

4-11-16
Handout



STAFF REPORT

DATE: March 30, 2016

TO: Mayor and City Council

FROM: Bradley D. Stapley, Director of Public Works

SUBJECT: ESTABLISHING RATES AND FEES FOR PROVIDING CULINARY AND SECONDARY WATER BY MEANS OF THE SPRINGVILLE CITY MUNICIPAL CULINARY AND SECONDARY WATER SYSTEMS

RECOMMENDED ACTION

Approve Resolution _____ establishing rates and fees for providing culinary and secondary water by means of the Springville City municipal culinary and secondary water systems.

Approve Resolution _____ amending the Comprehensive Fee Schedule for the City of Springville, Utah to establish and include fees for Culinary and Secondary Water as outlined in Exhibit "A."

SUMMARY OF ISSUES/FOCUS OF ACTION

The City provides safe and reliable culinary water to a variety of customers both inside and outside of the City's boundaries.

Public Works Department personnel recently completed a Secondary Water storage pond (Bartholomew Park Pond) and a 36" Secondary Water transmission pipeline from the Bartholomew Pond to the West Fields area in Springville City.

The Bartholomew Pond and the 36" Secondary Water transmission pipeline are now connected to the Secondary Water pressurized irrigation system of pipelines in the West Fields. Water Division personnel of Public Works are currently working to activate the Secondary Water pressurized irrigation system infrastructure and supply customers with pressurized Secondary Water water.

These two resolutions establish rates and fees for the delivery and use of Culinary and Secondary Water within the City.

CITY COUNCIL MEETING

April 5, 2016

DISCUSSION

Over the past two years, the Water Board of the City has discussed the implementation of a pressurized Secondary Water System in the West Fields. During this time, Public Works staff have initiated and completed the design, construction, and tie-in of the Bartholomew Park storage pond, the 21,000 foot-long 36” Secondary Water Transmission Pipeline, and the West Fields Pressurized Irrigation distribution system.

With the Water Board coming to a consensus on appropriate rates for both Culinary and Secondary Water, it is time to move forward and update the City’s Comprehensive Fee Schedule to reflect those rates.

WATER BOARD EVALUATION

The City Council directed the Water Board to analyze the Culinary Water and Secondary Water rates and recommend an appropriate Culinary Water and Secondary Water rates for water customers that have Secondary Water available to their parcels. A rate structure was established by the Water Board as follows:

Water Board Recommendation

Current Culinary Water Rates		Secondary Water Available	
<ul style="list-style-type: none"> ▪ BASE RATE - \$11 / month – Culinary Tiers 100% 		<ul style="list-style-type: none"> ▪ BASE RATE - \$11 / month – Culinary Tiers 110% – Secondary Tiers 90% of current Culinary Tiers 	
<u>GALLONS</u>	<u>RATE</u>		
0 – 5,000	Included in Base		
5,001 – 20,000	\$0.95		
20,001 – 60,000	\$1.50		
60,001 – 100,000	\$2.00		
100,001 – 150,000	\$2.50		
150,001 – 200,000	\$3.00		
Over 200,000	\$4.00		

1,566 Potential Initial Secondary Water Users
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This rate structure is intended to promote culinary water users in the West Fields to change over their landscaping water needs from Culinary to Secondary Water use. Based on the Water Board’s analysis, a single-family water user would see a \$55 per year *decrease* in their water bill should they switch over to Secondary Water for outdoor watering.

If 1,000 of the 1,566 potential initial Secondary Water Users in the West Fields switch over to Secondary Water for outdoor watering, it is anticipated that the annual loss in revenue to the Water Utility (Culinary & Secondary Water) as a result of less Culinary water sold, would be approximately \$10,000.

RESOLUTION ESTABLISHING RATES AND FEES CRITERIA

The attached resolution establishing rates and fees “criteria” will replace Resolution 2013-31. This new resolution establishes classes of Culinary and Secondary Water users based on the availability of pressurized Secondary Water to each respective water user.

The new resolution does not contain any rates and fees, instead it refers back to the City’s Comprehensive Fee Schedule to establish those rates and fees.

Water Users are separated into two classes with the following corresponding rate criteria:

1. Water Users who DO NOT have pressurized Secondary Water Available to their parcel
 - a. Pay the normal Culinary Water Base Rate
 - b. Pay a standard Usage Tier Rate for both indoor and outdoor use.

