



City of Grand Island

Tuesday, August 22, 2006

Council Session

Item F4

**#9065 - Consideration of Amending Chapter 35 of the City Code -
Water Rate**

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary R. Mader, Utilities Director

Meeting: August 22, 2006

Subject: Consideration of Amending Chapter 35 of the City Code, Water Rate

Item #'s: F-4

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

Background

Like the Electric Utility, the Water Department has seen unusually steep increases in the costs of materials over the last year. This increase is reflective of the world wide increases in metal materials and energy dependent industries. Additionally the Water Department continues to see substantial pressure to expand the distribution system to meet the growth needs of the City for a potable water supply and fire protection, and continued pressure for expansion into already developed areas that historically have not had city water supply. In order to continue to meet the needs of the community, the Department will be required to continue to purchase the materials required for expansion and will need to meet the expenses of increasing power costs.

Discussion

Costs of the materials necessary for the expansion, maintenance and operation of the water system have increased steeply. Valves, fire hydrants, pipe, fittings and other materials have generally increased in just the last year by amounts ranging from 35% to 90%. The '06 - '07 Water Department budget includes a rate increase to compensate for these increased costs. The proposed change is 12 cents per billing unit (100 cu.ft.). With that change the minimum bill at 500 cu.ft. would increase 60¢ per month.

Attached are copies of the presentation anticipated for the proposed increase and rate comparison data for other Nebraska cities. Even with the proposed increase, Grand Island water rates remain well below others in the state.

Alternatives

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

1. Move to approve
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 Ordinance No. 9065 be approved to increase water rates by 12 cents per 100 cu.ft. in all rate blocks.

