



# City of Cologne

Utility Rate Study

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# Introduction

- Our study includes three separate scenarios.
  - Scenario 1 – Upfront increases to offset inaction from prior years.
  - Scenario 2 – No Rate Increases
  - Scenario 3 – 10% increase yearly
- The recommended scenario (Scenario 1) for all funds (Water, Sewer and Stormwater) is arrived at to ensure the City meets projected targeted cash reserves and a positive cashflow at the end of the plan in year 2029. It should be noted the water fund recommendation does not meet the projected target reserve by 2029 but would get the City to the projected target reserve by 2030.
- Target cash reserve is calculated and presented as 100% of the following years' debt payments and 50% of projected operating expenses.

# Key Assumptions

- Operating and Payroll Expenses increasing 3% per year
- Future activity is arrived at by reviewing the three prior years actual ledger balances. Some modifications were made for debt requirements, capital purchases, and grant receipts reviewed with management.
- Capital improvements/infrastructure, equipment, and other capital maintenance items have been identified in the City's capital plan and are identified to be accounted for in the related enterprise fund. The City does have a major infrastructure project planned in the Sewer fund that is incorporated and explained in further detail below.
- The average usage for residential and commercial customers is calculated at approximately 4,000 gallons/month. Charts and graphs were prepared using the calculated average.
- Sewer Project Notes for Projections
  - The project timing is somewhat dependent on legislative funding but projected to start construction in 2026 with estimated completion of 2027. The total expense estimated for the project is \$21,000,000. Funding for the project is estimated to be grant funding of \$14,000,000 and debt financing of \$7,000,000.
  - Future payment schedules for the new bonds noted above were prepared with the assumption of 30-year financing, at 3.0%. This estimate is significant for the resources needed in future years and any changes to the financing year, amount, and/or interest rate could have a significant impact on future projections.

# User Fee Analysis

	Actual 2021	Actual 2022	Actual 2023	Estimated 2024	Estimated 2025	Estimated 2026
<b>Water Fund - Per Customer/Yr</b>						
User Receipts	\$ 672	\$ 676	\$ 821	\$ 683	\$ 873	\$ 936
Debt Payments	(691)	(734)	(775)	(766)	(750)	(744)
Total	(19)	(58)	46	(83)	123	192
Operations	(348)	(300)	(367)	(358)	(363)	(369)
Excess/(Deficiency)	\$ (367)	\$ (358)	\$ (321)	\$ (441)	\$ (240)	\$ (177)
<b>Sewer Fund - Per Customer/Yr</b>						
User Receipts	\$ 447	\$ 447	\$ 524	\$ 572	\$ 670	\$ 724
Debt Payments	(7)	(16)	(16)	(16)	(16)	(15)
Total	440	431	508	556	654	709
Operations	(452)	(538)	(967)	(540)	(548)	(557)
Excess/(Deficiency)	\$ (12)	\$ (107)	\$ (459)	\$ 16	\$ 106	\$ 152
<b>Stormwater Fund - Per Customer/Yr</b>						
User Receipts	\$ 42	\$ 41	\$ 42	\$ 42	\$ 58	\$ 80
Debt Payments	(33)	(76)	(73)	(74)	(73)	(71)
Total	8	(35)	(32)	(31)	(16)	9
Operations	(46)	(6)	(1)	(22)	(5)	(5)
Excess/(Deficiency)	\$ (38)	\$ (41)	\$ (33)	\$ (53)	\$ (21)	\$ 4

- This chart is provided in attempt to outline the comparison of user fees (**by customer**) to debt service obligations, followed by a comparison of the resources remaining to operational obligations. The goal of the chart is to emphasize the current debt load as compared to expected revenue from user fees. In some of the cases presented, rates are not sufficient to cover debt service payments.

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# Rate Recommendations – Scenario 1

- Water
  - 35% increase to usage rates and 35% increase to fixed rates in 2025, and 10% for both usage and fixed rates throughout the life of the plan (2026 – 2029). The water plant fee is projected to remain the same. This also incorporates changes to the tiers. The scenario also recommends a change in tiers to promote water conservation.
- Sewer
  - 20% increase to usage rates and 20% increase to fixed rates in 2025, and 10% for both usage and fixed rates throughout the remainder of the plan (2026 – 2029). The projected increase is made to ensure the City meets projected targeted cash reserves and a positive cashflow at the end of the plan in year 2029.
- Stormwater
  - 40% increase to fixed rates in 2025 and 2026, and 5% thereafter throughout the life of the plan (2027 – 2029).

Important Reiteration: The recommended increases are made to ensure the City meets projected targeted cash reserves and a positive cashflow at the end of the plan in year 2029.

# Sample Utility Bills – Current and Recommended

01-00000123-00-1 SAMPLE CUSTOMER At X Drive Send Email Bill		2024	2025	2026
<b>USAGE - Gallons</b>	<b>4,000</b>			
010 WATER RES	\$43.28	\$52.28	\$ 67.42	\$ 73.27
012 WATER PLANT FEE	\$9.00			
020 SEWER RES	\$32.00	\$48.00	\$ 57.60	\$ 63.36
030 WATER TESTING FEE 1	\$0.81			
040 ERU 1	\$16.00			
090 STORMWATER	\$3.50	\$3.50	\$ 4.90	\$ 6.86
Cur Charges	\$104.59	\$103.78	\$129.92	\$143.49
<b>USAGE - Gallons</b>	<b>8,000</b>			
010 WATER RES	\$72.87	\$81.87	\$ 110.26	\$ 120.39
012 WATER PLANT FEE	\$9.00			
020 SEWER RES	\$64.00	\$80.00	\$ 96.00	\$ 105.60
030 WATER TESTING FEE 1	\$0.81			
040 ERU 1	\$16.00			
090 STORMWATER	\$3.50	\$3.50	\$ 4.90	\$ 6.86
Cur Charges	\$166.18	\$165.37	\$211.16	\$232.85

# Bill Projections

## Water

	Recommended Scenario					
	Current Rates	2025	2026	2027	2028	2029
Proposed Change in Rates - Blended		29%	9%	9%	9%	9%
Monthly bill based on 4,000 gallons	\$ 52.28	\$ 67.42	\$ 73.27	\$ 79.71	\$ 86.80	\$ 94.60
Monthly \$ increase for a 4,000 gallon user		\$ 15.14	\$ 5.85	\$ 6.44	\$ 7.09	\$ 7.80
Annual \$ increase for an average 4,000 gallon user		\$ 181.68	\$ 70.20	\$ 77.28	\$ 85.08	\$ 93.60
Residential/Commercial						
Base fee	14.00	18.90	20.79	22.87	25.16	27.68
Water Plant fee	9.00	9.00	9.00	9.00	9.00	9.00
Per 1,000 - 0 to 7,500 gallons	7.32	-	-	-	-	-
Per 1,000 - 7,501 to 20,000 gallons	7.93	-	-	-	-	-
Per 1,000 - 20,001 to 50,000 gallons	8.85	-	-	-	-	-
Per 1,000 - 50,001 to 100,000 gallons	9.73	-	-	-	-	-
Per 1,000 - 100,001 gallons and above	10.68	-	-	-	-	-
Per 1,000 - 0 to 4,000 gallons (Conservation Structure)	-	9.88	10.87	11.96	13.16	14.48
Per 1,000 - 4,001 to 8,000 gallons (Conservation Structure)	-	10.71	11.78	12.96	14.26	15.69
Per 1,000 - 8,001 gallons and above (Conservation Structure)	-	11.95	13.15	14.47	15.92	17.51

