



Legislation Text

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Memo

TO: Mayor Collins and Town Council Members

FROM: Kevin Burke, Town Manager
Dawn Marie Buckland, Director of Administration and Govt Affairs

DATE: May 26, 2016

DEPARTMENT: Administration and Government Affairs Department

Dawn Marie Buckland, 480.348.3555

AGENDA TITLE:
Proposed Wastewater Rates for FY 2017-2019

Council Goals
Develop a long term sustainable budget

SUMMARY STATEMENT:
The Town's wastewater, or sewer, fund is an enterprise fund, which means that revenues collected by rate payers should cover their respective costs. While the Town of Paradise Valley contracts out wastewater service with the City of Scottsdale through an intergovernmental agreement (IGA), the Town is responsible for the billing and remittance, as well as for the local infrastructure. Every effort is made to keep costs as low as possible, and rate studies are conducted to calculate the reasonable distribution of costs amongst the rate payers.

Beginning in 2009, the sewer fund was supplemented with funds from the General Fund. The Town last increased wastewater rates in 2010 to reduce this subsidy. In FY 2014, the entire sewer fund balance of \$4.9 million was transferred to the General Fund to reimburse the fund for sewer-related expenditures. In the years since, costs related to the operations and debt service of the sewer system have continued to exceed revenues. The General Fund has made consecutive contributions of \$650,000, and anticipates doing so one more time in FY 2017 even with the recommended increase.

The culmination of analysis over the last two years with the assistance of Willdan and Pat Walker Consulting addresses the updated IGA with the City of Scottsdale, the need to fund a sewer system assessment and related capital improvements, and need to have minimum reserves in place consistent with the Town's financial policies. In its purest form, the model recommends an immediate double digit increase. The recommended increases of 8% in FY 2017, 4% in 2018, and 3% in 2019 defers capital improvements to 2020, and allows the fund balance to gradually increase, finally

reaching minimum fund balance levels by 2019

ATTACHMENT(S):

PowerPoint