



COBURG CITY COUNCIL ISSUE ITEM

TOPIC: Wastewater System – consider service fees for Fiscal Year 2016-2017 and providing for rate adjustments

Meeting Date: April 12, 2016

Staff Contact: Milo Mecham, City Attorney; Anne Heath, Finance Director; Bob Butler, Public Works Director

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SUGGESTED COUNCIL ACTION

Consider a \$5.10 a month rate increase in July 2016, and each year thereafter for nine years. Adopt a resolution setting a rate for FY 2017 and for subsequent years.

COUNCIL GOAL(S) FY16

1. Proficient Budget Management

Task 2. Develop 3-5 year Budget analysis

While this task was aimed at the overall Budget, each fund's analysis is an integral input. This memo recommends adjustments to user rates that consider long-range wastewater system sustainability.

2. Address Water and Street Sustainability (maintain Wastewater)

Objective: Maintain integrity of water and wastewater infrastructure investments by furthering system resilience, cost efficiency, and system capacity.

Task 1. Monitor and adjust to maintain a revenue-neutral water and wastewater system.

BACKGROUND

A city's wastewater rates are always based upon model projections of revenue and costs over the planning period (20 years+). Because reality rarely ever matches the projections, the model needs to be updated periodically to reflect what is actually happening.

The model used to set Coburg's wastewater rates was originally based on projections about the cost of building and operating the system, the cost of paying off the debt created to build the system, and the potential revenue derived from charging users the recommended rate, from the Local Improvement District and from Urban Renewal District.

When the rate was set by the Council at \$85 a month, the Council discussion included consideration of several elements of the model. For example, the first user rate was balanced with the local improvement district (LID) rate in 2011. The Council chose an initial rate with the understanding that it was a projection, and that the projection showed a need for annual rate increases for approximately ten years after the first three years of operation. Council understood that the size of the annual monthly increase would vary as reality such as growth, demand, operating costs, Urban Renewal District revenue, and the rate in which LIDs were paid impacted the model.

Rates were set in 2012. While most of the inputs into the rate model have been more or less as expected, some of the projections did not occur as expected. First, growth exceeded expectations in the positive. Second, operating costs were higher than projected. A separate memo talks about the consideration of septic pumping fee for the highest capacity wastewater users. There were other costs that were not included in the 2011 model, such as the need to *begin* building a reserve to replace the membrane filters when they reach the end of their expected life in about 10 years. The largest impact on the model was a significant decrease in Urban Renewal Revenue. In sum, the model continues to show that if the City does not begin adjusting its rates upwards next fiscal year, the City will quickly exhaust its reserves.

Going forward, the model should be adjusted at least annually. When events occur that are different than what is projected in the model, if the model is corrected to include the new realities, it is likely that the projected rate increases will need adjusted. If the news is good, if for example, enough new users are added to counterbalance lost URD revenue, then the model may suggest that the rates could be increased less. If the news is not good, if for example, the cost of replacement of the membranes is higher than budgeted, or something else breaks, then the rates may need to be adjusted upwards going forward.

ANALYSIS

The attached Staff Memorandum discusses in detail the several options for a rate increase. Fiscal prudence suggests that, at a minimum, the rate be adjusted annually so that at no time does the City need to draw more from its required reserves to pay debt or to pay operating costs. The City will be drawing on its reserves for at least the next seven years. If the Council puts in place a pumping fee for commercial users, and if rates increase 4.2 percent a year (\$5.10 a month annual increase) the model shows that the City will reach an equilibrium point in 2023 where the rate increases will have caught up with the minimum reserve requirements. According to the model, if there are no surprises, starting in the year 2025, the rate increases can

be smaller and still stay ahead of the projected price increases.

The attached proposed resolution assumes adoption of a pumping charge separate from the current rate structure. It sets the rates going forward, but does not close off adjustments as circumstances allow or require.

RECOMMENDATION AND ALTERNATIVES

Staff recommends that the Council consider and adopt a rate resolution, setting the rates for wastewater service at \$90.10 a month, starting July 1, 2016. Staff further recommends that the resolution specifically include subsequent rate increased each July 1 of \$5.10 a month unless model inputs change.

There are a number of alternatives:

1. Do nothing. If the Council chooses to not institute a rate increase it will draw down its reserves at a rate that will exhaust the reserves quickly. For example, if rates remain at \$85 a month, and a pumping charge is put in place (and costs increase at 2.0%) the City will begin using its required reserves to pay operating costs sometime in 2020 and will have exhausted all its reserves by sometime in FY 2021. If the City continues to delay cost increases until the tipping point is reached (2020), the City will have to immediately raise rates by \$45 a month, and thereafter increase rates by at least three percent.
 2. The Council could choose to increase rates more slowly at the beginning. If the Council chooses this alternative the rate increases will need to go up much faster to avoid the problem of exhausted reserves.
 3. The Council could choose a different regular rate for FY17.
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BUDGET / FINANCIAL IMPACT

The budget impact of the recommended increase will be an approximately 6percent increase in revenues, year over year. Such an increase will stabilize drawing down the reserves before they drop below the minimum prudent reserve amount.

