

Add info # 38

JUN 11 2009

Water and Sewer Increase

James Utter

to:

christine.mackay

06/11/2009 11:43 AM

Cc:

charlotte

Show Details

Chris,

It was good to see you this morning at the Chamber of Commerce event.

Having just returned to work from being away, I was not aware until late yesterday of the planned fee increase and the various options for implementation that are being considered by the city. I would appreciate it if you would forward my input on behalf of Orbital Sciences Corporation to city council members.

Orbital certainly opposes alternatives that would assign a disproportionate burden to businesses. We are certainly willing to pay our fair share, but imposing what would be essentially a tax on businesses in order to subsidize residential use is counter-productive in that it would make Chandler businesses less competitive with businesses in other communities that are not asked to bear such an extra burden. I know you understand that Chandler businesses must maintain a competitive posture to remain vital contributors to the economic health of the community.

Thanks.

Jim Utter

Deputy General Manager, Business Operations

Launch Systems Group

Orbital Sciences Corporation

Tel 480-814-6596

----- Notice: This e-mail is intended solely for use of the individual or entity to which it is addressed and may contain information that is proprietary, privileged and exempt from disclosure under applicable law. If the reader is not the intended recipient or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. This communication may also contain data subject to U.S. export laws. If so, that data subject to the International Traffic in Arms Regulation cannot be disseminated, distributed or copied to foreign nationals, residing in the U.S. or abroad, absent the express prior approval of the U.S. Department of State. If you have received this communication in error, please notify the sender by reply e-mail and destroy the e-mail message and any physical copies made of the communication. Thank you.



Fw: Water and Sewer Rates
Melanie Sala-Friedrichs to: CityClerkDivision
Cc: Dennis Strachota, Dave Siegel

06/11/2009 08:39 AM

----- Forwarded by Melanie Sala-Friedrichs/COC on 06/11/2009 08:38 AM -----



FGillem@aol.com

06/11/2009 07:46 AM

To Mayor&Council@chandleraz.gov

cc

Subject Water and Sewer Rates

We live in the Circle G subdivision (Riggs/Cooper). We are writing to you to request that you look carefully at the proposed rate increases for water and sewer and note how they unfairly punish large lot owners.

This is especially true in area's like Circle G where the use/acre is probably less than more densely packed subdivisions but the cost/acre is not in line and unfairly singles out large lot owners.

We request that the City Council direct staff to revise the current water block structures and fee schedules to address the impacts upon the larger lot owners. Specifically, we request Block 3 and Block 4 be combined into a single Block (Block 3) and the fee schedule for new Block 3 water (i.e. the volume charge) be set to the City's irrigation fee schedule.

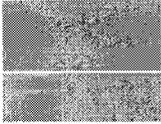
Frank & Lisa Gillern
2658 E Virgo Pl
Chandler AZ
85249

480 883 3116

[Dell Deals: Don't miss huge summer savings on popular laptops starting at \\$449.](#)

Add info # 38

JUN 11 2009



Fw: water rates

Susan Moore to: CityClerkDivision

Cc: David Bigos, Melanie Sala-Friedrichs

06/05/2009 05:04 PM

----- Forwarded by Susan Moore/COC on 06/05/2009 05:04 PM -----



Brian Z

<cgrad2@yahoo.com>

06/05/2009 04:56 PM

To Bob Caccamo <bob.caccamo@chandleraz.gov>, Trinity
Donovan <trinity.donovan@chandleraz.gov>, Boyd Dunn
<boyd.dunn@chandleraz.gov>, Matt Orlando
<matt.orlando@chandleraz.gov>, Rick4CCC@aol.com, Jack
Sellers <jack.sellers@chandleraz.gov>, Jeff Weninger
<jeff.weninger@chandleraz.gov>

cc

Subject water rates

Dear Councilman/woman:

I received replies from many of you regarding water rates and appreciate your efforts. However, I am not at all satisfied with any of the responses. As far as I can tell, there are four options for the restructuring of the rates, options each option maintains tiered rates. Shifting 20,000 gallons to tier 3 so that tier 4 starts at 60,000 gallons still maintains tiered rates to me. Why do you think that I should pay more per gallon of water than my neighbor who uses twice as much water as my neighbor I should pay twice as much, not four times as much. There are no laws, regulations, or other policies regarding water usage in Chandler, or Maricopa County, as far as I know. This is just another tax imposed on people who you think can afford it. Shame on you. I won't be satisfied until the water rates are restructured to a more fair method, and I'll do my best to get people elected to the council who are more fair and reasonable.

Sincerely,

Brian Zernich

5720 South Ashley Drive

Chandler, AZ 85249



Intel Corporation
Corporate Affairs Group
CH7-301
5000 West Chandler Blvd.
Chandler, AZ 85226
480-552-6832

June 5, 2009

City of Chandler
Office of the Mayor & City Council
ATTN: Bob Caccamo, Vice Mayor
Mail Stop 603
P.O. Box 4008
Chandler, AZ 85244

RE: Proposed Change to Water Fees, Ordinance 4158

Dear Vice Mayor Caccamo,

Intel works very hard to be a responsible member of the Chandler community. As Chandler's largest employer we have a leadership role to help preserve a competitive business climate. This helps ensure that our Arizona site remains attractive for future investment and encourages economic development within the city. We also strive to conserve natural resources through innovative processes and continuous improvement methodologies to reduce the impact of Intel's operations on the environment and surrounding community. We have worked very closely with Chandler and together have accomplished significant results.

I am writing to express concern over the proposed changes to city water rates. Intel recognizes the need for the city to raise rates sufficient to maintain the fiscal integrity of that service. Of the four options under consideration, Intel strongly supports Option A as the most equitable way for all rate payers to shoulder increased costs. Option B is less attractive because it diminishes the goal to conserve water and shifts additional costs to low water residential users. Intel strongly opposes Option C for the simple fact that it shifts costs onto industrial users which effectively establishes a hidden water tax on business. Option D is less attractive than Option B because it also disproportionately burdens industrial users.

Intel greatly values the support of Chandler. This support is an important factor to Intel's continued success in Arizona and future decisions to invest in our Chandler operations. I appreciate the opportunity to express Intel's concerns in this matter and invite you to contact me should you have any further questions.

Regards,

A handwritten signature in black ink, appearing to read "D. Jason Bagley", written over a horizontal line.

