

Staff Summary Report



Council Meeting Date: 6/5/2008

Agenda Item Number: _____

SUBJECT: Request to adopt the Notice of Intention setting the time (7:30 p.m.) and date (July 22, 2008) for the public hearing to modify wastewater rates.

DOCUMENT NAME: 20080605fstd02 **MISCELLANEOUS FEES (0210-05)**

SUPPORTING DOCS: Yes

COMMENTS: Notice of Intention to Modify Utility Fees - WASTEWATER RATES

PREPARED BY: Tom Duensing, Deputy Financial Services Manager (350-8866)

REVIEWED BY: Jerry Hart, Financial Services Manager (350-8505)
Don Hawkes, Water Utilities Manager (350-2660)

LEGAL REVIEW BY: Charlotte Benson, Senior Assistant City Attorney (350-2813)

FISCAL NOTE: N/A

RECOMMENDATION: Adopt the Notice of Intention setting the time (7:30 pm) and the date (July 22, 2008) for the public hearings to modify wastewater rates. The effective dates for the rate increases would be for billed charges starting November 1, 2008.

ADDITIONAL INFO: The recommended adjustments are necessary to ensure the wastewater operations maintain full recovery of operating costs, financing of capital projects and maintenance of the unreserved fund balance to mitigate the impact of rate increases.

Wastewater Rate Adjustments

Staff recommends wastewater rate adjustments for across all classes of customers (residential, commercial, etc.). The impact to an average residential customer's monthly bill is approximately 20.6% (or \$3.26) for billed charges starting November 1, 2008. The combined total increase of the proposed water, wastewater and solid waste rate adjustments on a typical residential customer is approximately 9.4%. (or \$5.55). These water, wastewater and solid waste rate adjustments do not alter Tempe's standing as one of the low-cost utility service providers compared to the seven largest cities in the valley.

Wastewater Rate Change Process

Pursuant to A.R.S. 9-511.01, a copy of the rate change report must be filed with the City Clerk and a "Notice of Intention" must be adopted at least 30 days prior to a public hearing. The Notice of Intention must be published at least 20 days prior to the public hearing. After holding the public hearing the council may adopt the rate change.

In order to proceed with these utility rate and fee modifications, the City must first adopt a Notice of Intention then conduct a public hearing. Attached is the notice setting the time and date of the public hearing (July 22, 2008).

NOTICE OF INTENTION

A public hearing has been set for July 22, 2008, in the City Council chambers, 31 East Fifth Street, Tempe, Arizona at 7:30 p.m. for the purpose of receiving public comment on proposed wastewater rate modifications. Information relating to the fee change is available at the City Clerk's office, 31 East Fifth Street, Tempe, Arizona.

DRAFT – Schedule for Wastewater Rate Adjustments

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| May 15, 2008 | Council Issue Review Session – Review of proposed wastewater rates with City Council. |
| June 5, 2008 | Supply written report of data supporting rate increase to the City Clerk (at least 30 days prior to the July 22, 2008 Public Hearing). |
| June 5, 2008 | Adopt Notice of Intention to set time and date of the Public Hearing (at least 30 date prior to the July 22, 2008 Public Hearing). |
| June 27, 2008 | Publish Notice of Intention in newspaper (not less than 20 days prior to the Public Hearing). |
| July 22, 2008 | Hold Public Hearing and Adopt Rate Adjustments. |
| November 1, 2008 | Effective date of rate adjustments (at least 30 days after the rate resolution is adopted). |