

RESOLUTION NO. 984-16

A RESOLUTION AMENDING SEWER RATES AND WATER RATES TO OFFSET COSTS RESULTING FROM STATE AND FEDERAL REGULATIONS

WHEREAS, the Colorado Department of Health and Environment (“CDPHE”) and the Environmental Protection Agency (“EPA”) have mandated the Town of Fowler to modify its wastewater treatment plant to meet state and federal discharge regulations; and

WHEREAS, CDPHE amended the Town of Fowler’s discharge standards after the lagoon construction design was seventy percent complete adding a new Total Inorganic Nitrogen standard the town had never been required to meet previously; and

WHEREAS, the new discharge standard required the town to redesign the wastewater project increasing the cost of the lagoon modification; and

WHEREAS, this cost must be covered by a second loan; and

WHEREAS, the estimated annual principal and interest payment on the second loan is estimated at \$22,500; and

WHEREAS, the only way the town can meet this cost is to increase sewer rates by \$2.80 per month per sewer tap; and

WHEREAS, the two loan contracts to obtain funds to modify the sewer lagoons contain a rate covenant; and

WHEREAS, the lending agency has notified the Town of Fowler that its rates are too low to meet the mandated operating revenue required by the rate covenant; and

WHEREAS, it is necessary to increase wastewater rates by an additional \$6.31 per month per sewer tap to meet the rate covenant requirement; and

WHEREAS, CDPHE has mandated that the Town of Fowler must repair its elevated potable water tank; and

WHEREAS, the cost of repair the tank is \$27,155 per year over a minimum of five years; and

WHEREAS, CDPHE reclassified the Town of Fowler’s potable water wells and has mandated that the Town of Fowler provide additional treatment for its potable water; and

WHEREAS, the town has obtained grants to cover the costs of the new water treatment plant with the exception of \$21,000; and

WHEREAS, the town is repaying itself over a five year period in the amount of \$4,200 per year to maintain its operational cash position; and

WHEREAS, the total annual cost of the tank repair costs and the costs to repay the cash match over a five year period is \$31,355 per year; and

WHEREAS, the town must raise its potable water rates by \$3.72 per month per potable water tap to offset the \$31,355 cost resulting from CDPHE regulations.

WHEREAS, the following rates are recommended by the Town of Fowler Utility Board to meet the town's financial obligations resulting from state and federal regulations.

BE IT RESOLVED by the Town of Fowler Board of Trustees as follows.

1. Effective with the municipal utility billing that occurs at the end of January 2017 due February 20, 2017, the sewer facility fee is increased by \$2.80 per wastewater tap per month to \$15.28 per tap per month to offset principal and interest payments on a loan to modify the sewer lagoons to meet state and federal regulations.
2. Effective with the municipal utility billing that occurs at the end of January 2017 due February 20, 2017, the sewer fee is increased by \$6.31 per wastewater tap per month to \$23.31 per wastewater tap per month to meet wastewater lagoon project loan rate covenants.
3. Effective with the municipal utility billing that occurs at the end of January 2017 due February 20, 2017, the water facility fee is increased by \$3.72 per potable water tap per month to \$5.24 per potable water tap per month to offset mandated potable water tank repair costs and cash match costs for the 2017 drinking water treatment project.

ADOPTED AND APPROVED this 12th day of December 2016.

Charles R. Hitchcock,
Town of Fowler Mayor

ATTEST:

Kelly Lotrich, Town Clerk