

ADMINISTRATIVE MEMORANDUM
12-04

DATE: April 11, 2012
TO: Diana R. Stanley, City Clerk
FROM: Mark S. Watson, City Manager
SUBJECT: SPECIAL CITY COUNCIL MEETING

In accordance with Article II, Section 2, of the Charter of the City of Oak Ridge, you are hereby requested to call a special meeting of the Oak Ridge City Council for Monday, April 16, 2012, 7:00 P.M., in the Courtroom of the Municipal Building, for consideration of the following:

A SPECIAL REPORT BY LINDA M. DAUGHERTY, MPA, UNIVERSITY OF TENNESSEE, COLLEGE OF SOCIAL WORK, CENTER FOR APPLIED RESEARCH AND EVALUATION, ON THE "NEEDS ASSESSMENT FOR A NEW SENIOR CENTER IN OAK RIDGE."

SECOND READING OF AN ORDINANCE TO AMEND ORDINANCE NO. 19-82, AS AMENDED, BY DELETING THE PROVISION OF SECTION 2 PERTAINING TO THE SCHEDULE OF WATER RATES FOR COMMODITY CHARGES AND MINIMUM MONTHLY BILLING IN THEIR ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SCHEDULE OF WATER RATES.

SECOND READING OF AN ORDINANCE TO AMEND ORDINANCE NO. 21-82, AS AMENDED, BY DELETING SECTION 13, SEWER RATE SCHEDULE, IN ITS ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SECTION PERTAINING TO SEWER RATES.



Mark S. Watson

OAK RIDGE CITY COUNCIL SPECIAL MEETING
(Called by City Manager Mark S. Watson)
Municipal Building Courtroom

April 16, 2012—7 p.m.

AGENDA
(Amended April 13, 2012)

- I. PLEDGE OF ALLEGIANCE
- II. ROLL CALL
- III. SPECIAL REPORTS
 - a. A special report by Linda M. Daugherty, MPA, University of Tennessee, College of Social Work, Center for Applied Research and Evaluation, on the “Needs Assessment for a New Senior Center in Oak Ridge.”
 - b. Review of upcoming budget calendar by Finance Director Janice E. McGinnis.
- IV. FINAL ADOPTION OF ORDINANCES
 - a. AN ORDINANCE TO AMEND ORDINANCE NO. 19-82, AS AMENDED, BY DELETING THE PROVISION OF SECTION 2 PERTAINING TO THE SCHEDULE OF WATER RATES FOR COMMODITY CHARGES AND MINIMUM MONTHLY BILLING IN THEIR ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SCHEDULE OF WATER RATES.
 - b. AN ORDINANCE TO AMEND ORDINANCE NO. 21-82, AS AMENDED, BY DELETING SECTION 13, SEWER RATE SCHEDULE, IN ITS ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SECTION PERTAINING TO SEWER RATES.
- V. ELECTIONS/APPOINTMENTS, ANNOUNCEMENTS AND SCHEDULING
 - a. Elections/Appointments

(NONE)
 - b. Announcements

City Manager is proposing to move the April 23, 2012 Work Session to April 24 at 7:00 p.m. at the Central Services Complex to allow his attendance. Purpose will be to update Council on preliminary budget matters, Woodland School Project, and joint resolution with Oak Ridge Schools.
 - c. Scheduling

Review of Council’s availability for May or early June Council Evening Retreat with facilitator. (Proposing Wednesday or Thursday evening, 4 to 8:30 p.m. Location TBD)
- VI. ADJOURNMENT

Needs Assessment
for a
New Senior Center in Oak Ridge

January, 2012

PREPARED FOR THE

City of Oak Ridge

BY

LINDA M. DAUGHERTY, MPA



**UNIVERSITY OF TENNESSEE
COLLEGE OF SOCIAL WORK
OFFICE OF RESEARCH AND PUBLIC SERVICE
CENTER FOR APPLIED RESEARCH AND EVALUATION**

PURPOSE AND METHODOLOGY

The City of Oak Ridge contracted with the College of Social Work's Center for Applied Research (CARE) to conduct a study of Oak Ridge residents to determine the need and support for a new senior center. A telephone survey instrument was constructed to measure residents' opinions about the overall quality of life in Oak Ridge as well as the need and level of support for building a new center. A secondary focus of the survey was to learn the extent that residents utilize facilities provided by the city and participate in activities sponsored by the city. A copy of the survey instrument may be found in the Appendix.

A telephone survey was conducted between November 1, 2011 and November 16, 2011 with 600 Oak Ridge residents. The survey was conducted utilizing a random digit dial (RDD) sample of telephone numbers purchased from Survey Sampling, Inc. In addition to providing telephone numbers, Survey Sampling, Inc. provided addresses that could be matched to telephone numbers. An advance letter was mailed to households to introduce the study in advance of the telephone call to improve response rates. A copy of the advance letter can be found in the Appendix to this report. The cooperation rate for this survey was 74.1% and the response rate was 38.9% utilizing the Response Rate 4 calculations provided by the American Association of Public Opinion Research (AAPOR). The sample size for this survey results in a +/- 3.96 margin of error at the 95% confidence interval.

The decreasing presence of households with land lines is problematic for survey researchers because those households who continue to have land lines are typically older. As an attempt to increase participation among younger residents, each household was asked if someone between the ages of 18 and 25 was a member of the household and a call back was set to interview that person. Despite these efforts, the younger demographic was underrepresented in this sample therefore a weight was calculated for each record to adjust for selection bias and non-response bias. A post-stratification weight was assigned to match sample characteristics to population characteristics provided by the U.S. Census Bureau's 2010 Census Report. Sample characteristics used for calculations of these weights were age and gender. All results reported and discussed in this report are based upon weighted data however the demographic data reported in Table 12 found in the Appendix are unweighted frequencies.

QUALITY OF LIFE IN OAK RIDGE

Residents of Oak Ridge were given an opportunity to reflect on the overall quality of life in Oak Ridge as well as the services provided by the city. Overall, residents rate the quality of life and the services offered by the city positively. Eight of ten respondents indicate the overall quality of life and services offered by the city are either good or excellent. While the value of the services offered is not rated as positively as the overall quality of life and the services provided, a majority continue to report the services offered from a cost standpoint is either good or excellent. These overall positive feelings about life in Oak Ridge and the services offered is widespread however those residents under the age of 50 are slightly less positive than older residents. Only 21.5% of those under the age of 50 feel that the quality of services offered is excellent whereas 31.9% of those who are 50 and over rate the services as excellent. (For more details, please refer to Table 1 found in the Appendix.).

Eight out of ten residents report the overall quality of life in Oak Ridge and services offered by the city are good or excellent.

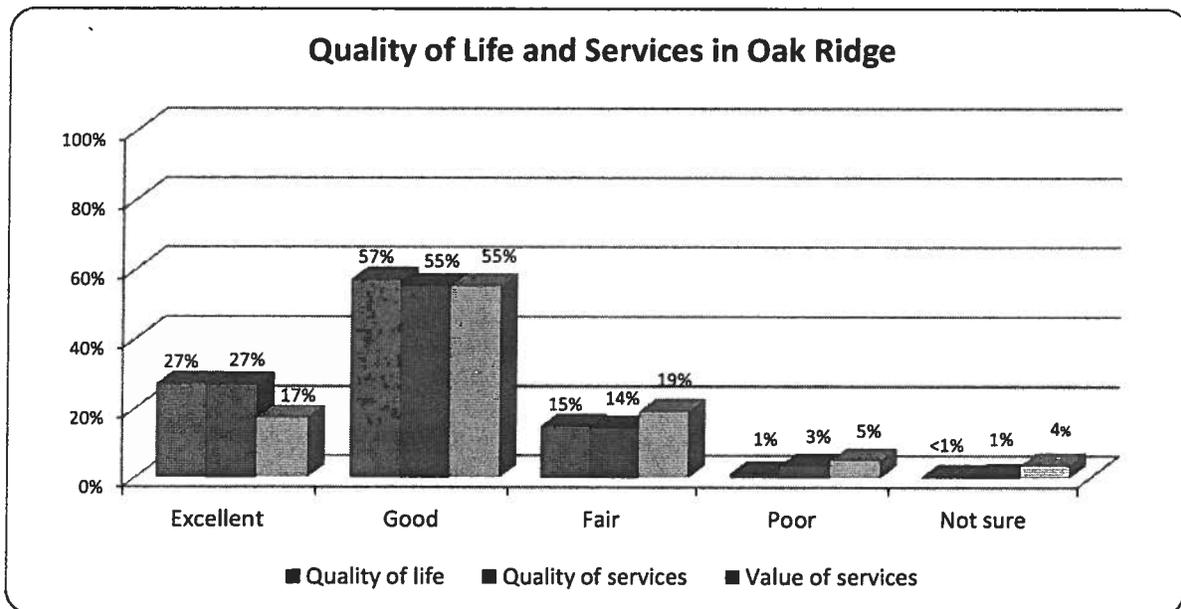


Figure 1: Ratings of Quality of Life in Oak Ridge

PROBLEMS IN OAK RIDGE

City officials are also interested in receiving feedback from city residents about the problems they feel the city is currently facing. A list of problems that other communities are facing was constructed to be read to survey participants. Each respondent was read the list and asked to indicate whether they feel

Public transportation and shopping are reported to be major problems by approximately one-half of survey respondents.

this is currently a problem in Oak Ridge. The list of potential problems was randomized for each respondent to avoid the introduction of bias from question ordering. Respondents were given the option of selecting if the issue was not a problem, a minor problem, a moderate problem, or a major problem in Oak Ridge. Two areas identified as the most serious problems in Oak Ridge are the availability of shopping and public transportation with almost of all respondents reporting these to be a major problem. While the opinion that public transportation is a major problem is expressed consistently across all groups of residents, opinions on the severity of other problems vary among groups. For instance, women and those residents who are 50 and over are more likely to express the availability of shopping as a major problem than are men and those under the age of 50. While not viewed as a major problem, those 40 and over are significantly more likely than their younger counterparts to indicate the variety of restaurants in Oak Ridge is a major problem. (For more details, please refer to Table 2 found in the Appendix.)

