

AGENDA ITEM SUMMARY

October 21, 2014

City Council

STAFF

Lance Smith, Strategic Financial Planning Manager

SUBJECT

Items Relating to City Code Clarifications for Plant Investment Fees.

EXECUTIVE SUMMARY

- A. First Reading of Ordinance No. 147, 2014, Amending Chapter 26 of the City Code to Revise Water Plant Investment Fees, Excess Water Surcharge Rates and Raw Water Requirements for Meters Larger Than Two Inches in Size.
- B. First Reading of Ordinance No. 148, 2014, Amending Section 26-284 of the City Code to Clarify the Calculation of Infiltration and Inflow in Determining Sewer Plant Investment Fees.

The purpose of this item is to address several sections of Chapter 26 of the City Code relating to how plant investment fees are calculated and when the Excess Water Use Surcharge is applicable. These changes do not impact the amount charged for plant investment fees or the Excess Water Use Surcharge but rather seek to clarify the exact calculation of the fees.

STAFF RECOMMENDATION

Staff recommends adoption of these ordinances on First Reading.

BACKGROUND / DISCUSSION

A. Proposed Changes on Water Plant Investment Fees, Excess Water Use Surcharge Rates, and Raw Water Requirements for Meters Larger than Two Inches

The current City Code Section 26-128 (5) paragraph (b) suggests that plant investment fees for water connections larger than two inches are negotiated with the Utilities Executive Director. Plant investment fees are not negotiated but rather determined by a cost allocation method. The plant investment fees are determined based on the peak day demand of the connection and a gallon per day charge of \$4.43. The change proposed here makes this explicit in the Code so that a customer may calculate the fee independently and does not reflect any change in the current plant investment fee charge.

The current City Code Section 26-129 paragraph (c) refers to the “surcharge” which may not be descriptive enough to a customer to understand what surcharge is being referenced. The proposed changes make it clear that the surcharge is the Excess Water Use surcharge. The same clarification is being proposed for Sec 26-149 paragraphs (d) and (e).

In 2013 a change was made to the City Code to recognize that water taps larger than two inches are unique enough to the development that the fees and allotments associated with such taps should be determined on a development specific basis using a standard allocation methodology. The three inch meter size was eliminated from the table in Sec. 26-128 paragraph (5) at that time. The three inch meter size should have also been eliminated from the table in Sec. 26-129 paragraph (c) (3) and Sec. 26-149 paragraph (b) at that time. This ordinance addresses these issues. Sec. 26-149 paragraph (c) should have been modified as well.

Modification of Sec. 26-149 paragraph (c) may change the amount of raw water required for service from the fixed amount currently listed in the table. The new amount may be higher or lower than the current fixed requirement depending on the specific development needs for water.

B. Clarifying the Calculation of Infiltration and Inflow in Sewer Plant Investment Fees

The current City Code Section 26-284 paragraph (d) presents a formula for calculating the plant investment fees associated with Category H non-residential development. The formula references the infiltration and inflow (I&I flow) but does not state what that value is for purposes of the calculation. This Ordinance will allow a customer to calculate the associated plant investment fees directly by stating that the I&I Flow is equal to 46.5% of the site flow.

FINANCIAL / ECONOMIC IMPACTS

The proposed changes will not have any financial impact on customers as these changes are only intended to clarify how current charges are calculated.

ENVIRONMENTAL IMPACTS

The proposed changes will not have any environmental impacts.

BOARD / COMMISSION RECOMMENDATION

Because these ordinances are only intended to clarify existing language these ordinances were not presented to any Boards for their consideration.

PUBLIC OUTREACH

No public outreach has been done with respect to these ordinances.

ORDINANCE NO. 147, 2014
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING CHAPTER 26 OF THE CODE OF THE CITY OF FORT COLLINS
TO REVISE WATER PLANT INVESTMENT FEES, EXCESS WATER
SURCHARGE RATES, AND RAW WATER REQUIREMENTS
FOR METERS LARGER THAN TWO INCHES IN SIZE

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the City Charter to fix, establish, maintain, and provide for the collection of such rates, fees, or charges for utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses, and other obligations of the water utility, as set forth therein; and

WHEREAS, City Code Section 26-120 provides for water plant investment fees to be based on and used for growth-related capital expansion costs of water supply, storage, transmission, treatment and distribution facilities, and related factors; and

WHEREAS, City Code Section 26-120 further requires that the City Manager annually review the parameters and rates of the water plant investment fees and also requires that the City Manager present such fees to the City Council for approval no less frequently than biennially; and

WHEREAS, City Code Sections 26-128, 26-129, and 26-149 concern various fees, rates, and requirements applicable to water service with meters larger than two inches in size; and

WHEREAS, it would be beneficial to revise certain portions of the City Code with respect to two-inch and three-inch meters so that the City Code is consistent in this respect; and

WHEREAS, it would be beneficial to set forth a specific calculation for the water plant investment fee for meters larger than two inches in size to ensure equal application of the fee; and

WHEREAS, the City Manager and City staff have recommended to the City Council that the following changes be made.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 26-128 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-128. Schedule C, water plant investment fees.

The water plant investment fee prescribed in § 26-120 shall be payable by users both inside and outside of the City, as follows:

...

(5) *Nonresidential service:*

a. Service to all nonresidential taps, including, but not limited to, taps for commercial and industrial service, shall be charged according to the size of the meter pursuant to the following schedule:

<i>Meter Size (inches)</i>	<i>Nonresidential Plant Investment Fee</i>
¾	\$ 7,000
1	19,050
1½	41,600
2	64,410

b. The fee for all meters larger than two (2) inches shall ~~negotiated with the Utilities Executive Director and shall be based on estimated peak day demand, be~~ **calculated by multiplying the estimated peak demand by \$4.43 / gallons per day,** but shall not be less than the charge for a two-inch meter.

Section 2. That Section 26-129 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-129. Schedule D, miscellaneous fees and charges.

...

(c) The fees and requirements for raw water shall be as follows:

(1) To satisfy raw water requirements **(RWR)** with in-lieu cash payments, the rate per acre-foot of RWR is sixty-five hundred dollars (\$6,500).

(2) ~~The surcharge for water used~~ **Excess Water Use Surcharge assessed on commercial and irrigation taps when water use is in excess of the applicable annual allotment shall be three dollars and six cents (\$3.06) per one thousand (1,000) gallons.**

(3) The annual water allotment ~~without surcharge~~, based on the minimum RWR shall be as follows:

<i>Meter Size (inches)</i>	<i>Annual Allotment (gallons/year)</i>
¾	293,270
1	977,550
1½	1,955,110
2	3,128,170
3	4,692,250
Above 32	325,851 gallons per acre foot RWR

...

Section 3. That Section 26-149 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-149. Raw water requirement; nonresidential service.

...

(b) The minimum RWR for water meters up to ~~three~~two and zero tenths (32.0) inches in diameter are as follows:

<i>Meter Size (inches)</i>	<i>RWR (acre-feet)</i>
¾	.90
1.0	3.00
1.5	6.00
2.0	9.60
3.0	14.40

(c) The RWR for customers requiring a meter larger than ~~three~~two and zero tenths (32.0) inches, and for customers requiring two (2) or more meters, shall be determined by multiplying the applicant's estimate of peak annual use, or the total annual allotment for the meter or meters, whichever is greater, by one and ninety-two one-hundredths (1.92), provided that such estimate is first approved and accepted by the Utilities Executive Director.

(d) Upon application for a water service permit after March 1, 1984, each applicant who is a nonresidential user shall be assigned an annual allotment of water equal to the greater of the RWR as determined pursuant to this Section and any RWR that was satisfied at the time of application for nonresidential water service. Further, in the event

that, pursuant to Subsection (f) below, a nonresidential user submits more raw water than required under the provisions of this Subsection, then the annual allotment shall be determined pursuant to said Subsection (f). When a user uses more water than the annual allotment, as determined by monthly billing records in a given calendar year, ~~a raw water surcharge~~ **an Excess Water Use Surcharge** in the amount prescribed in § 26-129 will be assessed on the volume of water used in excess of the annual allotment.

