

## **STAFF REPORT**

To: Town Council, Town of Alpine

From: Monica Chenault, Town Clerk

Date: 12/2/2025

Subject: Recommendation for Adoption of Ordinance 2025-12, Ordinance 2025-13, and Ordinance 2025-14

### **Purpose**

The purpose of this report is to provide the Town Council with an overview of the proposed utility ordinance updates and to formally recommend adoption of Ordinance 2025-12, 2025-13, and 2025-14, which collectively revise water and sewer rate structures and align Town utility operations with the newly adopted Utility Procedure Ordinance.

### **Background**

As part of the FY2026 budgeting process and utility system evaluation, staff reviewed the Town's water and sewer rate structures to ensure long-term financial sustainability, compliance with audit standards, and proper alignment with ERU-based methodologies. The resulting draft ordinances provide a path to bring the utility funds in line with operational, maintenance, and capital needs while maintaining fairness across all customer classes.

### **Summary of Recommended Rate Adjustments**

#### **1. Sewer Rates – Recommended Increase**

Staff recommends adopting a 25% increase, equal to \$13.50 per ERU, to the sewer base rate.

Rationale:

- Current sewer revenues are inadequate to cover operational needs, capital reserves, and depreciation requirements.
- The adjustment aligns the sewer fund with ERU-based cost recovery and supports long-term system stability.

#### **2. Water Rates – No Increase Recommended at This Time**

Staff does not recommend increasing water rates at this time.

Rationale:

- The Town currently has limited monthly usage data, as monthly meter reading was only recently implemented.
- Historically, water rates have been determined using annual consumption totals, which treat residential, commercial, and industrial users under the same billing structure regardless of actual usage patterns.

- In response to Council and public concerns, staff recommends analyzing 3–6 months of off-peak (winter and shoulder-season) data before proposing any changes.
- Once sufficient monthly data has been collected, staff will analyze usage patterns and develop rate-structure solutions that have the least financial impact on families while still meeting enterprise-fund requirements.

### 3. Larger Water Service Lines – Base Rate Adjustments

Although standard ¾-inch water base rates are not recommended to change at this time, customers with water service lines larger than ¾-inch will pay higher base rates.

Rationale:

- Larger services lines place greater potential demand on the system.
- Adjusting rates by service line size ensures fairness, proportionality, and consistency with common municipal rate practices.

### 4. Base Rates for Fire Protection Lines

The updated ordinances include the addition of base rates for fire protection services, calculated by service line size.

Rationale:

- Fire protection connections utilize system capacity and create ongoing infrastructure obligations.
- Establishing a dedicated base rate ensures accurate cost allocation and provides stable, predictable revenue.

### Policy Alignment

These changes support implementation of:

- Ordinance 2025-12 (Utility Procedures Ordinance)
- Ordinance 2025-13 (Water Rate Ordinance)
- Ordinance 2025-14 (Sewer Rate Ordinance)

### Recommendation

Staff recommends adoption of Ordinance 2025-12, Ordinance 2025-13, and Ordinance 2025-14, including the following actions:

1. Increase sewer base rates by 25%, or \$13.50 per ERU.
2. Do not increase water base rates at this time, due to limited monthly usage data and the need to obtain summer meter-reading data.
3. Adjust water base rates for service lines larger than ¾-inch.
4. Adopt new base rates for fire protection service lines, based on size.