



FINANCE MEMORANDUM
#15-06

DATE: April 27, 2015
TO: Honorable Mayor Joyce Downing and City Council Members
FROM: John R. Pick, City Manager 
Jason Loveland, Director of Finance 
SUBJECT: CB – 1851 Water & Wastewater Rate Increase

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, in 2005, 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, revenue collections would need to increase approximately 7.5% to 8% annually in each of the subsequent five years beginning in 2009. Based on the information presented in the study, the City has increased its water and wastewater rates in 2009, 2010, 2011 and 2014. The proposed increase in 2015 will be the final of the five-year rate increase recommendation and become effective June 1.

UPDATE:

The proposed rates were gathered directly from the rate study completed by Red Oak Consulting and are anticipated to increase water and wastewater revenue collections by 7.61% (given similar water consumption rates as those experienced throughout an average precipitation year).

The monthly bill to the average residential customer will change as shown below:

Avg. Monthly Winter Consumption – 5,000 Gallons →	2014 = \$44.95
	2015 = \$49.52
Avg. Monthly Summer Consumption – 15,000 Gallons →	2014 = \$89.70
	2015 = \$97.92

Listed below are future capital improvement projects, and their estimated costs, needed at the wastewater treatment plant to address regulatory, operational, and capacity requirements:

- 2015 – 2016
 - Headworks and Secondary Clarifier - \$10,400,000
 - Decommission Intake Lagoons - \$1,500,000

- 2019 – 2021
 - Bull Reservoir Effluent Pumping, pH control - \$368,000
 - Lift Station “A” (second phase improvements) - \$660,000
 - Expanded Lab and Operations Space - \$600,000

- Pave Access Roads - \$565,000
- Force Main “A” Redundant Pipeline - \$12,000,000
- 2024 – 2026
 - Primary Clarifier, Biosolids Handling System, Decommission Sludge Lagoons - \$21,200,000
- Future Needs
 - Expand BNR Capacity, Develop Alternative for Class A Biosolids - \$8,700,000

These projects, along with water rights acquisitions, general maintenance projects, and maintaining adequate operating and capital reserves are the drivers for the rate increase.

If the City Council approves the proposed changes a Public Hearing on the ordinance will be held on May 11, 2015.

PROS/CONS:

The additional revenue generated will help fund the replacement and repair of the City’s aging water and sewer infrastructure along with operating expenditures.

Rate increases reinforce conservation efforts among consumers.

The proposed increases will place an additional financial burden on all utility customers regardless of income or ability.

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Jason Loveland at jloveland@northglenn.org or 303-450-8817.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1851
Series of 2015

Series of 2015

A BILL FOR AN ORDINANCE APPROVING A WATER AND WASTEWATER RATE CHANGE FOR THE CITY OF NORTHGLENN

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

Section 1. The City Council determines that it is appropriate to change the water rates for the City of Northglenn for consumption beginning May 1, 2015 as follows:

Current Rates:

Residential Individually Metered
Tier Rate

Consumption Range

Tier 1 \$2.65 per 1,000 gallons
Tier 2 \$4.00 per 1,000 gallons
Tier 3 \$4.95 per 1,000 gallons
Tier 4 \$7.36 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

\$5.45 per 1,000 gallons

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

Domestic Use
\$3.25 per 1,000 gallons

Irrigation Use
\$5.45 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

Meter Size	Per Bill
5/8	\$9.85
3/4	\$11.80
1	\$15.60
1 ½	\$25.20
2	\$36.70
3	\$67.50
4	\$103.00
6	\$201.00

New Rates:

Residential Individually Metered
Tier Rate

Tier 1	\$3.44 per 1,000 gallons
Tier 2	\$4.30 per 1,000 gallons
Tier 3	\$5.38 per 1,000 gallons
Tier 4	\$8.06 per 1,000 gallons

Consumption Range

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

Mixed Use
\$3.25 per 1,000 gallons

\$5.66 per 1,000 gallons

Domestic Use
\$3.25 per 1,000 gallons

Irrigation Use
\$5.66 per 1,000 gallons

Consumption Range

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

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

Meter Size	Per Bill
5/8	\$10.00
3/4	\$12.40
1	\$17.10
1 ½	\$29.00
2	\$43.20
3	\$81.10
4	\$124.00
6	\$242.00

Section 2. The City Clerk is hereby directed to insert the revised water rates set forth above into Section 16-10-14(c) of the Northglenn Municipal Code.

Section 3. The City Council determines that it is appropriate to change the wastewater rates for the City of Northglenn effective as of May 1, 2015 at the first full billing cycle as follows.

Current Rates:

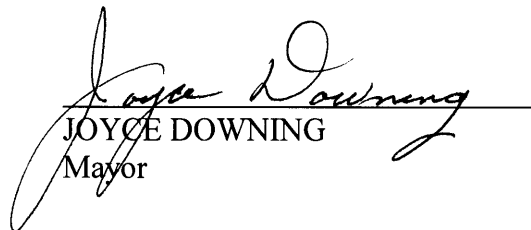
\$3.83 per 1,000 gallons (3,000 gallon minimum)

New Rates:

\$4.12 per 1,000 gallons (3,000 gallon minimum)

Section 4. The City Clerk is hereby directed to insert the revised wastewater rates set forth above into Section 16-10-5(f) of the Northglenn Municipal Code.

INTRODUCED, READ AND ORDERED POSTED this 27th day of April, 2015.


JOYCE DOWNING
Mayor

ATTEST:


JOHANNA SMALL, CMC
City Clerk


PASSED ON SECOND AND FINAL READING this _____ day of _____,
2015.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:



COREY Y. HOFFMANN
City Attorney