

TO: Mr. Ande Banks, Acting City Manager

FROM: Mike Collins, Public Utilities

DATE: May 23, 2022

RE: Water and Sewer Rates FY2023

Summary: This agenda item is to increase water and sewer rates to become effective July 1, 2022

Background HPU has presented the updated Water (WLTFM) and Sewer (SLTFM) Long Term Financial Models to City Council on May 10, 2022. The presentation included rationale for increasing rates and proposed recommendation for FY2023 water and sewer rate increases.

Key Issues: . \$0.20 per 1000 gallons water (city & rural) rates increase.
\$0.01 per 1000 gallons seasonal water (city & rural) rates increase.
\$0.12 per 1000 gallons sewer (city & rural) rate increase.

Environmental Impact:

Water supply management is emphasized.
Water loss management is emphasized.
Sewer pipe infiltration & exfiltration is emphasized.
Energy Management is emphasized.

Fiscal Impact: FY2023

\$0.20 per 1000 gallons water adds \$475,000 revenue
Residential monthly water bill will increase \$1.00 for water

\$0.01 per 1000 gallons seasonal water adds \$10,000 revenue
Residential monthly water bill will increase \$0.05 for water July-November.

\$0.12 per 1000 gallons sewer adds \$230,000 revenue
Residential monthly sewer bill will increase \$0.60 for water

Total revenue gain is \$715,000
Residential monthly bill will increase \$1.60 for water and sewer
Residential monthly bill will increase \$1.65 for water and sewer July-November

Prior Actions: Rate adjustments have been made annually on the principle of the LTFM; COVID has delayed recommendations from the past two years and has significantly shut down capital funding.

Alternatives: Lower rate increases in FY2023 that will require less consistent and higher rate adjustments in the future.

Higher rate increases in FY2023 that will require less consistent but lower rate adjustments in the future.

Community Engagement: Open at City Council

Recommendation: Move forward with FY2023 rate adjustments; update for FY2024

Attachments:

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.