



Jay Miller, Mayor  
Alan Lambert, Mayor Pro Tem  
Richard Carter, Councilor  
Keith Lambert, Councilor  
Jonathan Rice, Councilor  
Jennifer Sanborn, Councilor  
Randy Winkler, Councilor

City Hall  
City Council Chambers  
202 Railroad Avenue  
Rifle, CO

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**SPECIAL MEETING 7:00 P.M.  
March 5, 2012  
COUNCIL CHAMBERS**

*The City Council may take action on any of the following agenda items as presented or modified prior to or during the meeting, and items necessary or convenient to effectuate the agenda items.*

- 7:00 p.m.      1.    Special Meeting Call to Order and Roll Call
  
- 7:03 p.m.      2.    Discuss and consider taking action on water plant issues (John Hier)  
                    Discuss Ordinance No. 7, Series of 2012 (Utility Service Charge  
                    Amendments to RMC Appendix A and Section 13-4-60) - no action to be  
                    taken
  
- 8:00 p.m.      3.    Executive Sessions
  - A. For a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b) regarding pending litigation (Jim Neu)
  - B. Discussion of a personnel matter under CRS 24-6-402(2)(f) and not involving: (1) any specific employees who have requested discussion of the matter in open session; (2) any member of this body or any elected official; (3) the appointment of any person to fill an office of this body or of an elected official; or (4) personnel policies that do not require the discussion of matters personal to particular employees (John Hier)

*The order and times of agenda items listed above are approximate and intended as a guideline for the City Council.*

**Next Regular Meeting of Council: March 7, 2012 at 7:00 p.m.**



## ***MEMORANDUM***

**TO:** Honorable Mayor and Council  
**FROM:** John Hier, City Manager  
**DATE:** February 29, 2012  
**RE:** Water/Sewer Billing for Multi-family Complexes

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Recently, the City has experienced a problem with the method we are using to bill for monthly water and sewer charges. The rates invoiced have increased significantly in 2012 for some multi-family units.

To explain why this is occurring a little history of billing practices is necessary.

First, prior to 2007 every single family dwelling and each multi-family dwelling unit was charged a base monthly fee (about \$14) and then a usage fee for all water used above four thousand gallons. In the example of a four apartment complex on one master meter, they would have paid \$14 X 4 units = \$56, and they would have paid a usage fee for all usage above 16,000 gallons (ie 4 units x 4,000 gallons = 16,000 gallons). That is because the first 4,000 gallons of usage is included with the base fee. Prior to 2007, some multi-family units never paid extra for water usage because they never exceeded the monthly minimum of 4,000 gallons times the number of units. Other multi-family units, such as, mobile home courts often exceeded this minimum and paid a base rate per unit and a usage fee.

This "per unit" billing of the base rate comes from Section 13-1-380(f) of the Code, that reads:

**Sec. 13-1-380. Computation of rates and charges.**

(f) Multi-family and master meter charges. Rates for multi-family units and any other units on a master meter shall be based upon the number of constructed units, irrespective of whether each unit is occupied. Further, rates for mobile home units on a master meter shall be based upon the number of mobile home spaces platted or licensed, whichever is greater, irrespective of whether each space is occupied.

In 2007, a new ordinance was drafted to clarify billing issues that had persisted for a couple years. The City adopted a new utility code in late 2004 that changed the way the City calculated tap fees, which used to be based upon the size of the water line servicing the structure. The City enacted an EQR Schedule that looked at the structure's use, how many square feet it contained and how many water fixtures it had. An EQR Schedule is a more accurate way to determine the impact to the City's system and this is how tap fees are charged. Monthly service charges were also tied to the EQR value assigned to each structure. Single family dwellings were billed no different than before at 1 EQR and multi-family units on master meters were still billed 1 EQR per unit. On the commercial side, staff had no idea how many EQR to attribute to commercial developments existing at that time, so each commercial account

was billed 1 EQR. Utility staff reasoned that commercial developments would make up the difference through the tiered water usage rate over the 4,000 gallon monthly allocation. To codify this practice, the 2007 ordinance changed the service charges invoiced each month from “per EQR” to “per account”. Finance staff interpreted this to mean that multi-family complexes were to be charged **one base fee** no matter how many units were in the complex, and then be billed for all usage above 4,000 gallons. This resulted in a reduced water bill for many small multi-family complexes that didn’t use 4,000 gallons per unit per month. Larger multi-family complexes (King’s Crown, a mobile home court, for example) paid about the same total bill as they previously had paid simply because they were being billed one base fee and a usage fee for all water used above four thousand gallons, which about equaled the per unit base fees.

In 2011, staff had “caught” our mistake and the new ordinance recently adopted clarified that all customers are supposed to pay a base fee on a per unit basis and pay for usage. This change conformed with Section 13-1-380 which has been in the Code for many years and did not “increase” rates for multi-family units - it simply fixed a billing error. This has significantly increased the total water/sewer bill for owners/renters in small multi-family complexes. The increase is especially significant because these multi-family users are paying the base water rate and base sewer rate, and the base sewer rate more than doubled since 2007 (that was a result of the newer waste water treatment plant and associated rate increase).

In 2008 the City amended the EQR Schedule for multi-family units to reflect the various impacts on the City’s system related to the number of units in a building and their size. The Planning Department did not want the tap fees to be a disincentive to developers building apartments and other affordable units. This amendment only applied to the tap fees paid when they are constructed since there is no tie to the EQR Schedule in the service charge portion of the Code. Below is the change:

Sec. 13-4-60. EQR classifications.

All applications for service from the City's water and/or wastewater systems shall be assigned an EQR value based on the following schedule; provided, however, that the minimum assignment shall be one (1) EQR. The City reserves the right to classify and reclassify establishments and to change EQR values assigned to use classifications as the needs of the City require.

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RESIDENTIAL CLASSIFICATION	EQR VALUE
4. Multi-Family Residential Units	
a. Triplex Units	0.80
i. For each additional bedroom above two	0.10
b. Four-plex units	0.70
ii. For each additional bedroom above two	0.10
c. Five or more unit buildings	0.60
iii. For each additional bedroom above two	0.10

Duplexes and mobile homes are each 1 EQR per unit because their impacts to the utility system are similar to a single family residence (1 EQR).

Staff and I wish to discuss this problem with Council. We believe there is probably some middle ground where small multi-family complexes can be billed at a reduced monthly base rate as compared to single family residences, as reflected in the revised EQR Schedule.

We will present some recommendations on Monday.

Thanks

John Hier