D. Jason Bagley
Government Affairs Manager

#38

JUN 11 2009



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 09-104

DATE: MAY 26, 2009

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD
PAT MCDERMOTT, ASSISTANT CITY MANAGER

FROM: DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR DS

SUBJECT: PUBLIC HEARING AND INTRODUCTION OF ORDINANCE NO. 4158 AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES

RECOMMENDATION: Staff recommends introduction of Ordinance No. 4158 amending Sections 50-11 through 50-12 of the Code of the City of Chandler to change certain water, reclaimed water and wastewater fees.

BACKGROUND/DISCUSSION: Changes in both the water and sewer rates and rate structures went into effect October 1, 2007. Prior to that, the rates had remained unchanged since October 1994, and the rate structures had been in place since the early 1980s. At the time of the 2007 rate increase, the multi-year financial plan called for rate increases of 8% for water revenues and 13% for sewer revenues for FY09/10. The current multi-year financial plan prepared by staff indicates that rate increases of 6% for water revenues and 13% for sewer revenues are needed to maintain the financial integrity of the water and sewer enterprises, including debt service coverage and cash reserve policy requirements, over the next fiscal year. The plan currently forecasts annual water and wastewater rate increases for the foreseeable future due largely to significant increases in energy and chemical costs as well as the loss of impact fee revenues dedicated to construction of needed facilities and infrastructure.

Over the last several months, Red Oak Consulting has worked with staff and the Council to address customers' reactions to the new water rates and rate structures. The net effect of the

structural and other changes listed in the options below will be to reduce water charges for residential customers who use the most water and who experienced significant water bills with the 2007 water rate increase. Chandler's water charges will be within mid low to mid range of water rates charged by comparably sized cities within the Valley for single family customers with any of the proposed options. Three water rate options (Options A, B and C) were discussed at the April 10, 2009 Municipal Utilities and Management Services Subcommittee Meetings; all three options will accomplish the 6% increase in water revenues. An additional option (Option D) was proposed by Councilmember Heumann at the April 23, 2009 Council Meeting.

OPTION A, the staff recommendation, is to alter the single family water rate structure to accommodate an additional 20,000 gallons of water consumption in block 3. The remainder of the necessary increase will be accomplished by:

- Increasing the monthly base charge for all customer classes by 20%;
- Increasing the volume rates for the multi-family, industrial, landscape and non-residential customer classes by 6%;
- Altering the single family block 3 water structure to accommodate 40,000 gallons of usage instead of 20,000 gallons of usage, which means that the single family block 4 rate is over all usage in excess of 60,000 gallons instead of 40,000 gallons;
- Maintaining the existing volume rates for single family block 4; and
- Increasing the volume rates for single family blocks 1, 2 and 3 by approximately 9%.

OPTION B is to restructure the single family customer class by decreasing the block differentials in the volume charges to approximately 1.25 times between each block with the exception of the summer block 2 volume charge. The remainder of the necessary increase will be accomplished by:

- Increasing the monthly base charge for all customer classes by 30%;
- Increasing the volume rates for the multi-family, industrial, landscape and non-residential customer classes by 5%;
- Altering the single family block 3 water structure to accommodate 40,000 gallons of usage instead of 20,000 gallons of usage, which means that the single family block 4 rate is over all usage in excess of 60,000 gallons instead of 40,000 gallons; and
- Changing the volume rates for single family blocks by amounts ranging from a decrease of 61% to an increase of 20%.

Staff considers this option an acceptable alternative because it preserves cost of service principles. It will, nonetheless, shift more of the financial burden to lower volume residential customers as well as dilute the conservation signal integral to the current water rate structure.

OPTION C is to shift \$1,500,000 of revenue support from the single family customer class to the remaining customer classes. The remainder of the necessary increase will be accomplished by:

- Increasing the monthly base charge for all customer classes by 30%;
- Increasing the volume rates for the multi-family, industrial, landscape and non-residential customer classes by 15%;

- Altering the single family block 3 water structure to accommodate 40,000 gallons of usage instead of 20,000 gallons of usage, which means that the single family block 4 rate is over all usage in excess of 60,000 gallons instead of 40,000 gallons; and
- Changing the volume rates for single family blocks by amounts ranging from a decrease of 64% to an increase of 10%.

Staff strongly opposes the adoption of this option as it does not preserve cost of service principles.

OPTION D is the same as Option B for the single family, multi family and all other nonresidential customer classes. The only difference is in the industrial and irrigation customer classes, where the volume rate will be adjusted to an amount so that the customer class estimated revenue would more closely approximate the cost of service percentages (12% for industrial and 15% for irrigation). This option increases rates for industrial customers and lowers rates for irrigation customers. Staff considers this option an acceptable alternative because it preserves cost of service principles. It will, nonetheless, shift more of the financial burden to lower volume residential customers as well as dilute the conservation signal integral to the current water rate structure.

The 13% sewer revenue increase will be accomplished by increasing all components across-the-board by 13%. Reclaimed water rates will increase from 10% of the single family block 2 rate to 20% of the single family block 2 rate (in whatever option is selected for water), which is still less than the cost of providing this water. Special request recovered water will continue to be charged at 70% of the single family block 2 rate (in whatever option is selected for water).

Outside City rates will continue to be calculated using the same differentials calculated in the 2007 rate study: 1.4 times the Inside City rates for water and reclaimed water, and 1.6 times the Inside City rates for sewer.

The Notice of Intention was published in the Arizona Republic newspaper on May 19, 2009 showing the date, time and place of the Public Hearing on June 11, 2009. In compliance with State Statutes, a copy of the documents supporting the water, reclaimed water and wastewater fees was filed with the City Clerk for public review. In addition, a notice regarding the public hearing has been included in monthly utility bills and the proposed rates are listed on the City's website for public review.

FINANCIAL IMPLICATIONS: The financial plan shows that rate increases of 6% for water revenues and 13% for sewer revenues are needed to maintain the financial integrity of the water and sewer enterprises, including debt service coverage and cash reserve policy requirements over the next fiscal year. Reclaimed water rates will increase to 20% of the block 2 single-family water rates.

