

JEFFERSON CITY, TENNESSEE

Ordinance 2026-09

AN ORDINANCE AMENDING THE CITY’S WATER AND SEWER RATES, FEES, AND CHARGES; ADOPTING A FIVE-YEAR WATER AND SEWER RATE PLAN; REPEALING CONFLICTING ORDINANCES OR PARTS THEREOF; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Jefferson City, Tennessee (“City”), owns, operates, maintains, and administers a municipal water system and wastewater/sewer system for the benefit of residential, commercial, industrial, governmental, institutional, and other utility customers;

WHEREAS, the City must maintain water and sewer rates, fees, and charges sufficient to support the lawful operation, maintenance, repair, replacement, rehabilitation, improvement, expansion, administration, regulatory compliance, debt service, reserve requirements, and long-term financial stability of its water and sewer systems;

WHEREAS, the City Council finds that a planned, multi-year approach to water and sewer rates will promote transparency, financial stability, orderly capital planning, and equitable treatment of utility customers;

WHEREAS, the City Council desires to establish water and sewer rates for a five-year period, subject to annual review and amendment when necessary to reflect actual revenues, expenses, capital needs, debt obligations, customer demand, regulatory requirements, and other material circumstances;

WHEREAS, the City has reviewed, or will review before final implementation, relevant financial information, utility operating needs, capital-improvement needs, debt-service obligations, reserve requirements, customer usage patterns, and other information relevant to the establishment of just, reasonable, and sustainable water and sewer rates;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF JEFERSON CITY, TENNESSEE, THAT:

Section 1. Purpose

The purpose of this ordinance is to amend Jefferson City Municipal Code, Sections 18-110 and 18-205 to reflect the City’s water and sewer rates, fees, and charges and to adopt a five-year rate plan designed to provide sufficient revenues for the proper operation and long-term sustainability of the City’s water and sewer enterprise.

The City Council finds that the rates, fees, and charges adopted under this ordinance are intended to be fair, reasonable, non-discriminatory, and sufficient to support the City’s water and sewer

systems in accordance with applicable law, City policy, bond covenants, grant requirements, and other lawful obligations.

Section 2. Adoption of rate schedules

The water and sewer rates, fees, and charges are set out in **Exhibit A**, attached to, and incorporated into this ordinance by reference, are hereby adopted.

Except where **Exhibit A** provides otherwise, all prior water and sewer rates, fees, and charges inconsistent with **Exhibit A** are amended and superseded as of the applicable effective date.

Section 3. Five-year rate plan

The City hereby adopts a five-year water and sewer rate plan covering the following fiscal years:

Plan year Fiscal year Effective date

Year 1	FY27	Upon Adoption of this Ordinance to June 30, 2027
Year 2	FY 28	July 01, 2027, to June 30, 2028
Year 3	FY29	July 01, 2028, to June 30, 2029
Year 4	FY30	July 01, 2029, to Jun 30, 2030
Year 5	FY31	July 01, 2030, to Jun 30, 2031

The rates for each plan year shall be those shown in **Exhibit A**, unless modified by a later ordinance duly adopted by the City Council.

The five-year rate plan is intended to support:

- Daily operation and administration of the water and sewer systems.
- Routine maintenance, emergency repairs, and system rehabilitation.
- Replacement of aging or obsolete infrastructure.
- Compliance with environmental, drinking-water, wastewater, safety, and other legal or regulatory requirements.
- Capital improvements needed to maintain reliable service and serve existing and reasonably anticipated growth.
- Payment of principal, interest, fees, and other obligations associated with water and sewer debt.
- Maintenance of prudent operating, emergency, capital, debt-service, and other reserves.

- Utility billing, metering, collection, customer service, and related administrative functions.
- Other lawful and necessary purposes of the City's water and sewer enterprise.

Section 4. Rate design and customer classifications

The rates adopted through this ordinance may vary by customer classification, meter size, volume of usage, service location, service characteristics, or other reasonable and lawful factors.

