



# City of Grand Island

Tuesday, September 14, 2004

Council Session

## Item F5

**#8935 - Consideration of Water Rate Change**

Staff Contact: Gary R. Mader

# **Council Agenda Memo**

**From:** Gary R. Mader, Utilities Director

**Meeting:** September 14, 2004

**Subject:** Water Rate Change

**Item #'s:** F-5

**Presenter(s):** Gary R. Mader, Utilities Director

## **Background**

The Water Department last had a rate increase in 1994. Over that 10 year period, the system has grown from 222 miles of pipe to 255 miles of pipe, an increase of 15%, and the pressures to continue to expand the system are expected to continue. Over the last 10 years the inflation rate has been relatively low, but expenses have steadily increased as the price of materials, labor and power have increased and are projected to continue to do so.

## **Discussion**

In order to meet increasing costs and maintain the financial position of the Water Department to meet growth, sometimes on an emergency basis as in the Mary Lane area, the Utilities Department proposes a rate increase. A 2% rate increase is included in the '04 – '05 Water Department budget. The table below provides a comparison of the present and proposed rate schedule.

MONTHLY BILLING RATES		
	PRESENT RATE Per 100 cu. Ft.	PROPOSED RATE 2% Increase
First 500	\$ 1.255	\$1.282
Next 500	\$ 0.500	\$0.510
Next 3,000	\$ 0.492	\$0.502
Next 6,000	\$ 0.440	\$0.449
Next 90,000	\$ 0.384	\$0.392
Next 100,000	\$ 0.308	\$0.314
Over 200,000	\$ 0.271	\$0.276
Monthly Minimum (500 Cu. Ft.)	\$ 6.28	\$ 6.41

You will note that the percentage change in each rate block varies somewhat from an even 2%. That is due to rounding of the computations.

For comparison, a residential customer using 10,000 gallons of water in a month will see their bill for water increase from \$10.41 to \$10.63.

It is proposed that the new rate schedule go into effect October 1, 2004; which means billings under the new rate would commence in November, 2004.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the rate increase.
2. Deny the rate increase.
3. Modify the rates.
4. Table the issue.

### **Recommendation**

City Administration recommends that the Council approve the rate increase.

### **Sample Motion**

I move to approve the new Water Rate Schedule with an effective date of October 1, 2004.

ORDINANCE NO. 8935

An ordinance to amend Chapter 35 of the Grand Island City Code; to amend Section 35-30 pertaining to an increase in the water rate schedule; to repeal Section 35-30 as now existing, and any ordinance or parts of ordinances in conflict herewith; and to provide for publication and the effective date of this ordinance.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. Section 35-30 of the Grand Island City Code is hereby amended to read as follows:

**§35-30. Schedule of Rates**

The rate to be charged for water furnished shall be as follows:

Monthly Billings	
Cubic feet per month	Rate per 100 cubic feet
First 500.....	<u>\$1.282</u>
	<del>\$1.255</del>
Next 500.....	<u>0.510</u>
	<del>0.500</del>
Next 3,000.....	<u>0.502</u>
	<del>0.492</del>
Next 6,000.....	<u>0.449</u>
	<del>0.440</del>
Next 90,000.....	<u>0.392</u>
	<del>0.384</del>
Next 100,000.....	<u>0.314</u>
	<del>0.308</del>
Over 200,000.....	<u>0.276</u>
	<del>0.271</del>
Monthly Minimum (500 cu.ft.).....	<u>6.41</u>
	<del>6.28*</del>

\*Plus a customer charge of \$0.30 per month for unfunded federal mandates for the Clean Water Act and the City's backflow program, in addition to the regular rates charged for water furnished to the customer.

SECTION 2. Section 35-30 as now existing, and any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

ORDINANCE NO. 8935 (Cont.)

SECTION 3. That this ordinance shall be in force and take effect from and after its passage and publication, within fifteen days in one issue of the Grand Island Independent as provided by law.

Enacted: September 14, 2004.

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Jay Vavricek, Mayor

Attest:

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RaNae Edwards, City Clerk