PROPOSED MOTION: Move to introduce Ordinance No. 4158 amending Sections 50-11 through 50-12 of the Code of the City of Chandler to change certain water, reclaimed water and

MS Memo No. 09-104

5/26/2009

Page 4

wastewater fees. The staff's recommendation is Option A, but staff could support Options B or D as they all preserve cost of service principles.

cc: Cynthia Haglin, Assistant City Attorney
Bob Mulvey, Assistant Municipal Utilities Director
Dawn Lang, Assistant Director for Finance

Attachments: Ordinance No. 4158 – Option A
Ordinance No. 4158 – Option B
Ordinance No. 4158 – Option C
Ordinance No. 4158 – Option D

ORDINANCE NO. 4158
OPTION A

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND SEWER FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing water, reclaimed water and sewer rates were implemented two years ago; and

WHEREAS, as a result of such cost increases, and based upon the written reports or supporting data placed on file with the City Clerk, staff has recommended that Council consider changing the rates or rate components, fees or service charges set out in this Ordinance; and

WHEREAS, on April 23, 2009, Council adopted by motion a notice of intention to increase certain water, reclaimed water and sewer rates or rate components, fees or service charges, and set June 11, 2009 as the date for a public hearing on the matter; and

WHEREAS, a copy of the notice of intention showing the date, time and place of such public hearing has been properly published at least 20 days prior to the public hearing date, and the public hearing has been conducted as schedule; and

WHEREAS, Council finds that it is in the best interest of the City to adopt new rates in order to maintain the financial integrity of the water and sewer enterprises.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

SECTION 1: Chapter 50 is hereby amended as follows:

A. Amend Section 50-11 and subsection 50.11.1 to read as follows:

50-11. Water rates.

A. The following rates shall apply to all individually metered water services:

Meter Size (In Inches)	Monthly Base Charge	
	Inside City	Outside City
5/8	\$6.31 7.57	\$8.84 10.60
3/4	7.20 8.64	10.08 12.10
1	9.19 11.03	12.87 15.45
1 1/2	14.47 17.36	20.26 24.31
2	20.37 24.44	28.52 34.22
3	42.94 51.53	60.12 72.15
4	60.60 72.72	84.84 101.81
6	115.07 138.08	161.10 193.32
8	174.34 209.21	244.08 292.90
10	297.06 356.47	415.89 499.06
12	419.79 503.75	587.71 705.25

B. In addition to the monthly base charge, all water metered shall be charged at the following rates by class per one thousand (1,000) gallons, plus the applicable proportionate part of any taxes or any governmental impositions, which are assessed on water sales:

	Winter Rate – Single Family		Summer Rate – Single Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$1.23 <u>1.34</u>	\$1.73 <u>1.88</u>	\$1.23 <u>1.34</u>	\$1.73 <u>1.88</u>
Next 10,000 gallons	1.53 <u>1.66</u>	2.15 <u>2.33</u>	1.84 <u>2.01</u>	2.58 <u>2.82</u>
Next 20,000 <u>40,000</u> gallons	2.29 <u>2.49</u>	3.21 <u>3.49</u>	3.21 <u>3.51</u>	4.50 <u>4.92</u>
Over 40,000 <u>60,000</u> gallons	4.01	5.62	6.41	8.98

	Winter Rate – Multi-Family		Summer Rate – Multi-Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$0.76 <u>0.81</u>	\$1.07 <u>1.14</u>	\$0.76 <u>0.81</u>	\$1.07 <u>1.14</u>
Next 10,000 gallons	0.94 <u>1.00</u>	1.32 <u>1.40</u>	0.94 <u>1.00</u>	1.32 <u>1.40</u>
Next 20,000 gallons	1.18 <u>1.26</u>	1.66 <u>1.77</u>	1.41 <u>1.50</u>	1.98 <u>2.10</u>
Over 40,000 gallons	1.48 <u>1.57</u>	2.08 <u>2.20</u>	2.47 <u>2.62</u>	3.46 <u>3.67</u>

	Winter Rate – Industrial		Summer Rate – Industrial	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.62 <u>1.72</u>	2.27 <u>2.41</u>	2.07 <u>2.20</u>	2.90 <u>3.08</u>

	Winter Rate – Landscape		Summer Rate – Landscape	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.59 <u>1.69</u>	2.23 <u>2.37</u>	2.53 <u>2.69</u>	3.55 <u>3.77</u>

	Winter Rate – All Other Non-Residential		Summer Rate – All Other Non-Residential	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.51 <u>1.61</u>	2.12 <u>2.26</u>	2.08 <u>2.21</u>	2.92 <u>3.10</u>

1. Winter rates will be effective with all billings on and after October 1.
2. Summer rates will be effective with all billings on and after May 1.

50-11.1. Reclaimed water service rates.

The following rates per one thousand (1,000) gallons shall apply to all individually metered reclaimed water services:

	Winter rate (1)		Summer rate (2)	
	Inside City	Outside City	Inside City	Outside City
Reclaimed water	\$0.15 <u>0.332</u>	\$0.21 <u>0.465</u>	\$0.18 <u>0.402</u>	\$0.25 <u>0.563</u>
Special request recovered water	1.07 <u>1.162</u>	1.50 <u>1.627</u>	1.28 <u>1.407</u>	1.80 <u>1.970</u>

- (1) Winter rates will be effective with all billings on and after October 1.

(2) Summer rates will be effective with all billings on ~~or~~ and after May 1.

B. Amend Section 50-12 to read as follows:

50-12. Sewer service rates.

A. The following sewer service rates shall apply to all dwelling and commercial units where sewer main adjoins the property and the water account is active. In the event the active water account is for the sole purpose of providing fire flow, lawn, landscaping or other irrigation and sprinkling or other use approved by the City Engineer not requiring a sewer connection, the following service rates shall not apply.

Type of Service	Water Metered	Inside City	Outside City
Single family dwelling unit	Not applicable	\$17.67 <u>\$19.97</u>	\$28.28 <u>\$31.96</u>
Multi-family dwelling unit	Not applicable	5.39 <u>6.10</u>	8.63 <u>9.76</u>
Commercial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Commercial Processing & Manufacturing	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Medical Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Educational Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Large Volume Industrial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

B. In the event of the installation of a separate sewer meter for approved commercial and industrial users, the following sewer service rates shall apply.

