

# **RESOLUTION NO. 2022-124, APPROVING 2023 UTILITY RATES**

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**WATER, SANITARY SEWER, STORM WATER  
AND SOLID WASTE ABATEMENT**

**NOVEMBER 14, 2022**



# OVERVIEW

- Proposed 2023 Public Utility and Solid Waste Abatement Fund Rates

# SOLID WASTE ABATEMENT FUND

- **Proposed 2023 Rate Highlights**
  - 17% decrease for all customers
  - Quarterly rate from \$10.20 per unit to \$8.50
    - Savings of \$1.70/quarter or \$6.80 annually
- **Assumptions and Other Considerations**
  - Recycling commodity pricing has rebounded, which means:
    - Recycled goods are worth more money

# WATER UTILITY FUND

- **Proposed 2023 Utility Rates**

- 3% Fixed Rate and Variable Rate Increases for the Water Utility Fund

- **Assumptions and Other Considerations**

- Repayment of the Community Investment Fund Interfund Loans, through 2026
- A 3% increase in the utility rates in 2023, and continuing annually through 2027
- Conservative water usage
- Use of ARPA Funds for capital projects
- Water treatment chemicals increase of 20%, utility increases: 25% to Xcel and 5% to Centerpoint Energy, approximately \$139,000

# WATER UTILITY FUND, CONT.

- **Proposed Capital Projects**

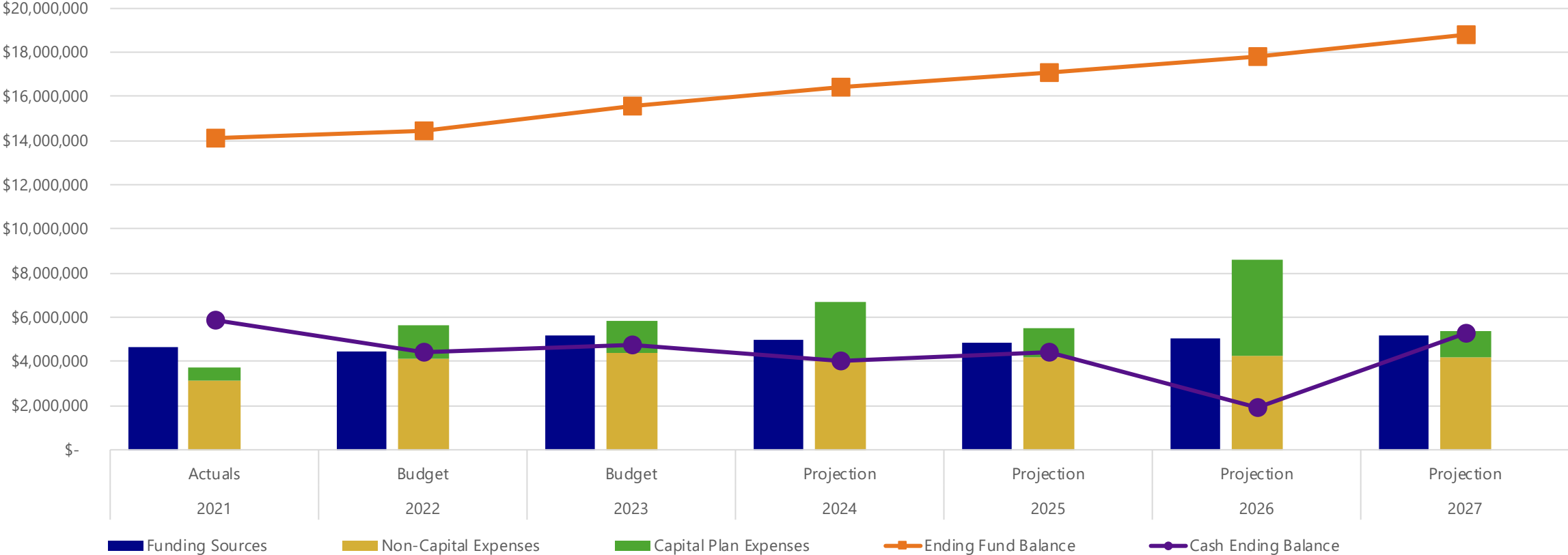
- \$10,465,000 in infrastructure projects from 2023-2027
- \$423,000 in equipment projects from 2023-2027

- **Assumptions and Other Considerations**

- American Rescue Plan (ARPA) Funds totaling \$844,500 will be used for water infrastructure projects in 2023 and 2024
- No external debt issuances are anticipated from 2023-2027

# WATER UTILITY FUND

Proposed 2023 - 2027 CIP, Funding Sources and Expenditures



# SANITARY SEWER UTILITY FUND

- **Proposed 2023 Utility Rates**

- 3% Fixed and Variable Rate Increases for the Sanitary Sewer Utility Fund

- **Assumptions and Other Considerations**

- Metropolitan Council Environmental Services (MCES) charges comprise approximately 72% of the total fund expenses.
  - Increase from 2022 to 2023 is 8.45% or approximately \$406,000
- A 3.00% increase in the utility rates in 2023, and continuing annually through 2027
- Use of ARPA funds for capital projects

# SANITARY SEWER UTILITY FUND, CONT.

## Proposed Capital Projects

- \$4,575,000 in infrastructure projects from 2023-2027
- \$375,000 in equipment projects from 2023-2027

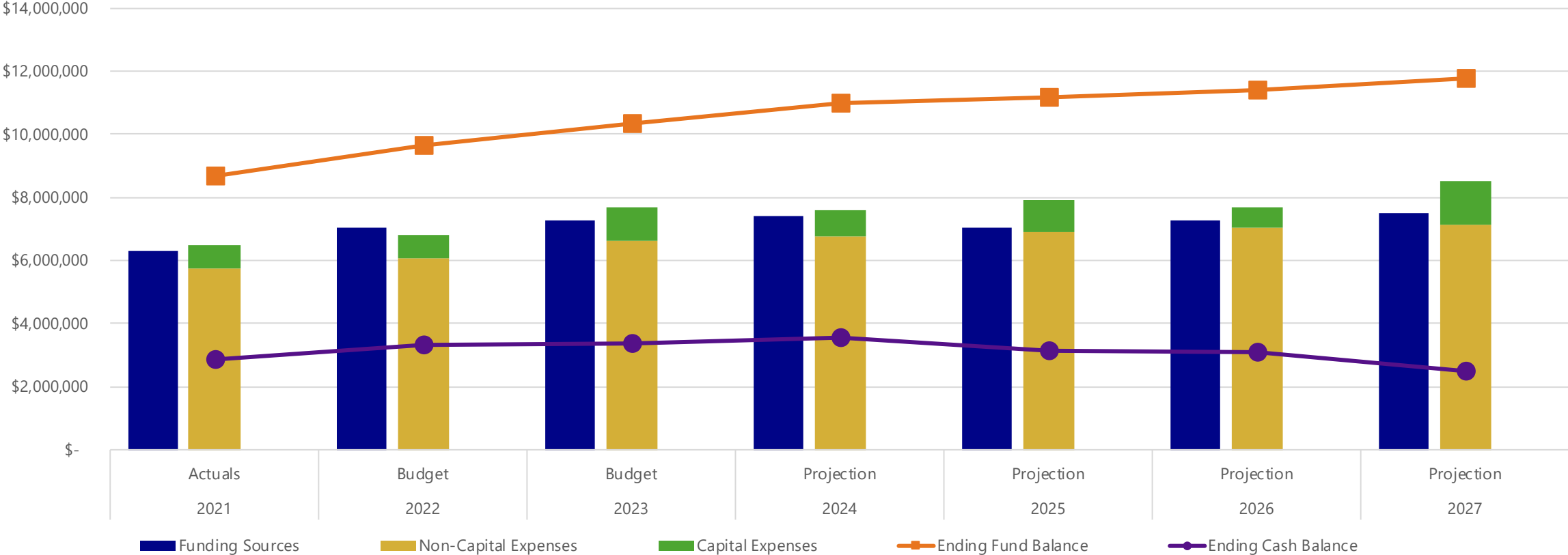
## Assumptions and Other Considerations

- American Rescue Plan (ARPA) Funds totaling \$1,100,000 will be used for sanitary sewer infrastructure projects in 2023 and 2024
- No external debt issuances are anticipated from 2023-2027



# SANITARY SEWER UTILITY FUND

Proposed 2023 - 2027 CIP, Funding Sources and Expenditures



# STORM WATER UTILITY FUND

- **Proposed 2023 Utility Rates**

- \$1.10 quarterly or \$4.40 annually, (10%) Fixed Rate Increase for the Storm Water Utility fund