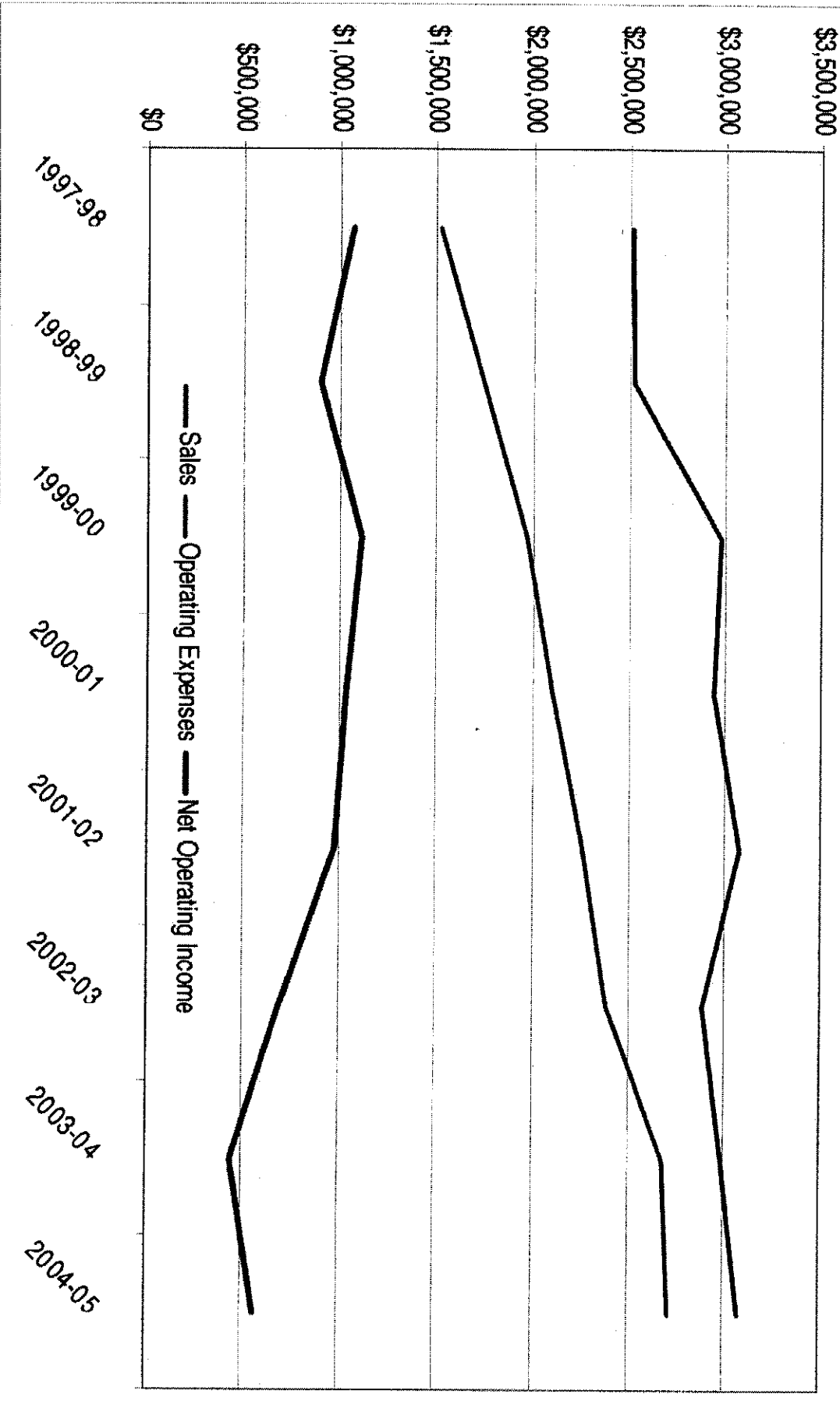
Sample Motion

Motion to approve Ordinance No.9065.

