

AGENDA ITEM SUMMARY

DATE: 10/7/13 DEPARTMENT: PW - W & WW DEPT. HEAD SIGNATURE: 

SUBJECT: Introduction of Municipal Code Chapter 13 amendment to set the method for determining Water fixed and variable fees and Wastewater fees.

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IF APPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

With a recent concern about the setting of Wastewater fees after the adjustment in May city staff has reviewed alternatives for setting both Water and Wastewater fees. Following a discussion of the pros and cons of the options available staff is recommending that the water usage fees be set based on a 25% fixed -75% variable split of the total Water Department budget and that the wastewater fees be 100% variable based upon the winter water usage average.

The accompanying documents show old versus proposed water and wastewater fees including an annual cost comparison with multiple scenarios.

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Caselle # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: _____ Phone # _____
Comments: _____

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IF APPLICABLE)

- | | | |
|---|--|---|
| <input type="checkbox"/> City Administrator | <input type="checkbox"/> Library | <input type="checkbox"/> Benefits Committee |
| <input type="checkbox"/> City Attorney | <input type="checkbox"/> Mayor | <input type="checkbox"/> Streets |
| <input type="checkbox"/> City Clerk | <input type="checkbox"/> Planning | <input type="checkbox"/> Treasurer |
| <input type="checkbox"/> Building | <input type="checkbox"/> Police | _____ |
| <input type="checkbox"/> Engineer | <input type="checkbox"/> Public Works, Parks | _____ |
| <input type="checkbox"/> Fire Dept. | <input type="checkbox"/> P & Z Commission | _____ |

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

ADMINISTRATIVE COMMENTS/APPROVAL:

City Administrator _____ Dept. Head Attend Meeting (circle one) Yes No

ACTION OF THE CITY COUNCIL:

Date _____

City Clerk _____

FOLLOW-UP:

*Ord./Res./Agrmt./Order Originals: Record
Copies (all info.): _____
Instrument # _____

*Additional/Exceptional Originals to: _____
Copies (AIS only)

HAILEY ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HAILEY, IDAHO, AMENDING SECTION 13.04.1300(A) OF THE HAILEY MUNICIPAL CODE TO CALCULATE BASE WATER FEES BASED ON 25% OF THE WATER DEPARTMENT BUDGET AND TO CALCULATE METERED WATER FEES BASED ON 75% OF THE WATER DEPARTMENT BUDGET; AMENDING SECTION 13.04.1300(B) OF THE HAILEY MUNICIPAL CODE TO CALCULATE METERED WASTEWATER FEES BASED ON INDOOR WATER USEAGE; BY PROVIDING FOR A REPEALER CLAUSE; BY PROVIDING FOR A SEVERABILITY CLAUSE; AND BY PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE UPON PASSAGE, APPROVAL AND PUBLICATION ACCORDING TO LAW.

WHEREAS, the City has examined the historical use of water in Hailey and the system of assessing water and wastewater fees based on fixed and variable costs;

WHEREAS, the City believes significant water conservation can be achieved in several ways, including the imposition of water and wastewater fees;

WHEREAS, the conservation of water is valid public purpose and will promote the public health, safety and general welfare;

WHEREAS, conservation of water will assist of costly infrastructure improvements;

WHEREAS, the City wishes to promote conservation of water for both outdoor and indoor water usage, but as the same time, implement a fee schedule which generates sufficient revenue to cover the necessary and normal expenses of the Hailey water and wastewater systems;

WHEREAS, the City recognizes that conservation of water will reduce revenue generated;

WHEREAS, based on historical usage of water, approximately 73% of the water used by residential properties in Hailey is used for outdoor irrigation, while 27% of the water used by residential properties in Hailey is used for indoor use;

WHEREAS, approximately 1/3 of the present water budget is funded by fixed fees, while approximately 2/3 of the present water budget is funded by metered rates, and this 1/3:2/3 allocation has generated sufficient revenue to fund the Hailey Water Department;

