



**PUBLIC WORKS DEPARTMENT**  
**MEMORANDUM #09-34**

**DATE:** August 13, 2009  
**TO:** Honorable Mayor Kathleen M. Novak and City Council Members  
**FROM:** William A. Simmons, City Manager   
David Willett, P.E., Director of Public Works   
**SUBJECT:** Revised Sewer Rate Charges

**BACKGROUND:**

City staff has received the Water/Wastewater Rates – Executive Summary Report from Red Oaks Consulting. The summary report indicates that water and wastewater funds will not have sufficient funds to cover operations and maintenance, and the required capital improvements slated for the treatment facilities and their respective distribution and collection systems. The basis and starting point of the Red Oaks study was to examine the existing infrastructure and determine the required capital and corresponding rate structure to ensure revenues are sufficient to maintain the health, safety, and environmental aspects of our utility operations.

The Red Oaks study determined that annual water revenue would need to increase annually by 8.0% over the study period through 2018 (Note that the water resource component is by far the largest component and driver of revenue increases over the study period). And respectively, the wastewater revenue would need to increase by 7.5% annually through 2014 and 5.0% annually through the remainder of the study period.

The documents that were used to support findings are as follows:

- Water – Integrated Resource Plan (2007), Distribution Modeling (2008), Water Treatment Master Plan Update (2009)
- Wastewater – Wastewater Utility Plan (2003).
- Internal Television Inspection of Sanitary Sewer Lines (2006-2007)
- Northglenn Capital Improvement Program 2007-2011
- Comprehensive Annual Financial Reports (2005, 2006, 2007, 2008)

**INFORMATION CHRONOLOGICALLY PRESENTED TO COUNCIL**

<b>Date</b>	<b>Agenda Item</b>
2/05/09	Draft Utilities Rate Study
3/19/09	Draft Water Rate Study
4/02/09	PWU Memorandum #09-14 Request Direction for Selection of Residential Water Rate Alternative
4/23/09	CR-52, PWU Memorandum #09-19 Consideration to set Public Hearing for Water Rate Increase Alternative No. 1 CR-53, Resolution 09-49, PWU Memorandum #09-18 Consideration of Alternative No. 4
5/21/09	CR-60, PWU Memorandum #09-23 Alternative No. 1 CR-61, PWU Memorandum #09-24 Alternative No. 4 CB-1689 Process for Setting Water/Wastewater Rates CB-1690 City Manger’s Authority to Modify Rate Structure
5/28/09	CB-1689 Process for Setting Water/Wastewater Rates
7/16/09	Executive Summary Report (Red Oaks)
7/23/09	Reconsideration by Motion of CR-60/Resolution #09-56 Regarding Sewer Rates and Charges Increase

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**ACTION ITEM:**

Reconsideration (7/23/09) by Motion of CR-60/Resolution #09-56 Regarding Sewer Rates and Charges Increase.

Council requested staff to instruct Red Oak Consulting to model monthly rate charges with the following changes:

- Eliminate Residential Service Charge
- Reinststate a minimum Volume Charge
- Adjust Volume Charge to meet future fund revenue requirements (capital expenses)

Results of the Red Oak Consulting modeling are shown in **Attachment A – Titled “Monthly Residential Wastewater Bills.”** The rate structure shown in Attachment, if approved, will yield the required wastewater fund revenue increases per year to pay for the estimated cost of future capital improvements.

**STAFF REFERENCE:**

David H. Willett, P.E., Public Works Director at [dwillett@northglenn.org](mailto:dwillett@northglenn.org) or (303) 450-8783

## ATTACHMENT A

Year	2009	2010	2011	2012	2013
Revenue (\$)	2,771,363	3,391,249	3,647,867	3,923,902	4,220,823
% Increase	Approximate % increase >	7.5	7.5	7.5	7.5

