

AGENDA ITEM # 7

CITY COUNCIL COMMUNICATION FORM

FROM: Dan Foote, Staff Attorney (Ext. 223)

THROUGH: Wendy DuBord, Acting City Manager (Ext. 219)
Philo Shelton, Director of Public Works (Ext. 204)
Deb Hinsvark, Director of Financial Services (Ext. 240)

DATE: January 18, 2011

ITEM: AN ORDINANCE REVISING REVISED MUNICIPAL CODE SECTIONS 25-216, 25-218, AND 25-220, RELATING TO CITY WATER AND SEWER SERVICE RATES AS IT APPLIES TO THE CITY AND ITS WHOLESALE CUSTOMERS, MT. WERNER WATER AND SANITATION DISTRICT, TREE HAUS WATER AND SANITATION DISTRICT, AND STEAMBOAT II METROPOLITAN DISTRICT; PROVIDING AN EFFECTIVE DATE AND REPEALING ALL CONFLICTING ORDINANCES. (Foote)

NEXT STEP: Adopt the ordinance on second reading.

ORDINANCE
 RESOLUTION
 MOTION
 DIRECTION
 INFORMATION

I. REQUEST OR ISSUE:

Adopt an ordinance revising the City's rate structure for water and sewer service.

II. RECOMMENDED ACTION:

Adopt the ordinance.

III. BACKGROUND INFORMATION:

On September 21, 2010 the City Council adopted Ordinance No. 2334 for the purpose of implementing the findings of the “2010 Water and Wastewater Rate Study” dated August, 2010, and prepared by Red Oak Consulting, a Division of Malcom Pirnie. In the course of updating the City’s billing software to incorporate the new rate structure, Finance Services and Public Works Department staff discovered a clerical error in the rate structure for mixed commercial and residential uses.

The 2010 Water and Wastewater Rate Study recommended charged mixed users a single commercial service charge plus the greater of either a service charge for each residential unit or a usage or quantity charge calculated at commercial rates. As adopted, Ordinance 2334 imposed the greater of the total number of units multiplied by the commercial service charge rate or the commercial usage or quantity charge.

The proposed ordinance corrects the rate language relating to mixed uses. The deleted language is the last sentence in Section 25-16(c) and is shown in strikethrough. The replacement language is the new Section 25-216(e) and is shown underlined.

Sections 25-216(a) and (b) have been revised to clarify that each meter generates a separate bill regardless of whether it meters a premises (a building that may consist of multiple units) or an individual unit or units. This change was made to clarify the application of the mixed use rates in the case where a property owner has installed multiple meters on the same premises.

Finally, in the process of reviewing this information staff realized that the terms service charge (i.e. the flat monthly charge applied on a per unit basis) and usage or quantity charge (i.e. a variable monthly charge determined by the quantity of water used) were used in inconsistent and confusing ways. The use of these terms has been harmonized.

IV. LEGAL ISSUES.

Mixed use buildings will be subject to billing that is not consistent with the 2010 Water and Wastewater Rate Study until the revised language is adopted.

V. FISCAL IMPACTS.

The revision may increase some bills and decrease others. It is unclear what the net impact will be at this time.

CITY OF STEAMBOAT SPRINGS, COLORADO

ORDINANCE NO. _____

AN ORDINANCE REVISING REVISED MUNICIPAL CODE SECTIONS 25-216, 25-218, 25-219, 25-220, RELATING TO CITY WATER AND SEWER TAP INVESTMENT FEES, SERVICE RATES AS IT APPLIES TO THE CITY AND ITS WHOLESALE CUSTOMERS, MT. WERNER WATER AND SANITATION DISTRICT, TREE HAUS WATER AND SANITATION DISTRICT, AND STEAMBOAT II METROPOLITAN DISTRICT; PROVIDING AN EFFECTIVE DATE AND REPEALING ALL CONFLICTING ORDINANCES.

WHEREAS, the City Council has reviewed and accepted the recommendations of the "2010 Water and Wastewater Rate Study" dated August, 2010, prepared by Red Oak Consulting, a Division of Malcom Pirnie and has incorporated them into Chapter 25 of the City of Steamboat Springs Revised Municipal Code; and

WHEREAS, in the process of implementing the revised service rate the City has discovered inconsistencies in the use of defined terms relating to service and usage or quantity charges and inconsistencies between the rate study and the adopted rates for mixed residential and commercial billings; and

WHEREAS, the City Council wishes to revise the rates for mixed residential and commercial uses in order to bring the City's rate structure into conformance with the 2010 Water and Wastewater Rate Study and to harmonize the use of defined terms in Chapter 25.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STEAMBOAT SPRINGS, COLORADO:

Section 1. Subsections 25-201, 25-203, 25-216, 25-218, 25-219 and 25-220 of the City of Steamboat Springs Revised Municipal Code is hereby revised to read as follows:

Sec. 25-201. Calculation of water tap investment fee.

