

Staff Summary Report



Council Meeting Date: 07/22/08

Agenda Item Number: _____

SUBJECT: This is the public hearing to adopt a resolution which amends Appendix A of the Tempe City Code relating to water rates.

DOCUMENT NAME: 20080722fstd01 **MISCELLANEOUS FEES (0210-05)** Resolution No. 2008.55

SUPPORTING DOCS: No

COMMENTS: This resolution establishes the water rate structure effective November 1, 2008.

PREPARED BY: Tom Duensing, Deputy Financial Services Manager (350-8866)

REVIEWED BY: Jerry Hart, Financial Services Manager (350-8505)
Don Hawkes, Water Utilities Manager (350-2660)

LEGAL REVIEW BY: Charlotte Benson, Senior Assistant City Attorney (350-2813)

FISCAL NOTE: None

RECOMMENDATION: Adopt Resolution No. 2008.55.

ADDITIONAL INFO: Pursuant to Council direction at the May 15, 2008 Issue Review Session, the following resolution will adjust water rates. The recommended adjustments are necessary to ensure full recovery of operating costs, financing of capital programs and maintenance of unreserved fund balance within the water/wastewater fund.

The rate adjustments are based on a detailed cost of service rate analysis performed by Red Oak Consulting, a division of Malcolm Pirnie, Inc. Rates are structured for each customer class to assure that each utility customer pays their fair share of the costs. Because rates are structured specifically for each customer class, individual customers will see different rate impacts.

The net effect on an average residential customer bill using 15,000 gallons of water is an increase of approximately 5.5% or \$1.38 per month for both water and water service charges. The changes are effective with charges beginning November 1, 2008. The total combined water, wastewater and solid waste rate adjustments will increase an average single family residential utility bill by \$5.55 or 9.4%.

Pursuant to A.R.S. 9-511.01, a copy of the rate change report was filed with the City Clerk and a "Notice of Intention" was adopted on June 5, 2008. In addition, the notice of intention was published June 27, 2008.

RESOLUTION NO. 2008.55

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AMENDING THE SCHEDULE OF FEES AND CHARGES AUTHORIZED BY THE CITY CODE BY ESTABLISHING THE WATER RATE STRUCTURE.

WHEREAS, Chapter 33, Sections 33-37 and 33-56 of the Tempe City Code provide that charges for water service shall be established by Council resolution; and

WHEREAS, the water rate adjustments are necessary to ensure full recovery of operating costs, financing improvements to the water treatment and delivery systems, and maintenance of unreserved fund balance; and

WHEREAS, pursuant to A.R.S. §9-511.01, a copy of the rate change report was filed with the City Clerk and a “Notice of Intention” was adopted on June 5, 2008, and published on June 27, 2008.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE ARIZONA, as follows:

That the following fee structure shall be established for water service provided by the City of Tempe, as prescribed in Sections 33-37 and 33-56 of the Tempe City Code.

33-37, 33-56 Fees For Tapping Water Mains and Establishing Water Rates

- 1.(a) Domestic water may be supplied to units of service at the following rates. Each meter shall have a separate water connection from the main. The continuous flow rate shall not exceed fifty percent (50%) of the maximum flow rate for each meter.

The following fee structure shall be established for water service rates effective November 1, 2005:

METER SIZE	TAP	METER	TOTAL	MONTHLY SERVICE CHARGE 1	MONTHLY SERVICE CHARGE 2	# OF UNITS
5/8"	\$570.00	\$46.50	\$616.50	\$9.07	\$11.69	1
3/4"	570.00	63.50	633.50	13.43	17.54	3
1.0"	626.00	116.00	742.00	20.19	26.31	8
1.5"	1,030.00	206.50	1,236.50	28.95	37.73	15*
2.0"	1,359.00	269.00	1,628.00	45.03	58.45	50*
3.0"	Cost: \$8,250.00 deposit required			90.33	117.48	Unlimited*
4.0"	Cost: \$8,250.00 deposit required			150.53	195.56	Unlimited*
6.0"	Cost: \$8,250.00 deposit required			301.06	391.40	Unlimited*
8.0"	Cost: \$9,350.00 deposit required			526.42	684.25	Unlimited*
1.0" installed to accommodate sprinklers				9.07	11.69	1

The following fee structure shall be established for water service rates effective November 1, 2006:

METER SIZE	TAP	METER	TOTAL	MONTHLY SERVICE CHARGE 1	MONTHLY SERVICE CHARGE 2	# OF UNITS
5/8"	\$570.00	\$46.50	\$616.50	\$9.45	\$12.18	1
3/4"	570.00	63.50	633.50	13.99	18.28	3
1.0"	626.00	116.00	742.00	21.04	27.42	8
1.5"	1,030.00	206.50	1,236.50	30.17	39.31	15*
2.0"	1,359.00	269.00	1,628.00	46.92	60.90	50*
3.0"	Cost: \$8,250.00 deposit required			94.12	122.41	Unlimited*
4.0"	Cost: \$8,250.00 deposit required			156.85	203.77	Unlimited*
6.0"	Cost: \$8,250.00 deposit required			313.70	407.84	Unlimited*
8.0"	Cost: \$9,350.00 deposit required			548.53	712.99	Unlimited*
1.0" installed to accommodate sprinklers				9.45	12.18	1

The following fee structure shall be established for water service rates effective November 1, 20087:

METER SIZE	TAP	METER	TOTAL	MONTHLY SERVICE CHARGE 1	MONTHLY SERVICE CHARGE 2	# OF UNITS
5/8"	\$570.00	\$46.50	\$616.50	\$9.88 9.92	\$12.74 12.90	1
3/4"	570.00	63.50	633.50	14.63	19.12	3
1.0"	626.00	116.00	742.00	22.01	28.68	8
1.5"	1,030.00	206.50	1,236.50	31.56 32.72	41.12 42.54	15*
2.0"	1,359.00	269.00	1,628.00	49.08 61.98	63.70 80.57	50*
3.0"	Cost: \$8,250.00 deposit required			98.45 116.84	128.04 151.89	Unlimited*
4.0"	Cost: \$8,250.00 deposit required			164.07 209.03	213.14 271.74	Unlimited*
6.0"	Cost: \$8,250.00 deposit required			328.13 362.22	426.60 470.89	Unlimited*
8.0"	Cost: \$9,350.00 deposit required			573.76 635.00	745.79 825.50	Unlimited*
1.0" installed to accommodate sprinklers				9.88 9.92	12.74 12.90	1

Minimum monthly service charge 1 = Inside Tempe city limits and the limits of the Town of Guadalupe.

Minimum monthly service charge 2 = Outside Tempe city limits and the limits of the Town of Guadalupe.

*Exception - Number of units may be determined from plumbing code based on plumbing plan approved by the development services department.

- (b) The above specified service charges for domestic water shall be paid each month for which a city meter is connected to a water line, whether any water is used on the premises or not.
- (c) The city shall have the privilege and option of metering any unit of service not now metered, and when so metered, the service charge and consumption charge provided in this section shall apply.
- (d) An administrative turn-on fee of \$15.00 will be charged to establish each utility service account. If it is necessary to establish service after 5:00 p.m. Monday through Friday, or weekend or holiday service, a turn-on fee of \$35.00 will be assessed.
- (e) A service charge of \$75.00, plus charges for estimated consumption, according to the applicable consumption rate schedule, will be assessed to any customer for unauthorized use of water services, for each occurrence.

Unauthorized use shall mean the taking of service by (a) turning the service on without authority, or (b) by connecting directly into service or hydrant without a meter, or (c) willfully modifying the meter or service apparatus so as to cause loss or reduction in consumption registration.

2.(a) The following fee structure shall be established for the consumption rate for water service effective November 1, 2005:

CONSUMPTION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
First 8,000 gallons	\$.89	\$1.15
Next 7,000 gallons	.96	1.23
Next 10,000 gallons	1.05	1.36
Next 25,000 gallons	1.11	1.44
Next 50,000 gallons	1.23	1.60
Over 100,000 gallons	1.27	1.66

The following fee structure shall be established for the consumption rate for water service effective November 1, 2006:

CONSUMPTION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
First 8,000 gallons	\$.93	\$1.20
Next 7,000 gallons	1.00	1.28
Next 10,000 gallons	1.09	1.42
Next 25,000 gallons	1.16	1.50
Next 50,000 gallons	1.28	1.67
Over 100,000 gallons	1.32	1.73

The following fee structure shall be established for the single family residential consumption rateS for water service effective November 1, 20087:

CONSUMPTION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
First 8,000 gallons	\$.97 .98	\$1.26 1.27
Next 7,000 gallons	1.05 1.23	1.34 1.60
Next 10,000 gallons	1.14 1.54	1.49 2.00
Next Over 25,000 gallons	1.21 1.93	1.57 2.51
Next 50,000 gallons	1.34	1.75
Over 100,000 gallons	1.38	1.81

The following fee structure shall be established for the non-single family residential consumption rateS for water effective November 1, 2008:

CUSTOMER CLASSIFICATION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
MULTIFAMILY	\$1.38	\$1.79
COMMERCIAL	1.41	1.83
CONSTRUCTION	1.45	1.89
GOVERNMENT	1.57	2.04
INDUSTRIAL	1.42	1.85
LANDSCAPING	1.53	1.99
NO CLASSIFICATION	1.45	1.89

- (b) Applicable taxes or governmental impositions which are assessed on water sales shall be added.
 - (c) Pursuant to A.R.S. § 42-5302, a state water quality fee of \$0.0065 per thousand gallons shall be added.
3. The following charges will be assessed for delinquent accounts and miscellaneous services:

- (a) A delinquency fee of 1.0% will be assessed to all amounts owing on the day after the due date of the bill.
- (b) In the event that a service suspension notice is mailed or delivered or service is re-established which had been disconnected, a \$15.00 charge will be assessed. Re-establishing service after 5:00 p.m. Monday through Friday, or weekend or holiday service will be assessed a charge of \$35.00.
- (c) A \$15.00 charge will be assessed when a check is returned unpaid to the city by the bank. If a returned check was for payment of a delinquent account upon which a notice of service suspension has been served, service will be discontinued without further notice. The customer will be required to pay all amounts due, including the present month's bill, any additional deposits and applicable service reinstatement charges. Payment must be by cash, cashier's check or money order. Water service will be restored after payment is received.
- (d) The financial services manager, or his designee, shall have the authority to establish rules and regulations for handling medical and financial hardship accounts. Such rules and regulations may provide for waiver of fees set forth herein or alternate payment methods.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA this ____ day of _____, 2008.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney