



Colonial Heights City Council Meeting Agenda Item Executive Summary

City Council Meeting

MEETING TYPE: City Council Special Meeting

MEETING DATE: May 18, 2021

ITEM: (First Reading 21-13 and 21-14) Approve ordinances of first reading to reduce the base rate for water charges, bill for all water consumption, and increase consumption charges to approximate a 5% increase in water and sewer charges by amending sections 238-8 and 277-9 pertaining to water and sewer rates.

DEPARTMENT: Finance

PROPOSED ACTION: This item is for first reading of requested rate changes.

BACKGROUND:

In 2019, the City budgeted for and awarded a contract for assessment of the condition of the City's water and sewer infrastructure and an analysis of the rate structure supporting the City's water and sewer operations. Raftelis performed the assessment and analysis, and presented their findings to Council on April 28, 2020.

The study recommended increases in the utility rates of 11.6% each year providing \$7.5 million for capital replacement, with an alternative of 7.6% rate increases providing \$4 million for capital replacement. The condition assessment had identified over \$188 million in water and sewer assets which would need replacement in the next 25 years.

The rate study also included three options for the structure of utility rates. At the May 12, 2020 meeting, Council instructed staff to move forward with the first option, which would lower the base charge for water, remove the provision of including the first 1,000 cubic feet of water in the base charge, and then increase the water and sewer consumption rates. Council supported an overall 5% increase in water and sewer rates.

The FY2020-2021 adopted budget assumed this 5% increase in utility rate revenue, however, these rates were not implemented due to the COVID pandemic. These ordinances will implement the 5% increase in July 2021 that was originally planned for October 2020. Council also discussed utility rates at the January 2021 retreat where Council again supported a 5% increase.

BUDGET/FINANCIAL IMPACT:

Funding for this item was: included not included in the current-year budget N/A

RECOMMENDATION: The Director of Finance recommends approval.

ATTACHMENTS:

ORDINANCE 20-13; ORDINANCE 20-14

- Staff will be making a detailed presentation on this agenda item at the meeting.**
- Staff will provide brief comments and answer questions on this item at the meeting.**
- This is a routine procedural item and no presentation is planned for the meeting.**

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.