



MEMORANDUM

Council Agenda
Item No. XI. K
11/5/2024

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Ordinance on final hearing relating to General Schedule of Fees, amending Chapter 60 of the Oklahoma City Municipal Code, 2020, amending Title 47 - Sewers and Sewage Disposal, Article VIII - Rates, Charges, Billing, and Collection Procedures, by amending Sections 60-47-29 - Sanitary sewer user charges and treated wastewater user charges, 60-47-30 - Additional surcharge for industrial users with assessable concentrations and 60-47-31 - Monthly sanitary sewer customer service charge; amending Title 49 – Solid Wastes, Article II – Municipal Collection Service, by amending Section 60-49-6 - Refuse rates and charges, enacting a new Section 60-49-7 - Miscellaneous Solid Waste Charges; amending Title – 55 – Utilities, Article II – City Water Service, by amending Sections 60-55-16 - Water user and water service charges, 60-55-18 - Monthly water customer service charge(s), 60-55-26 - Fire service charges—Monthly (for each connection) and 60-55-28 - Additional City meter and private monthly meter charges.

Background:

The Oklahoma City Water Utilities Trust (OCWUT) has a long-standing history of incrementally adjusting fees and charges annually to keep up with the cost of providing utility services and to fund its vital capital improvement plan (CIP). The CIP is essential for renewing and replacing our infrastructure, ensuring reliable and resilient service, meeting demands from growth, and meeting regulatory requirements. Over the past several years, OCWUT has navigated ongoing challenges, notably grappling with historic price increases for supplies and services, particularly energy, chemicals, and construction costs. For instance, the cost of essential chemicals has doubled, necessitating a 100 percent increase in our chemicals budget, while our energy budget has surged by 111 percent over the past five fiscal years. Additionally, OCWUT has faced unprecedented increases in construction costs, with an average rise of 23 percent in capital projects for both water and wastewater since 2021.

OCWUT engaged Raftelis Financial Consultants, Inc., a nationwide cost-of-service expert consultant, to conduct a mid-term re-examination of these increased costs of service associated with water, wastewater, and solid waste management utilities to formulate equitable adjustments to fees and charges over the next five years (FY2025-2029), updating the 2021 rate plan. Industry-standard rate-making methods are used to allocate utility costs to different customer classes. These class-based costs are then recovered from individual customers through base and volume charges. This approach ensures that each customer class pays its fair share of costs, preventing subsidies between user classes.

The study aimed to balance affordability and sustainability by minimizing bill impacts for low-volume users while ensuring sufficient revenue recovery to not only sustain but also enhance utility

operations. For example, a low-volume residential user (2,000 gallons of water and wastewater) will see an additional average annual adjustment of \$3.27, or 3.7 percent to their monthly water, wastewater, and solid waste bill compared to the 2021 rate study. An average volume user (7,000 gallons of water and 5,000 gallons of wastewater) will see an additional average annual adjustment of approximately \$4.90, or 3.5 percent compared to the previous study.

Solid Waste Management provides trash, recycling, and bulky item services to residential and some commercial customers. The cost-of-service recommendations include an additional average annual adjustment of \$0.60, or 2 percent to the monthly bill for solid waste services compared to the previous study.

These recommended adjustments will provide necessary funding for operations, maintenance, capital projects, and reserves, to enable OCWUT to maintain current level of service for our growing customer base.

Revenue:

OCWUT–Water Revenue (6000)

OCWUT–Wastewater Revenue (6500)

OCWUT–Solid Waste Management Revenue (6375)

Review:

Utilities Department

Recommendation: Ordinance be adopted.