

# Banks council looking at proposal for steep water rate increases

Heavy water users will feel a little parched if a proposed water rate increase is implemented by the City of Banks.

The proposal presented at the May 14 city council meeting, by consulting engineer Dale Merrell, was based on a recently completed, three-phase study that recommends significant increases in the water rate beginning July 1.

According to Merrell, most water utilities expect rate increases next year in response to new accounting regulations that require utilities to institute a reserve fund for depreciation of equipment, by the 2003-2004 biennium. In addition, Banks has added customers and a new water plant.

Previously, utilities were not required to set aside a reserve fund for the replacement of worn-out equipment. Merrell told council that the fund – which will never be enough to replace a water plant – should provide for ongoing maintenance to make the plant last as long as possible. Merrell said that Banks is better prepared for this change than many cities because they have been setting some money aside in the water fund for depreciation since 1997.

The complicated water rate study was divided in three

parts: the revenue requirement, the cost of service and the rate design. Actual water use from all residential, commercial and bulk water users inside and outside the city was analyzed and used to determine the percentage of water use by different types of users.

The proposed customer charge was determined by the cost of service for billing and materials and services. According to the study, billing costs the city \$4.06 per month and general costs for meters and services are \$12.59. Combined, the customer charge, per meter, is proposed at \$16.65. Currently customers are charged \$12.50. The amount of water included with the customer charge will be increased from 200 cu. ft. to 400 cu. ft. with the rate increase.

The commodity portion of the water rate was calculated by adding base costs, maximum day costs and maximum hour costs. Actual water use by residential, commercial and bulk customers was analyzed to determine the percentage of use for each and in what cost service category.

The water system rate schedule proposed by the study is:

Customer Charge (Base) Includes 400 cu ft for residential

customers:

Inside city	\$16.65
Outside city	\$ 24.98
Commodity Charge (volume of water used per 100 cu ft)	
Inside City Limits	
Residential	\$2.21
Commercial	\$2.44
Bulk	\$2.67
Outside City Limits	
Residential	\$3.32
Commercial	\$3.66
Bulk	\$4.01

An analysis of the impact of the water rate on council members' water bills was included in the council packet. Council members water bills now range from \$225 to \$338 annually. With the rate increase their costs will range from \$368 to \$625 annually, with the same level of water usage. Mayor Bob Orłowski said the city would run a similar analysis, on request, for any water user.

Because of the enormous impact of the increase in water user fees, the city will schedule informational meetings at a later date. The special water user fee instituted last year will end June 30th, slightly softening the increase. However, all water users will see an increase, though residential users who stay below the new 400 CuFt base charge will be minimally affected.

Council will vote on the new

water rate schedule at the May 23rd meeting, along with final review of the budget. Income generated from the water rate is budgeted for the 2002-2003 fiscal year. Two years ago, when the city sought funding for the new water plant, a new water rate was established that would take effect on completion of the plant. That rate will not be enough to cover the actual costs for the water department.

## Cell tower proposal

A proposal to lease a corner of land adjacent to the city's water tank for a Cingular cellular phone tower was presented to the council. The 40 ft. tower would be painted to match the tank and would be about 12 ft. taller than the tank. The city will explore a lease contract.

## Periodic Review

City Planner K.J. Won told the council he has developed a work program for completion of the periodic review of the city's comprehensive plan. The city will receive grant funding from the state to complete the 30-month project. The purpose of the review is to update the city's comprehensive plan and implement regulations with respect to statewide planning goals.

## Property condemnation

Although the city is negotiating to purchase property needed to protect the city's watershed, the council unanimously authorized immediate legal action to take possession of the property through condemnation, because the owners of the property have an active logging permit. In addition to watershed protection, the value of the land is subject to the standing timber. Most of the cost of the acquisition will be paid for by logging operations on other city property. The city awarded that contract to RSG Forest Products at \$453 per thousand board feet.

In other business, council:

- Proclaimed National Emergency Medical Services Week, May 19 –25th.

- Heard a request from Pete Edison, Arbor Village Homeowners Association President, to appear on the July agenda to discuss the park maintenance agreement and the water user fee.

- Directed the city attorney to research whether the city or the homeowners' association is responsible for the cost of new signs in Greenville Park.

- Appointed Christine Fore to the library commission and Ed Ohlman chairman of the library commission.

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