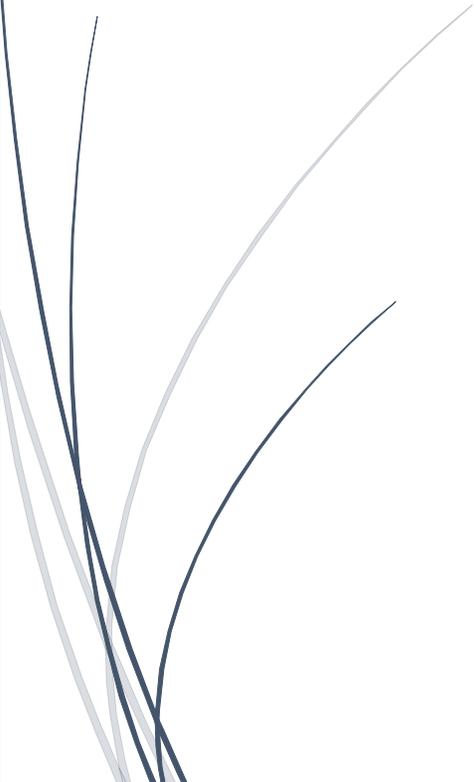


06/30/2025

## Sewer Rate Recommendation



City of Rawlins  
Finance Department  
521 West Cedar  
Rawlins, WY 82301

## Introduction

The sewer portion of the Utilities basically consists of the Wastewater Collection System and the Storm Water System with all related functions such as preventive maintenance, responding to sewer blockage, root cutting operation, videoing sewer lines, and all associated repairs to pipes and manholes.

In essence, the division is responsible for operations and management of all aspects of the system, including tapping into the system as new development dictates.

The mission of the City of Rawlins Wastewater Treatment Plant is to operate the plant to meet federal and state regulations to protect public health and the environment.

The Wastewater Treatment Plant has the capability of treating up to eight million gallons per day. This is the maximum amount available from the water plant. We treat between one and a half and two million gallons of wastewater a day.

The city removes the solids and the grit from the wastewater daily. The water then goes to our treatment ponds where the majority of the treatment is done, until we release the water back into the North Platte River. The city discharges our wastewater twice a year, only after we perform numerous tests to make sure the water is suitable to be returned to the river.

## Cash Reserves

Sewer Fund	2019	2020	2021	2022	2023
Cash and Investments	\$1,457,945	\$1,569,909	\$759,856	\$634,819	\$785,222

Cash and investments being held in the Sewer Fund have decreased \$672,723 or 46.14% from Fiscal Year 2019 through Fiscal Year 2023. This is also a result of a deteriorating sewer system where needed repairs and maintenance were deferred. At the current pace, cash and investments will be totally depleted by Fiscal Year 2025.

Cash reserves are held for two purposes. First, cash reserves are used to cover the day-to-day expenses of the Sewer Fund. This includes payroll, contractual services, supplies and materials and short-term debt payments. An emergency fund should be established to protect from periods of time when cash flows are low. A recommended emergency reserve is 50% of annual expenditures. For the City of Rawlins in Fiscal Year 2025 this would amount to \$292,888 for the Sewer Fund. The Sewer Fund currently has an interdepartmental payable to the General Fund in the amount of \$417,477. With the interdepartmental payable to the General Fund removed the

cash balance would stand at \$367,745. This represents 123 days cash on hand. (\$1,093,438 fiscal year 2025 budget / 365 days / 367,745 cash reserve)

The second reason for cash reserves is for capital replacements. As the system ages, depreciation is recognized each year estimating the amount of funds needed to compensate for deterioration. Therefore, the total cost of the system should equal the value remaining in the system plus the amount of depreciation recognized. To fund depreciation in the Sewer Funds the fund should have cash reserves of \$4.98M.

