



City Council Agenda Item Summary Report

Meeting Date: February 7, 2023	Submitted by: Deborah Woodham, Director of Finance
Item Title: Discuss and consider discontinuing the water and sewer industrial rate.	
Consent Item [<input type="checkbox"/>] Public Hearing Item [<input type="checkbox"/>] Action Item [<input checked="" type="checkbox"/>]	Documentation Attached:
Recommended Action: Staff recommends discontinuing the water and sewer industrial rates and moving customers to the commercial rates.	
City Manager Approval:	Finance Approval:
Item Summary: <p>On January 17, 2017, the City Council approved two industrial user agreements (water and sewer) with Smufit Kappa. The agreements provided a rate structure that included both variable cost as well as a fixed profit margin and were for a six year term. In their first year, the agreements reduced rates paid by Smufit Kappa over \$247,000.</p> <p>The Utility Billing Supervisor surveyed surrounding cities for an industrial rate structure as the agreements were expiring in January 2023. She contacted the cities of Mesquite, Garland, Terrell, Balch Springs, and Rowlett and discovered that none of them offered a reduced rate for industrial users. All cities that were surveyed charge their industrial customers at their standard commercial rate.</p> <p>I have included a comparison of our commercial rate to the industrial agreement rate for Smurfit Kappa for FY 2022.</p> <p>Staff recommends converting Smurfit Kappa to the commercial rates for both water and sewer consumption.</p>	