



Legislation Text

File #: 18-0936, **Version:** 1

DATE: August 31, 2018

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Mark Hilty, ACA Public Works
Michelle Hatcher, Water Management Director

SUBJECT:

Consideration of Ordinance 2018-47, an Ordinance Amending the City of Franklin Municipal Code, Appendix A - Comprehensive Fees and Penalties, Chapter 18 - Water and Sewers for the Purpose of Updating Water and Sanitary Sewer User Rates, As Amended. (09/11/18 BOMA 1st Reading 6-1, 10/09/18 BOMA 2nd Reading 7-0)
THIRD AND FINAL READING

Purpose

The purpose of this memorandum is to introduce Ordinance 2018-47 to establish 2019 and 2020 rate design for water and sanitary sewer user fees based on discussion at the August 28, 2018 Board of Mayor and Aldermen Work Session based on the recently completed cost of service study.

Background

The City of Franklin Water Management Department, through a cost of service analysis, has developed a five-year rate plan to establish the necessary expenditures and revenues for operations. The plan considers the long-term effect of capital projects and upgrades of facilities, and operational costs including projected increases in personnel, utilities, and other expenses that scale with changes in system size or customer base. Also, the plan incorporates the estimated effects of inflation and customer growth on revenues and expenses to allow the Board and staff to better plan for future system needs.

Based on a five-year planning horizon, staff is proposing rate design for 2019 and 2020 that includes adjustments of 2.9% annually for water and 3.5% annually for sanitary sewer.

Options

Water:

- **Option A:** Increase the monthly customer charge by \$1.50 (\$3.00 total) each of the next two years for each rate class.
- **Option B:** Increase the monthly customer charge by \$0.75 each (\$1.50 total) year for each rate class, in addition to increasing the volumetric charge by \$0.11 each year (\$0.22 total) for each rate

class.

Wastewater:

- **Option A:** Increase the monthly customer charge by \$2.32 (\$4.64 total) each of the next two years for each rate class.
- **Option B:** Increase the monthly customer charge by \$1.16 (\$2.32 total) each of the next two-years for each rate class, in addition to increasing the volumetric charge by \$0.14 (\$0.28 total) each of the next two years for each rate class.

Financial Impact

As described above, Water Option A would generate approximately \$654,000 in additional revenue over the two-year period and Water Option B would generate approximately \$644,000 in additional revenue over the two-year period.

Sewer Option A would generate approximately \$1,327,000 in additional revenue over the two-year period and Sewer Option B would generate approximately \$1,300,000 in additional revenue over the two-year period.

Recommendation

Staff recommends approval of Ordinance 2018-47, as amended, modifying the City of Franklin Municipal Code, Appendix A - Comprehensive Fees and Penalties, Chapter 18 - Water and Sewers for the Purpose of Updating Water and Sanitary Sewer User Rates. The amendment reflects changes consistent with Options B, as presented at the September 11, 2018 Board of Mayor and Aldermen meeting which revise the rates in both the customer and volumetric charges.