**Capital Assets**

Sewer Fund	2019	2020	2021	2022	2023
Building and improvements	\$8,849,491	\$8,849,491	\$9,249,573	\$9,527,457	\$9,527,457
Furniture and Equipment	1,456,296	1,456,296	1,465,923	1,515,843	1,515,843
Total Historical Cost	10,305,787	10,305,787	10,715,496	11,043,300	11,043,300
Accumulated Depreciation	3,794,831	4,074,225	4,365,576	4,671,535	4,984,115
Net Capital Assets	\$6,510,956	\$6,231,562	\$6,349,920	\$6,371,765	\$6,059,185
Depreciation Expense	\$268,656	\$279,394	\$291,351	\$305,959	\$312,580

Net Capital Assets decreased \$451,771 or 6.94% from Fiscal Year 2019 through Fiscal Year 2023. This shows that depreciation of the system is outpacing current investment into the system. Over time this will have a detrimental effect in that replacement needs will outweigh available funds. From FY 2019 to FY 2023 the cost of water fund capital assets increased \$737,513 of 7.16% while accumulated depreciation increased \$1.19M or 31.34%.

Pre review of the depreciation schedule only assets placed into service since 1950 were included in the schedule. Staff feels that a significant portion of the sewer assets still in service were placed into service prior to 1950.

**Fixed Asset Turnover**

Sewer	FY 2021	FY 2022	FY 2023
Capital Assets at Cost	10,715,496	11,043,300	11,043,300
Accumulated Depreciation	4,365,576	4,671,535	4,984,115
Net Capital	6,349,920	6,371,765	6,059,185
Percent Depreciated	40.74%	42.30%	45.13%

The percent depreciated has increased 4.39% from Fiscal Year 2021 through Fiscal Year 2023. This is a result of equipment aging faster than it is being replaced. The capital assets at cost are misleading because the City's investment in sewer infrastructure is significantly larger than reported. The City recently completed a sewer infrastructure study in which the results suggest that 85% of the City's sewer infrastructure is in need of major repair or replacement at June 2023. This suggests the investment in capital assets must be increased.

Sewer	FY 2021	FY 2022	FY 2023
Fixed Asset Turnover	18%	16%	17%

The city has 322,726 feet of sewer line. Below is a summary of preliminary needs for the sewer system.

<b>Preliminary Sewer Rehabilitation Needs</b>	
31 Manholes at \$10,000 each	\$310,000
64,000 sewer at \$250/Lf	16,000,000
New manholes 210 for sewer	2,100,000
Subtotal	18,410,000
Design/Permit/Contingency (20%)	3,682,000
<b>Total</b>	<b>\$22,092,000</b>

- 250,000 feet of sewer line and 31 Manholes need work.
- 43,600 feet are partially plugged.
- 64,000 feet are in poor condition.

The city's maintenance cycle for sewer lines is on a five-year rotating basis. RH Borden performed a study of the sewer system in the summer of 2023. RH Borden will be back to test the areas maintenance in 2024 to see if the city's maintenance program was effective or not.

2024	2025	2026	2027	2028
Area #1	Area #4	Area #9	Area 13	Area #17A
Area #2A	Area #5	Area #10	Area 14	Area #18
Area #2A	Area #6	Area #11	Area 15	Area #19
Area #3	Area #7	Area #12	Area 15A	Area #20
	Area #8	Area #12A	Area 16	Area #21
		Area #12B	Area 17B	Area #22
			Area 17	
Total Ft	Total Ft	Total Ft	Total Ft	Total Ft
49,397	71,544	64,674	65,882	71,229

Storm Sewer Inlets Total 768

- 551 are in good shape. (71.75%)
- 84 are in acceptable shape. (10.94%)
- 48 are in bad shape. (6.25%)
- 85 need to be replaced. (11.07%)

**Capital Infrastructure Projects for Fiscal Year 2024 through Fiscal Year 2028**

Fiscal Year 2024 Costs	
Sewer Line Inspection	70,000
Manhole Replacement	63,000
Wastewater Infrastructure	964,000
Wastewater Treatment Equipment	<u>450,000</u>
Total Fiscal Year 2024 Costs	1,547,000

Fiscal Year 2025 Costs	
Sewer Line Inspection	70,000
Manhole Replacement	90,000
Wastewater Infrastructure	1,416,000
Wastewater Treatment Equipment	<u>225,000</u>
Total Fiscal Year 2025 Costs	1,801,000

