



City of CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: June 21, 2018

Utility Rates. I have previously reported to you that DPW Director Amy Gilson and I have been reviewing the utility budget for the upcoming fiscal year in an effort to determine whether an increase in rates is required and of what size. As you know, the budget for the utility fund shows a decrease in reserves as spending, including planned capital improvements, exceeds revenues. We have been working with the same template used in prior years to insure consistency in our approach to rate design. This template shows that only a very small increase in rates could be justified. In evaluating whether this should be implemented, we also evaluated whether reserves met two tests: the requirement of the ordinance for funding equivalent to a month's operating costs designated as an operations and maintenance reserve account and the requirement of prudent financial management of reserves equivalent to three month's operating costs in undesignated fund reserves. The expected decrease in reserves in the utility fund projected as of June 30, 2019 will still yield a financial position in excess of these required reserves.

CanDo! The next CanDo! general meeting will be held Wednesday, June 27 at 7:00 a.m. at the Charlotte Community Library. Josh Holliday from the Lansing Economic Area Partnership will be presenting a program detailing why place matters in talent attraction and retention and economic development. The public is welcome to attend.