

CITY COUNCIL MEMORANDUM

AGENDA ITEM

**FISCAL YEAR 2016 - AMENDING AND
CODIFYING RATES AND FEES**

ORIGINATING DEPARTMENT

CITY MANAGER

BACKGROUND INFORMATION

As part of the FY 16 budget development process, city staff reviewed the city-wide fee schedule. The results of that review determined that various fees needed to be amended to better reflect the cost of services provided as well as to incentivize redevelopment in Killeen. The amended fee schedule was presented to City Council at the August 4 workshop, and City Council gave direction to move forward with the amended fees at the August 18 workshop.

Prior to the FY 15 budget development process, staff briefed the City Council on water and wastewater rates. The City's water and sewer rate study determined that rates charged should be increased to offset increased costs for operation and maintenance as well as to provide additional funds for debt service. City Council determined at that time it was best to incrementally adjust rates rather than make a larger one-time adjustment. A 3% rate increase was proposed and adopted by the City Council for FY 15.

Following the direction for incremental adjustments to water rates, staff proposed a 5% rate increase for FY 16 in order to provide additional funding for operations and maintenance as well as debt service. At the September 1, 2015 workshop City Council, by consensus, reduced the rate adjustment to 2.5%. The proposed increase will have a net effect of .32 cents monthly on the base water rate for residential customers.

DISCUSSION/CONCLUSION

City Council gave consensus at the September 1, 2015 City Council Workshop meeting to include a 2.5% water rate adjustment.

In addition, a thorough review of city-wide fees was conducted by city staff. It was determined and recommended that various fees be amended for FY 16. The schedule of fees is attached.

FISCAL IMPACT

The fiscal impact would be an increase in revenue to the General Fund and the Water and Sewer Fund.

RECOMMENDATION

Recommend adoption of the proposed ordinance approving water rates and approving and codifying fees or rates charged for certain services provided by Community Services, Community Development, Emergency Medical Services, Planning, and Public Works departments.