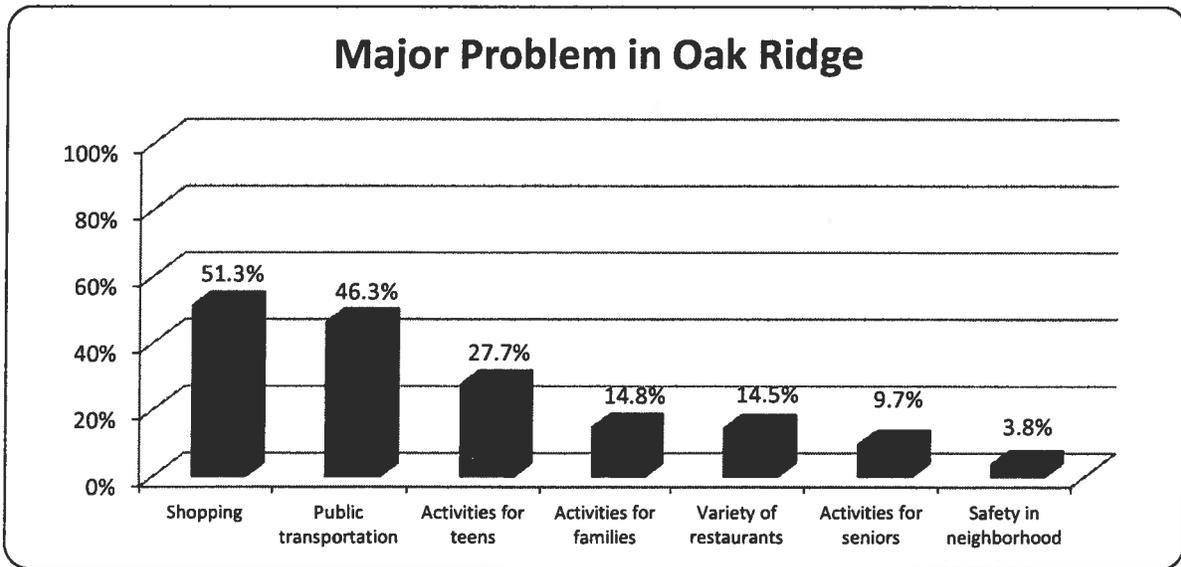


Figure 2: Is not a problem, a minor problem, a moderate problem, or a major problem in Oak Ridge?

Respondents are more likely to be unsure about whether the availability of activities for teens and for seniors is a problem in Oak Ridge. Approximately 1 in 4 respondents report they are not sure whether availability of activities for teens and seniors is a problem. As might be expected, younger respondents are more likely to have an opinion about activities for teens being a problem whereas those respondents who are 50 and over are more likely to voice an opinion on activities for seniors being a problem.

USE OF SERVICES AND PARTICIPATION IN CITY SPONSORED ACTIVITIES

The residents of Oak Ridge have access to a number of amenities and activities sponsored by the city. Survey respondents were provided with a list of these and asked to indicate if someone in their household had utilized the service or attended the activity in the past year. Seven out of 10 respondents indicate that someone in their household utilized the city parks, the public library and the Civic Center in the past year. The public library is widely used by all groups in Oak Ridge but there is variation in who uses other facilities. For instance, households with respondents 40 and over are generally less likely to use other facilities provided by the city and households of respondents under the age of 40 are significantly more likely to use outdoor facilities such as the municipal pool, the tennis courts, city parks, and athletic fields than older households. Additionally, male respondents are more likely than female participants to report that their households use the parks, walking trails, and athletic fields. (For more details, please refer to Table 3 found in the Appendix.)

Seven out of ten households report utilizing city parks, public library, and Civic Center; and participating in special events sponsored by the city in the past year.

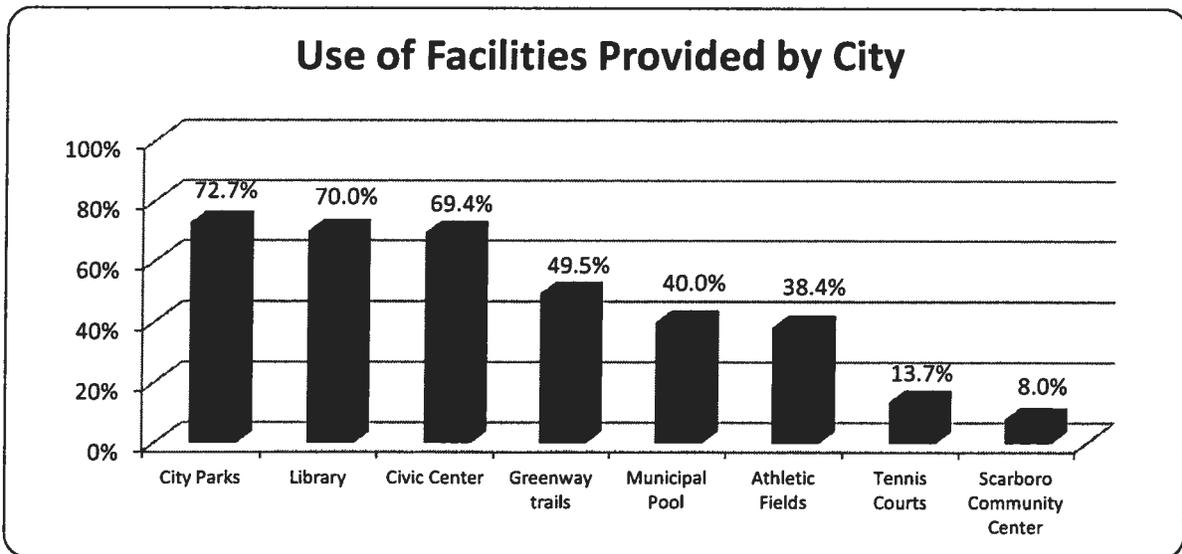


Figure 3: Did you or anyone in your household use ... in the past year?

Those participating in the survey were also given the opportunity to report if anyone in their household had participated in the many activities sponsored by the city during the past year. Overwhelmingly, the most frequently attended activities, regardless of age or gender, are special events such as the Secret City Festival. With the exception of the senior programs, those under the age of 40 are more likely to participate in city sponsored activities than older residents.

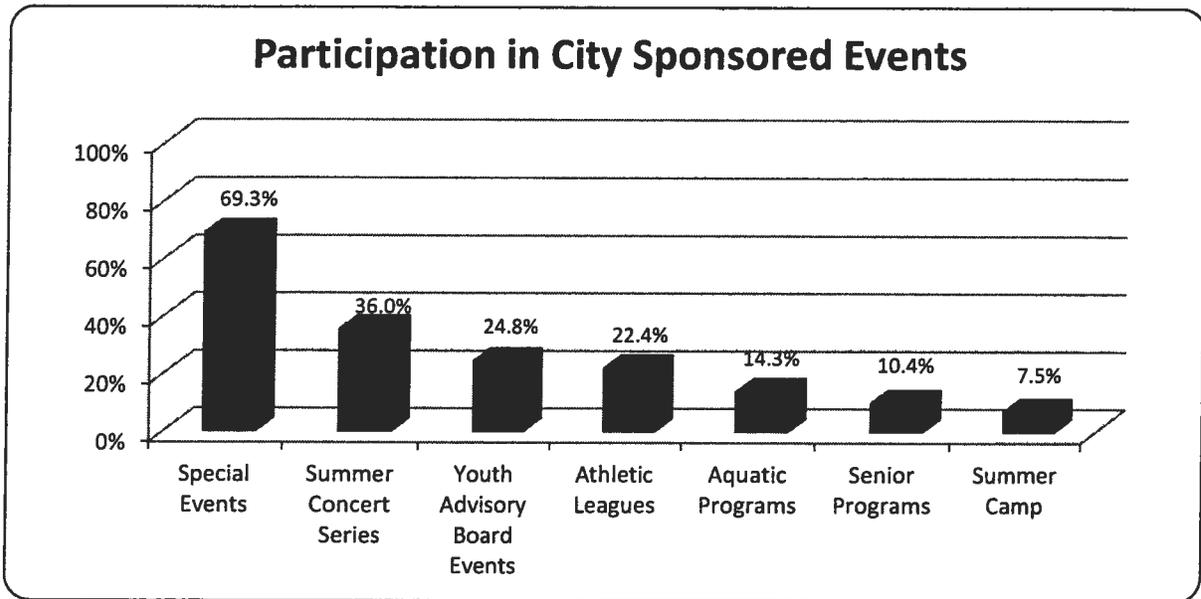


Figure 4: Did you or anyone in household participate in the past year?

CURRENT SENIOR CENTER

The use of the current senior center and the level of support for a new senior center are central to the purpose of this study. All respondents, regardless of age, were asked if they had attended any activities

Exercise, other types of classes, and meetings are most frequently attended at the Senior Center.

at the senior center in the past 12 months. One in ten over the age of 50 reported they participated in activities at the senior center but no one under the age of 40 has participated. Two of the most frequently given reasons for not participating are not being old enough to attend and being too busy. Regardless of their current use, 36.1% of those under 40 and 47.5% of those 40 and over indicate they

intend to use the senior center in the future. While a variety of activities are currently offered at the senior center, exercise classes and other classes are the activities most frequently attended by those who visit the center. (For more details, please refer to Tables 4, 5 and 6 found in the Appendix.)

NEW SENIOR CENTER

Everyone who participated in the telephone survey was asked to voice their opinion on whether or not a new senior center should be built in Oak Ridge and to provide the reason for their opinion. Almost half of the respondents, 49.0%, indicate they would either somewhat or strongly support building a new facility with 31.9% indicating they strongly support it. Of those remaining, 29.8% are either unsure or neutral and 21.2% are somewhat or strongly opposed to a new center. This split in opinion is fairly consistent across all age groups with those under 40 being the least likely to voice strong opposition. Those who express the strongest opposition to building a new center are those who voted in the last election. This distinction between those who vote and those who do not vote is also a function of age. Those respondents who are 40 and over are considerably more likely to vote than those under 40. (Please refer to Table 7 found in the Appendix for a full reporting of the breakdown of opinion on a new center.)

Half of survey respondents support a new senior center with the strongest opposition among those who voted in the last city election.

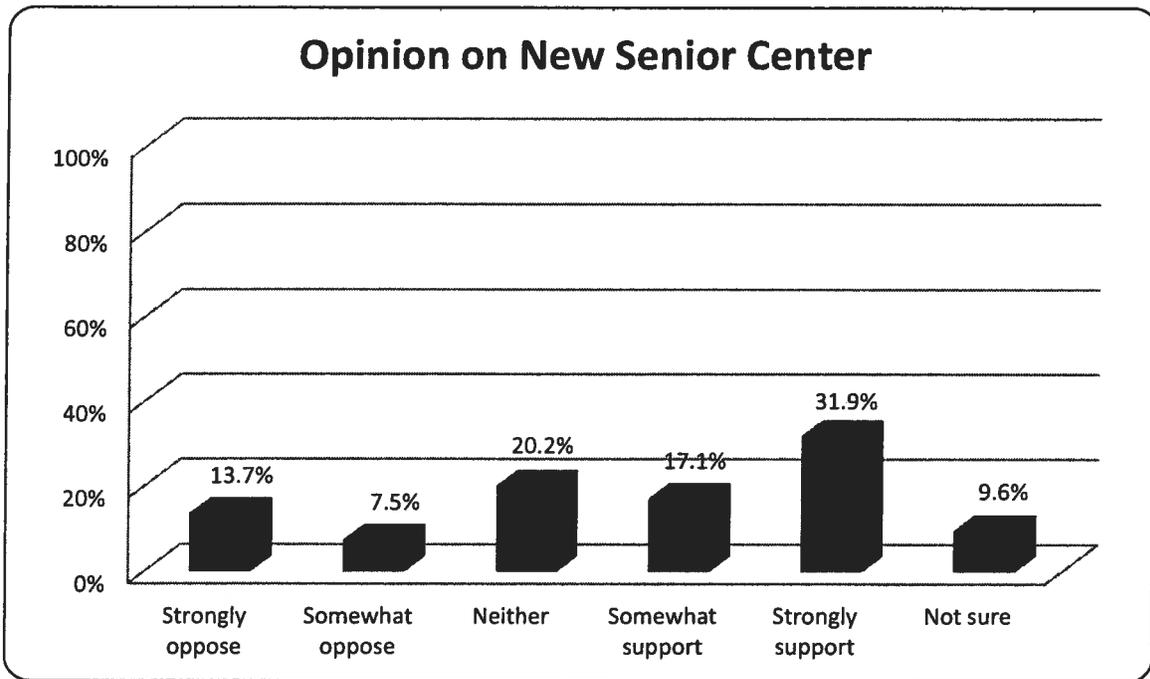


Figure 5: Do you support or oppose building a new senior center?

A wide range of reasons were given for supporting and for opposing a new senior center but a number of themes emerge for both stances. Themes that emerge from those who support a new senior center stemmed from recognition that seniors are a large population in Oak Ridge and the current center is not

Current center is outdated and seniors deserve a new center.

adequate to serve the needs of seniors. Almost half of those who offer a reason for their support believe that the current center is outdated and needs improvements to its infrastructure. "Seniors deserve a new center" is a sentiment shared by approximately 1 in 3 of the overall respondents. Those under the age of 50 are slightly more likely than those 50 and over to offer this reason which suggests that younger residents recognize the need for a new center but may not be aware of the condition of the existing center since they do not participate in activities there. Other themes that surface are that a new senior center would benefit the community as a whole and that it is a good investment for future seniors. About one-half of respondents under the age of 50, as reported earlier, report that they

will use a senior center in the future and may see this as an opportunity to build a facility that they would enjoy using. (Please refer to Table 13 in the Appendix for a full list of unedited comments.)

The two main themes that came from the comments offered by those who oppose a new center are fiscal concerns and the belief that the current facility is adequate thus believing a new center is not needed. The fiscal concerns that the city cannot afford to build a new facility stem from slightly different sources in that some fear their taxes will increase while others feel other needs have a higher priority and that money is better spent elsewhere. Some people were not specific in what these priorities should be or where the money would be better spent but others articulated that a higher budget priority should be given to youth and education. Those respondents who are 50 and over were somewhat more likely to cite concern about a tax increase than younger respondents. Younger respondents were the most likely group to specify that youth and education should be given a higher priority over a new senior center. (Please refer to table 14 in the Appendix for a full list of unedited comments.)

Money is better spent on other things and we don't have the money right now.

Regardless of whether they oppose or support a new senior center, participants were asked to voice their preference on the site of a new center if one is built. Overall, the location of the current center on Emory Valley Road is the most popular site but a separate facility next to the Civic Center is a very close second, as seen in Figure 6 on the following page. This order of preference is consistent across all age groups however it is interesting to note that the choice of building a separate facility next to the Civic Center is the site most frequently chosen by those who support building a new facility. (Please see Tables 10 and 11 in the Appendix for more details.)

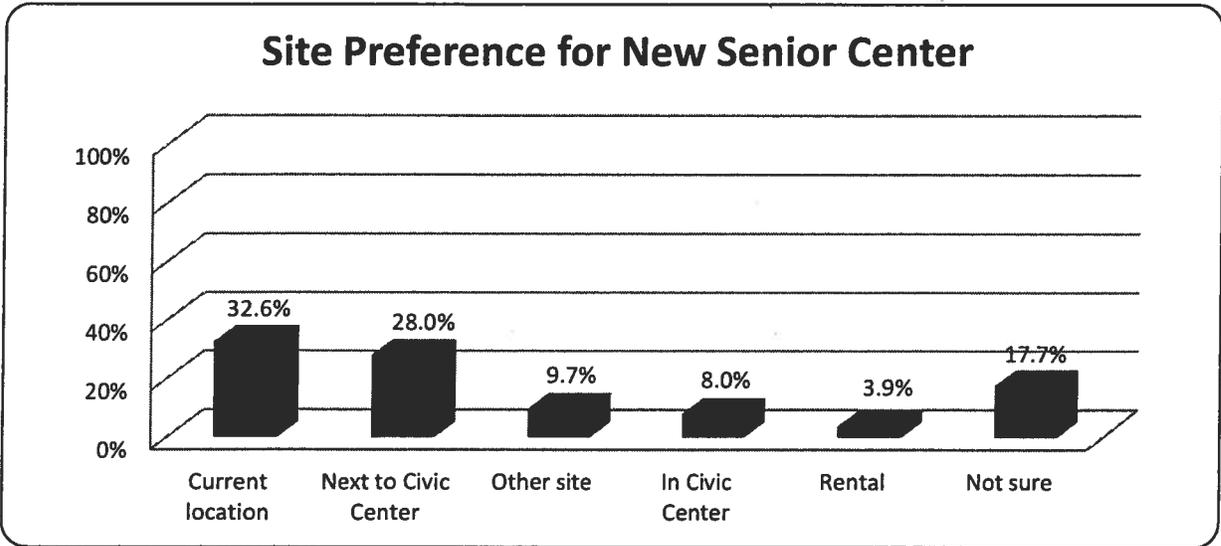


Figure 6: If a new senior center is built, which site do you prefer?

