

2014.

**3. 14-129 Receive Report and Provide Recommendation to City Council
Regarding Extension of Fire Equipment Tax**

The memo prepared for this item was reviewed with the City Council by City Manager Ruffing. Fire Chief Steve Orsi was present to respond to questions. **Following discussion Committee Members concurred with increasing the tax to \$22, having a 10-year sunset, and keeping the tax restricted to purchase of fire equipment.**

This Staff Report was recommended for approval and will be forwarded to the City Council in June for action.

**4. 14-127 Receive Report and Make Recommendation to City Council Regarding
Amended Water Rates**

The memo written for this item was reviewed with the Committee by City Manager Ruffing. She noted that the difference in the rates for non-residential are much more significant than for residential. Greg Clumpner, NBS, was present by telephone to answer questions.

* Committee Members expressed concern with the new calculations noting that their previous decision was made based on a set of judgments and assumptions based on a balance of residential and non-residential customers. They noted that there were several scenarios discussed prior to increasing the rates and the City Council picked the one they felt was most equitable.

* Ruffing noted that the new calculation actually shows the fixed rate for residential customers lower than what is in the current rate schedule and asked how that calculation was made.

* Ruffing noted that the previous cost of service analysis was the basis for the breakdown between residential and commercial customers; if the Council believes that the new rates have commercial customers paying too much in fixed rates, what does that do to the cost of service analysis?

Clumpner stated that the City can change the relationship between fixed and variable costs if they feel that the fixed rate is too high.

* The Committee stated that they were not interested in trying to recoup the entire \$233,000 (which was the entire loss in fixed rate revenue) but may be interested in collecting the \$67,000 (which is the net shortfall in FY 2013/14) over the next four years but they would like to see an analysis where there isn't as much of the cost of service being borne by the commercial accounts.

The Committee directed staff and the consultant to look at a new model that may have a modest increase for fixed rates residential and increases in non-residential that aren't as great as presented in this report in order to recover \$67,000 over the next four years. They recommended essentially no change for residential variable with the balance coming out of non-residential variable.

This Staff Report was referred to staff for further work with the consultant.

MATTERS FROM COMMITTEE / STAFF

ADJOURNMENT

Chair Turner adjourned the meeting at 11:29 a.m.