Fiscal Year 2026 Costs	
Sewer Line Inspection	70,000
Manhole Replacement	90,000
Wastewater Infrastructure	1,497,000
Wastewater Treatment Equipment	<u>127,000</u>
Total Fiscal Year 2026 Costs	1,784,000

Fiscal Year 2027 Costs	
Sewer Line Inspection	70,000
Manhole Replacement	106,000
Wastewater Infrastructure	1,656,400
Wastewater Treatment Equipment	<u>127,000</u>
Total Fiscal Year 2027 Costs	1,959,400

Fiscal Year 2028 Costs	
Sewer Line Inspection	70,000
Manhole Replacement	123,000
Wastewater Infrastructure	460,000
Wastewater Treatment Equipment	<u>127,000</u>
Total Fiscal Year 2028 Costs	780,000

The projects above average \$1,574,280 annually. To perform these projects funding must be acquired either through rate increases, debt, or other financing sources such as grants.

**Notes Payable**

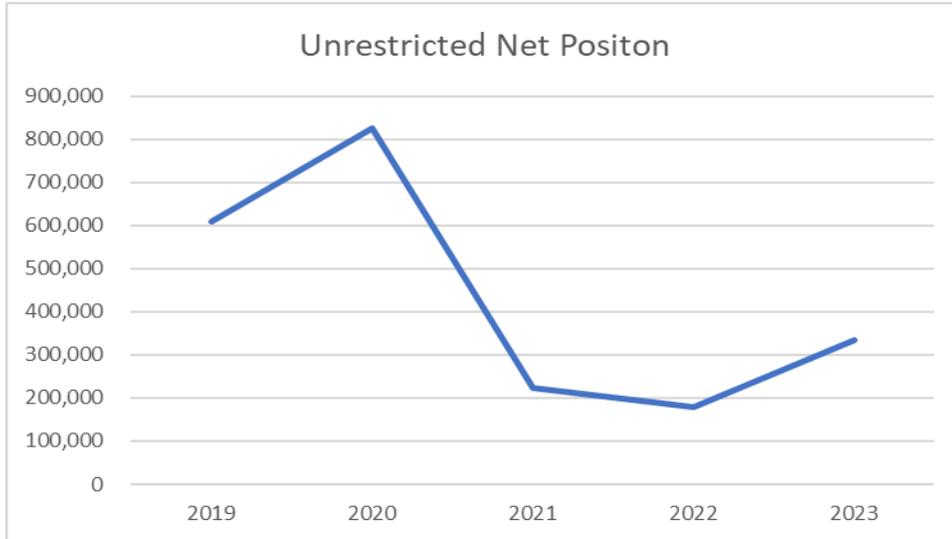
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$73,531 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.

Loan	Current Portion	Long Term Portion	Total
CWSRF Loan #85	\$63,533	\$341,949	\$405,482

The Sewer Fund also has a long-term liability to the General Fund in the amount of \$417,477.

**Sewer Fund Statement of Net Assets (Information obtained from audit reports)**

	June 2019	June 2020	June 2021	June 2022	June 2023
<b>Assets</b>					
Current Assets	\$1,576,324	\$1,683,844	\$948,945	\$808,889	\$961,925
Capital Assets	6,510,956	6,231,562	6,349,920	6,371,765	6,059,185
Total Assets	8,087,280	7,915,406	7,298,865	7,180,654	7,021,110
<b>Liabilities</b>					
Current Liabilities	147,080	133,130	107,915	85,350	86,617
Long Term Liabilities	2,006,995	1,706,653	1,117,141	954,615	999,078
Total Liabilities	2,154,075	1,839,783	1,225,056	1,039,965	1,085,695
Deferred Inflows/Outflows Net	83,159	(22,886)	(28,694)	(56,434)	(53,308)
<b>Net Position</b>					
Net Investment In Capital Assets	5,408,820	5,227,893	5,821,924	5,904,280	5,653,703
Unrestricted	607,544	824,844	223,191	179,975	335,020
Total Net Position	\$6,016,364	\$6,052,737	\$6,045,115	\$6,084,255	\$5,988,723



The Sewer Fund Unrestricted Net Position reached its five year peak in Fiscal Year 2020 and deteriorated to the five year low in Fiscal Year 2022. The balances in Fiscal Year 2020, 2021, and 2023 are critically low although there was a slight rebound in Fiscal Year 2023.

### Financial Statement Ratios

Sewer	FY 2021	FY 2022	FY 2023
Current Ratio	8.79	9.48	11.11
Cash Ratio	7.04	7.44	9.07
Debt Ratio	0.17	0.14	0.15
Operating Margin Ratio	10.27%	17.86%	6.63%
Return on Assets Ratio	1.61%	0.55%	-1.36%
Debt to Equity	20.27%	17.09%	18.13%

The current ratio is trending in a positive direction. The driving force is the reduction in debt. By paying off long term debt through cash reserves, the current portion the debt was removed from current liabilities. The increase in the cash ratio is a result of the lower current liabilities, again associated with the reduction in debt. The debt ratio has been reduced slightly due to the reduction in debt but still remains consistent for the three year period since the long term debt was extinguished with cash reserves and not through revenue. The debt to equity ratio also has been reduced due to the payment of debt but where the payment came from cash reserves the debt to equity ratio increased in Fiscal Year 2023. The City has not been able to build cash reserves through revenue. Based on the financial ratios the city needs to focus on improving cash reserves revenue through operations. Cash reserves are vital for the replacement of the 85% of sewer infrastructure that needs replaced.

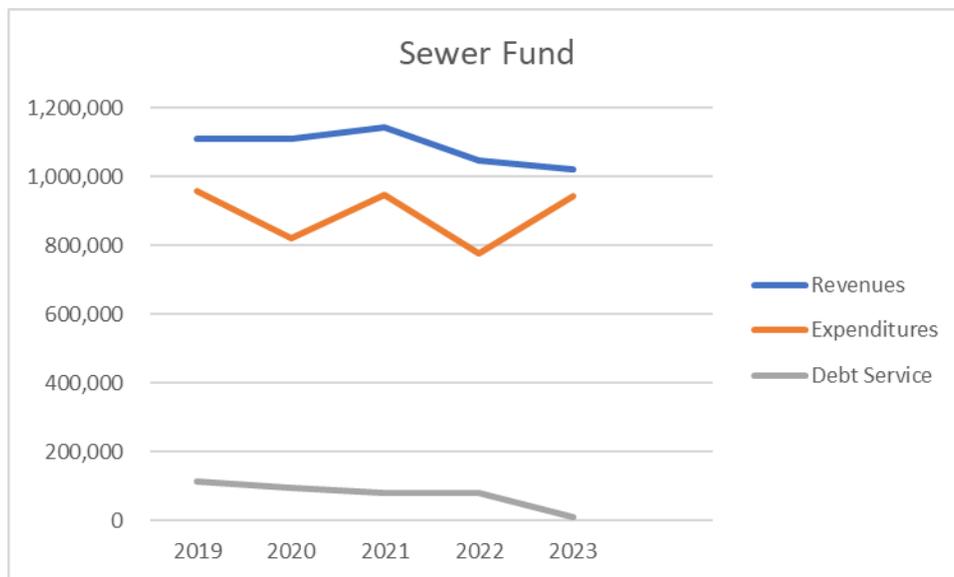
**Sewer Fund Statement of Income (Information was obtained from audit reports)**

