



ACTION ITEM REPORT

Item Title: Consideration and ACTION to approve rate structures for water and wastewater upgrades.

Recommendation:

With the new grant/loan for the wastewater lines and manhole upgrade project as well as ongoing increased costs, we need to increase rates for water and wastewater. The last time rates were increased was 2019. There was supposed to be additional increases in 2021, 2023 and 2025, but we have done a terrific job of being able to keep costs low to avoid the other rate increases.

Residential customers pay a higher percentage of revenue versus consumption than commercial and multi-family users so we have adjusted rates to even that out. This makes a very small increase to our residential customers and a larger increase to commercial and multi-family customers.

See attached documents for additional information that will be presented at the meeting. I have summarized rates below.

WATER:

Current Water Rates All Users Inside City:

\$25.09 Base includes up to 2,000 gallons

\$4.41 per 1,000 gallons – 2,000 to 10,000 gallons

\$4.56 per 1,000 gallons – 10,000 to 20,000 gallons

\$4.92 per 1,000 gallons – 20,00 to 40,000 gallons

\$5.34 per 1,000 gallons – 40,000 gallons and up

Rates for those outside city limits are increased by 25%.

Proposed Water Rates Residential:

\$25.50 Base includes up to 2,000 gallons

\$4.41 per 1,000 gallons – 2,000 to 10,000 gallons

\$4.75 per 1,000 gallons – 10,000 to 20,000 gallons

\$5.50 per 1,000 gallons – 20,00 to 40,000 gallons

\$6.25 per 1,000 gallons – 40,000 gallons and up

Rates for those outside city limits are increased by 25%.

Proposed Water Rates Commercial & Multi-Family (15% above residential):

\$29.33 Base includes up to 2,000 gallons

\$5.07 per 1,000 gallons – 2,000 to 10,000 gallons

\$5.46 per 1,000 gallons – 10,000 to 20,000 gallons

\$6.33 per 1,000 gallons – 20,00 to 40,000 gallons

\$7.19 per 1,000 gallons – 40,000 gallons and up

Rates for those outside city limits are increased by 25%.

The average residential customer uses 4,700 gallons per month. Their current bill is \$37.00 and under the proposed rates it would be \$37.41, an increase of \$0.41 per month or \$4.92 per year.

A residential customer using 20,000 gallons per month would currently pay \$105.97 and under the proposed rates it would be \$108.28, an increase of \$2.31 per month or \$278.72 per year.

The average commercial customer uses 6,900 gallons per month. Their current bill is \$46.70 and under the proposed rates it would be \$54.17, an increase of \$7.47 per month or \$89.64 per year.

A commercial customer using 20,000 gallons per month would currently pay \$105.97 and under the proposed rates it would be \$124.49, an increase of \$18.52 per month or \$222.24 per year.

If we would have increased rates according to the original plan in 2017, our base rate for water would now be \$30.67 instead of the proposed \$25.50 (\$5.17 lower) for residential and \$29.33 (\$1.34 lower) for Commercial & Multi-family. This confirms we have done a great job keeping costs down.

WASTEWATER:

Current Wastewater Rates All Users Inside City:

\$26.59 Base includes up to 2,000 gallons

\$4.43 per 1,000 gallons – 2,000 gallons and up

Rates for those outside city limits are increased by 25%.

Proposed Wastewater Rates Residential:

\$28.25 Base includes up to 2,000 gallons

\$4.60 per 1,000 gallons – 2,000 to 15,000 gallons

\$5.00 per 1,000 gallons – 15,000 gallons and up

Rates for those outside city limits are increased by 25%.

Proposed Wastewater Rates Commercial & Multi-Family (15% above residential):

\$32.49 Base includes up to 2,000 gallons

\$5.29 per 1,000 gallons – 2,000 to 15,000 gallons

\$5.75 per 1,000 gallons – 15,000 gallons and up

Rates for those outside city limits are increased by 25%.

The average residential customer uses 4,700 gallons per month. Their current bill is \$38.55 and under the proposed rates it would be \$40.67, an increase of \$2.12 per month or \$25.44 per year.

A residential customer using 20,000 gallons per month would currently pay \$106.33 and under the proposed rates it would be \$113.05, an increase of \$6.72 per month or \$80.64 per year.

The average commercial customer uses 6,900 gallons. Their current bill is \$38.55 and under the proposed rates it would be \$58.41, an increase of \$19.86 per month or \$238.32 per year.

A commercial customer using 20,000 gallons per month would currently pay \$106.33 and under the proposed rates it would be \$130.01, an increase of \$23.68 per month or \$284.16 per year.

If we would have increased rates according to the original plan in 2017, our base rate for wastewater would now be \$32.41 instead of the proposed \$28.25 (\$4.16 lower) for residential and the \$32.49 (only 8 cents higher) for Commercial & Multi-family.

Increasing prices are things we do not want to do but with rising costs over the last 6 years, we have done a phenomenal job in delaying increases to our users of these services but now must increase slightly to meet our responsibilities.

I recommend approval.