

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: November 4, 2019
Item No.: 7.b

Department Approval



City Manager Approval



Item Description: Consider Adopting the 2020 Utility Rate Adjustments

BACKGROUND

Over the past several months, City Staff has been reviewing the City’s utility operations to determine whether customer rate adjustments are necessary for 2020. The analysis included a review of the City’s water, sanitary sewer, storm drainage, and curbside recycling operations. Unlike many city services that are supported by property taxes, our utility or *enterprise* operations are funded primarily by user fees and are operated as separate, stand-alone functions.

The information presented below includes an analysis of these operations, some historical water usage information, and a series of rate comparisons with peer communities. Each of these are presented in separate sections.

Operational Review

Staff’s analysis of the City’s utility operations included a review of the following:

- *Fixed* costs including personnel, supplies and maintenance, and other costs that are generally independent of the amount of water purchased or wastewater treated.
- *Variable* costs including the purchase of water from the City of St. Paul, water treatment costs paid to the Metropolitan Council, and recycling contractor costs paid to Eureka Recycling.
- Capital replacement costs.
- Customer counts and consumption patterns, rate structure, and rates.

Based on this analysis, Staff is recommending a number of rate adjustments for 2020. The estimated quarterly impact on a typical single-family home is as follows:

Utility Rate Impact: Single Family Home (Quarterly)				
<u>Service</u>	<u>2019</u>	<u>2020</u>	<u>\$ Increase</u>	<u>% Increase</u>
Water - base fee	58.60	62.10	3.50	
Water - usage fee	27.00	27.60	0.60	
Sanitary Sewer - base fee	39.45	40.25	0.80	
Sanitary Sewer - usage fee	26.95	28.60	1.65	
Storm Sewer	13.70	14.25	0.55	
Recycling	7.15	9.00	1.85	
Total per Quarter	\$ 172.85	\$ 181.80	\$ 8.95	5.18%

For 2020, a typical single-family home will pay an estimated \$181.80 per quarter or \$60.60 per month.

27 This is an increase of \$2.98 per month or 5.2% from the current year. This is the same amount referenced
 28 in the 2020 Preliminary Budget adopted by the Council on September 23, 2019. More detailed
 29 information for each operating division can be found below.

30

31 Water Operations

32 The City’s water operation provides City customers with safe potable water, as well as on-demand water
 33 pressure sufficient to meet the City’s fire protection needs. The following table provides a summary of
 34 the 2019 and 2020 (proposed) Budget excluding capital:

35

	2019	2020	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 7,334,580	\$ 7,308,000	\$ (26,580)	-0.4%
Interest Earnings	-	-	-	0.0%
Total	\$ 7,334,580	\$ 7,308,000	\$ (26,580)	-0.4%
Expenses				
Personnel Services	\$ 670,180	\$ 698,280	\$ 28,100	4.2%
Supplies & Materials	162,200	162,200	-	0.0%
Water Purchases (SPRWS)	4,700,000	4,700,000	-	0.0%
Other Services & Charges	632,200	676,000	43,800	6.9%
Total	\$ 6,164,580	\$ 6,236,480	\$ 71,900	1.2%
Net Available for Capital				
	\$ 1,170,000	\$ 1,071,520		

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37
 38 For 2020, overall *budgeted* operational costs are expected to increase by 1.2%. Costs associated with
 39 assigned personnel are expected to increase at inflationary levels to accommodate wage & benefit-related
 40 increases. The increase in ‘Other Services & Charges’ are primarily due to higher water meter software
 41 licensing costs and energy costs at the booster station.

42

43 The single largest operating cost for the water operation is the purchase of wholesale water from the St.
 44 Paul Regional Water System (SPRWS). SPRWS Officials have informed us that there will be a 3.7%
 45 increase in the cost of purchasing wholesale water in 2020. This will require an increase in the usage rates
 46 charges to water customers. This will be the first *usage* rate increase since 2014.

47

48 The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs
 49 in the coming years which will require a 6.0% increase in the water *base* fee.

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51 Sanitary Sewer Operations

52 The City maintains a sanitary sewer collection system to ensure the general public’s health and general
 53 welfare. The following table provides a summary of the 2019 and 2020 (proposed) Budget excluding
 54 capital:

55

	2019	2020	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 5,899,335	\$ 5,656,000	\$ (243,335)	-4.1%
Interest Earnings	-	-	-	0.0%
Total	\$ 5,899,335	\$ 5,656,000	\$ (243,335)	-4.1%
Expenses				
Personnel Services	\$ 491,720	\$ 512,420	\$ 20,700	4.2%
Supplies & Materials	46,150	45,400	(750)	-1.6%
Wastewater Treatment (MCES)	3,150,200	3,152,150	1,950	0.1%
Other Services & Charges	566,265	575,000	8,735	1.5%
Total	\$ 4,254,335	\$ 4,284,970	\$ 30,635	0.7%
Net Available for Capital	\$ 1,645,000	\$ 1,371,030		

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58 For 2020, overall operational costs are expected to increase by 0.7%. Costs associated with assigned
59 personnel are expected to increase at inflationary levels to accommodate wage & benefit-related
60 increases. The projected revenues have been adjusted to account for lower wastewater flows which have
61 been in decline in recent years. This decrease however has been offset by rising treatment costs charged
62 by the Metropolitan Council Environmental Services division (MCES).

63

64 The single largest operating cost to the sanitary sewer operation is the wastewater treatment costs paid to
65 the MCES. The MCES has informed us that we can expect a very modest 0.1% increase in wastewater
66 treatment costs for 2020. However, an increase in the *usage* rates for all sanitary sewer customers is being
67 recommended to accommodate prior year rates that were slightly below what was needed to fully recoup
68 our costs. This will be the first *usage* rate increase since 2017.

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70 The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs
71 in the coming years which will also require a 6.1% increase in the sanitary sewer *base* fee.

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73 Storm Drainage Operations

74 The City provides for the management of storm water drainage to prevent flooding and pollution control,
75 as well as the street sweeping program. The following table provides a summary of the 2019 and 2020
76 (proposed) Budget excluding capital:

77

	2019	2020	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Customer Charges	\$ 1,933,460	\$ 2,010,995	\$ 77,535	4.0%
Interest Earnings	-	-	-	0.0%
Total	\$ 1,933,460	\$ 2,010,995	\$ 77,535	4.0%
Expenses				
Personnel Services	\$ 425,650	\$ 451,780	\$ 26,130	6.1%
Supplies & Materials	84,400	88,340	3,940	4.7%
Other Services & Charges	308,300	324,300	16,000	5.2%
Total	\$ 818,350	\$ 864,420	\$ 46,070	5.6%
Net Available for Capital	\$ 1,115,110	\$ 1,146,575		

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81 For 2020, overall costs are expected to increase 5.6%. Costs associated with assigned personnel are
 82 expected to increase at near inflationary levels to accommodate wage & benefit-related increases. The
 83 increase is mostly attributable to higher supplies, software, and maintenance costs.

84
 85 The revised 20-Year Capital Improvement Plan (CIP) identifies added infrastructure replacement costs
 86 in the coming years which will require a 4.0% increase in the storm sewer rate.

87
 88 Recycling Operations

89 The recycling operation provides for the contracted curbside recycling pickup throughout the City and
 90 related administrative costs. The primary operating cost is the amounts paid to a contractor to pick up
 91 recycling materials.

92
 93 The following table provides a summary of the 2019 and 2020 (proposed) Budget:
 94

	2019	2020	\$ Increase	% Increase
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues				
Base Fee Revenue	\$ 449,560	\$ 565,800	\$ 116,240	25.9%
SCORE Grant	87,500	87,500	-	0.0%
Revenue Sharing	-	-	-	0.0%
Interest Earnings	1,000	-	(1,000)	-100.0%
Total	\$ 538,060	\$ 653,300	\$ 115,240	21.4%
Expenses				
Personnel Services	\$ 38,410	\$ 39,790	\$ 1,380	3.6%
Supplies & Materials	2,000	3,000	1,000	50.0%
Other Services & Charges	521,710	600,230	78,520	15.1%
Total	\$ 562,120	\$ 643,020	\$ 80,900	14.4%
Net From Operations				
	\$ (24,060)	\$ 10,280		

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 96
 97 For 2020, overall costs are expected to rise 14.4% due primarily to higher contractor costs. Under the
 98 current contract for services, the City is required to financially make up for declines in the second-hand
 99 market for recycled materials. The market for recycled materials is a global one, and it has declined
 100 significantly in the past year. The increased contractor costs which are included in the ‘Other Services &
 101 Charges’ category. A customer rate increase from \$7.15 per quarter to \$9.00 (25.9%) has been proposed
 102 to accommodate the higher costs.

103
 104 **Recommended Rates for 2020**

105 As noted above, a typical single-family home will pay \$181.80 per quarter, or \$60.60 per month under
 106 the recommended rates. The following tables provide a more detailed breakdown of the proposed rates
 107 including the rate structure which depicts how the operating cost burden is distributed to various customer
 108 types.
 109

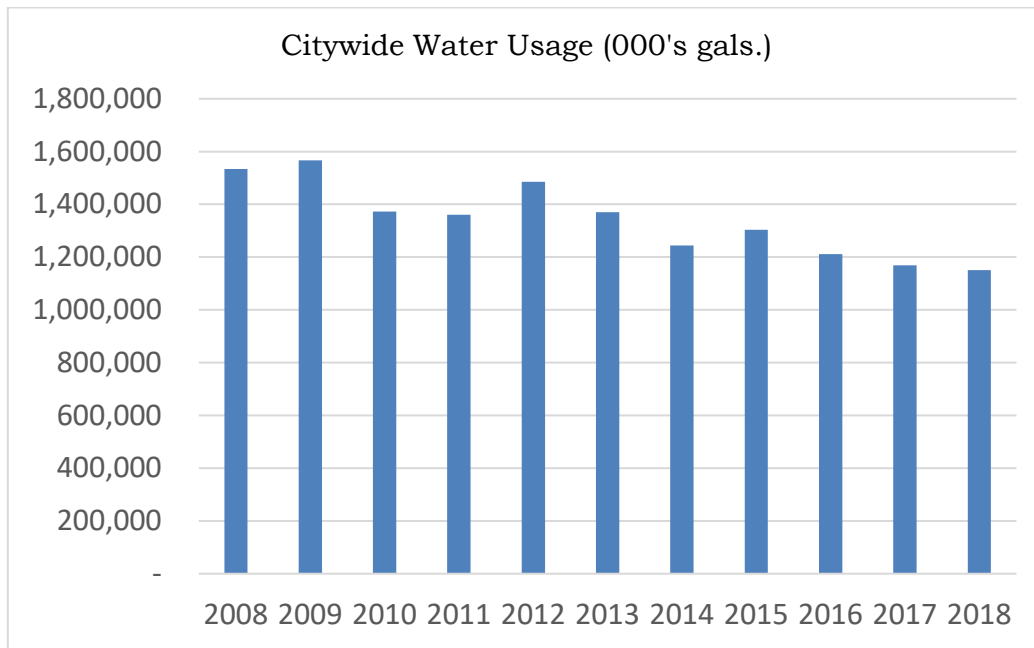
<u>Water Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 58.60	\$ 62.10	Standard SF rate
Single-Family Residential: Low-Income Discount	38.10	40.35	Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	58.60	62.10	Standard SF rate
Non-SF Residential (1.0" Meter)	73.25	77.65	Standard SF rate x 1.25
Non-SF Residential (1.5" Meter)	117.00	124.00	Standard SF rate x 2.00
Non-SF Residential (2.0" Meter)	219.80	233.00	Standard SF rate x 3.75
Non-SF Residential (3.0" Meter)	438.45	465.80	Standard SF rate x 7.50
Non-SF Residential (4.0" Meter)	878.90	931.65	Standard SF rate x 15.00
Non-SF Residential (6.0" Meter)	1,757.90	1,758.00	Standard SF rate x 30.00
<u>Water Usage Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
SF Residential: Up to 30,000 gals./qtr	\$ 2.25	\$ 2.30	Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.50	2.55	Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.75	Standard SF rate +20%
Non-SF Residential (winter rate)	2.95	3.00	Standard SF rate +30%
Non-SF Residential (summer rate)	3.15	3.20	Standard SF rate +40%
Rates are per 1,000 gallons			
<u>Sewer Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 39.45	\$ 40.25	Standard SF rate
Single-Family Residential: Low-Income Discount	25.65	26.15	Standard SF rate x 0.65
Multi-Family Residential (townhomes)	39.45	40.25	Standard SF rate x 1.00
Multi-Family Residential (apartments & condos)	27.70	28.25	Standard SF rate x 0.70
Non-SF Residential (5/8" Meter)	29.50	30.10	Standard SF rate x 0.75
Non-SF Residential (1.0" Meter)	59.05	60.25	Standard SF rate x 1.50
Non-SF Residential (1.5" Meter)	88.60	90.40	Standard SF rate x 2.25
Non-SF Residential (2.0" Meter)	138.15	140.90	Standard SF rate x 3.50
Non-SF Residential (3.0" Meter)	286.15	291.85	Standard SF rate x 7.25
Non-SF Residential (4.0" Meter)	572.25	583.70	Standard SF rate x 14.50
Non-SF Residential (6.0" Meter)	1,144.50	1,167.40	Standard SF rate x 29.00
Multi-family rate is per housing unit			
<u>Sewer Usage Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Residential	\$ 2.45	\$ 2.60	Standard rate
Non-Residential	5.65	6.00	Standard rate x 2.30
Rates are per 1,000 gallons			

<u>Stormwater Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential & Duplex	\$ 13.70	\$ 14.25	Standard SF rate
Multi-Family & Churches	106.05	110.30	Standard SF rate x 7.75
Cemeteries & Golf Course	10.30	10.70	Standard SF rate x 0.75
Parks	31.90	33.20	Standard SF rate x 2.35
Schools & Community Centers	51.60	53.65	Standard SF rate x 3.75
Commercial & Industrial	212.00	220.50	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			
<u>Recycling Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family	\$ 7.15	\$ 9.00	Standard rate
Multi-Family	7.15	9.00	Standard rate

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Water Usage History

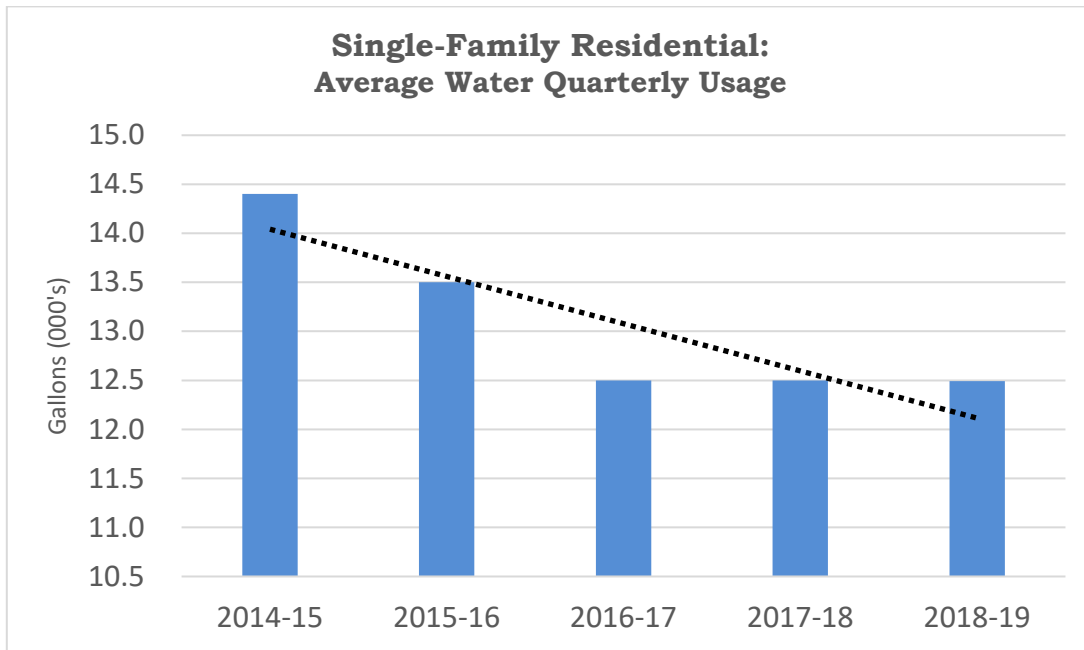
The series of graphs presented below depict water customer consumption patterns over the past 5-10 years beginning with a summary of *citywide* water consumption.



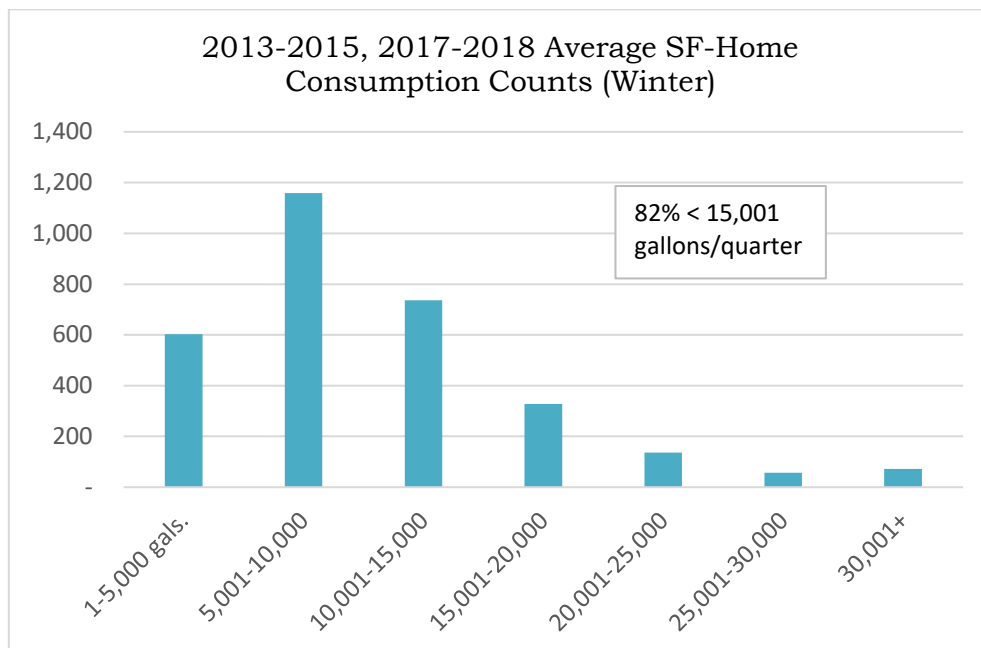
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As indicated in the graph, *citywide* consumption has generally been falling over the past decade – a 25% reduction since 2008.

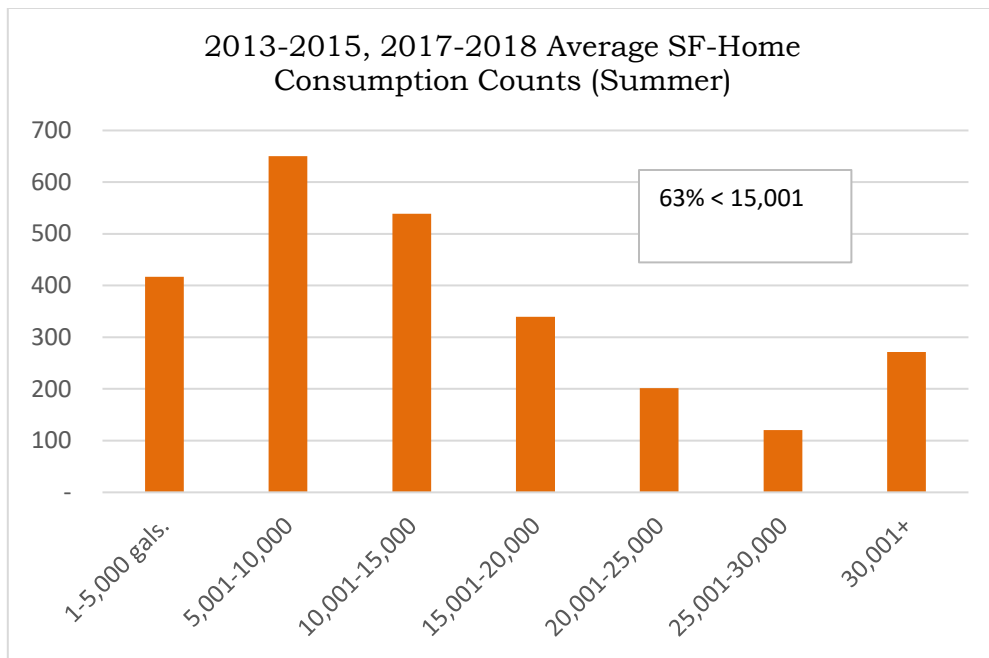
124 For *single-family homes*, average consumption had generally been dropping but has plateaued in the past
 125 few years, and now stands at approximately 4,170 gallons per month. This is depicted in the chart below.
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 129 The next chart depicts the average *wintertime* consumption counts for single-family homes from 2013-
 130 2015, and 2017-2018. 2016 data was excluded due to the meter change-out program which overstated
 131 actual consumption.
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 135 As shown in the chart, 82% of all single-family homes have an average consumption of less than 15,001
 136 gallons per quarter. 57% of homes have an average consumption of less than 10,000 gallons. We can
 137 depict the same information using *summertime* consumption.
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For summertime usage, 63% of homes have an average consumption of less than 15,001 per quarter while 42% are less than 10,000 gallons.

The City’s current rate structure includes an added charge for consumption in excess of 30,000 gallons per quarter. If this threshold was lowered to 15,000, 37% of single-family customers would be impacted during the summer months; while 19% would be impacted during winter months.

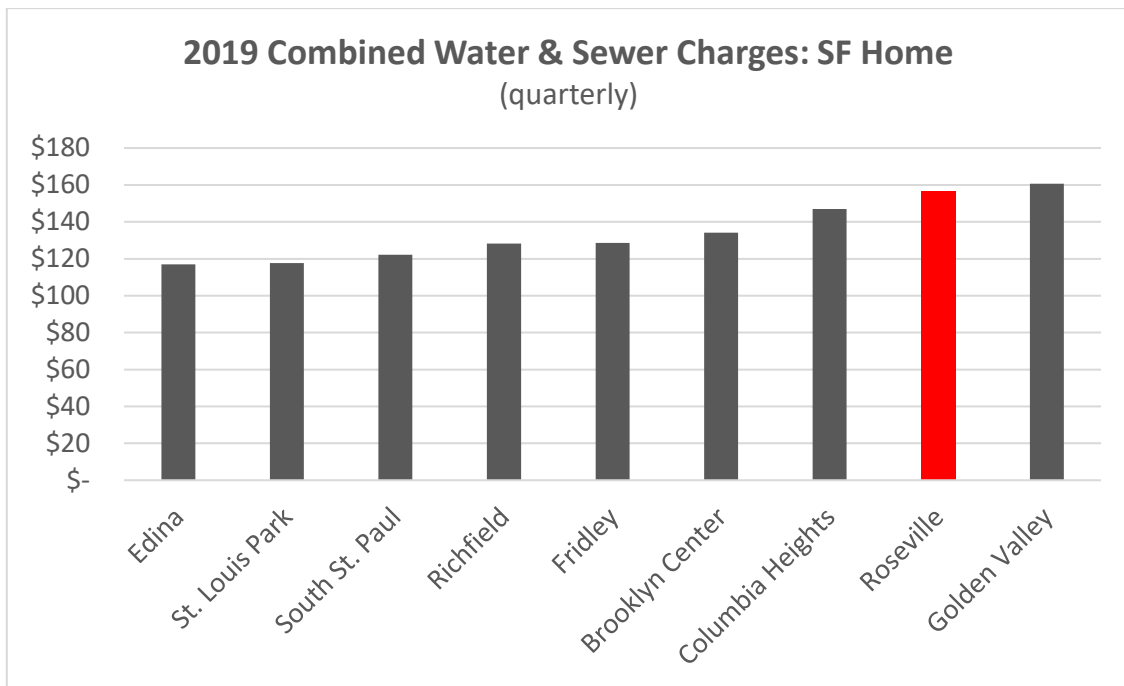
150 **Utility Rate Peer Comparisons**

151 The graphs below depict a number of water and sewer rate comparisons with other peer communities for
152 single-family homes. For this analysis, peer communities include first-ring suburbs that serve a
153 population between 18,000 and 50,000, and which are not simply an extension of a larger entity’s system.
154 Maplewood for example, is excluded because they’re part of St. Paul’s system. This group was selected
155 to try and approximate stand-alone cities with similar age of infrastructure which can have a significant
156 influence on the cost of services.

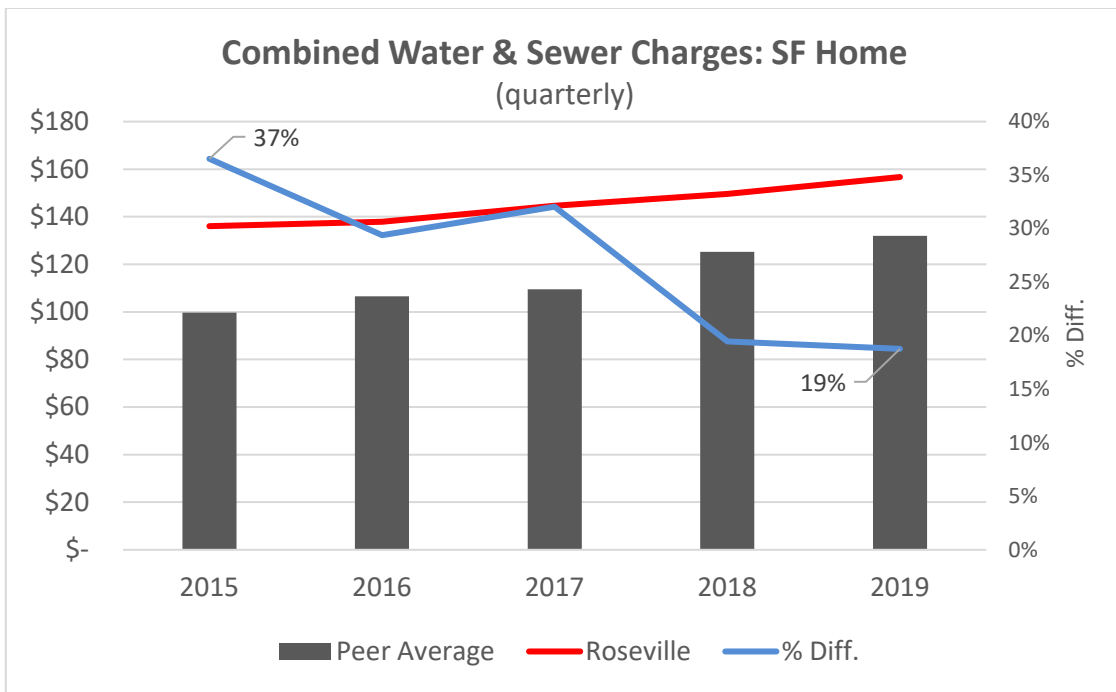
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158 It should be noted that broad comparisons only give a cursory look at how one community’s rates
159 compares to another. A more precise comparison would also incorporate each City’s individual
160 philosophy in funding programs and services. For example, Roseville does NOT utilize assessments to
161 pay for water or sewer infrastructure replacements like many other cities do. Instead we fund
162 infrastructure replacements 100% through the rates. As a result, Roseville’s utility rates are inherently
163 higher when compared to a City that uses assessments to pay for improvements.

164
165 Other influences on the rates include whether or not a community softens its water before sending it on
166 to customers, and the extent in which communities charge higher rates to non-single family residential
167 customers.

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169 The following chart depicts the peer group comparison for combined *water* and *sanitary sewer* fees for a
170 typical single-family home on a quarterly basis.
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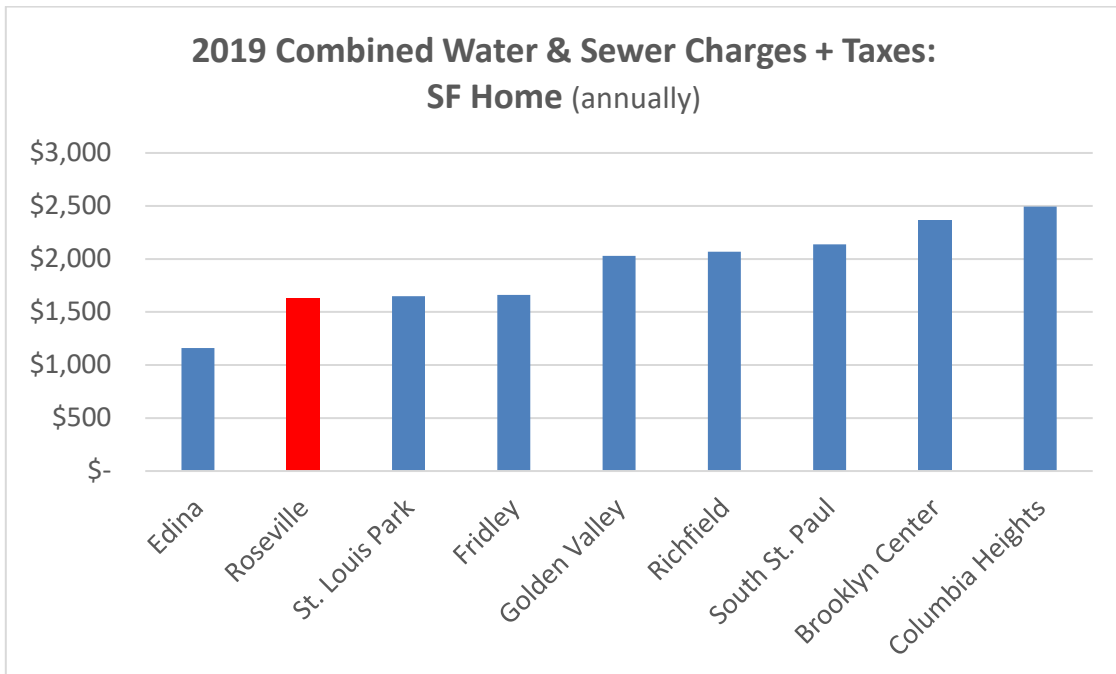
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174 As shown in the chart, Roseville’s water and sewer rates are among the highest in the peer comparison
175 group. However, the gap has been narrowing in recent years as other communities respond to their own
176 operational and capital replacement needs. The following chart depicts a comparison of utility rate
177 impacts for Roseville and the peer group average over the past five years.
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As shown here, Roseville’s water & sewer rates were 37% higher than the peer average five years ago. Today, it’s 19%.

It should be noted that most of the cities shown in the charts above happen to have much higher property tax rates. This is an important distinction because again, each City employs a different philosophy in how it funds the direct and indirect costs of providing water & sewer services. We can somewhat adjust for these differences by combining property taxes and water & sewer fees for a typical single-family home as shown in the next chart.



192

193 As is shown in this graph, when looking at more comprehensive comparison that factors in a broader
194 spectrum of needs and funding philosophies, Roseville has one of the lowest financial impacts on single-
195 family homes in the comparison group – approximately 15% below the peer average.

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197 Staff will be available at the City Council meeting to address any inquiries.

198

199 **POLICY OBJECTIVE**

200 An annual review of the City’s utility rate structure is consistent with governmental best practices to
201 ensure that each utility operation is financially sound.

202 **FINANCIAL IMPACTS**

203 See above.

204 **STAFF RECOMMENDATION**

205 Based on the increasing costs noted above, Staff is recommending rate adjustments as shown in the report
206 and attached resolution. These recommendations have been reviewed by both the Finance and Public
207 Works, Environment, & Transportation Commissions and they concur. Draft minutes from the
208 Commission meetings are included in *Attachments C & D*. While a resolution is included with this RCA,
209 it’s recognized that the Council may want additional time to consider the proposed changes.

210 **REQUESTED COUNCIL ACTION**

211 Review proposed 2020 Utility Rates and if appropriate, make a motion to approve the attached resolution
212 establishing the 2020 Utility Rates.

213

- Prepared by: Jason Schirmacher, Assistant Finance Director
Attachments: A: Resolution establishing the 2020 Utility Rates
B: 2020 Rate Calculation Worksheets
C: Draft minutes from the October 8, 2019 Finance Commission Meeting
D: Draft minutes from the October 22, 2019 Public Works, Environment, and Transportation
Commission

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EXTRACT OF MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF ROSEVILLE

* * * * *

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 4th day of November, 2019 at 6:00 p.m.

The following members were present:
and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION _____

RESOLUTION ESTABLISHING THE 2020 UTILITY RATES

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Roseville, Minnesota, the water, sanitary sewer, storm drainage, and recycling rates are established for 2020 as follows:

<u>Water Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 58.60	\$ 62.10	Standard SF rate
Single-Family Residential: Low-Income Discount	38.10	40.35	Standard SF rate x 0.65
Non-SF Residential (5/8" Meter)	58.60	62.10	Standard SF rate
Non-SF Residential (1.0" Meter)	73.25	77.65	Standard SF rate x 1.25
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Non-SF Residential (4.0" Meter)	878.90	931.65	Standard SF rate x 15.00
Non-SF Residential (6.0" Meter)	1,757.90	1,758.00	Standard SF rate x 30.00
<u>Water Usage Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
SF Residential: Up to 30,000 gals./qtr	\$ 2.25	\$ 2.30	Standard SF rate
SF Residential: Over 30,000 gals./qtr (winter rate)	2.50	2.55	Standard SF rate +10%
SF Residential: Over 30,000 gals./qtr (summer rate)	2.70	2.75	Standard SF rate +20%
Non-SF Residential (winter rate)	2.95	3.00	Standard SF rate +30%
Non-SF Residential (summer rate)	3.15	3.20	Standard SF rate +40%
Rates are per 1,000 gallons			

<u>Sewer Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential	\$ 39.45	\$ 40.25	Standard SF rate
Single-Family Residential: Low-Income Discount	25.65	26.15	Standard SF rate x 0.65
Multi-Family Residential (townhomes)	39.45	40.25	Standard SF rate x 1.00
Multi-Family Residential (apartments & condos)	27.70	28.25	Standard SF rate x 0.70
Non-SF Residential (5/8" Meter)	29.50	30.10	Standard SF rate x 0.75
Non-SF Residential (1.0" Meter)	59.05	60.25	Standard SF rate x 1.50
Non-SF Residential (1.5" Meter)	88.60	90.40	Standard SF rate x 2.25
Non-SF Residential (2.0" Meter)	138.15	140.90	Standard SF rate x 3.50
Non-SF Residential (3.0" Meter)	286.15	291.85	Standard SF rate x 7.25
Non-SF Residential (4.0" Meter)	572.25	583.70	Standard SF rate x 14.50
Non-SF Residential (6.0" Meter)	1,144.50	1,167.40	Standard SF rate x 29.00
Multi-family rate is per housing unit			
<u>Sewer Usage Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Residential	\$ 2.45	\$ 2.60	Standard rate
Non-Residential	5.65	6.00	Standard rate x 2.30
Rates are per 1,000 gallons			
<u>Stormwater Base Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family Residential & Duplex	\$ 13.70	\$ 14.25	Standard SF rate
Multi-Family & Churches	106.05	110.30	Standard SF rate x 7.75
Cemeteries & Golf Course	10.30	10.70	Standard SF rate x 0.75
Parks	31.90	33.20	Standard SF rate x 2.35
Schools & Community Centers	51.60	53.65	Standard SF rate x 3.75
Commercial & Industrial	212.00	220.50	Standard SF rate x 15.50
Rates for single-family are per housing unit; all others are per acre			
<u>Recycling Rate Category</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
Single-Family	\$ 7.15	\$ 9.00	Standard rate
Multi-Family	7.15	9.00	Standard rate
<u>Meter Security Deposit</u>	<u>2019 Rate</u>	<u>2020 Rate</u>	<u>Comments</u>
5/8" Meter	\$ 190.00	\$ 190.00	Based on approx. meter co:
3/4" Meter	215.00	215.00	Based on approx. meter co:
1.0" Meter	240.00	240.00	Based on approx. meter co:
1.5" Meter	440.00	440.00	Based on approx. meter co:
2.0" Meter (Disc)	535.00	535.00	Based on approx. meter co:
2.0" Meter (Compound)	1,340.00	1,340.00	Based on approx. meter co:
3.0" Meter	1,910.00	1,910.00	Based on approx. meter co:
6.0" Meter	5,430.00	5,430.00	Based on approx. meter co:

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244 The motion for the adoption of the foregoing resolution was duly seconded by member
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246 and upon a vote being taken thereon, the following voted in favor thereof:

247
248 and the following voted against the same:

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250 WHEREUPON, said resolution was declared duly passed and adopted.

251
252 State of Minnesota)
253) SS
254 County of Ramsey)

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256 I, undersigned, being the duly qualified City Manager of the City of Roseville, County of Ramsey, State
257 of Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of
258 minutes of a regular meeting of said City Council held on the 4th day of November, 2019 with the original
259 thereof on file in my office.

260
261 WITNESS MY HAND officially as such Manager this 4th day of November, 2019.

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265 _____
266 Patrick Trudgeon
267 City Manager

268

269 Seal

Total Fixed Costs		2020
Personnel Services	\$	698,280
Supplies & Maintenance		162,200
Other Charges (net of water purchase)		1,026,000
Less Depreciation		(350,000)
Capital Outlay		988,800
Total	\$	2,525,280

** Switched to 5-Year CIP amortization in 2019 to better approximate actual cash flow needs

= Amount to recover from BASE rates

	# of Customers	Avg. Usage (a)	Current		Proposed		Current		Proposed			
			Base Fee	Revenue	Base Fee	% Increase (decrease)	Base Fee	Revenue	Fee per 1,000 gals.	Usage Fee Revenue	Fee per 1,000 gals.	% Increase (decrease)
Single-Family Residential (b)	9,455	12.45	58.60	554,063	62.10	5.97%	587,156	2.25	264,932	2.30	2.22%	270,820
Multi-Family and Non-Residential												
5/8" Meter or 3/4" Meter	60	40.63	58.60	3,516	62.10	5.97%	3,726	2.95	7,191	3.00	1.69%	7,313
1.0" Meter	350	124.36	73.25	25,638	77.65	6.01%	27,178	2.95	128,400	3.00	1.69%	130,577
1.5" Meter	101	281.04	117.00	11,817	124.00	5.98%	12,524	2.95	83,737	3.00	1.69%	85,157
2.0" Meter	68	345.79	219.80	14,946	233.00	6.01%	15,844	2.95	69,366	3.00	1.69%	70,542
3.0" Meter	28	505.63	439.45	12,305	465.80	6.00%	13,042	2.95	41,765	3.00	1.69%	42,473
4.0" Meter	1	289.00	878.90	879	931.65	6.00%	932	2.95	853	3.00	1.69%	867
6.0" Meter	1	399.25	1,757.90	1,758	1,863.35	6.00%	1,863	2.95	1,178	3.00	1.69%	1,198
Total # of Customers	10,064			624,921			662,264		597,423			608,945
Total Annual Revenue			2,499,685				2,649,058		2,389,690			2,435,781

(a) Usage is in thousands of gallons, based on average YEAR-Round usage
(b) As of 11/14/16; 29 households were receiving the discount

Total Costs to Recoup	2,525,280	Total Costs to Recoup	2,248,600
Revenue over (under) Costs	123,778	Revenue over (under) Costs	187,181
Total Annual Revenue	2,649,058		
Amount Needed for Operations	(1,536,480)		
Amount Available for Capital	1,112,578	= Amount to Use on CIP Funding Projections	

Total Variable Costs	St. Paul Cu Ft Rate	Roseville Cu Ft Rate *	Roseville Gal. Rate	Estimated Consumption %	Blended Rate	Allowance		Estimated Gallons (1000's)	Estimated Cost
						For Unaccounted Water @ 5%	Estimated		
Base Rate					0.540	0.567		648,000	
Water Rate: Winter	2.917	1.750	1.309	45.0%	0.589	0.619	540,000	706,941	
Water Rate: Summer	3.017	1.810	1.354	55.0%	0.745	0.782	660,000	893,660	
* Per Amendment #2 to the Contract with SPRWS,					1.874	1.968	1,200,000	2,248,600	

= amount to recover from USAGE rates

Total Fixed Costs		2020
Personnel Services	\$	512,420
Supplies & Maintenance		45,400
Other Charges (net of sewer treatment)		995,000
Less Depreciation		(420,000)
Capital Outlay		985,600
Total		\$ 2,118,420

** Switched to 5-Year CIP amortization in 2019 to better approximate actual cash flow needs
= Amount to recover from BASE rates

	# of Customers	Avg. Usage (a)	Current		Proposed		Current		Proposed			
			Base Fee	Revenue	Base Fee	% Increase (decrease)	Base Fee	Revenue	Fee per 1,000 gals.	Usage Fee Revenue	Fee per 1,000 gals.	% Increase (decrease)
Single-Family Residential	9,455	11	39.45	373,000	40.25	2.03%	380,564	2.45	254,812	2.60	6.12%	270,413
Residential - Apts & Condos: Accts. (b)	207	237.93						2.45	120,669	2.60	6.12%	128,057
Residential - Apts & Condos: Units (b)	6,342		27.70	175,673	28.25	1.99%	179,162					
Non-residential												
5/8" Meter or 3/4" Meter	108	18.39	29.50	3,186	30.10	2.03%	3,251	5.65	11,221	6.00	6.19%	11,916
1.0" Meter	180	66.16	59.05	10,629	60.25	2.03%	10,845	5.65	67,284	6.00	6.19%	71,453
1.5" Meter	111	133.14	88.60	9,835	90.40	2.03%	10,034	5.65	83,501	6.00	6.19%	88,674
2.0" Meter	89	237.42	138.15	12,295	140.90	1.99%	12,540	5.65	119,387	6.00	6.19%	126,783
3.0" Meter	30	339.16	286.15	8,585	291.85	1.99%	8,756	5.65	57,487	6.00	6.19%	61,049
4.0" Meter	3	165.58	572.25	1,717	583.70	2.00%	1,751	5.65	2,807	6.00	6.19%	2,981
6.0" Meter	-	-	1,144.50	-	1,167.40	2.00%	-					
	16,525			594,919			606,902		717,169			761,324
			Total Annual Revenue	2,379,677			2,427,609		2,868,675			3,045,296

(a) Usage is in 1,000's of gals. SF Res. usage is based on average WINTER usage

(b) Total UB Accounts = 189, total units for base revenue calculation = 5,976

** Multi-Family & Condo are charged a single property base fee plus a separate fee for each housing unit.

Total Costs to Recoup 2,118,420
Revenue over (under) Costs 309,189
Total Annual Revenue 2,427,609

Total Costs to Recoup 3,152,150
Revenue over (under) Costs (106,854)

Amount Needed for Operations (1,132,820)
Amount Available for Capital 1,294,789

Total Variable Costs

Total Wastewater Treatment Cost 3,152,150 ** based on Met Council email dated 5/6/2019

Total Costs	<u>2020</u>	
Personnel Services	\$ 451,780	
Supplies & Maintenance	88,340	
Other Charges	804,300	
Less Depreciation	(480,000)	
Capital Outlay	1,164,000	** Switched to 5-Year CIP amortization in 2019 to better approximate actual cash flow needs
Total	\$2,028,420	= Amount to recover from rates

	# of Customers	# of Lots / Acreage	Current Rates		Proposed Rates		Base Fee Revenue
			Base Fee	Revenue	Base Fee	% Increase (decrease)	
Single Family & Duplex	9,544	9,544	13.70	\$ 130,753	14.25	4.01%	\$ 136,002
Multi-Family & Churches	n/a	430	106.05	45,602	110.30	4.01%	47,429
Cemeteries & Golf Course (a)	n/a	79	10.30	814	10.70	3.88%	845
Parks (b)	n/a	1	31.90	32	33.20	4.08%	33
Schools & Comm. Centers (c)	n/a	153	51.60	7,895	53.65	3.97%	8,208
Commercial & Industrial	n/a	1,465	212.00	310,580	220.50	4.01%	323,033
		11,672		495,675			\$ 515,550
			Total Annual Revenue \$1,982,699				\$ 2,062,202

Total Costs to Recoup	2,028,420	12/31/18 Cash Balance
Revenue over (under) Costs	33,782	= \$593,000
Total Annual Revenue	2,062,202	
Amount Needed for Operations	(864,420)	
Amount Available for Capital	\$ 1,197,782	

City of Roseville

Solid Waste Recycling Rate Analysis

2020

Total Costs

	<u>2020</u>	
Personnel Services	\$ 39,790	
Supplies & Maintenance	3,000	
Other Charges: Miscellaneous	24,710	
Contractor Costs: Curbside	548,020	
Contractor Costs: Parks	5,130	
Contractor Costs: Park Pathways	7,371	
Contractor Costs: Clean-Up Day	10,000	\$ 575,520 = Total Contractor Costs
Contractor Costs: Shredding Day	4,999	
Total	\$ 643,020	= Amount to recover from rates

	# of Customers (Units)	Current Rates		Proposed Rates	
		Base Fee	Revenue	Base Fee	% Increase (decrease)
Single Family	9,392	7.15	67,153	9.00	25.87%
Multi family	6,305	7.15	45,081	9.00	25.87%
Opt-Ins	13	7.15	93	9.00	25.87%
Applewood Service	1	60.00	60	60.00	0.00%
Revenue Sharing from Contractor (quarterly)			-		
Ramsey Co. SCORE Grant (quarterly)			21,875		
Total Quarterly Revenue			134,262		163,325
Total Annual Revenue			537,046		653,300
				Total Costs to Recoup	643,020
				Revenue over (under) Costs	10,280

October 8, 2019 – *Draft Minutes*

Review The 2020 Proposed Utility Rates

City Manager Trudgeon explained the Commission is asked to review the 2020 proposed utility rates changes and submit a recommendation to the city Council for review at their November 4, 2019 city Council meeting.

Chair Hodder asked if new developments would be responsible for most hookups.

Mr. Trudgeon explained developers are responsible for installation of whatever the infrastructure is, but the city is responsible for the long-term maintenance.

Commissioner Davies asked if the city has seen significant increases due to the increase in rain over the years.

Mr. Trudgeon indicated the problem areas where flooding has occurred in the past has been exacerbated tremendously. There is a terrible issue under Hwy 36 and Fairview and will flood temporarily with any substantial rain. He has been told the fix will be millions of dollars because it affects everything around it, so the city has tried to make incremental improvements. This is really about the flow and is at over capacity.

Mr. Trudgeon reviewed the Recycling Utility with the Commission.

Chair Hodder asked if the recycling companies are looking at producing energy with the items that are not recyclable.

Mr. Trudgeon indicated Ramsey County and Washington County have facilities in Bayport that will do that and be able to take some of the trash and recyclables to convert into energy and should be up and running by 2020.

Mr. Trudgeon explained the recommendation is to go to from \$7.15 to \$9.00 per quarter for recycling fees per Single Family Home for 2020.

Commissioner Reif thought this looked reasonable.

The Commission agreed.

Chair Hodder thought the city did not want to be in a position where it is not charging enough to cover the costs.

Commissioner Davies moved, seconded by Commissioner Reif to accept the recommendations as proposed. **The motion carried unanimously.**

Utility Rates

Mr. Culver presented the PWETC the proposed 2020 Utility rates and asked the Commission to review and give feedback.

Member Joyce asked if there was any benefit to the low flow shower heads and programs like that.

Mr. Culver indicated there was, particularly on a large scale.

Vice Chair Wozniak asked if the city Council declined to add the irrigation tier and instead advocated an outreach campaign to reduce or minimize irrigation.

Mr. Culver indicated that was correct.

Vice Chair Wozniak thought that fit in with Dr. Sandor's presentation about over watering. He wondered if there was some way to put those two things together.

Mr. Culver indicated staff is planning on being very aggressive next year with an outreach campaign, particularly directed to the high-water users that the city knows is irrigating and encourage them to use new technology to help lower their water usage. The city has applied for some grants to hopefully do some rebates for some actual controllers and things like that. Even if the city does not get the grants dollars may be set aside to do that and get at least a couple of users in Roseville to do it and report on the results. The Council was not opposed to ever setting an additional tier but what the Council wanted to do was do a targeted outreach campaign first and see if people will change their behavior by doing that first and then increase the rates if needed.

Member Misra thought with all of the developments going in that have not done their landscaping could the city talk to them about some of the options.

Mr. Culver indicated that could be done.

Member Hammer inquired if the city gets much inquiring when the rates are published.

Mr. Culver indicated generally there is not much inquiry. He thought most people really do not notice. The recycling one might be interesting because of the percentage.

Motion

Member Joyce moved, Member Hammer seconded, to approve the 2020 Utility Rate Schedule.

Ayes: 5

Nays: 0

Abstain: 1 (Wozniak)

Motion carried