

# REPORT TO MAYOR & MEMBERS OF CITY COUNCIL

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Requestor: Allison Strube, Water Utilities Assistant Director, Water Utilities, 325-657-4209

Meeting Date: June 20, 2017

Item type: Regular Item

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## **Caption:**

First reading and public hearing of an ordinance amending Chapter 11.02.043 raw water permit and Appendix A, Article A8.000 untreated water rates and raw water permit fee - (Presentation by Water Utilities Director Bill Riley)

## **Summary/History:**

The City provides untreated (raw) water to customers around Lake Nasworthy and also to property owners along the Hickory transmission line. In the rates adopted by City Council in December 2015, the untreated water rates went from a tiered rate structure to a flat rate per 1,000 gallons. With the intent to keep this water customer class revenue neutral, this resulted in a higher rate than the treated water rates.

In addition to keeping this class revenue neutral, the higher rate for the untreated water reflects the value of the water to the city. These are the City's important water supply sources and any use of them counts against the City's water right allocation and diminishes the amount we have available to serve the entire city. Therefore, we wanted everyone to be diligent in the use of this water and even though it is untreated, use it in the most conservative manner.

The ordinance change brought with this item will amend the current untreated water rates to the current volumetric landscape rates. This will take the rates from a flat rate per 1,000 gallons, to a two-tiered seasonal rate that all landscape customers pay citywide.

In addition to the volumetric rate change, the sections of the ordinance pertaining to the requirement of a raw water permit and associated fee are being removed from the ordinance. The permit was used prior to requirement for all users of raw water to meter their use. Now that it is required for customers to meter their raw water consumption, the need for the raw water permit is no longer necessary.

## **Financial Impact:**

Approximately \$10,000\* annual reduction in water revenue.

\*This amount is calculated based on 2016 untreated water usage with the existing untreated water rates and the summer and winter rates in the 0-89,000 gallon tier.

## **Other Information/Recommendation:**

Staff recommends approval to change the untreated water rates to be the same as landscape volumetric rates, and also recommends to remove the sections of the ordinance pertaining to a raw water permit.

## **Attachments:**

1. Ordinance 17-615\_WU\_RAW\_WATER.docx

**Presentation:**

**Approvals/Reviews:**

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|----------------|-------------------|
| Allison Strube | Created/Initiated |
| Bill Riley     | Approved          |
| Theresa James  | Approved          |
| Anthony Wilson | Approved          |
| Julia Antilley | Approved          |
| Tina Dierschke | Approved          |
| Theresa James  | Approved          |
| Becky Dunn     | Approved          |
| Bryan Kendrick | Final Approval    |