

FINANCE MEMORANDUM
#10-15

DATE: May 13, 2010

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: Bill Simmons, City Manager *WAD*
Shawn Cordsen, Finance Director *SC*

SUBJECT: Water & Wastewater Rates Increases **CB-1717**

BACKGROUND:

The City of Northglenn provides water and wastewater services to approximately 10,250 customer accounts. The services are primarily funded via water and wastewater charges collected from utility customers. To ensure that future water and wastewater charges would meet the future costs of providing such services (e.g. water rights, operations, maintenance, capital etc.), the City contracted with Red Oak Consulting to develop a water and wastewater rate study.

The study determined that in order to meet the funding and service requirements of the water and wastewater functions, overall revenue collections would need to increase approximately 7.5% to 8% annually in each of the subsequent five years. Based on the information presented in the study, the City increased its water rates effective July 2009 which was soon followed by an increase in wastewater rates in September.

UPDATE:

In accordance with the rate study recommendations, staff has attached an ordinance for consideration by the Council, which would increase the water and wastewater rates effective June 28, 2010. The rates used were gathered directly from the rate study provided by Red Oak Consulting and are anticipated to increase water and wastewater revenue collections by \$591,706 or 7.85% assuming usage remains fairly constant when compared to the prior year (based on 2009 water and wastewater user charge collections of approximately \$7.54 million).

The attached ordinance would repeal and reenact the new water and wastewater rates in sections 16-10-4(c) and 16-10-5(f) of the municipal code respectively. Please note the current code includes wastewater rates in both sections, however in an effort to avoid confusion the wastewater rates will now only appear in section 16-10-5(f) titled, "SEWER INCREMENTAL RATE TABLE".

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Shawn Cordsen at scordsen@northglenn.org or at 303-450-8719.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1717
Series of 2010

Series of 2010

A BILL FOR AN ORDINANCE REPEALING AND REENACTING SECTION 16-10-4, SUBSECTION (c) AND SECTION 16-10-5, SUBSECTION (f) OF THE NORTHGLENN MUNICIPAL CODE REGARDING WATER AND WASTEWATER RATE CHANGES

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. Section 16-10-4, subsection (c) of the Northglenn Municipal Code is hereby repealed and reenacted to read as follows:

(c) FRESH-WATER INCREMENTAL USAGE/RATE TABLE.

Residential Individually Metered
Tier Rate

Consumption Range

Tier 1 \$1.30 per 1,000 gallons
Tier 2 \$3.44 per 1,000 gallons
Tier 3 \$4.12 per 1,000 gallons
Tier 4 \$6.02 per 1,000 gallons

First 3,000 gallons
Over 3,000 to 10,000 gallons
Over 10,000 gallons to 20,000 gallons
Over 20,000 gallons

Commercial Water Volume Charges

Consumption Range

Mixed Use
\$3.25 per 1,000 gallons

Up to 100% of the EQR as defined in
Section 16-10-2 (f)

\$5.12 per 1,000 gallons

Over 100% of the EQR as defined in Section
16-10-2 (f)

Domestic Use
\$3.25 per 1,000 gallons

Irrigation Use
\$5.12 per 1,000 gallons

Residential Drought Surcharge

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>
Over 18,000 gallons	None	\$2.00 per thousand gals	\$4.00 per thousand gals	\$4.00 per thousand gals

Commercial Drought Surcharge

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>
Over 100% EQR	None	\$2.00 per thousand gals	\$4.00 per thousand gals	\$4.00 per thousand gals

Monthly Service Charges

<u>Meter Size</u>	<u>Per Bill</u>
5/8	\$9.65
3/4	\$10.55
1	\$12.55
1 ½	\$17.20
2	\$23.10
3	\$38.50
4	\$55.00
6	\$103.00

Section 2. Section 16-10-5, subsection (f) of the Northglenn Municipal Code is hereby repealed and reenacted to read as follows:

(f) SEWER USAGE INCREMENTAL RATE TABLE

ACCOUNT TYPE	METERED COEFFICIENT	RETURN-FLOW VOLUME PER MONTH	RATE PER 1,000 GALLONS*
Residential	1.00	"Winter Average"	\$3.31
Non-Residential	1.00	"Winter Average" or other approved method of determining volume.	\$3.31

*3,000 gallon minimum

Charges	\$ per pound for concentrations over 250 mg/L
BOD	\$0.25
TSS	\$0.25

(See Notes #1 and #2)

Note #1. For all "non-residential" wastewater having a 5 day biochemical oxygen demand (BOD5) greater than 200 parts per million (ppm), the "metered coefficient" may be proportionally raised, with coefficients assigned to recover the incremental cost of treatment of the higher concentration of BOD5.

Note #2. For all "non-residential" wastewater having a total suspended solids concentration (TSS) greater than 190 parts per million (ppm), the "metered coefficient"

may be proportionally raised, with coefficients assigned to recover the incremental cost of treatment of the higher concentration of TSS.

Section 3. The rate changes set forth above shall be effective as of June 28, 2010, at the first full billing cycle.

INTRODUCED, READ AND ORDERED POSTED this 13th day of May, 2010.


JOYCE DOWNING
Mayor

ATTEST:


JOHANNA SMALL, CMC
City Clerk


PASSED ON SECOND AND FINAL READING this _____ day of _____, 2010.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:


COREY Y. HOFFMANN
City Attorney