### Monthly Residential Wastewater Bills

Monthly Usage (gallons)	Existing Rates \$	2009			2010			2011			2012			2013		
		Amount \$	Change \$	Change %	Amount \$	Change \$	Change %	Amount \$	Change \$	Change %	Amount \$	Change \$	Change %	Amount \$	Change \$	Change %
0	\$8.55	\$9.24	\$0.69	8.1%	\$9.93	\$0.69	7.5%	\$10.68	\$0.75	7.6%	\$11.49	\$0.81	7.6%	\$12.36	\$0.87	7.6%
1,000	\$8.55	\$9.24	\$0.69	8.1%	\$9.93	\$0.69	7.5%	\$10.68	\$0.75	7.6%	\$11.49	\$0.81	7.6%	\$12.36	\$0.87	7.6%
2,000	\$8.55	\$9.24	\$0.69	8.1%	\$9.93	\$0.69	7.5%	\$10.68	\$0.75	7.6%	\$11.49	\$0.81	7.6%	\$12.36	\$0.87	7.6%
3,000	\$8.55	\$9.24	\$0.69	8.1%	\$9.93	\$0.69	7.5%	\$10.68	\$0.75	7.6%	\$11.49	\$0.81	7.6%	\$12.36	\$0.87	7.6%
4,000	\$11.40	\$12.32	\$0.92	8.1%	\$13.24	\$0.92	7.5%	\$14.24	\$1.00	7.6%	\$15.32	\$1.08	7.6%	\$16.48	\$1.16	7.6%
5,000	\$14.25	\$15.40	\$1.15	8.1%	\$16.55	\$1.15	7.5%	\$17.80	\$1.25	7.6%	\$19.15	\$1.35	7.6%	\$20.60	\$1.45	7.6%
6,000	\$17.10	\$18.48	\$1.38	8.1%	\$19.86	\$1.38	7.5%	\$21.36	\$1.50	7.6%	\$22.98	\$1.62	7.6%	\$24.72	\$1.74	7.6%
7,000	\$19.95	\$21.56	\$1.61	8.1%	\$23.17	\$1.61	7.5%	\$24.92	\$1.75	7.6%	\$26.81	\$1.89	7.6%	\$28.84	\$2.03	7.6%
8,000	\$22.80	\$24.64	\$1.84	8.1%	\$26.48	\$1.84	7.5%	\$28.48	\$2.00	7.6%	\$30.64	\$2.16	7.6%	\$32.96	\$2.32	7.6%
9,000	\$25.65	\$27.72	\$2.07	8.1%	\$29.79	\$2.07	7.5%	\$32.04	\$2.25	7.6%	\$34.47	\$2.43	7.6%	\$37.08	\$2.61	7.6%
10,000	\$28.50	\$30.80	\$2.30	8.1%	\$33.10	\$2.30	7.5%	\$35.60	\$2.50	7.6%	\$38.30	\$2.70	7.6%	\$41.20	\$2.90	7.6%
11,000	\$31.35	\$33.88	\$2.53	8.1%	\$36.41	\$2.53	7.5%	\$39.16	\$2.75	7.6%	\$42.13	\$2.97	7.6%	\$45.32	\$3.19	7.6%
12,000	\$34.20	\$36.96	\$2.76	8.1%	\$39.72	\$2.76	7.5%	\$42.72	\$3.00	7.6%	\$45.96	\$3.24	7.6%	\$49.44	\$3.48	7.6%
13,000	\$37.05	\$40.04	\$2.99	8.1%	\$43.03	\$2.99	7.5%	\$46.28	\$3.25	7.6%	\$49.79	\$3.51	7.6%	\$53.56	\$3.77	7.6%
14,000	\$39.90	\$43.12	\$3.22	8.1%	\$46.34	\$3.22	7.5%	\$49.84	\$3.50	7.6%	\$53.62	\$3.78	7.6%	\$57.68	\$4.06	7.6%
15,000	\$42.75	\$46.20	\$3.45	8.1%	\$49.65	\$3.45	7.5%	\$53.40	\$3.75	7.6%	\$57.45	\$4.05	7.6%	\$61.80	\$4.35	7.6%
16,000	\$45.60	\$49.28	\$3.68	8.1%	\$52.96	\$3.68	7.5%	\$56.96	\$4.00	7.6%	\$61.28	\$4.32	7.6%	\$65.92	\$4.64	7.6%
17,000	\$48.45	\$52.36	\$3.91	8.1%	\$56.27	\$3.91	7.5%	\$60.52	\$4.25	7.6%	\$65.11	\$4.59	7.6%	\$70.04	\$4.93	7.6%
18,000	\$51.30	\$55.44	\$4.14	8.1%	\$59.58	\$4.14	7.5%	\$64.08	\$4.50	7.6%	\$68.94	\$4.86	7.6%	\$74.16	\$5.22	7.6%
19,000	\$54.15	\$58.52	\$4.37	8.1%	\$62.89	\$4.37	7.5%	\$67.64	\$4.75	7.6%	\$72.77	\$5.13	7.6%	\$78.28	\$5.51	7.6%
20,000	\$57.00	\$61.60	\$4.60	8.1%	\$66.20	\$4.60	7.5%	\$71.20	\$5.00	7.6%	\$76.60	\$5.40	7.6%	\$82.40	\$5.80	7.6%
21,000	\$59.85	\$64.68	\$4.83	8.1%	\$69.51	\$4.83	7.5%	\$74.76	\$5.25	7.6%	\$80.43	\$5.67	7.6%	\$86.52	\$6.09	7.6%
22,000	\$62.70	\$67.76	\$5.06	8.1%	\$72.82	\$5.06	7.5%	\$78.32	\$5.50	7.6%	\$84.26	\$5.94	7.6%	\$90.64	\$6.38	7.6%
23,000	\$65.55	\$70.84	\$5.29	8.1%	\$76.13	\$5.29	7.5%	\$81.88	\$5.75	7.6%	\$88.09	\$6.21	7.6%	\$94.76	\$6.67	7.6%
24,000	\$68.40	\$73.92	\$5.52	8.1%	\$79.44	\$5.52	7.5%	\$85.44	\$6.00	7.6%	\$91.92	\$6.48	7.6%	\$98.88	\$6.96	7.6%
25,000	\$71.25	\$77.00	\$5.75	8.1%	\$82.75	\$5.75	7.5%	\$89.00	\$6.25	7.6%	\$95.75	\$6.75	7.6%	\$103.00	\$7.25	7.6%