



## Legislation Text

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**File #:** Res. 2016-108, **Version:** 1

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**City Council Meeting Date:** October 18, 2016

**To:** Mayor and City Council  
City Administrator

**From:** Melanie Lammers, Finance Director

Consider Adoption of Utility Rates for 2017.

**Action Requested:**

Staff recommends approval of Resolution Adopting Utility Fee Schedule for 2017.

**Summary Report:**

Attached is a resolution for proposed utility rates for 2017. The City conducted a Utility Rate Study in 2014, and staff has integrated a Capital Improvement Plan with the proposed Utility Rate increases. Here are the recommendations for the 2017 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 2017. 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 2019 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 2016. 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 proposing a full study of the city-wide storm system in 2017. Similar to the study done at the Wastewater Facility, it should give us the full picture on what maintenance needs to be done, and allow staff to prioritize. In 2017, we will implement a plan complete with how we will fund the improvements. This may require taking a look at the structure of the fund in 2017. In the meantime, we propose increasing the rates by 6% as the rate study in 2014 outlines.

Garbage Rates

No change recommended. Staff will be looking at programs to expand services, including storm pick up.

The proposed rates have been presented at multiple meetings of the City Council including again last

worksession. Staff is suggesting a more updated rate study will be presented next year related to several suggestions of Council related to the various funds.

**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. See attached rate impact chart.

**Tentative Timelines:**

We would like to pass the rate increase for 2017 at the October 18<sup>th</sup> council meeting. This will allow time for customer notification of the upcoming changes.