

IN THE VILLAGE OF CENTERTOWN, MISSOURI

Bill No. 0021-001

Ordinance No. 219

AN ORDINANCE ESTABLISHING A USER CHARGE SYSTEM FOR THE VILLAGE OF CENTERTOWN, COUNTY OF COLE, STATE OF MISSOURI TO PROVIDE FUNDS NEEDED TO PAY FOR ALL EXPENSES ASSOCIATED WITH THE CENTERTOWN WATERWORKS SYSTEM

**WHEREAS**, the Village of Centertown, County of Cole, State of Missouri, owns and operates a revenue producing public waterworks system, Centertown Waterworks.

**WHEREAS**, the Village of Centertown, County of Cole, State of Missouri, must pay all expenses associated with said waterworks system, Centertown Waterworks, and charge the users of said Water System accordingly;

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES, OF THE VILLAGE OF CENTERTOWN, COUNTY OF COLE, STATE OF MISSOURI, CENTERTOWN WATERWORKS, PUBLIC WATER SYSTEM, AS FOLLOWS:**

**ARTICLE 1**

It is hereby determined and declared to be necessary and conducive to the protection of the public health, safety, welfare, and convenience of the Village of Centertown, Centertown Waterworks, to collect charges from all users who use the Centertown Waterworks Water System and to establish a user charge system as set forth herein. The proceeds of such charges so derived will be used for the purpose of operating, maintaining, and retiring the debt for such Water System.

**ARTICLE II**

Unless the context specifically indicates otherwise, the meaning of terms used in this Ordinance shall be as follows:

Section 1: "Operation and Maintenance" shall mean all expenditures during the useful life of the Water System for materials, labor, utilities, and other items which are necessary for managing and maintaining the Water System to achieve the capacity and performance for which said Water System was designed and constructed. The term "Operation and Maintenance" includes replacement.

Section 2: "Replacement" shall mean expenditures for obtaining and installing equipment, accessories, or appurtenances which are necessary during the useful life of the Water System to maintain the capacity and performance for which such works were designed and constructed.

Section 3: "Residential User" shall mean any user of the Village of Centertown, Centertown Waterworks Water System whose lot, parcel of real estate, or building is used for domestic dwelling purposes only.

Section 4: "Shall" is mandatory; "may" is permissive.

Section 5: "Water System" shall mean any devices and systems for the storage, treatment, recycling, transmission, and distribution of water. These include transmission and distribution lines, individual systems, pumping, power, and other equipment and their appurtenances; extensions, improvements, remodeling, additions, and alterations thereof; elements essential to provide a reliable Water System such as standby treatment units and any works, including site acquisition of land that will be part of the treatment process.

Section 6: "Winter average use" shall mean average use of the Winter quarter (Dec., Jan., Feb.).

Section 7: "Useful Life" shall mean the estimated period during which the treatment works will be operated.

Section 8: "User Charge" shall mean that portion of the total water service charge which is levied in a proportional and adequate manner for the cost of operation, maintenance, and replacement of the Water System.

Section 9: "Water Meter" shall mean a water volume measuring and recording device, furnished and/or installed by the Village of Centertown, Centertown Waterworks or furnished and/or installed by a user and approved by the Village of Centertown.

### **ARTICLE III**

Section 1: The user charge system established by this Ordinance shall generate adequate annual revenues to pay the costs of annual Operation and Maintenance including Replacement and cost associated with the Village of Centertown's revenue bonds issued to finance or refinance improvements to the Water System (including, but not limited to, the payment of principal, interest and redemption premium, if any, on said bonds) which the Village of Centertown may by Ordinance designate to be paid by the user charge system. To the extent any term or provision set forth in the Ordinance pursuant to which the Village of Centertown revenue bonds have been issued conflicts with the Ordinance, the Ordinance pursuant to which the Village of Centertown's revenue bonds have been issued shall control.

Section 2: There are hereby created or ratified and ordered to be established and maintained in the treasury of the Village of Centertown the following separate funds and accounts to be known respectively as the:

- (a) Centertown Waterworks Revenue Fund (the "Revenue Fund").
- (b) Water System Operation and Maintenance Account (the "Operations and Maintenance Account").
- (c) Water System Depreciation and Replacement Account (the "Replacement Account").

