



COUNCIL CONFERENCE MEETING

November 08, 2021

6:00 PM

Fridley City Hall, 7071 University Avenue N.E.

AGENDA

1. Proposed 2022 Public Utilities and Solid Waste Utility Rates

The City of Fridley will not discriminate against or harass anyone in the admission or access to, or treatment, or employment in its services, program, or activities because of race, color, creed, religion, national origin, sex, disability, age, marital status, sexual orientation or status with regard to public assistance. Upon request, accommodation will be provided to allow individuals with disabilities to participate in any of Fridley's services, programs, and activities. Hearing impaired persons who need any interpreter or other persons with disabilities who require auxiliary aids should contact Roberta Collins at (763) 572-3500. (TTD/763-572-3534).



AGENDA REPORT

Meeting Date: November 8, 2021

Meeting Type: City Council Conference Meeting

Submitted By: Korrie Johnson, Acting Finance Director

Title

Proposed 2022 Public Utilities and Solid Waste Utility Rates

Background

Annually the City Council and the Finance Director meet to discuss the City's Utility Billing and Solid Waste Utility rates, charges, and fees.

Financial Impact

The financial impact on the proposed rate increase would be a 3% revenue increase for Water and Sanitary Sewer, 10% for Storm Water and a reduction of 9% for Solid Waste.

Discussion

Discuss with the council whether the rate changes are sufficient to cover operating and non-operating expenses in the respective funds.

Focus on Fridley Strategic Alignment

☐ Vibrant Neighborhoods & Places	☐ Community Identity & Relationship Building
☒ Financial Stability & Commercial Prosperity	☐ Public Safety & Environmental Stewardship
☐ Organizational Excellence	

Attachments and Other Resources

- Proposed 2022 Public Utilities and Solid Waste Utility Rates presentation

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

PROPOSED 2022 PUBLIC UTILITY AND SOLID WASTE UTILITY RATES

CHARGES, FEES AND RATES

NOVEMBER 8, 2021



OVERVIEW

- Proposed 2022 Public Utility and Solid Waste Abatement Fund Rates

PROPOSED 2022 BUDGET CALENDAR

September 30	Proposed Property Tax Levy submitted to Anoka County
September 30	Final HRA Property Tax Levy submitted to Anoka County
October 8	All Proposed 2022 Budget, including CIP, changes and revisions due to Finance Department.
Week of October 18	Department Meetings with the City Manager to review new budget requests and changes, if needed.
November 8	Discuss the Proposed 2022 Utility Rates and Fees with City Council.
Week of November 15	Anoka County sends parcel-specific, estimated tax estimates to taxpayers, due to taxpayers by November 24.
November 22	Discuss 2022 Budget, including CIP, with City Council (if needed).
November 22	Adopt the 2022 Utility Rates and Fees (Water, Sewer, Storm Water and Recycling).
December 1	All final Proposed 2022 Budget, including CIP, changes and revisions due to Finance Department.

GENERAL ASSUMPTIONS

- Reallocation of current resources based on need and actuals history:
 - o Budget adjusted to better reflect actual expenditures
 - o Limited adjustments to external revenues
- Consistent with the City Charter and previously approved City Council actions, plans and guidance

Proposed 2022 Budget, Utility Rate Changes					
Fund	2022P	2023P	2024P	2025P	2026P
Water Utility Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Sanitary Sewer Utility Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Storm Water Utility Rate	10.00%	10.00%	10.00%	10.00%	3.00%
IT Property Tax Levy	8.00%	8.00%	8.00%	8.00%	8.00%
SNC Property Tax Levy	8.00%	8.00%	8.00%	8.00%	8.00%
Solid Waste Abatement	-9.00%	3.00%	3.00%	3.00%	3.00%

SOLID WASTE ABATEMENT FUND

- Proposed 2022 Rate Highlights
 - \$40,000 cost decrease for the recycling services contract
 - \$37,200 recycling services fee decrease to support the contract decrease
- Assumption and Other Considerations
 - The recycling services contract comprises about 86% of the expenditure budget
 - Select Committee on Recycling and the Environment (SCORE) grant funds remain relatively flat for 2022
 - Based on these and other factors, the Proposed 2022 Budget assumes a decrease in the quarterly residential fee from \$11.20 in 2021 to \$10.20 in 2022, or an decrease of \$1.00 or approximately 9.0%
 - The Proposed 2022 Budget assumes a contribution of about \$2,500 to fund balance

SOLID WASTE ABATEMENT FUND, CONTINUED

- Recycling commodity pricing has rebounded so based on our variable price model, the rate has gone down.
- The 2022 recycling rate from Republic Services will be
- January-April: \$3.81
- May- December: \$3.03
- Average monthly recycling price: \$3.29
- Based on 9,269 households, the total cost of the curbside recycling program is \$ 365,940.12.

