

# Staff Summary Report



**Council Meeting Date:** 07/22/08

**Agenda Item Number:** \_\_\_\_\_

**SUBJECT:** This is the public hearing to adopt a resolution which amends Appendix A of the Tempe City Code relating to wastewater rates.

**DOCUMENT NAME:** 20080722fstd02 **MISCELLANEOUS FEES (0210-05)** Resolution No. 2008.56

**SUPPORTING DOCS:** No

**COMMENTS:** This Resolution establishes the wastewater rate structure effective November 1, 2008.

**PREPARED BY:** Tom Duensing, Deputy Financial Services Manager (350-8866)

**REVIEWED BY:** Jerry Hart, Financial Services Manager (350-8505)  
Don Hawkes, Water Utilities Manager (350-2660)

**LEGAL REVIEW BY:** Charlotte Benson, Senior Assistant City Attorney (350-2813)

**FISCAL NOTE:** None

**RECOMMENDATION:** Adopt Resolution No. 2008.56.

**ADDITIONAL INFO:** Pursuant to Council direction at the July 21, 2005 Issue Review Session, the following resolution will increase wastewater (sewer) rates. The recommended adjustments are necessary to ensure full recovery of operating costs, financing of capital programs and maintenance of unreserved fund balance within the water/wastewater fund.

The rate adjustments are based on a detailed cost of service rate analysis performed by Red Oak Consulting, a division of Malcolm Pirnie, Inc. Rates are structured for each customer class to assure that each utility customer pays their fair share of the costs. Because rates are structured specifically for each customer class, individual customers will see different rate impacts.

The net effect on an average residential customer bill discharging 9,000 gallons of wastewater is an increase of approximately 20.5% or \$3.26 per month for both sewer and sewer service charges. The changes are effective with charges beginning November 1, 2008. The total combined water, wastewater and solid waste rate adjustments will increase an average single family residential utility bill by \$5.55 or 9.4%.

Pursuant to A.R.S. 9-511.01, a copy of the rate change report was filed with the City Clerk and a "Notice of Intention" was adopted on June 5, 2008. In addition, the notice of intention was published June 27, 2008.

**RESOLUTION NO. 2008.56**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, AMENDING THE SCHEDULE OF FEES AND CHARGES AUTHORIZED BY THE CITY CODE BY ESTABLISHING THE WASTEWATER RATE STRUCTURE.**

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

WHEREAS, all users of municipal sewage collection and treatment facilities are to be charged user fees in proportion to the quantity and strength of discharge; and

WHEREAS, the recommended adjustments are necessary to ensure full recovery of operating costs, adequate financing for improvements to the wastewater processing systems and maintenance of the unreserved fund balance; and

WHEREAS, pursuant to A.R.S. §9-511.01, a copy of the rate change report was filed with the City Clerk and a “Notice of Intention” was adopted on June 5, 2008, and published on June 27, 2008.

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

That the following monthly charges shall apply to customers for sanitary sewer system use and service provided by the City of Tempe, as prescribed in Section 27-196 of the Tempe City Code.

Sewer Rates

There shall be charged the following monthly service rates for customers receiving City of Tempe sewer service effective November 1, 2005:

SEWER CATEGORY	ACCOUNT TYPE	PERCENT RATE OF RETURN	\$ SEWER CHARGE PER 1,000 GALLONS
1100	Residential; single family	90	———.94
1150	Residential; single family; Guadalupe	90	.94
1400	Residential; multi family	95	.94
1450	Residential; multi family; Guadalupe	95	.94
2100	Commercial; self-service laundry	95	1.21
2110	Commercial; self-service laundry; Guadalupe	95	1.21
2120	Commercial; laundry; dry cleaners	95	2.30
2500	Commercial; restaurants; bakeries	75	2.30
2550	Commercial; restaurants; bakeries; Guadalupe	75	2.30
3500	Commercial with food sales	75	1.58
3550	Commercial with food sales; Guadalupe	75	1.58
4500	Commercial; other	90	1.21
4540	Commercial; other; Guadalupe	90	1.21
4550	Commercial; hospitals	85	1.21
6100	Government	85	.94
6150	Government; Guadalupe	85	.94
7000-7999	Industrial—See (e)	Varies	Varies

There shall be charged the following monthly service rates for customers receiving City of Tempe sewer service effective November 1, 2006:

SEWER CATEGORY	ACCOUNT TYPE	PERCENT RATE OF RETURN	\$ SEWER CHARGE PER 1,000 GALLONS
1100	Residential; single family	90	———\$1.01
1150	Residential; single family; Guadalupe	90	1.01
1400	Residential; multi family	95	1.01
1450	Residential; multi family; Guadalupe	95	1.01
2100	Commercial; self-service laundry	95	1.30

SEWER CATEGORY	ACCOUNT TYPE	PERCENT RATE OF RETURN	\$ SEWER CHARGE PER 1,000 GALLONS
2110	Commercial; self-service laundry; Guadalupe	95	1.30
2120	Commercial; laundry; dry cleaners	95	2.46
2500	Commercial; restaurants; bakeries	75	2.46
2550	Commercial; restaurants; bakeries; Guadalupe	75	2.46
3500	Commercial with food sales	75	1.69
3550	Commercial with food sales; Guadalupe	75	1.69
4500	Commercial; other	90	1.30
4540	Commercial; other; Guadalupe	90	1.30
4550	Commercial; hospitals	85	1.30
6100	Government	85	1.01
6150	Government; Guadalupe	85	1.01
7000-7999	Industrial— See (e)	Varies	Varies