PUBLIC INVOLVEMENT

As the wastewater project went online 2012-2013, the public was told that rates would not increase for three years while the City established a baseline of operating costs and such. It has been three years. There has been no public involvement regarding the first rate increase. The public will have an opportunity to be involved at the recommended public hearing(s) which should be scheduled this Spring.

NEXT STEPS

The next step will be for the Council to schedule a hearing for the draft resolution.

ATTACHMENTS

- A. Staff memorandum on financial analysis of wastewater rates
 - B. Draft Wastewater rate resolution
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REVIEWED BY

Milo Mecham, City Attorney
Anne Heath, Finance Director
Bob Butler, Public Works Director
Petra Schuetz, City Administrator

RECOMMENDATIONS FOR ASSESSMENT OF WASTEWATER SYSTEM INCOME AND RESERVES

Coburg began developing a wastewater system because of groundwater contamination. The hundreds of drain fields in Coburg were known to be contributing to groundwater contamination. The nitrate levels in Coburg’s wells were gradually increasing and if nothing was done, the City would eventually have had to install an expensive treatment system to remove the nitrates because they would have reached unsafe levels.

This year, two years after the wastewater system began operating, nitrates at the City wells have dropped enough so that the City is no longer required to report the nitrate levels to the state.

Perhaps even more important, in the course of the inspection of septic tanks in Coburg during the project, the City discovered that over 250 of the tanks were leaking, adding more dangerous wastes to the ground water. All of these leaking tanks have been replaced with new tanks.

The wastewater treatment plant is running well, as efficiently as projected. It produces a discharge that is fully in compliance with a very stringent discharge permit, and among the best in the state, in terms of the quality of its discharge. It regularly produces a discharge that is, in the words of one of the design engineers “clean enough to drink if you didn’t know what you were drinking.”

The current rate of \$85 per month per EDU was based on projected users and costs, all made before the system came on line and was determined by projections using the last six months of the year in which Phase 4 was being constructed. The plant came on-line in June, 2013 prior to the completion of the project. The selected rate of \$85 a month was scheduled to increase to \$88 a month in July 2016 (start of FY 2016-17). Thereafter, the rate was projected to increase \$3 a year for the next ten to 15 years.

Based on operational experience, some of the projections and assumptions need to change.

Growth Projections

Based on current identified growth, the number of users projected over the next several years has changed (increased). Growth assumptions are now as follows:

Users	2017	2018	2019	2020
Premier RV	50*	21**	0	0
Serenity Lane	46***	0	0	0
Subdivisions	0	5	5	5
Coburg Inn		12		
Other growth	4	5	5	5
Total at beginning of FY	743	785	795	805

Premier RV is operating on an agreement that limits their charges to 30 EDU. This will end in June 2016. Current meter readings indicate that 80 EDU are being sent to the system, so the system is projected to add the equivalent of 50 additional users in July 2016(*). Premier RV is adding a number of new spaces. Typically an RV space is less than an EDU and this is true of Premier RV, where a space is about 0.60 of a residential flow. These projected 20 additional EDU are projected to be online by the start of the following fiscal year (**).

Serenity Lane is just now starting to operate. The final total projected use is 46 EDU(***) Note that because Serenity Lane actually came on line two thirds of the way through the fiscal year, the model does not capture some revenue in FY 2016. That is true of all other instances: growth during the year is included only in the next fiscal year's accounts.

Subdivisions are developing in Coburg. This growth is projected to occur gradually over the next four years. The potential SDC charges from the eligible subdivision are also spread out over the next few years, with some discount for uncertainty.

Coburg Inn. Permits have been approved for an addition to the Coburg Inn. The actual final EDU flows will be determined by the size and layout of the buildings. A conservative estimate of the impact is expected to come on line sometime by the start of fiscal year 2018.

After 2020 the projected growth from unidentified growth declines to 4 EDU per year. Other than what is mentioned above, no additional growth is projected. The potential impact of more speculative additional growth is discussed below.

Urban Renewal Income

The Urban Renewal income came back with the revitalization of Coburg North, and the addition of Camping World, but it has since dropped again because of the reappraisal of some buildings at Coburg North. This is a significant and unplanned hit to the funds available for debt payment and debt reserve.

No additional building is projected in the Urban Renewal area. After accounting for the recent drop, the URA income is projected to grow 1.45% year over year. This is roughly equal to the growth projected for the next year and is close to the pattern in past years (except when reappraisals reduced the income).

Loan Repayment

The loan repayment schedules finally set by the lending agencies are slightly higher than originally projected. The debt payment for next fiscal year will total \$1,083,037. The following year will be \$1,080,702. Each year it decreases a small amount (because the DEQ interest is recalculated each year on the shrinking principle.)

Reserves

Each debt requires a certain amount to be held in reserve. For DEQ it is a fixed amount from the beginning of the project. For the USDA loan, it requires a gradually increasing reserve, increasing at \$30,000 a year for ten years.

