

Memorandum 14-090 Water and Sewer Rates

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TO: Mayor Wythe and Homer City Council

FROM: Walt Wrede

DATE: June 9, 2014

SUBJECT: Water and Sewer Rates

The Homer City Council recently adopted a new water and sewer rate model and a new rate schedule which both became effective January 1, 2014. When the new model and schedule were adopted, the Council decided to go back to reviewing and setting water and sewer rates on an annual rather than a biennial basis. The Council committed to reviewing the schedule again in June 2014 and establishing rates for the year July 1, 2014 through June 30, 2015. The June 9, 2014 Council agenda contains a resolution setting the rates for the year beginning July 1, 2014.

It has only been five months since the new rates have been implemented. The Administration does not think that there is enough data over a long enough period of time, to support changes to either the model or the rates themselves. We would recommend approving rates for the year beginning July 1, 2014 and ending June 30 2015 that are the same as the current rates. The rates contained in the resolution are exactly the same as the rates currently in place. Attached is current information on water and sewer revenues and expenses provided by Finance Director John Li.

Kachemak City continues to have concerns about how the sewer rates are applied to its residents. In short, the City believes that the rates are too high and cannot be justified. Attached are several correspondences between Mayor Morris and me for your information. Council should anticipate that it will receive more information and requests for rate amendments from Kachemak City and its residents. The Council can certainly adjust the rates if it deems appropriate. Let us know and we will provide any information needed. You might recall that we were supposed to completely rewrite the sewer agreement between the two cities. That project is a work in progress and is not done at this time.

Since water and sewer rates are always of great interest to segments of the community, I would recommend that the resolution be held over to June 23 and a public hearing held at that time.

RECOMMENDATION:

Approve Resolution 14-060 which establishes the water and sewer rates for the year beginning July 1, 2014 and ending June 30, 2015. Keep the rates the same as those presently established. Postpone Resolution 14-060 to June 23 and have a public hearing.

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Related Resolutions **Memorandum - Related Resolutions:** [Resolution 14-060 Maintaining the Water and Sewer Rates at the 2014 Rate and Updating the Fee Schedule Accordingly](#)

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