

**AGENDA BRIEFING MEMORANDUM**

**Council Meeting Date:** 2/9/10

<b>Department:</b> Finance	<b>By:</b> Monica D. Harris	<b>DATE:</b> 2/4/10
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**SUBJECT:** Ordinance No. 2010-## An ordinance setting the schedule of Sewer Service Charges, amending Ordinance No. 1998-12.

**BACKGROUND, ANALYSIS AND IMPACT:** (Safety and Welfare/Financial/Personnel/Infrastructure/etc.)

Attached is the draft ordinance 2010-##. Changes were made to:

1. Adopt option B increasing the base rate \$5.00 and the incremental charges 47%,
2. Split the increases equally over three (3) years, and
3. Change the application of rates to new customers.

Following are examples of the application of the option B increases with the annual Consumer Price Index (CPI-U) increases.

October 2010 Residential Fixed Monthly Sewer Service Charge, .75" & 1" meter size, assuming 12K units and a 2.35% CPI-U  
 $(\$12.24 \times 1.0235) + [7 \times (\$1.62 \times 1.0235)] + [2 \times (\$1.79 \times 1.0235)]$   
 $\$12.53 + (7 \times \$1.66) + (2 \times \$1.83)$   
 $\$12.53 + \$11.62 + \$3.66 = \mathbf{\$27.81}$

October 2011 Residential Fixed Monthly Sewer Service Charge, .75" & 1" meter size, assuming 12K units and a 2.35% CPI-U  
 $(\$12.53 \times 1.0235) + [7 \times (\$1.66 \times 1.0235)] + [2 \times (\$1.83 \times 1.0235)]$   
 $\$12.82 + (7 \times \$1.70) + (2 \times \$1.87)$   
 $\$12.82 + \$11.90 + \$3.74 = \mathbf{\$28.46}$

October 2012 Residential Fixed Monthly Sewer Service Charge, .75" & 1" meter size, assuming a 12K units and a 2.35% CPI-U  
 $(\$12.82 \times 1.0235) + [7 \times (\$1.70 \times 1.0235)] + [2 \times (\$1.87 \times 1.0235)]$   
 $\$13.12 + (7 \times \$1.74) + (2 \times \$1.91)$   
 $\$13.12 + \$12.18 + \$3.82 = \mathbf{\$29.12}$

**DEPARTMENT RECOMMENDATION:**

I recommend the Council approve Ordinance 2010-## as submitted.

**BOARD/COMMISSION/COMMITTEE ACTION:**

- |  |  |   |  |
|--|--|---|--|
| <input type="checkbox"/> P & Z         | <input type="checkbox"/> Lodgers Tax Board | <input type="checkbox"/> Cemetery Board | } <input type="checkbox"/> APPROVED    |
| <input type="checkbox"/> Museum Board  | <input type="checkbox"/> San Jose Board    | <input type="checkbox"/> Water Board    |  |
| <input type="checkbox"/> Library Board | <input type="checkbox"/> N. Mesa Board     | <input type="checkbox"/> Committee      | } <input type="checkbox"/> DISAPPROVED |

<b>Reviewed by</b> <b>City Administrator</b>	<b>Date:</b> 2/5/10
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ATTACHMENT(S): Ordinance 2010-##

**ORDINANCE NO. 2010- \_\_\_\_\_**

**AN ORDINANCE SETTING THE  
SCHEDULE OF SEWER  
SERVICE CHARGES,  
AMENDING ORDINANCE NO.  
1998-12.**

WHEREAS, in 2008, a comprehensive evaluation was made of the City of Carlsbad infrastructure; and

WHEREAS, based upon that evaluation, the Carlsbad City Council developed and adopted an Infrastructure Improvement Plan; and

WHEREAS, in September 2008, the Carlsbad City Council held an election in which the voters enacted a gross receipts tax increase to support the Infrastructure Improvement Plan; and

WHEREAS, the full costs of the Infrastructure Improvement Plan exceeded the capacity of the gross receipts tax thus enacted; and

WHEREAS, the City of Carlsbad applied for and was granted an Eighteen Million Dollar (\$18,000,000) loan under the Clean Water Revolving Loan Fund for the purpose of renovating the City's Wastewater Treatment Facility; and

WHEREAS, additional system revenues are essential to the financing of such a loan; and

WHEREAS, after thorough consideration, the Carlsbad City Council has determined that it is in the best interests of the City to increase the service charges for the Sanitary Sewer System.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF CARLSBAD, NEW MEXICO, that:

1. For Residential Users, the Sewer Service Charge shall be based upon the "Average Sewer Usage". Average Sewer Usage shall be calculated from the average amount of water used as reflected on the January and February utility bills for that service location. If those amounts are not available, then, for the time period until the May following when those amounts become available, the Average Sewer Usage shall be calculated as follows:

A. For new services, the Average Sewer Usage shall be calculated from the average amount of water used as reflected on the previous January and February utility bills for that service location.