(a) The water plant investment fee for new construction, remodels entailing installation of additional fixtures, and additions to existing structures has separate water system and water rights components and shall be determined by counting the various fixtures and other determining factors set forth in subsection (b) of this section; multiplying the counted items times the fixture value set forth in subsection (b) of this section to determine the number of water points for each factor; adding all of the calculated water points for each factor; adding all of the calculated water points to determine the total

number of water points applicable to the proposed construction; and, multiplying the total water points times the sum of twenty-five dollars and fifty five cents (\$25.55) for the water system component and thirty-seven dollars and thirty one cents (\$37.31) for the water rights component for a total of sixty two dollars and eighty-six cents (\$62.86) for 2011 and adjusted annually by the Engineering News Record Construction Cost Index (ENR-CCI), Denver index each calendar year thereafter when published to adjust for the cost of inflation. Steamboat II Metropolitan District (“SIIMD”) and the City of Steamboat Springs (“City”) have agreed pursuant to a Settlement Agreement executed May 7, 2003 and subsequently approved by the district court, that SIIMD will pay to the City an amount equal to ½ of the total water system and water rights plant investment fee that would have been paid to the City if the property connecting to the District’s system had been in the corporate limits of Steamboat Springs at the time of connection.

Sec. 25-203. Calculation of wastewater tap investment fee.

(a) Within the municipal water utility service area and within the corporate boundaries of the city, the wastewater plant investment fee for new construction, remodels entailing additional fixtures, and additions to existing structures shall be determined by counting the various fixtures and other determining factors set forth in subsection (b); multiplying the counted items times the factor weight set forth in subsection (b) to determine the number of wastewater points applicable to the proposed construction; and, multiplying the total wastewater points times the sum of thirty seven dollars and eighty eight cents (\$37.88) for 2011 and adjusted annually by the Engineering News Record Construction Cost Index (ENR-CCI), Denver index each calendar year thereafter when published to adjust for the cost of inflation. Within the boundaries of the Mt. Werner Water and Sanitation District and the Tree Haus Water and Sanitation District, the wastewater plant investment fee for new construction, remodels entailing additional fixtures, and additions to existing structures shall be determined by counting the various fixtures and other determining factors set forth in subsection (b); multiplying the counted items times the factor weight set forth in subsection (b) to determine the number of wastewater points applicable to the proposed construction; and, multiplying the total wastewater points times the sum of thirty three dollars and thirty-four cents (\$33.34) for 2011 and then and adjusted annually by the Engineering News Record Construction Cost Index (ENR-CCI), Denver index each calendar year thereafter when published to adjust for the cost of inflation. SIIMD and the City have agreed pursuant to a Settlement Agreement executed May 7, 2003 and subsequently approved by the district court, that SIIMD will pay to the City a wastewater tap investment fee equal to 86.85% of the wastewater tap investment fee charged for similar development in the City limits at the time of connection.

Sec. 25-216. Water service and usage charges.

(a) ~~Each water consumer shall be billed~~The City shall bill for water service on a monthly basis for ~~water usage on the premises~~each metered premises or metered unit(s).
(b) Charges for water service shall consist of a monthly service charge, as provided in subsection (c), and a ~~quantity usage~~ charge determined by the quantity of water used, as provided in subsection (d). Additionally, charges for water service may consist of additional surcharges as set forth in section 25-219. In the case where a meter registers

water usage for commercial and residential units or for a unit that is both a residential unit and a commercial unit, charges shall be determined as provided in subsection (e).