WHEREAS, the City anticipates that the greatest water conservation is likely to come from a reduction in irrigation practices, but the City would like to also promote conservation of indoor water usage to the greatest extent possible;

WHEREAS, the City believes that an allocation of the base water fee based on 25% of the water department budget and an allocation of the metered water fee based on 75% of the water department budget is consistent with historical water usage and budget allocations;

WHEREAS, the City believes the 25% and 75% allocation to the base and metered water fees is reasonable, will better target water conservation and will still allow the collection of fees necessary to fund the water department budget;

WHEREAS, the City believes the impact to the wastewater system is best measured by the indoor water usage and therefore, the wastewater fees should be based on indoor water usage;

WHEREAS, the City believes the assessment of wastewater fees based on indoor water usage is reasonable, will target water conservation and will still allow the collection of fees necessary to fund the wastewater department budget; and

WHEREAS, the Mayor and City Council find that the amendments to Chapter 13 of the Municipal Code, as set forth herein, will further the public health, safety and general welfare.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HAILEY, IDAHO, AS FOLLOWS:

Section 1. Section 13.04.130(A) of the Hailey Municipal Code is hereby amended by the addition of the following underlined language and the deletion of the following stricken language:

A. Water User Fees. The Owner or Owner's agent of all Property connected to the Municipal Water System under the terms of this chapter shall be assessed and shall pay monthly user fees beginning at the time of connection, as follows:

1. User-Base Water Fee. The monthly user base water fee is intended to cover the fixed costs of the operation, maintenance and expansion of the Municipal Water System generally attributable to indoor potable water usage which shall be 25% of the Water Department Budget, including but not limited to: 50% of the labor, benefits and administrative costs and 100% of DEQ fees, insurance, training and short-term depreciation. The monthly user base fee shall be assessed to each Property served by a Service Connection. The monthly user base fee shall be calculated by dividing 25% of the Water Department Budget the yearly operation, maintenance and expansion costs of the Municipal Water System described herein by the number of Water Users and by 12, and as adopted by City Council resolution. Property with two or more services extended to it shall have the choice of paying a single monthly user base fee (for all services connected to the Property) or establishing separate accounts for each service with a Landlord/Tenant agreement as described in Section 13.04.150.

2. Metered Water Fee. The monthly metered water fee is intended to cover the variable costs of the Municipal Water System, including the operation, and maintenance and expansion of the Municipal Water System, generally attributable to outdoor irrigation water usage which shall be 75% of the Water Department Budget costs which consist at least of, but not limited to, 50% of the labor, benefits and administrative costs, parts, fuel, utilities, vehicle maintenance, lab tests and chemicals. The monthly metered water fee shall be assessed to each Property served by a separate Service Connection based upon the total amount of water used by that Property during one billing period. The monthly metered water fee shall be calculated The

~~metered rate is determined on a sliding scale based upon the usage of water measured by each Service Connection variable costs of the Municipal Water System described herein, and as adopted by City Council resolution. The metered water fees shall be based on a sliding scale shall which assesses a proportionally greater cost per 1000 gallons(s) of water as more water is used by a Property.~~

3. Bond Payment Fee. The monthly bond payment is intended to cover the cost of bond and note retirement costs which are the legal indebtedness the City is obligated to retire on a set schedule. The monthly water bond payment is determined by taking the bond and note retirement costs and dividing by the number of Water Users utilizing the system during the twelve month period. The monthly bond payment fee shall be assessed to each Property. Bond payment fees will continue even if water services are discontinued at any point.

4. Irrigation Fee. The monthly metered irrigation fee shall be assessed to each Property with a separate irrigation account based upon the amount of water used during one billing period.

