

ORDINANCE NO. O-2015-36

AN ORDINANCE AMENDING SECTION 25-114 OF THE CODE OF ORDINANCES OF THE CITY OF DURANGO FOR PURPOSES OF MODIFYING SEWER RATES FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL USERS OF THE WASTEWATER SYSTEM AND DECLARING AN EFFECTIVE DATE.

WHEREAS, pursuant to City Council's goals to maintain City infrastructure and improve City facilities to meet the needs of a growing community, the City of Durango conducted a Rate Study for Water and Wastewater services in 2014; and

WHEREAS, the City opted to implement the recommendations from this study in several phases to reduce the burden on sewer rate payers; and

WHEREAS, the first phase of this implementation began in fiscal year 2015 including implementing the recommended revenue recovery plan and the proposed rate structure which are in conformance with industry standards for rate-making practice; and

WHEREAS, the sewer rate structure is designed to recover revenues sufficient to fund ongoing operating expenditures, major and minor capital expenditures, infrastructure reinvestment, and other expenditures necessary to operate the City's sewer utility; and

WHEREAS, the rate structure includes a base service charge, which is comprised of the costs that are incurred by the City regardless of the amount of sewer used, and a volumetric flow charge that is applied to commodity usage; and

WHEREAS, financial projections compiled by the City's Municipal Advisor verify that the rate increases included in the City's Final Rate Study for Water and Sewer Services are sufficient to pay the debt service for the \$68 million debt issuance that was approved by voters in November of 2015; and

WHEREAS, the sixty percent sewer fund revenue increase adopted by City Council in 2015, the two subsequent sewer rate increases slated for 2016 and 2017 in the amount of twenty-five percent each year, and the inflationary rate increases thereafter, provide the revenue stream for this debt issuance; and

WHEREAS, a public hearing has heretofore been held before the City Council of the City of Durango and the Council has determined, subsequent to said public hearing, adoption of the modifications for proposed changes in sewer rates would be in the best interests of the citizens of the City of Durango;

NOW, THEREFORE, THE CITY OF DURANGO HEREBY ORDAINS:

Section 1. That Section 25-114 of Article III of Chapter 25 of the Code of Ordinances of the City of Durango should be and the same is hereby amended in its entirety to read as follows:

Sec. 25-114. Service rates; surcharge.

- (a) *Use determined by water meter.* Each user shall pay for the services provided by the City based on use of the wastewater treatment system as determined by water meter size based on the ratio of flow capacities as determined by American Water Works Association (AWWA), using water meters that are approved by the City.
- (b) *Residential contributors.* For residential contributors, a monthly user charge shall consist of a base service charge ("base charge") as well as a monthly volumetric flow charge ("flow charge") that will be calculated based on water consumed during a three month period as determined by readings taken during the immediately preceding months of January, February, and March; provided, however, if conditions such as weather, accumulated snowfall or other occurrences preclude the efficient collection of water consumption records during the months of January, February, and March, the

Director of Finance shall utilize data from the three immediately preceding full billing period(s) for purposes of calculating the flow charge.

If the immediately preceding full billing period involves a period during which outside irrigation could reasonably occur, the Director of Finance shall utilize data from the three most recent prior billing period(s) during which outside irrigation does not normally occur.

If a residential contributor has not established an average during the months of January, February, and March, the monthly flow charge shall be calculated based on average winter water use for all residential customers served by the City of Durango. For residential contributors that do not have a City of Durango water meter, the flow charge will be assessed based on data obtained from the water provider. If the City does not have access to the water usage data, or the City cannot verify the validation and calibration of the data or water meters, a monthly flat fee shall be assessed to customers based on average winter water use for all residential customers served by the City of Durango.

(c) *Industrial and commercial contributors.* For industrial and commercial contributors, monthly user charges shall consist of a base service charge and a volumetric flow charge that is based on water used during the current billing cycle.

(d) *Charges.* The rates for all sewer customers shall be as follows:

Fixed Base Charge by Meter Size	Inside City	Outside City
0.625	\$16.54	\$33.08
0.75	24.81	49.63
1.00	41.35	82.70
1.50	82.69	165.38
2.00	132.30	264.60
3.00	248.06	496.13
4.00	413.44	826.88
6.00	826.88	1,653.75
Flow Charge (per 1,000 gallons)	Inside City	Outside City
Single Family Residential (SFR) All Usage	\$9.20	\$18.40
Residential Duplex All Usage	\$9.20	\$18.40
Commercial and Industrial All Usage	\$9.20	\$18.40

- (1) The flow charge shall be imposed per one thousand (1,000) gallons of water. Monthly base service charges shall be applied to each meter in use regardless of whether any flow charges are assessed. A meter shall be considered in use so long as it is in place.
- (2) For purposes of this Article, a single family residential water user shall be defined and limited to a dwelling or structure used for residential purposes and containing one (1) family or group of individuals living independently of each other. Living units as residential dwellings containing three (3) families or more or three (3) apartments or more shall be classified as industrial and commercial for purposes of this Article.

- (3) For purposes of this Article, due to the usage profiles associated with houses of worship, such facilities shall be billed in accordance with the Single Family Residential rate structure.
- (4) For purposes of this Article, effective January 1, 2015, utility customers with 1-inch water meters that serve flow-through fire suppression systems shall pay a base sewer rate that is equivalent to the base rate for a ¾-inch meter as listed in the above table.
- (5) For purposes of this Article, effective January 1, 2015, sewer charges shall not be applied to irrigation only water accounts.
- (6) For those contributors who contribute wastewater, the strength of which is greater than the upper limit of normal domestic sewage, a surcharge in addition to the normal user charge will be collected as follows:
 - i. \$0.43 per pound of BOD in excess of 300 mg/l;
 - ii. \$0.28 per pound of SS in excess of 300 mg/l.
- (7) The user charge portion of the surcharge is as follows:
 - i. \$0.31 per pound of BOD in excess of 300 mg/l;
 - ii. \$0.18 per pound of SS in excess of 300 mg/l.

(e) *High-Strength and Industrial Waste.* No user shall discharge any high-strength or industrial waste that causes an increase in the cost of managing the effluent or the sludge from the City’s wastewater treatment system. Any user that discharges any substance which singly or by interaction with other substances causes identifiable increases in the cost of operation, maintenance or replacement of the treatment works, shall pay for such increased costs. The strength of effluent shall be determined by the responsible plant operating personnel and users shall be charged the additional surcharge rates as provided by this section.

(f) *Applicability.* The user charge rates established in this section apply to all users, regardless of their location, of the City’s wastewater treatment system.

(g) *Late Fees.* A late fee may be administratively assessed on any delinquent account.

Section 2. This Ordinance shall become effective January 1, 2016 after its passage and final publication as provided by law.

CITY COUNCIL OF THE CITY OF

DURANGO

Attest:

City Clerk

Mayor

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

I, Amy Phillips, City Clerk of the City of Durango, La Plata County, Colorado, do hereby certify that Ordinance No. 0-2015-36 was regularly introduced and read at a regular meeting of the City Council of the City of Durango, Colorado on the 1st day of December, 2015, and was ordered published in accordance with the terms and conditions of the statutes in such cases made and provided, in the Durango Herald, a newspaper of general circulation, on the 6th day of December, 2015, prior to its final consideration by the City Council.

City Clerk

I further certify that said Ordinance No. 0-2015-36 was duly adopted by the Durango City Council on the 15th day of December, 2015, and that in accordance with instructions received from the Durango City Council, said ordinance was published by title only in the Durango Herald on the 20th day of December, 2015.

City Clerk