Section 3. All of the total user charge imposed and collected pursuant to this Ordinance shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided in this Ordinance and/or any Ordinance pursuant to which the Village of Centertown's revenue bonds have been issued. Said revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the Village of Centertown. The Revenue Fund shall be administered and applied solely for the purpose and in the manner provided in this Ordinance and any Ordinance pursuant to which the Village of Centertown's revenue bonds have been issued.

Section 4: On the first day of each month, beginning in the month following the month in which this Ordinance goes into effect, administer and allocate the moneys then held in the Revenue Fund as follows:

- (a) Operation and Maintenance Account. There shall first be paid and credited to the Operation and Maintenance Account an amount sufficient to pay the estimated cost of Operation and Maintenance during the ensuing month, provided, however, that deposits into the Operation and Maintenance Account shall equal at least \$ 49,272.65 annually. All amounts paid and credited to the Operation and Maintenance shall be expended and used by the Village of Centertown solely for the purpose of paying the Operation and Maintenance expenses of the Water System.
- (b) Replacement Account. After all payments and credits required at the time to be made under paragraph (a) of this Section and subject to the provisions of any Ordinance pursuant to which the Village of Centertown's revenue bonds have been issued relating to payments required to be made to debt service accounts, debt service reserve accounts or administrative fees for said bonds have been made, there shall next be paid and credited to the Replacement Account, the amount of \$ 837.88 each month (\$ 10,054.50 annually). Moneys in the Replacement Account shall be expended and used by the Village of Centertown, if no other funds are available therefor, solely for the purpose of ensuring the Water System in good repair and working order and to assure the continued effective and efficient

operation thereof.

- (c) All remaining funds on deposit in the Revenue Fund shall be administered and applied pursuant to the provisions of the Ordinance under which the Village of Centertown's revenue bonds have been issued.

Section 5. Fiscal year-end balances in the Operation and Maintenance Account and the Replacement Account shall be carried over to the same accounts in each subsequent fiscal year and shall be used for no other purposes than those designated for these accounts. Monies which have been transferred from other sources to meet temporary shortages in the Operation and Maintenance Account and the Replacement Account shall be returned to their respective accounts upon appropriate adjustment of the user charge rates for Operations and Maintenance and Replacement. The user charge rate(s) shall be adjusted such that the transferred monies will be returned to their respective accounts within the fiscal year following the fiscal year in which the monies were borrowed.

#### **Article IV**

Section 1. Each user shall pay for the services provided by the Village of Centertown, Centertown Waterworks based on their use of the Water System as determined by water meter(s) acceptable to the Village of Centertown.

Section 2. All monthly user charges will be based on monthly water usage.

Section 3: The Centertown Waterworks hereby imposes the following charges for services: The user charge rates set forth in Appendix A of this Ordinance.

Section 4: The user charge rates established in this Article apply to all users of the Centertown Waterworks Water System, regardless of the user's location.

#### **ARTICLE V**

Section 1. All users shall be billed monthly. Meters will be read on or about the 10<sup>th</sup> of each month. Payments are due on the 10<sup>th</sup> of the following month. Any payment not received by the due date shall be delinquent.

Section 2. A late penalty of 10 percent of the user charge bill will be added to each delinquent bill on the 11<sup>th</sup> of each month. Delinquent bills will be subject to disconnection on the first business day of the following month.

Section 3. Water accounts that are disconnected due to delinquency, will be charged a reconnection fee of \$50. The customer will also have to pay the past due and current charges on the account in order for service to be restored.

**ARTICLE VI**

Section 1. The Village of Centertown shall review the user charge system annually and revise user charge rates as necessary to ensure that the Water System generates adequate revenues to pay the costs of annual Operation and Maintenance including Replacement and cost associated with the Village of Centertown's revenue bonds issued to finance or refinance improvements to the Water System (including, but not limited to, the payment of principal, interest and redemption premium, if any, on said bonds) and that the Water System continues to provide for the proportional distribution of said costs among users and user classes.