B. For new connections or in the event an Average Sewer Usage cannot be calculated as described above, then the Average Sewer Usage shall be calculated from the actual water used during each billing cycle.

The Average Sewer Usage shall be the basis for the billings for the subsequent May through April.

2. For Commercial Users, the Sewer Service Charge shall be based upon each Commercial User's actual water usage during each billing cycle.

3. Effective for the first day water is consumed in the period preceding the October 2010 customer billing, the monthly sewer service charges for the City of Carlsbad sanitary sewer system shall be as follows:

A. Residential Fixed Monthly Sewer Service Charges

Water Meter Size (Inches)	Fixed Monthly Sewer Service Charge October 2010	Fixed Monthly Sewer Service Charge Increase for October 2011	Fixed Monthly Sewer Service Charge Increase for October 2012
0.75	\$12.24	\$1.67	\$1.66
1.0	\$12.24	\$1.67	\$1.66
1.5	\$12.93	\$1.67	\$1.66
2.0	\$12.93	\$1.67	\$1.66

B. Commercial Fixed Monthly Sewer Service Charges

Water Meter Size (Inches)	Fixed Monthly Sewer Service Charge October 2010	Fixed Monthly Sewer Service Charge Increase for October 2011	Fixed Monthly Sewer Service Charge Increase for October 2012
0.75	\$14.88	\$1.67	\$1.66
1.0	\$14.88	\$1.67	\$1.66
1.5	\$28.08	\$1.67	\$1.66
2.0	\$48.60	\$1.67	\$1.66
3.0	\$107.30	\$1.67	\$1.66
4.0	\$189.44	\$1.67	\$1.66
6.0	\$424.15	\$1.67	\$1.66

C. The Fixed Monthly Service Charge includes units up to and including three thousand (3,000) gallons. The monthly rate for units in excess of three thousand (3,000) gallons shall be as follows:

Incremental Sewer Service Charges

Water Usage (Thousand Gallons)	Incremental Sewer Service Charge/1000 gal. October 2010	Incremental Sewer Service Charge/1000 gal. Increase for October 2011	Incremental Sewer Service Charge/1000 gal. Increase for October 2012
Above 3 and Up to 10	\$1.62	\$0.18	\$0.17
Above 10 and Up to 25	\$1.79	\$0.20	\$0.19
Above 25 and Up to 50	\$1.96	\$0.22	\$0.21
Above 50 and Up to 100	\$2.14	\$0.24	\$0.23
Above 100 and Up to 500	\$2.35	\$0.26	\$0.26
Above 500	\$2.55	\$0.28	\$0.28

4. Effective for the October 2010 customer billing and annually for each October customer billing thereafter, all the fixed monthly and incremental sewer service charges for the City of Carlsbad sanitary sewer system as listed in Tables 3A, 3B, and 3C, above, shall be adjusted by a factor equal to the average annual change in the Consumer Price Index for all Urban Consumers for the four year period ending the preceding July. Such factor shall be referred to as the “4-Year CPI-U”. The application of the 4-Year CPI-U to all the fixed monthly and incremental sewer service charges shall compound annually.

5. This Ordinance repeals those portions of Ordinance No. 98-12, Ordinance No. 2000-14; Chapter 52, Article III, Division 2 of the Carlsbad City Code; and those portions of any other ordinance or enactment of the City of Carlsbad expressly inconsistent with its provisions not including Resolution No. 96-22, Resolution No. 2003-50, and Resolution No. 2007-63, regarding the service of City water outside the City limits; the La Huerta Water Cooperative Purchase Agreement; and all amendments and addenda thereto and enactments thereunder.

APPROVED, PASSED, AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2010.

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BOB FORREST, MAYOR

ATTEST:

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CITY CLERK