CONCLUSION

The residents of Oak Ridge generally have a positive view of life in Oak Ridge and provided comments to suggest that they are very proud of their city. However, like many small cities across the nation, Oak Ridge is faced with an aging population and is experiencing a struggle between serving the elderly population and providing services that will attract younger families to maintain the vitality of the community. This struggle to balance present and future needs is particularly difficult in periods of economic downturn when residents may be less able to absorb tax increases that may be needed to undertake large capital expenditures. This struggle is apparent from the comments and reasons given for their positions on a new center however more residents who participated in this research support rather than oppose building a new senior center. The preferences expressed for a new site are almost equally split between the current location and a separate facility next to the Civic Center but those who support building a new center are more likely to prefer building next to the Civic Center.

APPENDIX

Table 1: Quality of Life and Services in Oak Ridge

	Excellent	Good	Fair	Poor	Not sure/Refusal
Overall; how would you rate the general quality of life in Oak Ridge?					
Overall	26.9%	57.0%	14.7%	1.1%	.2%
Male	27.0%	55.8%	15.4%	1.5%	.4%
Female	26.7%	58.1%	14.3%	.9%	.0%
Under 40	21.9%	59.6%	18.6%	.0%	.0%
40 and over	29.3%	55.7%	13.1%	1.7%	.2%
Under 50	21.5%	59.9%	18.7%	.0%	.0%
50 and over	31.9%	54.3%	11.2%	2.2%	.3%
Overall, how would you rate the quality of services the City of Oak Ridge provides?					
Overall	26.8%	55.1%	14.2%	3.4%	.5%
Male	29.3%	53.0%	15.0%	2.3%	.4%
Female	24.5%	57.0%	13.6%	4.2%	.6%
Under 40	17.4%	60.3%	19.6%	2.7%	.0%
40 and over	30.9%	52.7%	11.8%	3.9%	.7%
Under 50	20.1%	59.2%	18.7%	2.1%	.0%
50 and over	32.9%	51.4%	10.2%	4.5%	.9%
From a cost standpoint, how would you rate the value of your city services?					
Overall	17.2%	55.2%	19.1%	4.9%	3.6%
Male	14.6%	54.7%	20.6%	5.6%	4.5%
Female	19.1%	55.6%	17.9%	4.3%	3.0%
Under 40	12.6%	62.3%	16.9%	5.5%	2.7%
40 and over	19.3%	51.9%	20.0%	4.6%	4.1%
Under 50	15.8%	56.0%	20.1%	5.6%	2.5%
50 and over	18.5%	54.3%	18.2%	4.5%	4.5%

Table 2: Is ... not a problem, minor problem, moderate problem, or a major problem in Oak Ridge?

	Not a problem	Minor Problem	Moderate Problem	Major Problem	Not sure/Refusal
Personal safety in my neighborhood					
Overall	62.6%	19.8%	13.8%	3.8%	.0%
Male	65.9%	19.1%	11.6%	3.4%	.0%
Female	60.0%	20.3%	15.8%	3.9%	.0%
Under 40	69.9%	13.7%	15.3%	1.1%	.0%
40 and over	59.3%	22.5%	13.3%	4.9%	.0%
Under 50	67.3%	16.5%	14.1%	2.1%	.0%
50 and over	58.3%	22.8%	13.8%	5.1%	.0%
Availability of activities for teens					
Overall	13.5%	16.7%	21.0%	27.7%	21.1%
Male	17.3%	19.5%	17.2%	25.8%	20.2%
Female	10.6%	14.3%	24.0%	29.5%	21.6%
Under 40	13.2%	26.4%	20.9%	27.4%	12.1%
40 and over	13.5%	12.4%	21.0%	28.0%	25.1%
Under 50	15.1%	21.5%	22.9%	28.5%	12.0%
50 and over	12.1%	12.5%	19.2%	27.2%	29.1%
Availability of activities for senior citizens					
Overall	34.1%	17.5%	13.0%	9.7%	25.7%
Male	37.1%	18.4%	13.1%	6.7%	24.7%
Female	31.8%	17.0%	13.0%	12.1%	26.1%
Under 40	32.2%	21.3%	1.7%	4.9%	39.9%
40 and over	34.8%	15.9%	18.1%	11.9%	19.3%
Under 50	30.7%	17.7%	7.4%	8.5%	35.7%
50 and over	37.1%	17.6%	17.9%	10.9%	16.6%
Availability of public transportation					
Overall	12.9%	16.0%	15.2%	46.3%	9.6%
Male	14.7%	21.1%	12.4%	42.0%	9.8%
Female	11.9%	11.9%	17.3%	49.8%	9.1%
Under 40	9.8%	18.6%	15.3%	43.2%	13.1%
40 and over	14.3%	15.0%	15.0%	47.7%	8.0%
Under 50	11.6%	17.6%	17.6%	42.3%	10.9%
50 and over	14.1%	14.4%	13.1%	50.0%	8.3%

Table 2 (con't): Is ... not a problem, minor problem, moderate problem, or a major problem in Oak Ridge?

	Not a problem	Minor Problem	Moderate Problem	Major Problem	Not sure/Refusal
Availability of activities for families					
Overall	29.8%	25.3%	23.9%	14.8%	6.2%
Male	33.6%	27.6%	19.4%	13.4%	6.0%
Female	26.7%	23.4%	27.7%	15.8%	6.4%
Under 40	26.2%	40.4%	17.5%	14.8%	1.1%
40 and over	31.5%	18.6%	26.6%	15.0%	8.3%
Under 50	25.0%	32.4%	23.9%	16.9%	1.8%
50 and over	34.5%	18.8%	23.6%	12.8%	10.2%
Variety of restaurants					
Overall	44.1%	19.7%	20.9%	14.5%	.8%
Male	46.0%	22.5%	16.9%	14.6%	.0%
Female	42.3%	17.5%	24.2%	14.5%	1.5%
Under 40	49.7%	19.1%	22.4%	8.8%	.0%
40 and over	41.5%	19.8%	20.3%	17.1%	1.3%
Under 50	47.0%	18.0%	22.3%	12.4%	.4%
50 and over	41.2%	21.4%	19.8%	16.3%	1.3%
Availability of shopping					
Overall	16.8%	12.6%	19.0%	51.3%	.3%
Male	20.7%	16.2%	19.9%	43.2%	.0%
Female	13.6%	9.7%	18.2%	57.9%	.6%
Under 40	18.7%	18.1%	20.3%	42.9%	.0%
40 and over	15.9%	10.1%	18.4%	55.1%	.5%
Under 50	18.3%	14.1%	18.7%	48.9%	.0%
50 and over	15.3%	11.2%	19.5%	53.4%	.6%

Table 3: Have you or anyone in your household used/participated in during the past year?

	Overall	Male	Female	Under 40	40 and over	Under 50	50 and over
FACILITIES							
Oak Ridge City Parks	72.7%	75.9%	70.0%	81.9%	68.6%	82.0%	64.2%
Oak Ridge Public Library	70.0%	68.9%	70.8%	72.1%	69.2%	73.9%	66.7%
Civic Center	69.4%	65.8%	72.3%	77.6%	65.9%	75.4%	63.9%
Greenway trails	49.5%	56.9%	43.5%	58.5%	45.5%	57.7%	42.0%
Oak Ridge Municipal Pool	40.0%	35.6%	43.6%	60.7%	30.9%	55.8%	25.9%
Athletic Field	38.4%	44.7%	33.1%	54.6%	31.2%	51.4%	26.6%
Tennis Courts	13.7%	13.9%	13.7%	24.6%	9.0%	21.5%	6.7%
Scarboro Community Center	8.0%	7.9%	8.2%	13.1%	5.8%	10.2%	5.8%
ACTIVITIES	Overall	Male	Female	Under 40	40 and over	Under 50	50 and over
Special Events such as Secret City Festival	69.3%	70.0%	68.7%	68.3%	69.7%	71.8%	67.0%
Summer Concert Series	36.0%	39.3%	33.1%	25.7%	40.6%	29.3%	41.9%
Youth Advisory Board Events	24.8%	26.2%	23.6%	36.1%	19.6%	33.1%	17.3%
Athletic Leagues	22.4%	23.6%	21.5%	33.5%	17.4%	30.0%	15.3%
Aquatic Programs	14.3%	13.5%	14.9%	22.4%	10.9%	20.8%	8.6%
Senior Programs	10.4%	9.0%	11.8%	4.4%	13.1%	4.2%	16.0%
Summer Camp	7.5%	9.4%	5.8%	13.2%	4.8%	13.4%	2.2%

Table 4: Use of Senior Center

	Overall	Male	Female	Under 40	40 and over	Under 50	50 and over
USE OF SENIOR CENTER							
Currently	7.0%	6.4%	7.6%	.0%	10.1%	1.8%	11.8%
Future	44.0%	37.6%	49.1%	36.1%	47.5%	39.1%	48.4%

Table 5: Participation at the Senior Center in past year

ACTIVITY	
Exercise Classes	22.4%
Meetings and classes	21.5%
Card games/Bridge	15.1%
Bingo	11.7%
Pool/Billiards	11.3%
Crafts	8.0%
Computer Lab	6.0%
Christmas Party	3.1%
Wood carving	1.3%
Other	31.5%

Table 6: Reasons for not participating at the Senior Center

REASON	
Not old enough to use the center	50.4%
Too busy	24.4%
Not familiar with programs offered	8.3%
Programs of interest not offered	7.3%
Health issues	5.2%
Not aware of center	4.5%
None of my friends attend	2.1%
Unattractive facilities	1.8%
Transportation issues	1.4%
Hours not convenient	1.3%
No interest in attending	1.3%
Social life satisfied in other places	1.0%
Location	.4%
Other	3.4%

Table 7: Would you support or oppose building a new Senior Center?