Membrane Replacement Reserve Fund

In 2015 the Council committed to an annual reserve amount of \$25,000 for membrane replacement only. The cost of replacing the membranes will be approximately \$225,000 and is anticipated to be needed in 2023. This reserve is for membrane replacement only and does not provide for other equipment breakdowns. There is other equipment that has limited life and will need replacement. The majority of these may be budgeted annually within the sewer fund budget. However, the following Collection System components may need additional reserves set aside in order to replace them when the time comes:

- STEP (Septic Tank Effluent Pump) Equipment
- Collection System
- Tank Replacements

To be clear, the Collection System is not the plant. They are two different components of the Wastewater System, both of which should have reserve funding for equipment replacement in addition to the Membrane Replacement Reserve Fund. No reserves are in the model for anything except the debt reserve and the membrane reserve.

Operating Expenses

The wastewater operations, along with the rest of Public Works, have continued to increase efficiencies and operate at or below budget. So when this analysis says that operating expenses have proven to be higher than projected, it is not a criticism of current operations. The engineer's projections of operating costs, made before the plant came on line, was inadequate. One element that has increased costs is earlier and more frequent septic tank pumping than projected. Another element not previously projected was the increased costs that come with new users. Unlike the water system, where new users mean only a small increase in electrical costs, adding users to the wastewater system increases operating costs and shortens the life of the system. In addition, the NPDES (National Pollutant Discharge Elimination System) permit mandates maintenance and inspections of all septic tanks every two years. This is essential in order to maintain the health of the system and avoid unnecessary breakdowns. The personnel demands for this task were not included in the previous projections, and they are not included in this projection.

The model has a projected operating budget of \$532,192 for FY 2017. This represents an increase of two percent over the present year. It does not include any additional personnel or equipment. Going forward the operating cost inflation is maintained at two percent for every year. If wastewater continues to operate as efficiently as it has in the past, this will be adequate.

FISCAL PROJECTION MODEL

The fiscal model includes consideration of all of the factors listed above. It provides for a reserve required by the loan agreements and for membrane replacement. It accounts for known growth, but does not include significant unexpected growth. In other words, it is a limited projection that is both conservative (about growth) and optimistic (about unexpected expenses).

Models, like wastewater operations, always try to build in room for error. This model, like the wastewater system has less room for error than might be ideal because there is not much history to go on, and there are relatively few variables in the model that the City can control. For example, the City cannot control growth or assessed values. This means that, when one of the factors that the City cannot control changes, for the better or not, the only factor that the City can control, and must use to balance the system, are the wastewater rates the City charges monthly.

In deciding to set the initial rates as low as possible in 2013, the Council recognized that the system would be spending more than it made for several years, until some point where increased rate revenue and growth caught up with the expenses. The projections always included a series of yearly increases in rates. If the increases are put in place now, they can be smaller in any given year than they will have to be if they are delayed further.

There are several critical dates in the model. Sometime around 2020 is one date. That is where the pattern of drawing on reserves begins to approach the critical point of the minimum necessary reserves. If the annual increase in rates is too low, this date comes earlier, if it is high enough, the trend is stopped, and reserves begin to balance.

The next critical date is 2025. That is the first year without LID payments. It is also the last year when the USDA loan requires a deposit in the reserve (if deposits have been made according to the schedule). After that date the important dates are all good. The next milestone is 2034, when the DEQ loan payments begin to end. The reports in this discussion go out to 2025 because, if the City can make it to that point and not be out of balance, then the annual rate increases can be recalculated and probably be reduced going forward.

The City should plan on at least an annual update of the model.

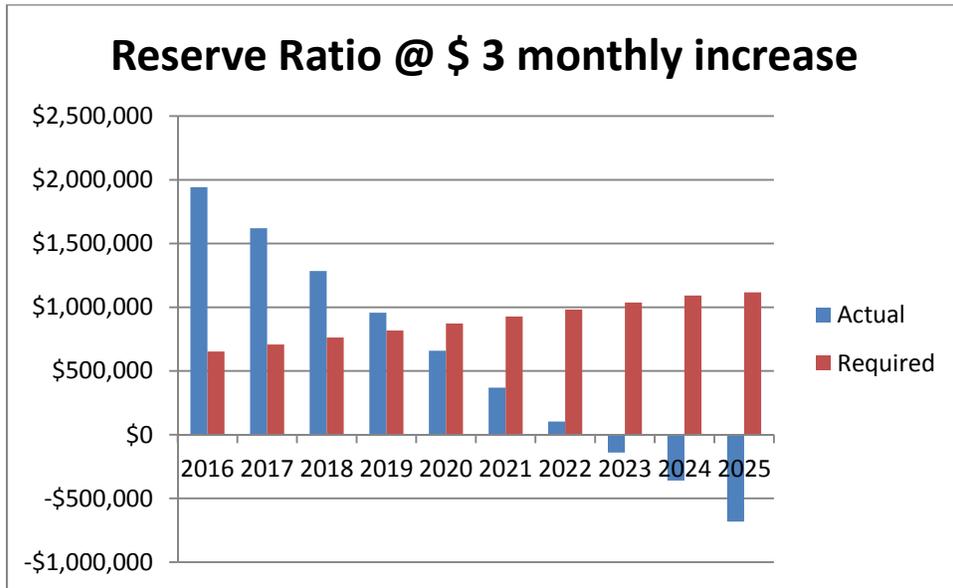
Recommended Increases

As stated above, in 2013 it was recommended to start in 2016 with an increase of three dollars per EDU, per year over ten years. Because of lost income from the URA, increased operating expenses, and the delay in implementing the increases, \$3 a month will not be enough to cover the costs as projected.

