



To: Lisa Henty, Budget and Management Services
From: Martha Zeigler, Department of Water Management
Date: November 8, 2013
RE: Estimated Utility Life Cycle Costs – Montclair II

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 estimated from the start and until the project is fully built out with an allocation of revenue between operational and capital expenditures. To estimate revenues during the build-out period, the assumption was made that construction would be relatively even throughout the year, with some units billed the entire year and some only being started. To avoid overly complicating the model with immaterial increments, the assumption was made that all customers would be billed for the entire period when construction completed.

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 maintenance and replacement of 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. Any changes in short and long-term life cycle costs will be managed by adjusting rates and facility fees based on actual performance data.

INSIDE CITY:

FY 14-15	Units	Water	Sewer	Total
Annual Revenues	6	\$ 1,263	\$ 1,855	\$ 3,118
Annual O & M Expenditures	6	\$ 808	\$ 1,187	\$ 1,995
Transfer to CIP Fund	6	\$ 455	\$ 668	\$ 1,123
One-Time Capital Facility Fees				
	12	\$ 19,332	\$ 11,604	\$ 30,936

FY 15-16	Units	Water	Sewer	Total
Annual Revenues	19	\$ 3,999	\$ 5,876	\$ 9,875
Annual O & M Expenditures	19	\$ 2,559	\$ 3,760	\$ 6,319
Transfer to CIP Fund	19	\$ 1,440	\$ 2,116	\$ 3,556
One-Time Capital Facility Fees				
	15	\$ 24,165	\$ 14,505	\$ 38,670



CITY OF DURHAM

FY 16-17	Units	Water	Sewer	Total
Annual Revenues	27	\$ 5,683	\$ 8,349	\$ 14,032
Annual O & M				
Expenditures	27	\$ 3,637	\$ 5,344	\$ 8,981
Transfer to CIP Fund	27	\$ 2,046	\$ 3,005	\$ 5,051
One-Time Capital				
Facility Fees	0	\$ -0-	\$ -0-	\$ -0-

OUTSIDE CITY:

FY 14-15	Units	Water	Sewer	Total
Annual Revenues	6	\$ 2,526	\$ 3,711	\$ 6,237
Annual O & M				
Expenditures	6	\$ 808	\$ 1,187	\$ 1,995
Transfer to CIP Fund	6	\$ 1,718	\$ 2,524	\$ 4,242
One-Time Capital				
Facility Fees	12	\$ 19,332	\$ 11,604	\$ 30,936

FY 15-16	Units	Water	Sewer	Total
Annual Revenues	19	\$ 7,998	\$ 11,751	\$ 19,749
Annual O & M				
Expenditures	19	\$ 2,559	\$ 3,760	\$ 6,319
Transfer to CIP Fund	19	\$ 5,439	\$ 7,991	\$ 13,430
One-Time Capital				
Facility Fees	15	\$ 24,165	\$ 14,505	\$ 38,670

FY 16-17	Units	Water	Sewer	Total
Annual Revenues	27	\$ 11,366	\$ 16,699	\$ 28,065
Annual O & M				
Expenditures	27	\$ 3,637	\$ 5,344	\$ 8,981
Transfer to CIP Fund	27	\$ 7,729	\$ 11,355	\$ 19,084
One-Time Capital				
Facility Fees	0	\$ -0-	\$ -0-	\$ -0-