

AGENDA ITEM #: _____

DATE: October 26, 2020

CAR #: 2020-7069



CITY COUNCIL ACTION REPORT

SUBJECT: Adopt Notice of Intent to increase water and wastewater rates and set the public hearing date

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

OTHER PRESENTER(S): None

Summary: Adopt the notice of Intent to increase the City's water and wastewater rates by adopting a five-year water and wastewater rate structure, and set public hearing date as January 4, 2021.

Recommendation:

Council will adopt a Notice of Intent to increase water and wastewater rates by adopting a five-year water and wastewater rate structure, and set January 4, 2021 as the date for public hearing on the adoption of the proposed water and wastewater rate structure.

Fiscal Impact: This is the first step to adopt new user fees that will impact budgeted revenues and provide funding for the next five years of projected expenses.

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 Budget policies state that Enterprise Funds should be self-sufficient. The Council has determined that the City's water and wastewater 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. Under the City of Goodyear's Strategic Action Plan, under the Fiscal and Resource Management goal, the City is to complete a cost of service study for water and wastewater services every five years.

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 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 met seven times from March 2020 through September 2020 to understand the city's water and wastewater systems, solid waste operations and storm-water challenges including key factors impacting future rates, and utility rate setting to assist with the development of the 5-year rate plan. Input from the rate committee helped formulate rate recommendations.

Council Work Session

The proposed five-year Water and Wastewater Rate Structure as prepared by Willdan and City of Goodyear Staff was presented to council during a work session on 10/19/2020. The rate study as presented provides proposed rates which if approved would be effective February 3, 2021, with additional rate increases occurring January 1st through 2025. Rate increases occur in winter months, consistent with previous increases, as there is less of an impact to customers at this time due to typically decreased water usage in the winter.

The proposed rates presented to council and outlined in the attached report provide the revenue sufficient to meet the operating, capital and debt service needs of the water and wastewater systems over the next five years.

Staff Analysis

Postings and State Statutes

A.R.S. §9-511.01 requires that for any proposed increase in water or wastewater rates or rate components, fees, or service charges, the City must adopt a notice of intention and file a written report with data supporting the increase in the Clerk's Office at least thirty days prior to a public hearing. This action is in compliance with that statute and begins the state required public process for water and wastewater rates and fees.

The Notice of Intention only addresses water and wastewater rates per state law. In addition to the public process which began through the formation of the Citizen Rate Review Committee, we will be implementing a public notification process which will cover all proposed rates including water, wastewater, solid waste and storm water. The public process will meet and exceed all state notification requirements and include information on social media, our website, bill stuffers to all mail customers, customer emails and direct mail as appropriate.

Attachments

1. Notice of Intent-Water and Wastewater Rates
2. Proposed Water and Wastewater Rate Plans