There shall be charged the following monthly service rates for customers receiving City of Tempe sewer service effective November 1, 2007:

SEWER CATEGORY	ACCOUNT TYPE	PERCENT RATE OF RETURN	\$ SEWER CHARGE PER 1,000 GALLONS
1100	Residential; single family	90	— \$1.08
1150	Residential; single family; Guadalupe	90	1.08
1400	Residential; multi family	95	1.08
1450	Residential; multi family; Guadalupe	95	1.08
2100	Commercial; self service laundry	95	1.39
2110	Commercial; self service laundry; Guadalupe	95	1.39
2120	Commercial; laundry; dry cleaners	95	2.62
2500	Commercial; restaurants; bakeries	75	2.62
2550	Commercial; restaurants; bakeries; Guadalupe	75	2.62
3500	Commercial with food sales	75	1.80
3550	Commercial with food sales; Guadalupe	75	1.80
4500	Commercial; other	90	1.39
4540	Commercial; other; Guadalupe	90	1.39
4550	Commercial; hospitals	85	1.39
6100	Government	85	1.08
6150	Government; Guadalupe	85	1.08
7000-7999	Industrial— See (e)	Varies	Varies

- (A) THE FOLLOWING FEE STRUCTURE SHALL BE ESTABLISHED FOR SEWER SERVICE CHARGES EFFECTIVE NOVEMBER 1, 2008:

METER SIZE	MONTHLY SERVICE CHARGE
5/8"	\$ 3.26
3/4"	4.40
1.0"	6.69
1.5"	12.42
2.0"	33.03
3.0"	58.22
4.0"	115.48
6.0"	161.29
8.0"	287.25
10.0"	459.02

~~(a) The sewer charge shall include:~~

- ~~(1) For each customer classification a variable charge, based on wastewater discharge strength, for the recovery of wastewater treatment costs at the 91st Avenue Wastewater Treatment Plant.~~
- ~~(2) For each customer classification, a charge for the recovery of City of Tempe operating and maintenance costs.~~
- ~~(3) A base charge for commercial and industrial user classifications only. This charge recovers environmental monitoring and testing costs.~~

~~—(b) Industrial customers whose wastewater discharge meets the following criteria may be assigned by the water utilities department to the "Industrial Custom" user classification:~~

- ~~\_\_\_\_\_ (1) BOD or TSS concentrations equal to or greater than 1000 mg/l, or~~
- ~~\_\_\_\_\_ (2) BOD (mg/l) or TSS (mg/l) concentrations which vary by more than 25%.~~

~~—(c) For the "Industrial Custom" user classification, BOD and TSS concentrations shall be adjusted in response to discharge monitoring and testing verified by the water utilities department. The sewer charge described in (a)(1) which recovers wastewater treatment costs shall be calculated accordingly to reflect variations in BOD and TSS discharged. The sewer service charge described in (g) may also be adjusted accordingly to reflect any additional cost of capital improvements due to variations in BOD and TSS discharged.~~

(B)(~~d~~) For billing purposes, new industrial customers shall be temporarily assigned by the water utilities department to the industrial user classification which reflects expected discharge strengths until such time that actual discharge strengths can be determined.

(C)(~~e~~) 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 10,400 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 water utilities 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 10,400 gallons per housing unit until an actual winter monthly water consumption average can be obtained, unless the above exception applies.

(D)(~~f~~) 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)(~~g~~) ~~The sewer service charge recovers the cost of capital improvements and replacement in the sanitary sewer system. The sewer service charge for new residential customers shall assume a monthly winter average water consumption of 10,400 gallons per housing unit until an actual winter monthly water consumption average can be obtained.~~

~~\_\_\_\_\_ (4) THE FOLLOWING FEE STRUCTURE SHALL BE ESTABLISHED FOR~~

THE SEWER CHARGES EFFECTIVE NOVEMBER 1, 2008:

SEWER CATEGORY	ACCOUNT TYPE	\$ SEWER CHARGE PER 1,000 GALLONS
1100	Residential; single family	\$1.76
1150	Residential; single family; Guadalupe	1.76
1400	Residential; multi-family	1.76
1450	Residential; multi-family; Guadalupe	1.76
2100	Commercial; self-service laundry	2.47
2110	Commercial; self-service laundry; Guadalupe	2.47
2120	Commercial; laundry; dry cleaners	5.25
2500	Commercial; restaurants; bakeries	5.25
2550	Commercial; restaurants; bakeries; Guadalupe	5.25
3500	Commercial with food sales	3.35
3550	Commercial with food sales; Guadalupe	3.35
4500	Commercial; other	2.47
4540	Commercial; other; Guadalupe	2.47
4550	Commercial; hospitals	2.47
6100	Government	2.30
6150	Government; Guadalupe	2.30
5000-5999	Industrial	Varies

~~(1) Effective November 1, 2005, the sewer service charge shall be \$.60 per 1,000 gallons for all user classifications.~~

~~(2) Effective November 1, 2006, the sewer service charge shall be \$.64 per 1,000 gallons for all use classifications.~~

~~(3) Effective November 1, 2007, the sewer service charge shall be \$.68 per 1,000 gallons for all use classifications.~~

(F)(h) 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 water utilities department and all associated charges and conditions shall apply as if the City were the supplier of water to the customer.

(G)(i) 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)(j) 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.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE,  
ARIZONA this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney