



Legislation Text

File #: ORD 2017-004, Version: 1

AGENDA ITEM REPORT

TITLE:

AN ORDINANCE AMENDING CHAPTER 20, CODE OF ORDINANCES, ENTITLED "UTILITIES," BY AMENDING ARTICLE V THEREOF ENTITLED "RATES AND CHARGES," BY AMENDING SECTION 20-82 THEREOF ENTITLED "SCHEDULE OF RATES, FEES AND CHARGES" IN ORDER TO PROVIDE FOR AN ADJUSTMENT IN THE WATER AND WASTEWATER RATES FOR SINGLE-FAMILY, MULTI-FAMILY AND MOBILE HOME, COMMERCIAL, INDUSTRIAL, AND SECONDARY IRRIGATION; AMENDING SUBSECTION 20-82(5), "OTHER USES" TO UPDATE SECTION REFERENCES; AMENDING SUBSECTION 20-82(8), "OUTSIDE CITY CUSTOMERS" TO UPDATE SAME; AND AMENDING SUBSECTION 20-82(9), "AUTOMATIC ANNUAL RATE ADJUSTMENT" TO PROVIDE FOR A REDUCTION IN THE AUTOMATIC ANNUAL RATE INCREASE. (SECOND READING)(PUBLIC HEARING)

BACKGROUND:

This item was approved on First Reading at the February 23, 2017, Commission Meeting.

In 2016, the City engaged Burton & Associates, now known as Stantec, to perform an update to the Comprehensive Utility Rate Study they completed in 2008.

DISCUSSION:

The purpose of the update was to:

- Ensure revenue sufficiency based upon current data and assumptions;
- Balance having enough water flow through the system to maintain water quality levels while still promoting conservation; and
- Enhance affordability for average users.

The results of the update concluded:

- We can continue to satisfy projected operating and capital expenditure requirements with a reduced annual rate revenue adjustment (2.5% instead of 5%) beginning April 2017.
- A modification of the sewer base charge is necessary to recover more of the fixed costs of the system incurred to maintain a state of readiness, and the modification will also make our fixed charges more comparable to other local utilities.
- An adjustment in the current block/tier structure is recommended to enhance affordability for low and average volume users to the greatest extent possible while continuing to promote

water conservation.

- The rate design conforms to accepted national and local industry standards.

The proposed rate structure and rates achieve all of the above in addition to fiscal stability, adequate reserves, and avoidance of any rate spikes. In FY17, the impact on customers will vary based on current usage patterns; however, low to average single family residential consumers (0-14,000 gallons per month) will experience a lower than 2.5% increase.

RECOMMENDATION:

Staff recommends approval of this Ordinance.

FISCAL IMPACT:

REVENUES: Annual increase of \$300,000 (Water) and \$210,000 (Sewer)

EXPENDITURES: \$ 0

BUDGETED? Yes

NOTES: 41-V34331 Water Sales/41-V34351 Sewer Sales