



**TOWN OF PALMER LAKE
BOARD OF TRUSTEES - AGENDA MEMO**

| | | |
|---|-----------------|---|
| DATE: January 12, 2023 | ITEM NO. | SUBJECT: Resolution to Modify the Water Tap Fee and Water Usage Rate to 7% (vs annually 3%) to get to Intended Rates |
| Presented by: Town Administrator /Clerk | | |

Background

As previously discussed at prior Board meetings (historical information included), in 2021, the Board was informed of rates not being increased appropriate pursuant to 2019 Resolutions – increase three water rates including tap fee, water usage and base rate annually in January by 3%.

Staff recommendation is to increase two rates, previously not raised, to 7% to get these to the intended level. These rates are reflected in the draft Master Fee Schedule for your consideration.

Water Analysis Work

With over a year of proper data of the water fund revenue, staff was directed last fall to move forward with an analysis of the water fund – revenue, rates, assets, and debt obligation. The individual with Rural Community Assistance Corp that staff initially secured to conduct the review at no charge is changing jobs. There is no timeline of a plan to rehire his position and Rural Community is scheduled out to the fall of 2023.

We sought other contacts from Rural Water, and obtained the following 2 options:

- Independently (Chris, CO) offered to conduct a comprehensive rate analysis (including asset planning) at not to exceed cost of \$10,000 within 5 months
- CRWA (Carl, MO – previously conducted rate analysis in 2018) offered to conduct rate analysis including capital improvements at cost of \$9,000 within six months

Staff is confident that Administration can absorb this cost and recommends keeping this effort moving forward. We request the Board’s support to initiate an agreement for services with one of the above to bring a completed analysis with recommendations to the Board for consideration on the water fund.

dc