	Strongly Oppose	Somewhat Oppose	Neither Oppose or Support	Somewhat Support	Strongly Support	Not sure / Refusal
Overall	13.7%	7.5%	20.2%	17.1%	31.9%	9.6%
Male	14.3%	7.1%	16.5%	17.3%	33.5%	11.3%
Female	13.2%	7.7%	23.1%	16.9%	30.8%	8.3%
Under 40	6.6%	7.1%	23.1%	16.5%	34.1%	12.6%
40 and over	16.8%	7.5%	18.7%	17.5%	31.1%	8.3%
Under 50	10.6%	7.8%	20.2%	16.7%	33.7%	11.0%
50 and over	16.7%	7.1%	19.9%	17.4%	30.2%	8.7%
Registered to vote	15.0%	7.3%	19.8%	16.5%	33.2%	8.3%
Not registered	4.5%	9.1%	16.7%	24.2%	24.2%	21.2%
Voted in last city election	18.9%	8.4%	20.3%	17.2%	28.8%	6.4%
Did not vote in last city election	7.8%	5.4%	18.1%	15.1%	42.2%	11.4%

Table 8: Reason for supporting new Senior Center

	Current center outdated	Seniors deserve new center	Large population of seniors	Benefit whole community	Investment for future seniors
Overall	42.3%	35.6%	22.2%	5.8%	4.6%
Male	41.6%	35.6%	21.8%	6.2%	4.6%
Female	42.9%	35.7%	22.5%	5.4%	4.5%
Under 40	28.0%	40.7%	22.8%	6.7%	8.0%
40 and over	48.8%	33.3%	21.9%	5.4%	3.0%
Under 50	30.4%	40.6%	24.5%	5.2%	6.0%
50 and over	53.6%	30.9%	19.9%	6.3%	3.2%
Registered to vote	42.5%	33.5%	23.3%	5.2%	4.6%
Not registered	41.7%	56.5%	.0%	13.3%	11.6%
Voted in last city election	46.7%	28.1%	26.4%	4.3%	4.9%
Did not vote in last city election	35.2%	42.2%	18.8%	6.8%	4.5%

Table 9: Reason for opposing new Senior Center

	Money better spent elsewhere	Cost/Budget concerns	Current facility is adequate	Education and youth higher priority	Use existing buildings	Not needed	Raise taxes	Current one underutilized
Overall	31.9%	20.3%	18.9%	17.2%	8.7%	8.1%	5.1%	4.5%
Male	32.2%	22.2%	23.9%	10.7%	6.8%	10.6%	6.9%	5.0%
Female	31.6%	18.8%	14.6%	22.6%	10.4%	6.0%	3.6%	4.1%
Under 40	11.1%	.0%	30.1%	38.3%	.0%	20.6%	.0%	.0%
40 and over	37.5%	25.8%	15.9%	11.5%	11.1%	4.7%	6.5%	5.7%
Under 50	45.4%	2.8%	17.1%	24.5%	6.0%	10.2%	2.8%	.0%
50 and over	21.9%	33.4%	20.2%	11.8%	10.7%	6.5%	6.8%	7.8%
Registered to vote	29.9%	22.1%	15.6%	18.1%	9.5%	8.8%	5.5%	4.9%
Not registered	54.1%	.0%	56.1%	6.6%	.0%	.0%	.0%	.0%
Voted in last city election	32.4%	25.9%	9.6%	20.4%	9.0%	7.4%	4.8%	6.0%
Did not vote in last city election	19.0%	5.4%	42.1%	8.1%	11.6%	15.0%	8.7%	.0%

Table 10: Preferred site for new Senior Center

	Current location on Emory Valley Road	Separate but next to the Civic Center	Some other site	In the Civic Center	Rental in a local church or office building	Not Sure / Refusal
Overall	32.6%	28.0%	9.7%	8.0%	3.9%	17.7%
Male	34.1%	26.2%	10.5%	8.6%	3.4%	17.2%
Female	31.5%	29.4%	9.2%	7.3%	4.3%	18.3%
Under 40	39.9%	24.0%	2.2%	9.3%	2.7%	21.9%
40 and over	29.5%	29.8%	13.2%	7.6%	4.4%	15.6%
Under 50	35.8%	28.4%	5.3%	7.1%	3.9%	19.5%
50 and over	29.8%	28.2%	13.6%	8.7%	3.9%	15.9%
Registered to vote	33.5%	28.7%	10.4%	7.7%	4.0%	15.8%
Not registered	22.1%	23.5%	5.9%	11.8%	2.9%	33.9%
Voted in last city election	32.5%	31.3%	11.6%	7.2%	4.1%	13.4%
Did not vote in last city election	36.7%	22.3%	7.8%	9.0%	4.2%	19.9%

Table 11: Preferred site by position for building new Senior Center

	Current location on Emory Valley Road	Separate but next to the Civic Center	Some other site	In the Civic Center	Rental in a local church or office building	Not Sure / Refusal
Overall	32.6%	28.0%	9.7%	8.0%	3.9%	17.7%
Strongly oppose	36.1%	12.0%	10.8%	15.7%	7.2%	18.1%
Somewhat oppose	38.6%	20.5%	6.8%	11.4%	6.8%	15.9%
Neither oppose or support	30.5%	19.5%	6.8%	11.9%	5.1%	26.3%
Somewhat support	29.4%	35.3%	11.8%	4.9%	0.0%	18.6%
Strongly support	35.8%	40.0%	11.6%	3.2%	3.2%	6.3%
Not sure / Refusal	22.8%	22.8%	5.3%	7.0%	3.5%	38.6%

Table 12: Respondent Characteristics

GENDER	
Male	44.9%
Female	55.1%
AGE	
Under 40	10.3%
40 – 49	12.6%
50 and over	76.1%
RACE/ETHNICITY	
American Indian	1.2%
Asian/Pacific Islander	1.7%
Black/African American	6.5%
Hispanic	.7%
White/Caucasian	90.3%
Other	.8%
EDUCATION	
Less than high school	2.7%
High school diploma or GED	15.7%
Technical school or certification	3.3%
Some college	16.6%
Associate degree	8.9%
Bachelor degree	25.6%
Graduate or professional degree	26.9%
EMPLOYMENT STATUS	
Full time	33.3%
Part time	10.2%
Unemployed	7.4%
Retired	44.6%
Receiving disability	4.2%
INCOME	
Less than \$15,000	5.9%
\$15,000 - \$30,000	12.2%
\$30,001 - \$50,000	19.2%
\$50,001 - \$75,000	18.6%
Over \$75,000	33.1%
Not sure	4.0%
Refusal	7.0%
TYPE OF RESIDENCE	
House	88.0%
Condo	2.8%
Apartment	8.4%
Other	.8%

Table 12 (con't.): Respondent Characteristics

DRIVING STATUS	
Valid license and drive	94.5%
Valid license and not drive	4.2%
Never had license	1.3%
RESIDENCY	
Average length of time living in Oak Ridge	31.7 years
REGISTERED TO VOTE	
Yes	92.0%
No	7.5%
Not sure	.3%
Refusal	.2%
VOTED IN LAST CITY ELECTION	
Yes	75.3%
No	22.5%
Not sure	2.2%

CITY COUNCIL MEMORANDUM
12-16

DATE: April 5, 2012
TO: Honorable Mayor and Members of City Council
FROM: Mark S. Watson, City Manager
SUBJECT: WATER AND WASTEWATER RATE RECOMMENDATIONS

Requested Action:

Consider the following changes and recommendations to City water and wastewater rates. Adoption of proposed rates will become effective on May 1, 2012 and will additionally increase on January 1, 2013. Projected analysis will sustain City water and wastewater rates through December, 2013.

Background:

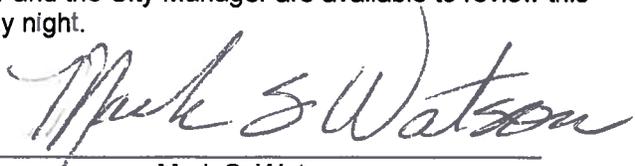
At the February 13, 2012 and March 7, 2012 City Council meetings, the Council considered proposed rates for the City's water and wastewater systems. Based on a rate study conducted by Lamar Dunn & Associates of Knoxville, projections of capital needs and operations, and maintenance costs were identified and recommended rates were considered, but found to have too much of an impact on high-end users. A more balanced request was made by the City Council.

City staff, including the City Manager, Public Works Director and Finance Director, reviewed all proposed expenses and rate projections by the Dunn report. Several strategies were reviewed:

- Return to a declining rate structure
- Re-examine base rate charges
- Re-examine base meter charges
- Ensure competitiveness with surrounding systems
- Maintain cash flow for a significant period (12-24 months)
- Re-visit DOE contract base amounts
- Balance increases to ensure customer groups are treated equally

The proposed rates are designed to carry the City of Oak Ridge through December 2013. An initial increase will occur on May 1, 2012, and a second increase in January 2013. The major increases occur in the sewer area, while anticipated repairs and enhancements to the water area are deferred to lower the impact on water rates.