(c) Each ~~water-owner or~~ consumer, for solely residential water ~~usage~~service, shall pay a monthly service charge of seventeen dollars and twelve cents (\$17.12) for 2011, nineteen dollars and forty three cents (\$19.43) for 2012 and twenty one dollars and ninety six cents (\$21.96) for 2013 and each water consumer, for solely commercial water ~~usage~~service, shall pay a monthly service charge of twenty dollars and fifty cents (\$20.50) for 2011, twenty one dollars and fifty nine cents (\$21.59) for 2012, and twenty two dollars and seventy eight cents (\$22.78) for 2013. ~~For combined or mixed use residential and commercial water usage, the customer shall pay the greater of a monthly service charge of twenty dollars and fifty cents (\$20.50) for 2011, twenty one dollars and fifty nine cents (\$21.59) for 2012, and twenty two dollars and seventy eight cents (\$22.78) for 2013 times the number of commercial and residential units or the monthly quantity fee described in section (d).~~

(d) Each ~~water-owner or~~ consumer, for solely residential water usage, shall pay a monthly ~~quantity-usage~~ charge calculated per dwelling unit as follows: one dollar and eighty cents (\$1.80) for 2011, two dollars and four cents (\$2.04) for 2012, and two dollars and thirty cents (\$2.30) for 2013 per one thousand (1,000) gallons for the number of gallons used from one thousand (1,000) to four thousand (4,000) gallons ("block 1"); two dollars and seventy cents (\$2.70) for 2011, three dollars and six cents (\$3.06) for 2012, and three dollars and forty five cents (\$3.45) for 2013 per one thousand (1,000) gallons for the number of gallons used from five thousand (5,000) to twelve thousand (12,000) gallons ("block 2"); and four dollars and fourteen cents (\$4.14) for 2011, four dollars and sixty nine cents (\$4.69) for 2012, and five dollars and twenty eight cents (\$5.28) for 2013 per one thousand (1,000) gallons for the number of gallons used from thirteen thousand (13,000) gallons to twenty thousand (20,000) gallons ("block 3"); and five dollars and thirty nine cents (\$5.39) for 2011, six dollars and eleven cents (\$6.11) for 2012, and six dollars and eighty nine cents (\$6.89) for 2013 per one thousand (1,000) gallons for the number of gallons used from twenty-one thousand (21,000) gallons to twenty-eight thousand (28,000) gallons ("block 4"); and eight dollars and nine cents (\$8.09) for 2011, nine dollars and seventeen cents (\$9.17) for 2012, and ten dollars and thirty four cents (\$10.34) for 2013 per one thousand (1,000) gallons for the number of gallons used in excess of twenty-nine thousand (29,000) gallons ("block 5"). Each water consumer, for solely commercial water usage or mixed use residential and commercial water usage, shall pay a monthly ~~quantity-usage~~ charge calculated as follows: four dollars and seventeen cents (\$4.17) per one thousand (1,000) gallons. Where meters cannot be read, account billings may be estimated. Regarding bulk water charges by the City to SIIMD, nothing in this ordinance purports to change the terms and provisions of the 1993 Agreement for Sale and Purchase of water, recorded in Book 687 at Page 1477 of the records of the Routt County Clerk & Recorder ("1993 Agreement), except as they may have been modified by the Settlement Agreement executed May 7, 2003 and subsequently approved by the district court.

(e) In the case where a meter registers water usage for both dwelling and commercial units or for a unit that is both a commercial unit and a dwelling unit, the owner or consumer shall pay a single monthly service charge for commercial use as set forth in subsection (c) plus the greater of i) the number of residential units multiplied by the

monthly service charge for residential use as set forth in subsection (c) or ii) the commercial or mixed use usage fee of four dollars and seventeen cents (\$4.17) per one thousand (1,000) gallons set forth in subsection (d).

Sec. 25-218. Sewer service and usage charges--Generally.

(a) Wastewater rates shall be set to generate sufficient revenue to pay all costs for the operation and maintenance of the complete wastewater system and to pay all capital costs for the complete wastewater system if required. The costs shall be distributed to all users of the wastewater system in proportion to each user's contribution to the total loading of the wastewater facility. Factors such as strength (BOD and SS), volume average volume and delivery flow rate characteristics shall be considered and included as the basis for the user's contribution to ensure a proportional distribution of costs to each user or user class.

(b) Each sewage works user shall pay a monthly service fee determined as follows:

(1) *Residential*. The owner of each dwelling unit within the city service area (all areas outside of special district boundaries) using the sewage works shall pay a monthly service charge of twenty nine dollars and twenty five cents (\$29.25) for 2011, thirty one dollars and twenty six cents (\$31.26) for 2012, and thirty three dollars and ten cents (\$33.10) for 2013. In the case of premises containing more than one dwelling unit, the owner of the premises may instead be billed a total monthly fee determined by aggregating the fees that would otherwise be owed by the owners of each dwelling unit in the premises.

