

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	March 21, 2016
	<b>Agenda Item No.</b>	<b>40</b>
	<b>Roll Call No.</b>	<b><u>16-492</u></b>
	<b>Communication No.</b>	<b><u>16-134</u></b>
	<b>Submitted by:</b>	<b>Dan E. Ritter, Finance Director</b>

**AGENDA HEADING:**

Amending the Municipal Code Section 118 relating to the volume charge for sewer services and the ERU rate to be applied to residential and nonresidential properties (Sanitary and Stormwater Utility rate increases) and eliminating a publication of notice requirement for Stormwater rate changes.

**SYNOPSIS:**

Recommend approval of amending the Municipal Code Sections 118-149, relating to the annual increases to sanitary sewer volume charges for sewer services by 5% effective on July 1, 2016; July 1, 2017; and July 1, 2018, and recommend approval of amending the Municipal Code Sections 118-275, relating to the annual increases to the Stormwater Utility ERU rate to be applied to residential and nonresidential properties by 5% effective on July 1, 2016; July 1, 2017; and July 1, 2018, and eliminate a publication of notice requirement for Stormwater rate changes.

**FISCAL IMPACT:**

Amount: The sanitary sewer volume charge rates are proposed to increase annually by 5% beginning July 1, 2016, for three (3) years. The stormwater ERU rates are proposed to increase annually by 5% beginning July 1, 2016, for three (3) years. Proposed rates and estimated annual revenue increases follow:

	<u>Sanitary Sewer Fees</u>		Estimated
	<u>Volume Charge per 1,000 gallons</u>	<u>Monthly Service Charge</u>	<u>Revenue Increase*</u>
Current Rates	\$6.28	\$4.40	
Proposed change on:			
7/1/2016	\$6.59	\$4.40	\$1,733,000
7/1/2017	\$6.92	\$4.40	\$1,834,000
7/1/2018	\$7.27	\$4.40	\$1,925,000

\*Assumes annual water volume use remains the same each year.

	<u>Stormwater Utility Fees</u>	<u>Estimated Revenue Increase</u>
Current	<u>ERU</u> \$10.95	
Proposed change on:		
7/1/2016	\$11.50	\$1,046,000
7/1/2017	\$12.07	\$1,099,000
7/1/2018	\$12.68	\$1,154,000

Funding Source: Revenues will be deposited in the appropriate storm and sanitary sewer funds accounts for use on operations and capital projects per the budget plan.

#### **ADDITIONAL INFORMATION:**

- At the December 7, 2015 Council workshop, staff presented an update on the operating and capital improvement plans for the stormwater and the sanitary sewer systems.
- Fee increases are needed in the Sanitary Sewer Fund to meet the requirements of the Long Term Control Plan addressing combined sewer overflows, increasing operating and maintenance expenses, and to continue sewer lining projects which extend the life of infrastructure.
- Fee increases are needed in the Stormwater Utility Fund to provide for required levee improvements for protection of life and property, increasing operating and maintenance expenses, and contributing to the separation of the storm and sanitary sewer system.
- Changes to Stormwater Utility Sec. 118-275 (d), (e), and (f) are proposed to eliminate language which is not consistent with the sanitary sewer Code sections and other enterprise funds. The language to be deleted was a result of a new enterprise fund being established 20 years ago, but is not necessary as all practices, policies, and accounting have always been in place for all funds. The primary change is to eliminate the requirement unique to Stormwater charges that calls for a notice of rate changes to be published in a newspaper. Even with this change Council will still receive notice during workshops and public meetings on the budget, and Stormwater rate changes will continue to be done by ordinance amendment.

#### **PREVIOUS COUNCIL ACTION(S):**

Date: March 26, 2012

Roll Call Number: [12-0473](#) and [12-0474](#)

Action: [Amending](#) Chapter 118 of the Municipal Code regarding volume charge and customer service charge for sewer services and the ERU rate to be applied to residential and nonresidential properties (sanitary sewer and storm sewer rate increases). ([Council Communication No. 12-141](#)) Moved by Hensley that this ordinance be considered and given second vote for passage. Motion Carried 7-0.

- (A) [Final](#) consideration of ordinance above (waiver requested by Finance Department), requires six votes. Moved by Hensley that the rule requiring that an ordinance must be considered and voted on for passage at two Council meetings prior to the meeting at which it is to be finally passed be suspended, that the ordinance be placed upon its final passage and that the ordinance do now pass, [#15,095](#). Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Second and third readings of the ordinance.

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