



Legislation Text

File #: Res. 2017-095, **Version:** 1

City Council Meeting Date: October 17, 2017

To: Mayor and City Council
City Administrator

From: Brenda Angelstad, Finance Director

Consider Adoption of Utility Rates for 2018.

Action Requested:

The Northfield City Council approves the attached Resolution Adopting Utility Fee Schedule for 2018.

Summary Report:

Attached is a resolution for proposed utility rates for 2018. The City conducted a Utility Rate Study in 2014, and staff has integrated a Capital Improvement Plan with the proposed Utility Rate increases. Staff presented the rates and 2018 budget request at the October 10 City Council worksession. The following is a summary of the recommendations for the 2018 Utility Rates:

Water

Rates remain the same, no increase recommended at this time. The Water Fund has a few large projects on the horizon, but a healthy Fund Balance. If proposed development starts to occur, the Water Fund will incur large expense to expand our system.

Wastewater (Sewer)

A 3% increase recommended for 2018. The Wastewater Treatment Plant had a facility study done in 2015 to confirm repairs and upgrades that need to be made in the next 10 years. The fund balance is already below desired levels, and the upcoming improvements are costly. It is recommended we increase the rate 3% through 2018 to be able to fund over \$12 million in plant maintenance and upgrades over the next 10 years.

Storm Water

A 6% increase is recommended for 2018. A large portion of Storm Water income goes to bond payments over the next several years, limiting the ability to tackle large storm water projects. Public Works is completing a storm pond assessment study that should wrap up at the end of 2017. In 2018, we will conduct a rate study looking to incorporate ponds identified in the assessment and recommend rates for the next five years.

Garbage Rates

No change recommended, with the exception of a \$0.50 increase to the 14 Gallon Container. This increase is consistent with the previous action of Council in 2016 to continue to phase out the 14 Gallon container rate. Staff will be looking at renewing the residential waste hauler contract in 2018, and if any programs should be considered for expansion.

Alternative Options:

Council may propose an adjustment outside of staff recommendations. Note this could impact current and future projects.

Financial Impacts:

The proposed rate increases allow us to maintain our facilities. An average median water user would see their total utility bill increase from \$49.79 to \$51.10 and an average low water user (50% of Northfield residents fall in this category) would see their total utility bill increase from \$32.11 to \$32.98. See attached rate impact chart.

Tentative Timelines:

New rates would take effect January 1, 2018.