Proposed Water

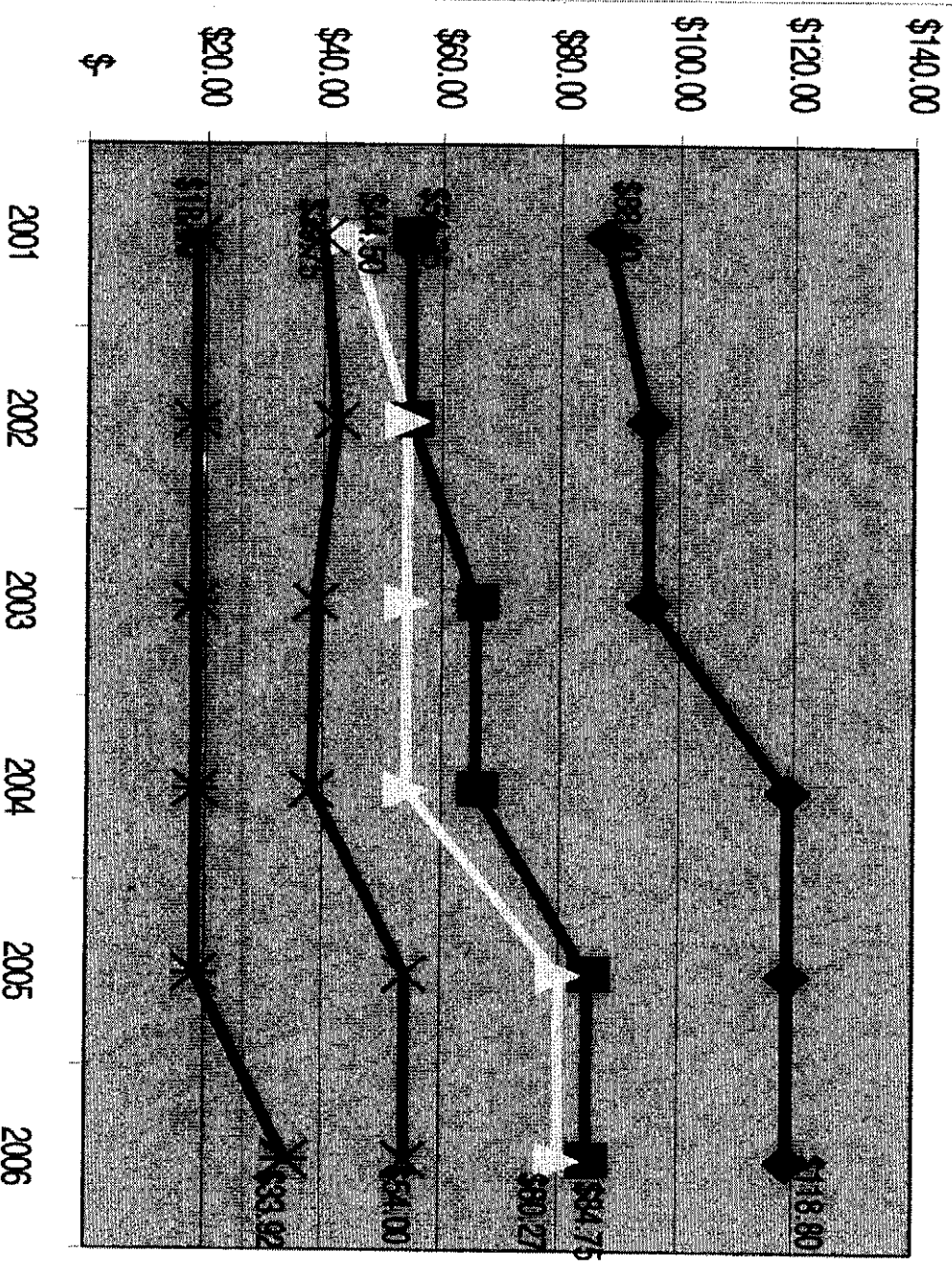
Rate Adjustment

Water Department Net Operating Income



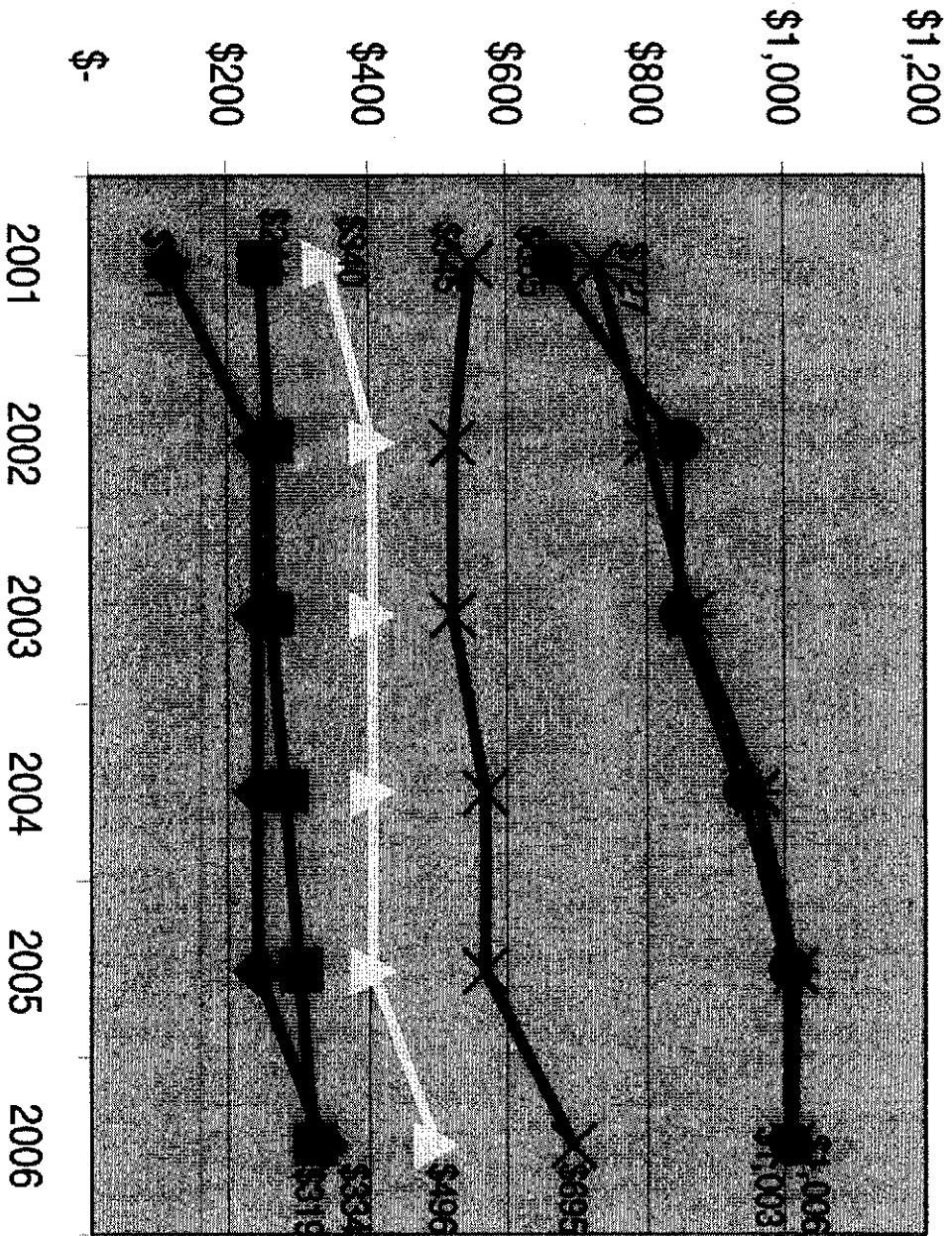
Materials Costs

Water Department Material Prices



