

**Office of the City Manager**

City of Richland Hills, Texas

## Memorandum

**To:** Honorable Mayor Edward Lopez and members of the Richland Hills City Council  
**From:** Eric Strong, City Manager  
**Date:** October 14<sup>th</sup>, 2019  
**Subject:** Utility Rates

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### **City Council Action Requested:**

Consider Ordinance 1400-19 updating the Utility Rate Schedule

### **Background Information:**

During the budget process, we discussed the need to more regularly update the Utility Fund Rates. Specifically, staff recommends an annual review of rates with small, incremental increases to help fund our infrastructure capital improvement needs. This year, staff recommends the following:

- a. Increase the volume charge on the first 2,000 gallons of water purchased by 50 cents per thousand. This would change the rate from \$2.50 per thousand to \$3.00 per thousand. On most bills, this would equal a \$1 per month increase, and would generate approximately \$33,000 in new revenue.
- b. Increase the volume charge on sewer rates from \$1.98 per thousand to \$2.15 per thousand on residential bills, and from \$3.25 to \$3.35 on commercial bills. This would generate an additional \$28,000 per year. .
- c. Making both of the changes listed above will generate approximately \$61,000 per year that would go towards infrastructure replacement.

The attached ordinance accomplishes what is outlined above, with an effective date of November 1<sup>st</sup>, 2019.

### **Staff Contacts:**

Eric Strong, City Manager  
817-616-3806  
[estrong@richlandhills.com](mailto:estrong@richlandhills.com)

**Attachments:** Ordinance 1400-19

**CITY OF RICHLAND HILLS ORDINANCE NO. 1400-19**

**AN ORDINANCE AMENDING APPENDIX A OF THE RICHLAND HILLS CITY CODE BY REVISING THE RATES FOR WATER SERVICE AND WASTEWATER SERVICE; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Richland Hills, Texas is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

**WHEREAS**, the cost of maintaining and improving the City's water and sewer system necessitates revising the rate structure for water and sewer services;

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RICHLAND HILLS, TEXAS:**

**SECTION 1.  
AMENDMENT OF WATER RATES**

The portion of Appendix A of the City Code referencing Section 86-250 of Chapter 86 of the City Code, entitled "Utilities," that relates to water rates is hereby amended as follows:

86-250            Water rates:

The following water charges shall be assessed to customers on the Richland Hills' water system:

- (1) Separately Metered Residential: All residential customers with a single living unit supplied with water from one meter shall be charged the following water service charges for each meter service:
  - (a) a monthly water base charge based upon the size and capacity of the meter service (also known as meter equivalents, with a  $\frac{3}{4}$  inch meter being the established standard unit), as provided in the following table:

<u>Meter Size</u>	<u>Demand Factor</u>	<u>Monthly Base Charge</u>
5/8 inch meter	0.67	\$ 14.37
3/4 inch meter	1.00	\$ 24.45
1.0 inch meter	1.67	\$ 40.81
1.5 inch meter	3.33	\$ 76.41
2.0 inch meter	5.33	\$ 119.30
3.0 inch meter	10.00	\$ 219.43
4.0 inch meter	16.67	\$ 366.00

(b) a monthly excess water volume charge as calculated below, in addition to the monthly water base charge:

First 2,000 gallons minimum; per additional gallon	\$0.003
2,001 – 4,000 gallons total, per additional gallon	\$0.00417
4,001 – 10,000 gallons total, per additional gallon	\$0.00440
10,001 – 20,000 gallons total, per additional gallon	\$0.006
Over 20,000 gallons, per additional gallon	\$0.00603

(2) When two or more residential living units are supplied with water from one meter, the water service shall be classified as a multi-family residential service. A multi-family residential service customer shall be charged the following water service charges for each meter service:

(a) a monthly water base charge of \$24.45 (the monthly water base charge for the standard 3/4 inch water meter equivalent for a separately metered residential unit), multiplied by an occupancy factor of 80%, multiplied by the total number of multi-family residential units supplied by the meter.