Type of Service	Inside City	Outside City
Approved commercial-industrial:		
Monthly base charge	\$4.65 <u>\$5.26</u>	\$7.44 <u>\$8.42</u>
Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

C. In the event a sewer main adjoins property which is not served by municipal water and the owner/occupant desires to be served by sewer service, the sewer rates set forth in paragraph A. shall apply to all single-family and multifamily users. Sewer rates set forth in paragraph A. shall apply to all other customers with water provider supplying water billing information to the City. In the event the water provider is the owner/occupant or the water provider information is not available to the City for billing purposes under paragraph A., then sewer rates set forth in paragraph B. shall apply and installation costs of the sewer meter shall be borne by the customer.

SECTION 2: The new rates and fees established by this Ordinance shall become effective with all bills issued on or after October 1, 2009.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ____ day of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day
of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

C E R T I F I C A T I O N

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4158 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2009 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB

ORDINANCE NO. 4158
OPTION B

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER,
ARIZONA, AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE
OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER,
RECLAIMED WATER AND SEWER FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing water, reclaimed water and sewer rates were implemented two years ago; and

WHEREAS, as a result of such cost increases, and based upon the written reports or supporting data placed on file with the City Clerk, staff has recommended that Council consider changing the rates or rate components, fees or service charges set out in this Ordinance; and

WHEREAS, on April 23, 2009, Council adopted by motion a notice of intention to increase certain water, reclaimed water and sewer rates or rate components, fees or service charges, and set June 11, 2009 as the date for a public hearing on the matter; and

WHEREAS, a copy of the notice of intention showing the date, time and place of such public hearing has been properly published at least 20 days prior to the public hearing date, and the public hearing has been conducted as schedule; and

WHEREAS, Council finds that it is in the best interest of the City to adopt new rates in order to maintain the financial integrity of the water and sewer enterprises.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

SECTION 1: Chapter 50 is hereby amended as follows:

A. Amend Section 50-11 and subsection 50.11.1 to read as follows:

50-11. Water rates.

A. The following rates shall apply to all individually metered water services:

Meter Size (In Inches)	Monthly Base Charge	
	Inside City	Outside City
5/8	<u>\$6,318.21</u>	<u>\$8,841.50</u>
3/4	<u>7,209.36</u>	<u>10,0813.11</u>
1	<u>9,191.95</u>	<u>12,8716.73</u>
1 1/2	<u>14,4718.82</u>	<u>20,2626.35</u>
2	<u>20,3726.49</u>	<u>28,5237.09</u>
3	<u>42,9455.83</u>	<u>60,1278.17</u>
4	<u>60,6078.78</u>	<u>84,84110.30</u>
6	<u>115,07149.60</u>	<u>161,10209.44</u>
8	<u>174,34226.65</u>	<u>244,08317.31</u>
10	<u>297,06386.18</u>	<u>415,89540.66</u>
12	<u>419,79545.73</u>	<u>587,71764.03</u>

B. In addition to the monthly base charge, all water metered shall be charged at the following rates by class per one thousand (1,000) gallons, plus the applicable proportionate part of any taxes or any governmental impositions, which are assessed on water sales:

	Winter Rate – Single Family		Summer Rate – Single Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$1.23 <u>1.48</u>	\$1.73 <u>2.08</u>	\$1.23 <u>1.48</u>	\$1.73 <u>2.08</u>
Next 10,000 gallons	1.53 <u>1.83</u>	2.15 <u>2.57</u>	1.84 <u>1.99</u>	2.58 <u>2.79</u>
Next 20,000 <u>40,000</u> gallons	2.29	3.21	3.21 <u>2.49</u>	4.50 <u>3.49</u>
Over 40,000 <u>60,000</u> gallons	4.01 <u>2.86</u>	5.62 <u>4.01</u>	6.41 <u>3.11</u>	8.98 <u>4.36</u>

	Winter Rate – Multi-Family		Summer Rate – Multi-Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$0.76 <u>0.80</u>	\$1.07 <u>1.12</u>	\$0.76 <u>0.80</u>	\$1.07 <u>1.12</u>
Next 10,000 gallons	0.94 <u>0.99</u>	1.32 <u>1.39</u>	0.94 <u>0.99</u>	1.32 <u>1.39</u>
Next 20,000 gallons	1.18 <u>1.25</u>	1.66 <u>1.75</u>	1.41 <u>1.49</u>	1.98 <u>2.09</u>
Over 40,000 gallons	1.48 <u>1.56</u>	2.08 <u>2.19</u>	2.47 <u>2.60</u>	3.46 <u>3.64</u>

	Winter Rate – Industrial		Summer Rate – Industrial	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.62 <u>1.71</u>	2.27 <u>2.40</u>	2.07 <u>2.19</u>	2.90 <u>3.07</u>

	Winter Rate – Landscape		Summer Rate – Landscape	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.59 <u>1.67</u>	2.23 <u>2.34</u>	2.53 <u>2.66</u>	3.55 <u>3.73</u>

	Winter Rate – All Other Non-Residential		Summer Rate – All Other Non-Residential	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.51 <u>1.59</u>	2.12 <u>2.23</u>	2.08 <u>2.19</u>	2.92 <u>3.07</u>

1. Winter rates will be effective with all billings on and after October 1.
2. Summer rates will be effective with all billings on and after May 1.

50-11.1. Reclaimed water service rates.

The following rates per one thousand (1,000) gallons shall apply to all individually metered reclaimed water services:

	Winter rate (1)		Summer rate (2)	
	Inside City	Outside City	Inside City	Outside City
Reclaimed water	\$0.15 <u>30.366</u>	\$0.21 <u>50.513</u>	\$0.18 <u>40.398</u>	\$0.25 <u>80.558</u>
Special request recovered water	1.07 <u>1.281</u>	1.50 <u>1.794</u>	1.28 <u>1.393</u>	1.80 <u>1.951</u>

- (1) Winter rates will be effective with all billings on and after October 1.

(2) Summer rates will be effective with all billings on ~~or~~ and after May 1.

B. Amend Section 50-12 to read as follows:

50-12. Sewer service rates.

A. The following sewer service rates shall apply to all dwelling and commercial units where sewer main adjoins the property and the water account is active. In the event the active water account is for the sole purpose of providing fire flow, lawn, landscaping or other irrigation and sprinkling or other use approved by the City Engineer not requiring a sewer connection, the following service rates shall not apply.

