

Agenda Item: 4.a

Meeting Date: November 17, 2020

MEMORANDUM

To: City Commission

Date: 2020-11-10

From: Jorge Quintas, Public Works & Utilities Director/Engineer

Subject: Water and Sanitary Sewer Rate Study

Presenter(s): Paul Stanek, Assistant Public Works & Utilities Director

Recommend: Provide direction for staff regarding Water and Sewer rates

Epic Goal(s): 4. Be the statewide model for environmental sustainability stewardship.

Boards & Committees: The Water & Sewer Rate Study was presented to the Board of Finance during their October 21, 2020 meeting.

Budget Impact: Per Discussion

Past Action: None

Next Action: At the Commission's direction, conduct two public hearings to revise the Water and Sewer rate and fee structures

Attachments: [A. Water & Sewer and Solid Waste Rate Study Presentation.pdf](#), [B. Water & Sewer Rate Sufficiency Analysis - Draft Report.pdf](#),

Background: The City engaged Stantec Consulting Services, Inc. (Stantec) formerly Burton and Associates, to update the City's Water and Sewer System Financial Management Plan. As the City continues to follow the Utilities Master Plan originally presented to the Commission in 2015, additional revenue will be needed to fund the new/replacement infrastructure, maintain existing operations and reserves, and to provide for the overall future fiscal health of

the utility fund. Utilizing low State Revolving Fund (SRF) interest rates, we look to inter-generationally finance major portions of the identified Master Plan capital expenses, while maintaining modest water and sewer rates and excellent water and sewer services.

Stantec virtually presented the five year (FY2021-FY2025) Water & Sewer Revenue Sufficiency Analysis (RAS) to the Board of Finance (BOF) during their October 21, 2020 meeting. The presentation included all of the information provided herein, including multiple rate scenarios. The BOF discussed the different aspects of the financial management plan and provided consensus support for the Scenario 1 rate adjustment option.

In addition to the RAS, a comparison survey of comparable utilities is included in the study, along with the changes to the typical residential utility bill for each scenario and each fiscal year of the multiyear plan.

The plan as presented, identifies the level of annual rate revenue (and rate adjustments) required over the near-term planning period (FY 2021 – FY 2025) and provides recommendations for the long-term forecast period (FY 2021 – FY 2030) to meet all identified financial requirements.