CITY OF
SARATOGA SPRINGS

OFFICE OF THE COMMISSIONER OF FINANCE

OVERVIEW

October 2016

2017 COMPREHENSIVE BUDGET

Sewer Fund

City of Saratoga Springs

2017 – SEWER FUND NARRATIVE

Office of Finance

Fund G – Sewer Fund

The City of Saratoga Springs no longer has its own sewage treatment plant - in 1978, the City hooked into the County Plant in Mechanicville. The infrastructure is owned by the Saratoga County Sewer District. Users of the sewer system are charged a fee based on an annual bill from the Saratoga County Sewer District. Sewer bill revenue pays for the Public Works Department crews to maintain sewer mains within the City. In addition, the City pays the County annually for treatment, operating and maintenance costs.

The Sewer Fund G is used to report operations of the City's wastewater treatment facilities and sanitary sewer system that is provided to all City residents. The Sewer Fund is self-supporting and independent of the other funds – it has its own set of revenues and its own set of expenses. This budget may be found in the MUNIS budget document under "SEWER FUND". (See upper left hand corner, "Accounts for :"). The letter "G" precedes line item numbers associated with this budget.

The total 2017 Comprehensive Sewer Fund Budget is **$4,540,331.** This is an increase over 2016 of about 1.9%. It is largely due to personnel, benefits, and the County sewer bill for sewer services..

Revenue. The Sewer Fund has about 9 revenue sources at this time. The main source, which accounts for about 93% of the 2017 Comprehensive Sewer Fund Budget revenues, is:

- Sewer Sales (fees collected for general sewer usage; see attached "**CITY OF SARATOGA SPRINGS SEWER RATES & RESOLUTION**")

This list no longer includes a 'User Fee Loan Repayment to the GF (money collected to repay a loan from the General Fund, per the annual Sewer Rates & Resolution #14, and in accordance with recommendations from the City's auditor) because this loan has been entirely repaid. It does include the Capital Reserve Fund to Finance Improvements to the City Sewer System. Created by Council resolution on September 2, 2014, this reflects a new fee in the 2015 Sewer resolution levied to "cover the cost of capital improvements to the City's sewer system." (2015 City of Saratoga Springs Sewer Rates & Resolution, #13). All fees collected are placed in the reserve; upon Council approval, reserve funds are made available to the Sewer Fund.

There are several other, much smaller sources, and each can be linked to a section of the Sewer Rates & Resolution that is passed annually (see attached). The resolution has historically been passed each year in March covering usage from January 1 to December 31st. It has been suggested that it would be better to bring the resolution to the table around at budget time, so that users are aware of the rates before they commence usage, and so revenues and expenditures are set with the rates in mind. While this will be considered, it would require the utilities department to set the rates in September/October, with only 6 months worth of data.

Expenses. Sewer Fund operations are supported by 22 personnel; 13 are shared among multiple funds; 9 are specific to the Sewer Fund.

Sewer Fund expenditures are described under 15 different sub-departments. The largest of these is the County Sewer District #1 bill in the amount of $2,996,256 (2017 Comprehensive Budget). The County handles the City's sewer needs, and bills the City quarterly. The City, in turn, bills the customer along with its water bills. Prior to 2007, the County paid the City $20,000 for processing these

bills billings. In 2006 the City was notified by the County that it would no longer be paying us for the service, which the City still provides.

The second largest sub-department expense is the general administration for the 2016 Sewer operations - $476,762. Some of the personnel expenditures charged to this sub-department are split three ways, as the department utilizes their services for Water admin and General Operating admin. Costs for these operations, like most sub departments, are broken down into personnel, equipment and contracted services.

- Personnel costs: $391,062
- Equipment costs: $40,500,
- Contracted Services: $45,200, and include postage, supplies, and repairs.

The third largest sub department expense in the Sewer Fund is the cost of the Sewer Pumping - $403,006. There are 24 stations at various locations in the City, e.g. Adams St., Geyser Crest, Lake Ave. Costs for these operations, like all sub departments, are broken down into personnel, equipment and contracted services.

- Personnel costs: $248,256
- Equipment costs: $20,000,
- Contracted services: $134,750, and include chemicals, repairs and maintenance to the pumps, vehicles, and buildings, and, the most costly item, $50,000 for the utilities bill.

Like the General Fund, the Sewer Fund has expenditure lines for Retirement and Hospitalization. The steep increases in these items affect these funds just as they affect the General Fund. It also has an expenditure line for contingencies. Unforeseen circumstances, emergencies, or contracts that will be re-negotiated during a budget year may be budgeted for here.

