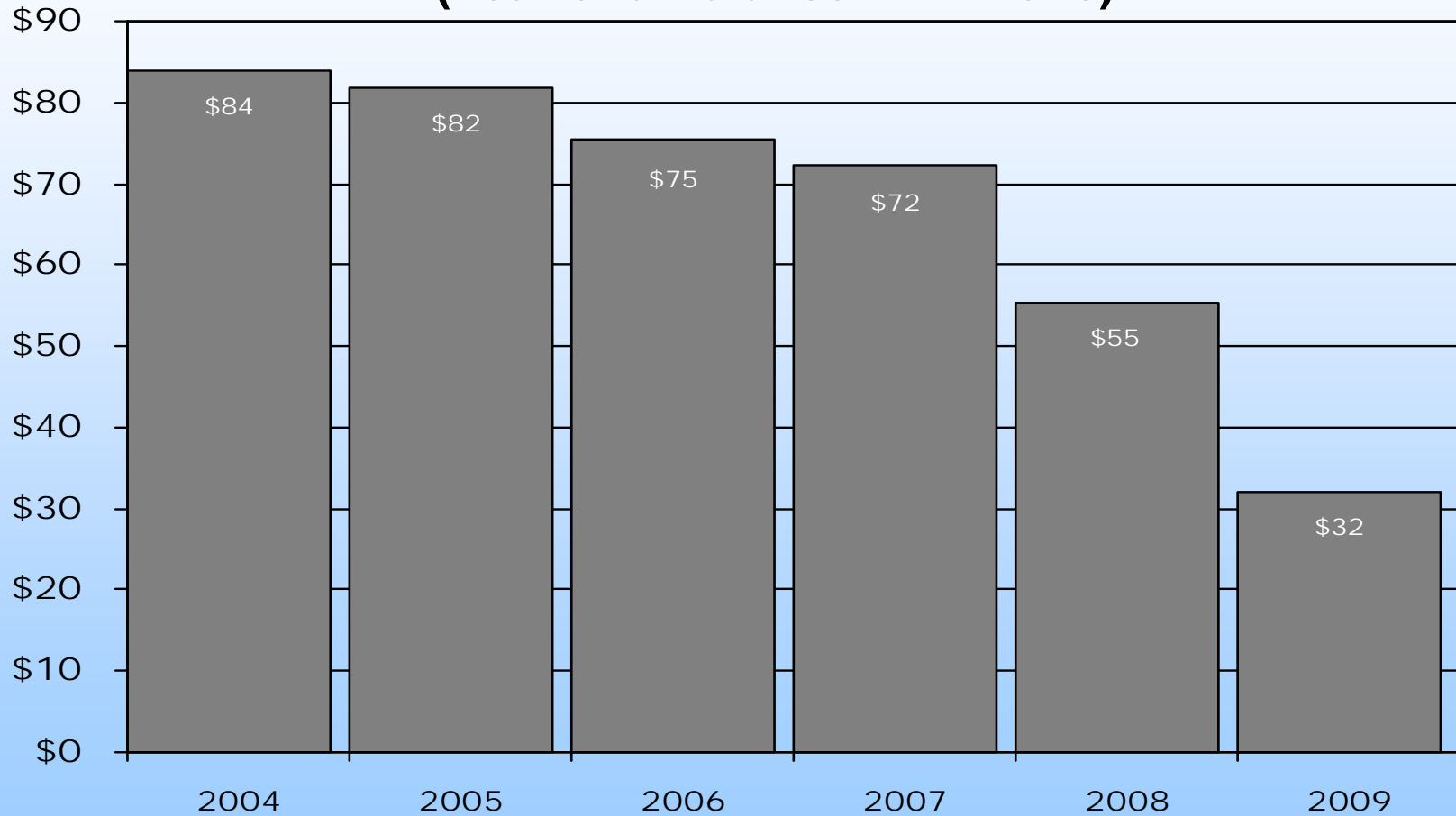
Based on actuals without inflation adjustment

