

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**May 14, 2018**

**Resolution 2018-1  
Proposed Adjustments to Rates and Fees**

**Synopsis**

The Board of Directors is requested to review the information presented by staff at the public hearing and consider comments from the public regarding the proposed rate and fee adjustments before taking possible action to adopt Resolution 2018-1.

**Background**

At its March 14, 2018 meeting, the Finance Oversight Committee voted 6-0 to recommend the Board of Directors adopt the proposed adjustments to the rate structure, building on prior years' balancing of the rate structure to cover fixed costs. Included in the proposed rate schedules are adjustments to the water consumption charges, water resource utilization fee, initial connection fee, plan review fees, backflow inspection fees, and private fire service line monthly fee, as presented by staff.

At the March 26, 2018 study session, the Board of Directors approved the scheduling of a public hearing on May 14, 2018 for the purpose of discussing and possibly adopting adjustments to the District's rate schedules as had been recommended by the Finance Oversight Committee and discussed by the Board at the study session.

The District has taken the necessary steps to restructure rates to ensure continued revenue stability. The goal was that once this stable financial foundation was achieved that future rate increases would be smaller than without revenue stability and would be predominately related to the District's fixed and inflationary costs, which are outside of the District's control.

**Information Meeting Held on May 8, 2018**

A public Information Meeting was held on Tuesday, May 8, 2018 to give the public a preview of the proposed adjustments to the rates and fees, as well as provide an opportunity for customers to ask questions about their water district in an informal setting. Customers who attended had positive comments about the proposed financial plan and had a couple of questions.

## **Public Hearing**

At the public hearing, staff will provide an overview of the proposed adjustments and then the public will have an opportunity to comment. The Board will then be able to discuss the proposed adjustments to rates and fees and determine whether to approve it or not. If approved, the adjustments will become effective July 1, 2018.

Inserts outlining the proposed rate and the fee adjustments for each service area were sent to all customers to invite them to the May 14, 2018 hearing. The insert described the proposed rate schedule for their area. All required notices for the May 14, 2018 public hearing have taken place.

## **Proposed Rate Adjustment to Balance the Rate Structure**

The revenue stability initiative was so successful that last year there was a 0% increase in water rates. The proposed rate increase for the Board of Directors to consider is less than 80 cents for the average water customer, or 1.59%.

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 District average 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 all of the cost of services provided. A copy of a revised fee sheet has been included for your review.

**Staff Recommendation**

It is recommended that Board Members discuss with staff the proposed rate and fee adjustments and then consider any comments that the public may present at the public hearing.

After discussing the rate and fee adjustments, it is recommended that the Board of Directors approve Resolution 2018-1, which would put in effect the proposed rates and fees as presented to be effective July 1, 2018.

**Suggested Motion**

I move to approve and adopt Resolution 2018-1 to make adjustments to the established water rates and fees effective July 1, 2018.

Respectfully submitted,

Joseph Olsen, P.E.  
General Manager