



Legislation Text

File #: Res. 2020-082, **Version:** 1

City Council Meeting Date: September 15, 2020

To: Mayor and City Council
City Administrator

From: Brenda Angelstad, Finance Director
Justin Wagner, Utilities Manager
David Bennett, Public Works Director and City Engineer

Consider Adoption of Utility Rates for 2021.

Action Requested:

The Northfield City Council approves the attached Resolution Adopting the Utility Fee Schedule for 2021.

Summary Report:

Attached is a resolution for proposed utility rates for 2021. In 2018, the City conducted a Utility Rate Study with Springsted, Inc., a public sector financial advisor. The study included updated assumptions regarding budget revenue and expense projections and 10-year Capital Equipment and Capital Improvement Plans. The report was presented by Springsted, Inc., at the October 9, 2018 City Council Work Session. The proposed rate adjustments are following the report recommendations and the adjustments for the 2021 Utility Rates are:

Water

A 1.0% increase recommended for 2021. The increase is needed to pay for anticipated operating expenses, debt service and capital outlay including the targeted amount to maintain adequate cash reserves.

Wastewater (Sewer)

A 1.75% increase recommended for 2021. The increase is needed to maintain positive operating income as well as to pay for anticipated operating expenses, capital outlay and debt service.

Storm Water

A 5% increase recommended for 2021. The increase is needed to pay for anticipated operating expenses, debt service and capital outlay including the targeted amount to maintain adequate cash reserves.

Garbage Rates

No change recommended for 2021. Staff negotiated a contract extension with the current residential waste hauler in 2019, current service was expanded to include yard waste service. With a healthy fund balance, no changes are recommended.

Alternative Options:

Not recommended.

Financial Impacts:

The proposed rate increases allow us to maintain our facilities. An average residential customer would see their total utility bill increase from \$69.85 to \$70.97

Tentative Timelines:

New rates would take effect January 1, 2021.