Section 2. Annual reviews will be posted to [www.centertownmo.org](http://www.centertownmo.org) under the Waterworks tab. Users will be notified of any change to the user charge system.

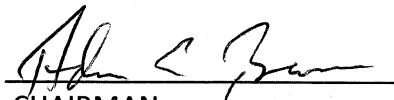
**ARTICLE VII**

This Ordinance shall be in full force and effective January 1, 2022 and will appear on January 2022's water billing.

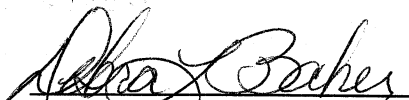
**FIRST READING HELD: JANUARY 26, 2021**

**SECOND READING AND FINAL PASSAGE ON THIS 2ND DAY OF FEBRUARY, 2021 BY THE FOLLOWING VOTE:**

	Aye	Nay
Adam Brown	<u>X</u>	_____
Paula Hinshaw	<u>X</u>	_____
Heather Hunger	<u>X</u>	_____
Celine Whitaker	<u>ABSENT</u>	_____

  
\_\_\_\_\_  
CHAIRMAN

ATTEST:

  
\_\_\_\_\_  
VILLAGE CLERK

Appendix A to User Charge System

This appendix presents the methodology to be used in calculating user charge rates and illustrates the calculations followed in arriving at the first year's user charges. The unit costs established in this appendix are based on estimates of expenses. The actual expenses that occur may differ from these estimates and certainly they will change as time passes. Therefore, the unit cost must be reestablished whenever necessary to reflect actual expenses. Once the system is in use, the expenses can be determined from operating records and the unit costs can be adjusted based on these figures. By using the total water metered to customers as a bases for setting the rate, the cost of water loss is distributed even among users.

1. Expenses: The total annual expenses associated with the treatment works, as defined in article II, Section 8, are estimated as follows:

<u>Item</u>	<u>Annual Expense</u>
Debt Service: CDBG: \$625,000, SRF Grant: \$733,000 SRF Loan: \$245,000 0.85% Int and 0.5% admin fee 20 year term	\$ 4,396.69
Professional Services	\$ 2,500.00
Power/Utilities	\$ 1,500.00
Labor (including fringe benefits)	\$ 20,750.00
Annual Audit	
Replacement Costs (from Appendix C)	\$ 10,054.50
	\$ -
	\$ -
Repairs - Contracted Labor	
Supplies/Tools/Equipment	\$ 2,000.00
	\$ -
Postage	\$ 600.00
Repairs & Maintenance	\$ 4,100.00
	\$ -
Dues & Subscriptions / Training	\$ 900.00
	\$ -
	\$ -
	\$ -
10% of Proposed Debt Service	\$ 439.67
UMB Fee	\$ 398.00
Other Expenses	
<b>Total Expenses</b>	<b>\$ 59,327.75</b>

Revenues Received from Other Sources

Dedicated Capital Improvement Sales Tax Revenue	\$ -
Other Revenue - Water Fixed Fee (specify)	\$ -
Other Revenue - Water Volume Fee (specify)	\$ -
Water Impact Fee	\$ -
Install Fee	\$ -
Interest Income	\$ -
Other Income	\$ -
<b>Total Revenues from Other Sources:</b>	<b>\$ -</b>
<b>Total Expenses to be Derived from User Charges:</b>	<b>\$ 59,327.75</b>

2. Allocation of Expenses: The total operation and maintenance, including replacement expenses, is allocated in the following manner:

<u>Minimum</u>	<u>Volume</u>
Debt Service	Power/Utilities \$ 1,500.00
Labor (including fringe benefits) 55%	Labor (including fringe benefits) 45% \$ 9,290.00
Contracted Services	\$ -
Annual Audit	Supplies/Tools/Equipment \$ 2,000.00
Replacement (see Appendix C)	Repairs & Maintenance \$ 4,100.00
Postage	Dues & Subscriptions - Training \$ -
Dues & Subscriptions/Training	\$ -
Professional Services	Professional Services \$ -
10% of Proposed Debt Service	Labor for water-system repairs \$ -
UMB Fee	
Other Expense	

