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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION**

**Council Meeting Date: 12/08/2016**  
**Agenda Item: 5C6**

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**ACTION:** Adopt a resolution to repeal a modification of charges, rates, deposits, and fees for providing domestic water service by amending Appendix A of the Tempe City Code. (Resolution No. R2016.119)

**FISCAL IMPACT:** The proposed repeal of the modification of charges, rates deposits and fees for providing domestic water service in calendar year 2017 will decrease anticipated revenue by 4.75% (approximately \$2.1 million annually).

**RECOMMENDATION:** Adopt Resolution No. R2016.119.

**BACKGROUND INFORMATION:** On November 19, 2015, Council adopted Resolution No. R2015.124, which adjusted the charges, rates, deposits, and fees for providing domestic water service. The adjustments of charges, rates, deposits, and fees were effective with charges beginning January 1, 2016. The resolution also adjusted rates beginning January 1, 2017 equal to the lesser of (i) 4.75% or (ii) the 12-month cumulative change in the U.S. Consumer Price Index – Water and Sewerage Maintenance for the period July, 2015, through June, 2016.

Pursuant to Council direction at the December 1, 2016 Work Study Session, the resolution, if adopted, will remove the January 1, 2017, rate adjustments. Future rate adjustments would occur in the normal rate cycle which includes a formal rate study and public engagement culminating in a proposal by staff for council consideration in the Fall.

**ATTACHMENTS:** Resolution

**STAFF CONTACT:** Marilyn DeRosa, Public Works Deputy Director – Water Utilities, (480) 350-2660

Department Director: Don Bessler, Public Works Director  
Legal review by: Chuck Cahoy, Deputy City Attorney  
Prepared by: Julie Hietter, Public Works Administration Manager

**RESOLUTION NO. R2016.119**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, TO REPEAL A MODIFICATION OF CHARGES, RATES, DEPOSITS, AND FEES FOR PROVIDING DOMESTIC WATER SERVICE BY AMENDING APPENDIX A OF THE TEMPE CITY CODE.**

WHEREAS, Section 33-56 of the Tempe City Code provides that charges, rates, deposits, and fees for providing domestic water service shall be established by Council resolution; and

WHEREAS, by Resolution No. R2015.124, charges, rates, deposits and fees were modified beginning on January 1, 2016, with a second modification to take effect January 1, 2017; and

WHEREAS, Council desires to repeal the modification of charges, rates, deposits and fees that is to take effect January 1, 2017.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPE, ARIZONA, as follows:

That Appendix A of the Tempe City Code shall be amended as follows:

**APPENDIX A**

**SCHEDULE OF FEES AND CHARGES**

**WATER**

**33-37 Repealed.**

33-56 Charges, Rates, Deposits, and Fees for Domestic Water Service

1. The following fee structure is established for charges for tapping water mains, installing water connections, water meters, and water meter boxes:

METER SIZE	TAP	METER	TOTAL
5/8"	\$ 638.00	\$ 46.50	\$ 684.50
3/4"	657.00	63.50	720.50
1.0"	748.00	116.00	864.00
1.5"	1,270.00	206.50	1,476.50

METER SIZE	TAP	METER	TOTAL
2.0"	1,667.00	269.00	1,936.00
3.0"	Cost: \$ 8,250.00 deposit required		
4.0"	Cost: \$ 8,250.00 deposit required		
6.0"	Cost: \$ 8,250.00 deposit required		
8.0"	Cost: \$ 9,350.00 deposit required		

2. (a) Domestic water may be supplied to units of service at the following rates. Each meter shall have a separate water connection from the main. The continuous flow rate shall not exceed fifty percent (50%) of the maximum flow rate for each meter.

The following fee structure is established for water service rates:

METER SIZE	MONTHLY SERVICE CHARGE 1	MONTHLY SERVICE CHARGE 2
5/8"	\$ 11.50	\$ 14.95
3/4"	15.70	20.41
1.0"	23.50	30.55
1.5"	41.60	54.08
2.0"	67.90	88.27
3.0"	154.00	200.20
4.0"	302.00	392.60
6.0"	599.00	778.70
8.0"	1,400.00	1,820.00
1.0" installed to accommodate sprinklers	11.50	14.95

Minimum monthly service charge 1 = Inside Tempe city limits and the limits of the Town of Guadalupe.

Minimum monthly service charge 2 = Outside Tempe city limits and the limits of the Town of Guadalupe.