(b) in addition to the monthly base charge, multi-family residential customers who are supplied with water service shall be charged a monthly excess water volume usage charge. Monthly excess water volume charges will be assessed on the basis of the number of “adjusted multi-family residential units” served by the meter. The number of adjusted multi-family residential units shall be the actual number of multi-family residential units served by the meter multiplied by an occupancy factor of 80%, rounded up to the nearest whole number. Each adjusted multi-family residential unit shall be assessed an excess water volume charge each month, which charge shall be calculated as follows:

1) the total monthly water volume as indicated on the meter shall be divided by the number of adjusted multi-family residential units to determine the monthly water volume consumed per adjusted multi-family residential unit;

2) the monthly water volume consumed per adjusted multi-family residential unit shall be reduced by 2,000 gallons (the amount of usage included in the base charge) to determine the excess water volume usage;

3) excess water volume usage per adjusted multi-family residential unit shall be assessed pursuant to the following table:

First 2,000 gallons minimum; per additional gallon	\$0.003
2,001 – 4,000 gallons total, per additional gallon	\$0.00417
4,001 – 10,000 gallons total, per additional gallon	\$0.00440
10,001 – 20,000 gallons total, per additional gallon	\$0.006
Over 20,000 gallons, per additional gallon	\$0.007

4) the total excess water volume usage charge per unit shall then be multiplied by the number of adjusted multi-family residential units supplied by the meter to obtain the total excess water volume charge charged to the customer.

(3) The following water service charges shall be made to non-residential customers on the Richland Hills’ water system for each meter service:

(a) a monthly water base charge based upon the size and capacity of the meter service (also known as meter equivalents, with a ¾ inch meter being the established standard), as provided in the following table:

<u>Meter Size</u>	<u>Demand Factor</u>	<u>Monthly Base Charge</u>
5/8 inch meter	0.67	\$ 14.37
3/4 inch meter	1.00	\$ 29.45
1.0 inch meter	1.67	\$ 40.81
1.5 inch meter	3.33	\$ 76.41
2.0 inch meter	5.33	\$ 120.00
3.0 inch meter	10.00	\$ 225.00
4.0 inch meter	16.67	\$ 375.00

(b) a monthly excess water service volume charge as calculated below, in addition to the monthly water base charge:

First 2,000 gallons minimum; per additional gallon	\$0.003
2,001 – 4,000 gallons total, per additional gallon	\$0.00475
4,001 – 10,000 gallons total, per additional gallon	\$0.00525
10,001 – 20,000 gallons total, per additional gallon	\$0.006
Over 20,000 gallons, per additional gallon	\$0.00775

**SECTION 2.  
OTHER FEES AND CHARGES TO REMAIN UNCHANGED**

The portion of Appendix A of the City Code referencing Section 86-250 of Chapter 86 of the City Code, entitled “Utilities,” that relates to “Other fees and charges” shall remain unchanged.

**SECTION 3.  
AMENDMENT OF WASTEWATER RATES**

The portion of section of Appendix A of the City Code referencing Section 86-111 of Chapter 86 of the City Code, entitled “Utilities,” that relates to sewer or wastewater rates is hereby amended as follows:

86-111 Sewer rates:

The following sewer or wastewater charges shall be made to customers on the Richland Hills’ sewer system:

- (1) Separately Metered Residential: All residential customers with a single living unit supplied with water from one meter shall be charged the following sewer or wastewater charges for each meter service:
  - (a) All residential customers with a single living unit who are supplied with sewer service shall be charged a monthly sewer base charge of \$33.35.
  - (b) In addition to the monthly sewer or wastewater base charge, residential customers with a single living unit who are supplied with sewer service shall be charged a monthly excess sewer or wastewater excess sewer or wastewater volume charge of \$0.00215 for each gallon of total water used (and wastewater produced) in excess of 2,000 gallons (the amount included in the sewer or wastewater base charge).
  - (c) For purposes of this calculation, the monthly water usage (and wastewater produced) shall be determined using the customer's average monthly water usage (and wastewater produced) during the preceding winter quarter months of

December, January and February. When no preceding winter average data are available from prior customer records, an estimated average monthly winter average volume of 10,000 gallons shall be used to calculate the monthly excess sewer or wastewater charge per residential unit.