# Bill Projections

## Sewer

	Recommended Scenario					
	Current Rates	2025	2026	2027	2028	2029
Proposed Change in Rates - Blended		20%	10%	10%	10%	10%
Monthly bill based on 4,000 gallons	\$ 48.00	\$ 57.60	\$ 63.36	\$ 69.71	\$ 76.68	\$ 84.35
Monthly \$ increase for a 4,000 gallon user		\$ 9.60	\$ 5.76	\$ 6.35	\$ 6.96	\$ 7.68
Annual \$ increase for an average 4,000 gallon user		\$ 115.20	\$ 69.12	\$ 76.22	\$ 83.56	\$ 92.11
Residential/Commercial						
Per 1,000 gallons	8.00	9.60	10.56	11.62	12.78	14.06
Residential ERU/Base						
Base fee	16.00	19.20	21.12	23.23	25.56	28.11

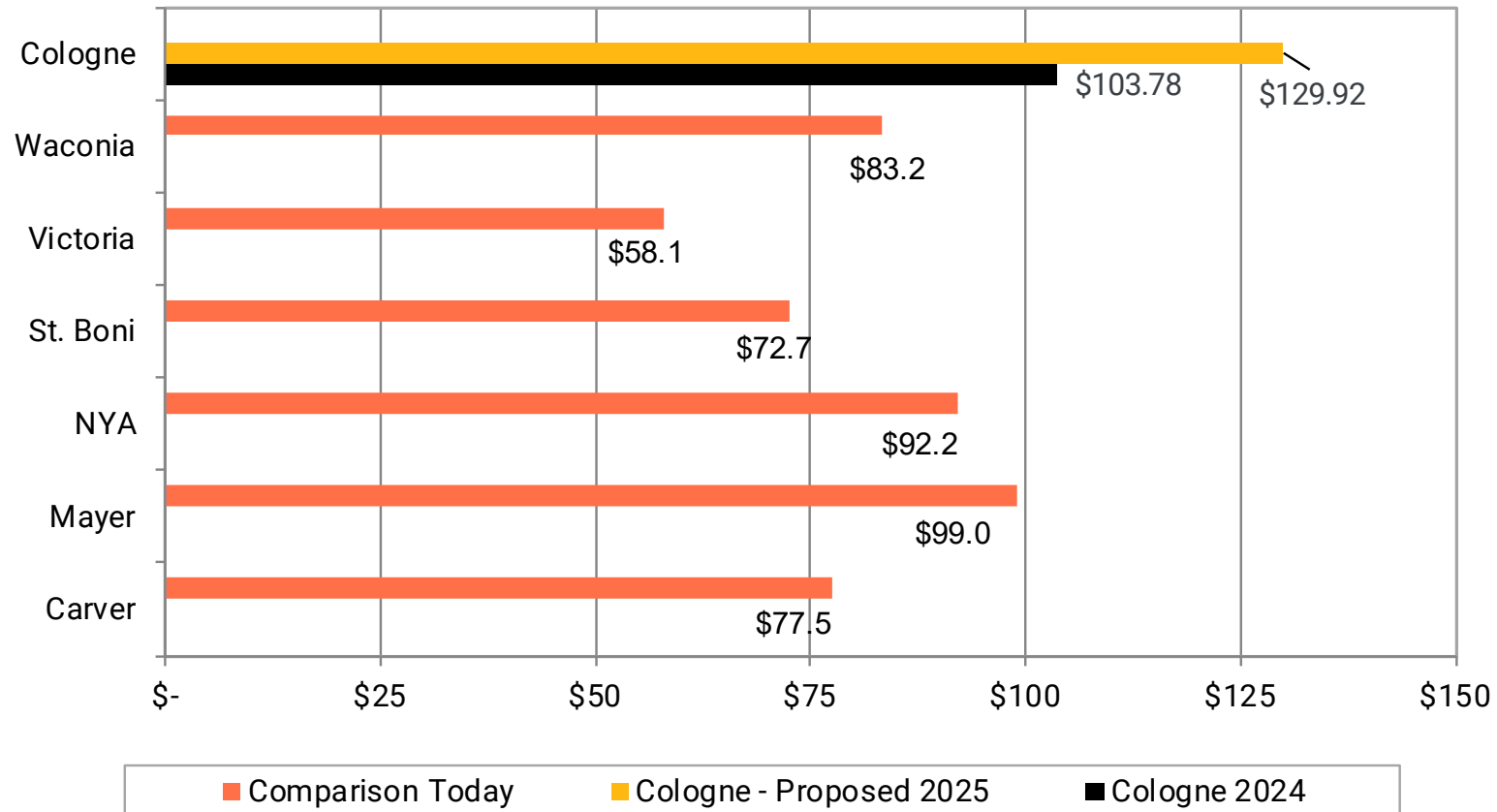
	Recommended Scenario					
	Current Rates	2025	2026	2027	2028	2029
Proposed Change in Rates		40%	40%	5%	5%	5%
Monthly bill based on a residential user	\$ 3.50	\$ 4.90	\$ 6.86	\$ 7.20	\$ 7.56	\$ 7.94
Monthly \$ increase for a residential user		\$ 1.40	\$ 1.96	\$ 0.34	\$ 0.36	\$ 0.38
Annual \$ increase for a residential user		\$ 16.80	\$ 23.52	\$ 4.08	\$ 4.32	\$ 4.56
Residential	3.50	4.90	6.86	7.20	7.56	7.94
Commercial						
1/4 acre or less	3.50	4.90	6.86	7.20	7.56	7.94
>1/4 acre up to 1/2 acre	4.00	5.60	7.84	8.23	8.64	9.07
>1/2 acre up to 3/4 acre	4.50	6.30	8.82	9.26	9.72	10.21
>3/4 acre	5.00	7.00	9.80	10.29	10.80	11.34

## Stormwater



# Monthly Utility Bill Using Comparison Cities

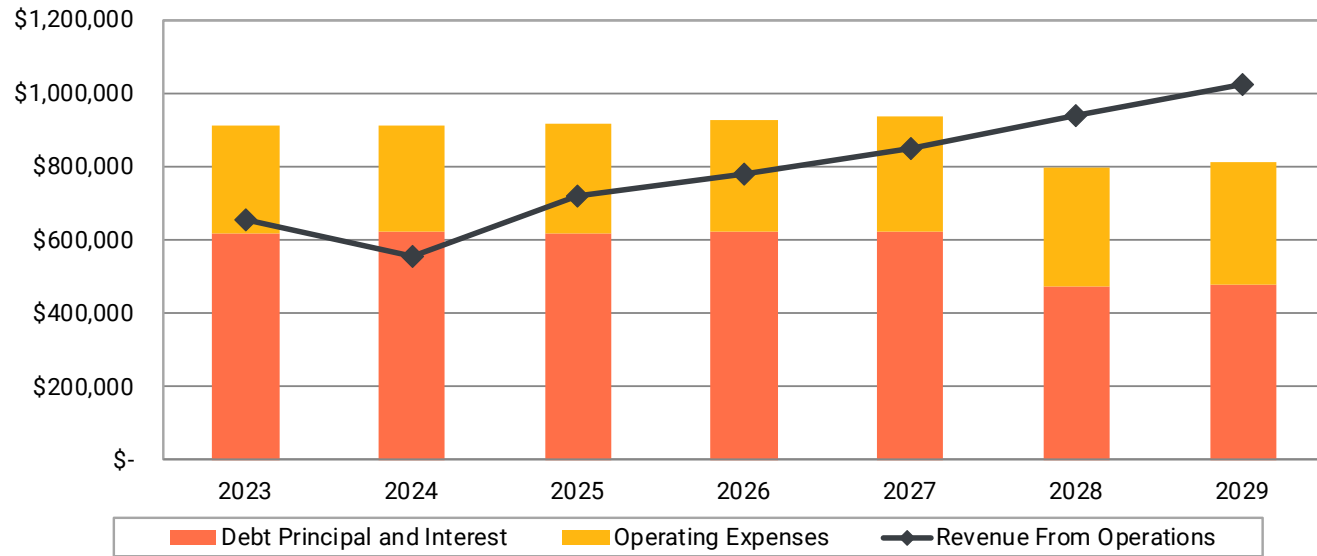
Monthly Bill Comparison to Other Cities  
(Average Usage 4,000 )Gallons