Debt Service. Like the Water system, the Sewer system is also undergoing increased capital projects and infrastructure improvements. These include waste water treatment plant upgrades such as emergency generators, new pumps, and controls. Its Debt Service sub-department is also growing – now totaling $ 161,349 for the 2016 Comprehensive Budget. It has increased 672.3 % since 2008:

YR	TOTAL Principal + Interest	YR-YR Incrs (%)	2008-2017 Incrs (%)
2008	$20,891		
2009	$85,571	309.6%	
2010	$87,857	2.7%	
2011	$91,911	4.6%	
2012	$101,548	10.5%	
2013	$106,173	4.6%	
2014	$118,2739	11.4%	
2015	$123,470	4.4%	
2016	$161,349	30.7%	
2017	$179,236	11.1%	758%

Fund Balance. The Governmental Accounting Standards Board (GASB) issued GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions (effective June 30, 2011). Statement 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications for Governmental Funds: non-spendable, restricted, committed, assigned and unassigned. Unreserved, unappropriated fund balance is now classified as unrestricted, unassigned. However, in funds *other than the general fund*, the unassigned classification is only be used to report a *deficit balance*.[1]

The Sewer Fund had surplus and deficit balances through 2009; this has improved since 2010. The following summarizes its **fund balance history**:

Unreserved Unappropriated – Yrs 2005-10 Assigned/(Unassigned) – Yr 2011	
YR	**Sewer Fund**
2005	**$(170,824)**
2006	**$ 227,022**
2007	**$ 265,954**
2008	**$ 140,163**
2009	**$ (20,059)**
2010	**$ 198,370**
2011	**$252,021**
2012	**$508,138**
2013	**$817,462**
2014	**$868,518**
2015	**$1,396,893**

On July 15, 2014, the City Council passed a new Fund Balance Policy for both the Water and Sewer Funds. Similar to the Fund balance policy for the General Fund (passed in July 2011 and most recently updated on June 18, 2013), it calls for a maximum and minimum amount of fund balance, and requires the Commissioner of Finance to come to the Council with recommendations if amounts fail to meet these parameters. The assigned fund balance residual amounts range for the Water and Sewer Funds "shall be not less than 10.0% and not more than 25% of the total adopted budgeted expenditures of the Water and Sewer Funds, respectively." Also similar to the General Fund policy, any excess shall be appropriated to fund one time expenditures or expenses which do not result in recurring operating costs, or other onetime costs include the establishment or increase in legitimate restrictions (reserves) of fund balance.

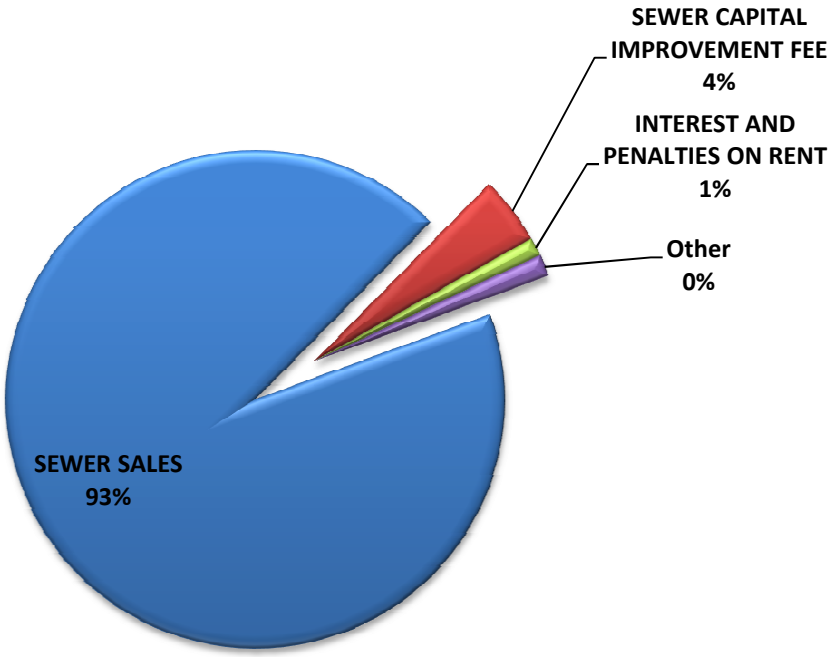
[1] This is because appropriations in the other funds such as Water or Sewer are, by definition, assigned – to the Water or Sewer budgets.