Projected Revenues and Expenses

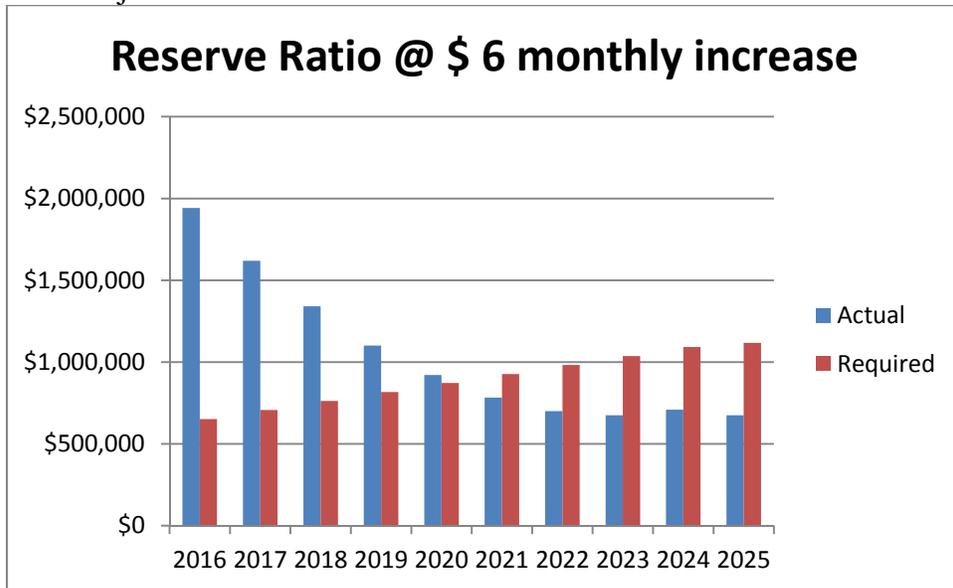
Reflected in the table below is the amount of money the City is projected to have on hand (actual), measured against the amount of money that the City is required by the loan agreements to have in reserve plus the \$25,000 annual equipment reserve (required). If rates

are increased only by \$3 a month every year, the City will not have enough income to meet its reserve requirements beginning in 2020. Beginning in year 2023, the system will have exhausted all its reserves and will be operating at a deficit.

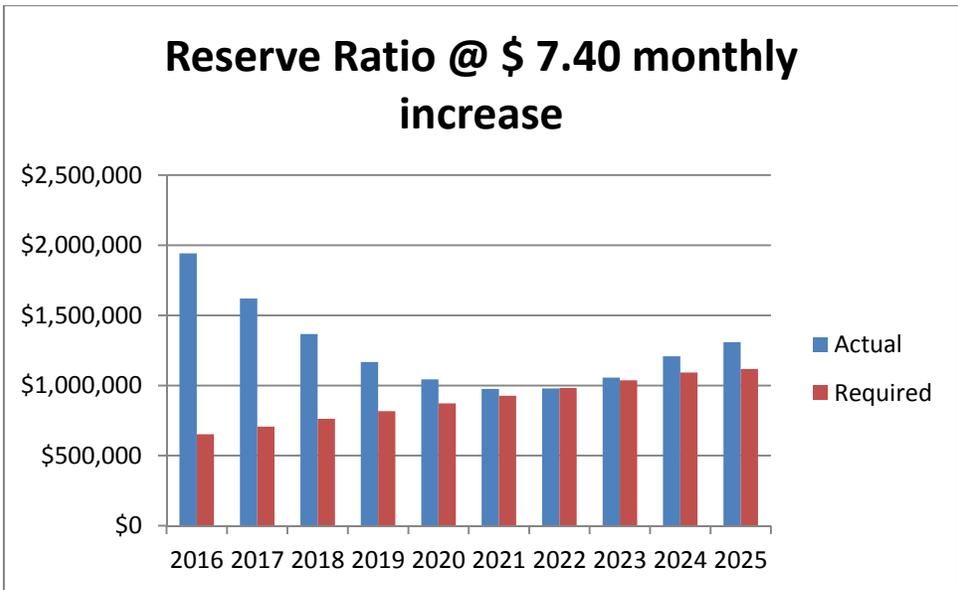


This is with the growth projected and all other assumptions included as set forth above.

Even at \$6 annual monthly increases, if no other steps are taken, the City will be spending its reserves just when it needs them.



