

FOR BOARD ACTION

Agenda Item # 7

Meeting Date:

12/15/05

SUBJECT:

2006 Water Revenue Adjustment

PREPARED BY:

Curt Kraft, Director of Corporate Services

ITEM DESCRIPTION

At the November Utility Board meeting, staff presented alternative water revenue adjustments and the projected ability of each alternative to meet board policy requirements for cash reserves. The needed revenue increase reflected growth in operating costs, continued impact of community growth, relocation costs due to highway construction and the impact of conservation on sales.

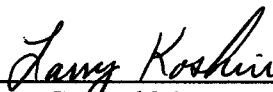
The Board preliminarily agreed that a 5% increase for 2006 was needed to maintain continued reliable quality service, while maintaining a sound financial position. A notice of the proposed revenue adjustment was provided to the public via the paper of record. A 5% adjustment will result in an increase of approximately \$0.54 per month for a typical residential customer.

Staff recommends that the Board proceed with a recommendation to the City Council for increasing water rates by 5% effective January 1, 2006.

UTILITY BOARD ACTION REQUESTED:

1. Approve and recommend to the City Council a 5.0% water rate increase to all customer classes effective January 1, 2006.
2. Approve a resolution to approve the attached rate schedules effective January 1, 2006.

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)


General Manager

12/12/05
Date

ROCHESTER PUBLIC UTILITIES



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the following rate schedules effective January 1, 2006.

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of December 2005.

President

Secretary



RESOLUTION

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve a 5.0% increase water rates effective January 1, 2006 to the following rate classes:

Water Service (WTR)
Fire Hydrant Facilities Charge (FHFC)

Passed by the Public Utility Board of the City of Rochester, Minnesota, this 15th day of December, 2005.

President

Secretary