2017 COMPREHENSIVE BUDGET - SEWER FUND REVENUE

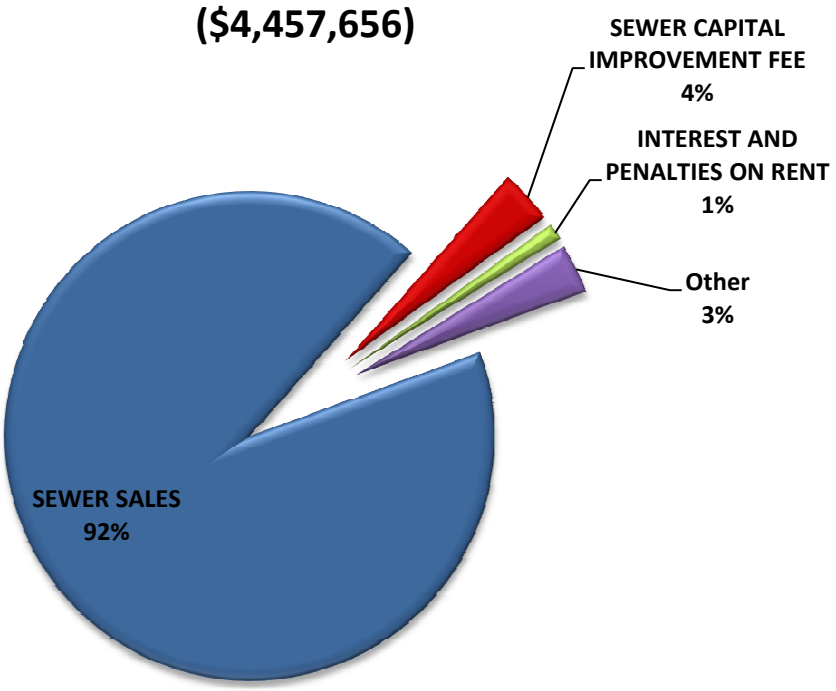
* minus signs preceding numbers are a function of the MUNIS system, which prints Revenues in the credit format

		ACCOUNTS FOR:	DESCRIPTION	2016 ADOPTED BUDGET	2017 COMP BUDGET	Percent of Total
		TOTAL SEWER FUND		**-$4,457,656.46**	**-$4,540,331.06**	**100.0%**
G013_	40511_	USE OF RESTRICTED FUND BALANCE	Amounts from Reserves appropriated for use in budget.	-$4,181.35	$0.00	0.0%
G013_	40599_	USE UNASSIGNED FUND BALANCE	Amounts from Unreserved Fund Balance (aka Sewer Fund "surplus") appropriated to balance budget.	$0.00	$0.00	0.0%
G013_	40962_	BUDGETARY PROVISIONS FOR OTHER		$0.00	$0.00	0.0%
G043_	42120_	SEWER SALES	Fees collected for general sewer useage per annual Sewer Rates & Resolution #1.	-$4,104,684.12	-$4,220,101.56	92.9%
G043_	42122_	MISCELLANEOUS & SPECIAL CHARGE	Amounts collected when bills are adjusted.	-$30,000.00	-$25,000.00	0.6%
G043_	42124_	BUILDING CHARGES (01)	Fees collected for building where sewer main is available but not used per annual Sewer Rates & Resolution # 6, 8.	-$8,000.00	-$9,000.00	0.2%
G043_	42125_	NO METER (02)	Fee collected where there is connected service, but no meter (due to , e.g. old pipes) per annual Sewer Rates & Resolution #9	-$25,000.00	-$20,000.00	0.4%
G043_	42127_	DEAD SERVICE (06)	Fee collected where there is connected service, but meter is dead and cannot be reactivated (due to , e.g. old pipes) per annual Sewer Rates & Resolution #9.	-$400.00	-$400.00	0.0%
G043_	42128_	INTEREST AND PENALTIES ON RENT	Amounts collected for interest and penalties on metered sales.	-$50,000.00	-$55,000.00	1.2%
G043	42131	SEWER CAPITAL IMPROVEMENT FEE	An additional charge to cover costs of capital improvements to the City's water system, per annual Sewer Rates & Resolution #13 as adopted in 2014.	-$157,168.00	-$199,980.00	4.4%
G043	42189	USER FEE LOAN REPAYMENT TO GF	Fee TBD to cover repayment of loan from the General Fund	-$68,792.00	$0.00	0.0%
G043_	42770_	MISCELLANEOUS REVENUE		$0.00	$0.00	0.0%
G053_	43901_	COUNTY SEWER DISTRICT BILLING	County reimbursement for billing completed by City. This reimbursement discontinued in 2007.	$0.00	$0.00	0.0%
G063	42401	INTEREST ON INVESTMENTS		$0.00	$0.00	0.0%
G073_	42590_	PERMITS	Fee collected for sewer tapping permit per annual Sewer Rates & Resolution #11.	$0.00	$0.00	0.0%
G093_	42680_	INSURANCE RECOVERY	Reimbursement by insurance company for property damage.	$0.00	$0.00	0.0%
G093_	42681_	HOSPITALIZATION REIMBURSEMENT	Reimbursments, self-pays.	$0.00	$0.00	0.0%
G093_	42682_	EMPLOYEE HOSPITALIZATION CONT	Employee contributions towards healthcare.	-$9,273.10	-$10,687.50	0.2%
G093_	42690_	WORKMAN'S COMPENSATION REIMBU	Reimbursement from Cnty on workman's comp claims.	$0.00	$0.00	0.0%
G093_	42692_	DISABILITY CONTRIBUTION EMPLOY	Reimbursement for disability payment	-$157.89	-$162.00	0.0%
G103_	42701_	REFUND CURRENT YEAR EXPENSE	Refunds, where the expense was in the current year.	$0.00	$0.00	0.0%
G103_	42702_	REFUND PRIOR YEAR EXPENSE	Refunds, where the expense was a prior year.	$0.00	$0.00	0.0%
G143_	45033_	INTERFUND TRANSFER		$0.00	$0.00	0.0%
		TOTAL SEWER FUND		**-$4,457,656.46**	**-$4,540,331.06**	100.0%