	June 2019	June 2020	June 2021	June 2022	June 2023
Operating Revenues					
Charges to customers	\$1,100,219	\$1,083,082	\$1,138,793	\$1,039,114	\$1,016,222
Other Income	9,950	27,306	3,080	5,883	4,763
Total Operating Revenues	1,110,169	1,110,388	1,141,873	1,044,997	1,020,985
Operating Expenses					
Personal Services	523,116	332,134	230,634	317,095	505,651
Contractual Services	14,936	18,646	13,644	8,746	11,082
Utilities	98,922	110,677	97,013	74,269	78,671
Repair and Maintenance	15,656	15,901	286,789	66,017	31,579
Other Supplies and Expenses	36,209	65,320	25,425	4,493	4,219
Depreciation Expense	268,656	279,394	291,351	305,959	312,580
Total Operating Expenses	957,495	822,072	944,856	776,579	943,782
Net Income From Operatins	152,674	288,316	197,017	268,418	77,203
Non-Operating Revenue (Expenses)					
Investment Income	988	785	119	41	1,002
Interest Expense	(114,871)	(97,102)	(79,881)	(81,800)	(10,515)
Total Non-Operating Revenue (Expense)	(113,883)	(96,317)	(79,762)	(81,759)	(9,512)
Transfers					
Transfers In	358,825	46,773	48,623	50,666	52,733
Transfers Out	(363,085)	(202,399)	(173,500)	(198,185)	(215,955)
Transfers Net	(4,260)	(155,626)	(124,877)	(147,519)	(163,222)
Change in Net Positon	34,531	36,373	(7,622)	39,140	(95,532)
Net Positon Beginning	5,981,833	6,016,364	6,052,737	6,045,115	6,084,255
Net Positon Ending	\$6,016,364	\$6,052,737	\$6,045,115	\$6,084,255	\$5,988,723

## Sewer Monthly Revenues

	2024	2023	2022	2021	2020	2019
July	92,692.79	91,107.75	97,526.90	97,999.87	98,608.72	100,460.18
August	97,972.36	92,967.03	96,993.16	104,547.69	105,292.33	108,554.22
September	91,237.03	89,522.04	95,222.40	97,876.80	103,702.48	106,044.50
October	85,046.93	77,153.02	89,538.52	92,580.54	94,594.55	95,007.10
November	82,753.89	85,323.65	83,904.92	85,710.90	87,981.62	89,886.40
December	77,875.92	79,801.31	81,399.54	79,982.20	84,156.91	87,825.10
January	80,420.91	78,064.00	82,315.57	80,850.87	83,748.62	79,045.38
February	80,240.60	79,550.39	82,712.97	80,964.19	84,970.08	81,756.02
March	78,465.06	78,465.06	79,617.48	78,572.91	81,890.86	80,921.16
April	80,178.22	80,178.22	83,147.42	82,757.70	79,393.76	83,827.36
May	88,127.88	88,127.88	83,173.02	86,171.92	81,211.66	86,604.55
June	93,742.53	93,742.53	87,784.89	98,024.40	91,585.30	95,956.94
	1,028,754.12	1,014,002.88	1,043,336.79	1,066,039.99	1,077,136.89	1,095,888.91

The decrease in Fiscal Year 2023 of \$29,334 or 2.81% is the result of increased water restrictions placed in the Summer of 2022. The revenue did increase in Fiscal Year 2024 once the restrictions were lifted.



In June 2023 expenses increased and revenues decreased narrowing the operating margin. Part of the increase in expenditure is from increased personnel costs. The increase is from a labor shortage in June 2021 and June 2022 when the city operated with less employees.

### Sewer Staffing Summary

	FY 2023	FY 2024	FY 2025
<b>Full Time Positions</b>			
<b>Sewer Collection</b>			
Public Works Director	0.20	0.20	0.20
Administrative Secretary	0.20	0.20	0.20
Human Resource Director	0.03	0.03	0.00
Utilities Systems Foreperson	0.50	0.50	0.50
Municipal Service Worker III	0.00	0.00	0.00
Utilities System Worker I	3.00	3.00	3.00
Utilities System Worker II	0.50	0.50	0.50
<b>Total</b>	4.43	4.43	4.40
<b>Wastewater Treatment Plant</b>			
Public Works Director	0.20	0.20	0.20
Administrative Secretary	0.20	0.20	0.20
Human Resource Director	0.03	0.03	0.00
WTP & WWTP Superintendent	0.50	0.50	0.50
Water Treatment Operator III	0.25	0.25	0.50
Wastewater Plant Operator II	0.50	0.50	1.00
Water Treatment Operator I	0.25	0.25	0.00
<b>Total</b>	1.93	1.93	2.40