Attached are several worksheets for your review and two proposed ordinances with recommended changes. Included for your information is (1) a proposed water/ wastewater rate increase chart and impacts on sample customers, (2) the proposed water and wastewater rate structure, and (3) calculation worksheets and assumptions. The Finance Director and the City Manager are available to review this with you prior to the City Council meeting on Monday night.



Mark S. Watson

Attachments

City of Oak Ridge
Water and Wastewater Proposed Rate Structure

Water	Water			Wastewater		
	Current Rate	May 1 Rate	January 1 Rate	Current Rate	May 1 Rate	January 1 Rate
Minimum Bill 5/8" Meter*	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 18.50	\$ 18.50
Next 8,000 Gallons	\$ 4.55	\$ 5.25	\$ 5.60	\$ 5.15	\$ 6.45	\$ 7.75
Next 40,000 Gallons	\$ 4.05	\$ 4.55	\$ 5.10	\$ 6.45	\$ 7.75	\$ 7.75
Over 50,000 Gallons	\$ 3.20	\$ 3.75	\$ 4.15	\$ 6.45	\$ 7.75	\$ 7.75
			January 1 Increase over Current Rates			January 1 Increase over Current Rates
Minimum Bill 5/8" Meter*			2.00			5.00
Next 8,000 Gallons			1.05			2.60
Next 40,000 Gallons			1.05			1.30
Over 50,000 Gallons			0.95			1.30
Minimum Bill > 5/8" Meter*						
3/4" Meter	\$ 11.50	\$ 17.00	\$ 17.00	\$ 13.50	\$ 18.50	\$ 22.00
1" Meter	\$ 30.00	\$ 30.00	\$ 30.00	\$ 13.50	\$ 18.50	\$ 35.00
1.5" Meter	\$ 55.00	\$ 55.00	\$ 65.00	\$ 13.50	\$ 18.50	\$ 70.00
2" Meter	\$ 100.00	\$ 100.00	\$ 125.00	\$ 13.50	\$ 18.50	\$ 130.00
3" Meter	\$ 170.00	\$ 170.00	\$ 220.00	\$ 13.50	\$ 18.50	\$ 225.00
4" Meter	\$ 240.00	\$ 240.00	\$ 290.00	\$ 13.50	\$ 18.50	\$ 295.00

*Minimum Bill is for the first 2,000 gallons of consumption

**City of Oak Ridge
Water and Wastewater Proposed Rate Increase
Impact on Sample Customers**

Monthly Billing	Water				Wastewater				Combined Monthly Increase	Combined % Increase		
	Current Rate	May 1 Rate	January 1 Rate	January 1 Increase over Current Rates	% Increase	Current Rate	May 1 Rate	January 1 Rate			January 1 Increase over Current Rates	% Increase
Minimum Bill	\$ 11.50	\$ 13.50	\$ 13.50	\$ 2.00	17.4%	\$ 13.50	\$ 18.50	\$ 18.50	\$ 5.00	37.0%	\$ 7.00	28.0%
3,000 gallons	\$ 16.05	\$ 18.75	\$ 19.10	\$ 3.05	19.0%	\$ 18.65	\$ 24.95	\$ 26.25	\$ 7.60	40.8%	\$ 10.65	30.7%
4,000 gallons	\$ 20.60	\$ 24.00	\$ 24.70	\$ 4.10	19.9%	\$ 23.80	\$ 31.40	\$ 34.00	\$ 10.20	42.9%	\$ 14.30	32.2%
5,000 gallons	\$ 25.15	\$ 29.25	\$ 30.30	\$ 5.15	20.5%	\$ 28.95	\$ 37.85	\$ 41.75	\$ 12.80	44.2%	\$ 17.95	33.2%
6,000 gallons	\$ 29.70	\$ 34.50	\$ 35.90	\$ 6.20	20.9%	\$ 34.10	\$ 44.30	\$ 49.50	\$ 15.40	45.2%	\$ 21.60	33.9%
7,000 gallons	\$ 34.25	\$ 39.75	\$ 41.50	\$ 7.25	21.2%	\$ 39.25	\$ 50.75	\$ 57.25	\$ 18.00	45.9%	\$ 25.25	34.4%
8,000 gallons	\$ 38.80	\$ 45.00	\$ 47.10	\$ 8.30	21.4%	\$ 44.40	\$ 57.20	\$ 65.00	\$ 20.60	46.4%	\$ 28.90	34.7%
9,000 gallons	\$ 43.35	\$ 50.25	\$ 52.70	\$ 9.35	21.6%	\$ 49.55	\$ 63.65	\$ 72.75	\$ 23.20	46.8%	\$ 32.55	35.0%
10,000 gallons	\$ 47.90	\$ 55.50	\$ 58.30	\$ 10.40	21.7%	\$ 54.70	\$ 70.10	\$ 80.50	\$ 25.80	47.2%	\$ 36.20	35.3%
Car Wash	\$ 209.90	\$ 254.00	\$ 278.80	\$ 68.90	32.8%	\$ 312.70	\$ 380.10	\$ 407.00	\$ 94.30	30.2%	\$ 163.20	31.2%
Restaurant	\$ 529.90	\$ 654.00	\$ 728.80	\$ 198.90	37.5%	\$ 957.70	\$ 1,155.10	\$ 1,217.00	\$ 259.30	27.1%	\$ 458.20	30.8%
Large Building	\$ 1,649.90	\$ 2,081.50	\$ 2,336.30	\$ 686.40	41.6%	\$ 3,215.20	\$ 3,867.60	\$ 4,084.50	\$ 869.30	27.0%	\$ 1,555.70	32.0%

Water and Wastewater Rate Calculation Worksheet and Assumptions

May 1, 2012 Proposed Rates

Description	Water Rates			Wastewater Rates			
	Proposed Rate	Annual Billing Occurrences	Projected Revenue	Description	Proposed Rate	Annual Billing Occurrences	Projected Revenue
Min Bill (5/8")	\$ 13.50	145,765	\$ 1,967,828	Min Bill (5/8")	\$ 18.50	146,502	\$ 2,710,287
Min Bill (>5/8")			\$ 503,677	Min Bill (>5/8")			\$ -
3,000-10,000 Gallons	\$ 5.25	354,604	\$ 1,861,671	3,000-10,000 Gallons	\$ 6.45	310,366	\$ 2,001,861
Next 40,000 Gallons	\$ 4.55	180,415	\$ 820,888	Over 10,000 Gallons	\$ 7.75	275,230	\$ 2,133,033
Over 50,000 Gallons	\$ 3.75	200,226	\$ 750,848				
Billing Variant			\$ (250,000)	Billing Variant			\$ (250,000)
DOE - Treated	\$ 1.29	1,945,757	\$ 2,510,027	DOE - Flat	\$ 135,000	12	\$ 1,620,000
DOE - Raw	\$ 0.3225	700,000	\$ 225,750	DOE - Variable	\$ 7.75	58,846	\$ 456,057
Projected Revenue			<u>8,390,688</u>	Projected Revenue			<u>8,671,237</u>

Meter Size	Proposed Rate	Annual Billing Occurrences	Projected Revenue
3/4 "	\$ 17.00	496	\$ 8,432
1"	\$ 30.00	3,984	\$ 119,520
1 1/2"	\$ 55.00	2,401	\$ 132,055
2"	\$ 100.00	1,320	\$ 132,000
3"	\$ 170.00	335	\$ 56,950
4"	\$ 240.00	216	\$ 51,840
10"	\$ 240.00	12	\$ 2,880
Total		<u>8,764</u>	<u>\$ 503,677</u>

Water and Wastewater Rate Calculation Worksheet and Assumptions

January 1, 2013 Proposed Rates

Description	Water Rates		
	Proposed Rate	Annual Billing Occurrences	Projected Revenue
Min Bill (5/8")	\$ 13.50	145,765	\$ 1,967,828
Min Bill (>5/8")			\$ 588,837
3,000-10,000 Gallons	\$ 5.60	354,604	\$ 1,985,782
Next 40,000 Gallons	\$ 5.10	180,415	\$ 920,117
Over 50,000 Gallons	\$ 4.15	200,226	\$ 830,938
Billing Variant			\$ (250,000)
DOE - Treated	\$ 1.29	1,945,757	\$ 2,510,027
DOE - Raw	\$ 0.3225	700,000	\$ 225,750
Projected Revenue			<u>8,779,278</u>

Description	Wastewater Rates		
	Proposed Rate	Annual Billing Occurrences	Projected Revenue
Min Bill (5/8")	\$ 18.50	139,642	\$ 2,583,377
Min Bill (>5/8")			\$ 522,621
3,000-10,000 Gallons	\$ 7.75	310,366	\$ 2,405,337
Over 10,000 Gallons	\$ 7.75	275,230	\$ 2,133,033
Billing Variant			\$ (270,000)
DOE - Flat	\$ 135,000	12	\$ 1,620,000
DOE - Variable	\$ 7.75	58,846	\$ 456,057
Projected Revenue			<u>9,450,424</u>

