



2013 Utility Rates Water, Sanitary Sewer, Storm Water



Prepared by City Staff and Ehlers
For
October 1, 2012 Council Work Session

Summary of Rate Study

- **No increase** to water, sewer or storm water monthly rates in 2013.
- Third year in a row of no water and sewer rate increases.
- Total water and sewer connection fees increase less than 1%.

Key Assumptions

- New residential development:
 - 45 REU's in 2013
 - 20 REU's in 2014
 - 20 REU's in 2015
 - 120 REU's in 2016
 - 80-90 units in 2017 and beyond

- Commercial growth assumes new “big box” in 2016 and 2019.



Key Assumptions

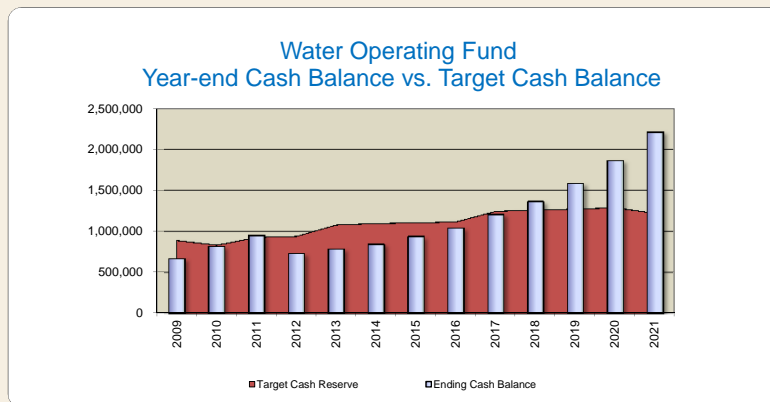
- Capital improvements delayed based on growth
 - 2nd Water Treatment Plant built after 2023
 - New well in 2016
 - Trunk extensions and lift stations

Proposed Water Rates

Monthly Usage	2011	2012	2013	2014
Tier 1: up to 20,000 gallons	\$4.93	\$4.93	\$4.93	\$4.98
Tier 2: over 20,000 gallons	\$7.40	\$7.40	\$7.40	\$7.47

- No rate increase in 2013
- 1% increase proposed in 2014 and every other year thereafter

Water Operating Fund

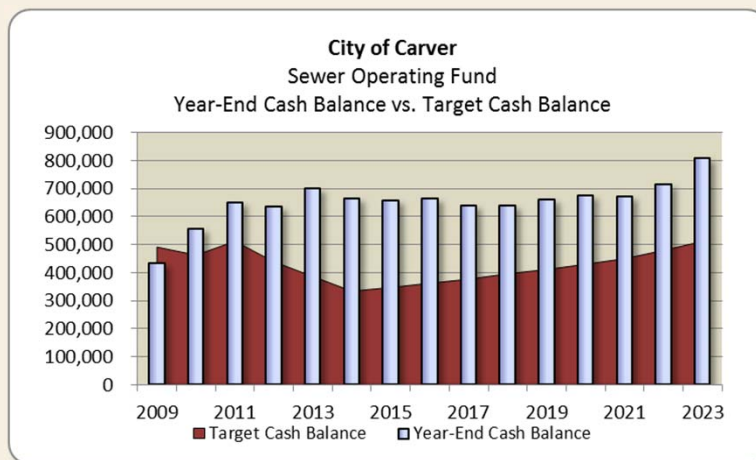


- Target cash reserve equals next year's debt plus operating expenses
- Annual debt is \$590,000

Proposed Sewer Rates

- No rate increases for 2012, 2013, or 2014
- Current rate is \$5.62 per thousand gallons
- 1% rate increase in 2015 and every other year thereafter
- Evaluate rates after more experience with MCES