### Contractual Services

Sewer Utilities	Balance 6/30/2020	Balance 6/30/2021	Balance 6/30/2022	Balance 6/30/2023	Budget 6/30/2024	Budget 6/30/2025
Consultant Contracts	✔ \$11,522	✔ \$8,457	✔ \$5,116	✔ \$6,587	\$1,000	\$8,000
Travel and Training	2,595	1,847	0	199	3,000	4,000
Utilties	✔ 1,177	✔ 1,863	2,543	✔ 2,836	✔ 3,000	✔ 2,000
Dues and Publications	81	90	0	0	0	0
Repairs and Maintenance	✔ 6,386	✔ 1,510	✔ 4,124	✔ 1,669	✔ 17,000	✔ 96,500
<b>Total Contractual Services</b>	\$21,761	\$13,766	\$11,783	\$11,292	\$24,000	\$110,500

Sewer Wastewater	Balance 6/30/2020	Balance 6/30/2021	Balance 6/30/2022	Balance 6/30/2023	Budget 6/30/2024	Budget 6/30/2025
Consultant Contracts	✔ \$7,124	✔ \$5,187	✔ \$3,327	✔ \$4,495	\$5,000	\$9,000
Travel and Training	1,602	1,374	251	348	4,000	4,000
Utilities	✔ 109,500	✔ 95,150	✔ 71,727	✔ 75,835	✔ 65,000	✔ 80,000
Dues and Publications	0	0	0	0	0	0
Repairs and Maintenance	✔ 10,063	✔ 253,626	✔ 44,524	✔ 12,671	51,500	✔ 66,500
<b>Total Contractual Services</b>	<b>\$128,288</b>	<b>\$355,337</b>	<b>\$119,830</b>	<b>\$93,349</b>	<b>\$125,500</b>	<b>\$159,500</b>

### Supplies and Materials

Sewer Utilities	Balance 6/30/2020	Balance 6/30/2021	Balance 6/30/2022	Balance 6/30/2023	Budget 6/30/2024	Budget 6/30/2025
Supplies and Materials	✔ \$10,015	✔ \$5,405	\$766	✔ \$275	✔ \$6,250	✔ \$2,000
Equipment	2,328	3,668	0	75	5,000	10,000
Vehicle Operations	11,405	10,684	12,447	15,133	12,000	0
Uniforms	1,050	100	380	789	1,500	0
Water Meter Service	0	0	0	0	0	0
<b>Total Contractual Services</b>	<b>\$24,797</b>	<b>\$19,856</b>	<b>\$13,593</b>	<b>\$16,272</b>	<b>\$24,750</b>	<b>\$12,000</b>

Sewer Wastewater	Balance 6/30/2020	Balance 6/30/2021	Balance 6/30/2022	Balance 6/30/2023	Budget 6/30/2024	Budget 6/30/2025
Supplies and Materials	\$1,211	✔ \$2,804	✔ \$856	✔ \$314	\$9,500	✔ \$9,500
Equipment	0	6,391	1,180	731	1,500	5,000
Vehicle Operations	2,598	22,031	5,714	3,493	4,000	7,000
Uniforms	493	222	269	100	500	500
Water Meter Service	0	0	0	0	0	0
Contingency	0	0	0	0	115,000	100,000
<b>Total Contractual Services</b>	<b>\$4,303</b>	<b>\$31,448</b>	<b>\$8,018</b>	<b>\$4,638</b>	<b>\$130,500</b>	<b>\$122,000</b>

	Budget FY 2025	70% Increase Budget FY 2025	181% Increase Budget FY 2025
Sewer Fund			
Operating Expenses			
Personal Services	\$507,663	\$507,663	\$507,663
Contractual Services	270,000	270,000	270,000
Other Supplies and Expenses	34,000	34,000	34,000
Contingency	100,000	100,000	100,000
Total Operating Expenses	911,663	911,663	911,663
Transfers			
General Fund	21,500	21,500	21,500
Debt Service			
Interest Expense	160,275	160,275	160,275
Infrastructure			
Cash Reserve	1,801,000	1,801,000	1,801,000
Total Expenditures	2,894,438	2,894,438	2,894,438
Revenues	1,028,754	1,748,882	2,894,438
Difference	\$1,865,684	\$1,145,556	(\$0)
Increase in Rate	181%	66%	0%

