



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: August 1, 2016

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 two percent increase in revenue from water fees is proposed for the Fiscal Year 2017 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. 27-55 – proposed change establishes a defined meter testing charge of sixty-five dollars for water meters one-inch or less and one hundred twenty dollars for water meters larger than one inch. In 2012, Utility Financial Solutions, LLC, performed a cost-of-service analysis for residential electric meter test. Using this same methodology for water meter testing, the average cost is about \$200. This change is designed to provide a specific cost to the customer requesting the service that is less than the full cost of the test but that allows customers to request the service when they have a legitimate concern about accuracy. Testing of commercial and industrial meters takes significantly longer and often requires that the work is performed after hours. This change defines the charge that will apply if the meter is functioning within normal range. No charge will apply if the meter fails the test.

Sec. 27-122 (a)(2) – Residential Base Charge – This proposed change moves the base charge for all meter sizes closer to the amount recommended in the 2014 water cost-of-service study. The proposed residential rate change increases the monthly base charge for each of eight different meter sizes between 6.6% and 50% depending on the size of the meter. Base charge for the smallest meter is increased 6.6% and the base charge for the largest meter is increased 50%. The standard residential customer has a 5/8 inch meter. A one inch meter is often used when an irrigation system is fed through the same meter. No other residential rates will be changed to increase overall residential revenue by two percent.



Changes to Sec. 27-122 (a)(2) automatically change charges listed in Sec. 27-122.3; Sec. 27-123 (a)(2); Sec. 27-123.3 (a)(2); and Sec. 27-124 (a)(2).

Sec. 27-122.1 (a)(1) – Commercial Commodity Charge – proposed increase in commodity charge for commercial customers from \$2.60 per CCF to \$2.63 per CCF. In combination with the proposed base charge increase in Sec. 27-122.1 (a)(2), this increase in commodity charge will increase overall revenue from commercial customers by two percent.

Changes to Sec. 27-122.1 (a)(1) automatically change charges listed in Sec. 27-123.1 (a)(1) and Sec. 27-124.1 (a)(1).

Sec. 27-122.1 (a)(2) – Commercial Base Charge – This proposed change moves the base charge for all meter sizes closer to the amount recommended in the 2014 water cost-of-service study. The proposed commercial rate change increases the monthly base charge for each of eight different meter sizes between 6.6% and 50% depending on the size of the meter. Base charge for the smallest meter is increased 6.6% and the base charge for the largest meter is increased 50%.

Changes to Sec. 27-122.1 (a)(2) automatically change charges listed in Sec. 27-123.1 (a)(2); and Sec. 27-124.1 (a)(2).

Sec. 27-122.2 (a)(1) – Large Commercial Commodity Charge – proposed increase in commodity charge for large commercial customers from \$2.43 per CCF to \$2.45 per CCF. In combination with the proposed base charge increase in Sec. 27-122.2 (a)(2), this increase in commodity charge will increase overall revenue from large commercial customers by two percent.

Changes to Sec. 27-122.2 (a)(1) automatically change charges listed in Sec. 27-123.2 (a)(1) and Sec. 27-124.2 (a)(1).

Sec. 27-122.2 (a)(2) – Large Commercial Base Charge – This proposed change moves the base charge for all meter sizes closer to the amount recommended in the 2014 water cost-of-service study. The proposed large commercial rate change increases the monthly base charge for each of eight different meter sizes between 6.6% and 50% depending on the size of the meter. Base charge for the smallest meter is increased 6.6% and the base charge for the largest meter is increased 50%.

Changes to Sec. 27-122.2 (a)(2) automatically change charges listed in Sec. 27-123.2 (a)(2); and Sec. 27-124.2 (a)(2).



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

Short-Term Impact: Increase revenue by two percent, from fees charged, over Fiscal Year 2016 rate.

Long-Term Impact: Increase revenue by two percent, from fees charged, over Fiscal Year 2016 rate.

## Vision & Strategic Plan Impact

### Vision Impacts:

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

## Legislative History

Date	Action
Manually enter dates in this format: MM/DD/YYYY. Use hard returns to get to the next line of action entry.	Manually enter action items here. Use hard returns to space down to align with the corresponding date to the left. Order history from most recent to oldest.  For each Council action, significant procedural action by a Board/Commission and Interested Parties meeting, enter the action date and brief statement of the action with vote totals, if known. Include ALL information you feel is relevant to this item.

## Suggested Council Action

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