WATER UTILITY FUND

- Proposed 2022 Utility Rates
 - 3% Fixed and Variable Rate Increases for the Water Utility Fund
- Assumptions and Other Considerations
 - Assumes repayment of the Community Investment Fund Interfund Loan, continuing through 2026
 - Assumes a 3.00% increase in the utility rates in 2022, and continuing annually through 2026
 - Water consumption increased by 5% in 2021 compared to 2020. Over the past decade there is an overall decline of nearly 20% despite an increase in population of approximately 3% over the same time.

SANITARY SEWER UTILITY FUND

- Proposed 2022 Utility Rates
 - 3% Fixed and Variable Rate Increases for the Sanitary Sewer Utility Fund
- Assumptions and Other Considerations
 - Metropolitan Council Environmental Services (MCES) charges comprises about 70% of the total fund expenses. MCES charge to the City increased by \$240,500 from 2021 to 2022 which equates to an increase of over 5%
 - Assumes a 3.00% increase in the utility rates in 2022, and continuing annually through 2026
 - Cancellation of the \$840,000 interfund loan from the Community Investment Fund

STORM WATER UTILITY FUND

- Proposed 2022 Utility Rates
 - 10% Fixed Rate Increase for the Storm Water Utility fund
- Assumptions and Other Considerations
 - Assumes a 10.00% increase in the utility rates in 2022, and continuing annually through 2026
 - In 2022, the fund will not meet the lower limit fund balance threshold, which will continue through 2026
 - The City received \$1,472,232 in funds from the American Rescue Plan (ARPA) in 2022 and will receive an equal amount in 2023. These funds will be applied towards large capital projects in all three Utility Funds.

ARPA FUNDING INTENDED USE AS OF 10/20/2021

Distribution System Reconstruction	Water Capital	601	314,500
Recondition 63rd Avenue Booster Pumps	Water Capital	601	200,000
Water Treatment Plant Security	Water Capital	601	330,000
Sanitary Sewer Collection System Lining	Sanitary Sewer Capital	602	1,620,000
Alden Way Storm Sewer Repair	Storm Water Capital	603	200,000
TMDL Water Quality Project	Storm Water Capital	603	180,000
Sediment Removal Projects	Storm Water Capital	603	100,000
			<u>\$ 2,944,500</u>



QUARTERLY BILL, SAMPLE NO. 1

Item 1.

	Residential (18,000 Gallons Used)			
	2021	2022	Increase (\$)	Increase (%)
<i>Water Utility</i>				
Fixed Charge	\$ 21.60	\$ 22.20		
Usage	\$ 49.12	\$ 50.60		
Subtotal	\$ 70.72	\$ 72.80	\$ 2.08	2.94%
<i>Sanitary Sewer Utility</i>				
Fixed Charge	\$ 52.50	\$ 54.10		
Usage	\$ 63.10	\$ 65.00		
Subtotal	\$ 115.60	\$ 119.10	\$ 3.50	3.03%
<i>Storm Water Utility</i>				
Fixed Charge	\$ 10.10	\$ 11.10	\$ 1.00	9.90%
<i>Recycling</i>				
Fixed Charge	\$ 11.20	\$ 10.20	\$ (1.00)	-8.93%
Total	\$ 197.52	\$ 202.10	\$ 4.58	2.32%

QUARTERLY BILL, SAMPLE NO. 2

Item 1.

	Commercial (90,000 Gallons Used)			
	2021	2022	Increase (\$)	Increase (%)
<i>Water Utility</i>				
Fixed Charge	\$ 59.70	\$ 61.50		
Usage	\$ 221.40	\$ 227.70		
Subtotal	\$ 281.10	\$ 289.20	\$ 8.10	2.88%
<i>Sanitary Sewer Utility</i>				
Fixed Charge	\$ 23.70	\$ 24.40		
Usage	\$ 567.90	\$ 585.00		
Subtotal	\$ 591.60	\$ 609.40	\$ 17.80	3.01%
<i>Storm Water Utility</i>				
Fixed Charge	\$ 285.18	\$ 314.16	\$ 28.98	10.16%
Total	\$ 1,157.88	\$ 1,212.76	\$ 54.88	4.74%