2. Water Users who DO have pressurized Secondary Water Available to their parcel, and **choose** to connect to the Secondary Water system
 - a. Pay the normal Culinary Water Base Rate
 - b. Pay a standard Usage Tier Rate that is 1.10 times the standard Usage Rate for Culinary Water use.
 - c. Pay a standard Usage Tier Rate that is 0.90 times the standard Usage Rate for Secondary Water use.

Water Users who have pressurized Secondary Water available to their parcels, yet choose NOT to connect to the City’s pressurized Secondary Water system would fall under the following rate criteria:

1. Water Users who **do** have pressurized Secondary Water Available to their parcel, and **do not choose** to connect to the City’s pressurized Secondary Water system
 - a. Pay the normal Culinary Water Base Rate
 - b. Pay a standard Usage Tier Rate that is 1.10 times the standard Usage Rate for Culinary Water use (both indoor and outdoor culinary water use).

RESOLUTION AMENDING THE COMPREHENSIVE FEE SCHEDULE

The attached resolution amending the City’s Comprehensive Fee Schedule outlines the actual rates and fees associated with the above resolution “criteria.”

Rates and fees are as follows:

Water Utility Fees

RESIDENTIAL CULINARY WATER RATES (No Secondary Water Available):			
	Approved Fee	Additional Conditions	Reference
Rates apply March to October when Water Meters are read Monthly *Charges per 1,000 gallons of usage based on a 30-day reading period			
Culinary Water Base Monthly Fee	\$12.00		Resolution No. 06-13
*Tier 0- 0 to 5,000 gallons	Included in Base		Resolution No. 06-13
*Tier 1- 5,001 to 20,000 gallons	\$0.95		Resolution No. 06-13
*Tier 2- 20,001 to 60,000 gallons	\$1.50		Resolution No. 06-13
*Tier 3- 60,001 to 100,000 gallons	\$2.00		Resolution No. 06-13
*Tier 4- 100,001 to 150,000 gallons	\$2.50		Resolution No. 06-13
*Tier 5- 150,001 to 200,000 gallons	\$3.00		Resolution No. 06-13
*Tier 6- Over 200,000 gallons	\$4.00		Resolution No. 06-13
Rates apply October to March when Water Meters are NOT read Monthly *Charge per 1,000 gallons of usage per month			
Culinary Water Base Monthly Fee	\$12.00		Resolution No. 06-13
Winter Month charge, 0 to 5,000 gallons	Included in Base		Resolution No. 06-13
*Winter Month Charge, Over 5,000 gallons	\$1.05		Resolution No. 06-13
COMMERCIAL & MASTER METER CULINARY WATER CUSTOMERS (No Secondary Water Available):			
Culinary Water Base Monthly Fee	\$11.25		Resolution No. 06-13
*Charge per 1,000 gallons use/month	\$1.18		Resolution No. 06-13
INDUSTRIAL CULINARY WATER CUSTOMERS (No Secondary Water Available):			
Culinary Water Base Monthly Fee	\$12.98		Resolution No. 06-13
*Charge per 1,000 gallons use/month	\$1.37		Resolution No. 06-13
CANYON WATER USERS UTILITY FEE	\$15.10		Resolution No. 06-13
PAST DUE BALANCE PENALTY	1.50%	1.5% of Past Due Balance each month	Resolution No. 06-13
CONSTRUCTION WATER USAGE FEE	\$50.00	To cover unmetered water usage during construction	Resolution No. 06-13

Water Utility Fees

RESIDENTIAL CULINARY WATER RATES (Secondary Water Available):			
	Approved Fee	Additional Conditions	Reference
Rates apply March to October when Water Meters are read Monthly *Charges per 1,000 gallons of usage based on a 30-day reading period			
Culinary Water Base Monthly Fee	\$12.00		Resolution No. ??-16
*Tier 0- 0 to 5,000 gallons	Included in Base		Resolution No. ??-16
*Tier 1- 5,001 to 20,000 gallons	\$1.05	110%	Resolution No. ??-16
*Tier 2- 20,001 to 60,000 gallons	\$1.65	110%	Resolution No. ??-16
*Tier 3- 60,001 to 100,000 gallons	\$2.20	110%	Resolution No. ??-16
*Tier 4- 100,001 to 150,000 gallons	\$2.75	110%	Resolution No. ??-16
*Tier 5- 150,001 to 200,000 gallons	\$3.30	110%	Resolution No. ??-16
*Tier 6- Over 200,000 gallons	\$4.40	110%	Resolution No. ??-16
Rates apply October to March when Water Meters are NOT read Monthly *Charge per 1,000 gallons of usage per month			
Culinary Water Base Monthly Fee	\$12.00		Resolution No. ??-16
Winter Month Charge, 0 to 5,000 gallons	Included in Base		Resolution No. ??-16
*Winter Month Charge, Over 5,000 gallons	\$1.16	110%	Resolution No. ??-16
COMMERCIAL & MASTER METER CULINARY WATER CUSTOMERS (Secondary Water Available):			
Culinary Water Base Monthly Fee	\$11.25		Resolution No. ??-16
*Charge per 1,000 gallons use/month	\$1.29	110%	Resolution No. ??-16
INDUSTRIAL CULINARY WATER CUSTOMERS (Secondary Water Available):			
Culinary Water Base Monthly Fee	\$12.98		Resolution No. ??-16
*Charge per 1,000 gallons use/month	\$1.50	110%	Resolution No. ??-16
PAST DUE BALANCE PENALTY	1.50%	1.5% of Past Due Balance each month	Resolution No. ??-16
CONSTRUCTION WATER USAGE FEE	\$50.00	To cover unmetered water usage during construction	Resolution No. ??-16