The City may maintain separate rate schedules for, among other categories:

- Residential customers.
- Commercial customers.
- Industrial customers.
- Institutional or governmental customers.
- Customers located inside the corporate limits of Jefferson City.
- Customers located outside the corporate limits of Jefferson City.
- Customers requiring special water, sewer, irrigation, fire-protection, bulk-water, or other utility services.

Rates applicable to outside-city customers may differ from rates applicable to inside-city customers when justified by differences in service costs, infrastructure investment, contractual obligations, geographic conditions, or other lawful and reasonable considerations.

Section 5. Annual review

At least once each fiscal year, the City Manager, City Recorder Director, Water and Sewer Department, and such other City staff or advisors as may be designated shall review the financial performance and operating condition of the City's water and sewer enterprise.

The annual review should consider:

- Actual revenue compared with projected revenue.
- Actual operating expenses compared with budgeted expenses.
- Customer growth, customer-class changes, and water-consumption trends.
- Water-loss conditions and sewer-flow conditions.
- Capital improvement needs and project schedules.
- Debt-service requirements and bond-covenant compliance.
- Reserve balances and reserve targets.

- Inflation, energy costs, chemical costs, labor costs, equipment costs, and other material operating-cost changes.
- State and federal regulatory or permit requirements.
- Grant, loan, and other external-funding conditions.
- Whether the planned rates remain adequate, equitable, and financially sustainable.

Following the annual review, staff shall report to the City Council regarding whether the scheduled rates should remain in effect or whether an amendment is recommended.

Section 6. Authority to amend

Nothing in this ordinance prevents the City Council from adopting an amendment to the rate plan before the end of the five-year period when necessary or appropriate.

An amendment may be considered when required by:

- Material changes in operating or capital costs.
- Unanticipated emergency repairs or infrastructure failures.
- Changes in debt-service obligations.
- Material changes in customer demand or water and sewer usage.
- Regulatory, legal, permit, or environmental requirements.
- Grant, loan, bond, or funding-agreement requirements.
- A finding that adopted rates are insufficient to maintain the water and sewer systems in a safe, reliable, lawful, and financially responsible manner.
- A finding that a scheduled increase is greater than necessary based on updated financial information.

Any amendment to rates, fees, or charges shall be made by ordinance, resolution, or other legislative action required by the City Charter and applicable law.

Section 7. Billing and collection

All water and sewer rates, fees, and charges established by this ordinance shall be billed, collected, and enforced in accordance with the City's current utility billing policies, applicable ordinances, and Tennessee law.

Unless otherwise amended by the City Council, the City's existing billing, delinquency, late-fee, disconnection, reconnection, deposit, and collection practices shall remain in effect. Jefferson City's published customer information states that water bills are due by the 10th of each month,

that late fees are charged after the due date, and that disconnection for nonpayment generally occurs on the 24th of the month.

The City may disconnect, restrict, or otherwise take lawful collection action concerning water or sewer service for nonpayment, meter tampering, unauthorized use, or other violations of City utility rules, subject to any notice, due-process, health-and-safety, and other protections required by law.

Section 8. Use and accounting of revenues

Water and sewer revenues collected under this ordinance shall be separately and properly accounted for in accordance with applicable law, generally accepted governmental accounting practices, City financial policies, bond covenants, grant requirements, loan agreements, and other binding obligations.

Such revenues shall be used only for lawful water and sewer enterprise purposes, including operation, maintenance, administration, repair, replacement, capital improvements, debt service, reserves, and other authorized utility-system purposes.

Nothing in this ordinance authorizes the use of restricted water or sewer funds in a manner inconsistent with applicable law, bond covenants, grant conditions, loan terms, or other legal obligations of the City.

Section 9. Administration

The City Manager, City Recorder, Finance Director, Water and Sewer Department, and other appropriate City officials are authorized and directed to take actions necessary to implement this ordinance and **Exhibit A**, including:

- Updating billing software, customer-account records, forms, and procedures.
- Publishing or making available the adopted rate schedules.
- Providing customer notices as required by law or directed by the City Council
- Administering rates, fees, deposits, credits, penalties, and service procedures consistently with this ordinance.
- Preparing annual reports and recommendations concerning the five-year rate plan.
- Correcting clerical, formatting, or non-substantive errors in **Exhibit A**, provided that no substantive rate, fee, customer classification, or effective date may be changed without further action of the City Council.

