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**CORTEZ CITY COUNCIL  
WORK SESSION/SPECIAL MEETING  
TUESDAY, OCTOBER 10, 2023  
6:00 p.m.**

**CALL TO ORDER**

- A. 6:00 p.m., Jim Spratlen, Montezuma County Emergency Manager will address Council regarding the new emergency alert and warning system.
- B. 6:15 p.m., Rachael Marchbanks, Community and Economic Development Director and Helen West, Economic Development Specialist will address Council on Proposition 123- Affordable Housing Opt-In.
- C. 6:50 p.m., Brian Peckins, Director of Public Works will address Council regarding a 2024 Proposed Water Rates Increase.
- D. 7:10 p.m., Council General Discussion
- E. For Your Information

**ADJOURNMENT of Work Session.**



CITY OF CORTEZ  
123 ROGER SMITH AVENUE  
CORTEZ, CO 81321

10/10/2023

Agenda Item: 1. C.

MEMO TO: Honorable Mayor and City Council

FROM: DONNA MURPHY, DEPUTY CITY CLERK

SUBJECT: 6:50 p.m., Brian Peckins, Director of Public Works will address Council regarding a 2024 Proposed Water Rates Increase.

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**Attachments**

2024 Water Rate Presentation



Public Works  
**CORTEZ**



# 2024 Proposed Water Rate Increase

Brian Peckins, Director  
10 October 2023

# 2024 Proposed Water Rates

- Last water rate study conducted in 1986. In today's dollars, that rate would be \$55/month for the base rate and \$4.23 for volume charges based on inflation
- The water rate increases are based on data from the 29 August 2023 SEH Water Rate Study, but modified:
  - To phase in rate increases
  - Ensure that higher users pay more
- We are proposing a 20% increase in the base rate for residential users
- One of our goals is to increase the base rate to ensure sufficient revenue to maintain and operate the water treatment plant during droughts or times of very low water usage over the next 10 years
- We are adding progressive rates which charge larger water users more than lower water users, thereby promoting conservation

# 2024 Proposed Water Rates

(cont)

- Provides additional revenue to address long neglected improvements to the water treatment plant and water distribution lines
- Allows sufficient revenue to purchase equipment and hire two additional operators to establish a dedicated in-house water distribution replacement team
- We expect to focus our in-house team on simpler projects that are generally 50 – 75% less expensive than hiring a contractor
- We will still need to hire contractors for more complex projects with multiple underground lines (i.e., Main Street)

# Proposed 2024 Water Rate Increase

2023 Single Family Rate			
Base Rate	\$26.50		
2000 Gallons	\$ 30.05		
7000 Gallons	\$ 47.80		
14000 Gallons	\$ 76.20		
20000 Gallons	\$ 97.50		
30000 Gallons	\$ 129.45		
2024 Proposed Single Family Rate			
Base Rate	\$31.80		
2024 Base Rate Plus Tiered Gallons Used		Monthly Increase	Annual Increase
2000 Gallons	34.46	4.41	52.92
7000 Gallons	52.86	5.06	60.72
16000 Gallons	91.18	14.98	179.76
20000 Gallons	131.94	34.44	413.28
30000 Gallons	214.94	85.49	1025.88
City revised option volume charges			
\$2.66/1000 gallons up to 4000 gallons			
\$4.36/4001 gallons up to 8000 gallons			
\$5.66/8001 gallons up to 16000 gallons			
\$7.36/16001 gallons up to 24000 gallons			
\$9.06/24001 + gallons			

# Sample Cortez 2023 Residential Water Usage Comparison

Description	Usage	2023 Rate	2024 Proposed Rate	Monthly Increase
SF Mobile Home, Cornett Heights Subdivision	2,000 Gallons	\$30.05	\$34.46	\$4.41
North of City limits, Out of City water tap	5,000 Gallons	\$ 40.70	\$44.14	\$3.44
SF Home, West side, Stratton Subdivision	8,000 Gallons	\$51.35	\$57.22	\$5.87
SF Home, North side, San Juan Park Subdivision	13,000 Gallons	\$69.10	\$79.86	\$10.76
SF Home, North side, San Juan Park Subdivision	30,000 Gallons	\$129.45	\$206.68	\$77.23