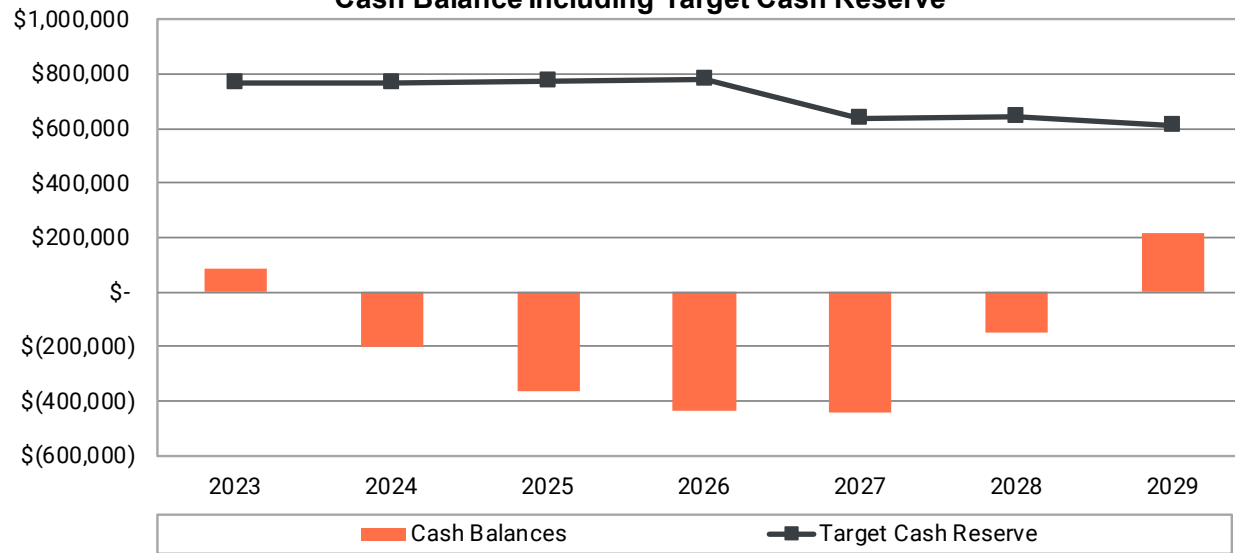


Questions?

**Cash Flow From Operations**



**Cash Balance Including Target Cash Reserve**



# Water Fund

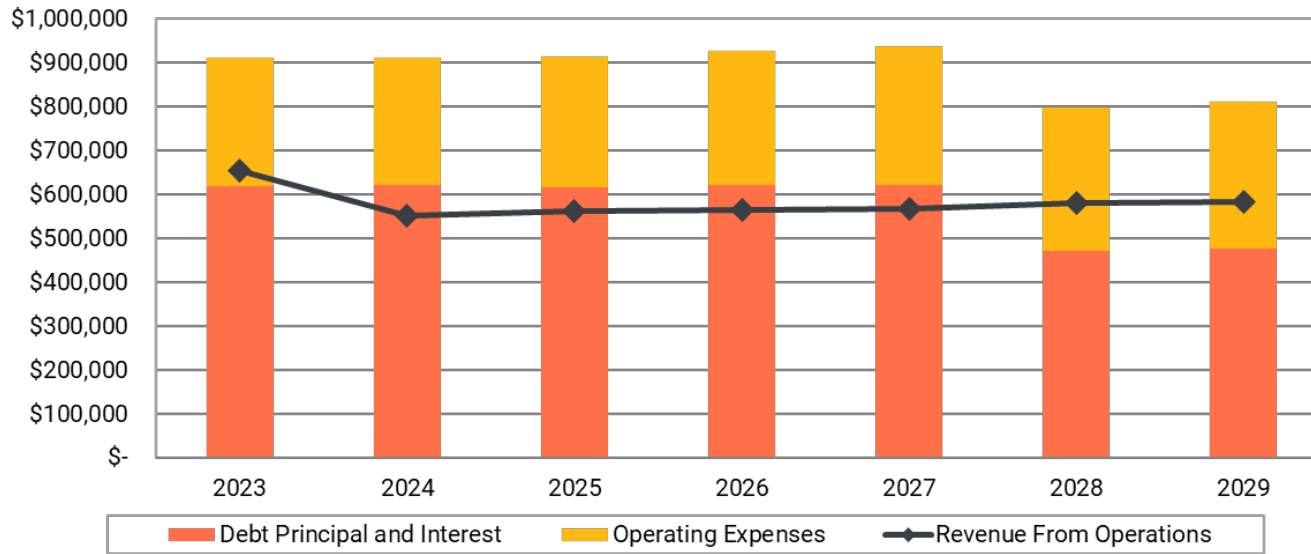
**Scenario 1**  
Water Fund is gaining positive cashflow and increasing cash from deficits expected in the near future.