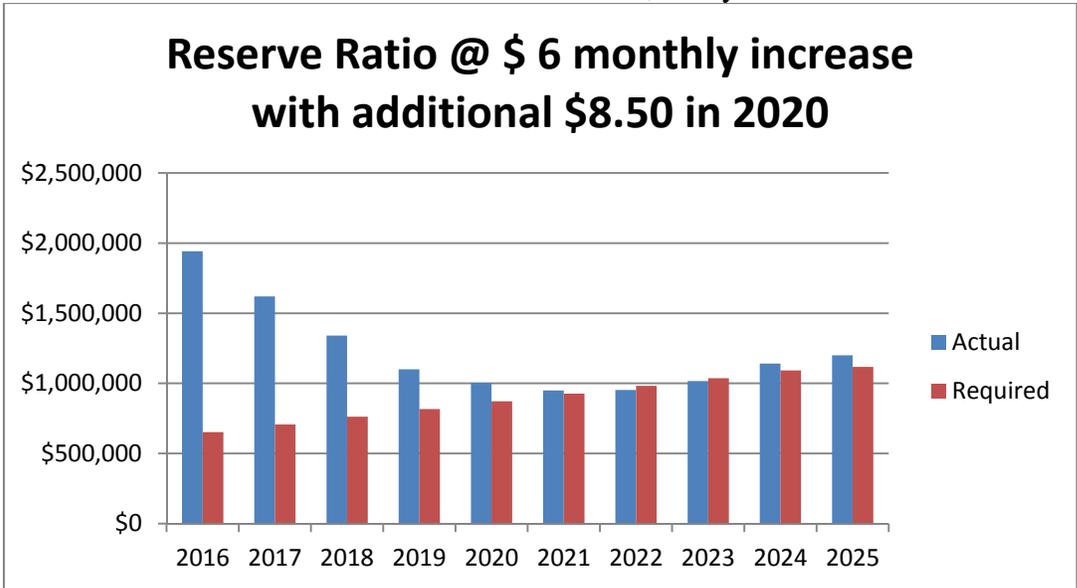
To protect reserves if the City relies just on a rate increase will require an annual increase of rates of \$7.40 a month. (The reserve amounts in 2022 are actually projected to be around \$3,000 less than necessary. Given the number of things that can happen between now and June 2022, that is close enough.)



Alternatives

There are several other options that could achieve the same results as a \$7.40 monthly increase. These options each have their own risks and adverse consequences.

One option is to do something similar to the Council did before, to plan a “smaller” increase now, and plan for a single large increase later which may be mitigated by unexpected growth. This only works if the Council in 2020 (or whenever) makes what could be an extremely difficult choice. If the rates go up at \$6 a month each year until 2020 and then there is an additional one time \$8.50 a month increase (for a total rate increase of \$14.50 that year) and then reverts to the \$6 a month increases until 2025, the system will almost balance.



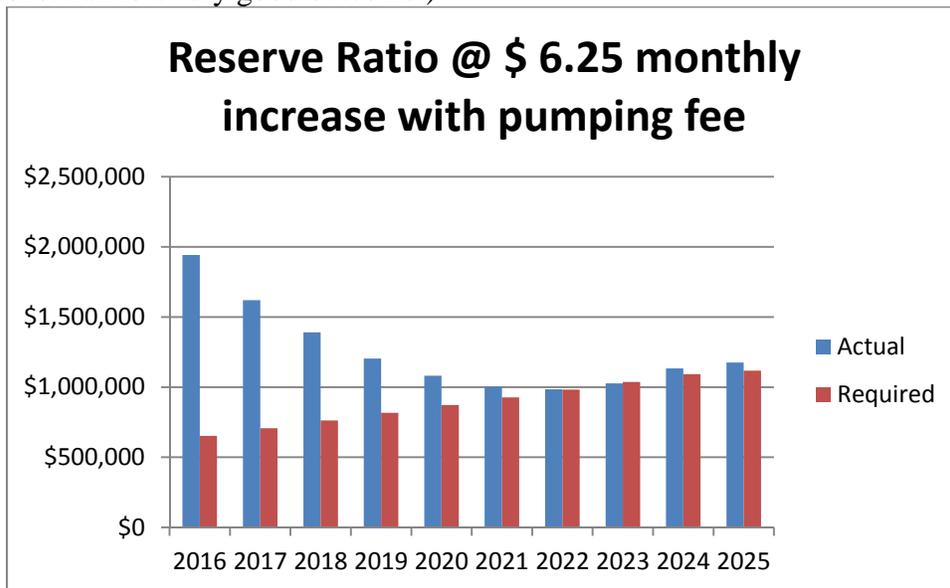
Alternatives

To reduce the size of the necessary across-the-board fee increase the City must either increase the number of users or shift some of the costs to the actual users of that element of the system.

Pumping Revenues

In a separate memo staff are recommending that a pumping charge be created. The City's pumping costs are projected to increase to \$50,000 a year, starting in July. The model accounts for this expense by including it in the assumed two percent annual operating cost increase. If the Council does choose to institute a pumping charge, that alternative revenue will have a significant impact on the size of needed rate increases.

If the revenue from a pumping fee is projected to be \$45,000 a year (less than the \$50,000 cost because of the credits), then if the rates are increased by \$ 6.25 a month, year over year, the increases will mostly protect the reserves (there is a \$10,000 short fall in 2023. But again, given the possible number of unanticipated changes between now and 2023, a \$10,000 shortfall is a very good outcome.)



A decrease of \$5,000 a year in the pumping fee would require a \$0.15 a month increase in the rates.

As discussed above, these projections are based on an assumption that operating cost increases will average out to no more than two percent a year. If a more conservative approach is taken, and an assumption of cost increases of two and one half percent a year are included, then \$6.50 a month is the necessary rate increase.