Model Drinking Water User Charge Methodology

			Other Revenue - Water Volume Fee	\$	
Total	\$	42,437.75	Total	\$	16,890.00

Model Drinking Water User Charge Methodology

3. Annual Metered Water, Billing and, Connection Information

Total water metered to customers	5,129,992	Gallons Per Year
Number of billing periods	12	
Number of Service Connections	13	
Flow in Minimum Charge	1,000	Gallons Per Month
Flow in Volume Charge	3,557,992	

4. Volume Charge

$$\begin{aligned}
 \text{Volume Unit Charge} &= \frac{\text{Annual cost allocated to volume}}{\text{Total water metered to customers}} \\
 &= \frac{\$ 16,890.00}{3,557,992} \\
 &= \$ 0.004748 \text{ per gallon} \\
 &= \$ 4.750000 \text{ per 1000 gallons (rounded up)}
 \end{aligned}$$

Current Volume Charge  
\$2.50/1,000 gallons

5. Minimum Charge

$$\begin{aligned}
 \text{Minimum Charge} &= \frac{\text{Annual cost allocated to minimum/Number of service connections/Number of billing periods}}{\text{Current Minimum Charge}} \\
 &= \$ 28.57
 \end{aligned}$$

25 Includes 2,000 gallons

6. Example User Charge

Assume 3,137 gallons used.

$$\begin{aligned}
 \text{User Charge} &= \text{Minimum Charge} + ((\text{Gallons Used}/1,000) \times \text{Volume Charge per 1,000 gallons}) \\
 &= \$28.57 + ((3,137-1,000)/1,000) \times \$4.75 \\
 &= \$ 38.72 \text{ per month}
 \end{aligned}$$

Are Proposed rates sufficient?

Annual revenues generated from Minimum Charge	=	Minimum Charge per billing period x Number of Billing Periods x Number of Connections
Annual revenues generated from Minimum Charge	=	\$28.57 x 12 x 131
Annual revenues generated from Minimum Charge	=	\$ 44,905.79
Annual revenues generated from Residential Unit Charge	=	Volume Charge x Total Annual Flow in 1000 gallons
Annual revenues generated from Residential Unit Charge	=	\$4.75 x 3,557,992/1,000
Annual revenues generated from Residential Unit Charge	=	\$ 16,900.46
Total Annual Revenues	=	Annual revenues
Total Annual Revenues	=	\$44,905.79 + \$16,900.46
Total Annual Revenues	=	\$ 61,806.25
Budget Surplus/(Deficit)	=	Total Annual Revenues - Total Expenses to be Derived From User Charges
Budget Surplus/(Deficit)	=	\$61,806.25 - \$59,327.75
Budget Surplus/(Deficit)	=	\$ 2,478.50





**Appendix B to User Charge System**

**REPLACEMENT SCHEDULE**

This appendix contains a replacement schedule that was developed to determine the amount of revenue needed to fund the Replacement Account. The replacement schedule lists the major equipment in the drinking water system, the estimated dates when the equipment will have to be replaced, and the estimated cost of replacement (based on today's cost) over the useful life of the drinking water system. The replacement dates and costs shown are estimates; the actual replacement dates and costs could be significantly different from those shown. If the actual replacement expenses differ significantly from those listed in the replacement schedule, the funding of the Replacement Account shall be adjusted

Years From Current Project	Replacement Item	Cost Per Item	Yearly Total
1	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
2	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
3	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
4	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
5	Meter Replacement Program	\$2,625.00	\$62,625.00
	Fire Hydrant Rebuild/Replace (1 hydrant)	\$5,000.00	
	Flush Hydrant Rebuild/Replace (3 hydrants)	\$10,500.00	
	Replace Well 1 Pump	\$25,000.00	
	Tank Inspection	\$2,500.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
6	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
7	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
8	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Generator Maintenance	\$0.00	
	Tank Deferred Maintenance	\$14,000.00	
9	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
10	Meter Replacement Program	\$2,625.00	\$22,125.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Inspection	\$2,500.00	
	Tank Deferred Maintenance	\$14,000.00	
11	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
12	Meter Replacement Program	\$2,625.00	\$19,625.00
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	
13	Meter Replacement Program	\$2,625.00	

