

ORDINANCE NO. 151, 2024
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING CHAPTER 26 OF THE CODE OF THE CITY OF
FORT COLLINS TO REVIEW MISCELLANEOUS WATER FEES
AND CHARGES, INCLUDING THE WATER SUPPLY
REQUIREMENT FEE AND EXCESS WATER USE SURCHARGE

A. The City owns and operates a water utility that provides water service to customers in its service area pursuant to the City Charter, City Code, and other applicable laws.

B. The City Council is empowered and directed by the City Charter Article XII, Section 6, by ordinance from time to time, to fix, establish, maintain, and provide for the collection of such rates, fees or charges for water and for other utility services furnished by the City as will produce revenues sufficient to pay the costs, expenses, and other obligations as set forth therein.

C. City water utility customers must meet the Water Supply Requirement (“WSR”) to receive new water service or to replace an existing meter or service with a larger size. The WSR is set forth in City Code Sections 26-146 through 26-150. The WSR is calculated, in gallons, considering the annual volume of water a customer is anticipated to use. Under City Code Section 26-150(a)(2), the WSR may be met with a payment of cash in the amount stated in City Code Section 26-129(c)(1) (“WSR Fee”).

D. Nonresidential water service permits are assigned an annual allotment, in gallons, pursuant to City Code Section 26-149. The annual allotment is equivalent to the WSR, in gallons. Under City Code Section 26-149, when a nonresidential user uses more water than the annual allotment, as determined by monthly billing records in a given calendar year, an excess water use surcharge in the amount stated in City Code Section 26-129(c)(2) will be assessed on the volume of water used in excess of the annual allotment.

E. City staff completed a comprehensive review of the WSR Fee and the excess water use surcharge and have recommended adjustments to the amount of each.

F. City staff has recommended that, moving forward, the WSR Fee be calculated using the following hybrid conceptual approach.

$$WSR\ Fee = \left(\frac{Historical\ Water\ Supply\ Costs + Future\ Water\ Supply\ Costs}{Firm\ Yield} \right).$$

G. This hybrid approach reflects, among other things, that the City has an integrated water supply system where customers benefit from both (1) previously acquired portions of the system and (2) portions of the system that will be acquired in the future. The “Historical Water Supply Costs” reflect the City’s actual costs for the previously acquired portions of the system, including water rights and other rights to use water, as adjusted for inflation. The “Future Water Supply Costs” value reflect reasonable

estimates of future costs for portions of the system that will be acquired in the future, including water rights and other rights to use water. The “Firm Yield” value reflects the volume of water the system can reliably deliver per year in varying climatic and other scenarios. The WSR Fee is thus a dollar amount per volume of water, in gallons.

H. City staff has also recommended that, moving forward, the excess water use surcharge continues to be calculated based on a 20-year amortization of the WSR Fee. This reasonable approach reflects that, among other things, a nonresidential customer’s water use over their annual allotment triggers the City’s need to evaluate the acquisition of additional water supplies to address the water use in excess of the annual allotment and the WSR that was met.

I. The Water Commission considered the proposed adjustments to the amount of the WSR Fee and excess water use surcharge at its regular meeting on August 1, 2024, and recommended approval of the proposed adjustments.

J. City Council adopts City’s staff’s recommendations. City Council determines that the above approaches for the WSR Fee and excess water use surcharge are reasonable and fair.

In light of the foregoing recitals, which the Council hereby makes and adopts as determinations and findings, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. Section 26-129 of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec 26-129. - Schedule D, miscellaneous fees and charges.

The following fees and service charges shall be paid by water users, whether inside or outside the City limits:

. . .		
(c) The fees and requirements for water supply shall be as follows:		
(1) To satisfy Water Supply Requirement (WSR) with cash payments	Per 325,851 gallons of WSR	\$68,200.00 \$63,800.00
(2) Excess water use surcharge assessed on nonresidential users when water use is in excess of the applicable annual allotment	Per 1,000 gallons	\$16.67 \$15.59

Section 2. The modifications above to Subsection 26-129 Schedule D, miscellaneous fees and charges, shall be effective as of January 1, 2025.

Introduced, considered favorably on first reading on October 15, 2024, and approved on second reading for final passage on November 4, 2024.

Mayor

ATTEST:

City Clerk

Effective Date: November 14, 2024

Approving Attorney: Eric Potyondy