# Water Fund

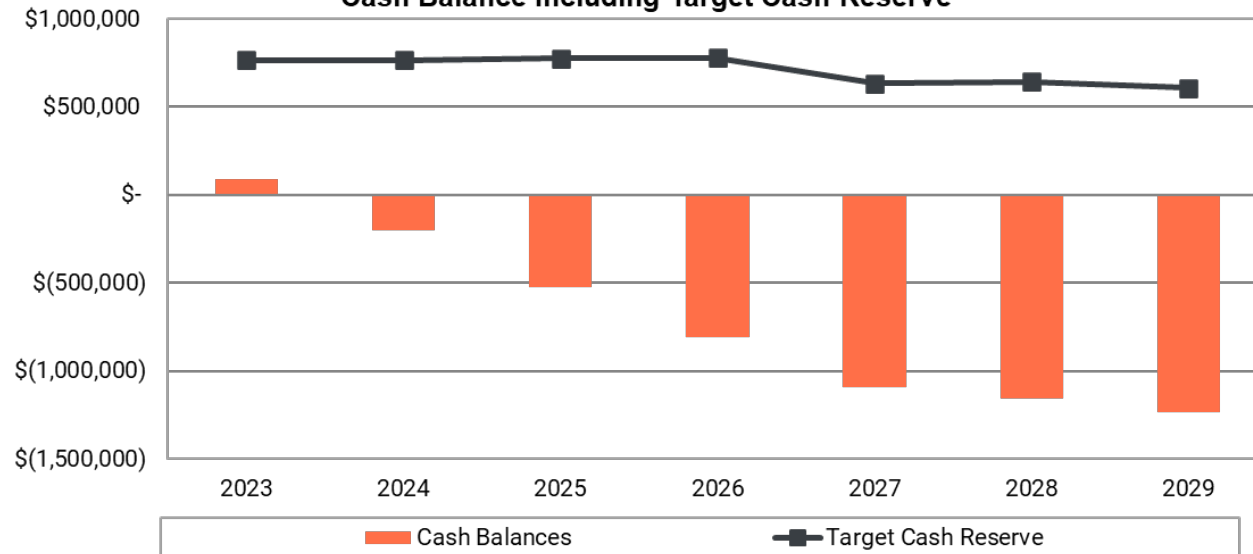
## Scenario 1

	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage		<b>35%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Fixed		<b>35%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Cash receipts						
Receipts from customers	\$ 553,029	\$ 717,435	\$ 780,953	\$ 850,727	\$ 937,531	\$ 1,021,958
Special assessments	7,996	8,236	8,483	8,737	8,999	9,269
Other receipts	62,648	72,000	72,000	72,000	144,000	144,000
Total Cash Receipts	623,673	797,671	861,436	931,464	1,090,530	1,175,227
Cash disbursements						
Operating payments	289,954	298,654	307,613	316,841	326,345	336,137
Debt service payments	620,617	616,560	620,629	620,815	471,122	475,610
Acquisition of capital assets	-	50,000	-	-	-	-
Total Cash Disbursements	910,571	965,214	928,242	937,656	797,467	811,747
Net Increase (Decrease)						
In Cash and Cash Equivalents	(286,898)	(167,543)	(66,806)	(6,192)	293,063	363,480
Cash and Cash Equivalents, January 1	88,277	(198,621)	(366,164)	(432,970)	(439,162)	(146,099)
Cash and Cash Equivalents, December 31	\$ (198,621)	\$ (366,164)	\$ (432,970)	\$ (439,162)	\$ (146,099)	\$ 217,381

**Cash Flow From Operations**



**Cash Balance Including Target Cash Reserve**



# Water Fund

## Scenario 2

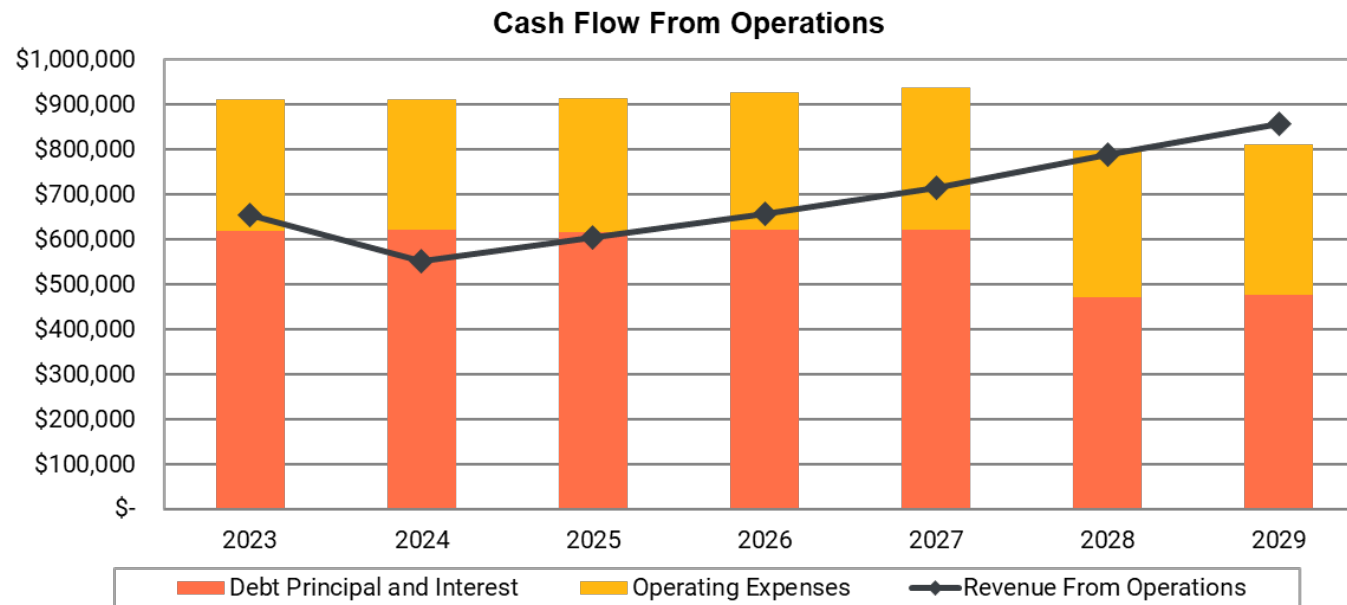
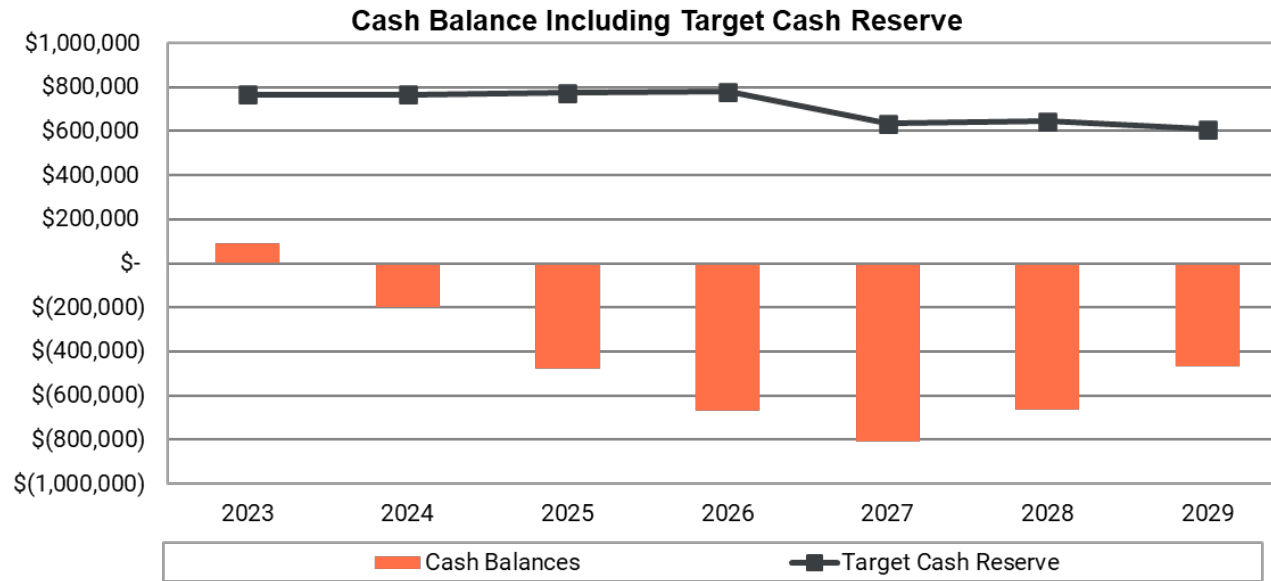
# Water Fund