Sewer Operating Fund

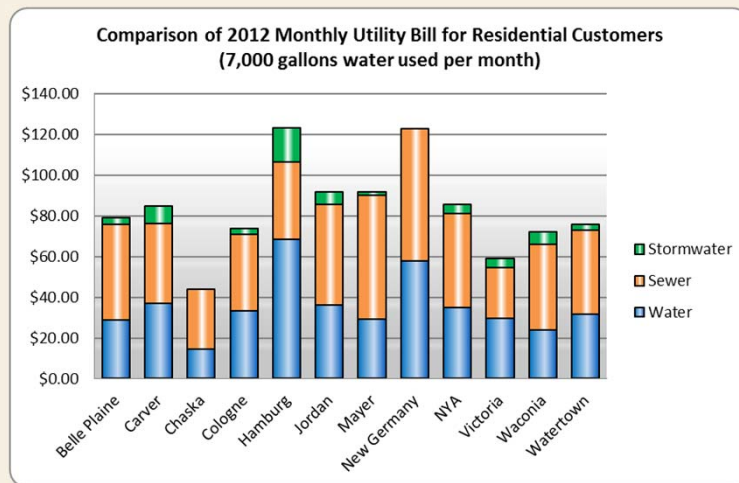


Proposed Storm Water Rates

- No increase projected in 2013 or beyond
- 2012 residential rate is \$8.52 per month
- All storm water operating costs paid for by storm water fund (not general fund)
- Capital improvements may be needed to meet clean water standards, and may affect future rates



Utility Fee Comparison



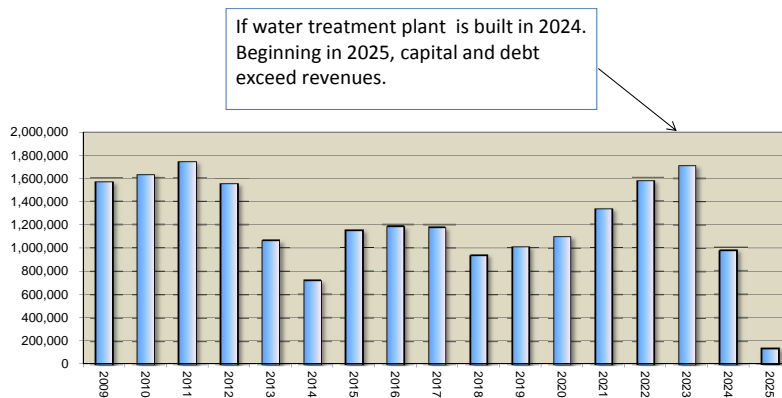
Connection Fees

	2012	2013
Water Connection Fee	\$6,076	\$6,137
City Sewer Connection Fee	\$2,000	\$1,900
Total Connection Fees	\$8,076	\$8,037

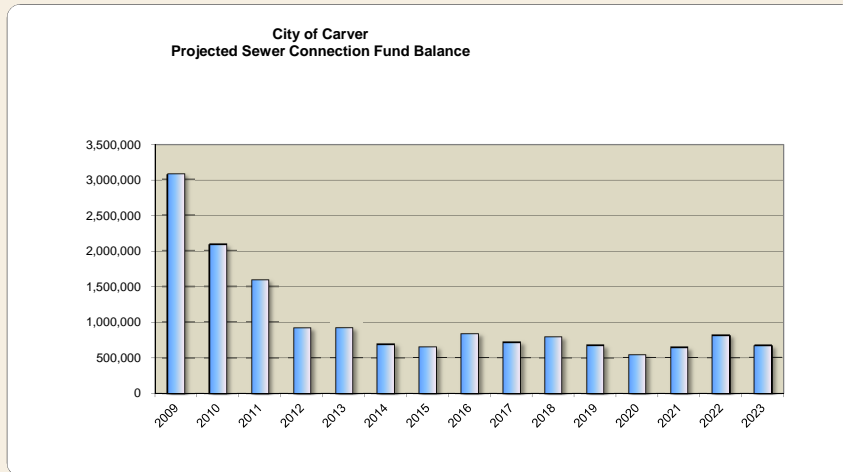
- Together, city water and sewer connection fees will go down \$40

Building Financial Capacity to Expand Water System

Projected Water Connection Fund Cash Balances



Prudent Reserves for Sewer System



2012 Utility Rates and Connection Fees

Questions and Discussion