- **Assumptions and Other Considerations**

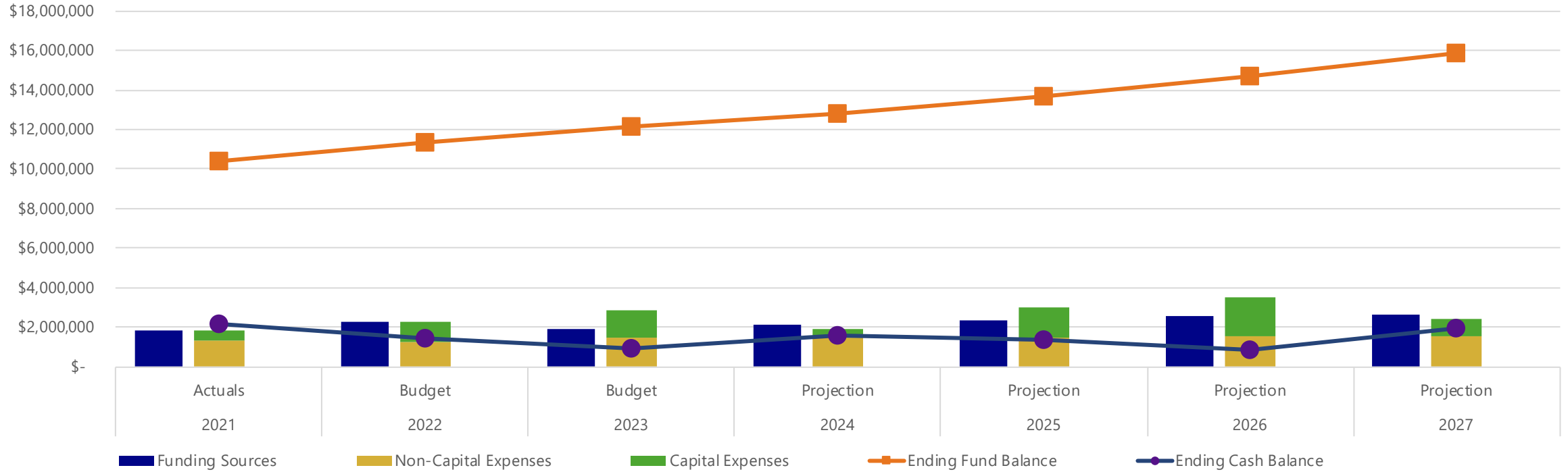
- Assumes a 10% increase in the utility rates in 2023, continuing annually through 2025. 3% for 2026 and 2027.
- Increase is needed due to increasing capital and operational needs to comply with the new Stormwater permit

# STORM WATER UTILITY FUND, CONT.

- **Proposed Capital Projects**
  - \$6,025,000 in infrastructure projects from 2023-2027
  - \$130,500 in equipment projects from 2023-2027
- **Assumptions and Other Considerations**
  - No external debt issuances are anticipated from 2023-2027