## Scenario 2

	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage		0%	0%	0%	0%	0%
Fixed		0%	0%	0%	0%	0%
Cash receipts						
Receipts from customers	\$ 553,029	\$ 561,258	\$ 564,204	\$ 567,163	\$ 580,275	\$ 583,500
Special assessments	7,996	8,236	8,483	8,737	8,999	9,269
Other receipts	62,648	72,000	72,000	72,000	144,000	144,000
Proceeds of long-term debt	-	-	-	-	-	-
<b>Total Cash Receipts</b>	<b>623,673</b>	<b>641,494</b>	<b>644,687</b>	<b>647,900</b>	<b>733,274</b>	<b>736,769</b>
Cash disbursements						
Operating payments	289,954	298,654	307,613	316,841	326,345	336,137
Debt service payments	620,617	616,560	620,629	620,815	471,122	475,610
Acquisition of capital assets	-	50,000	-	-	-	-
<b>Total Cash Disbursements</b>	<b>910,571</b>	<b>965,214</b>	<b>928,242</b>	<b>937,656</b>	<b>797,467</b>	<b>811,747</b>
Net Increase (Decrease)						
In Cash and Cash Equivalents	(286,898)	(323,720)	(283,555)	(289,756)	(64,193)	(74,978)
Cash and Cash Equivalents, January 1	88,277	(198,621)	(522,341)	(805,896)	(1,095,652)	(1,159,845)
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ (198,621)</b>	<b>\$ (522,341)</b>	<b>\$ (805,896)</b>	<b>\$ (1,095,652)</b>	<b>\$ (1,159,845)</b>	<b>\$ (1,234,823)</b>

# Water Fund

## Scenario 3



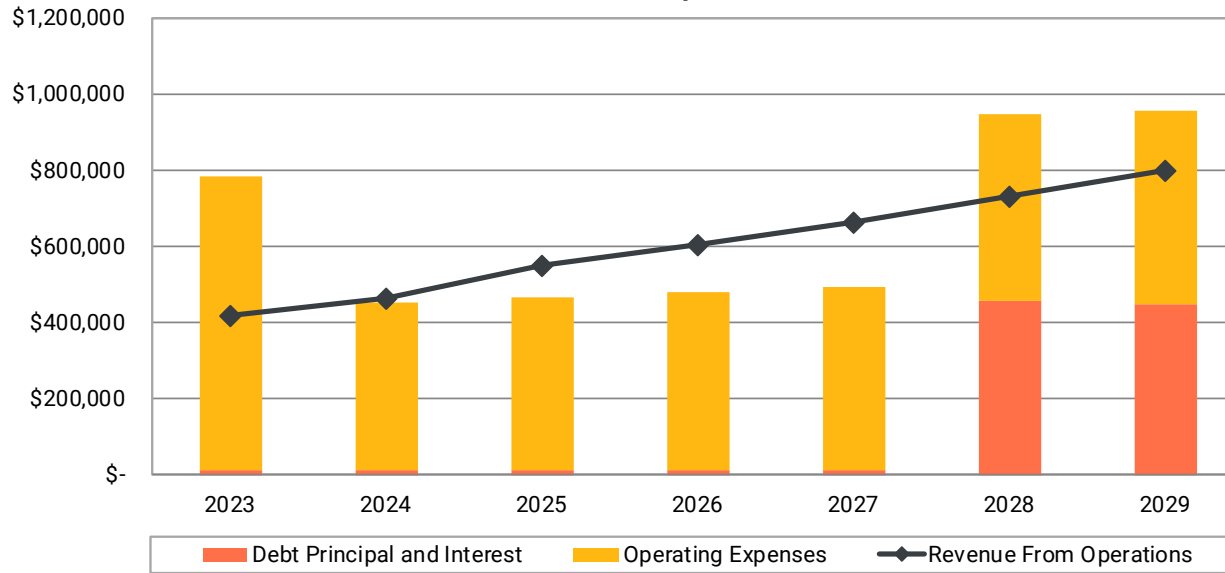
# Water Fund

## Scenario 3

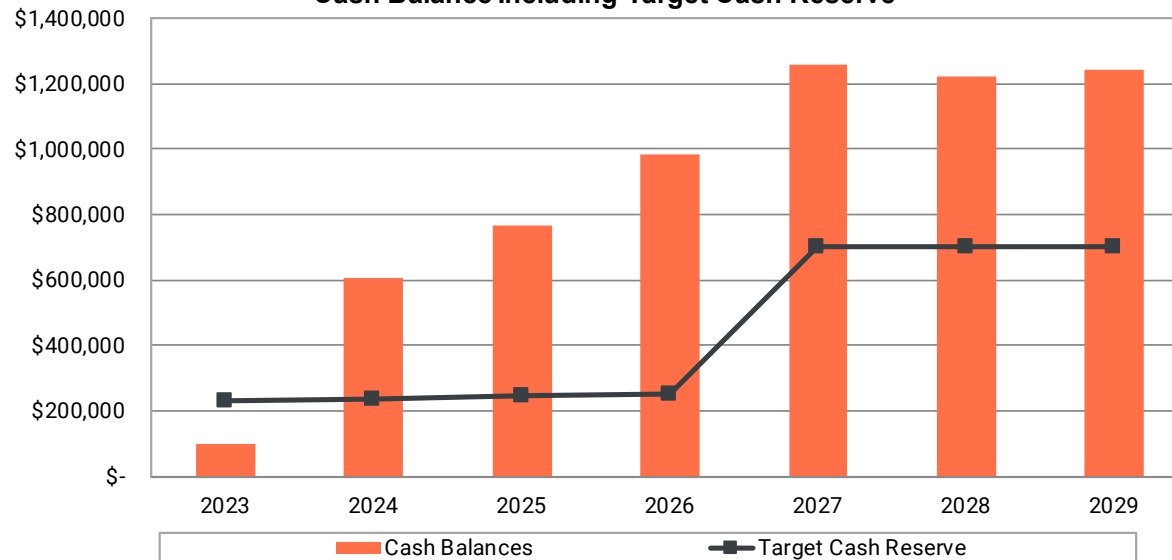
	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage		10%	10%	10%	10%	10%
Fixed		10%	10%	10%	10%	10%
Cash receipts						
Receipts from customers	\$ 553,029	\$ 605,827	\$ 658,101	\$ 715,385	\$ 788,450	\$ 857,522
Special assessments	7,996	8,236	8,483	8,737	8,999	9,269
Other receipts	62,648	72,000	72,000	72,000	144,000	144,000
Total Cash Receipts	623,673	686,063	738,584	796,122	941,449	1,010,791
Cash disbursements						
Operating payments	289,954	298,654	307,613	316,841	326,345	336,137
Debt service payments	620,617	616,560	620,629	620,815	471,122	475,610
Acquisition of capital assets	-	50,000	-	-	-	-
Total Cash Disbursements	910,571	965,214	928,242	937,656	797,467	811,747
Net Increase (Decrease)						
In Cash and Cash Equivalents	(286,898)	(279,151)	(189,658)	(141,534)	143,982	199,044
Cash and Cash Equivalents, January 1	88,277	(198,621)	(477,772)	(667,430)	(808,964)	(664,982)
Cash and Cash Equivalents, December 31	\$ (198,621)	\$ (477,772)	\$ (667,430)	\$ (808,964)	\$ (664,982)	\$ (465,938)