(2) *Commercial use*. The owner of each commercial unit within the city service area (all areas outside of special district boundaries) using the sewage works shall pay, for solely commercial ~~water usageservice~~, a monthly service charge of twenty four dollars and sixty five cents (\$24.65) for 2011, twenty five dollars and fifty three (\$25.53) for 2012, and twenty six dollars and thirty five cents (\$26.35) for 2013 plus a quantity-usage fee of four dollars and ninety eight cents (\$4.98) for 2011, four dollars and ninety nine cents (\$4.99) for 2012 and five dollars and no cents (\$5.00) for 2013 per one thousand (1,000) gallons of water used per month, provided, however, that for the months of April through September the monthly quantity-usage fee for each commercial user shall be based on the average monthly quantity-usage fee for the months of October through March of the preceding year. In the case of premises containing more than one commercial unit, the owner of the premises may instead be billed a total monthly fee determined by aggregating the fees that would otherwise be owed by the owners of each commercial unit in the premises.

(3) *Commercial and residential uses combined*. The owner of premises containing dwelling units and commercial units or containing a unit or units that are both a commercial unit and a dwelling unit shall pay ~~the greater of~~ a monthly service charge of twenty four dollars and sixty five cents (\$24.65) for 2011, twenty five dollars and fifty three (\$25.53) for 2012, and twenty six dollars and thirty five cents (\$26.35) for 2013 per unit plus the greater of i) the number of residential units multiplied by the monthly service charge for residential use as set forth in paragraph (b)(1) or ii) or the monthly quantity-commercial or mixed use usage fee described in ~~subsection-paragraph (b)(2).~~

(c) The Mount Werner Water and Sanitation District (district) shall pay wastewater services charges as follows:

(1) The district shall pay for each residential wastewater user within their respective special district boundary a monthly service charge of ten dollars and eighty four cents (\$10.84) for 2011, eleven dollars and five cents (\$11.05) for 2012, and eleven dollars and twenty five cents (\$11.25) for 2013 per dwelling unit.

(2) The districts shall pay for each commercial and combined wastewater user within their respective special district boundary a monthly service-usage charge in the amount of three dollars and forty eight cents (\$3.48) for 2011, four dollars and sixteen cents (\$4.16) for 2012, and four dollars and seventy nine cents (\$4.79) for 2013 per thousand gallons of water used per month, provided, however that for the months of April through September the districts shall pay a monthly charge for each commercial customer in the amount of three dollars and forty eight cents (\$3.48) for 2011, four dollars and sixteen cents (\$4.16) for 2012, and four dollars and seventy nine cents (\$4.79) for 2013 per thousand gallons of the customer's average monthly water use for the months of October through March of the preceding year.

(3) For each commercial wastewater user that also contains residential units within the same structure, the districts shall pay the greater of:

a. An amount equal to the sum of total commercial units and residential dwelling units times a monthly service charge of ten dollars and eighty four cents (\$10.84) for 2011, eleven dollars and five cents (\$11.05) for 2012, and eleven dollars and twenty five cents (\$11.25) for 2013 per dwelling unit; or

b. Three dollars and forty eight cents (\$3.48) for 2011, four dollars and sixteen cents (\$4.16) for 2012, and four dollars and seventy nine cents (\$4.79) for 2013 per thousand gallons of water used. The greater amount per user shall be determined and remitted to the city monthly.

(d) Tree Haus Water and Sanitation District (Tree Haus) shall pay wastewater services charges as follows:

(1) Tree Haus shall pay for each residential wastewater user within their respective special district boundary a monthly service charge of fifteen dollars and eighty seven cents (\$15.87) for 2011, twenty dollars and thirty five cents (\$20.35) for 2012, and twenty four dollars and forty five cents (\$24.45) for 2013 per dwelling unit.

(e) The Steamboat II Metropolitan District (SIIMD) shall pay wastewater services charges as follows:

(1) SIIMD shall pay for each residential wastewater user within their respective special district boundary a monthly service charge of sixteen dollars and twenty two cents (\$16.22) for 2011, twenty three dollars and ninety eight cents (\$23.98) for 2012, and thirty one dollars and ten cents (\$31.10) for 2013 per dwelling unit.