Section 2. Section 13.04.130(B) of the Hailey Municipal Code is hereby amended by the addition of the following underlined language and the deletion of the following stricken language:

B. Wastewater User Fees. Except as otherwise provided in subparagraph 54 below, the Owner or Owner's agent of all Property connected to the Municipal Wastewater System under the terms of this chapter shall be assessed and shall pay monthly user fees beginning at the time of connection, as follows:

1. User Base Fee. ~~The monthly user base fee is intended to cover the costs of the operation, maintenance and expansion of the Municipal Wastewater System, including but not limited to, 50% of the labor, benefits and administrative costs, and 100% of DEQ fees, insurance, training and short term depreciation. The minimum monthly user fee shall be assessed to each Property. The monthly user base fee shall be calculated by dividing the yearly operation, maintenance and expansion costs of the Municipal Wastewater System described herein by the number of Wastewater Users. Property with two or more services extended to it shall have the choice of paying a single monthly user base fee (for all services connected to the Property) or establishing separate accounts for each service with a Landlord/Tenant agreement as described in Section 13.04.150.~~

~~2. Metered Wastewater Fee. The monthly metered wastewater fee is intended to cover the variable all costs of the operation and maintenance costs of the Municipal Wastewater System, including the operation and maintenance costs which consist at least of, but not limited to, 50% of the labor, benefits and administrative costs, and 100% of parts, fuel, utilities, vehicle maintenance, lab tests and chemicals. The monthly metered wastewater charge shall be assessed to each separate Property served by a Service Connection. The monthly metered wastewater fee shall be based upon the average amount of water used by that Property between November 1 and March 31 of the following year, and as adopted by City Council resolution. During the following month of April On an annual basis, the monthly wastewater metered charge wastewater fee shall be adjusted based upon such average use of water used by each Property between~~

November 1 and March 31 of the following year, except as provided under Section Subsections 13.04.130(D)(3) and (4).

32. Non-Metered Account Fee. New construction Wastewater user accounts, where an average winter water use has not been established, shall pay a set monthly charge for water usage of 6000 gallons per month.

43. Bond Payment Fee. The monthly bond payment is intended to cover the cost of bond and note retirement costs which are the legal indebtedness the City is obligated to retire on a set schedule. The monthly bond payment is determined by taking the bond and note retirement cost and dividing by the number of Wastewater Users utilizing the system during the twelve month period. The monthly bond payment fee shall be assessed to each Property based upon a standard water service connection. Bond payment fees will continue even if sewer services are discontinued at any point.

54. Exception for New Construction. Wastewater User fees shall not be assessed until the issuance of a Certificate of Occupancy for New Construction.

Section 3. Repealer Clause. All Ordinances or Resolutions or parts thereof in conflict herewith are hereby repealed and rescinded.

Section 4. Severability Clause. If any section, paragraph, sentence or provision hereof or the application thereof to any particular circumstances shall ever be held invalid or unenforceable, such holding shall not affect the remainder hereof, which shall continue in full force and effect and applicable to all circumstances to which it may validly apply.

Section 5. Effective Date. This Ordinance shall be in full force and effect after its passage, approval and publication according to law.

PASSED AND ADOPTED BY THE HAILEY CITY COUNCIL and approved by the Mayor this ___ day of _____, 2013.

Fritz X. Haemmerle, Mayor City of Hailey

ATTEST:

Mary Cone, City Clerk

Attachment #1 - Added Tiers

	Current Rate		Current Rate (upper limit)	
	(lower limit)	Proposed	Proposed	Proposed
1-10,000	\$0.25	\$0.25	\$2.50	\$2.50
11,000-20,000	\$0.25	\$0.50	\$2.50	\$5.00
21,000-30,000	\$0.25	\$0.75	\$2.50	\$7.50
31,000-40,000	\$0.50	\$1.00	\$5.00	\$10.00
41,000-50,000	\$0.75	\$1.25	\$7.50	\$12.50
51,000-60,000	\$1.25	\$1.50	\$12.50	\$15.00
61,000-70,000	\$1.75	\$1.75	\$17.50	\$17.50
71,000-80,000	\$2.00	\$2.00	\$20.00	\$20.00
81,000-90,000	\$2.25	\$2.50	\$22.50	\$25.00
91,000-100,000	\$2.50	\$3.00	\$25.00	\$30.00
101,000-150,000	\$2.75	\$3.50	\$137.50	\$175.00
151,000 & above	\$3.00	\$4.00		