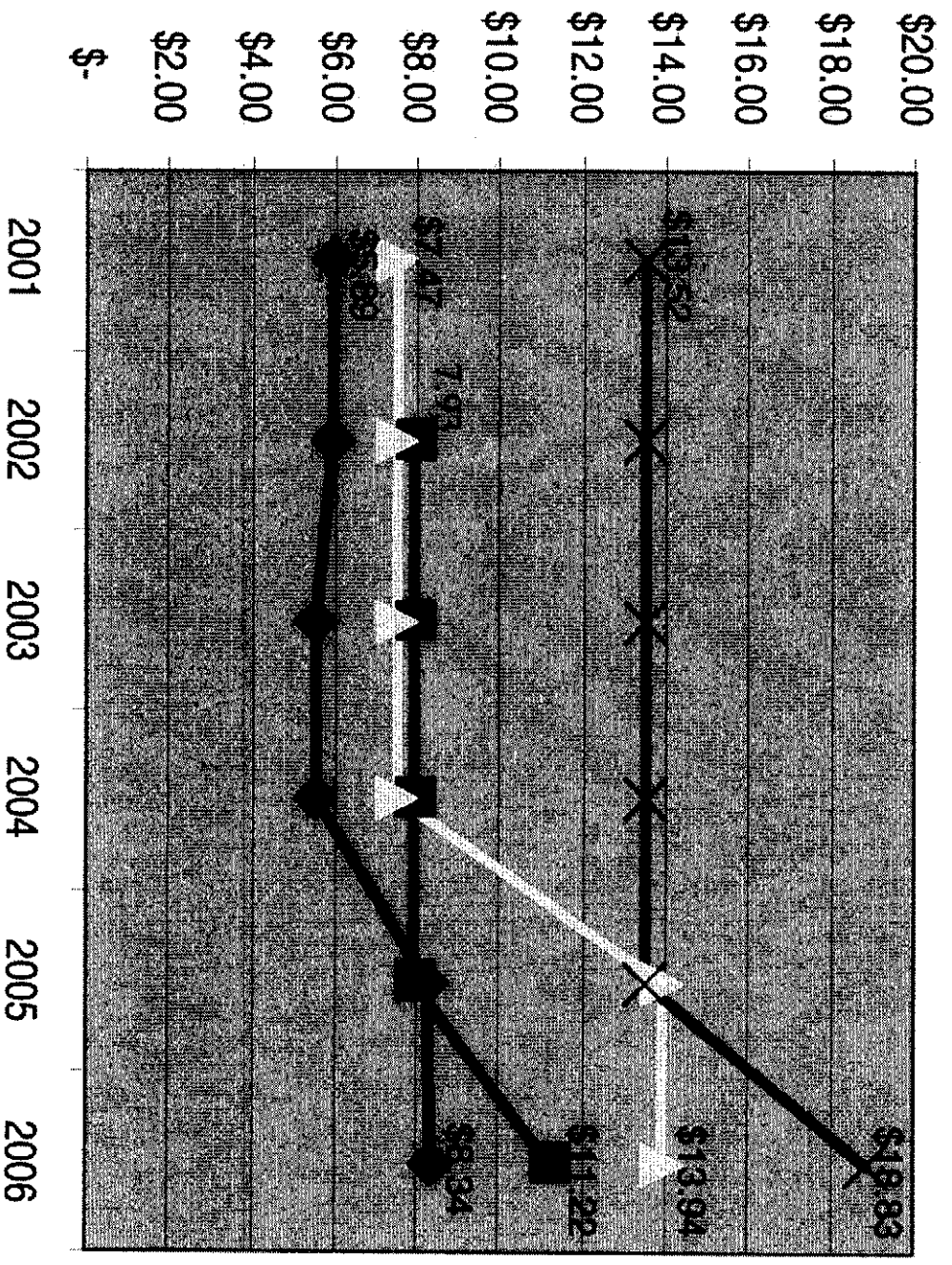
- ◆ 1" Meter (35% Increase)
- 664 S Gradelock (56% Increase)
- ▲ 3/4" Meter (80% Increase)
- ✕ 5/8" Meter (36% Increase)
- * 1" Corp. Stop (83% Increase)

