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Title:	UTILITY RATE STUDY UPDATE Staff Contact: Craig Johnson P.E., Director, Water Services Staff Contact: Jack Friedline, Director, Public Works Staff Presenter: Vicki Rios, Director, Budget and Finance				

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UTILITY RATE STUDY UPDATE

Staff Contact: Craig Johnson P.E., Director, Water Services
Staff Contact: Jack Friedline, Director, Public Works
Staff Presenter: Vicki Rios, Director, Budget and Finance

Purpose and Policy Guidance

The purpose of this item is to provide City Council with an update on the Utility Rate Study process for water and sewer services, and residential solid waste collection services.

Background

Water Services and Public Works have been reviewing the financial plans of two of the City’s utility operations - water and sewer services and residential solid waste collection. While the two utilities serve different purposes, have separate operational and regulatory requirements, and have technical and programmatic characteristics unique to each, they also have shared similarities. As enterprise fund operations, they are both required to fully recover operating costs through planned and transparent rate adjustments and to continually evaluate the efficiency of their operations. In addition, these funds maintain infrastructure and equipment to provide uninterrupted services to the residents and businesses of Glendale.

In December 2016, the Budget and Finance Department presented to Council two comprehensive long-range financial forecasts for the two enterprise funds clearly demonstrating that neither would be able to meet their fund balance requirements over the long-term, without changes to service delivery or rates charged to customers.

Staff requested in January 2017 that Council rename the Water Services Advisory Commission to the Citizens

Utility Advisory Commission (CUAC) and include Solid Waste Collection as part of that Commission's purpose. Since that time, both departments have presented to the CUAC the operational needs, five-year financial forecasts, and utility cost of service and rate models, to obtain guidance regarding proposed rate adjustments and/or service delivery modifications.

Analysis

The CUAC has recommended two options for each utility be brought forward to City Council and to the public for consideration. The options provided will generate sufficient revenue to cover utility operating expenses, fund the capital programs described in the recent Council budget meetings, and in the case of Water Services repay existing and proposed debt service.

As required by state statute, Water Services will bring to Council at the June 27, 2017 voting meeting a request to adopt a resolution declaring a Notice of Intent to increase rates and setting a date for a Public Hearing for Water and Sewer Rates. Any approved rate modifications would become effective November 1, 2017.

Previous Related Council Action

On January 24, 2017, City Council adopted an ordinance changing the name of the Water Services Advisory Commission to the Citizens Utility Advisory Commission and expanding its purpose.

On December 20, 2016, City Council was presented with a Five-Year Financial Forecast for each of the City's major operation funds to include Water Services and Solid Waste.

On April, 27, 2010, City Council adopted a resolution to increase water and sewer rates with the July 2010 billing cycle.

On May 27, 2008, City Council adopted a resolution to increase solid waste rates with the July 2008 billing cycle.

Community Benefit/Public Involvement

A robust public outreach program is planned in the month of July to let the citizens know the City is engaging in a rate study process and is seeking their feedback. Proposed are four meetings, three in the evening and one on a Saturday. Locations will vary and efforts will be made to ensure all geographical areas have a convenient location for citizens and business owners to attend. In addition, the departments will broadcast through the City's website and multiple media outlets, the proposed financial plans and customer impact documents to provide transparency and the opportunity to engage in the process.

Budget and Financial Impacts

Budget and Financial Impacts will depend on Council feedback.