



City of Grand Island

Tuesday, July 12, 2005

Council Session

Item F4

#8987 - Consideration of Proposed Water Rate Increase (Proposal A, B, or C)

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary R. Mader, Utilities Director

Meeting: July 12, 2005

Subject: Proposed Water Rate Increase

Item #'s: F-4

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

Background

Council considered the need to increase Water Department revenue at two Study Sessions, during which a variety of rate structure alternatives were considered. After evaluation, Council directed staff to prepare ordinances for implementation for two rate structures for consideration at the July 12, 2005 Council Meeting. Subsequent to the last Study Session, Council Member Nickerson requested that a third option be added.

Discussion

The three rate structures to be considered are:

- A) Add \$0.05 to each rate block up to 1500 cubic feet per month consumption and then adjust all remaining rate blocks to provide an increase in revenue equal to adding \$0.10 to each rate block. In previous discussions, this structure was referred to as Council #2.
- B) Apply a 18% increase to all existing rate blocks, which will produce revenue approximately equal to the other rate structures considered. In previous discussions, this structure was referred to as Council #3.
- C) Add \$0.10 to each rate block of the existing rate structure. In previous discussion, this structure was referred to as GIUD Proposed.

Each of the rate structures will provide sufficient revenue to meet the Water Department's immediate needs.

Attachments:

- #1 Rate Structures A, B, & C
- #2 Tabulation of cost comparisons of each of the three rate structures being considered.

Alternatives

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

1. Move to approve one of the three ordinances
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the GIUD Proposed rate structure. However, either of the other two rate structures being considered will provide equivalent revenue.

Sample Motion

Motion to approve one of the Water Rate Structures.

Attachment #1

Rate Structures A, B & C				
Rate per 100 cubic feet				
Cubic feet per month		A Council #2	B Council #3	C GIUD Proposed
First	500	1.332	1.513	1.382
Next	500	0.560	0.602	0.610
Next	500	0.552		
Next	2,500	0.625		
Next	3,000		0.592	0.602
Next	6,000	0.572	0.530	0.549
Next	90,000	0.515	0.463	0.492
Next	100,000	0.437	0.371	0.414
Over	200,000	0.399	0.326	0.376
Monthly Minimum	(500 Cu.Ft.)	6.660	7.570	6.910

Attachment #2

Consumption Level	A (Council #2)	B (Council #3)	C (GIUD)	Current
1,500	\$12.52	\$13.84	\$13.27	\$11.77
50,000	\$268.47	\$245.64	\$258.06	\$208.06
1,500,000	\$6,149.97	\$5,086.14	\$5,806.06	\$4,306.06
6,000,000	\$24,104.97	\$19,756.14	\$22,726.06	\$16,726.06

ORDINANCE NO. 8987 [Proposal "A"]

An ordinance to amend Chapter 35 of the Grand Island City Code; to amend Section 35-20 pertaining to water rates; to repeal Section 35-20 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 35-20 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>\$1.332</u>
	\$1.282
Next 500.....	<u>0.560</u>
	0.510
Next 500.....	<u>0.552</u>
Next <u>2,500</u> 3,000	<u>0.625</u>
	0.502
Next 6,000.....	<u>0.572</u>
	0.449
Next 90,000.....	<u>0.515</u>
	0.392
Next 100,000.....	<u>0.437</u>
	0.314
Over 200,000.....	<u>0.399</u>
	0.276
Monthly Minimum (500 cu.ft.).....	<u>6.660</u>
	6.41*

*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 35-20 as now existing, and any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

Approved as to Form	<input checked="" type="checkbox"/> _____
July 7, 2005	<input checked="" type="checkbox"/> City Attorney

ORDINANCE NO. 8987 (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: July 12, 2005.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

ORDINANCE NO. 8987 [Proposal "B"]

An ordinance to amend Chapter 35 of the Grand Island City Code; to amend Section 35-20 pertaining to water rates; to repeal Section 35-20 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 35-20 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>\$1.513</u>
	\$1.282
Next 500.....	<u>0.602</u>
	0.510
Next 3,000.....	<u>0.592</u>
	0.502
Next 6,000.....	<u>0.530</u>
	0.449
Next 90,000.....	<u>0.463</u>
	0.392
Next 100,000.....	<u>0.371</u>
	0.314
Over 200,000.....	<u>0.326</u>
	0.276
Monthly Minimum (500 cu.ft.).....	<u>7.57</u>
	6.41*

*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.

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July 7, 2005	<input checked="" type="checkbox"/> City Attorney

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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: July 12, 2005.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

ORDINANCE NO. 8987 [Proposal "C"]

An ordinance to amend Chapter 35 of the Grand Island City Code; to amend Section 35-20 pertaining to water rates; to repeal Section 35-20 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 35-20 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>\$1.382</u>
	\$1.282
Next 500.....	<u>0.610</u>
	0.510
Next 3,000.....	<u>0.602</u>
	0.502
Next 6,000.....	<u>0.549</u>
	0.449
Next 90,000.....	<u>0.492</u>
	0.392
Next 100,000.....	<u>0.414</u>
	0.314
Over 200,000.....	<u>0.376</u>
	0.276
Monthly Minimum (500 cu.ft.).....	<u>6.910</u>
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SECTION 2. Section 35-20 as now existing, and any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

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ORDINANCE NO. 8987 (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.

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