

Utilities Advisory Commission
March 4, 2015
7:07 p.m.

Commissioners present:
Newton Standridge
Doug Pierce
Ric Graves

Staff present:
Tim Hoskins, Public Works Director
Marketa Oliver, City Manager

Block Rate Discussion

Standridge asked what we are selling the water for and Hoskins said \$5.77 per thousand (editor's note: this is the rate averaged including the minimum charge, but the straight per thousand rate is \$5.11 per thousand.) Hoskins would like to put together a structure that is very confined to large, industrial users. We talked about setting up some blocks for industrial use that would mean the first block would be the regular rate and the second block could be the regular rate, less administrative costs and then possibly a third block beyond that. The reason for considering this is that once you reach a certain point, you reach an economy of scale.

Graves is concerned about exceeding the wholesale rate. He asked if we were going to have a separate rate for the folks who live here every day. It does not immediately affect things but it affects it in the long run. Standridge said they are already talking about an addition to the existing building. Graves said we are talking about all of the new housing and Hy-Vee and we are talking about a major increase. We have to keep going and we are going to reach our peak and it will cost everybody. If we give blocks to some people and the rate would be lower and the lower it is, the more they will use.

Hoskins said the only time we have been close to our capacity was in 2012 during the drought. That was almost entirely irrigation. Oliver asked Hoskins what that limit is. Hoskins said the limit is 1,965,000 gallons per day.

Graves said if we give a rate decrease for using more, we are asking them to use more. Hoskins said it is true that it can be perceived as not encouraging conservation, but when it is an industry using the water, they typically will only use what they need for their business. Hoskins suggested offering three tiers, whereby they receive a discount after 300,000 gallons and perhaps another, smaller discount after 600,000 or 700,000 gallons per month. Oliver suggested it might be easier for billing to have only two tiers.

Graves asked about what typical monthly water usage is. Hoskins said June 2013 to July, 2014, our water usage in June was 22,259,000. In July of 2012 it was 38,820,000 million, which is where we hit our peak daily usage of 1,899,000. In August of 2013 our monthly usage was 36,482,000 and our peak day was the 29th at 1,532,000. February consumption was 15.4 million.

Pierce said he would support a discounted fee but wondered if there needed to be a cap on the usage. Hoskins said that could be built into the structure. Hoskins said what staff would like to propose a trial rate initially until we can develop history to see what they are doing and we can develop our history and do more research to see what our costs. Pierce likes that idea and that would at least temporarily eliminate the need for a usage cap on a discount rate. Oliver said the ordinance could be written to put the rate structure in place with a sunset.

The rate structure would end in June, 2016 and would be:

- For industrial users
- Up to 300K, regular rate
- Over 300K, \$4.17 per gallon

The meeting ended at approximately 8:07 p.m.



Newton Standridge, Chair

Attest:



Tim Hoskins, Public Works Director