



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 7, 2017

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

Executive Summary

Staff has prepared for Council consideration an ordinance amending Chapter 27 of the City Code as it relates to billing procedures and 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 four percent increase in revenue from water fees is proposed for the Fiscal Year 2018 budget year. This increase is necessary to address operation and maintenance cost and to maintain debt coverage and cash reserve levels.

Note: water meters measure usage in Hundred Cubic Feet (CCF). There are approximately 748 gallons in one CCF.

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

Sec. 27-19 – if customer does not pay by the due date, this would change the late charge from 1.5% of the unpaid bill to 3% of the unpaid bill. When bills are not paid by the due date additional staff cost and mailing cost is incurred by the utility. Other municipal utilities in Missouri have a significantly higher late charge. Independence has a late charge of 5% and Springfield has a late charge of 10%. Staff believes the proposed increase is sufficient for Columbia.

Sec. 27-52 (2) – Increases the cost-based Tap Fee for 1-inch and 1 ½ - 2-inch or 1-inch commercial Tap Fees.

Sec. 27-53 – specifies that, as of October 1, 2017, all new commercial services will have meters inside of buildings.

Water rates are being adjusted to increase revenue overall by 4%. Based on previous cost-of-service analysis, the proposed increase will come from adjusting the monthly minimum charge based on meter size. Sec. 27-122(a)(2), Sec. 27-122.1(a)(2) and Sec. 27-122.2(a)(2) are all being increased the same for the same meter size. The meter charge represents about 25% of the total revenue. The majority of customers will see increases in the single digits. Irrigation customers could see increase above 10%. It is anticipated that customers with larger water meters may reevaluate their meter size and request smaller meters. The



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average residential water customer will see an increase of 3.1%. The following are the proposed changes by meter size, along with the cost-of-service (C-O-S) recommendation:

5/8 and 3/4-inch meters from \$8.85 to \$9.75 (10.2%)	C-O-S - \$ 10.50
1 inch meters from \$10.52 to \$14.04 (33.5%)	C-O-S - \$ 15.88
1 1/2 inch meters from \$17.09 to \$28.25 (65.3%)	C-O-S - \$ 29.84
2-inch meters from \$18.51 to \$42.00 (126.9%)	C-O-S - \$ 48.94
3-inch meters from \$34.01 to \$147.00 (332.2%)	C-O-S - \$184.27
4-inch meters from \$50.42 to \$325.00 (544.6%)	C-O-S - \$336.87
6-inch meters from \$96.95 to \$700.00 (622.0%)	C-O-S - \$719.48

The meter sizes listed above were the only sizes offered previously; however, a new Large Commercial customer has requested an 8-inch meter. Sec. 27-122.2(a)(2) establishes a monthly meter charge for an 8-inch meter of \$1,200.00. A C-O-S update, by an outside consultant, is planned for 2018 and the 8-inch meter charge will be reevaluated during that process.

Fiscal Impact

Short-Term Impact: Increase revenue by four percent, from fees charged, over Fiscal Year 2017 rate.

Long-Term Impact: Increase revenue by four percent, from fees charged, over Fiscal Year 2017 rate.

Vision & Strategic Plan Impact

Vision Impacts:

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

Strategic Plan Impacts:

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

Comprehensive Plan Impacts:

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

Legislative History

Date	Action
N/A	



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Suggested Council Action

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