



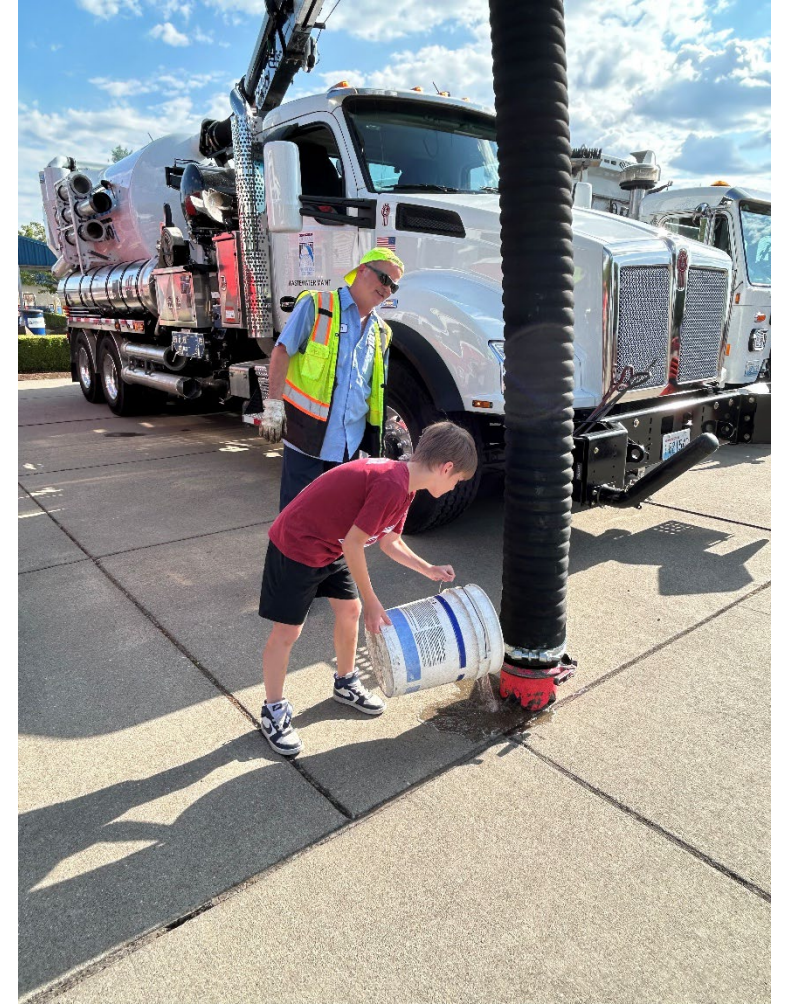
Utilities Rate Setting 2027 & 2028

Public Works Division
August 25, 2026



Today's Conversation

- Have approved rates through 2026
- Need to review and adjust rates for 2027 & 2028
- Consistent with the City Budget period
- **Today:**
 - A Look at Cost Reductions, Avoidances, Etc.
 - Example Bills



Managing Costs

Savings, both one-time & recurring

Non-rate revenue growth

Decisions that smooth costs over time and provide greater predictability for ratepayers

Making key investments that reduce costs over time



Examples

Savings (Recurring):

New Contract for **Solid Waste Container Repairs** – Saves \$250,000 annually

Updating **Oil Change intervals** for Garbage Trucks – Saves \$100,000 annually

WTE Team completed changes on **Ammonia System** for greater efficiency – Saves more than \$350,000 annually

Switch Downtown Garbage Collections to Days - \$20,000 annually & more efficient

Re-organized **Water Conservation Team** – \$30,000 annually

Savings (One-time):

Use **City employees instead of contracting out when appropriate.**

Example: non-critical water main upsize to be done by City Water and Streets staff - Savings of \$100,000 expected

Bought **AMI meter radios** in bulk for 3 years of installations, getting a better price – Savings of \$40,000

Re-worked some plans for remodeling the N Foothills Water Facility – Savings of \$100,000



Examples

Non-rate revenue growth:

Power Purchase Agreements - \$40 million more than forecasted over 15 years (Earnings going up annually)

Decisions that smooth costs over time or avoid costs:

Created a sinking fund for RPWRF membrane replacement – Smooths out the cost over 10 years

RNG Fuel v Diesel – Estimated 2026 avoided cost of \$2.6 million

Riverfront Park pipe-lining project – Preserves 1 million gallons of daily capacity at RPWRF for future growth

Re-prioritized projects in **the Capital Plan** to reduce annual expenses and smooth costs over time

Postponed \$2M headworks project at RPWRF to a time with a smaller capital project list

Eliminated plan for a third compressor for **RNG at Solid Waste**, avoids \$650,000 cost



Examples

Key Investments that reduce costs over time

Replaced Big Belly units - \$215,000 upfront cost that will **save \$100,000 annually**

Future Investment Possibilities to reduce costs, earn income

Working with Finance to refinance 2014 Revenue Bonds – potential to free **up to \$500,000/year**

Replace use of potable water at RPWRF with process water – reduce water consumption & save money

Consider UV light for disinfection at RPWRF – reduce chlorine costs

Biogas capture at RPWRF – Tax credits, income stream

E-waste pilot – Diverts e-waste from the garbage stream & could generate some revenue

On-site chlorine generator – reduce gas purchases; approx. savings **\$100K annually**