Type of Service	Water Metered	Inside City	Outside City
Single family dwelling unit	Not applicable	\$17.67 <u>\$19.97</u>	\$28.28 <u>\$31.96</u>
Multi-family dwelling unit	Not applicable	5.39 <u>6.10</u>	8.63 <u>9.76</u>
Commercial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Commercial Processing & Manufacturing	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Medical Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Educational Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Large Volume Industrial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

B. In the event of the installation of a separate sewer meter for approved commercial and industrial users, the following sewer service rates shall apply.

Type of Service	Inside City	Outside City
Approved commercial-industrial:		
Monthly base charge	\$4.65 <u>\$5.26</u>	\$7.44 <u>\$8.42</u>
Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

C. In the event a sewer main adjoins property which is not served by municipal water and the owner/occupant desires to be served by sewer service, the sewer rates set forth in paragraph A. shall apply to all single-family and multifamily users. Sewer rates set forth in paragraph A. shall apply to all other customers with water provider supplying water billing information to the City. In the event the water provider is the owner/occupant or the water provider information is not available to the City for billing purposes under paragraph A., then sewer rates set forth in paragraph B. shall apply and installation costs of the sewer meter shall be borne by the customer.

SECTION 2: The new rates and fees established by this Ordinance shall become effective with all bills issued on or after October 1, 2009.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ____ day of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day
of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4158 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2009 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAF

ORDINANCE NO. 4158
OPTION C

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND SEWER FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing water, reclaimed water and sewer rates were implemented two years ago; and

WHEREAS, as a result of such cost increases, and based upon the written reports or supporting data placed on file with the City Clerk, staff has recommended that Council consider changing the rates or rate components, fees or service charges set out in this Ordinance; and

WHEREAS, on April 23, 2009, Council adopted by motion a notice of intention to increase certain water, reclaimed water and sewer rates or rate components, fees or service charges, and set June 11, 2009 as the date for a public hearing on the matter; and

WHEREAS, a copy of the notice of intention showing the date, time and place of such public hearing has been properly published at least 20 days prior to the public hearing date, and the public hearing has been conducted as schedule; and

WHEREAS, Council finds that it is in the best interest of the City to adopt new rates in order to maintain the financial integrity of the water and sewer enterprises.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

SECTION 1: Chapter 50 is hereby amended as follows:

A. Amend Section 50-11 and subsection 50.11.1 to read as follows:

50-11. Water rates.

A. The following rates shall apply to all individually metered water services:

Meter Size (In Inches)	Monthly Base Charge	
	Inside City	Outside City
5/8	<u>\$6,318.21</u>	<u>\$8,841.50</u>
3/4	<u>7,209.36</u>	<u>10,081.11</u>
1	<u>9,191.95</u>	<u>12,871.73</u>
1 1/2	<u>14,471.82</u>	<u>20,262.35</u>
2	<u>20,372.49</u>	<u>28,523.09</u>
3	<u>42,945.83</u>	<u>60,127.17</u>
4	<u>60,607.78</u>	<u>84,841.10</u>
6	<u>115,071.49</u>	<u>161,402.09</u>
8	<u>174,342.65</u>	<u>244,083.17</u>
10	<u>297,063.86</u>	<u>415,895.40</u>
12	<u>419,795.73</u>	<u>587,717.64</u>

B. In addition to the monthly base charge, all water metered shall be charged at the following rates by class per one thousand (1,000) gallons, plus the applicable proportionate part of any taxes or any governmental impositions, which are assessed on water sales:

	Winter Rate – Single Family		Summer Rate – Single Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$1.23 <u>1.35</u>	\$1.73 <u>1.89</u>	\$1.23 <u>1.35</u>	\$1.73 <u>1.89</u>
Next 10,000 gallons	1.53 <u>1.68</u>	2.15 <u>2.36</u>	1.84 <u>1.83</u>	2.58 <u>2.57</u>
Next 20,000 <u>40,000</u> gallons	2.29 <u>2.08</u>	3.21 <u>2.92</u>	3.21 <u>2.29</u>	4.50 <u>3.21</u>
Over 40,000 <u>60,000</u> gallons	4.01 <u>2.58</u>	5.62 <u>3.62</u>	6.41 <u>2.86</u>	8.98 <u>4.01</u>

	Winter Rate – Multi-Family		Summer Rate – Multi-Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$0.76 <u>0.88</u>	\$1.07 <u>1.24</u>	\$0.76 <u>0.88</u>	\$1.07 <u>1.24</u>
Next 10,000 gallons	0.94 <u>1.08</u>	1.32 <u>1.52</u>	0.94 <u>1.08</u>	1.32 <u>1.52</u>
Next 20,000 gallons	1.18 <u>1.35</u>	1.66 <u>1.89</u>	1.41 <u>1.61</u>	1.98 <u>2.26</u>
Over 40,000 gallons	1.48 <u>1.70</u>	2.08 <u>2.38</u>	2.47 <u>2.84</u>	3.46 <u>3.98</u>

	Winter Rate – Industrial		Summer Rate – Industrial	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.62 <u>\$1.86</u>	2.27 <u>\$2.61</u>	2.07 <u>\$2.37</u>	2.90 <u>\$3.32</u>

	Winter Rate – Landscape		Summer Rate – Landscape	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.59 <u>\$1.83</u>	2.23 <u>\$2.57</u>	2.53 <u>\$2.90</u>	3.55 <u>\$4.06</u>

	Winter Rate – All Other Non-Residential		Summer Rate – All Other Non-Residential	
	Inside City	Outside City	Inside City	Outside City
All Usage	1.51 <u>\$1.73</u>	2.12 <u>\$2.43</u>	2.08 <u>\$2.38</u>	2.92 <u>\$3.34</u>

1. Winter rates will be effective with all billings on and after October 1.
2. Summer rates will be effective with all billings on and after May 1.

50-11.1. Reclaimed water service rates.

The following rates per one thousand (1,000) gallons shall apply to all individually metered reclaimed water services:

	Winter rate (1)		Summer rate (2)	
	Inside City	Outside City	Inside City	Outside City
Reclaimed water	\$0.15 <u>\$0.336</u>	\$0.21 <u>\$0.471</u>	\$0.18 <u>\$0.366</u>	\$0.25 <u>\$0.513</u>
Special request recovered water	1.07 <u>1.176</u>	1.50 <u>1.647</u>	1.28 <u>1.281</u>	1.80 <u>1.794</u>

- (1) Winter rates will be effective with all billings on and after October 1.

