

SUMMARY REPORT TO MANAGER

For City Council Meeting of June 12, 2006

SUBJECT: INTRODUCTION AND FIRST READING OF AMENDMENT TO THE CITY OF MIDLAND SEWER ORDINANCE

INITIATED BY: Noel D. Bush, Utilities Director

RESOLUTION SUMMARY: This is the first reading of a proposed amendment to Section 28-163 of Division 3 of Article III of Chapter 28 of the Code of Ordinances.

ITEMS ATTACHED:

- 1. Letter of transmittal
- 2. Rate/Quarterly Bill Comparisons
- 3. Combined Water and Sewer Bill Comparisons
- 4. Ordinance Amendment

COUNCIL ACTION:

- 1. 3/5 Vote to adopt amendment

NDB:jjs



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June 8, 2006

Honorable Mayor and City Council
City of Midland
333 W. Ellsworth Street
Midland, Michigan 48640

Re: SEWER RATES – FIRST READING

Dear Councilmen:

Attached is the proposed amendment to the Sewer Fund Ordinance. This amendment increases sewer rates commensurate with the budget adopted on May 22, 2006.

The proposed rate amendments continue the City's policy of adjusting sewer rates in accordance with the cost of service water and sewer rate study methodology prepared by the City's consultant, presented to and approved by the Council in 1993, and in considering the wastewater fund's long-range operating plan.

The readiness-to-serve charge or the flat rate quarterly charge for a 5/8-3/4-inch service is proposed to increase by \$1.63 to \$33.77, and increase by \$2.12 to \$43.90 for a 1-inch service.

The current commodity charge of \$1.57 per thousand gallons of water usage is proposed to increase in fiscal year 2006/07 by \$0.04 to \$1.61. The winter sewer average to compensate for summer watering use is unchanged.

The quarterly sewer service bill for a 5/8-3/4-inch meter utilizing 20,000 gallons of water will increase from the current charge of \$63.54 to \$65.97, or an increase of \$2.43 (3.8%) per quarter. A 1-inch sewer service utilizing 20,000 gallons will increase from the current charge of \$73.18 to \$76.10, or an increase of \$2.92 (4.0%) per quarter.

This proposed rate amendment is consistent with earlier projections and will meet the revenue needs as outlined in the Wastewater Fund five-year working capital plan and the 2006/07 fiscal budget.

Respectfully submitted,

Noel D. Bush, Utilities Director

Sewer

3/4-Inch Comparison

	2005/06	2006/07	Change	
RTS	\$ 32.14	\$ 33.77	\$1.63	5.1%
Commodity	\$ 1.57	\$ 1.61	\$0.04	2.5%
Water Bill:				
5 units	\$39.99	\$41.82	\$1.83	4.6%
10 units	\$47.84	\$49.87	\$2.03	4.2%
15 units	\$55.69	\$57.92	\$2.23	4.0%
20 units	\$63.54	\$65.97	\$2.43	3.8%

1-Inch Comparison

	2005/06	2006/07	Change	
RTS	\$ 41.78	\$ 43.90	\$2.12	5.1%
Commodity	\$ 1.57	\$ 1.61	\$0.04	2.5%
Water Bill:				
5 units	\$49.63	\$51.95	\$2.32	4.7%
10 units	\$57.48	\$60.00	\$2.52	4.4%
15 units	\$65.33	\$68.05	\$2.72	4.2%
20 units	\$73.18	\$76.10	\$2.92	4.0%

Water + Sewer

3/4-Inch Comparison

	2005/06	2006/07	Change	
Combined Bill:				
5 units	\$72.56	\$75.86	\$3.30	4.5%
10 units	\$85.56	\$89.21	\$3.65	4.3%
15 units	\$98.56	\$102.56	\$4.00	4.1%
20 units	\$111.56	\$115.91	\$4.35	3.9%

1-Inch Comparison

	2005/06	2006/07	Change	
Combined Bill:				
5 units	\$90.43	\$94.61	\$4.18	4.6%
10 units	\$103.43	\$107.96	\$4.53	4.4%
15 units	\$116.43	\$121.31	\$4.88	4.2%
20 units	\$129.43	\$134.66	\$5.23	4.0%

****First Reading****

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF MIDLAND, MICHIGAN, BY AMENDING SECTION 28-163 OF DIVISION 3 OF ARTICLE III OF CHAPTER 28 THEREOF.

The City of Midland Ordains:

Section 1. Section 28-163 of Division 3 of Article III of Chapter 28 of the Code of Ordinances is hereby amended to read as follows:

Sec. 28-163. Amount of sewer charge.

The city's methodology of adjusting sewer rates shall be in accordance with the cost of service water and sewer rate study prepared by the city's consultant, presented to and approved by the council in 1993 and shall be in conformity with the findings set forth in Section 28-4 of this chapter.

The charges for sewer service shall be calculated according to the following schedule:

- (1) There shall be a readiness-to-serve charge per quarter on each metered water service as follows:

<u>Metered Service</u>	<u>Amount</u>	<u>AMOUNT</u>
5/8" - 3/4"	\$32.14	\$33.77
1"	41.78	\$43.90
1 - 1/2"	51.42	\$54.03
2"	83.56	\$87.80
3"	321.40	\$337.69
4"	417.82	\$439.00
6"	610.66	\$641.61
8"	867.78	\$911.77

- (2) In addition to the readiness-to-serve charge set forth in subsection (1) of this section, there will be an additional charge for sewer service, which will be calculated as follows:

For each 1,000 gallons of water used per quarter: \$1.57 \$1.61

However, bills for sewer services for two (2) summer quarters for domestic customers, schools and churches shall be based on the average consumption during two (2) winter quarters. In cases where there is no previous consumption upon

which to base bills for sewer services in the summer quarters, twenty-five thousand (25,000) gallons or actual consumption, whichever is the least, shall be used.

Section 2. This ordinance shall take effect upon publication.

YEAS:

NAYS:

ABSENT:

I, Selina Tisdale, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a yea vote of all the Councilmen present at a regular meeting of the City Council held Monday,

Selina Tisdale, City Clerk