Cash Flow From Operations



Cash Balance Including Target Cash Reserve



# Sewer Fund

## Scenario 1

# Sewer Fund

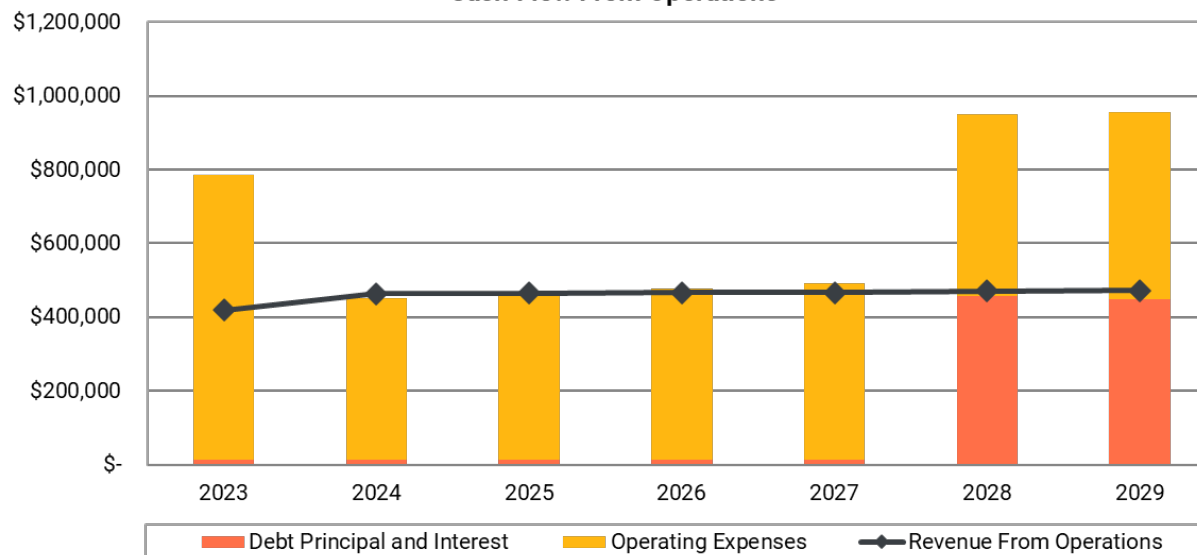
## Scenario 1

	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage rate		<b>20%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Fixed rate		<b>20%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Cash receipts						
Receipts from customers	\$ 463,393	\$ 550,654	\$ 603,752	\$ 662,404	\$ 729,012	\$ 799,802
Grants received	1,036,764	-	7,000,000	7,000,000	-	-
Other receipts	57,035	90,235	94,947	101,596	181,780	180,646
Proceeds of long-term debt	-	-	-	7,000,000	-	-
Total Cash Receipts	<b>1,557,192</b>	<b>640,889</b>	<b>7,698,699</b>	<b>14,764,000</b>	<b>910,792</b>	<b>980,448</b>
Cash disbursements						
Operating payments	437,687	450,819	464,347	478,281	492,634	507,413
Debt service payments	12,820	13,004	12,737	12,908	455,961	449,119
Acquisition of capital assets	600,000	20,000	7,000,000	14,000,000	-	-
Total Cash Disbursements	<b>1,050,507</b>	<b>483,823</b>	<b>7,477,084</b>	<b>14,491,189</b>	<b>948,595</b>	<b>956,532</b>
Net Increase (Decrease)						
In Cash and Cash Equivalents	506,685	157,066	221,615	272,811	(37,803)	23,916
Cash and Cash Equivalents, January 1	101,152	607,837	764,903	986,518	1,259,329	1,221,526
Cash and Cash Equivalents, December 31	<b>\$ 607,837</b>	<b>\$ 764,903</b>	<b>\$ 986,518</b>	<b>\$ 1,259,329</b>	<b>\$ 1,221,526</b>	<b>\$ 1,245,442</b>

