

TO: MAYOR AND CITY COUNCIL
FROM: LANELL ENDRES, FINANCE DIRECTOR/ASST CITY ADMINISTRATOR
SUBJECT: CALLING FOR PUBLIC HEARING ON UTILITY RATES
DATE: MAY 16, 2017

BACKGROUND

At the May 2nd City Council work session, Rebecca Kurtz from Ehlers & Associates presented the utility rate study and recommendation for utility rates. The next step in the process is to call for a public hearing to allow citizen input regarding the proposed rate increases. We are required to publish the notice of the public hearing at least ten days prior to the date of the hearing. Once the public hearing is held, Council could adopt a resolution setting the utility rates. The resolution would then be published and the effective date would be 30 days after publication. If the Council decides to move forward with the recommendations, the timeline would be as follows:

Call for Public Hearing	May 16, 2017
Publish Notice of Hearing	May 25, 2017
Hold Public Hearing/Adopt Resolution	June 6, 2017
Publish Resolution	June 15, 2017
Effective Date of New Rates	August 1, 2017

The recommended increases per the utility rate study are shown below:

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water	5.00%	5.00%	5.00%
Sewer	5.00%	5.00%	5.00%
Storm Sewer	2.00%	2.25%	2.50%

STAFF RECOMMENDATION

Staff is requesting Council consideration of adopting a three-year schedule of the utility rates based upon the recommendations in the utility rate study. Approval of these rates would keep our utility funds fiscally strong, provide the City for more accurate budgeting and allow our customers to budget accordingly.

Staff recommends that the rates be effective with the billings as noted below:

2017 rates	August 1, 2017 billing for July usage
2018 rates	April 1, 2018 billing for March usage
2019 rates	February 1, 2019 billing for January usage

REQUESTED COUNCIL ACTION

At this time staff is requesting the Council approve a motion calling for a public hearing to consider 2017, 2018 and 2019 utility rates to be held on June 6, 2017 at 6:30 p.m. in the Council Chambers.

Attachments:

Utility Rate Study – Key Findings
Utility Rate Study – Impact Analysis

Utility Rate Study - Key Findings

- Proposed utility rate increases

Annual Rate Increase	Proposed				
	2017	2018	2019	2020	2021
Water	5.00%	5.00%	5.00%	1.00%	1.00%
Sewer	5.00%	5.00%	5.00%	1.00%	1.00%
Storm Sewer	2.00%	2.25%	2.50%	3.00%	3.50%

- Adequate revenue and cash balances in utility funds are important
 - Ensure payments of current debt obligations
 - Minimize future reliance on bonding
 - Avoid sudden rate increases in the future



Utility Rate Study – Impact Analysis

- Residential bill assumes 800 cubic ft. of usage; Commercial assumes 2,600 cubic ft.

Residential Monthly Bill	Existing 2016	Proposed				
		2017	2018	2019	2020	2021
Water	\$ 29.58	\$ 31.06	\$ 32.61	\$ 34.24	\$ 34.58	\$ 34.93
Sanitary Sewer	64.40	67.62	71.00	74.55	75.30	76.05
Storm Sewer	2.57	2.62	2.68	2.75	2.83	2.93
Total Bill	\$ 96.55	\$101.30	\$106.29	\$111.54	\$112.71	\$113.91
\$ Increase		\$ 4.75	\$ 4.99	\$ 5.25	\$ 1.17	\$ 1.20

Commercial Monthly Bill	Existing 2016	Proposed				
		2017	2018	2019	2020	2021
Water	\$ 83.67	\$ 87.85	\$ 92.25	\$ 96.86	\$ 97.83	\$ 98.81
Sewer	245.06	257.31	270.18	283.69	286.52	289.39
Storm Water	2.57	2.62	2.68	2.75	2.83	2.93
Total Bill	\$331.30	\$347.78	\$365.11	\$383.30	\$387.18	\$391.13
\$ Increase		\$ 16.48	\$ 17.33	\$ 18.19	\$ 3.88	\$ 3.95