Other Fee Increases

One small but regular cost of the wastewater system is the inspection by Public Works of the proposed wastewater systems for new development. Currently that cost is absorbed as a part

of the wastewater operational rates. The planning fees for new developments could be increased to have the developers pay that cost.

The model assumes little SDC income. For the next several years there is a total of \$130,000 coming from approximately eleven houses constructed outside the LID area. After that the model projects less than one EDU every two years coming from outside the LID area. If growth occurs in the major underdeveloped areas of the City, which are outside the LID, or in areas newly annexed to the City this projection will need to be changed. The SDC methodology could be revisited to change the credits available – decreasing the URA credit and increasing the depreciation of the rate credits. This would mean more revenue from even the properties inside the LID area as they develop.

Most property in Coburg has not been reappraised in quite a long time. If the City were to assist the County appraiser's office in a reappraisal, this might increase the City's property tax base, and also increase the Urban Renewal's contribution to debt payments.

None of these changes have been built into the model. If they are implemented, the model can be redesigned to include that revenue. Any increased revenue or avoided costs will have an impact.

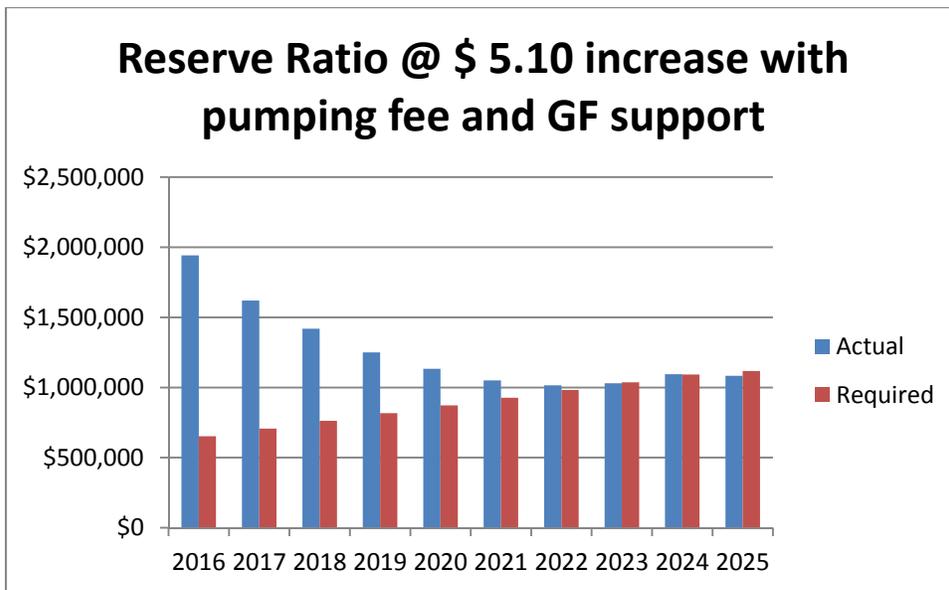
Higher Risk, Higher Reward Alternatives

The Council can consider other steps, in addition to instituting a pumping fee.

1. General Fund Support

Right now the General Fund is paying \$50,000 a year to the Sewer Capital fund for debt payments. The Council will be reviewing a plan to reduce this debt. The same arguments, extended back several more years, could eliminate the debt altogether. These debt payments are not in the model at the present time because their long term viability is not clear.

If an annual general fund contribution of \$50,000 is added to the model, the basic rate increase can be reduced to \$5.10. This is with the operating cost increases limited to no more than two percent a year.



Holding everything else constant, the next \$10,000 allows a \$0.20 decrease as would each additional \$10,000 increase in the general fund subsidy.

Additional Growth

The growth that is reasonably certain to occur is already built into the model. In addition there is some “unknown growth” built into the model (a steady growth of 4 edu per year). The idea of the model is that it should average out to four a year. The history of growing cities is that, especially after a major infrastructure change, such as adding sewers, cities do grow faster than they had been growing. So the model is not obviously wrong in building in some unknown growth.

Growth does not occur as an average rate year after year. It is episodic. Episodic growth is harder to build that into a model for two reasons: first, no one knows when the episodes might occur, and second, it undermines one of the strengths of the model (that the model projects a change out over time without constant interfering with the model).

The risk is great if future growth is built into the model and rates are reduced now, but the growth does not occur when planned. It would then mean a much larger increase later to try to catch up. The prudent means to accommodate such potential growth is implement the necessary rate increases now based on a more limited growth projection, and reduce the increase when the hoped for growth does actually happen.

