



Request for City Council Committee Action From the Department of Public Works

Date: October 11, 2011

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **Ordinance Changes – Establishing the Ability to Implement Water Rates and Sewer Rates Based on Meter Size, Volume, Fixed Charges, or any Combination Thereof**

Recommendation:

Set a public hearing to be held on October 25, 2011

Previous Directives:

None

Prepared by: Lisa Cerney, P.E., Director, Surface Water and Sewers (673-3061)
Bernie Bullert, P.E., Director, Water Treatment and Distribution (673-2418)

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Lisa Cerney, P.E., Director, Surface Water and Sewers
Bernie Bullert, P.E., Director, Water Treatment and Distribution

Financial Impact

The proposed changes are intended to provide City Council the option of applying fixed charges to water rates and sewer rates.

Community Impact

Neighborhood Notification: Public input will be sought.

City Goals: Maintain the physical infrastructure to ensure a healthy, vital and safe city

Comprehensive Plan: Not Applicable

Zoning Code: Not Applicable

Background/Supporting Information

Public Works is recommending ordinance changes related to utility charges for water and sanitary services. The attached changes allow water and sewer charges to be determined by factoring meter size, volume of water used or sewage discharged, fixed charges or any combination thereof.

Costs for operating a water system and providing water are heavily weighted to fixed costs. Many of the fixed costs are related to assuring water is always available at every water service and every hydrant. Costs for operating a sewer system are also heavily weighted to fixed costs. Public Works staff worked with a consultant to evaluate the current water rates and sewer rates. The results were a recommendation to implement a fixed charge component to the rates in order to improve the alignment of revenue with expenses and to improve the stability of the funds. The goal of establishing the rates will

be to have the resulting revenue remain budget neutral and to have the implementation of the fixed charges be part of the City Council Budget process.

City Approval Steps

There are three key steps for utility fee change implementation:

- 1) City Council approves the necessary ordinance changes,
- 2) City Council sets the rate method and amount during the budget process, and
- 3) Finance and Public Works implement the rates based on the Council action.

The table below outlines the proposed activities, approvals, and schedules to allow the addition of fixed charges forward for consideration within the 2012 budgeting process.

The table below outlines the proposed activities, approvals, and schedules to allow the addition of fixed charges to move forward for consideration within the 2012 budgeting process.

Date		City Council Approvals	
<u>Notice and hearing for Ordinance Change</u>			
9-23-11		City Council Meeting - Introduction of subject matter of ordinance amendments and referral to T&PW	
10-11-11		T&PW - Set public hearing on ordinance change for 10-25-11	
10-25-11		T&PW - Hold Public Hearing for ordinance changes	
11-4-11		City Council Meeting – Approval of ordinance change. (Upon Mayoral approval, a summary of the ordinance is published in <i>Finance and Commerce</i> . The ordinance allowing the Council to establish a fixed charge becomes effective upon publication unless an effective date is stated in the ordinance.)	

Attachment: Proposed ordinance changes