



Duties of those who execute rate adjustments

These considerations are addressed to those people, usually hired staff and assistance providers, who will actually do the hands-on work of making the rate adjustments happen.

A staff person of the system, probably working with the rate analyst and the system's attorney, should prepare a proposed rate ordinance or resolution using feedback from the board or council. You probably will need to address policy changes as well. You will have to take care of certain meeting requirements under your State's open meetings/open records law. You may also need to address requirements of grant and loan agencies that your system received or wants to receive funding from. Take all of these things into account when preparing the ordinance or resolution and policy changes. At the appropriate time in the council or board meeting the decision-making body will go through its process to consider and pass the ordinance or resolution and policy changes to effectuate the changes.

To smooth the way for future rate adjustments, I strongly recommend including a statement like the following in the new rate ordinance.

Unless the (board/council) of the (city/district) of _____ specifically determines otherwise, on the first day of each fiscal year starting on (the first day of the next fiscal year), and until (a date, 3 to 5 years away), all minimum charges, unit charges and tap fees will be increased (X) percent over the then current rates and fees in order to account for anticipated inflation and to maintain adequate operating, equipment replacement, capital improvement, emergency and debt coverage reserves.

This automatic rate adjustment statement will do several things:

- It will put ratepayers on notice that the current rate increase is not a once and never again fix. Costs will go up and; therefore, rates must continue to go up, too.
- It will relieve future boards or councils and staff from having to do detailed rate analyses for every rate increase for a few years if no big changes are affecting the system and rates just need to track with inflation.
- It will make it much harder for future boards or councils to “back slide” on raising rates to keep up with inflation and the like because in order to keep the rates where they are now they will have to pass an ordinance or resolution to stop the scheduled future rate increases.
- It will give ratepayers a lever to make sure the city or district is actually maintaining various reserves for the utility because that is the stated reason for the automatic increases. Again, this can help to prevent future boards or councils from “back sliding” if they are tempted to raid the reserves for other purposes.
- The sunset language, “and until (a date, 3 to 5 years away)” assures ratepayers that they will not be forever subject to arbitrary inflationary increases. By the sunset date the council or board must actually reanalyze the system's rate needs and readjust rates to make them adequate and fair again.

Once the board or council decrees the rate changes by passing a rate ordinance or resolution, staff needs to make all necessary changes to the rate chart, the billing software program, Web page and wherever else it is necessary to effectuate the new rates and policy changes. Staff may even want to prepare at least some of these changes ahead of time and go live with them immediately after the board or council enacts the changes. For example, Web pages explaining the adjustments and showing the new rate chart can be prepared ahead of time. When the time arrives to go live staff can simply post the new pages to the Web site and everything happens seamlessly and quickly.