(2) Summer rates will be effective with all billings on ~~or~~ and after May 1.

B. Amend Section 50-12 to read as follows:

50-12. Sewer service rates.

A. The following sewer service rates shall apply to all dwelling and commercial units where sewer main adjoins the property and the water account is active. In the event the active water account is for the sole purpose of providing fire flow, lawn, landscaping or other irrigation and sprinkling or other use approved by the City Engineer not requiring a sewer connection, the following service rates shall not apply.

Type of Service	Water Metered	Inside City	Outside City
Single family dwelling unit	Not applicable	\$17.67 <u>\$19.97</u>	\$28.28 <u>\$31.96</u>
Multi-family dwelling unit	Not applicable	5.39 <u>6.10</u>	8.63 <u>9.76</u>
Commercial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Commercial Processing & Manufacturing	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Medical Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Educational Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Large Volume Industrial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

B. In the event of the installation of a separate sewer meter for approved commercial and industrial users, the following sewer service rates shall apply.

Type of Service	Inside City	Outside City
Approved commercial-industrial:		
Monthly base charge	\$4.65 <u>\$5.26</u>	\$7.44 <u>\$8.42</u>
Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

C. In the event a sewer main adjoins property which is not served by municipal water and the owner/occupant desires to be served by sewer service, the sewer rates set forth in paragraph A. shall apply to all single-family and multifamily users. Sewer rates set forth in paragraph A. shall apply to all other customers with water provider supplying water billing information to the City. In the event the water provider is the owner/occupant or the water provider information is not available to the City for billing purposes under paragraph A., then sewer rates set forth in paragraph B. shall apply and installation costs of the sewer meter shall be borne by the customer.

SECTION 2: The new rates and fees established by this Ordinance shall become effective with all bills issued on or after October 1, 2009.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ___ day of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ___ day
of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

C E R T I F I C A T I O N

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4158 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2009 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB

ORDINANCE NO. 4158
OPTION D

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 50-11 THROUGH 50-12 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER AND SEWER FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing water, reclaimed water and sewer rates were implemented two years ago; and

WHEREAS, as a result of such cost increases, and based upon the written reports or supporting data placed on file with the City Clerk, staff has recommended that Council consider changing the rates or rate components, fees or service charges set out in this Ordinance; and

WHEREAS, on April 23, 2009, Council adopted by motion a notice of intention to increase certain water, reclaimed water and sewer rates or rate components, fees or service charges, and set June 11, 2009 as the date for a public hearing on the matter; and

WHEREAS, a copy of the notice of intention showing the date, time and place of such public hearing has been properly published at least 20 days prior to the public hearing date, and the public hearing has been conducted as schedule; and

WHEREAS, Council finds that it is in the best interest of the City to adopt new rates in order to maintain the financial integrity of the water and sewer enterprises.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

SECTION 1: Chapter 50 is hereby amended as follows:

A. Amend Section 50-11 and subsection 50.11.1 to read as follows:

50-11. Water rates.

A. The following rates shall apply to all individually metered water services:

Meter Size (In Inches)	Monthly Base Charge	
	Inside City	Outside City
5/8	\$6,318.21	\$8,8411.50
3/4	7,209.36	10,0813.11
1	9,1911.95	12,8716.73
1 1/2	14,4718.82	20,2626.35
2	20,3726.49	28,5237.09
3	42,9455.83	60,1278.17
4	60,6078.78	84,84110.30
6	115,07149.60	161,10209.44
8	174,34226.65	244,08317.31
10	297,06386.18	415,89540.66
12	419,79545.73	587,71764.03

B. In addition to the monthly base charge, all water metered shall be charged at the following rates by class per one thousand (1,000) gallons, plus the applicable proportionate part of any taxes or any governmental impositions, which are assessed on water sales:

	Winter Rate – Single Family		Summer Rate – Single Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$1,231.48	\$1,732.08	\$1,231.48	\$1,732.08
Next 10,000 gallons	4,531.83	2,152.57	4,841.99	2,582.79
Next 20,000 <u>40,000</u> gallons	2.29	3.21	3,212.49	4,503.49
Over 40,000 <u>60,000</u> gallons	4,012.86	5,624.01	6,413.11	8,984.36

	Winter Rate – Multi-Family		Summer Rate – Multi-Family	
	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$0,760.80	\$1,071.12	\$0,760.80	\$1,071.12
Next 10,000 gallons	0,940.99	1,321.39	0,940.99	1,321.39
Next 20,000 gallons	1,181.25	1,661.75	1,411.49	1,982.09
Over 40,000 gallons	1,481.56	2,082.19	2,472.60	3,463.64

	Winter Rate – Industrial		Summer Rate – Industrial	
	Inside City	Outside City	Inside City	Outside City
All Usage	1,621.92	2,272.69	2,072.45	2,903.43

	Winter Rate – Landscape		Summer Rate – Landscape	
	Inside City	Outside City	Inside City	Outside City
All Usage	1,591.57	2,232.20	2,532.50	3,553.50

	Winter Rate – All Other Non-Residential		Summer Rate – All Other Non-Residential	
	Inside City	Outside City	Inside City	Outside City
All Usage	1,511.59	2,122.23	2,082.19	2,923.07

1. Winter rates will be effective with all billings on and after October 1.
2. Summer rates will be effective with all billings on and after May 1.

50-11.1. Reclaimed water service rates.

The following rates per one thousand (1,000) gallons shall apply to all individually metered reclaimed water services:

	Winter rate (1)		Summer rate (2)	
	Inside City	Outside City	Inside City	Outside City
Reclaimed water	\$0,1530.366	\$0,2150.513	\$0,1840.398	\$0,2580.558
Special request recovered water	1,0711.281	1,5001.794	1,2881.393	1,8041.951

- (1) Winter rates will be effective with all billings on and after October 1.

(2) Summer rates will be effective with all billings on ~~or~~ and after May 1.

B. Amend Section 50-12 to read as follows:

50-12. Sewer service rates.

A. The following sewer service rates shall apply to all dwelling and commercial units where sewer main adjoins the property and the water account is active. In the event the active water account is for the sole purpose of providing fire flow, lawn, landscaping or other irrigation and sprinkling or other use approved by the City Engineer not requiring a sewer connection, the following service rates shall not apply.

Type of Service	Water Metered	Inside City	Outside City
Single family dwelling unit	Not applicable	\$17.67 <u>\$19.97</u>	\$28.28 <u>\$31.96</u>
Multi-family dwelling unit	Not applicable	5.39 <u>6.10</u>	8.63 <u>9.76</u>
Commercial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Commercial Processing & Manufacturing	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Medical Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Educational Institutions	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>
Large Volume Industrial	Monthly Base Charge	4.65 <u>5.26</u>	7.44 <u>8.42</u>
	Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

B. In the event of the installation of a separate sewer meter for approved commercial and industrial users, the following sewer service rates shall apply.

Type of Service	Inside City	Outside City
Approved commercial-industrial:		
Monthly base charge	\$4.65 <u>\$5.26</u>	\$7.44 <u>\$8.42</u>
Per 1,000 gallons	2.11 <u>2.39</u>	3.38 <u>3.83</u>

C. In the event a sewer main adjoins property which is not served by municipal water and the owner/occupant desires to be served by sewer service, the sewer rates set forth in paragraph A. shall apply to all single-family and multifamily users. Sewer rates set forth in paragraph A. shall apply to all other customers with water provider supplying water billing information to the City. In the event the water provider is the owner/occupant or the water provider information is not available to the City for billing purposes under paragraph A., then sewer rates set forth in paragraph B. shall apply and installation costs of the sewer meter shall be borne by the customer.

SECTION 2: The new rates and fees established by this Ordinance shall become effective with all bills issued on or after October 1, 2009.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ____ day of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ____ day
of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4158 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2009 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB



Chandler • Arizona
Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 09-094

DATE: MAY 14, 2009

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER *RD*
PAT MCDERMOTT, ASSISTANT CITY MANAGER *m*

FROM: DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR *DS*
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR *DS*

SUBJECT: WATER RATE OPTIONS

The details for the Option D proposed by Councilmember Heumann at the April 23, 2009 Council Meeting have been worked out and are summarized along with the other three options below. The same two attachments that have been provided to Council before have been modified to include Option D.

Option A: Reflects a 20% increase to the monthly base charge for all customers, increasing the multi-family and all non-residential customer class volume rates by 6%, maintaining the single family block 4 rate, shifting 20,000 gallons of water usage from block 4 to block 3 (so the block 4 rates begin at 60,000 gallons rather than 40,000 gallons), and increasing the single family blocks 1 through 3 volume rates by approximately 9%.

Option B: Reflects a 30% increase to the monthly base charge for all customers, increasing the multi-family and all non-residential customer class volume rates by 5%, shifting 20,000 gallons of single family water usage from block 4 to block 3 (so the block 4 rates begin at 60,000 gallons rather than 40,000 gallons), and obtaining the balance of the revenue requirement by restructuring the volume rates for single family blocks 1 through 4 so the differential is approximately 1.25 times between each block with the exception of the summer block 2 volume rate.

Option C: This option departs from cost of service principles by shifting a \$1.5 million burden from the single family customer class to the remaining customer classes. It includes a 30%

increase to the monthly base charge, a 15% volume charge increase to the multi-family and all non-residential customer classes, shifting 20,000 gallons of single family water usage from block 4 to block 3 (so the block 4 rates begin at 60,000 gallons rather than 40,000 gallons), and obtaining the remainder of the revenue requirement by restructuring the volume charges for single family blocks 1 through 4 so the differential is approximately 1.25 times between each block with the exception of the summer block 2 volume rate.

Option D: Reflects a 30% increase to the monthly base charge for all customers, increasing the multi-family and all non-residential customer class volume rates by varying percentages to approximate their cost of service, shifting 20,000 gallons of single family water usage from block 4 to block 3 (so the block 4 rates begin at 60,000 gallons rather than 40,000 gallons), and obtaining the balance of the revenue requirement by restructuring the volume rates for single family blocks 1 through 4 so the differential is approximately 1.25 times between each block with the exception of the summer block 2 volume rate.

The staff's recommendation is Option A, but staff could support Options B or D as they all preserve cost of service principles. If you have any questions, please feel free to call me at 782-2257 or Dave Siegel at 782-3801.

Attachments: Chandler Water Rate Options FY2009/10
Chandler Rate Design: Revenue By Class

Chandler Rate Design: Revenue By Class

Class	Cost-of-Service	Option A	Option B	Option C	Option D
Single Family	\$26,354,375	\$25,988,777	\$26,060,527	\$24,560,527	\$26,060,527
Multi-Family	2,680,106	2,830,027	2,840,055	3,070,269	2,840,055
Non-Residential	3,573,475	3,896,674	3,913,850	4,209,137	3,913,850
Industrial	5,360,212	4,347,526	4,333,571	4,700,796	4,859,268
Irrigation	6,700,265	7,485,244	7,452,652	8,108,550	7,031,502
Total	\$44,668,432	\$44,548,248	\$44,600,655	\$44,649,279	\$44,705,203

Chandler Rate Design: Percent of Revenue By Class

Class	Cost-of-Service	Option A	Option B	Option C	Option D
Single Family	59.00%	58.34%	58.43%	55.01%	58.29%
Multi-Family	6.00%	6.35%	6.37%	6.88%	6.35%
Non-Residential	8.00%	8.75%	8.78%	9.43%	8.75%
Industrial	12.00%	9.76%	9.72%	10.53%	10.87%
Irrigation	15.00%	16.80%	16.71%	18.16%	15.73%
Total	100%	100%	100%	100%	100%

Chandler Rate Design: Billed Water Use By Class (000's of gallons)

Class	Staff	Option A	Option B	Option C	Option D
	Recommended				
Single Family	10,292,050	10,292,050	10,292,050	10,292,050	10,292,050
Multi-Family	1,406,220	1,406,220	1,406,220	1,406,220	1,406,220
Non-Residential	1,806,374	1,806,374	1,806,374	1,806,374	1,806,374
Industrial	2,230,097	2,230,097	2,230,097	2,230,097	2,230,097
Irrigation	3,137,332	3,137,332	3,137,332	3,137,332	3,137,332
Total	18,872,073	18,872,073	18,872,073	18,872,073	18,872,073