2017 Comprehensive SEWER FUND Revenue Budget ($4,540,331)



2016 Adopted SEWER FUND Revenue Budget ($4,457,656)

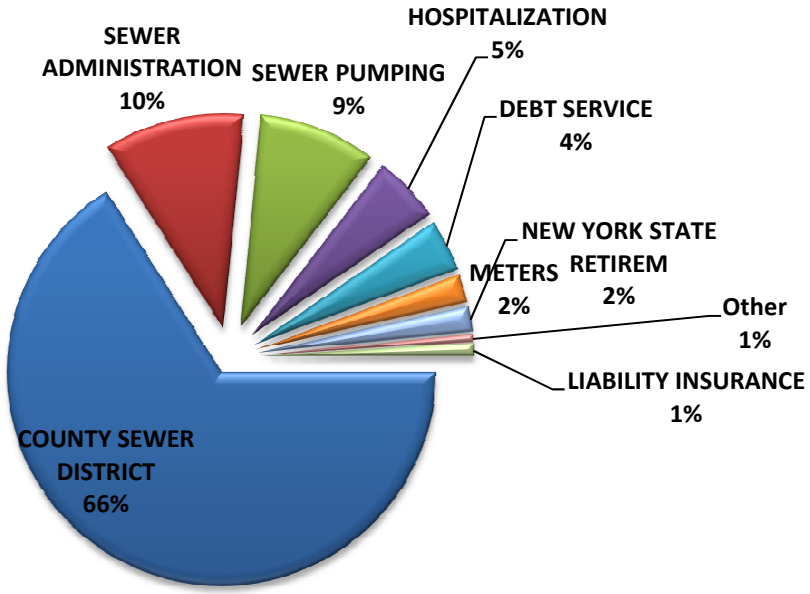


2017 COMPREHENSIVE BUDGET - SEWER FUND EXPENSES by Sub-Department

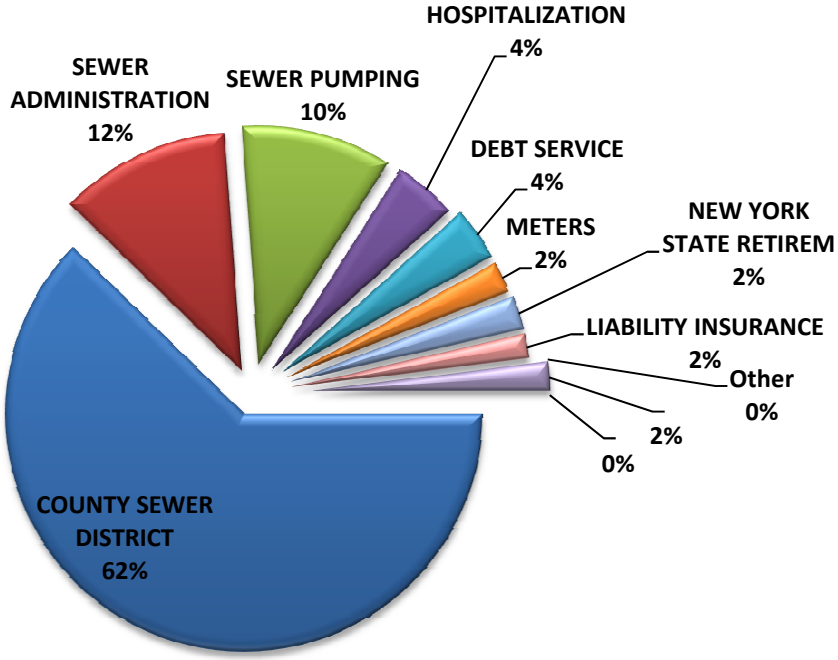
	by SUB-DEPARTMENT:	DESCRIPTION	2016 ADOPTED BUDGET	2017 COMP BUDGET	Percent of Total
	TOTAL SEWER FUND		**$4,457,656.46**	**$4,540,331.06**	**100.0%**

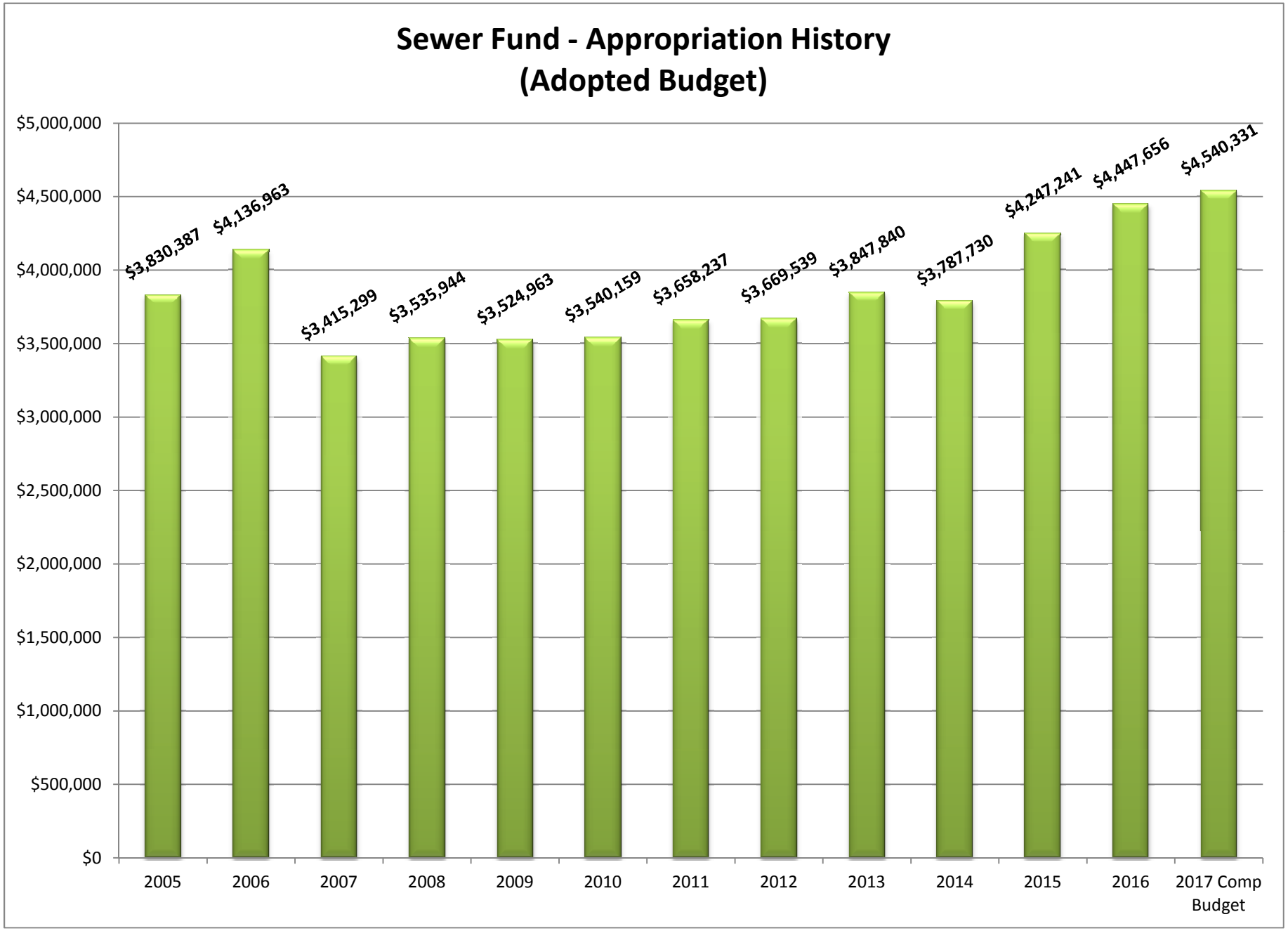
1910	LIABILITY INSURANCE	City insurances allocation (gen, auto, fxd assts, publc offcls, etc.)	$73,773.00	$44,375.00	1.0%
1930	MEDICAL AND CASUALTY I	Self insurance for insurance deductibles, open litigation, and medical liability	$5,000.00	$5,000.00	0.1%
8110	SEWER ADMINISTRATION	General adminstration costs of Utilities Dept, incldg 1/3 Dir of Public Works, Utilities Staff, Office supplies, etc.	$515,887.21	$476,762.20	10.5%
8120	SEWER PUMPING	Electrician, Labor, Equipment, Supplies, for City sewage pump stations.	$454,119.01	$403,006.13	8.9%