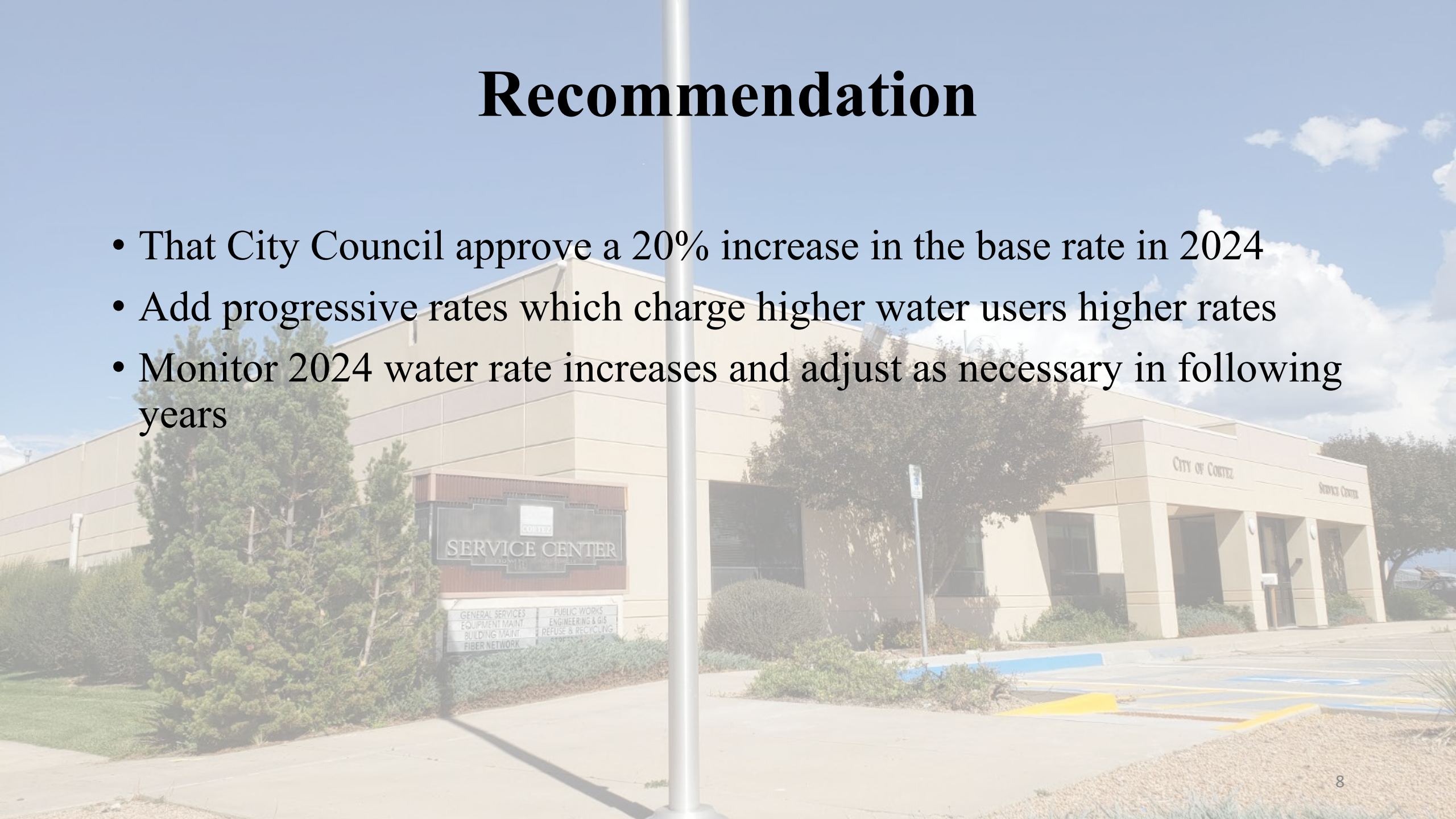


# 2024 Water Rate Increase Summary

- A 20% rate increase in the base rate only results in small increases to low residential water users
- A phased approach to water rate increases provides for increased revenue while raising rates at a reasonable rate
- The progressive rates in which the higher water users pay more encourages water conservation
- The increase in revenue allows us to address long neglected water treatment plant and water distribution line maintenance and replacement
- The increase in revenue also allows for the development of an in-house dedicated water distribution line replacement team
- City streets and waterlines beyond their useful life continue to be a challenge

# Recommendation

- That City Council approve a 20% increase in the base rate in 2024
- Add progressive rates which charge higher water users higher rates
- Monitor 2024 water rate increases and adjust as necessary in following years



**Questions?**

CORTEZ  
**SERVICE CENTER**  
1100 N. 1ST ST.

GENERAL SERVICES	PUBLIC WORKS
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BUILDING MAINT.	REFUSE & RECYCLING
FIBER NETWORK	STREET LIGHTS

CITY OF CORTEZ

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