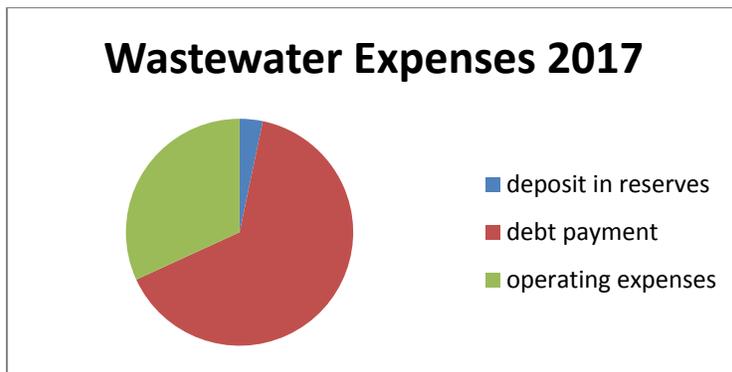
As an example: There is serious discussion about the construction of a motel and small business space on the vacant parcel where the Country Squire motel used to be on the east side of the freeway. If the Council knew, or was willing to bet, that that motel would add 40 additional edu in 2019, and all the other assumptions stayed the same, the Council could start with an increase of \$4.60 instead of the \$5.10 discussed above. But if, for some reason the development did not occur, the Council would have to raise rates \$10.20 (the regular \$4.60 + \$5.60) in 2020, and \$5.20 in 2021 and 2025.

There are other growth scenarios that could be played with: The hotel might come on line earlier. The UGB expansion in some form could be approved and additional residential and industrial users could be added soon enough to affect the model. Each user adds more revenue to the system and while it also raises operating costs, it provides more income for debt service and building up the necessary reserves, so it is a net benefit to the rate problem.

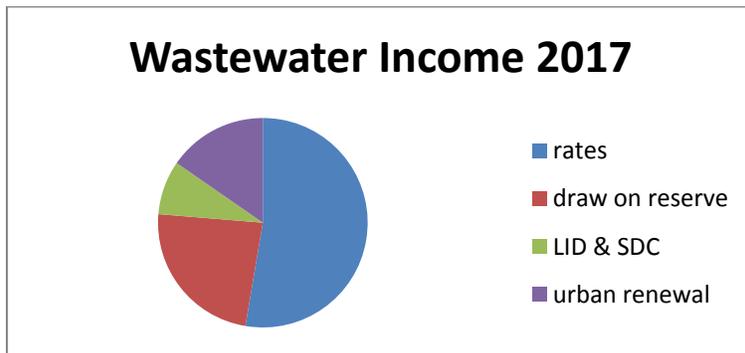
Staff recommends that, rather than decreasing the rate increase in advance of these chancy events, the Council instead plan for the minimum necessary increase without those positive events and plan to visit the model every year. If additional growth happens, that can be added to the model and the increase recalculated going forward. If that recommended strategy is adopted and if a change to the plan is necessary, it is more likely to be a positive change – a reduction in the necessary annual increases – than the negative change of having to increase the rate increase.

Restating the Problem and the Risk

The wastewater system has three major expenses: debt service, operating expenses and the deposits in the reserve. In FY 2017 these are projected to balance in this way:

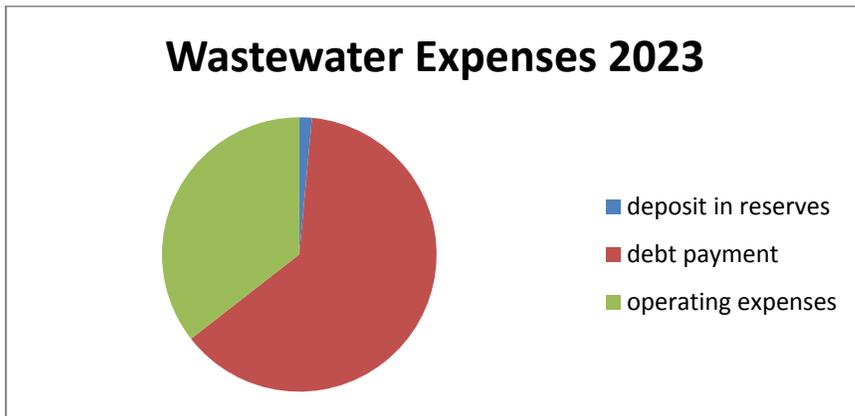


The system’s income is unsustainable, because it is drawing on the excess currently in the reserves:

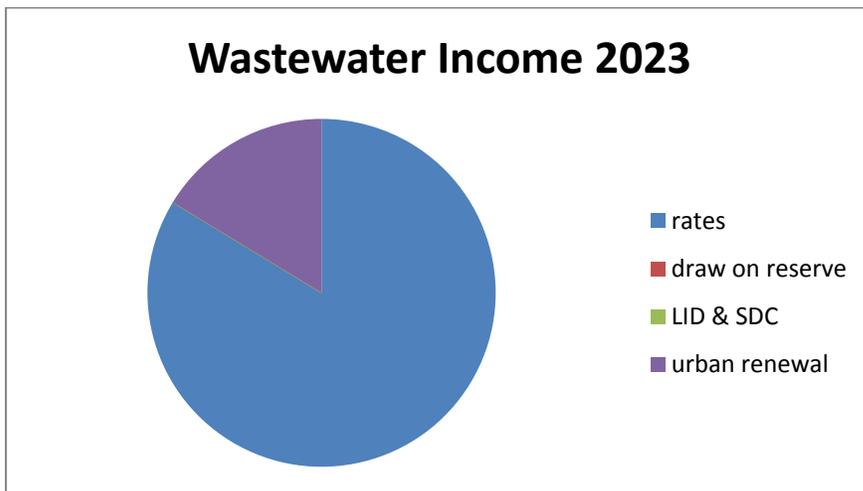


If the Council raises rates by \$5.10 a month, starting July 1 and every July 1 after that time, and if the projected growth happens when it is projected to happen, and if annual costs do not go up more than two percent a year, and if no unexpected expense occurs (such as a vehicle being wrecked), and if the Council enacts a pumping fee and commits \$50,000 a year general

fund support; this model will balance in 2023. Operating expenses will have increased, but debt payment and the amount deposited in the reserve will be smaller.



