



## Legislation Text

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**File #:** 2017-4779, **Version:** 2

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Consider an ordinance amending Chapter 44 Sections 44-32, 44-33, and 44-34, Code of Ordinances (2010 Edition), regarding water rates, reuse water rates, and sewer rates. (Second Reading)

The City has recently updated their water and wastewater rate model and the results of the updated study indicated that a rate increase was necessary for the water retail customers. Increasing operating costs and anticipated debt issuances continue to be the primary factors for the rate increase. The rate model is a tool used by the City to conduct periodic reviews of the rates charged to customers. The model takes a comprehensive look to ensure the City is recovering costs needed to fund capital improvement programs, increasing system demands, and operating pressures.

The following changes are being recommended to the water rates and rate structure because the model indicated that a retail water rate increase is needed for the next three years:

- Overall 3.5% water rate increase for FY18, 3% increase for FY19, and 3% increase for FY20 are needed.
- Base rate increase for all customers and classes which reduces revenue volatility that results from weather and conservation.
- Adjustment to the tiered water rate structure for residential and irrigation customers in order to shift most of the cost increase to higher users which are driving the added costs. Adjustment to the tiers and the FY18 water rates in each tier are shown below as follows:

Tier 1: lower tier to 0 -15,000 gallons and leave rate at \$2.49 per 1,000 gallons

Tier 2: adjust tier to 15,001-21,000 gallons and leave rate at \$3.11 per 1,000 gallons

Tier 3: adjust tier to 21,001-27,000 gallons and leave rate at \$3.74 per 1,000 gallons

Tier 4: - >27,001 gallons and raise rate to \$5.60 per 1,000 gallons

- For rate consistency, move to year around conservation tiers for residential and irrigation classes.
- Move non-residential, non-irrigation customers to separate rate class and a uniform volumetric rate year around. Volumetric rate increase from \$2.49 to \$2.72 per 1,000 gallons in FY18.
- Adjustment to the wholesale water rates to ensure that the City is recovering cost of providing service.

The reuse water rates are 75% of the tier 1 volumetric water rate. There is no change in the reuse water rates for FY18 because the tier 1 rate is not changing during this first year. However, there is a proposed increase to the tier 1 water rates in FY19 and FY20 which will cause a slight increase to the

reuse water rates during those years.

These changes to the water rates and structure would go into effect starting October 1, 2017.

No retail or wholesale wastewater rate increases are proposed for next three years.