

**AN ORDINANCE AMENDING CHAPTER 52:
WATER AND WATERCOURCES
CITY OF FORT WAYNE, CODE OF ORDINANCES**

WHEREAS, the Common Council of the City of Fort Wayne, Indiana last approved a water rate adjustment in October 2005, which was approved by the Indiana Utility Regulatory Commission and became effective as of September 1, 2006; and

WHEREAS, the Fort Wayne Water Utility has developed a Capital Improvements Plan (CIP) that will allow the Water Utility to continue to provide its customers with safe, reliable and affordable drinking water through sustainable levels of capital spending on treatment facilities' parts and equipment, field maintenance equipment, water main replacement and other structures and facilities positioned throughout the service territory; and

WHEREAS, Crowe Horwath LLC was hired by Fort Wayne City Utilities to analyze the Water Utility's pro forma revenues, proposed capital improvements plan, and other projected cash flows in order to arrive at water rates that will generate sufficient funds to meet the fiscal needs of the Water Utility including:

- (A) Payment of all of the legal and other necessary expenses incident to the operation of the utility;
- (B) Provision of a sinking fund, a debt service reserve, adequate money for working capital and making extensions and replacements to the extent not provided for through depreciation;
- (C) Provision of money for the payment of any taxes that may be assessed against the utility; and
- (D) Meeting the financial obligations of the Utility's CIP.

WHEREAS, Crowe Horwath LLP has concluded that the existing rates and charges for the use of and services rendered by the Fort Wayne Water Utility do not

1 produce sufficient revenue to satisfy the requirements of I.C. 8-1.5-3-8, including but
2 not limited to those costs related to the Utility's CIP and therefore recommends that
3 the existing rates and charges should be increased in two phases accomplished 12
4 months apart in amounts described below.

5 **WHEREAS**, the Board of Public Works of the City of Fort Wayne, Indiana
6 recommends that the Common Council act in accordance with I.C. 8-1.5-3-8 to find
7 and elect that the rates and charges for water service to be paid by users of the
8 system should be sufficient to carry out the obligations of the Water Utility as
9 outlined above, to provide a fair and reasonable return on the Utility plant of the City
10 and to compensate the City for taxes that would be due to the City on the Utility
11 property were it privately owned;

12 **NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF**
13 **THE CITY OF FORT WAYNE, INDIANA:**

14
15 1. That the Common Council of the City of Fort Wayne, Indiana now
16 finds and elects that the rates and charges for water service to be paid by users of
17 the system should be sufficient to carry out the obligations of the Water Utility as
18 outlined above, to provide a fair and reasonable return on the Utility plant of the City
19 and to compensate the City for taxes that would be due to the City on the Utility
20 property were it privately owned;

21 2. The following sections of Chapter 52 of the Fort Wayne Code of
22 Ordinances are hereby amended to adjust the rates and charges assessed to Fort
23 Wayne Water Utility customers as recommended by Crowe Horwath LLP in two
24 phases, the first phase to be effective upon approval of said rates and charges by
25 the Indiana Utility Regulatory Commission and the second phase effective 12
26 months thereafter as shown below:
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Sec. 52.15 Water Usage Schedule - Inside City

There shall be and hereby are established for the use of and the service rendered by the waterworks system of the City the following rates and charges based on the use of water supplied by the City Waterworks System

(A) Metered rates per month.

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per 100 Cubic Feet</u>	
	<u>Phase I</u>	<u>Phase II</u>
First 2,500 cubic feet	\$ 1.82	\$ 2.08
Next 9,500 cubic feet	\$ 1.63	\$ 1.87
Over 12,000 cubic feet	\$ 1.52	\$ 1.74

(B) Monthly service charges. Each user shall pay a monthly service charge, in addition to usage charges calculated under the metered rate schedule, as follows:

<u>Size of Meter</u> (inches)	<u>Monthly Service Charges</u>	
	<u>Phase I</u>	<u>Phase II</u>
5/8"	\$ 8.93	\$ 10.23
3/4"	\$ 8.93	\$ 10.23
1"	\$ 22.76	\$ 26.06
1 1/2"	\$ 50.99	\$ 58.39
2"	\$ 90.45	\$ 103.58
3"	\$ 203.66	\$ 233.23
4"	\$ 362.05	\$ 414.62
6"	\$ 814.21	\$ 932.43
8"	\$ 1,447.86	\$ 1,658.09
10"	\$ 2,262.06	\$ 2,590.51

Sec. 52.16 Cost for Private Fire Protection Service - Inside City.

