



Department Source: City Utilities - Sewer/Stormwater

To: City Council

From: City Manager & Staff

Council Meeting Date: August 1, 2016

Re: Amending Chapter 22 of the City Code as it relates to sewer rates

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 22 of the City Code as it relates to rates charged by the sewer utility.

Discussion

Part of Chapter 22 of the City Code governs the charges paid by customers of the sewer utility. An overall five percent increase in sewer fees are proposed for the Fiscal Year 2017 budget year. Four percent of the increase is related to coverage of bond indebtedness and one percent is to address increased cost of operation and maintenance.

The following are each proposed section change with a brief discussion of the proposed change.

Sec. 22-262 (a)(1) – proposed change clarifies residential customer to match historic practice. This change has no impact on rates or current operation.

Sec. 22-263 (b)(1) – proposed change will

1. Increase the residential base fee from \$11.01 per month to \$11.56 per month.
2. Increase the non-residential base fee approximately (given rounding variation) five percent for each of eleven water meter sizes.
3. Increase the volume rate, for all customers, from \$2.27 per CCF to \$2.38 per CCF.

Sec. 22-263 (b)(2) – proposed change will

1. Increase the unit charge for BOD (biochemical oxygen demand) in dollars per pound from \$0.289 to \$0.303.
2. Increase the unit charge for suspended solids in dollars per pound from \$0.198 to \$0.208.

Sec. 22-264 (b) – proposed increases in connection fees. The residential and 5/8 inch meter connection fee is proposed to increase from \$1,600 to \$2,000. This is the third year of a proposed four year connection fee increase that would bring the residential connection fee to a total of \$2,400 in year four. The connection fees for the other 10 meter sizes will be increased by an amount equivalent to the \$400 increase for the 5/8 meter multiplied by the ratio of the meter capacity to the capacity of a 5/8 inch meter.



Fiscal Impact

Short-Term Impact: Increase revenue by five percent, from fees charged, over Fiscal Year 2016 rate. The connection fee revenue will increase by 25% for each new connection.

Long-Term Impact: Increase revenue by five percent, from fees charged, over Fiscal Year 2016 rate. The connection fee revenue will increase by 25%, for each new connection, due to this proposed increase and by an additional 20% if the fourth increase is approved in the future.

Vision & Strategic Plan Impact

Vision Impacts:

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

Strategic Plan Impacts:

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

Comprehensive Plan Impacts:

Primary Impact: Infrastructure, Secondary Impact: Environmental Management, Tertiary Impact: Not Applicable

Legislative History

Date	Action
07/18/2016	R94-16 Setting a Public Hearing: consider changes to the sanitary sewer utility rate, sanitary sewer utility connection fee and hauled liquid waste rate
09/21/2015	B225-15 Approved an ordinance increasing the sewer connection fee from \$1,200 to \$1,600 for residential and 5/8 inch water meters
09/15/2014	B235-14 Approved an ordinance to increase the sewer connection fee from \$800 to \$1,200 for residential and 5/8 inch water meters
08/05/2013	B194-13 Calling a special election relating to the issuance of Sewer System Revenue Bonds for the purpose of constructing improvements to the City's sewerage system

Suggested Council Action

Staff recommends that Council amend Chapter 22 as outlined in the accompanying ordinance.