8130	COUNTY SEWER DISTRICT	County Sewer Bill for sewer services.	$2,777,052.00	$2,996,256.00	66.0%
8150	METERS	Meter Readers, Meters, Supplies.	$96,452.91	$97,380.03	2.1%
9010	NEW YORK STATE RETIREM	Retirement contribution allocation.	$103,214.45	$87,589.17	1.9%
9045	LIFE INSURANCE	Health/Vision Insurance, "Opt-Out"/SS, Reimbrstmnt.	$646.11	$697.80	0.0%
9050	UNEMPLOYMENT INSURANCE	Unemployment insurance allocation	$0.00	$0.00	0.0%
9055	DISABILITY INSURANCE	Disability insurance allocation	$529.20	$553.20	0.0%
9060	HOSPITALIZATION	Health/Vision Insurance, "Opt-Out"/SS, Reimbrstmnt	$190,841.22	$229,475.43	5.1%
9089	SICK LEAVE	Set aside for unused sick leave amounts owed retirees	$0.00	$0.00	0.0%
9710	DEBT SERVICE	Principal and Interest paid on bonds for capital projects funded through the Water Fund	$161,349.35	$179,236.10	3.9%
9980	TRANSFER OUT		$68,792.00	$0.00	0.0%
9990	CONTINGENCY	Amounts set aside for renegotiated contracts, emergencies, other	$10,000.00	$20,000.00	0.4%
	TOTAL SEWER FUND		**$4,457,656.46**	**$4,540,331.06**	100.0%

