



MAYOR & COUNCIL COMMUNICATION

DATE: December 15, 2015
CONSENT
ITEM #18
MOTION

AGENDA ITEM: Proposal to Reduce Water Rates effective 1/1/2016

SUBMITTED BY: Cathy Bendel, Finance Director

THROUGH: Cathy Bendel, Finance Director

REVIEWED BY: Finance Committee

SUGGESTED ORDER OF BUSINESS:

- Introduction of Item City Administrator
- Report/Presentation.....City Administrator
- Questions from Council to Staff Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion..... Mayor Facilitates

POLICY RECOMMENDER: Finance Committee, Interim City Administrator and Finance Director

FISCAL IMPACT: Estimated impact to the Water fund of \$75,000 - \$85,000

SUMMARY AND ACTION REQUESTED: A recommendation is being brought forward to reduce the residential water rates effective 1/1/2016. The commercial water rates will be reviewed at the Finance Committee meeting in January and any proposed changes will be made effective 1/1/2016.

BACKGROUND INFORMATION: At the October 20, 2015 City Council meeting, direction was given that the Finance Committee was to review the existing water rates for potential modifications and make a recommendation for the timing of implementation for the proposed changes.

STAFF REPORT:

After review of the current position of the existing operational water fund balance, and future funding requirements of the fund, the Finance Committee recommends a reduction in the residential water rates effective 1/1/16. The specific modifications to the tiered rates being recommended for the residential water rates are listed below.

The Finance Committee is recommending the following changes for residential water rates effective 1/1/2016:

	Current	Proposed
Base fee	\$25.00	\$20.00
0 – 15,000 gallons	\$2.14 per 1,000	\$2.00 per 1,000
15,001-30,000 gallons	\$2.86 per 1,000	\$2.60 per 1,000
30,001-50,000 gallons	\$3.77 per 1,000	\$3.38 per 1,000
50,001-80,000 gallons	\$5.00 per 1,000	\$4.39 per 1,000
80,001 +	\$6.63 per 1,000	\$5.71 per 1,000

The Finance Committee plans to bring a recommendation related to the Commercial water rates in January after review by the Finance Committee at the next meeting in January. Those recommendations will then be brought to Council to be effective 1/1/16 on the first quarter 2016 water bills.

RECOMMENDATION: Based on the aforementioned, the Finance Committee and staff recommend the City Council approve the tier modifications presented above related to the residential water rates for adoption with the 2016 fee sheet.

ATTACHMENT:

None