(2) SIIMD shall pay for each commercial wastewater user within its special district boundary a monthly service-usage charge in the amount of three dollars and forty one cents (\$3.41) for 2011, four dollars and three cents (\$4.03) for 2012, and four dollars and sixty cents (\$4.60) for 2013 per thousand gallons of water used per month, provided, however, that for the amounts of April through September SIIMD shall pay a monthly charge for each commercial customer in the amount of three dollars and forty one cents (\$3.41) for 2011, four dollars and three cents (\$4.03) for 2012, and four dollars and sixty

cents (\$4.60) for 2013 times the customer's average water use per thousand gallons for the months of October through March of the preceding year.

(3) For each commercial wastewater user that also contains residential units within the same structure, SIIMD shall pay the greater of:

a. An amount equal to the sum of total commercial units and residential dwelling units times sixteen dollars and twenty two cents (\$16.22) for 2011, twenty three dollars and ninety eight cents (\$23.98) for 2012, and thirty one dollars and ten cents (\$31.10) for 2013 per dwelling unit or:

b. Three dollars and forty one cents (\$3.41) for 2011, four dollars and three cents (\$4.03) for 2012, and four dollars and sixty cents (\$4.60) for 2013 per thousand gallons of water used. The greater amount per user shall be determined and remitted to the city monthly.

(f) Additionally, charges for wastewater service may consist of additional surcharges as set forth in sections 25-219.

(g) New accounts or summer only accounts shall have charges estimated based on first month readings and other information available to the finance director. Commercial wastewater users may appeal to the finance director for application of average winter consumption or, an average summer consumption, or other suitable estimate if the user can show that billing based on current water use will result in unfair treatment a gross injustice. In all cases in which users of said wastewater system are not supplied with water from the city water system, the charge for use of the wastewater system shall be determined by the city manager.

(Ord. No. 2016, § 1(Exh. A), 10-11-05; Ord. No. 2216, § 1, 11-18-08; Ord. No. 2229, §§ 1, 2, 2-3-09)

Sec. 25-219. Septage Haulers and Surcharge for above-normal-strength wastes.

(a) Septage haulers base rate shall be two point six cents (\$0.026) for 2011, three point one cents (\$0.031) for 2012, and three point five cents (\$0.035) for 2013 per gallon.

(b) For Surcharge for above-normal-strength wastes , the city engineer will determine the average total suspended solids and five-day biochemical oxygen demand daily loadings for the average residential user or, in lieu of such a determination, will consider the average residential strength wastes to be two hundred (200) milligrams per liter BOD and two hundred fifty (250) milligrams per liter soluble solids. The city engineer will assess a surcharge rate for all nonresidential users discharging wastes with BOD and soluble solids strengths greater than the average residential user. The surcharge will be sufficient to cover the costs of treating such users' above-normal-strength wastes. such users will pay an additional service charge of ten cents (\$0.10) per one thousand (1,000) gallons for each twenty-five (25) milligrams per liter over two hundred (200) milligrams per liter of BOD and nine cents (\$0.09) per one thousand (1,000) gallons for each twenty-five (25) milligrams per liter over two hundred fifty (250) milligrams per liter of soluble solids.

| Sec. 25-220. Review of water and wastewater service and usage charges.

The city shall review the total annual cost of operation and maintenance of both the water and wastewater system as well as each user's water and wastewater cost of service in 2013 in preparing the next rate schedule for 2014 and forward, and will revise the cost of service approach as necessary to ensure that sufficient funds are obtained to adequately operate and maintain the water and wastewater works.

Section 2. The City Council hereby finds, determines and declares that this ordinance is necessary for the immediate preservation of the public peace, health, and safety.

Section 3. That pursuant to Section 7-11 of the Charter of the City of Steamboat Springs, Colorado, the second publication of this ordinance may be by reference, utilizing the ordinance title.

Section 4. This ordinance shall take effect five days after publication following final passage as provided in Section 7.6(h) of the City of Steamboat Springs Home Rule Charter.

Section 5. All ordinances heretofore passed and adopted by the City Council of the City of Steamboat Springs, Colorado, are hereby repealed to the extent that said ordinances, or parts thereof, are in conflict herewith.

INTRODUCED, READ AND ORDERED PUBLISHED, as provided by law, by the City Council of the City of Steamboat Springs, at its regular meeting held on the _____ day of _____, 2011.

ATTEST:

**Cari Hermacinski, President
Steamboat Springs City Council**

**Julie Franklin, CMC
City Clerk**

FINALLY READ, PASSED AND APPROVED this ____ day of _____, 2011.

**Cari Hermacinski, President
Steamboat Springs City Council**

ATTEST:

**Julie Franklin, CMC
City Clerk**