Section 10. Severability

If any provision, section, subsection, sentence, clause, phrase, or part of this ordinance is declared invalid or unenforceable by a court of competent jurisdiction, that decision shall not affect the validity or enforceability of the remaining portions of this ordinance.

Section 11. Repealer

All ordinances, resolutions, rate schedules, policies, or portions thereof that conflict with this ordinance are repealed only to the extent of the conflict.

Section 12. Effective date

This ordinance shall become effective upon final passage and publication as required by law. The water and sewer rates, fees, and charges adopted in **Exhibit A** shall take effect on the specific dates listed in **Exhibit A**, the public welfare requiring it.

Passed on first reading: September 8, 2026

Passed on second and final reading: September 15, 2026

CITY OF JEFFERSON CITY, TENNESSEE

By:

Mitch Cain, Mayor

Attest:

Bettina Chandler, City Recorder

Approved as to form:

Robert Burts, City Attorney

		EXHIBIT A: WATER RATE STRUCTURE					
JEFFERSON CITY WATER AND SEWER FUND							
ADOPTED WATER RATES							
September 15, 2026							
		CURRENT RATES INSIDE CITY	SEPTEMBER 15, 2026 ESTIMATED RATES INSIDE CITY	JULY 1, 2027 ESTIMATED RATES INSIDE CITY	JULY 1, 2028 ESTIMATED RATES INSIDE CITY	JULY 1, 2029 ESTIMATED RATES INSIDE CITY	JULY 1, 2030 ESTIMATED RATES INSIDE CITY
FIRST 2,000 GALLONS		15.63	18.13	21.03			
ALL OVER 2,000 GALLONS		4.44	5.15	5.97			
PERCENTAGE RATE INCREASE			16%	16%	Determined by Annual Review & Analysis of CPI-U		
CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)		0.00%	0.00%	0.00%			
		CURRENT RATES OUTSIDE CITY	SEPTEMBER 15, 2026 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2027 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2028 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2029 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2030 ESTIMATED RATES OUTSIDE CITY
FIRST 2,000 GALLONS		40.81	47.34	54.91			
ALL OVER 2,000 GALLONS		13.00	15.08	17.49			
PERCENTAGE RATE INCREASE			16%	16%	Determined by Annual Review & Analysis of CPI-U		
CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)		0.00%	0.00%	0.00%			

		EXHIBIT A: SEWER RATE STRUCTURE					
JEFFERSON CITY WATER AND SEWER FUND							
ADOPTED SEWER							
September 15, 2026							
		CURRENT RATES INSIDE CITY	SEPTEMBER 15, 2026 ESTIMATED RATES INSIDE CITY	JULY 1, 2027 ESTIMATED RATES INSIDE CITY	JULY 1, 2028 ESTIMATED RATES INSIDE CITY	JULY 1, 2029 ESTIMATED RATES INSIDE CITY	JULY 1, 2030 ESTIMATED RATES INSIDE CITY
FIRST 2,000 GALLONS		20.12	23.34	27.07			
ALL OVER 2,000 GALLONS		7.39	8.57	9.94			
PERCENTAGE RATE INCREASE			16%	16%	Determined by Annual Review & Analysis of CPI-U		
CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)			0.00%	0.00%			
		CURRENT RATES OUTSIDE CITY	SEPTEMBER 15, 2026 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2027 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2028 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2029 ESTIMATED RATES OUTSIDE CITY	JULY 1, 2030 ESTIMATED RATES OUTSIDE CITY
FIRST 2,000 GALLONS		57.96	67.23	77.99			
ALL OVER 2,000 GALLONS		20.22	23.46	27.21			
PERCENTAGE RATE INCREASE			16%	16%	Determined by Annual Review & Analysis of CPI-U		
CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U)			0.00%	0.00%			