FY24 Water Fees Changes

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Water Resources Summary

- Challenging to maintain current level of service without recommended fee increases.
- Difficult for staff to assess impact of substantial changes to rates and structure.
- Additional fee adjustments can be made before the next budget development cycle.

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Recommended Water Fee Changes

- An increase in base fees charged to customers according to meter size.
- An increase in consumption fees charged to customers based on the volume of water used.
- An increase in hydrant meter rental deposits.
- An increase in the billing charge for MSD.

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Household Impact

Impact of fee changes on typical household.

Fee	Bi-Monthly Bill Increase	Annual Increase
Solid Waste	$ 2.00	$ 12.00
Stormwater (Tier 2)	$ 1.76	$ 10.58
Water (6 CCFs/month)	$ 7.13	$ 42.78
Total	**$ 10.89**	**$ 65.36**

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Water Fund FY24 Expense Summary

Item	Estimated Cost
Base Budget	$ 41,650,000
Proposed Salary Changes	$ 699,000
Service Enhancements	$ 1,119,000
Total	**$ 43,468,000**

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Planned Service Enhancements

- Additional maintenance crew.
- Staffing to enhance night coverage at water treatment plants.
- Staffing to improve critical communication and customer engagement.
- Customer service staff to support meter project transition.
- Continue to recover lost revenue from loss of capital fee in FY19-20.
- **Estimated Total: $1,119,000.**

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Water Resources Revenue Options

Rate Options Revenue	Est. FY24
No Change	$ 40,347,000
Freeze Residential	$ 41,458,000
Recommended Increase	$ 44,006,000
Expenses	
Base + Comp. Adjustments	$ 42,349,000
Service Enhancements	$ 1,119,000
Total Expenses	**$ 43,468,000**

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Rate Model Study/Update

Scope

- Define cost of service by functional area (e.g., production, distribution).
- Assess rate structure and make recommendations for an equitable and functional rate model.
- Incorporate changes into updated financial planning model.

Timeline

- Anticipated study completion of fall 2023.

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Impact on Long Term Needs & Debt

- Continued capital investment in water infrastructure is critical to maintaining the production and distribution systems.
- Water debt rating reliant on sound financial planning.
- Likely to issue debt for meter project in FY24, which will require LGC approval.

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Requested Action

Adoption of an ordinance establishing FY 2023-24 fees and charges for the Water Resources Department as recommended.

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Questions/Discussion

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