



MEMO TO: Mayor Philip Vandernail and the Board of Trustees
FROM: Rytis Raila, Utility Administrator
DATE: 02/06/2019
SUBJECT: Amended Water Consumption Tier Structure Rate for Residential Uses

MATTER BEFORE BOARD: Amendment to the water fee rate structure for Residential Uses

ACTION REQUESTED: Motion to approve the Water Consumption Tier Structure Rate for Residential Uses

BACKGROUND: This letter is intended to provide an overview process the Water and Wastewater Committee took to propose a new Three Tiered Water Consumption Structure Rate for Residential Uses with the focal point of water conservation.

In November 2018, residential and commercial water consumption data was gathered from the past five years. The committee was provided with statistics on consumption numbers and averages from 2014 to 2018 for both residential and commercial properties. With the information presented the Water and Wastewater Committee started a discussion about water consumption tier rates for the Town of Fraser water utilities. To move forward, the committee requested different water tier scenarios to be shown at the next meeting for further discussion.

Following up with the requested data on different tier scenarios, the committee was presented with various residential and commercial tier structures. These tier structures included costs and water consumption usage in a three-tier water rate structure that allowed for interchangeable pricing per thousand gallons used. With the information provided the Committee started an in-depth discussion about water consumption tier rates for the Town of Fraser water utilities. The Committee further requested different tier models scenarios for residential customers as well as data on what other mountain communities charged their utility customers for water and sewer utilities. This was to be discussed at the next Water and Wastewater Committee meeting.

The committee was provided a handout containing data on what other mountain communities charged their utility customers for water and sewer. Alongside this information was an in-depth look at what different tiers would look like for residential and commercial customers. Ranging from a two-tiered structure to a four-tiered structure with various tier water rates. There was additional information that included yearly net revenue differences using a new tiered structure over the old pricing of \$1.50 per 1,000 gallons. After a careful and detailed look at numerous mountain community utility charges and the new tier structure net revenues, the Committee started a discussion about what the main goal is for water consumption tier rates for the Town of Fraser water utilities. The main goal is water conservation.

Water Consumption Tier Structure Rate for Residential Uses Proposal:

Tier 1: \$1.50 per 1,000 gallons from 0 – 15,000 gallons; Tier 2: \$3.00 per 1,000 gallons from 15,001 – 20,000 gallons; Tier 3: \$4.50 per 1,000 gallons for anything over 20,000 gallons.

RECOMMENDATION: Amendment of Resolution NO. 2019-02-01