Water Department Material Prices



- ◆ 4" Tapping Valve (199% Increase)
- 6" Gate Valve (27% Increase)
- 8" Gate Valve (46% Increase)
- ✕ 8" Tapping Valve (33% Increase)
- * Fire Hydrant (38% Increase)
- 3" Meter (50% Increase)

Water Pipe Prices



- ◆ 6" Pipe (42% Increase)
- 8" Pipe (42% Increase)
- ▲ 10" Pipe (87% Increase)
- ✕ 12" Pipe (39% Increase)

System Expansion and Cash Reserves

Water Main Districts

Budgeted 2005 – 2006

Trunkline Extensions:	
1. From Skypark to Helicopter Base	\$370,000
Unplanned Districts	\$100,000

Actual 2005 – 2006

Circle Drive District	\$ 225,000
Faidley – Ahead of Paving	\$ 50,000
Kings Crossing District	\$ 70,000
1 st & Sycamore (Replacement Main)	\$ 50,000
Forrest Street (Replacement Main)	<u>\$ 40,000</u>
	\$ 435,000

Budgeted 2006 – 2007

Trunkline Extensions:	
1. From Skypark to Helicopter Base	\$ 380,000
2. Autumn Park, oversize	\$ 25,000
3. Copper Creek, oversize	\$ 200,000
4. Westridge Middle School	\$ 150,000

Unplanned Districts \$200,000

Actual 2006 – 2007

?????
Park-View \$700,000???

Recommendation

'06 – '07

Budget as Proposed Includes

An Increase of 12¢ per

Billing Unit (100 cubic feet)

Water Rate Comparisons

Residential: 1,500 cubic ft. (11,220 gallons)

GI Present: \$12.52

GI Proposed 12¢ Increase: \$14.32

City		% Difference from GI Present	% Difference from GI Proposed
North Platte	\$22.12	+77%	+54%
Hastings	\$25.00	+100%	+75%
Kearney	\$21.00	+68%	+47%
Lincoln	\$20.57	+64%	+44%
Omaha, Winter	\$20.84	+66%	+46%
Omaha, Summer	\$22.83	+82%	+59%

Commercial: 50,000 cubic ft. (374,000 gallons)

GI Present: \$268.47

GI Proposed 12¢ Increase: \$328.47

City		% Difference from GI Present	% Difference from GI Proposed
North Platte*	\$592.11	+121%	+80%
Hastings*	\$412.00	+53%	+25%
Kearney*	\$484.47	+80%	+47%
Lincoln	\$706.40	+163%	+115%
Omaha, Winter	\$420.90	+57%	+28%
Omaha, Summer	\$544.90	+103%	+66%