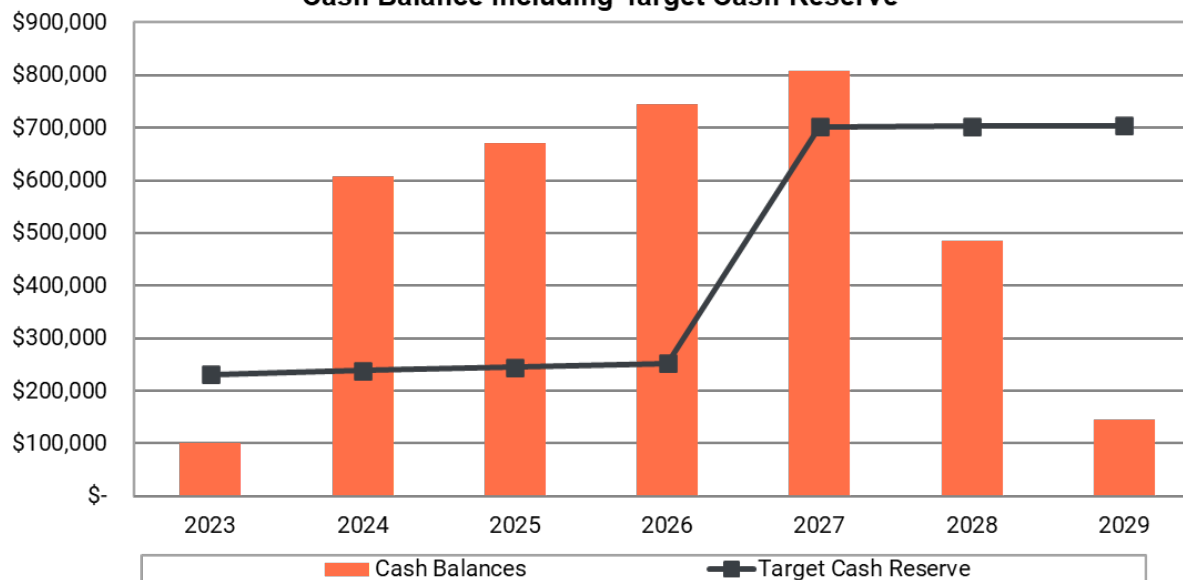
# Sewer Fund

## Scenario 2

### Cash Flow From Operations



### Cash Balance Including Target Cash Reserve



# Sewer Fund

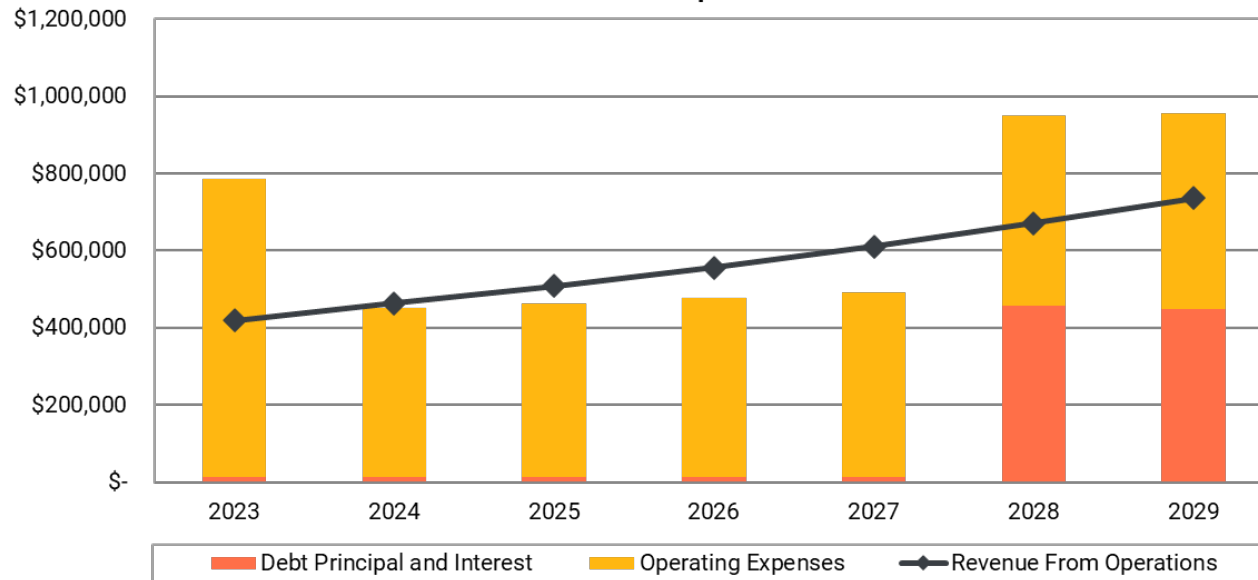
## Scenario 2

	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage rate		0%	0%	0%	0%	0%
Fixed rate		0%	0%	0%	0%	0%
Cash receipts						
Receipts from customers	\$ 463,393	\$ 464,581	\$ 465,851	\$ 467,216	\$ 470,880	\$ 472,140
Grants received	1,036,764	-	7,000,000	7,000,000	-	-
Other receipts	57,035	83,035	84,949	87,160	153,856	144,140
Proceeds of long-term debt	-	-	-	7,000,000	-	-
<b>Total Cash Receipts</b>	<b>1,557,192</b>	<b>547,616</b>	<b>7,550,800</b>	<b>14,554,376</b>	<b>624,736</b>	<b>616,280</b>
Cash disbursements						
Operating payments	437,687	450,819	464,347	478,281	492,634	507,413
Debt service payments	12,820	13,004	12,737	12,908	455,961	449,119
Acquisition of capital assets	600,000	20,000	7,000,000	14,000,000	-	-
<b>Total Cash Disbursements</b>	<b>1,050,507</b>	<b>483,823</b>	<b>7,477,084</b>	<b>14,491,189</b>	<b>948,595</b>	<b>956,532</b>
Net Increase						
In Cash and Cash Equivalents	506,685	63,793	73,716	63,187	(323,859)	(340,252)
Cash and Cash Equivalents, January 1	101,152	607,837	671,630	745,346	808,533	484,674
Cash and Cash Equivalents, December 31	\$ 607,837	\$ 671,630	\$ 745,346	\$ 808,533	\$ 484,674	\$ 144,422

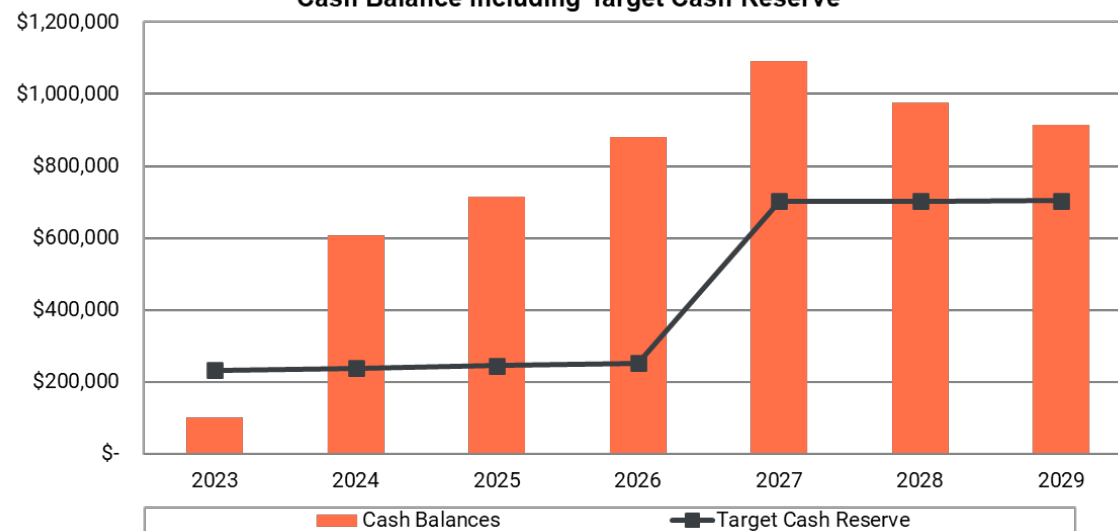
# Sewer Fund

## Scenario 3

### Cash Flow From Operations



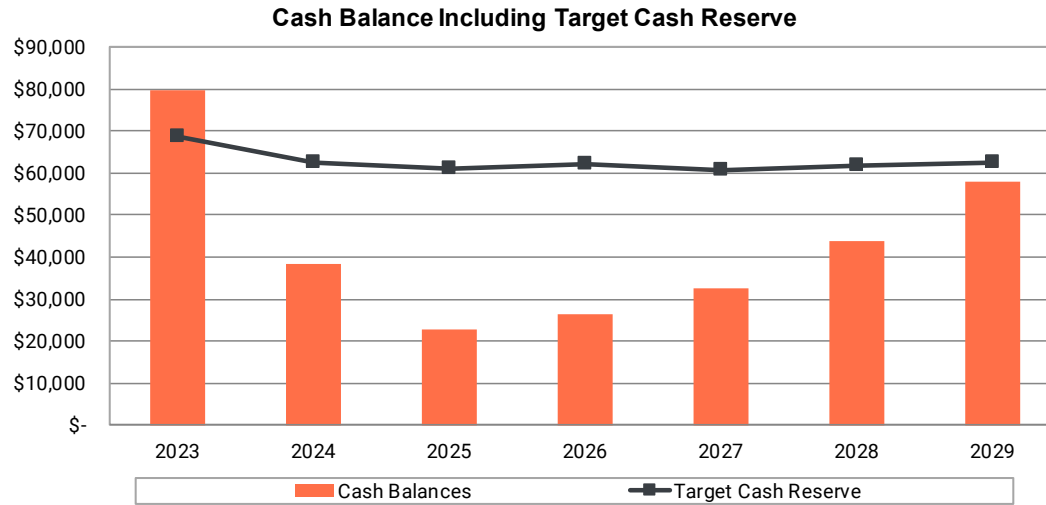
### Cash Balance Including Target Cash Reserve



# Sewer Fund

## Scenario 3

	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Usage rate		10%	10%	10%	10%	10%
Fixed rate		10%	10%	10%	10%	10%
Cash receipts						
Receipts from customers	\$ 463,393	\$ 507,617	\$ 556,349	\$ 610,120	\$ 671,669	\$ 736,499
Grants received	1,036,764	-	7,000,000	7,000,000	-	-
Other receipts	57,035	83,035	86,240	91,205	162,309	158,871
Proceeds of long-term debt	-	-	-	7,000,000	-	-
Total Cash Receipts	1,557,192	590,652	7,642,589	14,701,325	833,978	895,370
Cash disbursements						
Operating payments	437,687	450,819	464,347	478,281	492,634	507,413
Debt service payments	12,820	13,004	12,737	12,908	455,961	449,119
Acquisition of capital assets	600,000	20,000	7,000,000	14,000,000	-	-
Total Cash Disbursements	1,050,507	483,823	7,477,084	14,491,189	948,595	956,532
Net Increase						
In Cash and Cash Equivalents	506,685	106,829	165,505	210,136	(114,617)	(61,162)
Cash and Cash Equivalents, January 1	101,152	607,837	714,666	880,171	1,090,307	975,690
Cash and Cash Equivalents, December 31	\$ 607,837	\$ 714,666	\$ 880,171	\$ 1,090,307	\$ 975,690	\$ 914,528