Fire protection service for use in extinguishing fire only, shall be as follows:

For each fire hydrant .	<u>Per Annum</u>	
	<u>Phase I</u>	<u>Phase II</u>
	\$ 457.08	\$523.44
1" connection	\$ 50.28	\$ 57.60
2" connection	\$ 50.28	\$ 57.60
3" connection	\$ 114.28	\$ 130.88
4" connection	\$ 201.12	\$ 230.32
6" connection	\$ 457.12	\$ 523.48
8" connection	\$ 813.64	\$ 931.80

10" connection	\$	1,270.72	\$	1,455.24
12" connection	\$	1,828.40	\$	2,093.88
16" connection	\$	3,250.00	\$	3,721.92

Sec. 52.17 Cost for Municipal Service.

Municipal service to the City shall be \$457.08 and \$523.44 per annum for Phase I and Phase II, respectively, for each fire hydrant inside the city limits.

Sec. 52.18 Charges for Customers Outside Corporate Limits.

There shall be and hereby are established for the use of and the service rendered by the waterworks system of the City of Fort Wayne the following rates and charges based on the use of water supplied by said waterworks system:

(A) Metered rates per month.

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per 100 Cubic Feet</u>	
	<u>Phase I</u>	<u>Phase II</u>
First 2,500 cubic feet	\$ 2.09	\$ 2.39
Next 9,500 cubic feet	\$ 2.03	\$ 2.32
Over 12,000 cubic feet	\$ 1.90	\$ 2.18

(B) Monthly service charges. Each user shall pay a monthly services charge in addition to usage charges calculated under the metered rate schedule, as follows:

<u>Size of Meter</u> (inches)	<u>Monthly Service Charges</u>	
	<u>Phase I</u>	<u>Phase II</u>
5/8"	\$ 10.27	\$ 11.76
3/4"	\$ 10.27	\$ 11.76
1"	\$ 26.17	\$ 29.97
1 1/2"	\$ 58.64	\$ 67.15
2"	\$ 104.01	\$ 119.11
3"	\$ 234.21	\$ 268.22
4"	\$ 416.36	\$ 476.82
6"	\$ 936.33	\$ 1,072.29
8"	\$ 1,665.04	\$ 1,906.80
10"	\$ 2,601.36	\$ 2,979.08

(C) Fire Protection Service.

	<u>Per Annum</u>	
	<u>Phase I</u>	<u>Phase II</u>
For each fire hydrant .	\$ 571.44	\$654.36
2" connection	\$ 62.84	\$ 71.96
3" connection	\$ 142.84	\$ 163.60
4" connection	\$ 251.40	\$ 287.92
6" connection	\$ 571.40	\$ 654.36
8" connection	\$ 1,017.04	\$ 1,164.72
10" connection	\$ 1,588.44	\$ 1,819.08
12" connection	\$ 2,285.52	\$ 2,617.36
16" connection	\$ 4,062.52	\$ 4,652.40

(D) The rates and charges for water and fire protection service to the City of New Haven are as follows:

	<u>Phase I</u>	<u>Phase II</u>
Demand charge (per month)	\$8,121.43	\$9,300.66
Commodity charge (per 100 cubic feet of water metered)	\$1.0899	\$1.2482
Service charge (per month)		
- Based on Meter Size using In-City Rates and Charges		

SECTION 3. Except for the foregoing amendments, the remaining sections of Chapter 52 of the City of Fort Wayne, Indiana, Code of Ordinances shall remain in full force and effect.

SECTION 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed, and the existing schedule of water rates and charges shall remain in full force and effect until the schedule of rates and charges fixed by this ordinance shall be approved by the Indiana Utility Regulatory Commission, and until such time as the order of said Commission approving said new rates and charges shall direct.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor and due legal publication thereof; provided however, the schedule of rates and charges herein set out shall not become effective unless approved by the Indiana Utility Regulatory Commission, or until such time as said Commission shall direct.

Council Member

Approved as to form and legality

Carol Helton, City Attorney

BILL NO.