SAC Units Collected



Reserve Capacity Reserve Balance

(Year-end Balance in Millions)



Committed Capacity Methodology: Phase-in with Shift

	<u>SAC Transfer</u>	Yr. end <u>SAC Reserve Balance</u>	<u>SAC Rate</u>	<u>SAC Rate % incrs</u>	<u>SAC shift to MWC</u>	<u>MW Charges with Shift</u>	<u>MWC with Shift %incr</u>
<u>Committed Capacity Method: 3 year phase in</u>							
2010	\$30,400	\$14,700	\$2,100	5.0%	\$0	\$167,400	3.8%
2011	\$25,000	\$10,000	\$2,225	6.0%	\$6,600	\$175,500	4.8%
2012	\$19,600	\$10,000	\$2,375	6.7%	\$5,100	\$184,400	5.1%
2013	\$20,300	\$10,000	\$2,525	6.3%	\$2,500	\$188,500	2.2%
2014	\$21,000	\$10,800	\$2,700	6.9%	\$0	\$194,100	3.0%
2015	\$21,900	\$14,800	\$2,875	6.5%	<u>\$0</u>	\$204,300	5.3%
					\$14,200		
<u>Committed Capacity Method: 2 year phase in</u>							
2010	\$30,400	\$14,700	\$2,100	5.0%	\$0	\$167,400	3.8%
2011	\$19,500	\$10,000	\$2,225	6.0%	\$1,100	\$175,500	4.8%
2012	\$19,600	\$10,000	\$2,375	6.7%	\$5,100	\$184,400	5.1%
2013	\$20,300	\$10,000	\$2,525	6.3%	\$2,500	\$188,500	2.2%
2014	\$21,000	\$10,800	\$2,700	6.9%	\$0	\$194,100	3.0%
2015	\$21,900	\$14,800	\$2,875	6.5%	<u>\$0</u>	\$204,300	5.3%
					\$8,700		

SAC Rate with and without Shift

	<u>With Shift*</u>		<u>Without Shift</u>
	Shift	SAC Rate	SAC Rate
2011	\$6,600	2,225 6.0%	3,300 57%
2012	\$5,100	2,375 6.7%	3,300
2013	\$2,500	2,525 6.3%	3,300
2014	\$0	2,700 6.9%	3,300
2015	\$0	2,875 6.5%	3,300

* Assumes Committed Capacity Method with 3-year phase-in and SAC reserve balance kept at \$10 million.

SAC Unit Impact on Shift

	SAC Rate	Shift with 2010-2012 annual SAC units at*:		
		6,000	7,000	8,000
2011	\$2,225	\$6.6m	\$2.3m	\$0m
2012	\$2,375	\$5.1m	\$2.7m	\$0m
2013	\$2,525	\$2.5m	\$0m	\$0m

* Assumes Committed Capacity Method with 3-year phase-in and SAC reserve balance kept at \$10 million.

Impact of Reserve Capacity Method on Shift

	SAC Rate	Shift*	
		Committed C.	Growth Cost**
2011	\$2,225	\$6.6m	\$12.7m
2012	\$2,375	\$5.1m	\$17.1m
2013	\$2,525	\$2.5m	\$13.4m
2014	\$2,700	\$0	\$11.0m
2015	\$2,875	\$0	\$8.4m

* Assumes SAC reserve balance kept at \$10 million.

** Shift is needed through 2018, but only authorized through 2015.

Tentative Calendar

- **April 13** **Environment Committee authorization to conduct public hearing**
- **April 28** **Council authorization to hold public hearing**
- **June 8** **Council review of proposed 2011 budget and rates**
- **June 16** **Public Hearing on “shift”**
- **June 26** **Public input period ends**
- **July 13** **Environment Committee review and recommendation**
- **July 28** **Potential Council approval of rates/charges**
- **Jan 1, 2010** **Rates and Charges become effective**

Questions

