



Legislation Text

File #: 18-807, **Version:** 1

Subject:

Public Hearing for FY2018-19 Water and Sewer Rates

EXPLANATION AND SUMMARY :

In FY 2017-18, the Town selected Municipal & Financial Services Group (MFSG), under RPF 18-04, to perform a Water and Sewer Rate study. Goals of the study were to keep the system self-supporting, provide reserves for contingencies and required capital improvements, and keep water and sewer rates as low as possible over time. Additionally, the Town was able to benefit from MFSG's 40 years of experience and familiarity with the American Water Works Association's (AWWA) best practices.

MFSG's report focused on two critical components: properly addressing water and sewer infrastructure needs and providing rates that could cover increasing sewer costs. Additionally, the Town wanted to continue the block rate structure to encourage conservation.

A summary of key recommendations are as follows:

- maintain a minimum of 90 days of operating expenditures in cash
- use AWWA suggested equivalents for quarterly flat charges based on meter size for commercial customers (While residential service charges will increase, it will be under \$3 a quarter in 2019. Commercial customers will see a bigger increase.)
- realign residential and commercial tiers so that about 50% of customers are at tier 1 rates, 30% fall into tier 2 rates for the excess over tier 1, and the remaining 20% fall into tier 3 rates for the excess over tiers 1 and 2 - another AWWA best practice. (For residential customers, this lowers tier limits. For commercial customers, it raises tier limits. This change benefits residential customers who use less than 16,000 gallons quarterly [the former tier 1 cutoff] as they will pay a lower rate for the first tier.)
- new proposed rates show a 3.5% increase in water rates and a 10% increase in sewer rates; service charges go up by 10% to 15% annually, mainly from commercial customers. (The industry standard goal for service charges is to have flat rates cover close to 15% of revenue, up from 7.7% currently.

The average residential customer will see an increase of \$13.61 a quarter in FY2018-19, or \$54.44 annually. The Town intends to review the financial health of the fund each year and to follow the plan suggested by MFSG for the next five years, adjusting rates annually as necessary.

The rate study with these recommendations is attached. Also attached are changes to the schedule of public works fees, Chapter 1, Section 1-13 of the Code of Vienna, for water and sewer developer fees.

A public hearing is scheduled to provide Town residents with an opportunity to voice comments concerning water and sewer rates.

Departmental Recommendation : The Finance Department recommends a public hearing.

Finance Recommendation : The Finance Department recommends a public hearing.

Purchasing Recommendation : N/A

Town Attorney Recommendation : Pursuant to State and Town Codes, the Town Attorney recommends a public hearing be conducted on the proposed FY2018-19 water and sewer rates.

Town Manager's Recommendation : I recommend the Town Council approve water and sewer rates and public works fees for fiscal year 2018-2019 as presented.

Cost and Financing: Revenue recommendation. Capital costs to increase in the future.

Account Number: various

Decision Needed by This date: April 9, 2018

PROPOSED/SUGGESTED MOTION

"I move to close the public hearing."

And

"I further move to approve water and sewer rates and public works fees for FY2018-19 as presented.

And I further move that the Town Clerk be directed to advertise a Notice of Intent to Adopt water and sewer rates and public works fees for Fiscal Year 2018-19 at the May 7, 2018 Town Council meeting."

Or

Other action deemed necessary by Council.