GENERAL ORDINANCE NO. _____

**AN ORDINANCE AMENDING CHAPTER 52:
WATER AND WATERCOURCES
CITY OF FORT WAYNE, CODE OF ORDINANCES**

WHEREAS, the Common Council of the City of Fort Wayne, Indiana last approved a water rate adjustment in October 2005, which was approved by the Indiana Utility Regulatory Commission following a rate analysis study and became effective as of September 1, 2006; and

WHEREAS, the Fort Wayne Water Utility has developed a Capital Improvements Plan (CIP) that will allow the Water Utility to continue to provide its customers with safe, reliable and affordable drinking water with the least amount of interruptions in service through sustainable minimum levels of capital spending on plant part and equipment, excavating equipment, water main replacement and other mechanical structures positioned throughout the service territory; and

WHEREAS, Crowe Horwath LLC was hired by Fort Wayne City Utilities to analyze the Water Utility's pro forma revenues, proposed capital improvements plan, and other projected cash flows in order to arrive at water rates that will generate sufficient funds to meet the fiscal needs of the Water Utility including: Payment of all of the legal and other necessary expenses incident to the operation of the utility;

- (A) Payment of all of the legal and other necessary expenses incident to the operation of the utility;
- (B) Provision of a sinking fund, a debt service reserve, adequate money for working capital and making extensions and replacements to the extent not provided for through depreciation;
- (C) Provision of money for the payment of any taxes that may be assessed against the utility; and
- (D) Meeting the financial obligations of the Utility's CIP.

WHEREAS, Crowe Horwath LLP has concluded that the existing rates and charges for the use of and services rendered by the Fort Wayne Water Utility do not produce sufficient revenue to satisfy the requirements of I.C. 8-1.5-3-8, including but not limited to those costs related to the Utility's CIP and therefore recommends that the existing rates and charges should be increased in two phases accomplished 12 months apart in amounts described below.

WHEREAS, the Board of Public Works of the City of Fort Wayne, Indiana recommends that the Common Council act in accordance with I.C. 8-1.5-3-8 to find and elect that the rates and charges for water service to be paid by users of the system should be sufficient to carry out the obligations of the Water Utility as outlined above, to provide a fair and reasonable return on the Utility plant of the City and to compensate the City for taxes that would be due to the City on the Utility property were it privately owned;

NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA:

1. That the Common Council of the City of Fort Wayne, Indiana now finds and elects that the rates and charges for water service to be paid by users of the system should be sufficient to carry out the obligations of the Water Utility as outlined above, to provide a fair and reasonable return on the Utility plant of the City and to compensate the City for taxes that would be due to the City on the Utility property were it privately owned;

2. The following sections of Chapter 52 of the Fort Wayne Code of Ordinances are hereby amended to adjust the rates and charges assessed to Fort Wayne Water Utility customers as recommended by Crowe Horwath LLP in two phases, the first phase to be effective upon approval of said rates and charges by the Indiana Utility Regulatory Commission and the second phase effective 12 months thereafter as shown below:

Sec. 52.15 Water Usage Schedule - Inside City

There shall be and hereby are established for the use of and the service rendered by the waterworks system of the City the following rates and charges based on the use of water supplied by the City Waterworks System

(A) Metered rates per month

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per</u> <u>100 Cubic Feet</u>
First 2,500 cubic feet	\$ 1.49
Next 9,500 cubic feet	\$ 1.33
Over 12,000 cubic feet	\$ 1.24

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per 100 Cubic Feet</u>	
	<u>Phase I</u>	<u>Phase II</u>
First 2,500 cubic feet	\$ 1.82	\$ 2.08
Next 9,500 cubic feet	\$ 1.63	\$ 1.87
Over 12,000 cubic feet	\$ 1.52	\$ 1.74

(B) Monthly service charges. Each user shall pay a monthly service charge, in addition to usage charges calculated under the metered rate schedule, as follows:

<u>Size of Meter</u> <u>(inches)</u>	<u>Monthly</u> <u>Service Charges</u>
5/8"	\$ 7.30
3/4"	\$ 7.30
1"	\$ 18.61
1 1/2"	\$ 41.69
2"	\$ 73.95
3"	\$ 166.51
4"	\$ 296.01
6"	\$ 665.69
8"	\$ 1,183.76
10"	\$ 1,849.45