Base Rate	
Proposed	\$7.25
Current	\$8.32



GALLONS	WTR FEES	PROPOSED	GALLONS	WTR FEES	PROPOSED	GALLONS	WTR FEES	PROPOSED	GALLONS	WTR FEES	PROPOSED
1000	\$8.57	\$7.50	51000	\$29.57	\$46.25	101000	\$127.50	\$155.75	151000	\$265.25	\$331.25
2000	\$8.82	\$7.75	52000	\$30.82	\$47.75	102000	\$130.25	\$159.25	152000	\$268.25	\$335.25
3000	\$9.07	\$8.00	53000	\$32.07	\$49.25	103000	\$133.00	\$162.75	153000	\$271.25	\$339.25
4000	\$9.32	\$8.25	54000	\$33.32	\$50.75	104000	\$135.75	\$166.25	154000	\$274.25	\$343.25
5000	\$9.57	\$8.50	55000	\$34.57	\$52.25	105000	\$138.50	\$169.75	155000	\$277.25	\$347.25
6000	\$9.82	\$8.75	56000	\$35.82	\$53.75	106000	\$141.25	\$173.25	156000	\$280.25	\$351.25
7000	\$10.07	\$9.00	57000	\$37.07	\$55.25	107000	\$144.00	\$176.75	157000	\$283.25	\$355.25
8000	\$10.32	\$9.25	58000	\$38.32	\$56.75	108000	\$146.75	\$180.25	158000	\$286.25	\$359.25
9000	\$10.57	\$9.50	59000	\$39.57	\$58.25	109000	\$149.50	\$183.75	159000	\$289.25	\$363.25
10000	\$10.82	\$9.75	60000	\$40.82	\$59.75	110000	\$152.25	\$187.25	160000	\$292.25	\$367.25
11000	\$11.07	\$10.25	61000	\$42.57	\$61.50	111000	\$155.00	\$190.75	161000	\$295.25	\$371.25
12000	\$11.32	\$10.75	62000	\$44.32	\$63.25	112000	\$157.75	\$194.25	162000	\$298.25	\$375.25
13000	\$11.57	\$11.25	63000	\$46.07	\$65.00	113000	\$160.50	\$197.75	163000	\$301.25	\$379.25
14000	\$11.82	\$11.75	64000	\$47.82	\$66.75	114000	\$163.25	\$201.25	164000	\$304.25	\$383.25
15000	\$12.07	\$12.25	65000	\$49.57	\$68.50	115000	\$166.00	\$204.75	165000	\$307.25	\$387.25
16000	\$12.32	\$12.75	66000	\$51.32	\$70.25	116000	\$168.75	\$208.25	166000	\$310.25	\$391.25
17000	\$12.57	\$13.25	67000	\$53.07	\$72.00	117000	\$171.50	\$211.75	167000	\$313.25	\$395.25
18000	\$12.82	\$13.75	68000	\$54.82	\$73.75	118000	\$174.25	\$215.25	168000	\$316.25	\$399.25
19000	\$13.07	\$14.25	69000	\$56.57	\$75.50	119000	\$177.00	\$218.75	169000	\$319.25	\$403.25
20000	\$13.32	\$14.75	70000	\$58.32	\$77.25	120000	\$179.75	\$222.25	170000	\$322.25	\$407.25
21000	\$13.57	\$15.50	71000	\$60.32	\$79.25	121000	\$182.50	\$225.75	171000	\$325.25	\$411.25
22000	\$13.82	\$16.25	72000	\$62.32	\$81.25	122000	\$185.25	\$229.25	172000	\$328.25	\$415.25
23000	\$14.07	\$17.00	73000	\$64.32	\$83.25	123000	\$188.00	\$232.75	173000	\$331.25	\$419.25
24000	\$14.32	\$17.75	74000	\$66.32	\$85.25	124000	\$190.75	\$236.25	174000	\$334.25	\$423.25
25000	\$14.57	\$18.50	75000	\$68.32	\$87.25	125000	\$193.50	\$239.75	175000	\$337.25	\$427.25
