



City of Grand Island

Tuesday, July 05, 2005

Study Session

Item -1

Discussion Concerning Water Rate Increase

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary R. Mader, Utilities Director
Meeting: July 5, 2005
Subject: Water Rate Information Request
Item #'s: 1
Presenter(s): Gary R. Mader, Utilities Director

At the Study Session of June 21, 2005, Council considered the need to increase the revenue of the Water Department. At that meeting, Council directed staff to provide a number of alternatives to the 10¢ per 100 cu. ft. rate change proposed by the Utilities Department. Those alternatives are;

- 1) No change in Water Rate blocks up to a consumption level of 1500 cu. ft. per month, with all remaining rate blocks adjusted to maintain a revenue increase equal to that of the originally proposed 10¢ per 100 cu. ft.
- 2) Add 5¢ to each rate block up to 1500 cu. ft. per month consumption, with all remaining rate blocks adjusted to maintain a total revenue increase equal to that of the originally proposed 10¢ per 100 cu. ft.
- 3) Apply at 20% rate increase across the board to all current rate blocks.

The three rate configurations directed by Council, along with the rate schedule recommended by the Utilities Department and the current rate schedule are included as attachments 1 through 5 respectively. Also attached is a tabulation of the effect of the rate scenarios on customer billings at consumption levels used for previous comparisons.

Council also asked for a breakdown of the percentage of revenue from each of three commonly described customer classifications of residential, commercial, and industrial.

Water Department financial records do not distinguish between commercial and industrial. Any customer not classified as Residential is Commercial. Each of the attached rate schedules provides a breakdown by residential and commercial classification of the percentage of revenue derived from each of the two classifications.

By actual number of customers that breakdown is:

Residential	12,721	85.6%
<u>Commercial</u>	<u>2,141</u>	14.4%
Total	14,862	

Council Request #1

Schedule of Rates: Addition of New 500 Rate Block & Add \$0.146 to
Remaining Blocks

Rate per 100 cubic feet

<u>Cubic feet per month</u>	<u>Proposed Rate</u>
First 500	1.282
Next 500	0.510
Next 500	0.502
Next 2,500	0.648
Next 6,000	0.595
Next 90,000	0.538
Next 100,000	0.460
Next 200,000	0.422
Monthly Minimum (500 CuFt.)	6.410

	<u>Amount</u>	<u>% of Revenue</u>
Residential	\$2,039,715.12	56.51951%
Commercial	\$1,516,691.00	42.02677%
Federal	\$52,462.80	1.45372%
Grand Totals	\$3,608,868.92	100%

<i>Current Annual Revenue</i>	<i>\$3,070,049.38</i>
<i>Projected Revenue</i>	<i>\$3,608,868.92</i>
<i>Proposed Revenue Increase</i>	<i>\$ 538,819.54</i>

Council Request #2

Schedule of Rates: Addition of \$.05 1st Three Blocks & add \$0.123 to Remaining Blocks

Rate per 100 cubic feet

<u>Cubic feet per month</u>	<u>Proposed Rate</u>
First 500	1.332
Next 500	0.560
Next 500	0.552
Next 2,500	0.625
Next 6,000	0.572
Next 90,000	0.515
Next 100,000	0.437
Next 200,000	0.399
Monthly Minimum (500 CuFt.)	6.660

	<u>Amount</u>	<u>% of Revenue</u>
Residential	\$2,086,556.93	57.78815%
Commercial	\$1,471,680.36	40.75886%
Federal	\$52,462.80	1.45298%
Grand Totals	\$3,610,700.09	099%

<i>Current Annual Revenue</i>	<i>\$3,070,049.38</i>
<i>Projected Revenue</i>	<i>\$3,610,700.09</i>
<i>Proposed Revenue Increase</i>	<i>\$ 540,650.71</i>

Council Request #3

Schedule of Rates: Calculate 20% Increase to All Rate Blocks

Rate per 100 cubic feet

<u>Cubic feet per month</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
First 500	1.282	1.538
Next 500	0.510	0.612
Next 3,000	0.502	0.602
Next 6,000	0.449	0.539
Next 90,000	0.392	0.470
Next 100,000	0.314	0.377
Next 200,000	0.276	0.331
Monthly Minimum (500 CuFt.)	6.410	7.690

	<u>Amount</u>	<u>% of Revenue</u>
Residential	\$2,246,115.71	61.19084%
Commercial	\$1,372,094.40	37.37991%
Federal	\$52,462.80	1.42924%
Grand Totals	\$3,670,672.91	99.99999%

<i>Current Annual Revenue</i>	<i>\$3,070,049.38</i>
<i>Projected Revenue</i>	<i>\$3,670,672.91</i>
<i>Proposed Revenue Increase</i>	<i>\$ 600,623.53</i>

GIUD Proposed

Schedule of Rates: Add \$0.10 to Each Rate Block

Rate per 100 cubic feet

<u>Cubic feet per month</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
First 500	1.282	1.382
Next 500	0.510	0.610
Next 3,000	0.502	0.602
Next 6,000	0.449	0.549
Next 90,000	0.392	0.492
Next 100,000	0.314	0.414
Next 200,000	0.276	0.376
Monthly Minimum (500 CuFt.)	6.410	6.910

	<u>Amount</u>	<u>% of Revenue</u>
Residential	\$2,132,823.19	59.04872%
Commercial	\$1,426,685.80	39.49881%
Federal	\$52,462.80	1.45247%
Grand Totals	\$3,611,971.79	100%

<i>Current Annual Revenue</i>	<i>\$3,070,049.38</i>
<i>Projected Revenue</i>	<i>\$3,611,971.79</i>
<i>Proposed Revenue Increase</i>	<i>\$ 541,922.41</i>

Current Rate Schedule

Rate per 100 cubic feet

	Cubic feet per Month	<u>F/Y 2003-2004 Rate</u>	<u>Current Rate</u>
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
Next	200,000	0.271	0.276
Monthly Minimum (500 CuFt.)		6.280	6.410

	<u>Amount</u>	<u>% of Revenue</u>
Residential	\$1,873,003.98	61.00892%
Commercial	\$1,144,582.60	37.28222%
Federal	\$52,462.80	1.70886%
Grand Totals	\$3,070,049.38	100%

Current Annual Revenue **\$3,070,049.38**

Consumption Level	Council #1	Council #2	Council #3	GIUD	Current
1,500	\$11.77	\$12.52	\$14.06	\$13.27	\$11.77
50,000	\$278.87	\$268.47	\$249.45	\$258.06	\$208.06
1,500,000	\$6,493.87	\$6,149.97	\$5,164.45	\$5,806.06	\$4,306.06
6,000,000	\$25,483.87	\$24,104.97	\$20,059.45	\$22,726.06	\$16,726.06