# STORM WATER UTILITY FUND

**Proposed 2023 - 2027 CIP, Funding Sources and Expenditures**



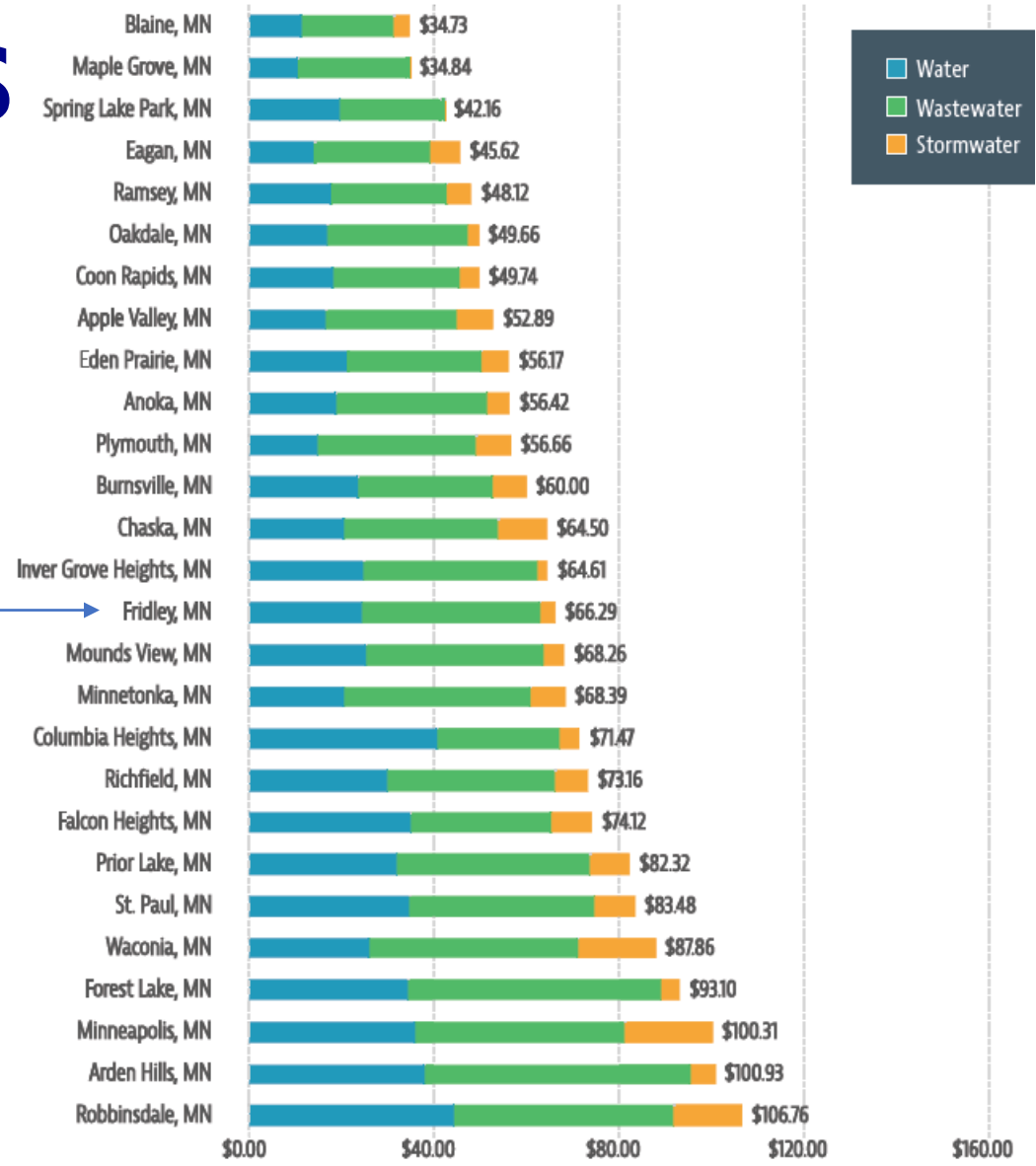
# SAMPLE QUARTERLY BILL, RESIDENTIAL

	Residential (18,000 Gallons Used)			
	2022	2023	Change (\$)	Change (%)
<i>Water Utility</i>				
Fixed Charge	\$ 22.20	\$ 22.90		
Usage	\$ 50.60	\$ 52.10		
Subtotal	\$ 72.80	\$ 75.50	\$ 2.70	
<i>Sanitary Sewer Utility</i>				
Fixed Charge	\$ 54.10	\$ 55.70		
Usage	\$ 65.00	\$ 67.00		
Subtotal	\$ 119.10	\$ 122.70	\$ 3.60	
<i>Storm Water Utility</i>				
Fixed Charge	\$ 11.10	\$ 12.20	\$ 1.10	
<i>Recycling</i>				
Fixed Charge	\$ 10.20	\$ 8.50	\$ (1.70)	
<b>Total</b>	<b>\$213.20</b>	<b>\$ 218.90</b>	<b>\$ 5.70</b>	<b>2.67%</b>

# MUNICIPAL COMPARISONS

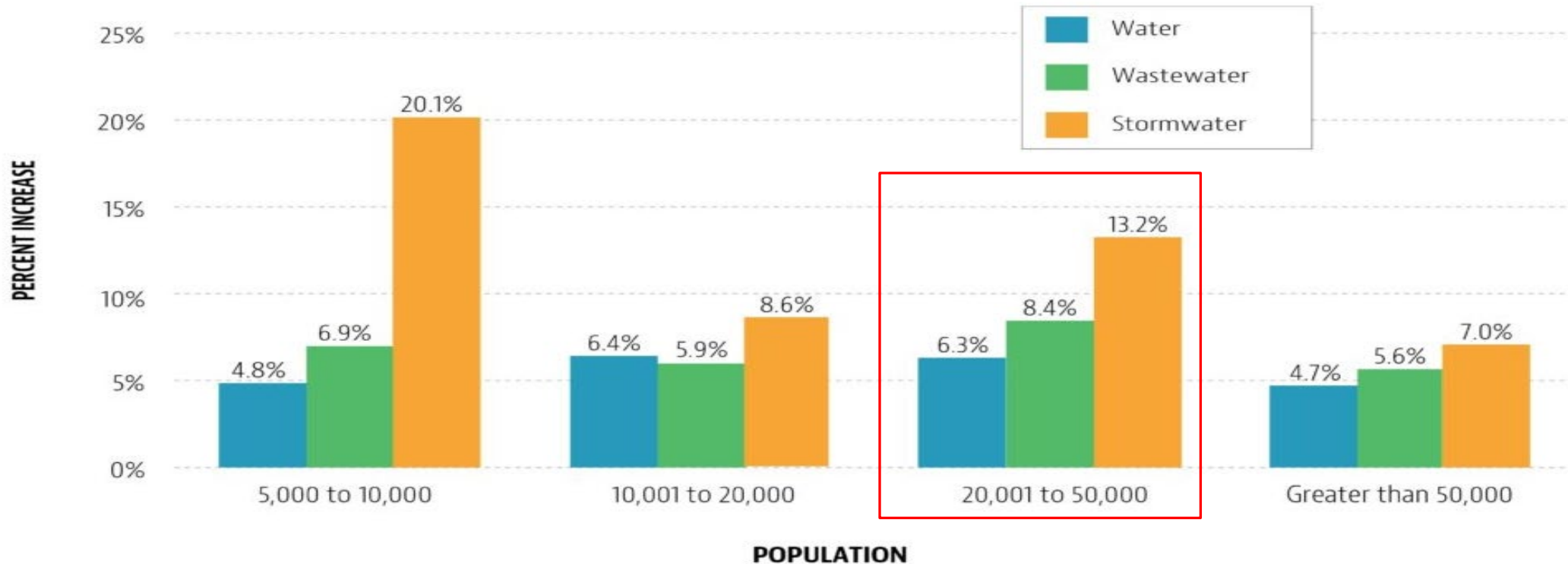
Results compiled from the 2021 AE2S Survey

## MINNEAPOLIS/ST. PAUL METRO AREA



# 2023 MUNICIPAL COMPARISONS

FIGURE 1: AVERAGE REPORTED 2022 RATE INCREASE FOR METRO AND NON-METRO UTILITIES SERVING 5,000 OR GREATER



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**Final 2023 Utility Rates  
City of Fridley, Minnesota**

Utility Fund and User Classification	Usage Notes	2023 - Proposed				
		Quarterly Fixed Charge	Fixed Change (%)	Volume Rate	Volume Rate Change (%)	Per Unit
<b>Water Utility</b>						
<b>Residential Quarterly Consumption Tiers</b>						
0-8,000		\$ 22.90	3%	\$ 2.61	3.0%	1000 gallons
8,001-16,000		\$ 22.90	3%	\$ 3.00	3.0%	1000 gallons
16,001-24,000		\$ 22.90	3%	\$ 3.61	3.0%	1000 gallons
over 24,000		\$ 22.90	3%	\$ 4.50	3.0%	1000 gallons
<b>Multifamily</b>	All Usage	\$ 22.90	3%	\$ 3.01	3.0%	1000 gallons
<b>Commercial Quarterly Consumption Tiers</b>						
0-250,000		see below	see below	\$ 2.61	3.0%	1000 gallons
250,001-500,000		see below	see below	\$ 3.09	3.0%	1000 gallons
500,001-1,000,000		see below	see below	\$ 3.56	3.0%	1000 gallons
over 1 million		see below	see below	\$ 4.08	3.0%	1000 gallons
Meters less than 1"		\$ 22.90	3%	see above	see above	see above
Meters 1" and greater		\$ 63.30	3%	see above	see above	see above
<b>Irrigation</b>	All Usage	\$ 22.90	3%	\$ 4.50	3.0%	1000 gallons
<b>Sanitary Sewer Utility</b>						
Residential (includes 8,000 gallons)	Winter Quarter Water Usage	\$ 55.70	3%	\$ 6.70	3.0%	1000 gallons
Multifamily, 3 units or less (includes 24,000 gallons)	Winter Quarter Water Usage	\$ 111.50	3%	\$ 6.70	3.0%	1000 gallons
Multifamily, 4 units or more	Current Quarter Water Usage	\$ 25.10	3%	\$ 6.70	3.0%	1000 gallons
Commercial/Industrial	Current Quarter Water Usage	\$ 25.10	3%	\$ 6.70	3.0%	1000 gallons
<b>Storm Water Utility</b>						
Per Acre		\$ 37.00	10%	n/a	n/a	per acre
Residential Equivalency Factor (REF)		\$ 12.20	10%	n/a	n/a	REF per qtr.
<b>Solid Waste Abatement (i.e., Recycling)</b>						
Residential, 12 units or less		\$ 8.50	-17%	n/a	n/a	per quarter

State Test Fee - 2.43/qtr



# STAFF RECOMMENDATION

- **Staff recommend the approval of Resolution No. 2022-124 and adopting the Proposed 2023 Public Utility and Solid Waste Abatement Fund Rates as follows:**
  - 17% decrease for the solid waste abatement (recycling) fund.
  - 3% variable and fixed rate increases for the water utility fund;
  - 3% variable and fixed rate increases for the sanitary sewer utility fund; and
  - 10% fixed rate increase for the storm water utility fund.