~~Beginning January 1, 2017, the rates specified above shall be modified by multiplying the rate by the lesser of i) the 12-month cumulative change in the U.S. Consumer Price Index - Water and Sewerage Maintenance for the period July, 2015, through June, 2016, or ii) 4.75%.~~

- (b) The above specified service charges for domestic water shall be paid each month for which a city meter is connected to a water line, whether any water is used on the premises or not.
- (c) The city shall have the privilege and option of metering any unit of service not now metered, and when so metered, the service charge and consumption charge provided in this section shall apply.
- (d) An administrative turn-on/reconnection fee of \$30.00 will be charged to begin or re-establish each utility service account. If it is necessary to establish or re-establish service after 5:00 p.m. Monday through Friday, or weekend or holiday service, a turn-on/reconnection fee of \$75.00 will be assessed.
- (e) A service charge of \$100.00, plus charges for estimated consumption, according to the applicable consumption rate schedule, will be assessed to any customer for unauthorized use of water services, for each occurrence.

Unauthorized use shall mean the taking of service by (a) turning the service on without authority, or (b) by connecting directly into service or hydrant without a meter, or (c) willfully modifying the meter or service apparatus so as to cause loss or reduction in consumption registration.

- 3. (a) The following fee structure is established for the single family residential consumption rates for water:

CONSUMPTION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
First 6,000 gallons	\$ 1.79	\$ 2.32
Next 6,000 gallons	2.24	2.91
Next 8,000 gallons	3.36	4.36
Over 20,000 gallons	5.04	6.55

~~Beginning January 1, 2017, the rates specified above shall be modified by multiplying the rate by the lesser of i) the 12-month cumulative change in the U.S. Consumer Price Index—Water and Sewerage Maintenance for the period July, 2015, through June, 2016, or ii) 4.75%.~~

The following fee structure is established for the non-single family residential consumption rates for water:

CUSTOMER CLASSIFICATION	INSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)	OUTSIDE TEMPE AND GUADALUPE (PER 1,000 GALLONS)
Multifamily	\$ 2.22	\$ 2.88
Commercial	2.46	3.19
Construction	4.07	5.28
Industrial	2.54	3.30
Landscaping	3.28	4.26

~~Beginning January 1, 2017, the rates specified above shall be modified by multiplying the rate by the lesser of i) the 12-month cumulative change in the U.S. Consumer Price Index — Water and Sewerage Maintenance for the period July, 2015, through June, 2016, or ii) 4.75%.~~

- (b) Applicable taxes or governmental impositions which are assessed on water sales shall be added.
  - (c) Pursuant to A.R.S. § 42-5302, a state water quality fee of \$0.0065 per thousand gallons shall be added.
4. The following charges will be assessed for delinquent accounts and miscellaneous services:
- (a) A late fee of 1.0% will be assessed to all amounts owing on the day after the due date of the bill.
  - (b) In the event that a service suspension notice is mailed or delivered or service is re-established which had been disconnected, a \$15.00 delinquent charge will be assessed.
  - (c) A \$25.00 charge will be assessed when a check is returned unpaid to the city by the bank. If a returned check was for payment of a delinquent account upon which a notice of service suspension has been served, service will be discontinued without further notice. The customer will be required to pay all amounts due, including the present month's bill, any additional deposits and applicable service reinstatement charges. Payment must be by cash, cashier's check or money order. Water service will be restored after payment is received.
  - (d) The internal services director, or his designee, shall have the authority to establish rules and regulations for handling medical and financial hardship accounts. Such rules and regulations may provide for waiver of fees set forth herein or alternate payment methods.
  - (e) The following charges, deposits, and fees shall be collected:

CHARGE, DEPOSIT OR FEE	AMOUNT
Late fee	1%
Delinquent charge	\$15.00
Meter accuracy test	\$50.00
Meter tampering fee	\$100.00
Returned check fee	\$25.00
Turn-on/ reconnection fee	\$30.00
After-hours turn-on/ reconnection fee	\$75.00
Deposit – residential	\$150.00
Deposit – commercial	\$300.00 or double the average bill for the property, whichever is higher
Firetap test fee	\$125.00

(f) The following charges, deposits, and fees for hydrant meters shall be collected:

CHARGE, DEPOSIT OR FEE	AMOUNT
Deposit	\$850.00
Installation	\$35.00
Meter repair	Actual cost
Unreturned hydrant meter	\$850.00
Hydrant meter move	\$70.00
Unauthorized hydrant meter move	\$210.00
Removal of meter	\$35.00
Service charge (3/4 inch meter)	\$15.70
Service charge (3 inch meter)	\$154.00

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF TEMPE,  
ARIZONA, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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Mark W. Mitchell, Mayor

ATTEST:

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Brigitta M. Kuiper, City Clerk

APPROVED AS TO FORM:

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Judith R. Baumann, City Attorney