



CITY OF SAINT PAUL

ALASKA

MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members

FROM: Phillip A. Zavadil, City Manager

CC: Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

DATE: November 7, 2023

RE: Resolution 23-23 – A Resolution of the City of Saint Paul Approving the Water Rate Schedule for 2024

SUMMARY: Resolution 23-23 approves increasing the water utility rates by 40%.

PREVIOUS COUNCIL ACTION: In November 2018, the City administration recommend 20% increase in the water rates from \$30 per month for residents to \$36 per month. Council only approved half the recommended increase at \$33 per month for residents. In December of 2022, the City administration recommended a 20% increase in water rates, but Council did not approve this increase.

BACKGROUND AND DISCUSSION: Pursuant to City of Code of Ordinances Chapter 13.15 the City Manager shall recommend utility rates to the City Council and the City Council shall review and approve these rates. The City has observed over a 60% loss in fish tax revenue because of the closure of BBRK and BSS crab fisheries. The decline in tax revenue has resulted in hiring freezes, limiting expenditures, deferring maintenance and other projects, an increase in public utility rates, and using investment funds to offset the loss in revenue. The expenditures in Fund 320 have increased over the past five years and the rates have not increased to keep up with the increase in expenditures. Additionally, with no crab season and the Trident plant being shut down the water utility has experienced a loss of revenue.

ALTERNATIVES: Council could choose not to approve this resolution and transfer funds from the general fund to balance out Fund 320 – Water Utility.

FINANCIAL IMPLICATIONS: If Council chooses not to increase water rates, the utility will be in the red by approximately \$50,122. To balance out the fund it would require a transfer from the general fund to Fund 320. The general fund for 2024 is proposed to be over budget by \$580,350. To balance out the general fund, the City will need to cash out its investments.

LEGAL: N/A.

ADMINISTRATION COMMENTS AND RECOMMENDATION: Administration recommends approval of this resolution.

PROPOSED MOTION: I move to introduce Resolution 23-23, and schedule it for public hearing, second reading, and adoption at the City Council meeting scheduled for December 12, 2023.

ATTACHMENTS: Resolution 23-23, Proposed 2024 Water Rate Schedule, Comparison Sheet of Old and Proposed Rates, and Comparison of User Rates Sheet.