Overview of Rate Proposals

3.5% increase for water/wastewater/stormwater/water-wastewater capital

3.25% increase for solid waste



- Commercial Water Consumption Rates – Winter & Summer Seasonal Rates
- Parks and Schools Water Consumption Changes – Year-round flat rate
- Commercial Sewer Base charge – Updated to be based on meter size
- Adjustments to lower Sewer rates for Multi-Family
- Creation of Micro-Unit category
- Solid Waste Cost of Service & Other Changes
 - Rebalance costs between residential cart sizes
 - Rebalance between smaller and larger commercial containers (dumpsters)
 - Manage PUDs like other residential
 - Charge for appliances with refrigerant



Proposed Residential Utility Bill Example

Representative Inside City Monthly Bill – Summer & Winter

Assumes 10 units (7,480 gallons) of **winter usage for the month. This water usage is a sample winter usage (although many customers use much less).*

***Assumes 25 units (18,700 gallons) in the **summer**, this is the typical median usage in the summer.*

Service	2026	2027	2028
60-gallon Garbage Cart	\$45.20	\$47.23	\$49.12
Wastewater	\$39.79	\$41.19	\$42.63
Water – Base Svc	\$20.07	\$20.77	\$21.50
Cons – Winter*/Summer**	\$5.46 / \$21.03	\$5.65 / \$21.76	\$5.85 / \$22.52
Stormwater	\$5.60	\$5.80	\$6.00
Water/Wastewater Capital	\$36.30	\$37.57	\$38.88
WINTER TOTAL	\$152.42	\$158.21	\$163.98
SUMMER TOTAL	\$167.99	\$174.32	\$180.65



Proposed Commercial Utility Bill Example

Commercial Inside City Monthly Bill – Summer & Winter

This example:

- Assumes a 1-inch meter connection
- Assume 3-yard dumpster & 90-gallon recycling cart
- Assumes 15 units (11,220 gallons) of water usage each month)

**Winter rate (8 months)*

***Summer rate (4 months)*

Service	2026 Rates	2027 Proposed Rates	2028 Proposed Rates
Solid Waste	\$424.69	\$433.47	\$438.32
Wastewater	\$62.89	\$77.84	\$91.13
Water	\$41.31* \$41.31**	\$38.42* \$46.01**	\$39.76** \$47.62**
Stormwater	\$36.96	\$38.28	\$39.60
Water/Wastewater Capital	\$37.35	\$38.66	\$40.01
WINTER TOTAL	\$603.20	\$626.66	\$648.82
SUMMER TOTAL	\$603.20	\$634.26	\$656.68



Proposed Multi-Family Utility Bill Example

Multi-Family City Monthly Bill – Summer & Winter

This example:

- *Assumes 36 units*
- *Assumes a 6-inch meter connection*
- *Assume 6-yard dumpster*
- *Assumes 125 units of water usage in the winter*
- *Assumes 200 units of water in the summer*

**Winter rate*

***Summer rate*

Service	2026 Rates	2027 Proposed Rates	2028 Proposed Rates
Solid Waste	\$804.12	\$820.20	\$828.40
Wastewater	\$1,291.74	\$1,199.39	\$1,098.46
Water	\$318.87* \$413.22**	\$293.84* \$471.03**	\$304.12** \$487.51**
Stormwater	\$138.60	\$143.45	\$148.47
Water/Wastewater Capital	\$1,306.80	\$1,305.14	\$1,352.30
WINTER TOTAL	\$3,860.30	\$3,762.02	\$3,720.87
SUMMER TOTAL	\$3,954.48	\$3,939.20	\$3,915.14



Proposed Micro-Unit Utility Bill Example

Multi-Family Micro-Unit City Monthly Bill – Summer & Winter

This example:

- *Assumes 36 units*
- *Assumes a 6-inch meter connection*
- *Assume 6-yard dumpster*
- *Assumes 75 units of water usage in the winter*
- *Assumes 100 units of water in the summer*

**Winter rate*

***Summer rate*

Service	2026 Rates	2027 Proposed Rates	2028 Proposed Rates
Solid Waste	\$804.12	\$820.20	\$828.40
Wastewater	\$1,291.74	\$719.63	\$659.07
Water	\$255.97* \$287.42**	\$243.22* \$319.15**	\$252.70* \$411.86**
Stormwater	\$138.60	\$143.45	\$148.47
Water/Wastewater Capital	\$1,306.80	\$783.08	\$811.38
WINTER TOTAL	\$3,797.23	\$2,709.58	\$2,700.02
SUMMER TOTAL	\$3,828.68	\$2,785.51	\$2,859.18



Additional customer costs – CCA

Collect \$3 million in 2027 and 2028 to meet anticipated compliance costs with the Climate Commitment Act

- Proposal:
 - Spread the cost over the residential and commercial customer base.
 - \$2.75 per month for residential customers
 - \$9 per month for commercial customers
 - Separate line item on the bill
 - Propose it as a pass through to the customer, without applying the utility tax
 - *Separate ordinance is moving through Council agenda process*



What's Next

- September
 - Consider Micro-unit ordinance
 - Consider ordinance to exempt CCA compliance funds from utility tax
- September/October 2026
 - Present remaining rate ordinances at Finance in September
 - Council approval of rates for 2027 & 2028 to follow





Questions?