Income will also have changed. No income is projected from the LID, or from the reserve. The urban renewal income will have increased slightly. Rates will have to increase to fill in the pie.



DRAFT
RESOLUTION 2016-05

A RESOLUTION SETTING WASTEWATER SERVICE FEES FOR FISCAL YEAR 2016-2017 AND PROVIDING FOR RATE ADJUSTMENTS

WHEREAS, Ordinance 223 provides the City Council with authority to set rates for the construction and operation of the Coburg Wastewater Systems; and

WHEREAS, it is necessary and appropriate to update the wastewater service rates and to provide for a method for future adjustments to insure a fiscally sound operating wastewater system, including maintaining required debt reserves and constructing a prudent equipment replacement reserve,

NOW THEREFOR, THE COBURG CITY COUNCIL RESOLVES AS FOLLOWS:

1. The current wastewater service rate of \$85 per month per user EDU shall, effective for the service month beginning on July 1, 2016, be increased to \$90.10 per month per EDU, as EDUs are calculated pursuant to this resolution. Establishing a rate per EDU user does not preclude or limit the City's authority to establish other rates for special circumstances or classes of users of the wastewater system.

2. Unless otherwise altered by the Council or by the City Administrator acting pursuant to authority granted by the Council, wastewater service rates will be adjusted upward by an additional \$_____ a month at the beginning of each fiscal year until it is determined that there is sufficient income from rates to pay the operating costs and to provide a fiscally prudent reserve. No further resolution will be necessary for these adjustments to take place as specified. The rates set by this resolution may be adjusted by the City Administrator, if the Administrator and the Finance Director determine that the then applicable rates should be adjusted to achieve the purposes of this Resolution.

3. Definitions

For purposes of administration of this Resolution, the following terms shall be defined as set forth in this section.

A. Average Winter Water Use. Water use, as recorded by a water meter for the months October through April, divided by the number of months of actual use during that time.

B. EDU. Equivalent Dwelling Unit, calculated based on 846 cubic feet of water use, expressed in a whole number, where any fraction of use greater than 0.10 is rounded to the next highest whole number.

C. Wastewater Meter Reading. The reading of monthly wastewater volume from a meter measuring fluid output from a property's wastewater system.

D Water User. Any person or entity within the City limits of Coburg who has requested and received water from the City of Coburg, or who has otherwise had a water meter attached to plumbing on the person's property.

4. For purposes of calculating the amount any wastewater system user owes pursuant to the rates established by this resolution, usage shall be calculated based on Equivalent Dwelling Units (EDUs). Each water meter providing service to a single family residential structure shall be considered one EDU. Other water meter use, for non-single family residence use, shall be expressed as a whole number, calculated by taking an average of winter water use (averaging actual use during the months of October, November, December, January, February, March and April) and dividing it by 846 cubic feet per month, where any fraction of use greater than 0.10 is rounded to the next highest whole number.

5. In the event that the City or the wastewater contributing property has installed a wastewater meter, the equivalent dwelling unit charge shall be based on the actual wastewater meter flow reading for each previous month, divided by 846 cubic feet per month, and rounding as set forth above. In the event that the City determines that the meter is not reading accurately for any month, the EDU use shall be based on the previous month's EDU.

6. Average Winter Water Use for each user shall be recalculated as soon after a new period of winter use has elapsed as is practical. The previous average winter water use shall be used until a new average is calculated. A delay in recalculation shall not invalidate the existing charges.

7. Winter averaging is done to reduce the impact of changes for seasonal or other variations in water use that do not affect flows to the wastewater system. Where, because of change of use or other circumstances, a user can show hardship from the continuation of charges based on a previously calculated winter average use, the City Administrator may establish an alternate means of calculating water use, if the City Administrator determines that such an adjustment would be consistent with the policies expressed in this Resolution and Ordinance A-223. The City Administrator may also adjust the water use upwards without waiting for a new winter average, where a user's usage increases significantly due to changes in circumstance. A new user, or a user with a change of use such that no appropriate winter average exists, shall have a preliminary EDU rate established by use of the Wastewater SDC methodology. This assigned usage shall continue in effect until a winter average can be calculated.

8. The wastewater service rate may be adjusted for any residential user, based on the user's income in the prior year. The method of adjustment shall be established by separate action.

9. To the extent that they are inconsistent with or superseded by any provision of this Resolution all prior Resolutions on wastewater service rates shall no longer be effective.

Adopted this ___ day of _____, 2016

Ray Smith, Mayor

___ Ayes

___ Nays

___ Abstain

Attest:

Sammy Egbert, City Recorder