



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 12/08/2016
Agenda Item: 5C5

ACTION: Adopt a resolution to repeal a modification of rates and fees for connections to the City's sanitary sewer system and for sewer service by amending Appendix A of the Tempe City Code. (Resolution No. R2016.118)

FISCAL IMPACT: The proposed repeal of the modification of rates and fees for connections to the City's sanitary sewer system and for sewer service in calendar year 2017 will decrease anticipated revenue by 2.5% (approximately \$745,000 annually).

RECOMMENDATION: Adopt Resolution No. R2016.118.

BACKGROUND INFORMATION: On November 19, 2015, Council adopted Resolution No. R2015.123, which adjusted the rates and fees for connections to the City's sanitary sewer system and for sewer service. The adjustments of rates and fees were effective with charges beginning January 1, 2016. The resolution also adjusted rates beginning January 1, 2017 equal to the lesser of (i) 2.50% or (ii) the 12-month cumulative change in the U.S. Consumer Price Index – Water and Sewerage Maintenance for the period July, 2015, through June, 2016.

Pursuant to Council direction at the December 1, 2016 Work Study Session, the resolution, if adopted, will remove the January 1, 2017 rate adjustments. Future rate adjustments would occur in the normal rate cycle which includes a formal rate study and public engagement culminating in a proposal by staff for council consideration in the Fall.

ATTACHMENTS: Resolution

STAFF CONTACT: Marilyn DeRosa, Public Works Deputy Director – Water Utilities, (480) 350-2660

Department Director: Don Bessler, Public Works Director
Legal review by: Chuck Cahoy, Deputy City Attorney
Prepared by: Julie Hietter, Public Works Administration Manager

RESOLUTION NO. R2016.118

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, TO REPEAL A MODIFICATION OF RATES AND FEES FOR CONNECTIONS TO THE CITY'S SANITARY SEWER SYSTEM AND FOR SEWER SERVICE BY AMENDING APPENDIX A OF THE TEMPE CITY CODE.

WHEREAS, Section 27-173 of the Tempe City Code provides that charges for connections to the City's sanitary sewer system shall be established by Council resolution; and

WHEREAS, Section 27-196 of the Tempe City Code provides that charges for sewer service shall be established by Council resolution; and

WHEREAS, by Resolution No. R2015.123, charges, rates, deposits and fees were modified beginning on January 1, 2016, with a second modification to take effect January 1, 2017; and

WHEREAS, Council desires to repeal the modification of charges, rates, deposits and fees that is to take effect January 1, 2017.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

That Appendix A of the Tempe City Code shall be amended as follows:

APPENDIX A

SCHEDULE OF FEES AND CHARGES

SEWERS AND SEWAGE DISPOSAL

27-173

Sewer Tap Fees

| | |
|---|-------------|
| Six-inch alley (including pavement replacement) | \$1,100.00 |
| Six-inch street (including pavement replacement) | |
| Local and collector..... | \$1,800.00 |
| Six-inch street (arterial) | Actual cost |
| Four-inch machine tap only | \$110.00 |
| Six-inch machine tap only | \$110.00 |
| Tap location fee (on file) | \$30.00 |
| Tap location fee (not on file) | \$100.00 |
| Tap condition fee | \$100.00 |

Charges for taps outside the city will be 1½ the above fees.

Charges for dye test (per request) \$ 50.00

27-174 Charges to person making his own sewer tap inspection fee.....\$ 15.00

27-196 Sewer Rates

(a) The following fee structure is established for sewer service charges:

| METER SIZE | MONTHLY SERVICE CHARGE |
|------------|------------------------|
| 5/8" | \$ 10.30 |
| 3/4" | \$ 14.00 |
| 1.0" | \$ 25.10 |
| 1.5" | \$ 46.70 |
| 2.0" | \$ 72.60 |
| 3.0" | \$ 176.00 |
| 4.0" | \$ 349.00 |
| 6.0" | \$ 695.00 |
| 8.0" | \$ 1,650.00 |
| 10.0" | \$ 2,600.00 |

~~Beginning January 1, 2017, the rates specified above shall be modified by multiplying the rate by the lesser of i) the 12-month cumulative change in the U.S. Consumer Price Index - Water and Sewerage Maintenance for the period July, 2015, through June, 2016, or ii) 2.50%.~~