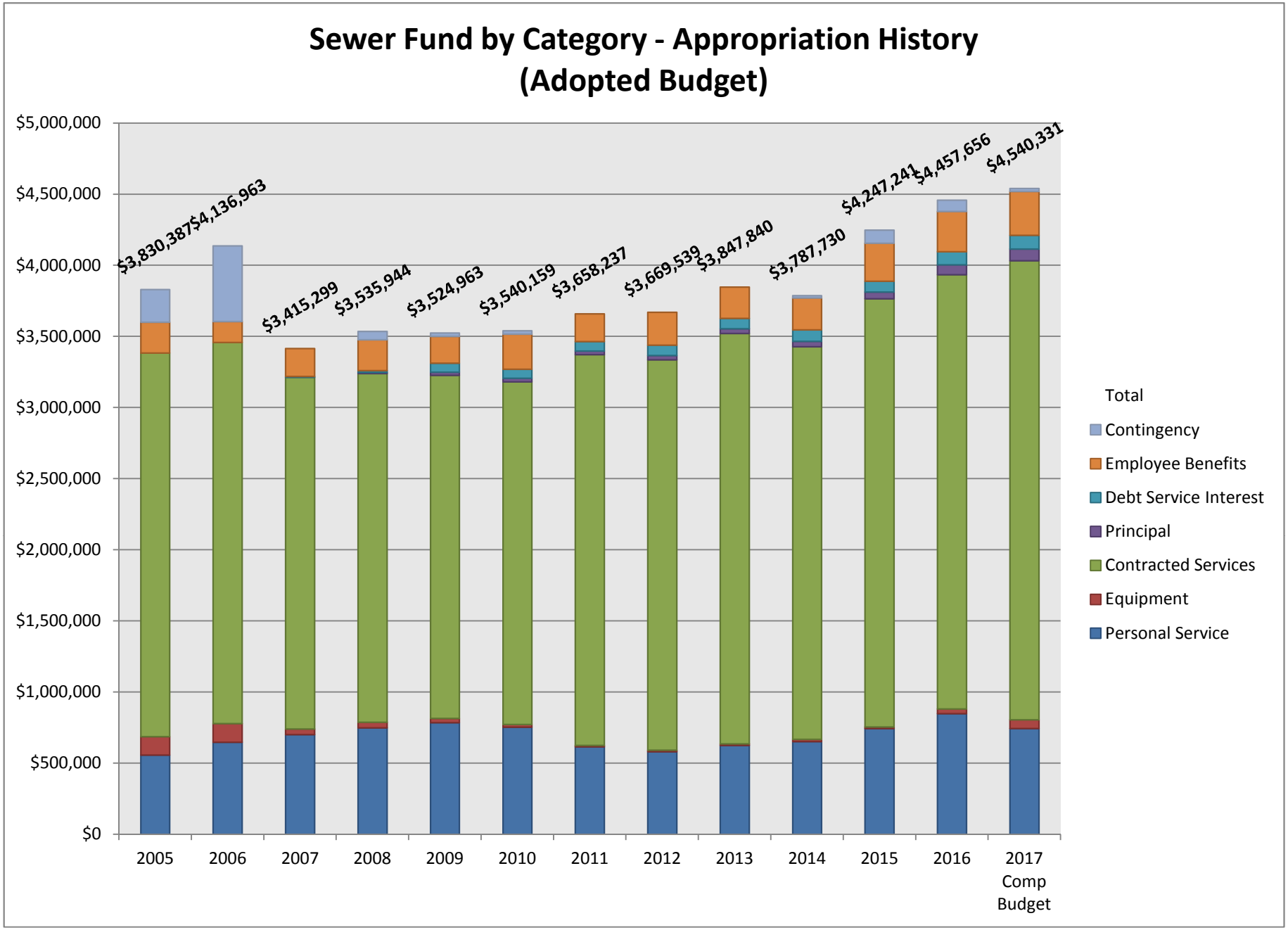
2017 Comprehensive SEWER FUND Expense Budget by Sub-Dept ($4,540,331)