26000	\$14.82	\$19.25	76000	\$70.32	\$89.25	126000	\$196.25	\$243.25	176000	\$340.25	\$431.25
27000	\$15.07	\$20.00	77000	\$72.32	\$91.25	127000	\$199.00	\$246.75	177000	\$343.25	\$435.25
28000	\$15.32	\$20.75	78000	\$74.32	\$93.25	128000	\$201.75	\$250.25	178000	\$346.25	\$439.25
29000	\$15.57	\$21.50	79000	\$76.32	\$95.25	129000	\$204.50	\$253.75	179000	\$349.25	\$443.25
30000	\$15.82	\$22.25	80000	\$78.32	\$97.25	130000	\$207.25	\$257.25	180000	\$352.25	\$447.25
31000	\$16.32	\$23.25	81000	\$80.57	\$99.75	131000	\$210.00	\$260.75	181000	\$355.25	\$451.25
32000	\$16.82	\$24.25	82000	\$82.82	\$102.25	132000	\$212.75	\$264.25	182000	\$358.25	\$455.25
33000	\$17.32	\$25.25	83000	\$85.07	\$104.75	133000	\$215.50	\$267.75	183000	\$361.25	\$459.25
34000	\$17.82	\$26.25	84000	\$87.32	\$107.25	134000	\$218.25	\$271.25	184000	\$364.25	\$463.25
35000	\$18.32	\$27.25	85000	\$89.57	\$109.75	135000	\$221.00	\$274.75	185000	\$367.25	\$467.25
36000	\$18.82	\$28.25	86000	\$91.82	\$112.25	136000	\$223.75	\$278.25	186000	\$370.25	\$471.25
37000	\$19.32	\$29.25	87000	\$94.07	\$114.75	137000	\$226.50	\$281.75	187000	\$373.25	\$475.25
38000	\$19.82	\$30.25	88000	\$96.32	\$117.25	138000	\$229.25	\$285.25	188000	\$376.25	\$479.25
39000	\$20.32	\$31.25	89000	\$98.57	\$119.75	139000	\$232.00	\$288.75	189000	\$379.25	\$483.25
40000	\$20.82	\$32.25	90000	\$100.82	\$122.25	140000	\$234.75	\$292.25	190000	\$382.25	\$487.25
41000	\$21.57	\$33.50	91000	\$103.32	\$125.25	141000	\$237.50	\$295.75	191000	\$385.25	\$491.25
42000	\$22.32	\$34.75	92000	\$105.82	\$128.25	142000	\$240.25	\$299.25	192000	\$388.25	\$495.25
43000	\$23.07	\$36.00	93000	\$108.32	\$131.25	143000	\$243.00	\$302.75	193000	\$391.25	\$499.25
44000	\$23.82	\$37.25	94000	\$110.82	\$134.25	144000	\$245.75	\$306.25	194000	\$394.25	\$503.25
45000	\$24.57	\$38.50	95000	\$113.32	\$137.25	145000	\$248.50	\$309.75	195000	\$397.25	\$507.25
46000	\$25.32	\$39.75	96000	\$115.82	\$140.25	146000	\$251.25	\$313.25	196000	\$400.25	\$511.25
47000	\$26.07	\$41.00	97000	\$118.32	\$143.25	147000	\$254.00	\$316.75	197000	\$403.25	\$515.25
48000	\$26.82	\$42.25	98000	\$120.82	\$146.25	148000	\$256.75	\$320.25	198000	\$406.25	\$519.25
49000	\$27.57	\$43.50	99000	\$123.32	\$149.25	149000	\$259.50	\$323.75	199000	\$409.25	\$523.25
50000	\$28.32	\$44.75	100000	\$125.82	\$152.25	150000	\$262.25	\$327.25	200000	\$412.25	\$527.25

