

TO: Mr. Ande Banks, City Manager
FROM: Mike Collins, Director, Public Utilities
DATE: June 13, 2023
RE: Water and Sewer Rates FY2024;
Illegal discharge fee into sanitary sewer system.

Summary: This agenda item is to increase water and sewer rates to become effective July 1, 2023, and increase the maximum allowable surcharge for illegal discharge into the City's sanitary sewer system.

Background HPU has presented the updated Water (WLTFM) and Sewer (SLTFM) Long Term Financial Models to City Council on April 25, 2023. The presentation included rationale for increasing rates and proposed recommendation for FY2024 water and sewer rate increases.

Key Issues: \$0.20 per 1000 gallons water (city & rural) rate increase.
\$0.30 per 1000 gallons sewer (city & rural) rate increase.
\$50.00 maximum surcharge per month for illegal discharge into the City's sanitary sewer system.

Environmental Impact:

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

Fiscal Impact: FY2024

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

\$0.30 per 1000 gallons sewer adds \$575,000 revenue.
Residential monthly sewer bill will increase \$1.50 for sewer.

Total revenue gain is \$1,050,000.
Residential monthly bill will increase \$2.50 for water and sewer.

Prior Actions: Rate adjustments have been made annually on the principle of the LTFM;

Alternatives: Lower rate increases in FY2024 that will require less consistent and higher rate adjustments in the future.

Higher rate increases in FY2024 will require less consistent but lower rate adjustments in the future.

Community Engagement: Published in newspaper; open for City Council comment.

Recommendation: Move forward with FY2024 rate adjustments; update for FY2025

Attachments: 1) Memorandum
2)

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.