



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** October 2, 2017

**SUBJECT:** Consider Ordinance No. 3478 Amending Appendix A of the City of North Richland Hills Code of Ordinances and Amending the Fees Charged Under Sections 78-121 and 78-125, related to Water and Water Meters.

**PRESENTER:** Mark Mills, Finance Director

### **SUMMARY:**

The City Council is requested to consider Ordinance No. 3478. This Ordinance would amend Appendix A of the City's Code of Ordinances and the volumetric rates charged on water effective November 1, 2017.

### **GENERAL DESCRIPTION:**

The City Council adopted the Fiscal Year 2017/2018 Operating Budget on Monday, September 11, 2017. Included in this budget was an increase to the volumetric rates charged to the City's water customers. This is the first time since 2013 that the City volume rates have increased.

The City's water rates consist of two components: a base rate and a volumetric rate. The base rate is the monthly fee that customers pay to gain access to the City's water services. For the majority of customers, the base rate includes a minimum volume of water consumption, varying by meter size. Most residential customers have a three quarter inch meter, which includes 2,000 gallons of water consumption as part of the base fee. No change was made in regard to the base rate. Approximately 11.5% of residential customers in North Richland Hills use the minimum volume included in the base rate, or less, and will see no increase in the rates used to calculate their monthly water bill.

The second component is the volumetric rate. This rate is paid by customers that exceed the minimum volume included in the base. Using the previous example of a three quarter inch residential meter, a customer would pay the volumetric charge on their consumption once the base volume was exceeded. Based on an analysis of the Utility Fund and water rates, it was determined that an increase in the City's volumetric water rates was necessary. This adjustment will increase the volumetric rate by \$0.29 per 1,000 gallons. As mentioned previously, this is the first increase to the City's



volumetric water rates since 2013. There was no change made to either the base rate or the volumetric rate for sewer services.

In addition to the City's rates, the City will also be adjusting the pass-through rates. The pass-through rates offset cost increases passed to the City from its wholesale water providers and sewer treatment providers: City of Fort Worth and Trinity River Authority. This is an annual adjustment based on projected provider cost increases and does not require specific Council action to implement. The pass-through increase for water is \$0.33 per 1,000 gallons and \$0.25 per 1,000 gallons for sewer.

Table 1: Water/Sewer Bill Comparison

SERVICE	CURRENT RATES	RATE CHANGES	NEW RATES
<b>WATER</b>			
<u>Average Consumption</u>			
Estimated Gallons	10,000	10,000	10,000
Volume Included in Base	2,000	2,000	2,000
<u>Water Rates (per 1,000 gallons)</u>			
Base Rate & Volume	\$10.00	-	\$10.00
Volume Charges	\$4.14	\$0.29	\$4.43
Pass Through Rate	\$2.11	\$0.33	\$2.44
<u>Water Calculation</u>			
Base Rate	\$10.00	-	\$10.00
Volume	\$33.12	\$2.32	\$35.44
Pass Through	\$21.10	\$3.30	\$24.40
Water Sub-Total	\$64.22	\$5.62	\$69.84
<b>SEWER</b>			
<u>Average Consumption: Winter Quarter Average</u>			
Winter Qtr Avg (WQA)	5,310	5,310	5,310
<u>Sewer Rates (per 1,000 gallons)</u>			
Base Rate	\$8.39	-	\$8.39
Volume Charges	\$2.06	-	\$2.06
Pass Through Rate	\$1.66	\$0.25	\$1.91
<u>Sewer Charges</u>			
Base Rate	\$8.39	-	\$8.39
Volume	\$10.94	-	\$10.94
Pass Through	\$8.81	\$1.33	\$10.14
Sewer Sub-Total	\$28.14	\$1.33	\$29.47
<b>TOTAL CHARGES</b>	<b>\$92.36</b>	<b>\$6.95</b>	<b>\$99.31</b>



An average residential customer using 10,000 gallons of water per month will see an increase of approximately \$7.00 per month.

If approved, these rate changes become effective November 1, 2017.

**RECOMMENDATION:**

Approve Ordinance No. 3478 Amending Appendix A of the City of North Richland Hills Code of Ordinances and Amending the Fees Charged under Sections 78-121 and 78-125, related to water and water meters.