Water Utility Fees

RESIDENTIAL SECONDARY WATER RATES:			
	Approved Fee	Additional Conditions	Reference
Rates apply March to October when Water Meters are read Monthly *Charges per 1,000 gallons of usage based on a 30-day reading period			
Secondary Water Base Monthly Fee	No Fee		Resolution No. ??-16
*Tier 0- 0 to 5,000 gallons	Included in Base		Resolution No. ??-16
*Tier 1- 5,001 to 20,000 gallons	\$0.86	90%	Resolution No. ??-16
*Tier 2- 20,001 to 60,000 gallons	\$1.35	90%	Resolution No. ??-16
*Tier 3- 60,001 to 100,000 gallons	\$1.80	90%	Resolution No. ??-16
*Tier 4- 100,001 to 150,000 gallons	\$2.25	90%	Resolution No. ??-16
*Tier 5- 150,001 to 200,000 gallons	\$2.70	90%	Resolution No. ??-16
*Tier 6- Over 200,000 gallons	\$3.60	90%	Resolution No. ??-16
COMMERCIAL & MASTER METER SECONDARY WATER CUSTOMERS (Secondary Water Available):			
Secondary Water Base Monthly Fee	\$10.12	90%	Resolution No. ??-16
*Charge per 1,000 gallons use/month	\$1.06	90%	Resolution No. ??-16
INDUSTRIAL SECONDARY WATER CUSTOMERS (Secondary Water Available):			
Secondary Water Base Monthly Fee	\$11.68	90%	Resolution No. ??-16
*Charge per 1,000 gallons use/month	\$1.23	90%	Resolution No. ??-16
PAST DUE BALANCE PENALTY	1.50%	1.5% of Past Due Balance each month	Resolution No. ??-16
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GENERAL CULINARY WATER RATE INCREASE

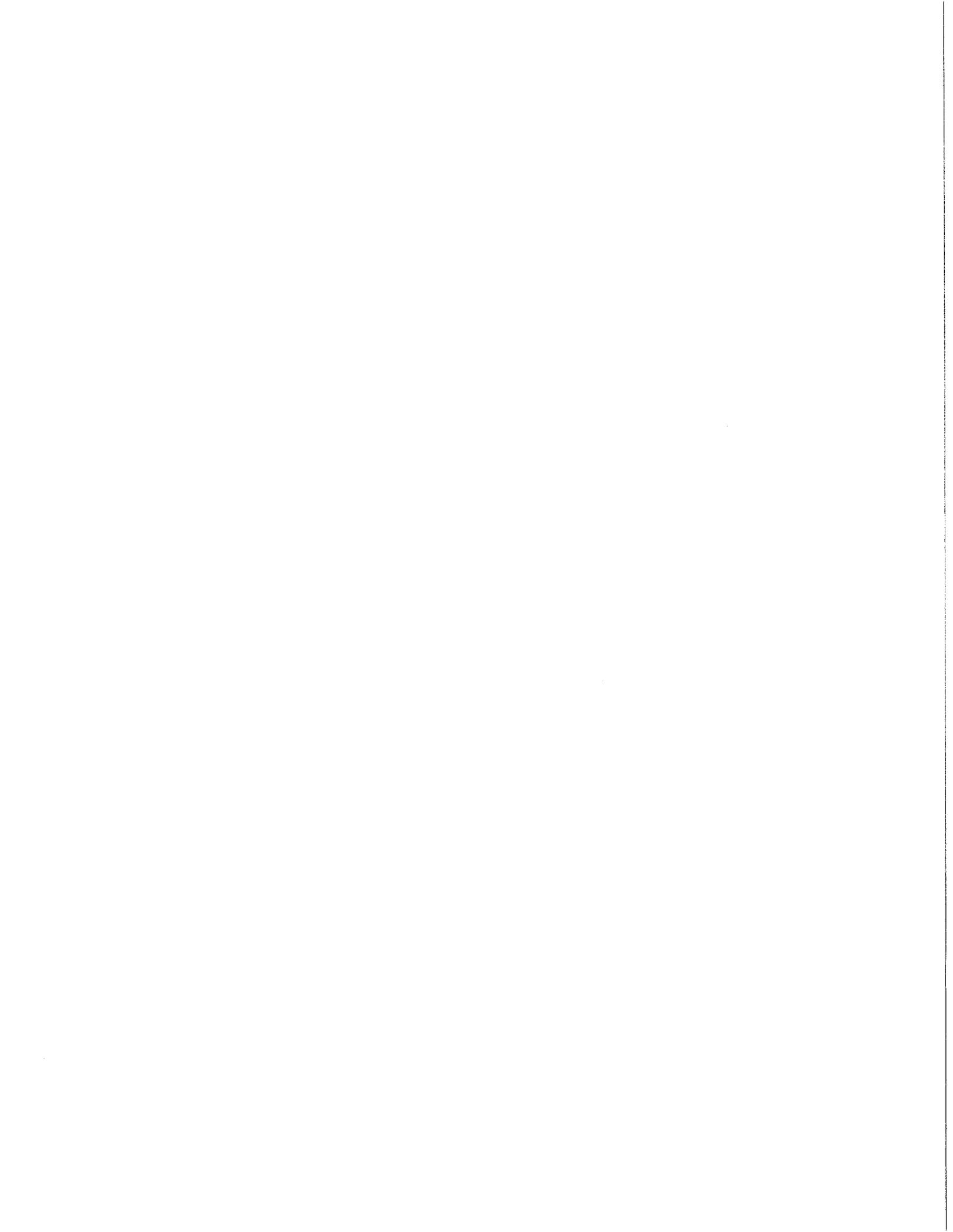
The above rates listed in the proposed amendment to the Comprehensive Fee Schedule also contain a rate increase for the use of Culinary Water as follows:

- Culinary Water Base Monthly Fee, increase from \$11.00 to \$12.00 per month
 - No Change to the Usage Tier Rates
- Commercial & Master Meter Culinary Water Customers
 - 5% increase on Culinary Water Base Monthly Fee
 - 5% increase on Charge per 1,000 gallons use/month
- Industrial Culinary Water Customers
 - 5% increase on Culinary Water Base Monthly Fee
 - 5% increase on Charge per 1,000 gallons use/month

FISCAL IMPACT

The General Culinary Water Rate Increase will increase revenues through the end of the fiscal year (2015-16) by the following:

- | | |
|------------------------------|---------|
| ▪ Residential Culinary Water | \$1,000 |
| ▪ Commercial Culinary Water | \$7,000 |
| ▪ Industrial Culinary Water | \$2,350 |



RESOLUTION _____

**A RESOLUTION AMENDING THE COMPREHENSIVE FEE
SCHEDULE FOR THE CITY OF SPRINGVILLE, UTAH TO ESTABLISH
AND INCLUDE FEES FOR CULINARY AND SECONDARY WATER AS
OUTLINED IN EXHIBIT A.**

WHEREAS, the City Council has received a recommendation from the Public Works Department and the Water Board that the City should adopt the updated Water Utility fees for Culinary and Secondary Water for all water users both within and outside the City's boundaries; and,

WHEREAS, on November 17, 2015 the City Council convened its regularly scheduled Work Meeting to ascertain the facts regarding this matter, which facts and comments are found in the hearing record; and,

WHEREAS, after considering the Pubic Works' and Water Board's recommendation and facts and comments presented to the City Council, the Council finds the proposed fees reasonably further the health, safety, and general welfare of the citizens of Springville City.

NOW, THEREFORE, be it resolved by the City Council of Springville, Utah as follows:

PART I:

The Finance Director is hereby authorized and directed to amend the Comprehensive Fee Schedule for the City of Springville, Utah as outlined in Exhibit A.

PART II:

This resolution shall take effect June 1, 2016, which will include water consumption during May 2016.

END OF RESOLUTION.

PASSED AND APPROVED this 5th day of April 2016.

Wilford W. Clyde, Mayor

ATTEST:

Kim Rayburn City Recorder

EXHIBIT A
Comprehensive Fee Schedule (Culinary & Secondary Water)

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