

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

ITEM NUMBER: 13

DATE: November 15, 2005

**STAFF: Michael B. Smith
Terri Bryant**

SUBJECT

Second Reading of Ordinance No. 137, 2005, Amending Chapter 26, Article IV, Division 4 of the City Code Relating to Wastewater Rates and Charges.

RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

EXECUTIVE SUMMARY

This Ordinance, which was unanimously adopted on First Reading on November 2, 2005, increases the City's wastewater rates by 5% effective January 1, 2006. The increase is applied "across the board" for all customers. With the proposed rate, a typical single family residential customer's monthly bill will increase from \$17.87 to \$18.76 or 89 cents per month. This is based on a system average 5,200 gallons per month winter quarter water use. No rate changes are proposed for electric, water or stormwater for 2006.

ORDINANCE NO. 137, 2005
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING CHAPTER 26, ARTICLE IV, DIVISION 4
OF THE CODE OF THE CITY OF FORT COLLINS
RELATING TO WASTEWATER RATES AND CHARGES

WHEREAS, the City Council is empowered and directed by Article XII, Section 6, of the Charter of the City of Fort Collins, Colorado, to by ordinance from time to time 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 wastewater utility, as set forth therein; and

WHEREAS, Section 26-277 of the Code of the City of Fort Collins, requires that the City Manager analyze the operating and financial records of the wastewater utility during each calendar year and recommend to the City Council the user rate fees or adjustments to be in effect for the following year; and

WHEREAS, Section 26-277 further requires that the user rates shall be revised as necessary to assure equity of the rate system established and to assure that sufficient funds are obtained to adequately operate and maintain the wastewater system; and

WHEREAS, the City Manager has recommended to the City Council that the following wastewater use rates be imposed for the billing year beginning January 1, 2006; and

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

Section 1. That Section 26-280 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-280. Service charges established by category.

The schedule of rates for each category described in § 26-279 shall be as follows:

<i>Category</i>	<i>Class of customer</i>	<i>Rate</i>
A	Single-family residential user (flat rate)	\$19.69 per month
	Single-family residential user (metered water use)	\$8.69 per month plus \$1.733 per 1,000 gallons of either winter quarter water use or 3,000 gallons whichever is greater

B	Duplex (two-family) residential users (flat rate)	\$31.23 per month
	Duplex (two-family) residential users (metered water use)	\$11.59 per month plus \$1.733 per 1,000 gallons of either winter quarter water use or 4,000 gallons whichever is greater
C	Multi-family residential user (more than two dwelling units including mobile home parks) and winter quarter based nonresidential user	\$1.733 per 1,000 gallons of winter quarter water use, plus a base charge of \$1.37 per month per dwelling unit served
D	Minor nonresidential user	\$1.733 per 1,000 gallons of water use, measured sewage flow or winter quarter water use, whichever is applicable, plus the following applicable base charge:

<i>Size of water meter (inches)</i>	<i>Base charge</i>
¾ or smaller	\$5.85
1	13.36
1½	27.05
2	45.27
3	75.22
4	126.32
6	619.33
8	672.51

E and F Intermediate nonresidential and Significant industrial user \$1.733 per 1,000 gallons of water use, measured wastewater flow or winter quarter water use, whichever is applicable; plus a surcharge of \$1.661 per million gallons for each milligram per liter of suspended solids in excess of 250 milligrams per liter; plus a surcharge of \$1.394 per million gallons for each milligram per liter of BOD in excess of 200 milligrams per liter or a surcharge of \$0.860 per million gallons for each milligram per liter of COD in excess of 300 milligrams per liter, or a surcharge of \$2.496 per million gallons for each milligram per liter of TOC in excess of 100 milligrams per liter, whichever is applicable. The user shall either pay this calculated amount plus the applicable base charge set forth below:

<i>Size of water meter (inches)</i>	<i>Base charge</i>
¾ or smaller	\$5.85
1	13.36
1½	27.05
2	45.27
3	75.22
4	126.32
6	619.33
8	672.51

G User outside city limits: The rate for users outside the city limits shall be the same as for like service inside the city limits as is specified in categories A-F and H in this Section.

H Special with agreement The rate shall be negotiated

Section 2. That paragraph (a) of Section 26-282 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 26-282. Wastewater strength or industrial surcharges and categories established.

(a) The schedule of wastewater strength surcharge for customers located either inside or outside the city limits shall be as follows:

<i>Parameter</i>	<i>Excess over (mg/l)</i>	<i>Rate per 1,000 gallons</i>
BOD	200	\$0.001394
COD	300	0.000860
TOC	100	0.002496
TSS	250	0.001661

Section 3. That the amendments to Chapter 26 of the City Code contained herein shall go into effect on January 1, 2006.

Introduced and considered favorably on first reading, and ordered published this 2nd day of November, A.D. 2005, and to be presented for final passage on the 15th day of November, A.D. 2005.

Mayor

ATTEST:

City Clerk

Passed and adopted on final reading this 15th day of November, A.D. 2005.

Mayor

ATTEST:

City Clerk

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 15

DATE: November 2, 2005

STAFF: Michael B. Smith
Terri Bryant

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SUBJECT

First Reading of Ordinance No. 137, 2005, Amending Chapter 26, Article IV, Division 4 of the City Code Relating to Wastewater Rates and Charges.

RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

FINANCIAL IMPACT

The Ordinance is projected to increase annual Wastewater Fund operating revenues by 5%.

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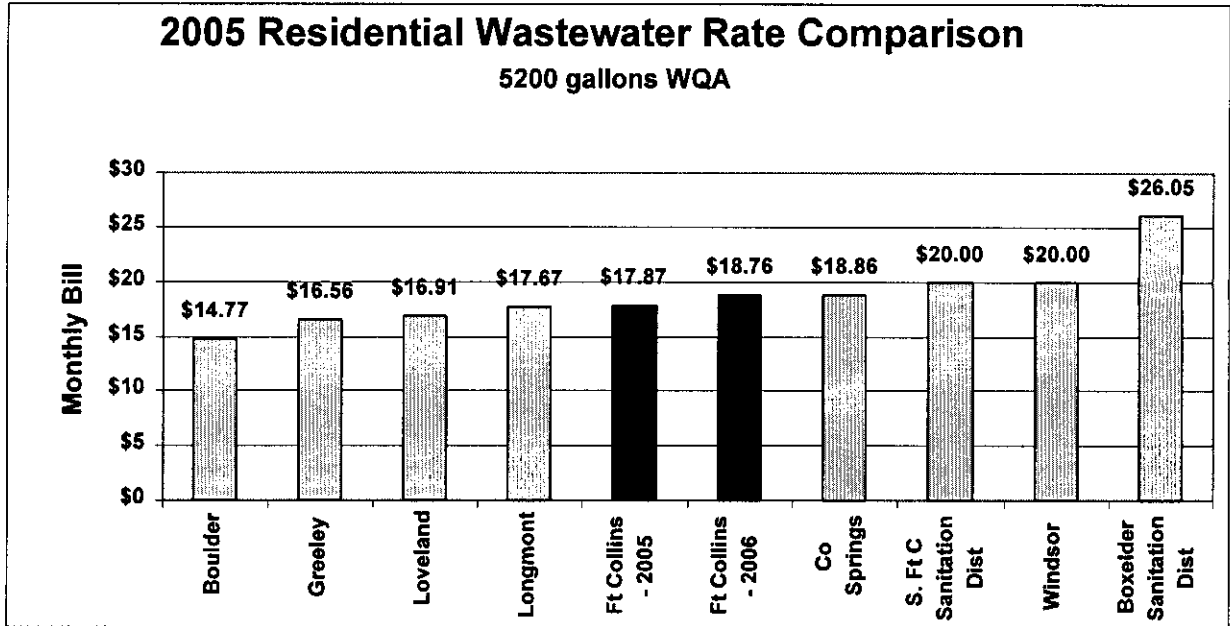
EXECUTIVE SUMMARY

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BACKGROUND

The wastewater rate increase is needed to fund the operations and maintenance of the City's wastewater system and to meet debt service coverage requirements. Wastewater revenues have continued to lag projections since wastewater rates are based on metered water consumption. Over the last few years water consumption for both inside and outside use has been reduced considerably through voluntary conservation. An increase in efficiencies has resulted in a reduction of budgeted personnel over the last few years (6 FTE's prior to 2006, 4.3 FTE for the 2006-2007 budget, and 2.7 FTE in customer service.) However, despite these cost reductions, the vast majority of wastewater expenses are fixed and are unrelated to the amount of wastewater processed. Examples of fixed costs include debt, customer services, operation and maintenance of the collection system and most costs related to the water reclamation plants. The 5% rate increase is necessary to generate sufficient revenue to meet these obligations for debt and operations.

As shown in the graph below the City's wastewater rates remain comparable to those of other local utilities.



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Water Board:

The Water Board will review the proposed rate changes at its October 27, 2005 meeting.

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