

Utility rates to increase in January

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City council approved an ordinance amending water and sewer user fees and rates starting in January, at its Dec. 7 meeting.

“Even though we are in a recession, costs are increasing,” said City Finance Director, Charles Kelty. “With an aging water plant, and sewer lines, costs have increased.”

The new flat fee for water up to 4,000 gallons per month will cost a resident \$18.29. The user will then be charged an additional \$3.54 for every 1,000 gallons, or any part thereof, over the initial 4,000 gallons, in a single month.

For single family residential users will be charged \$3.81 for every 1,000 gallons over the 30,000 gallons.

Whereas, multi-families will be charged \$3.81 for every 1,000 gallons exceeding 21,000 gallons in a single month.

Water fees will increase 5 percent starting on Jan. 1. However, there is no change in corporate city limits or senior citizens, per the ordinance. Those customers will still see the flat fee increase, but will pay according to the current city code. Senior customers will receive a 20 percent discount, and water customers utilizing city water who live outside the corporate city limits will be charged at the same rate per city code.

According to the ordinance, the need for the increase is due to an increase in costs associated with the operation, maintenance, and repair of the city's water and sewer system. And, the memo stated, the “these costs will continue to increase.”

Residents will also pay increased sewer rates. The flat fee will increase to \$36.92 for sewer up to 4,000 gallons of monthly water use, and an additional \$8.27 for every 1,000 gallons over 4,000, or part thereof, used in a single month.

Those rates, too, will also increase 5 percent annually starting in 2012. This 5 percent increase is in addition to the \$3 base fee increase needed to help increase revenues for the fund in order for the city to meet the requirements of the loan agreement which funded construction of the wastewater treatment plant. The city has not met a provision in that agreement to generate 110 percent of associated expenses for the past two years.

“Under the state guidelines we have to retain a certain level of cash flow,” Kelty said.

The city has not defaulted on the loans from the Colorado Water and Power Authority, it just hasn't generated enough funds through user fees and rates to keep a sufficient 10 percent fund balance as required. The one time \$3 base fee increase, city administration hopes, will help fix that problem.

The annual 5 percent increase in fees is not new. According to Kelty, city council passed an ordinance of an annual 5 percent increase for fees in 2006. That ordinance had a sunset date in 2011, which brought the need to pass another ordinance re-instating the annual increase. This time, however, the new ordinance doesn't have a sunset provision, Kelty said.

“That is pretty consistent with the way other municipalities deal with these rate increases,” he added.