*for 4" meter size

Water Rate Comparisons

Commercial/Industrial: 1,500,000 cubic ft. (11,220,000 gallons)

GI Present: \$6,149.97
 GI Proposed 12" Increase: \$7,949.97

City		% Difference from GI Present	% Difference from GI Proposed
North Platte*	\$13,661.89	+122%	+72%
Hastings**	\$9,466.00	+54%	+19%
Kearney**	\$13,591.81	+121%	+71%
Lincoln**	\$20,964.10	+241%	+164%
Omaha**	\$11,527.88	+87%	+45%

*For 6" meter size – largest meter in North Platte rates
 **for 10" meter size

Large Industrial: 6,000,000 cubic feet (44,880,000 gallons)

GI Present: \$24,104.97
 GI Proposed 12" Increase \$31,304.97

City		% Difference from GI Present	% Difference from GI Proposed
North Platte*	\$53,845.19	+123%	+72%
Hastings**	\$36,314.00	+51%	+16%
Kearney**	\$54,109.45	+124%	+73%
Lincoln**	\$83,064.10	+245%	+165%
Omaha**	\$43,769.41	+82%	+40%

*for 6" meter size
 ** for 12" meter size

ORDINANCE NO. 9065

An ordinance to amend Chapter 35 of the Grand Island City Code; to amend Section 35-29 pertaining to water rates; to repeal Section 35-29 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 35-29 of the Grand Island City Code is hereby amended to read as follows:

§35-29. Minimum Rates

The minimum rates as set forth in this article shall be uniform and apply in all cases where water is furnished within or without the city as the case may be, and such minimum rate shall be credited to the account of each consumer, or the person to be charged, until the amount paid as a minimum rate shall be exhausted by water charges as aforesaid. The charges for water furnished at the rates set forth in this article shall be collected by the Director of Utilities Operations as provided by this article. If the amount of water consumed monthly is not sufficient to exhaust the minimum rate as herein below provided and charged by the city, such consumer or person to be charged shall not be entitled to any return or credit for any portion of such minimum rate. The minimum rate shall be charged for each dwelling unit which is directly or indirectly connected to the city water system. For the purposes of this article, a dwelling unit shall mean one or more rooms and a single kitchen designed as a unit for occupancy by one family for living and sleeping purposes, and shall include a manufactured home. If more than one dwelling unit is served from a single water meter as in the case of apartments and manufactured home courts, a percentage of the minimum rate shall be charged against each unit, depending on the number of dwelling units per water meter as follows:

2-5 dwelling units.....	65%
6-10 dwelling units.....	60%
11-20 dwelling units.....	55%
21 and over dwelling units.....	50%

The above charges shall be computed upon the yearly average of the number of dwelling units occupied.

§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>\$1.452</u>
	<u>\$1.332</u>
Next 500.....	<u>0.680</u>
	<u>0.560</u>
Next 500.....	<u>0.672</u>

Approved as to Form	☐ _____
August 17, 2006	☐ City Attorney

ORDINANCE NO. 9065 (Cont.)

	<u>0.552</u>
Next 2,500.....	<u>0.745</u>
	<u>0.625</u>
Next 6,000.....	<u>0.692</u>
	<u>0.572</u>
Next 90,000.....	<u>0.635</u>
	<u>0.515</u>
Next 100,000.....	<u>0.557</u>
	<u>0.437</u>
Over 200,000.....	<u>0.519</u>
	<u>0.399</u>
Monthly Minimum (500 cu.ft.).....	<u>7.260*</u>
	<u>6.660*</u>

*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 35-29 as now existing, and any ordinances or parts of ordinances in conflict herewith be, and hereby are, repealed.

SECTION 3. The validity of any section, subsection, sentence, clause, or phrase of this ordinance shall not affect the validity or enforceability of any other section, subsection, sentence, clause, or phrase thereof.

SECTION 4. That this ordinance shall be in force and take effect from and after its passage and publication, in pamphlet form, within fifteen days in one issue of the Grand Island Independent as provided by law.

Enacted: August 22, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk