

AGENDA ITEM #: _____

DATE: October 19, 2020

CAR #: 2020-7040ws



CITY COUNCIL ACTION REPORT

SUBJECT: Utility Rate Study review and Citizen Rate Review Committee recommendations

STAFF PRESENTER(S): Doug Sandstrom, Finance Director; Javier Setovich, Public Works Director

OTHER PRESENTER(S): Dan Jackson, Vice President Willdan Financial Services

Summary: Presentation of the Utility Rate Study, review and comments on staff recommendations and the proposed 5-year water, wastewater, solid waste and stormwater rate plans (2021-2025).

Recommendation:

Council will receive information on the 5-year water, wastewater, solid waste and stormwater rate plans, discussion of Citizen Rate Review Committee comments, and next steps.

Fiscal Impact: There is no fiscal impact at this time. However, this is a step toward adopting new utility rates. The FY2021 budget did not include an assumption about rate changes.

Background and Previous Actions

Utility Rate Study

Rate studies are conducted in order to develop a plan or framework to obtain the revenues needed to fund operations while at the same time minimizing the impact of any adjustments on ratepayers. A rate study provides information to citizens and the Council regarding impacts of policy choices on ratepayer monthly bills and the utility's financial health.

City of Goodyear financial and budget policies state that Enterprise Funds should be self-sufficient. The Council has determined that the City's water, wastewater and solid waste utility services should not be subsidized by the General Fund and that rates should be adequate to cover the costs of the services being provided. This same philosophy is being recommended for the proposed stormwater utility.

Through a competitive proposal process in 2019, Willdan Financial Services was selected to perform the City's 5-year utility rate study for its water, wastewater, solid waste and storm water

services. Objectives of the rate study included analyzing and making recommendations for rate adjustments, fees, and charges for water, wastewater, solid waste, and storm water utilities to obtain revenues needed to fund operations, maintenance, debt service and capital projects included in the City's Capital Improvement Plan (CIP) that are not directly supported by Development Fees.

The last modification to the City's utility rate structure was adopted on October 26, 2015. This 5-year water and wastewater rate structure became effective on January 1, 2016 with the final rate increase effective January 1, 2020.

Citizen Rate Review Committee

Council resolution 2019-2011 established the Citizen Rate Review Committee on December 2, 2019. The committee was formed for the rate-setting process to ensure that the interests of the City's customers were represented during the rate making process. The Citizen Rate Review Committee is an ad-hoc committee of volunteers consisting of eleven members and two alternates, comprised primarily of residents living within the City's water, wastewater and/or solid waste service areas or business representatives that are impacted by the Goodyear systems. The Citizen Rate Review Committee members provide public input to City staff, Mayor, and the Council on matters relating to the City's current water, wastewater, solid waste, and storm water rate study.

The Citizen Rate Review Committee met seven times from March 2020 through September 2020 to learn in-depth about the city's water and wastewater systems, solid waste operations and storm-water challenges including key factors impacting future rates, and utility rate setting. The meeting schedule and topics were as follows:

March 11, 2020	Introductions, Selection of Officers, PW Presentation, Review of Rate Setting Process
July 7, 2020	Water and Water Resources
July 14, 2020	Wastewater and Reclaim Water
August 4, 2020	Solid Waste
August 18, 2020	Storm Water
August 25, 2020	Rate Discussion
September 1, 2020	Rate Discussion

Staff Analysis

The Citizen Rate Review Committee worked with staff and utility rate study consultants to understand the city's water, wastewater, sanitation and storm water needs and challenges to assist with the development of the 5-year rate plan included in the Recommendations Report.

Attachments

Notice of Intent to Increase Water and Wastewater Rates