- (2) When two or more residential living units are supplied with water from one meter, the sewer or wastewater service shall be classified as multi-family residential sewer or wastewater service. Multi-family residential sewer or wastewater service customers shall be charged the following sewer or wastewater charges for each meter service:

(a) A monthly sewer or wastewater base charge of \$33.35 (the monthly sewer or wastewater base charge for the standard  $\frac{3}{4}$  inch water meter equivalent for a separately metered residential unit), multiplied by an occupancy factor of 80%, multiplied by the total number of multi-family residential units supplied by the meter.

(b) In addition to the monthly base sewer or wastewater charge, multi-family residential customers who are supplied with sewer service shall be charged a monthly sewer or wastewater excess volume usage charge. Monthly sewer or wastewater excess volume charges will be assessed on the basis of the number of adjusted residential units served by the meter. The number of "adjusted multi-family residential units" shall be the actual number of multi-family residential units served by the meter, multiplied by an occupancy factor of 80%, rounded up to the nearest whole number.

(c) Each adjusted multi-family residential unit shall be assessed a sewer or wastewater excess volume charge each month calculated as follows:

1) the monthly winter average water volume, or estimated sewer volume, used shall be divided by the number of adjusted multi-family residential units to determine the monthly volume usage per adjusted multi-family residential unit;

2) the monthly winter average water volume per adjusted multi-family residential unit shall then be reduced by 2,000 gallons (the amount of usage included in the base charge) to determine the excess sewer or wastewater usage per multi-family residential unit;

3) the total excess sewer or wastewater usage shall then be assessed at a rate of \$0.00215 for each gallon of total winter average water used (and wastewater produced) in excess of the first 2,000 gallons of volume usage included in the base charge;

- 4) the excess sewer or wastewater usage charge per unit shall then be multiplied by the adjusted multi-family residential units supplied water by the meter to obtain a total volume charge for winter average water usage for the meter;
- (d) For purposes of this calculation, the monthly winter average sewer or wastewater usage shall be determined using the customer's average monthly water usage (and wastewater produced) during the preceding winter quarter months of December, January and February. When no preceding winter average data are available from prior customer records, an estimated average monthly winter average volume of 10,000 gallons shall be used to calculate the monthly excess sewer or wastewater charge per multi-family residential unit.
- (3) The following sewer or wastewater charges shall be made to non-residential customers on the Richland Hills' sewer system:
- (a) The monthly minimum sewer or wastewater base charge shall be \$38.50 for the first 2,000 gallons of actual water used (and wastewater produced) during the monthly billing period.
- (b) In addition to the monthly base charge, non-residential customers who are supplied with sewer service shall be charged a monthly excess sewer or wastewater volume usage charge of \$0.00335 for each gallon of total water used (and wastewater produced) over the first 2,000 gallons of winter average water volume usage included in the base charge).

**SECTION 4.  
OTHER FEES AND CHARGES TO REMAIN UNCHANGED**

The remainder of Appendix A of the City Code, including the other provisions referencing Chapter 86 of the City Code, entitled "Utilities," shall remain unchanged.

**SECTION 5.  
EFFECTIVE DATE OF RATE CHANGE**

The rates for water and sewer service adopted herein shall be effective beginning November 1<sup>st</sup>, 2019.

**SECTION 6.**

**PROVISIONS CUMULATIVE**

This ordinance shall be cumulative of all provisions of ordinances of the City of Richland Hills, Texas, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

**SECTION 7.  
PROVISIONS SEVERABLE**

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 8.  
EFFECTIVE DATE**

This ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2019.

\_\_\_\_\_  
THE HONORABLE MAYOR EDWARD LOPEZ

ATTEST:

\_\_\_\_\_  
CATHY BOURG, CITY SECRETARY

EFFECTIVE:\_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:



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BETSY ELAM, CITY ATTORNEY