2016 Adopted SEWER FUND Expense Budget by Sub-Department ($4,457,656)




Sewer Fund - Appropriation History
(Adopted Budget)
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$3,830,387
$4,136,963
$3,415,299
$3,535,944
$3,524,963
$3,540,159
$3,658,237
$3,669,539
$3,847,840
$3,787,730
$4,247,241
$4,447,656
$4,540,331
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017 Comp Budget


Sewer Fund by Category - Appropriation History
(Adopted Budget)
$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0
$3,830,387
$4,136,963
$3,415,299
$3,535,944
$3,524,963
$3,540,159
$3,658,237
$3,669,539
$3,847,840
$3,787,730
$4,247,241
$4,457,656
$4,540,331
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017 Comp Budget
Total
Contingency
Employee Benefits
Debt Service Interest
Principal
Contracted Services
Equipment
Personal Service

2017 SEWER FUND Expense Budget: Debt Service History

SUB-DEPT: 9710 Debt Service -

Principal and Interest paid on bonds for Capital Projects funded through the Sewer Fund

YR	TOTAL Principal + Interest	YR-YR Incrs (%)	2008-2017 Incrs (%)
2008	$20,891		
2009	$85,571	309.6%	
2010	$87,857	2.7%	
2011	$91,911	4.6%	
2012	$101,548	10.5%	
2013	$106,173	4.6%	
2014	$118,273	11.4%	
2015	$123,470	4.4%	
2016	$161,349	30.7%	
2017	$179,236	11.1%	758.0%

2016 WATER and SEWER FUNDS: Fund Balance History

YR	Water Fund	Sewer Fund
2005	($1,309,562)	($170,824)
2006	($39,895)	$227,022
2007	($175,700)	$265,954
2008	($197,425)	$140,163
2009	($207,761)	($20,059)
2010	($51,609)	$198,370
2011 *	($129,005)	$252,021
2012*	$208,555	$508,138
2013*	$359,916	$817,462
2014*	$636,001	$868,518
2015*	$1,052,419	$1,396,893

