



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Utilities Administration

CM/ ACM: Howard Martin, 349-8232

Date: September 20, 2016

SUBJECT

Consider adoption of an ordinance amending the schedule of water rates contained in Ordinance No. 2015-293 for water service rates and water rates; amending the residential water service rate (Schedule WR); amending the commercial/industrial water service rate (Schedule WC); amending the metered water from fire hydrant rate (Schedule WFH); amending the wholesale treated water service rate to the Upper Trinity Regional Water District (Schedule WW); amending the wholesale raw water service rate to Upper Trinity Regional Water District (Schedule WRW); amending the wholesale raw water pass-through rate to Upper Trinity Regional Water District from Lake Chapman into Lake Lewisville (Schedule WCL); providing for a repealer; providing for a severability clause; and providing for an effective date. The Public Utilities Board recommends approval (6-0).

BACKGROUND

The proposed approximate 5% rate increase is designed to recover the cost of service for the water utility and provide a positive or break-even net income. During the budget presentations, the Public Utility Board (PUB) reviewed the Water Utility budget and the proposed rate changes that could be implemented to support the proposed FY 2016-2017 budget and FY 2017-2021 Capital Improvement Plan (CIP).

As part of the Water budget discussions, the Water department staff recommended and received PUB approval for an approximate 5% rate revenue increase. The rate increase takes steps to align rates among customer classes with recommendations of the Cost of Service model and to encourage conservation.

The average residential customer using 9,200 gallons would incur the following monthly charge.

<u>Current</u>	<u>Proposed</u>	<u>Increase</u>
\$51.96	\$54.18	\$2.22

RECOMMENDATION

Staff recommends approval of the ordinance, with an effective date of October 1, 2016.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Proposed FY 2016-2017 Utilities budgets and FY 2017-2021 CIP's were presented to the PUB during May through July 2016. The rate ordinance was approved by the PUB on July 25, 2016 by a vote of 6-0. The budgets, including rate ordinances, were presented to the City Council for review on July 29, 2016.

SUMMARY

Based on normal use volumes, the proposed increase will generate the rate revenue needed to meet budget requirements. The proposed rate increase was designed to support cost of service and to encourage conservation.

FISCAL INFORMATION

The proposed rate increase will provide the revenues necessary to cover the cost of service to customers.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Public Infrastructure**

Related Goal: **2.3 Promote superior utility services and facilities**

EXHIBITS

1. Proposed FY 2016-2017 Water Rate Ordinance

Respectfully submitted:
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