	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
14	Meter Replacement Program	\$2,625.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
15	Meter Replacement Program	\$2,625.00	
	Replace Well 2 Pump	\$0.00	
	Tank Inspection	\$2,500.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$22,125.00
16	Meter Replacement Program	\$2,625.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Generator Maintenance	\$0.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
17	Meter Replacement Program	\$2,625.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
18	Meter Replacement Program	\$2,625.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
19	Meter Replacement Program	\$2,625.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$19,625.00
20	Meter Replacement Program	\$2,625.00	
	Tank Inspection	\$2,500.00	
	Replace/Repair 60 LF of Lines	\$3,000.00	
	Tank Deferred Maintenance	\$14,000.00	\$22,125.00

\$443,000.00



**Appendix C to User Charge System**

**REPLACEMENT FUND ANNUAL ANNUITY**

(A separate sheet showing what items are to be replaced, what year, and estimated replacement cost, should also be attached.)

**Inflation**                    1.00%  
**Interest**                    2.00%  
**Initial Balance**            \$0.00

<u>Year</u>	<u>Estimated Replacement Costs</u>	X	<u>1.00% Compound Amount Factor (F/P)</u>	=	<u>Future Worth</u>	X	<u>Present Worth Factor (P/F)</u>	=	<u>Adjusted Present Worth</u>	<u>Interest on Fund Balance</u>	<u>Net Fund Balance</u>
	<b>Initial Balance</b>										
1	\$19,625.00		1.010000		\$19,821.25		0.980392		\$19,432.60	4,750.00	\$237,500.00
2	\$19,625.00		1.020100		20,019.46		0.961169		\$19,242.08	4,649.67	\$232,483.25
3	\$19,625.00		1.030301		20,219.66		0.942322		\$19,053.43	4,543.36	\$227,167.96
4	\$19,625.00		1.040604		20,421.85		0.923845		\$18,866.64	4,430.92	\$221,546.16
5	\$62,625.00		1.051010		65,819.50		0.905731		\$59,614.75	4,312.19	\$215,609.73
6	\$19,625.00		1.061520		20,832.33		0.887971		\$18,498.52	3,283.14	\$164,156.92
7	\$19,625.00		1.072135		21,040.66		0.870560		\$18,317.16	3,133.24	\$148,809.31
8	\$19,625.00		1.082857		21,251.06		0.853490		\$18,137.58	2,976.19	\$140,588.94
9	\$19,625.00		1.093685		21,463.57		0.836755		\$17,959.76	2,811.78	\$131,991.65
10	\$22,125.00		1.104622		24,439.76		0.820348		\$20,049.12	2,639.83	\$120,246.22
11	\$19,625.00		1.115668		21,894.99		0.804263		\$17,609.33	2,404.92	\$110,810.65
12	\$19,625.00		1.126825		22,113.94		0.788493		\$17,436.69	2,216.21	\$100,967.42
13	\$19,625.00		1.138093		22,335.08		0.773033		\$17,265.74	2,019.35	\$90,706.19
14	\$19,625.00		1.149474		22,558.43		0.757875		\$17,096.47	1,814.12	\$80,016.38
15	\$22,125.00		1.160969		25,686.44		0.743015		\$19,085.40	1,600.33	\$65,984.77
16	\$19,625.00		1.172579		23,011.86		0.728446		\$16,762.89	1,319.70	\$54,347.11
17	\$19,625.00		1.184304		23,241.97		0.714163		\$16,598.55	1,086.94	\$42,246.58
18	\$19,625.00		1.196147		23,474.39		0.700159		\$16,435.82	844.93	\$29,671.62
19	\$19,625.00		1.208109		23,709.14		0.686431		\$16,274.68	593.43	\$16,610.41
20	\$22,125.00		1.220190		26,996.70		0.672971		\$18,168.01	332.21	\$0.42
	\$443,000.00								\$ 401,905.00		
					Less Initial Deposit				(\$237,500.00)		
									\$ 164,405.00		
					Capital Recovery Factor	X			0.061157		
					Annual Annuity				<u>\$10,054.50</u>		