



Legislation Text

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Department of Utilities

Reference: Presentation of the Proposed 2017 Municipal Water Rates

To: Mayor Richard N. McLean and Members of City Council

Through: Clint Blackhurst, Acting City Manager
Chontel Trujillo, Assistant City Manager

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Date Prepared: March 6, 2017

PURPOSE

To provide additional information to Council to implement directives from the 2013 Utility Business Plan, including the intent to have City Utility accounts making payments to the Water Utility Enterprise for their respective water usages within the next five years. Most specifically to accomplish this goal, the Water Enterprise is proposing to establish a Municipal Water Rate and to bill all accounts at this rate for usage in 2017 and beyond.

BACKGROUND

The city has approximately 128 active metered accounts that are currently mostly un-billed. It is unclear whether the City was historically billed for water use, or, if so, when that practice ceased. But, in 2013, the City Council approved and recommended in the Utility Business Plan that all 'new' City accounts after that time would pay the appropriate fees and charges - this has occurred. Further, the 2013 Plan called for efforts to pay the remainder of the annual usage for existing meters within the next five years. Additionally, when a surcharge was necessitated in 2015 to account for significant increases in the cost of the Westminster/Thornton supply, Council insisted this charge be applied to all City meters as well.

Thus, in order to keep on-track with the Council goals outlined in 2013, Utilities is proposing the adoption of a Municipal Rate in 2017. We propose this rate be adopted prior to the heart of the irrigation season. This rate is proposed without the benefit of a full Cost-of-Service analysis to all customer classes. This effort is anticipated to be undertaken late in 2018, and is a significant undertaking. However, the proposed rate of \$3.50/1,000 gallons has been reviewed by our rate consultant, Willdan Financial, and is deemed fair and reasonable for the significant city usage, which is as much as 30% of the total system usage. It is in keeping with the existing rate schedule, and does not burden any other rates or customer classes unfairly. If this new rate is adopted, and the 2017 usage is consistent with 2016 usage, the impact would be about \$1.26M.

FINANCIAL IMPACT

The proposed Municipal Rate would result in significant new impact to the General Fund, which may not be fully budgeted for in 2017. However, City Management has reviewed this proposal and recommends we bring it forward at this time for Council consideration.

STAFF RECOMMENDATION

Utilities staff is actually neutral on this proposal. It has no direct or immediate bearing on Utilities operations, as the necessary revenues to drive the 2017 Utilities requirements were incorporated into the 2017 adopted rates. It should however, have a positive impact on the required rates in 2018 and beyond.

Utilities staff has vetted this proposal through City Management and Finance, as well as Parks, and believes this to be a fair proposal. One which allows compliance with the City Council goals as established in the 2013 Utility Business Plan, without creating an unrealistic burden on the General Fund.

OPTIONS FOR COUNCIL CONSIDERATION

No action is required at this time, but direction regarding establishing a new rate ordinance is anticipated.

ATTACHMENTS

- Municipal Rate Presentation