Meter Size	Proposed Rate	Annual Billing Occurrences	Projected Revenue
3/4"	\$ 17.00	496	\$ 8,432
1"	\$ 30.00	3,984	\$ 119,520
1 1/2"	\$ 65.00	2,401	\$ 156,065
2"	\$ 125.00	1,320	\$ 165,000
3"	\$ 220.00	335	\$ 73,700
4"	\$ 290.00	216	\$ 62,640
10"	\$ 290.00	12	\$ 3,480
Total		<u>8,764</u>	<u>\$ 588,837</u>

Meter Size	Proposed Rate	Annual Billing Occurrences	Projected Revenue
3/4"	\$ 22.00	248	\$ 5,456
1"	\$ 35.00	2,897	\$ 101,395
1 1/2"	\$ 70.00	2,105	\$ 147,350
2"	\$ 130.00	1,138	\$ 147,940
3"	\$ 225.00	268	\$ 60,300
4"	\$ 295.00	192	\$ 56,640
10"	\$ 295.00	12	\$ 3,540
Total		<u>6,860</u>	<u>\$ 522,621</u>

TITLE

AN ORDINANCE TO AMEND ORDINANCE NO. 19-82, AS AMENDED, BY DELETING THE PROVISION OF SECTION 2 PERTAINING TO THE SCHEDULE OF WATER RATES FOR COMMODITY CHARGES AND MINIMUM MONTHLY BILLING IN THEIR ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SCHEDULE OF WATER RATES.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

Section 1. Ordinance No. 19-82, as amended, is hereby amended by deleting the provisions of Section 2 pertaining to the schedule of water rates for commodity charges and minimum monthly billing in their entirety, as of midnight April 30, 2012, and substituting therefor a new Section 2, so that said section, as amended shall read as follows:

SCHEDULE OF TREATED WATER RATES FOR METERED BILLING
OAK RIDGE, TENNESSEE – EFFECTIVE MAY 1, 2012

Section 2. The following schedule of rates for metered billing of water furnished to consumers by the water system of the City of Oak Ridge is hereby established and adopted, effective with May 1, 2012, water billings.

1. Commodity Charge

First 2,000 gallons or any part thereof, minimum billing as outlined in subsection 2 below.			
Next	8,000 gallons	@	\$5.25 per thousand
Next	40,000 gallons	@	\$4.55 per thousand
Over	50,000 gallons	@	\$3.75 per thousand

2. Minimum Monthly Billing includes first 2,000 gallons or any part thereof

For customers using 5/8"	\$ 13.50 per month
For customers using 3/4" meter	17.00 per month
For customers using 1" meter	30.00 per month
For customers using 1-1/2" meter	55.00 per month
For customers using 2" meter	100.00 per month
For customers using 3" meter	170.00 per month
For customers using 4" meter	240.00 per month

For customers using meters in excess of 4", the rate will be at the same as that for a 4" meter or at a minimum monthly amount as determined by the City at the time the service is established.

The above rates are net, the gross rates being five percent higher.

SCHEDULE OF TREATED WATER RATES FOR METERED BILLING
OAK RIDGE, TENNESSEE – EFFECTIVE JANUARY 1, 2013

Section 2. The following schedule of rates for metered billing of water furnished to consumers by the water system of the City of Oak Ridge is hereby established and adopted, effective with January 1, 2013, water billings.

1. Commodity Charge

First 2,000 gallons or any part thereof, minimum billing as outlined in subsection 2 below.			
Next	8,000 gallons	@	\$5.60 per thousand
Next	40,000 gallons	@	\$5.10 per thousand
Over	50,000 gallons	@	\$4.15 per thousand

2. Minimum Monthly Billing includes first 2,000 gallons or any part thereof

For customers using 5/8"	\$ 13.50 per month
For customers using 3/4" meter	17.00 per month
For customers using 1" meter	30.00 per month
For customers using 1-1/2" meter	65.00 per month
For customers using 2" meter	125.00 per month
For customers using 3" meter	220.00 per month
For customers using 4" meter	290.00 per month

For customers using meters in excess of 4", the rate will be at the same as that for a 4" meter or at a minimum monthly amount as determined by the City at the time the service is established.

The above rates are net, the gross rates being five percent higher.

Section 2. This ordinance shall become effective ten (10) days after adoption on second reading, the welfare of the City of Oak Ridge requiring it.

APPROVED AS TO FORM AND LEGALITY:

Kenneth R. Krushenski, City Attorney

Thomas L. Beehan, Mayor

Diana R. Stanley, City Clerk

First Reading: _____
Publication Date: _____
Second Reading: _____
Publication Date: _____
Effective Date: _____

TITLE

AN ORDINANCE TO AMEND ORDINANCE NO. 21-82, AS AMENDED, BY DELETING SECTION 13, SEWER RATE SCHEDULE, IN ITS ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SECTION PERTAINING TO SEWER RATES.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

Section 1. Ordinance No. 21-82, as amended, is hereby amended by deleting the provisions of Section 13 pertaining to the schedule of wastewater rates in its entirety, as of midnight April 30, 2012, and substituting therefor a new Section 13, so that said section, as amended, shall read as follows:

Section 13 - Wastewater Rate Schedule – Effective May 1, 2012

All references to usage (gallons) or to meter readings shall mean water meter readings.

The following wastewater rate schedule shall apply to each user of the wastewater facilities, effective with the May 1, 2012, wastewater billings.

1. Sanitary sewer disposal charge for all customers except those applicable to subsection 2 below.

First 2,000 gallons per month or any part thereof	\$18.50 flat rate
Next 8,000 gallons per month	\$6.45 per thousand gallons
Over 10,000 gallons per month	\$7.75 per thousand gallons

2. Customers whose single-meter usage averages over 10,000,000 gallons per month for a contiguous 12 month period, will be charged a flat monthly rate of \$135,000.00 for the first 10,000,000 gallons or any part thereof and \$7.75 per thousand gallons thereafter each month for the succeeding 12 month period.

Minimum Charge per Month

The total wastewater charge shall be no less than \$18.50 per month.

Maximum Charge per Month

The following terms are defined:

Winter Period – November 2 through May 1.

Summer Period – May 2 through November 1.

Single-family residential meter readings shall be subject to a maximum monthly billable wastewater consumption of 20,000 gallons during the Summer Period. Single-family residential customers that have maintained water service at the metered location continuously during the preceding Winter Period will have a maximum billable monthly wastewater consumption during the Summer Period using the highest monthly meter reading taken during the immediately preceding Winter Period, not to exceed 20,000 gallons per month.

The above rates are net, the gross rate being five percent higher.

Section 13 - Wastewater Rate Schedule – Effective January 1, 2013

All references to usage (gallons) or to meter readings shall mean water meter readings.

The following wastewater rate schedule shall apply to each user of the wastewater facilities, effective with the January 1, 2013, wastewater billings.

1. Sanitary sewer disposal charge for all customers except those applicable to subsection 3 below.

First 2,000 gallons or any part thereof, minimum billing as outlined in subsection 2 below.

Over 2,000 gallons at \$7.75 per thousand gallons

2. Minimum Monthly Billing includes first 2,000 gallons or any part thereof for all customers except those applicable to subsection 3 below.

For customers using 5/8"	\$ 18.50 per month
For customers using 3/4" meter	22.00 per month
For customers using 1" meter	35.00 per month
For customers using 1-1/2" meter	70.00 per month
For customers using 2" meter	130.00 per month
For customers using 3" meter	225.00 per month
For customers using 4" meter	295.00 per month

For customers using meters in excess of 4", the rate will be at the same as that for a 4" meter or at a minimum monthly amount as determined by the City at the time the service is established.

3. Customers whose single-meter usage averages over 10,000,000 gallons per month for a contiguous 12 month period, will be charged a flat monthly rate of \$135,000.00 for the first 10,000,000 gallons or any part thereof and \$7.75 per thousand gallons thereafter each month for the succeeding 12 month period.

Minimum Charge per Month

The total wastewater charge shall be no less than \$18.50 per month.

Maximum Charge per Month

The following terms are defined:

Winter Period – November 2 through May 1.

Summer Period – May 2 through November 1.

Single-family residential meter readings shall be subject to a maximum monthly billable wastewater consumption of 20,000 gallons during the Summer Period. Single-family residential customers that have maintained water service at the metered location continuously during the preceding Winter Period will have a maximum billable monthly wastewater consumption during the Summer Period using the highest monthly meter reading taken during the immediately preceding Winter Period, not to exceed 20,000 gallons per month.

The above rates are net, the gross rate being five percent higher.

Section 2. This ordinance shall become effective ten (10) days after adoption on second reading, the welfare of the City of Oak Ridge requiring it.

APPROVED AS TO FORM AND LEGALITY:

Kenneth R. Krushenski, City Attorney

Thomas L. Beehan, Mayor

Diana R. Stanley, City Clerk

First Reading: _____
Publication Date: _____
Second Reading: _____
Publication Date: _____
Effective Date: _____

FINANCE DEPARTMENT MEMORANDUM
12-04

DATE: February 3, 2012
TO: Mark S. Watson, City Manager
FROM: Janice E. McGinnis, Finance Director
SUBJECT: Ordinance Amendment for Water and Wastewater Rates

Adoption of the attached ordinance amendments will establish rate adjustments for the City's water and wastewater systems effective April 1, 2012. The public hearing and first reading of the ordinances is scheduled for the February 13, 2012 City Council meeting with second reading of the ordinances scheduled for the March City Council meeting.

