



Staff Report

December 5, 2022 Council Workshop Meeting

2023 Utility Rate Study Professional Services Agreement

Presenter: Steve Wall, Public Works Director

Time Estimate: 5 minutes

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BACKGROUND: The City Council has traditionally completed comprehensive utility rate studies for the Water, Sewer, Stormwater and Solid Waste utilities and adopted new rates on five-year intervals. The last comprehensive review and rate adoption was completed in 2018 and set the rates for the 2019 through 2023 timeframe.

SUMMARY: Staff requested that the City's utility financial consultant, FCS Group, provide a draft scope of work to complete a comprehensive utility rate analysis on the City's four separate utilities for the ensuing five-year period, or other such interval as directed by Council. The attached \$101,615 scope of work includes the completion of an analysis that includes review of the cost of service, projected revenue requirements, , and rate design for each utility to assist the City in setting rates to provide the desired levels of service.

EQUITY CONSIDERATIONS:

How will you ensure accountabilities, communicate, and evaluate results?

There will be multiple presentations to the City Council and information shared with the public throughout the rate review and update process. Ultimately, any proposed rate increases are presented to Council for their consideration of adoption.

Does this agenda item have a differential impact on underserved populations, people living with disabilities, and/or communities of color?

As part of this effort, staff will work with FCS Group to review opportunities for utility assistance for low-income households, seniors, and/or those with disabilities. If Council elects to adopt assistance provisions prior to completion of the utility rate analysis, staff will work with FCS Group to analyze the potential impacts to the revenue requirements and what, if anything, should be done with other rate classes to offset the potential impacts.

How does this item support a comprehensive plan goal, policy or other adopted resolution?

The rate analysis completed on the City's utilities ensures that there will be sufficient revenues to support operations, maintenance and capital needs of each utility through the planning horizon..

BUDGET IMPACT: The draft professional services agreement provided by FCS Group includes a total cost spread across the four distinct utilities of \$101,615. Of this amount, \$23,015, \$21,345, \$10,560, and \$25,650 will be directly allocated to the Water, Sewer, Stormwater, and Solid Waste utilities; respectively. The remaining \$21,045 will be spread out amongst the four utilities. There are sufficient funds in professional services in each of the Utilities' 2023 adopted budgets to complete this work.

RECOMMENDATION: Staff recommends this item be placed on the December 19, 2022 consent agenda for Council's consideration.