



## Legislation Text

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### Agenda Information Sheet

**DEPARTMENT:** Water and Wastewater Utilities

**CM/ ACM:** Mario Canizares

**Date:** July 24, 2017

#### **SUBJECT**

Consider recommending approval of the Water, Wastewater and Miscellaneous Fees Ordinances for FY 2017-2018.

#### **BACKGROUND**

Proposed FY 2017-2018 Utilities budgets and CIP's were presented to the PUB during May and June, and were recommended for approval by the PUB on June 26. The budgets will be submitted to City Council for review on August 3<sup>rd</sup> and August 8<sup>th</sup> and are scheduled for adoption on September 19, 2017. The proposed Water, Wastewater, and Miscellaneous Rate Ordinances included in this agenda are designed to recover the cost of service for each utility and provide a positive or breakeven net income and/or an adjustment to reserve levels. This agenda provides the Water, Wastewater and Miscellaneous Fees, Charges and Deposits ordinances that incorporate proposed changes.

The following summarizes the proposed changes to utilities ordinances:

#### **WATER RATE ORDINANCE**

The attached Water Rate Ordinance (Exhibit 1) contains no retail rate increases per the direction of the Board at the June 26<sup>th</sup> meeting. An increase is proposed for wholesale treated water service. Updates to the Upper Trinity Regional Water District (UTRWD) wholesale raw water rate and pass through rate are based on contract requirements and will be changed when more information is available. Adjustments are outlined below.

- Increase Wholesale Treated Water Service (Schedule WW) by 3% per the cost of service model.
- Revise the Wholesale Raw Water Rate (Schedule WRW) applicable to Upper Trinity Regional Water District (UTRWD). The FY 2016-2017 City of Dallas raw water wholesale rate is \$0.9120/1,000 gallons. Denton's raw water wholesale rate to UTRWD, which is set at 85% of Dallas' raw water wholesale rate, is \$0.7752/1,000 gallons. This rate is determined by the terms of the raw water contract between Denton and UTRWD. At this time, Dallas' proposed FY 2017-18 raw water wholesale rate is unknown. Denton's raw water wholesale rate to UTRWD is expected to increase when Dallas' rate becomes available.
- Increase the rate for the pass-through raw water sent from Lake Chapman into Lake Lewisville by the UTRWD (Schedule WCL) per the Cooper Reservoir Project Contract and all "Chapman" water reclaimed for reuse if discharged into and subsequently withdrawn from Lewisville Lake by UTRWD or Lewisville. The rate adjustment will be determined by the annual percent change in the urban consumer

price index as of June 30, 2017 when the data is available. The current rate is \$0.0262/1,000 gallons and is expected to increase when urban consumer price index data becomes available.

- Revised Water Tap and Meter Fees schedule as recommended for approval by the PUB on May 22, 2017. This item was presented to council on July 18, 2017 and recommended for approval as a consent agenda item on July 25, 2017 with a small wording change to add the word “adjacent” to the water line tap fee to clarify the text.
- Revised the Special Condition and Special Facilities Rider to require City Manager approval for expenditures less than \$100,000 and Public Utility Board and Council approval for items over \$100,000.

### **WASTEWATER RATE ORDINANCE**

The attached Wastewater Rate Ordinance (Exhibit 3) includes no rate increases. Ordinance changes are outlined below.

- Add rate for Dyno Dirt “Overs.” “Overs” are a waste by-product of creating Dyno Dirt. A portion is used in creating Landscape Mulch. The unused portion is stored on-site and will need to be disposed. Selling Dyno Dirt “Overs” will offset disposal costs and save space.
- Revise Collection and Transportation Services permit ordinance language and fee schedule to align with cost of service. Remove entities not allowed to be permitted by the State under current permit. Remove fees for various engine categories.
- Revised the Special Condition and Special Facilities Rider to require City Manager approval for expenditures less than \$100,000 and Public Utility Board and Council approval for items over \$100,000.

### **MISCELLANEOUS RATE ORDINANCE**

The Schedule of Miscellaneous Fees, Deposits, Billings and Procedures for Administrative Services (Exhibit 5) have no changes.

### **RECOMMENDATION**

Staff recommends individual approval of the proposed Water, Wastewater and Miscellaneous Fees Ordinances and a PUB recommendation to the City Council to adopt these ordinances effective October 1, 2017, subject to minor changes not yet determined.

### **ESTIMATED SCHEDULE OF PROJECT**

City Council is scheduled to review the budgets and rates on August 3<sup>rd</sup> and August 8<sup>th</sup>. Adoption of budgets and rate ordinances is scheduled for September 19, 2017.

### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

The Water and Wastewater FY 2017-2018 operating budgets and 5 year CIP were reviewed at the May 8<sup>th</sup> and June 12<sup>th</sup> PUB meetings. The FY 2017 - 2018 Water and Wastewater operating budgets and FY 2018-2022 CIP were approved at the June 26<sup>th</sup> PUB Meeting. The red-lined ordinances were reviewed at the July 10<sup>th</sup> PUB meeting.

### **FISCAL INFORMATION**

No retail Water or Wastewater rate increases are proposed for FY 2017-18.

### **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.     FY 2017-18 Red-Lined Water Rate Ordinance
2.     Water Year to Year Rate Comparison
3.     FY 2017-18 Red-Lined Wastewater Rate Ordinance
4.     Wastewater Year to Year Rate Comparison
5.     FY 2017-18 Red-Lined Miscellaneous Fees, Charges, and Deposits Schedule
6.     Presentation

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