

CITY OF BLOOMFIELD

Staff Summary

**** ACTION ITEM ****

Council Meeting of: July 16, 2020

Prepared By: Andrew Morris, City Administrator



Department: Administration

Department Head: Andrew Morris, City Administrator

City Administrator Approval: Andrew Morris, City Administrator

AGENDA TITLE: Discuss Sewer Rates

****Public hearing required if this line is checked.****

DISCUSSION: The prepared rate study includes an initial rate increase to \$50.00 in the base rate and \$11.50 per 1,000 gallons. Included is a base rate of \$50.00 per thousand gallons is a threshold of 3,000 gallons. Sewer rate increases will allow the City to capitalize expenses related to plant operations and improvements. The consultants have built in a 2% annual rate increase for the base and flow rates. These 2% annual increases will enable the City to pay off the SRF loan while at the same time meeting the rate covenants. The rate increases will ensure the ability of the sewer fund to make payments on the loan and maintain its covenants and operating expenditures. The SRF loan has a covenant that rates must be in place to have 110% of the principal and interest payment due that year in the sewer fund after operating expenditures.

RECOMMENDATION: Consider and adopt certain rate increases to capitalize loan covenants, and operations.

Source of Funds: N.A.

Budgeted Item:N.A.

Budget Amendment Needed: N.A.