(e) In the event an applicant applying for a nonresidential water service permit has, prior to March 1, 1984, surrendered water rights or otherwise satisfied the requirements of the City under an earlier water development program, then the minimum RWR for that property shall be considered satisfied under this Section. However, such nonresidential user shall be subject to the ~~raw water surcharge~~ **Excess Water Use Surcharge** when the annual allotment is exceeded.

...

Section 4. That the amendments to Chapter 26 of the Code of the City of Fort Collins contained herein shall go into effect on January 1, 2015.

Introduced, considered favorably on first reading, and ordered published this 21st day of October, A.D. 2014, and to be presented for final passage on the 4th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 4th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk

ORDINANCE NO. 148, 2014
 OF THE COUNCIL OF THE CITY OF FORT COLLINS
 AMENDING SECTION 26-284 OF THE CODE OF THE CITY OF FORT COLLINS
 TO CLARIFY THE CALCULATION OF INFILTRATION AND INFLOW
 IN DETERMINING SEWER PLANT INVESTMENT FEES

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the City Charter to fix, establish, maintain, and provide for the collection of such rates, fees, or charges for utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses, and other obligations of the water utility, as set forth therein; and

WHEREAS, City Code Sections 26-284 concerns sewer plant investment fees, which are to be based on and used for growth-related capital expansion costs of wastewater collection, transmission and treatment facilities; and

WHEREAS, it would be beneficial to clarify the manner in which the infiltration and inflow factor is calculated for the purpose of sewer plant investment fees in the City Code; and

WHEREAS, the City Manager and City staff have recommended to the City Council that the following changes to Section 26-284 be adopted.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 26-284 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-284. Sewer plant investment fees and surcharges established.

...

(d) The amount of the plant investment fee and surcharge for each nonresidential surcharged user, users in Category H and any user that is expected to generate greater than its proportionate share of peak day flow at the treatment plant for the applicable category (including both contributed wastewater volume and volume related to infiltration and inflow), shall be calculated utilizing the following formula:

$$\text{SPIF} = \text{Site Flow} \times [\text{Flow}_{\$} + (\text{BOD} \times \text{BOD}_{\$}) + (\text{TSS} \times \text{TSS}_{\$})] + \text{I\&I Flow} \times [\text{Flow}_{\$} + (200 \text{ mg/l} \times \text{BOD}_{\$}) + (250 \text{ mg/l} \times \text{TSS}_{\$})]$$

Where:

SPIF	=	Plant investment fee for Category H users and users discharging wastewater with average concentrations of BOD and/or TSS which exceed those average concentrations which are set forth in § 26-282(b) under Category E-34
------	---	---

Site Flow	=	The user's proportionate share of peak day flow at the treatment plant based on site flow discharge from user's site
I&I Flow	=	That proportionate share of peak day flow due to infiltration and inflow as allocated to user's site flow discharge. I&I Flow is calculated to be 46.5% of Site Flow.
Flow\$	=	\$6.26 per gallon (unit cost of facilities attributable to treating wastewater flow)
BOD	=	Average BOD concentration for user category or measured BOD concentration for the user as determined in accordance with Subsection (c) of this Section, but not less than 200 mg/l
BOD\$	=	\$0.0152 per mg/l (unit cost of facilities attributable to treating BOD)
TSS	=	Average TSS concentration for user category or measured TSS concentration for the user as determined in accordance with Subsection (c) of this Section, but not less than 250 mg/l
TSS\$	=	\$0.0122 per mg/l (unit cost of facilities attributable to treating TSS)

...

Section 2. That the amendments to Section 26-284 of the Code of the City of Fort Collins contained herein shall go into effect on January 1, 2015.

Introduced, considered favorably on first reading, and ordered published this 21st day of October, A.D. 2014, and to be presented for final passage on the 4th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading on the 4th day of November, A.D. 2014.

Mayor

ATTEST:

City Clerk