



DES MOINES WATER WORKS
Board of Water Works Trustees

Agenda Item No. III-C
Meeting Date: October 25, 2016
Chairperson's Signature Yes No

AGENDA ITEM FORM

SUBJECT: Approval of Proposed 2017 Water Rates

SUMMARY:

At both the September and October Finance and Audit Committee meetings we discussed proposed rate increases for 2017.

We recommend a 10% increase for most customers. We recommend a 5% increase in the Wholesale With Storage rate. We recommend a 15% rate increase in the Alleman service area. We recommend no increases in water availability charges. The attached memo includes a table which details all rates and the proposed increases.

FISCAL IMPACT:

The recommended rate increases will result in approximately \$3,300,000 of increased water revenue for 2017.

RECOMMENDED ACTION:

Approve the proposed rate increases according to the attached memo to be effective for all water bills issued on or after April 1, 2017 and direct staff to publish the adopted rates as provided by law.

BOARD REQUIRED ACTION:

Motion to approve the proposed rate increases according to the attached memo to be effective for all water bills issued on or after April 1, 2017 and direct staff to publish the adopted rates as provided by law.

<p>_____/_____ Peggy Freese, CPA (date) Chief Financial Officer</p>	<p>_____/_____ (date)</p>	<p>_____/_____ Ted Corrigan, P.E. (date) Chief Operating Officer</p>
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Attachments: memo

MEMORANDUM

DATE: October 17, 2016
TO: William Stowe, CEO and General Manager
FROM: Peggy Freese, CFO
SUBJECT: Approval of Proposed 2017 Water Rates

At both the September and October Finance and Audit Committee meetings we discussed proposed 2017 water rates. In each discussion we emphasized several points:

- In the 2014 Cost of Service Study, total costs increased 2.6%, due to increased costs and decreased consumption.
- We expect operating and maintenance costs will continue to increase.
- We have an ongoing and increasing need to reinvest in our infrastructure.

We recommend a 10% increase for most retail and wholesale customers. We recommend a 5% increase in the Wholesale With Storage rate. We recommend a 15% rate increase in the Alleman service area. We recommend no increases in water availability charges.

Pages 2-3 contain a schedule which shows 2015 costs per 1,000 gallons, 2015 rates, 2016 (current) rates, and rates proposed for 2017.

**Des Moines Water Works
Proposed 2017 Water Rates**

	2015 COS Cost Per 1,000 Gallons	2015 Rate/1,000 Gallons	2016 Rate/1,000 Gallons	Proposed 2017 Rate/1,000 Gallons	Increase	Percent Increase
Des Moines Inside City						
Residential (Step 1)	\$4.04	\$3.40	\$3.74	\$4.11	\$0.37	10%
Commercial (Step 2)	2.71	2.28	2.51	2.76	0.25	10%
Industrial (Step 3)	2.06	1.75	1.93	2.12	0.19	10%
Wholesale						
Purchased Capacity	\$1.81	\$1.53	\$1.68	\$1.85	\$0.17	10%
With Storage	3.56	3.33	3.66	3.84	0.18	5%
Off Peak	2.01	1.72	1.89	2.08	0.19	10%
Des Moines Outside City						
Residential (Step 1)	\$4.34	\$3.69	\$4.06	\$4.47	\$0.41	10%
Commercial (Step 2)	3.09	2.77	3.05	3.36	0.31	10%
Industrial (Step 3)	2.27	1.98	2.18	2.40	0.22	10%
Polk County						
Residential (Step 1)	\$6.64	\$6.69	\$7.36	\$8.10	\$0.74	10%
Commercial (Step 2)	3.64	4.10	4.51	4.96	0.45	10%
Industrial (Step 3)	3.15	3.20	3.52	3.87	0.35	10%
Capital Improvement Fee		1.50	1.50	1.50	-	-
Pleasant Hill						
Residential (Step 1)	\$6.61	\$6.23	\$6.85	\$7.54	\$0.69	10%
Commercial (Step 2)	5.83	5.25	5.78	6.36	0.58	10%
Outside City	-	9.35	10.28	11.31	1.03	10%
Windsor Heights						
Capital Improvement Fee		1.00	2.00	2.00	-	-
PCRWD #1	\$4.54	\$4.00	\$4.00	\$4.00	-	-
Berwick	\$3.74	\$4.00	\$4.00	\$4.00	-	-
Runnells						
Water	\$5.66	\$5.91	\$6.50	\$7.15	\$0.65	10%
Waste Water	6.71	6.41	7.05	7.76	0.71	10%
Alleman	\$9.18	\$6.59	\$7.25	\$8.34	\$1.09	15%
Cumming	\$5.33	\$5.81	\$6.39	\$7.03	\$0.64	10%

	2015 COS Cost Per 1,000 Gallons	2015 Rate/1,000 Gallons	2016 Rate/1,000 Gallons	Proposed 2017 Rate/1,000 Gallons	Increase	Percent Increase
Warren County						
Step 1	\$12.21	\$12.54	\$13.79	\$15.17	\$1.38	10%
Step 2	10.32	9.21	10.13	11.14	1.01	10%