



June 26, 2018

Dear Citizens:

It is the City's goal to provide excellent water service to our customers. This is achieved through the City's Utility Department and funded by the Utility Fund in the budget. The Utility Fund is an enterprise fund meaning it needs to support its expenses with its own revenue. Water rates are not only set by the amount of water used, but are necessary to support the operations, debt, and infrastructure.

The cost to produce, deliver and treat water, including maintaining the infrastructure, is on the rise. This year has been especially challenging due to an aging infrastructure, major transmission line failures and the continuing rise in cost to produce water. Over the past three (3) years the Utility Fund has incurred a deficit in its revenue. Therefore, discussion of the 2019 Utility Fund will include a rate increase necessary to offset increases in operation, maintenance costs, and replacing infrastructure such as water lines. The rate increase will help fund critical repairs and bring revenues back in line with the cost of providing services and restoring financial stability for the water and wastewater fund. The rate is expected to increase the utility bill for the median single-family home by about \$1.40 per month. The proposed rate will still be below the average of cities in the area.

City Council and City staff realize that any increase in cost to the customers can be stressful and the City is committed to managing the expense in the most efficient and sustainable way while maintaining the City's commitment to provide excellent water service to all customers. This increase will also support Council's commitment to the replacement of aging infrastructure, which will mean fewer water main breaks and interruptions to service.

Sincerely,

Don Denbow
Mayor