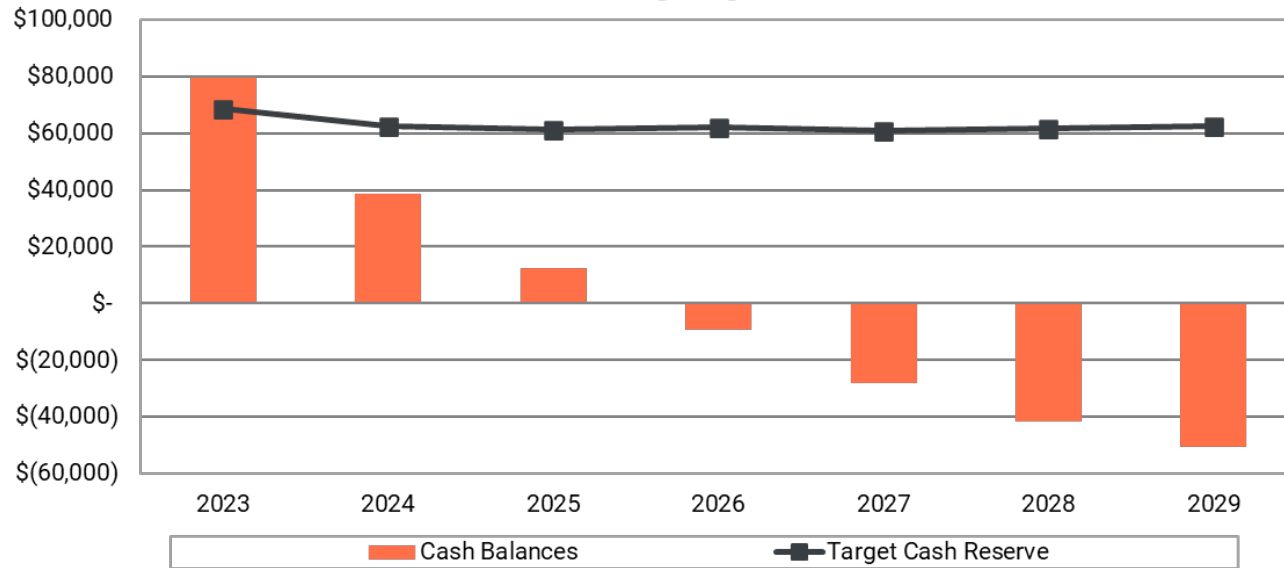


	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Fixed rate		<b>40%</b>	<b>40%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Cash receipts						
Receipts from customers	\$ 34,077	\$ 47,466	\$ 66,369	\$ 69,655	\$ 73,132	\$ 76,802
Cash disbursements						
Operating payments	18,106	3,963	4,082	4,204	4,330	4,460
Debt service payments	59,550	60,409	59,167	59,964	58,660	59,395
Total Cash Disbursements	77,656	64,372	63,249	64,168	62,990	63,855
Net Increase (Decrease)						
In Cash and Cash Equivalents	(41,191)	(15,754)	3,800	6,281	11,124	14,263
Cash and Cash Equivalents, January 1	79,605	38,414	22,660	26,460	32,741	43,865
Cash and Cash Equivalents, December 31	\$ 38,414	\$ 22,660	\$ 26,460	\$ 32,741	\$ 43,865	\$ 58,128

# Stormwater Fund

## Scenario 1

**Cash Balance Including Target Cash Reserve**



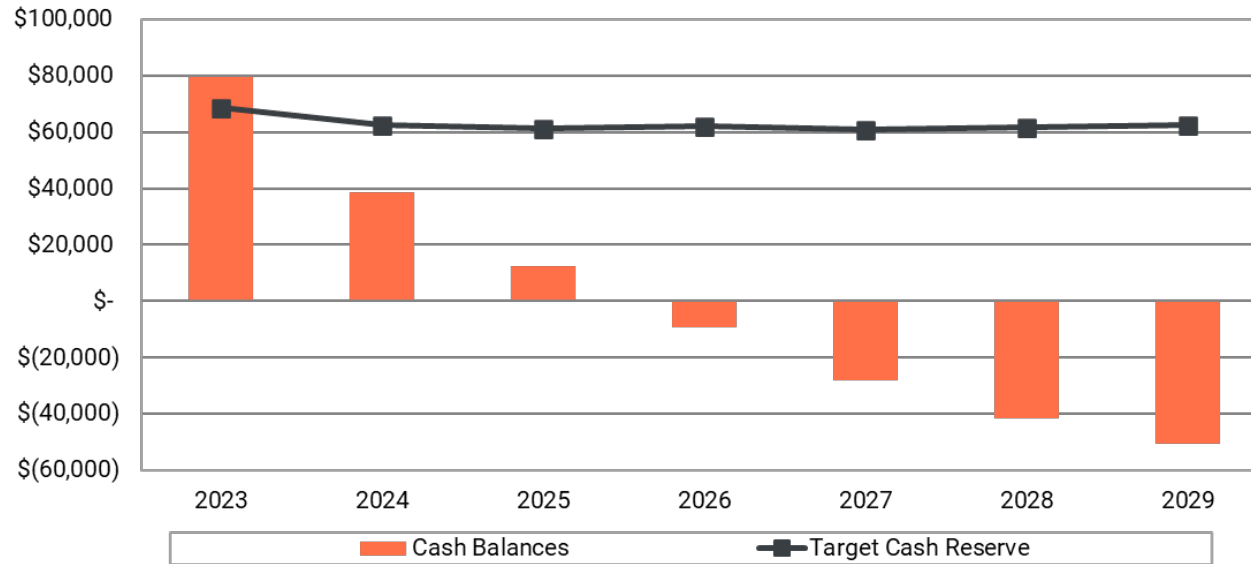
	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Fixed rate		0%	0%	0%	0%	0%
Cash receipts						
Receipts from customers	\$ 34,077	\$ 33,968	\$ 33,975	\$ 33,982	\$ 33,989	\$ 33,996
Cash disbursements						
Operating payments	18,106	3,963	4,082	4,204	4,330	4,460
Debt service payments	59,550	60,409	59,167	59,964	58,660	59,395
Total Cash Disbursements	77,656	64,372	63,249	64,168	62,990	63,855
Net Increase						
In Cash and Cash Equivalents	(41,191)	(29,252)	(28,999)	(30,186)	(29,001)	(29,859)
Cash and Cash Equivalents, January 1	79,605	38,414	9,162	(19,837)	(50,023)	(79,024)
Cash and Cash Equivalents, December 31	\$ 38,414	\$ 9,162	\$ (19,837)	\$ (50,023)	\$ (79,024)	\$ (108,883)

# Stormwater Fund

## Scenario 2



**Cash Balance Including Target Cash Reserve**



	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029
Projected rate increase						
Fixed rate		<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Cash receipts						
Receipts from customers	\$ 34,077	\$ 37,342	\$ 41,108	\$ 45,166	\$ 49,704	\$ 54,629
Cash disbursements						
Operating payments	18,106	3,963	4,082	4,204	4,330	4,460
Debt service payments	59,550	60,409	59,167	59,964	58,660	59,395
Total Cash Disbursements	77,656	64,372	63,249	64,168	62,990	63,855
Net Increase						
In Cash and Cash Equivalents	(41,191)	(25,878)	(21,765)	(19,002)	(13,286)	(9,226)
Cash and Cash Equivalents, January 1	79,605	38,414	12,536	(9,229)	(28,231)	(41,517)
Cash and Cash Equivalents, December 31	\$ 38,414	\$ 12,536	\$ (9,229)	\$ (28,231)	\$ (41,517)	\$ (50,743)

# Stormwater Fund

## Scenario 3