- (b) For billing purposes, new industrial customers shall be temporarily assigned by the public works department to the industrial user classification which reflects expected discharge strengths until such time that actual discharge strengths can be determined.
- (c) The quantity of wastewater discharged by residential customers shall be based upon the three month winter average water consumption (January-March billing statements) for each account. The sewer charge for new residential customers shall assume a monthly winter average water consumption of 9,000 gallons until an actual winter monthly water consumption average can be obtained. The following exceptions shall apply:
 - (1) The quantity of wastewater discharged by residential customers shall be based on actual monthly water consumption upon verification by the public works department that landscape irrigation water is available through another source of supply.

- (2) The sewer charge for new multi-family residential customers shall assume a monthly winter average water consumption of 9,000 gallons per housing unit until an actual winter monthly water consumption average can be obtained, unless the above exception applies.
- (d) The quantity of wastewater discharged by commercial, industrial and governmental customers shall be based on actual monthly water consumption unless the wastewater discharges are metered.
- (e) The following fee structure is established for the sewer charges:

| SEWER CATEGORY | ACCOUNT TYPE | \$ SEWER CHARGE PER 1,000 GALLONS |
|----------------|--|-----------------------------------|
| 1100 | Residential; single family | \$ 1.84 |
| 1110 | Residential; single family w/sprinkler | 3.28 |
| 1150 | Residential; single family; Guadalupe | 1.84 |
| 1400 | Residential; multi-family | 1.84 |
| 1410 | Residential; multi-family w/sprinkler | 3.28 |
| 1450 | Residential; multi-family; Guadalupe | 1.84 |
| 1460 | Residential; multi-family; Guadalupe w/sprinkler | 3.28 |
| 2100 | Commercial; self-service laundry | 2.82 |
| 2110 | Commercial; self-service laundry; Guadalupe | 2.82 |
| 2120 | Commercial; laundry; dry cleaners | 7.91 |
| 2500 | Commercial; restaurants; bakeries | 7.91 |
| 2550 | Commercial; restaurants; bakeries; Guadalupe | 7.91 |
| 3500 | Commercial with food sales | 4.58 |
| 3550 | Commercial with food sales; Guadalupe | 4.58 |
| 4500 | Commercial; other | 3.06 |
| 4540 | Commercial; other; Guadalupe | 3.06 |
| 4550 | Commercial; hospitals | 3.06 |
| 5000-7000 | Industrial | Varies |

~~Beginning January 1, 2017, the rates specified above shall be modified by multiplying the rate by the lesser of i) the 12-month cumulative change in the U.S. Consumer Price Index—Water and Sewerage Maintenance for the period July, 2015, through June, 2016, or ii) 2.50%.~~

- (f) Customers who do not purchase domestic water from the City yet discharge wastewater into the sanitary sewer system shall be assigned to an appropriate user classification by the public works department and all associated charges and conditions shall apply as if the City were the supplier of water to the customer.

- (g) A delinquency fee of 1.0%, compounded monthly, will be assessed to all amounts owing on the day after the due date of the bill.
- (h) A service charge of \$75.00, plus charges for estimated consumption, according to the applicable user classification, will be assessed to any customer for unauthorized use of sanitary sewer system services for each occurrence, or the matter may be referred to the City Prosecutor for further action.

27-213

Sewer Development Fee

All User Classifications – Residential/Commercial/Industrial User Water Meter Size:

| Meter Size (in inches) | Sewer Development Fee |
|---------------------------|-----------------------|
| 5/8 | \$1,334.00 |
| 3/4 | \$2,001.00 |
| 1 | \$3,335.00 |
| 1 ½ | \$6,670.00 |
| 2 | \$10,672.00 |
| 3 | \$26,680.00 |
| 4 | \$53,360.00 |
| 6 | \$106,720.00 |
| 8 | \$253,460.00 |
| 10 | \$400,200.00 |

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE,
ARIZONA, this ____ day of _____, 2016.

Mark W. Mitchell, Mayor

ATTEST:

Brigitta M. Kuiper, City Clerk

APPROVED AS TO FORM:

Judith R. Baumann, City Attorney