Sewer Utility: Inside Corporate Limits		Current Amount	Proposed Amount
Type	Meter		
Monthly Fixed Rate (all customers)		15.00	25.50
Monthly Commodity Charge (commercial only, over 4,000 gallons)	Per 1,000 Gallons	3.00	5.10

Sewer Utility: Outside Corporate Limits		Current Amount	Proposed Amount
Type	Meter		
Monthly Fixed Rate (all customers)		20.00	34.00
Monthly Commodity Charge (commercial only, over 4,000 gallons)	Per 1,000 Gallons	4.00	6.80

**Recommendation:**

The recommendation of staff is that the sewer rate increase be increased by 70%. Unfortunately, an increase of 70% will likely fall significantly short of solving the problem. Staff will have a better understanding of the infrastructure following the studies by RH Borden. The council and staff are also considering alternative ways to structure the sewer fees in the future.

## Appendix A: Sewer Rate Comparison

### Casper

Sewer charges for residential and commercial are \$24.06 base rate, which includes the first 2,000 gallons consumed and \$4.89 per 1000 gallons thereafter. Residential and Commercial rates are the same, per Chris, their billing technician, and can be viewed at

<https://www.casperwy.gov/cms/One.aspx?portalId=63067&pageId=88062>

- Residential User with 5,000 gallons of usage monthly: \$38.73
- Commercial User with 100,000 gallons of usage monthly: \$503.28

### Craig, CO

Craig base sewer rate is \$41.35 per month for residential and commercial. Commercial properties are billed an additional \$2 per 1000 gallons. More information can be viewed here

<https://www.ci.craig.co.us/Finance%20Dept/2024%20Utility%20Billing%20Information.pdf>

- Residential User with 5,000 gallons of usage monthly: \$41.35
- Commercial User with 100,000 gallons of usage monthly: \$241.35

### Douglas

Residential sewer charges are based on an average of winter month water usage to exclude irrigation which does not enter the sewer system, at a charge of \$6.64 per 1,000 gallons of water used.

Commercial users who do not irrigate are charged \$6.64 per 1,000 gallons of water used in the month (not averaged like residential users). There is also a service charge of \$3.76 monthly. Full details can be found at <https://www.cityofdouglas.org/DocumentCenter/View/732>

- Residential User with 5,000 gallons of usage monthly: \$38.73
- Commercial User with 100,000 gallons of usage monthly: \$503.28

### Lander

Sewer charges have a base rate based on water meter size, with ¾” meter with a base rate of \$20.59 and 2” meter a base rate of \$46.68. This includes the first 2,000 gallons of usage. Over 2000 gallons of usage is charged at 2.37 per 1,000 gallons. Average use is averaged in winter to usage to exclude irrigation which does not enter the sewer system. Full water rates can be found at

<https://www.landerwyoming.org/water-sewer>

- Residential User with 5,000 gallons of usage monthly: \$27.70
- Commercial User with 100,000 gallons of usage monthly: \$278.94

## Laramie

Sewer charges have a base rate based on water meter size, with a 3/4” meter with a base rate of \$13.66 and a 2” meter a base rate of \$47.55. Residential use is billed at \$4.77 per 1000 gallons, based on an average from winter months. Commercial is billed at \$4.98 per 1000 gallons based on actual consumption each month. Full water rate information can be found at <https://cityoflaramie.org/102/Utility-Billing> by scrolling down to Municipal Services Rate Schedule

- Residential User with 5,000 gallons of usage monthly: \$37.51
- Commercial User with 100,000 gallons of usage monthly: \$545.55

## Riverton

Sewer charges have a base rate based on water meter size, with a 3/4” meter with a base rate of \$19.95 and a 2” meter a base rate of \$62.41. Additionally, based on water use, an additional \$3.94 is charged per 1,000 gallons. Full sewer rates can be found at [https://www.rivertonwy.gov/departments/administrative\\_services/utility\\_billing/sewer\\_rates.php](https://www.rivertonwy.gov/departments/administrative_services/utility_billing/sewer_rates.php)

- Residential User with 5,000 gallons of usage monthly: \$39.65
- Commercial User with 100,000 gallons of usage monthly: \$456.41