Wastewater Budget 13/14
 FYE 14
 All Costs Variable

SYSTEM INCOME and EXPENSES	5/13 - 9/13 RATES	BUDGET CHANGE	13/14 PROPOSED
Annual Payment: Bond/Loan	\$276,100		\$276,100
Annual Payment: Bond/Loan - Biosolids (Estimated)	\$0		\$0
Payment to Reserve Account			
Annual Fixed Operating Expenses	\$540,343	(\$540,343)	\$0
Annual Gallons Treated (In 1,000's)	230,000	(30,000)	200,000
Number of Connections	3148	(28)	3120
Annual Income	\$1,886,631	(\$19,720)	\$1,866,911
Annual Variable Operating Expenses	\$1,022,056	\$533,306	\$1,555,362

Monthly Base Rate (zero (0) gallons)	\$13.59	(\$13.59)	\$0.00	-100.0%
Monthly Bond Payment	\$7.31	\$0.06	\$7.37	0.8%
Monthly Bond Payment - Biosolids (Est)	\$0.00			
Base Rate per 1,000 gallons	\$5.97	\$1.81	\$7.78	30.3%

MONTHLY USEAGE (GALLONS)	MONTHLY RATE			
1000	\$26.87	(\$11.72)	\$15.15	-43.6%
2000	\$32.84	(\$9.91)	\$22.93	-30.2%
3000	\$38.81	(\$8.10)	\$30.71	-20.9%
4000	\$44.78	(\$6.29)	\$38.49	-14.0%
5,000	\$50.75	(\$4.48)	\$46.27	-8.8%
6,000	\$56.72	(\$2.67)	\$54.05	-4.7%
7,000	\$62.69	(\$0.86)	\$61.83	-1.4%
8,000	\$68.66	\$0.95	\$69.61	1.4%
9,000	\$74.63	\$2.76	\$77.39	3.7%
10,000	\$80.60	\$4.57	\$85.17	5.7%
15,000	\$110.45	\$13.62	\$124.07	12.3%
20,000	\$140.30	\$22.67	\$162.97	16.2%
30,000	\$200.00	\$40.77	\$240.77	20.4%
50,000	\$319.40	\$76.97	\$396.37	24.1%
100,000	\$617.90	\$167.47	\$785.37	27.1%
200,000	\$1,214.90	\$348.47	\$1,563.37	28.7%
500,000	\$3,005.90	\$891.47	\$3,897.37	29.7%

Total Cash Requirement			\$1,831,462
Bond Revenue			\$275,933
Base Rate Revenue			\$0
Usage Revenue			\$1,555,098
Total Revenue			\$1,831,030
Excess (Shortage) of Revenue		\$0	(\$432)

Average Monthly Wastewater Use /Customer			
Monthly Flat Rate Fee / Average Monthly Bill			

Customer Example	Average Winter Water Usage (6 Mos)	Average Summer Water Usage (6 Mos)	Current Annual Water Bill	Proposed Annual Water Bill	Current Annual Sewer Bill	Proposed Annual Sewer Bill	Total Current Annual Bill	Total Proposed Annual Bill
Townhouse - No Irrig	2,000	2,000	\$105.84	\$93.00	\$394.08	\$275.16	\$499.92	\$368.16
1 Person Residence	2,000	15,000	\$125.34	\$120.00	\$394.08	\$275.16	\$519.42	\$395.16
Large Lot - SFH	4,000	40,000	\$180.84	\$243.00	\$537.36	\$461.88	\$718.20	\$704.88
Single Family House	4,000	25,000	\$143.34	\$160.50	\$537.36	\$461.88	\$680.70	\$622.38
Single Family House	4,000	18,000	\$132.84	\$132.00	\$537.36	\$461.88	\$670.20	\$593.88
Single Family House	8,000	18,000	\$138.84	\$138.00	\$823.92	\$835.32	\$962.76	\$973.32
Large Water Consumer	25,000	25,000	\$174.84	\$222.00	\$2,041.80	\$2,334.00	\$2,216.64	\$2,556.00