

AN ORDINANCE REPEALING ORDINANCE NO. 4.215 (SECTION 6.110.100 OF THE CITY CODE) AND ENACTING IN LIEU THEREOF A NEW SECTION TO PROVIDE FOR AN INCREASE IN THE WATER RATE CHARGE TO \$3.87 PER 1,000 GALLONS OF WATER USAGE, AND TO PROVIDE FOR A MONTHLY SERVICE CHARGE OF \$4.52 FOR THE CITY OF GLADSTONE, MISSOURI.

**LEGISLATIVE FINDINGS**

1. The water service rates charged by the City of Gladstone are comprised of a minimum service charge and an additional charge per 1,000 gallons of water used.
2. The current service charge of \$7.98 per bi-monthly billing is changed to a monthly service charge of \$4.52.
3. An increase of \$.23 per 1,000 gallons used to \$3.87 per 1,000 gallons used is reasonable and appropriate, and serves the best interests of the City of Gladstone.
4. The City Council finds that a new rate of \$3.87 per 1,000 gallons of water used and a new monthly service charge of \$4.52 for each water service customer is reasonable and appropriate, and serves the best interest of the citizens of the City of Gladstone.

**THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:**

**SECTION 1. Repeal the Section Establishing Water Service Rates.** Ordinance No. 4.215, codified as Section 6.110.100 in the City Code, is hereby repealed.


**SECTION 2. Enactment of New Water Service Rate Section.** New provisions, to be codified as Section 6.110.100 of the Code of Ordinances of the City of Gladstone are hereby enacted to read as follows:

**Sec. 6.110.100. Service Rates.**

- (a) The following rates shall be charged for all metered water service:
  - (1) Minimum service charge of \$4.52 monthly.
  - (2) Plus \$3.87 per 1,000 gallons used.

**SECTION 3. Effective Date.** The Water Service Rates as set forth in Section 1 of this Ordinance are effective July 1, 2014.

**PASSED, SIGNED AND MADE EFFECTIVE BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 23rd DAY OF JUNE, 2014.**

  
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 J. Brian Hill, Mayor

ATTEST:

  
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 Ruth E. Bocchino, City Clerk



14-24

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June 18, 2014

**TO:** Kirk Davis – City Manager

**FROM:** Debra Daily – Director of Finance *DD*

**RE:** Water Rate and Service Fee Increases

The water rate for production and distribution of potable water is currently \$3.64 per 1,000 gallons. The current service fee charge is \$7.98 bi-monthly. During the FY15 Budget process, a \$.23 rate increase per thousand gallons of water was approved. A monthly service charge of \$4.52 was also approved. These rates and fees have not increased since July of 2012. A service charge is set to cover the fixed operating costs that must be funded regardless of seasonal variations in water usage and corresponding sales revenues. These changes will increase a Citizen's average water bill (6,000 gallons usage) by \$1.91 for each monthly billing. The service charge will be effective for all bills mailed in July. The water rate increase will be applied to water used on or after July 1, 2014.

The \$.23 cent water rate increase will raise \$160,000 annually and is recommended to fund additional waterline improvements (\$100,000) to address red water issues and debt service (\$60,000) on heavy equipment scheduled for replacement through FY17. The \$.53 increase in the service fee will generate \$60,000 annually and will cover increases in operating costs including regular maintenance, electricity, and gas. There are also additional mailing and processing costs for monthly billing compared to bi-monthly billing.

As previously stated, the proposed water rate increase of \$.23 cents per thousand gallons and service fee increase of \$.53 cents per billing will increase monthly bills by \$1.91 based on average monthly water usage of 6,000 gallons. The City has not increased water charges since 2012 in an effort to compensate for high sewer charges.

Below is a historical listing of water rates and service charges for your reference. Also attached is the draft Ordinance scheduled to be included on the June 24 Council Meeting Agenda. If you have any questions, please contact me at your convenience.

<u>Ordinance</u>	<u>Effective</u>	<u>Rate Per 1,000 gals.</u>	<u>Service Charge per bill (2 months)</u>
3.360	4/94	2.18	3.65
3.509	5/96	2.21	3.65
3.597	5/97	2.24	3.80
3.740	1/00	2.49	3.80
3.845	9/02	2.69	3.80
3.882	10/03	2.79	3.80
3.984	03/06	2.89	5.34
4.011	10/06	3.14	5.34
4.042	07/07	3.14	6.63
4.078	07/08	3.34	6.63
4.112	07/09	3.34	7.63
4.215	07/12	3.64	7.98
Proposed	07/14	3.87	4.52 monthly