2005-2010: "Unappropriated, Unreserved Fund Balance"
2011-forward: NEW Category Descriptions, per GASB 54

"Assigned, unrestricted FUND BALANCE"
"Unassigned, unrestricted FUND BALANCE"

City of Saratoga Springs
Department of Public Works
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CITY OF SARATOGA SPRINGS SEWER RATES & RESOLUTION

RESOLVED that the City Council of Saratoga Springs this 1st day of March 2016 adopt and confirm the following sewer rates for the 2016 Sewer billings having due dates of ***(05/16/16, 08/15/16,11/15/16, 02/15/17)***). If the due date is on a weekend or a holiday, the bill is due on the next business day. The rates as shown will be applied to a quarterly billing procedure. Bills shall be computed under a step rate system on exact consumption. This resolution shall be made pursuant to Water-Sewer Chapter 231 section 48 of the City code by adding the amendment adopted by the City Council on March 1, 2016.

1. Rate structure shall be as follows:
   All accounts having access to a sanitary sewer shall be billed on full-metered water consumption. There shall be a basic service charge of $31.00 (thirty one dollars) for all accounts, which have been active and/or metered during the previous three (3) month period or any part of said three (3) month period**.**

Cubic Ft. Units				Rate per Thousand 2016
FIRST	0	-	2,000	$22.20
FROM	2,001	-	8,000	$34.55
FROM	8,001	-	25,000	$31.05
FROM	25,001	-	75,000	$29.80
FROM	75,001	-	100,000	$29.75
FROM	100,001	-	125,000	$27.80
FROM	125,001	-	150,000	$26.00
FROM	150,001	-	175,000	$21.60
FROM	175,001	-	225,000	$18.60
FROM	225,001	-	750,000	$17.05
FROM	750,001	-	1,000,000	$15.45
FROM	1,000,001	-	2,000,000	$11.20
FROM	2,000,001	&	OVER	$ 9.60

2. Resolution passed by Saratoga County Sewer District No. 1 in 2001. Section 1 states: "Pursuant to the authority granted by Section 266 (1) (a) of the County Law, the Saratoga County Sewer Commission imposes sewer user charges upon all premises and real property within the boundaries of the Saratoga County Sewer District #1 who are capable of using the sewer system or any part or parts thereof."

3. Sewer bills are based on actual water consumption.

4. Accounts outside the City of Saratoga Springs shall be charged double the sewer rate and a $31.00 (thirty one dollars) basic service charge.

5. This sewer bill is for the dates as shown on the bill.

6. Buildings which have services which have not been used (or metered) throughout the three month billing period shall have a charge of $25.00 (twenty five dollars).

7. The Commissioner of Public Works shall have the authority to establish rules and determine rates in special circumstances. Not to exceed $500.00 (five hundred dollars).

8. Buildings having sewer main service shall have a charge of $20.00 (twenty dollars) per quarter.

9. Buildings, which are not metered or have dead readers, within the City of Saratoga Springs, shall have a charge of $150.00 (one hundred fifty dollars) per quarter.

10. There will be a charge of $125.00 (one hundred twenty-five dollars) to cover the cost of the purchase, transportation, handling of sewer saddle.

11. Residents at Interlaken shall be billed in accordance with the sewer rate structure as described herein.

12. No adjustment or refunds shall be granted except in cases where an account is in error and such adjustment shall be made on the next billing date.

13. Commencing with the July 2014 sewer utility bill, there shall be an additional charge to cover the cost of capital improvements to the City's sewer system.

    $ 4.00 per quarter for water meter size one (1) inch or less
    $25.00 per quarter for water meter size greater than (1) inch but less than six (6) inches
    $75.00 per quarter for water meter size six (6) inches or greater

14. Commencing with the April 2015 sewer utility bill, there shall be an additional charge on all accounts which have been active and/or metered during the previous three (3) month period or any part of said three (3) month period as follows:

$2.00 per quarter for water meter size one (1) inch or less;
$4.00 per quarter for water meter size greater than (1) inch but less than six (6) inches
$6.00 per quarter for water meter size six (6) inches or greater

This additional charge is imposed for the purpose of reimbursing the City's general fund for transfers made from the general fund to the sewer fund for a number of years. It is intended that the additional charge shall remain in effect only until the general fund has been reimbursed for such transfers.