

**Metropolitan Domestic Water Improvement District
Board of Directors Study Session**

March 26, 2018

**Discussion of Proposed Adjustment of Rates & Fees
and Scheduling a Public Hearing**

Synopsis

The Board of Directors is requested to discuss the proposed adjustment of rates and fees and schedule a public hearing to consider adjusting the rate structure.

Proposed Adjustment of Rates & Fees Overview

Water Rates and Fees are presented with a requested change to the block structure with tier one starting at 3001 gallons and ending at 8,000 gallons, which is near the average customer usage. The rate for this tier would not change. In addition to the block changes to tiers two, three, and four, the rates for these tiers would increase five cents, ten cents, and fifteen cents respectively for all service areas except for Lazy B, which has only one consumption tier. In addition, proposed changes include an adjustment to the four-inch and six-inch meter equivalency based upon the 2017 American Water Works Association (AWWA) Manual of Water Supply Practices – M1. The changes discussed so far would not affect the water and service costs for an average customer.

The Water Resource Utilization Fee is currently 50¢ per 1,000 gallons of water and the proposed rate change would increase the rate to 60¢ per 1,000 gallons of water costing the average customer 80¢ more each month.

The monthly fee for Private Fire Service Lines was calculated using a 1” meter equivalent rate. The attached rate and fee schedules include the results of this calculation for the monthly fee. The costs associated with establishing a new customer account have been calculated and staff are proposing a fee increase from \$15 to \$30 to cover the actual cost of services provided when establishing a new customer.

The proposal includes adding the words “property damage” to the Illegal or Unauthorized Use of Water section to cover the assessments when customers damage District infrastructure.

In order to cover the costs of services staff are proposing a revision to the Backflow Inspection Fee, from the current \$95 to the proposed rate of \$110.

The Plan Review Fees have been recalculated and a proposed Master Plan Review Fee has been added to cover the cost of services provided. A copy of a revised fee sheet has been included for your review.

The revenue section is based upon the requested rate changes shown on the rate schedules provided with the FOC meeting materials. With the proposed changes, the District would continue to maintain revenue stability with fixed revenue coverage of 90% of the District's fixed costs.

Finance Oversight Committee

At the March 14, 2018 meeting, the Finance Oversight Committee discussed with staff and voted 6-0 to recommend the Board of Directors approve the requested changes to the rates and fee structures effective July 1, 2018 for Fiscal Year 2019.

Scheduling a Public Hearing

It is recommended that the Board of Directors discuss with staff the proposed rate and fee adjustments as recommended by the Finance Oversight Committee.

It is also recommended that the Board schedule a rate hearing for Monday, May 14, 2018 at 5:30 p.m. At the rate hearing, the Board would consider rate adjustments as described in this report. Any changes to the rate structure would be effective July 1, 2018.

It is further recommended that an insert be sent to customers outlining the proposed adjustments to the rate and fees specific to their service area.

Recommended Motion

I move to schedule a public hearing for May 14, 2018 at 5:30 p.m. for the purpose of discussing and possible adoption of an adjustment to the District's water rates and fees as discussed.

Respectfully submitted,

Diane Bracken, M.Adm.
Chief Financial Officer

I concur with the recommendation.
Respectfully submitted,

Joseph Olsen, P.E.
General Manager