



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 6, 2018

Re: Amending Chapter 27 of the City Code as it relates to water rates

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 27 of the City Code as it relates to rates charged by the water utility.

Discussion

Part of Chapter 27 of the City Code governs the charges paid by customers of the water utility. A one percent increase in revenue from water fees is proposed for the Fiscal Year 2019 budget year. This increase is necessary to address operation and maintenance costs, maintain cash reserve levels and adequate debt coverage.

Below are proposed section changes with a brief discussion of the proposed change. The proposed revenue increase will come from a change to the current water rate structure for summer water usage. An additional water rate is being proposed for all usage above 8 Ccf for residential customers and all usage above 170% of average winter consumption for all other classes. This will show that the City values water conservation and would recover more costs from the customers who place the highest demands on the system.

Total revenue increase from this additional water rate increase is estimated at \$350,000.

Sec. 27-122 (a) (1) – Water rates inside city limits – residential/commercial multiple-family facilities: the summer water usage rate will now be broken out into two tiers. The first tier will be 3-8 Ccf's and the usage rate will remain at \$3.91 and the second tier will be added above 8 Ccf's with a new usage rate of \$4.89.

Sec. 27-122 (b) - A new section is added under Sec. 27-122 for water service metered separately for lawn irrigation. Non-summer water usage is defined by subsection (c) at a rate of \$2.79 and summer water usage is defined by subsection (c) at a rate of \$4.89.

Sec. 27-122 (b) – Summer water usage: is moved to a separate section(c) and wording is revised to reflect the tier changes. “All water consumption, occurring during summer as defined in section 27-16, for the billing period will be charged at the summer rate listed in subsection (a)(1)”.

Sec. 27-122 (b)(1) – Exceptions: is moved to a separate section (c) and wording is revised to state, “for commercial multiple-family facilities, and multiple commercial facilities, served through a single meter the summer rates will be assessed on water consumption occurring during summer as defined in section 27-16 which exceeds seventy (70) percent and one-



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hundred seventy (170) percent of the customer's average monthly winter water use during the immediate preceding billing periods of January, February and March". The last sentence related to lawn irrigation will be moved to a new section under 27-122 (b).

Sec. 27-122.1(a)(1) – Commercial: the summer water usage rate will now be broken out into two tiers. The first tier will be 70%-170% of annual winter consumption (AWC) with a usage rate of \$3.91 and the third tier will be above 170% of AWC with a usage rate of \$4.89.

Sec. 27-122.1(b) - A new section is added under Sec. 27-122.1 for water service metered separately for lawn irrigation. A non-summer water usage is defined by subsection (c) at a rate of \$2.79 and a summer water usage as defined by subsection (c) at a rate of \$4.89.

Sec. 27-122.1 (b) – Summer water usage: is moved to a separate section (c) and wording is revised to reflect the tier changes. "All water consumption, occurring during summer is defined in section 27-16, during the immediate preceding billing periods of January, February and March will be charged at the summer rate listed in subsection (a)(1).

Sec. 27-122.1 (b)(1) - Exceptions: this section is deleted and moved to a new section for lawn irrigation.

Sec. 27-122.2(a)(1) – Large Commercial: the summer water usage rate will now be broken out into two tiers. The first tier will be 70%-170% of annual winter consumption (AWC) with a usage rate of \$3.91 and the second tier will be above 170% of AWC with a usage rate of \$4.89.

Sec. 27-122.2(b) – Summer water usage: wording is revised to reflect the tier changes. "All water consumption, occurring during summer as defined in section 27-16, during the immediate preceding billing periods of January, February and March will be charged at the summer rate listed in subsection (a)(1)."

Sec. 27-123 (b) - A new section is added under Sec. 27-123 for water service metered separately for lawn irrigation. Non-summer water usage is defined by subsection (c) at a rate of \$2.79 and a summer water usage as defined by subsection (c) at a rate of \$4.89.

Sec. 27-123 (b) – Summer water usage: is moved to a separate section (c) and wording is revised to reflect the tier changes. "All water consumption, occurring during summer as defined in section 27-16, for the billing period will be charged at the summer rate listed in subsection (a)(1)".

Sec. 27-123 (b)(1) - Exceptions: is moved to a separate section (c) and wording is revised to state, "for commercial multiple-family facilities, and multiple commercial facilities, served through a single meter the summer rates will be assessed on water consumption occurring during summer as defined in section 27-16 which exceeds seventy (70) percent and one-hundred seventy (170) percent of the customer's average monthly winter water use during



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the immediate preceding billing periods of January, February and March". The last sentence related to lawn irrigation will be moved to a new section under 27-123 (b).

Fiscal Impact

Short-Term Impact: Increase revenue by 1% by adding a water rate for all usage above 8 Ccf's for residential customers and all usage above 170% of average winter consumption for other classes.

Long-Term Impact: : Increase revenue by 1% by adding a water rate for all usage above 8 Ccf's for residential customers and all usage above 170% of average winter consumption for other classes.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
N/A	N/A

Suggested Council Action

Staff recommends that Council amend Chapter 27 as outlined in the accompanying ordinance.