<u>Size of Meter</u> <u>(inches)</u>	<u>Monthly Service Charges</u>	
	<u>Phase I</u>	<u>Phase II</u>
5/8"	\$ 8.93	\$ 10.23
3/4"	\$ 8.93	\$ 10.23
1"	\$ 22.76	\$ 26.06
1 1/2"	\$ 50.99	\$ 58.39
2"	\$ 90.45	\$ 103.58
3"	\$ 203.66	\$ 233.23
4"	\$ 362.05	\$ 414.62
6"	\$ 814.21	\$ 932.43
8"	\$ 1,447.86	\$ 1,658.09
10"	\$ 2,262.06	\$ 2,590.51

Sec. 52.16 Cost for Private Fire Protection Service - Inside City.

Fire protection service for use in extinguishing fire only, shall be as follows:

	<u>Per Annum</u>
For each fire hydrant	\$ 373.73
2" connection	\$ 41.11
3" connection	\$ 93.44
4" connection	\$ 164.44
6" connection	\$ 373.73
8" connection	\$ 665.23
10" connection	\$ 1,038.95
12" connection	\$ 1,494.90
16" connection	\$ 2,657.19

For each fire hydrant .	<u>Per Annum</u>	
	<u>Phase I</u>	<u>Phase II</u>
	\$ 457.08	\$523.44
1" connection	\$ 50.28	\$ 57.60
2" connection	\$ 50.28	\$ 57.60
3" connection	\$ 114.28	\$ 130.88
4" connection	\$ 201.12	\$ 230.32
6" connection	\$ 457.12	\$ 523.48
8" connection	\$ 813.64	\$ 931.80
10" connection	\$ 1,270.72	\$ 1,455.24
12" connection	\$ 1,828.40	\$ 2,093.88
16" connection	\$ 3,250.00	\$ 3,721.92

Sec. 52.17 Cost for Municipal Service.

Municipal service to the City shall be ~~\$373.73~~ per annum for each fire hydrant inside the city limits.

Municipal service to the City shall be \$457.08 and \$523.44 per annum for Phase I and Phase II, respectively, for each fire hydrant inside the city limits.

Sec. 52.18 Charges for Customers Outside Corporate Limits.

There shall be and hereby are established for the use of and the service rendered by the waterworks system of the City of Fort Wayne the following rated and charges based on the use of water supplied by said waterworks system:

(A) Metered rates per month.

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per</u> <u>100 Cubic Feet</u>
First 2,500 cubic feet	\$ 1.71
Next 9,500 cubic feet	\$ 1.66
Over 12,000 cubic feet	\$ 1.55

<u>Metered Rates Per Month</u> (cubic feet)	<u>Rate Per 100 Cubic Feet</u>	
	<u>Phase I</u>	<u>Phase II</u>
First 2,500 cubic feet	\$ 2.09	\$ 2.39
Next 9,500 cubic feet	\$ 2.03	\$ 2.32

Over 12,000 cubic feet

\$ 1.90

\$ 2.18

(B) ~~Monthly service charges. Each user shall pay a monthly service charge, in addition to usage charges calculated under the metered rate schedule, as follows:~~

<u>Size of Meter</u> <u>(inches)</u>	<u>Monthly</u> <u>Service Charges</u>
5/8"	\$ 8.40
3/4"	\$ 8.40
1"	\$ 21.40
1 1/2"	\$ 47.94
2"	\$ 85.04
3"	\$ 191.49
4"	\$ 340.41
6"	\$ 765.54
8"	\$ 1,361.33
10"	\$ 2,126.86

(B) Monthly service charges. Each user shall pay a monthly services charge in addition to usage charges calculated under the metered rate schedule, as follows:

<u>Size of Meter</u> <u>(inches)</u>	<u>Monthly Service Charges</u>	
	<u>Phase I</u>	<u>Phase II</u>
5/8"	\$ 10.27	\$ 11.76
3/4"	\$ 10.27	\$ 11.76
1"	\$ 26.17	\$ 29.97
1 1/2"	\$ 58.64	\$ 67.15
2"	\$ 104.01	\$ 119.11
3"	\$ 234.21	\$ 268.22
4"	\$ 416.36	\$ 476.82
6"	\$ 936.33	\$ 1,072.29
8"	\$ 1,665.04	\$ 1,906.80
10"	\$ 2,601.36	\$ 2,979.08

(C) Fire Protection Service.

	<u>Per Annum</u>
For each fire hydrant	\$ 467.16
—	
2" connection	\$ 51.39
3" connection	\$ 116.80
4" connection	\$ 205.55
6" connection	\$ 467.16
8" connection	\$ 831.54
10" connection	\$ 1,298.69

12" connection	\$ 1,868.63
16" connection	\$ 3,321.49

For each fire hydrant	<u>Per Annum</u>	
	<u>Phase I</u>	<u>Phase II</u>
	\$ 571.44	\$654.36
2" connection	\$ 62.84	\$ 71.96
3" connection	\$ 142.84	\$ 163.60
4" connection	\$ 251.40	\$ 287.92
6" connection	\$ 571.40	\$ 654.36
8" connection	\$ 1,017.04	\$ 1,164.72
10" connection	\$ 1,588.44	\$ 1,819.08
12" connection	\$ 2,285.52	\$ 2,617.36
16" connection	\$ 4,062.52	\$ 4,652.40

(D) ~~The rates and charges for water and fire protection service to General Motors Truck Facility, as determined from a fully-allocated cost-of-service study, are as follows:~~

Demand charge (per month)	\$63,622.73
Commodity charge (per 100 cubic feet of water metered)	\$ 0.2669
Customer charge (per month)	\$ 223.60
Fire protection service (per month, if applicable)	\$ 1,520.15

(E) ~~The rates and charges for water and fire protection service to Utility Center, Inc. (d/b/a AquaSource) and the City of New Haven are as follows:~~

Demand charge (per month)	\$ 7,217.44
Commodity charge (per 100 cubic feet of water metered)	\$ 0.9686
Service charge (per month)	
Based on Meter Size using In-City Rates and Charges	
Fire protection charges (if applicable) (per month)	
Based on Size of Connections or Number of Hydrants Using In-City Rates and Charges	

(D) The rates and charges for water and fire protection service to the City of New Haven are as follows:

	<u>Phase I</u>	<u>Phase II</u>
Demand charge (per month)	\$8,121.43	\$9,300.66
Commodity charge (per 100 cubic feet of water metered)	\$1.0899	\$1.248 <u>2</u> 46

Service charge (per month)

- Based on Meter Size using In-City Rates and Charges

SECTION 3. Except for the foregoing amendments, the remaining sections of Chapter 52 of the City of Fort Wayne, Indiana, Code of Ordinances shall remain in full force and effect.

SECTION 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed, and the existing schedule of water rates and charges shall remain in full force and effect until the schedule of rates and charges fixed by this ordinance shall be approved by the Indiana Utility Regulatory Commission, and until such time as the order of said Commission approving said new rates and charges shall direct.

SECTION 5. This Ordinance shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor and due legal publication thereof; provided however, the schedule of rates and charges herein set out shall not become effective unless approved by the Indiana Utility Regulatory Commission, or until such time as said Commission shall direct.

Council Member

Approved as to form and legality

Interoffice Memo

Date: **January 19, 2012**
To: Common Council Members
From: **Len Poehler**, Deputy Director Business Services, Fort Wayne City Utilities
RE: **Water Rate Adjustments**

Herewith you will find a proposed ordinance implementing an across the board water rate adjustment for all customers of Fort Wayne City Utilities.

The Common Council last approved a water rate increase effective September 1, 2006. Since 2006, the rapid aging of our infrastructure, double digit inflation, decreased consumption, and state and federal actions necessitates a request for revenue adjustments.

City Utilities has identified main replacement projects that will enable the water utility to reduce the number of main breaks; causing less inconvenience to our customers and creating efficiencies in our maintenance operations. Working with our rate consultant, we have developed a rate recommendation that will allow us to operate and maintain our water production and distribution facilities, provide a sinking fund, a debt service reserve and adequate working capital.

Following review and approval of a water rate adjustment by the Common Council, it will be necessary for the rate proposal to be presented to the Indiana Utility Regulatory Commission (IURC) for approval. The IURC process could take as long as 9-10 months to complete. I anticipate that we would be ready to implement the first phase of the new water rates early 2013. A second phase of rates would follow 12 months later.

CC: BOW
Kumar Menon
Diane Brown