

CITY COUNCIL AGENDA REPORT

Meeting Date: 9/3/2020

From: Stuart Schillinger, Deputy City Manager

Subject: Request to begin the Process of Performing a Water and Sewer Rate Study

Community Goal/Result

Community Prudent

Safe Community

Ecological Sustainability

Purpose

Ensure the City's water and sewer rates reflect the full cost of providing clean water and effective wastewater disposal to the various users while encouraging conservation of resources.

Recommendation

Direct staff to begin the process of hiring a consultant to provide a water and sewer rate study and authorize the City Manager to sign an agreement up to \$65,000.

Background

The last rate study the City had performed was in 2000. The City hired FCSG and Carollo Engineers to complete a rate structure study and Capital Improvement Plan. The City has been working from this rate study for the last twenty years. The City has taken the rates recommended in the Plan and adopted them based on need. The last general rate increase went into effect in 2012. Additionally, the City has implemented one capital improvement charge to pay for bonds issued in 2015 and one drought reserve charge in 2019. The City has been able to keep operational rates constant due to an increased usage among users and the use of one-time revenue sources (i.e. Connection fees).

On July 29, 2020 The City Council's Infrastructure directed staff to bring this item to City Council with the potential cost for conducting the study.

Discussion

Since the study was completed in 2000, a number of major changes have taken place within Brisbane. The Northeast Ridge was completed, major water users have come into the City (commercial laundry, event rental businesses) and we have gone through a drought, which may have made major changes to how the water is used. Therefore, the assumptions the 2000 rate

study was based on may have changed. It would be a good time prior to the beginning of the Baylands Development or before other major developments are built to reset our rates, and rate structure by determining what portion of the rates is based on the distribution system and what is based on water usage. Also, a rate study would allow us to determine if there are other methods available for encouraging water conservation while keeping the system financially viable.

Staff discussed the study with one firm, which does these types of studies (NBS). Based on this conversation the potential cost of the project is \$65,000. The City will need to provide three years' worth of account usage and other relevant information to the firm. The reason for the longer-than-normal period of time is the recent decrease in water usage due to COVID 19 as well as ensuring some drought years are included. The study will provide City Council with information regarding the various types of users for water and wastewater, determine different types of rate structures that will allow for conservation and ensure there is enough revenue to cover expenses.

Fiscal Impact

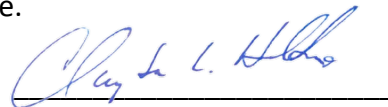
The cost of the study will be paid for from the Utility Fund. The Fund has enough money available to pay for the cost of this study as well as the other longer-term operational projects that are needed (e.g. Advanced Metering Infrastructure). This study will assist the City Council in determining if future operational or capital rate increases will need to be implemented.

Measure of Success

The City is able to provide clean-safe drinking water and effectively disposes of wastewater as economically as possible while being financially sustainable.

Stuart Schillinger

Stuart Schillinger, Deputy City Manager



Clay Holstine, City Manager