The Water and Wastewater Rate Study was prepared by Lamar Dunn and Associates. Mr. Dunn presented an overview of the rate study to City Council at the January 9, 2012 City Council meeting and conducted a more in-depth review of the rate study with City Council at the January 23, 2012 work session.

Capital and system maintenance funding is a major driver for the water and wastewater rate adjustments. The Administrative Order by the US Environmental Protection Agency (EPA) mandates the City perform major improvements to the wastewater system. It is anticipated that over \$18,000,000 in debt will be issued over the next 4 years to make the mandatory capital improvements. There will also be significant increases in maintenance costs related to this mandate. The water system has similar problems with major improvements that will require additional borrowing in the estimated amount of \$16,000,000 over the next 4 years, including capital improvements to the City's water plant and raw water intake systems.

Other drivers for both the water and wastewater rate adjustments include the attainment and maintenance of adequate cash reserve levels in the Waterworks Fund and lack of system growth. Both water and wastewater usage by the US Department of Energy (DOE) continues to decline. DOE's water consumption has declined over 750,000,000 gallons annually from their consumption levels when the City took over operations of the water plant in 2000. Negotiations for the DOE water contract will begin in the near future as the contract ends on June 30, 2012.

As a part of the rate adjustment, it is recommended that the City's current rate structure philosophy be changed. The current water rate structure used by the City is known as a declining schedule, which means as a customer's usage increases, the rate per gallon decreases. EPA has encouraged uniform rates, which means that the rate per gallon stays the same no matter how many gallons are used. Uniform rates will also encourage conservation when compared to declining rates.

The other structural change in comparison to the City's current water and wastewater rates is for minimum bills. The rate structure recommended by the study includes a 2,000 gallon minimum bill for both water and wastewater services for which the monthly charge increases based on meter size. The current rate structure does not contain a minimum bill structure based on meter size for wastewater services. The current minimum bill for wastewater service applies to all meter sizes. While the current water rate structure did contain a minimum bill by meter size, it did not limit the minimum to only 2,000 gallons of consumption. This meant that the larger customers did not pay for their usage until their usage charges exceeded the minimum bill amount.

Although these changes in the rate structure will mean higher increases for the larger volume customers, it will be an additional incentive for conservation.

Excluding DOE and a small amount of fire contribution, the projected amount of cash that must be funded by residential and commercial customers is \$7,767,165. Based on these projections, a base rate of \$12.00 for the first 2,000 gallons provided through a 5/8" meter, with an escalator of the base rate depending on meter size, and a fixed rate of \$7.35/1,000 gallons for all flow over 2,000 gallons will produce approximately \$7,797,798.

The wastewater system needs to produce enough cash to fund a projected amount of \$10,178,118 in cash outlays annually. In order to produce that amount of cash, the proposed rates are a minimum bill of \$18.50 per month for the first 2,000 gallons provided through a 5/8" meter, with an escalator of the base rate depending on meter size. There is a flat rate of \$7.75 for each 1,000 gallons per month above the 2,000 gallon minimum. This proposed rate structure, including projected DOE usage, will produce \$10,183,510.

Section XI of the rate study includes a comparison of the proposed rates with neighboring utilities for the City's minimum users. Even with the proposed rate adjustments the City will be competitive with surrounding utilities. Table XII-1 on page XII-3 shows that the City's water rate is still competitive in both the 2,000 and 5,000 gallon/month category. Table XII-2 on page XII-4 also shows that the City's wastewater rate is competitive with surrounding utilities.

Water:

	Current Rates	Proposed Rates	Percent Change
2,000 Gallons	\$11.50	\$12.00	4.34%
5,000 Gallons	\$25.15	\$34.05	35.38%

Wastewater:

	Current Rates	Proposed Rates	Percent Change
2,000 Gallons	\$13.50	\$18.50	37.03%
5,000 Gallons	\$28.95	\$41.75	44.21%

Finally, it is anticipated that the City will be issuing debt before the end of fiscal 2012 to begin funding the capital outlays that are included in the rate study.

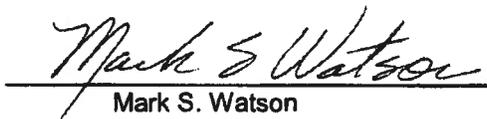
Staff recommends approval of the two attached ordinance amendments.


Janice E. McGinnis

Attachments

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.


Mark S. Watson


Date

ORDINANCE NO. _____

TITLE

AN ORDINANCE TO AMEND ORDINANCE NO. 19-82, AS AMENDED, BY DELETING THE PROVISION OF SECTION 2 PERTAINING TO THE SCHEDULE OF WATER RATES FOR COMMODITY CHARGES AND MINIMUM MONTHLY BILLING IN THEIR ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SCHEDULE OF WATER RATES.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

Section 1. Ordinance No. 19-82, as amended, is hereby amended by deleting the provisions of Section 2 pertaining to the schedule of water rates for commodity charges and minimum monthly billing in their entirety, as of midnight March 31, 2012, and substituting therefor a new Section 2, so that said section, as amended shall read as follows:

SCHEDULE OF TREATED WATER RATES FOR METERED BILLING
OAK RIDGE, TENNESSEE

Section 2. The following schedule of rates for metered billing of water furnished to consumers by the water system of the City of Oak Ridge is hereby established and adopted, effective with April 1, 2012, water billings.

1. Commodity Charge

First 2,000 gallons or any part thereof, minimum billing as outlined in subsection 2 below.

Over 2,000 gallons @ 7.35 per thousand gallons

2. Minimum Monthly Billing includes first 2,000 gallons or any part thereof

For customers using 5/8"	\$ 12.00 per month
For customers using 3/4" meter	16.80 per month
For customers using 1" meter	30.00 per month
For customers using 1-1/2" meter	69.00 per month
For customers using 2" meter	123.00 per month
For customers using 3" meter	276.00 per month
For customers using 4" meter	480.00 per month

For customers using meters in excess of 4", the rate will be at the same as that for a 4" meter or at a minimum monthly amount as determined by the City at the time the service is established.

The above rates are net, the gross rates being five percent higher.

Section 2. This ordinance shall become effective ten (10) days after adoption on second reading, the welfare of the City of Oak Ridge requiring it.

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

Thomas L. Beehan, Mayor

Diana R. Stanley, City Clerk

First Reading: _____
Publication Date: _____
Second Reading: _____
Publication Date: _____
Effective Date: _____

TITLE

AN ORDINANCE TO AMEND ORDINANCE NO. 21-82, AS AMENDED, BY DELETING SECTION 13, SEWER RATE SCHEDULE, IN ITS ENTIRETY, AND SUBSTITUTING THEREFOR A NEW SECTION PERTAINING TO SEWER RATES.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

Section 1. Ordinance No. 21-82, as amended, is hereby amended by deleting the provisions of Section 13 pertaining to the schedule of wastewater rates in its entirety, as of midnight March 31, 2012, and substituting therefor a new Section 13, so that said section, as amended, shall read as follows:

Section 13 - Wastewater Rate Schedule

All references to usage (gallons) or to meter readings shall mean water meter readings.

The following wastewater rate schedule shall apply to each user of the wastewater facilities, effective with the April 1, 2012, wastewater billings.

1. Sanitary sewer disposal charge for all customers except those applicable to subsection 3 below.

First 2,000 gallons or any part thereof, minimum billing as outlined in subsection 2 below.

Over 2,000 gallons at \$7.75 per thousand gallons

2. Minimum Monthly Billing includes first 2,000 gallons or any part thereof for all customers except those applicable to subsection 3 below.

For customers using 5/8"	\$ 18.50 per month
For customers using 3/4" meter	27.75 per month
For customers using 1" meter	46.25 per month
For customers using 1-1/2" meter	106.50 per month
For customers using 2" meter	190.00 per month
For customers using 3" meter	425.00 per month
For customers using 4" meter	740.00 per month

For customers using meters in excess of 4", the rate will be at the same as that for a 4" meter or at a minimum monthly amount as determined by the City at the time the service is established.

3. Customers whose single-meter usage averages over 10,000,000 gallons per month for a contiguous 12 month period, will be charged a flat monthly rate of \$120,000.00 for the first 10,000,000 gallons or any part thereof and \$7.75 per thousand gallons thereafter each month for the succeeding 12 month period.

Minimum Charge per Month

The total wastewater charge shall be no less than \$18.50 per month.

Maximum Charge per Month

The following terms are defined:

Winter Period – November 2 through May 1.

Summer Period – May 2 through November 1.

Single-family residential meter readings shall be subject to a maximum monthly billable wastewater consumption of 20,000 gallons during the Summer Period. Single-family residential customers that have maintained water service at the metered location continuously during the preceding Winter Period will have a maximum billable monthly wastewater consumption during the Summer Period using the highest monthly meter reading taken during the immediately preceding Winter Period, not to exceed 20,000 gallons per month.

The above rates are net, the gross rate being five percent higher.

Section 2. This ordinance shall become effective ten (10) days after adoption on second reading, the welfare of the City of Oak Ridge requiring it.

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

Thomas L. Beehan, Mayor

Diana R. Stanley, City Clerk

First Reading: _____
Publication Date: _____
Second Reading: _____
Publication Date: _____
Effective Date: _____