Chandler Rate Design: Percent of Billed Water Use By Class

Class	Staff	Option A	Option B	Option C	Option D
	Recommended				
Single Family	54.54%	54.54%	54.54%	54.54%	54.54%
Multi-Family	7.45%	7.45%	7.45%	7.45%	7.45%
Non-Residential	9.57%	9.57%	9.57%	9.57%	9.57%
Industrial	11.82%	11.82%	11.82%	11.82%	11.82%
Irrigation	16.62%	16.62%	16.62%	16.62%	16.62%
Total	100%	100%	100%	100%	100%

Chandler Water Rate Options FY2009/10

	A		B		C		D		E		F		G		H		I		J	
	Number of Bills	% of Bills	Use (000's gals)	% of Use	Pre-10/1/07 Volume Rate	Differential	Pre-10/1/07 w/ Incr. Volume Rate	Differential	Current Volume Rate	Differential	Current w/ 6% Incr. Volume Rate	Differential	Option A Volume Rate	Differential	Option B Volume Rate	Differential	Option C Volume Rate	Differential	Option D Volume Rate	Differential
Non-Residential (5)																				
Winter	18,840	63.99%	933,187	51.66%					\$1.51	n/a	\$1.60	n/a	\$1.61	n/a	\$1.59	n/a	\$1.73	n/a	\$1.59	n/a
Summer	10,600	36.01%	873,187	48.34%					\$2.08	n/a	\$2.20	n/a	\$2.21	n/a	\$2.19	n/a	\$2.38	n/a	\$2.19	n/a
Total Winter & Summer	29,440	100.00%	1,806,374	100.00%																
Industrial (6)																				
Winter	315	58.33%	1,246,482	55.89%					\$1.62	n/a	\$1.72	n/a	\$1.72	n/a	\$1.71	n/a	\$1.86	n/a	\$1.92	n/a
Summer	225	41.67%	983,615	44.11%					\$2.07	n/a	\$2.19	n/a	\$2.20	n/a	\$2.19	n/a	\$2.37	n/a	\$2.45	n/a
Total Winter & Summer	540	100.00%	2,230,097	100.00%																
Irrigation (5)																				
Winter	13,454	58.33%	1,320,388	42.09%					\$1.59	n/a	\$1.69	n/a	\$1.69	n/a	\$1.67	n/a	\$1.83	n/a	\$1.57	n/a
Summer	9,610	41.67%	1,816,944	57.91%					\$2.53	n/a	\$2.68	n/a	\$2.69	n/a	\$2.66	n/a	\$2.90	n/a	\$2.50	n/a
Total Winter & Summer	23,064	100.00%	3,137,332	100.00%																
Total Bills and Use	907,937	100.00%	18,872,073	100.00%																
Average Summer Bill (6)																				
Multi-Family					\$179		\$207	\$309	\$326	5.58%	\$326	5.58%	\$329	6.62%	\$329	6.64%	\$357	15.44%	\$329	6.64%
Non-Residential					\$192		\$222	\$192	\$202	5.12%	\$202	5.12%	\$206	7.03%	\$206	7.24%	\$222	15.29%	\$206	7.25%
Industrial					\$8,171		\$9,441	\$9,072	\$9,596	5.78%	\$9,596	5.78%	\$9,643	6.30%	\$9,579	5.60%	\$10,380	14.43%	\$10,752	18.53%
Irrigation					\$391		\$452	\$500	\$528	5.67%	\$528	5.67%	\$533	6.62%	\$529	5.79%	\$575	15.05%	\$499	-0.23%
Top 10 Largest Users Average Summer Bill (7)																				
1. Industrial					\$216,144		\$249,733	\$238,174	\$251,983	5.80%	\$251,983	5.80%	\$253,300	6.35%	\$251,706	5.68%	\$272,682	14.49%	\$282,421	18.58%
2. Industrial					\$66,188		\$76,473	\$72,875	\$77,100	5.80%	\$77,100	5.80%	\$77,495	6.34%	\$77,001	5.66%	\$83,424	14.48%	\$86,406	18.57%
3. Industrial					\$28,621		\$33,069	\$30,360	\$32,122	5.80%	\$32,122	5.80%	\$32,364	6.00%	\$32,220	6.12%	\$34,845	14.77%	\$36,064	18.79%
4. Non-Residential					\$13,626		\$15,944	\$14,395	\$15,227	5.78%	\$15,227	5.78%	\$15,355	6.67%	\$15,225	5.76%	\$16,491	14.56%	\$15,226	5.77%
5. Multi-Family					\$7,466		\$8,627	\$8,786	\$9,313	6.00%	\$9,313	6.00%	\$9,380	6.77%	\$9,370	6.65%	\$10,162	15.67%	\$9,370	6.65%
6. Non-Residential					\$5,671		\$6,553	\$6,243	\$6,547	5.79%	\$6,547	5.79%	\$6,630	7.38%	\$6,627	7.32%	\$6,064	15.65%	\$5,627	7.32%
7. Multi-Family					\$4,039		\$4,667	\$4,524	\$4,795	6.00%	\$4,795	6.00%	\$4,837	6.94%	\$4,838	6.94%	\$5,241	15.85%	\$4,838	6.94%
8. Non-Residential					\$3,461		\$3,998	\$3,329	\$3,521	5.78%	\$3,521	5.78%	\$3,566	7.14%	\$3,558	6.88%	\$3,841	15.37%	\$3,558	6.89%
9. Multi-Family					\$3,663		\$4,232	\$3,969	\$4,207	6.00%	\$4,207	6.00%	\$4,236	7.22%	\$4,265	7.44%	\$4,610	16.15%	\$4,265	7.44%
10. Non-Residential					\$3,703		\$4,278	\$2,783	\$2,945	5.81%	\$2,945	5.81%	\$3,034	9.02%	\$3,069	10.27%	\$3,271	17.52%	\$3,069	10.28%

(1) For columns C and D, block 3 is "next 80,000 gallons" and block 4 is "over 100,000 gallons."

(2) For columns E and F, block 3 is "next 20,000 gallons" and block 4 is "over 40,000 gallons."

(3) For columns J and K, block 3 is "over 20,000 gallons" There is no block 4 for either of these options.

(4) Bills and use by block is the same for the staff recommended rate structure and alternatives 1 and 2.

(5) The rate structure for non-residential, industrial and irrigation customer classes in columns C and D is the same as the single and multi family customer classes.

(6) Calculated using the Column B summer usage divided by the Column A number of summer bills.

(7) Assumes the FY2007/08 usage was split evenly across 12 months.