

MEMORANDUM

TO: Board of Directors

FROM: Zach Nelson, Project Manager

SUBJECT: Review and Recommendation on Dakota County Rural Water System Rate Increase

DATE: April 29, 2019

The Dakota County Rural Water System serves over 660 rural residences and is comprised of a network of over 100 miles of water mains. The current rate schedule for the Dakota County Rural Water System was last set in May of 2012. In recent years the system has undergone a number of upgrades including the conversion of self-read meters to Automatic Meter Read (AMR) meters as well as the replacement of numerous valves, hydrants and other pieces of infrastructure.

The Dakota County Rural Water System purchases water from Dakota City at a whole sale rate. In July of 2018, Dakota City increased the whole sale water rate from \$1.00 per thousand gallons to \$1.30 per thousand gallons.

On February 13, 2019, the Dakota County Rural Water System Advisory Board voted to make a recommendation to the District's Board of Directors to increase water rates by the following amounts:

	Existing Base Charge	Proposed Base Charge	Net Increase
	\$ 24.50	\$ 27.00	\$ 2.50
First 5,000 gls	\$ 2.05	\$ 2.35	\$ 0.30
Next 45,000 gls	\$ 1.80	\$ 2.10	\$ 0.30
All Over 50,000 gls	\$ 1.70	\$ 2.00	\$ 0.30

The proposed rate increase was formulated after an analysis was performed by District Staff that evaluated the current and future budgets of the water system, anticipated future maintenance costs as well as inflation from 2012 to present (9.8%).

Staff recommends that the subcommittee recommend to the Board, that the General Manager be authorized to set a new increased rate schedule, effective July 1, 2019 for the Dakota County Rural Water System and that the District's Policy Manual Appendix H – Rural Water Supply Systems be updated to incorporate the new rate schedule.