



To: Robin Bibby, Budget and Management Services
From: Martha Zeigler, Department of Water Management
Date: October 19, 2012
RE: Estimated Utility Life Cycle Costs – Brier Creek Townes

The Department of Water Management sets rates and fees to recover operational costs and to provide current and future infrastructure necessary to supply water and wastewater for the City and surrounding service area. Any revenues not expended on operations and maintenance are accumulated to provide funding, including debt service, required to repair, rehabilitate, replace, and/or expand capacity of infrastructure.

Below is a table of annual expected revenues when the project is fully built out with an allocation of revenue between operational and capital expenditures. The operational expenditures may be considered short term operating. The long-term or life-cycle expenditures for this and any other project may be reasonably determined by contributions to capital improvement projects from both rates and one-time capital facility fees which cover not only the pipe in the ground contributed by the developer, but also include all the other connecting infrastructure as well as the treatment plants that provide water and sewer treatment services. Due to anticipated additional pump station operating and maintenance costs, there would be no projected surplus of revenues over operational expenses to contribute to the CIP if only 42 units were added, and funding otherwise allocable to CIP from operating revenues would need to be diverted to cover pump station power and maintenance. Whatever number of units are added, any changes in short and long-term life cycle costs will be managed by adjusting rates and facility fees based on actual performance data.

Water and Sewer	42 Units
Revenues	\$ 25,200
Op & Maintenance	\$ 33,128
CIP	\$ (7,928)
Capital Facility Fees	\$102,438