



Water and Wastewater Utility Rates

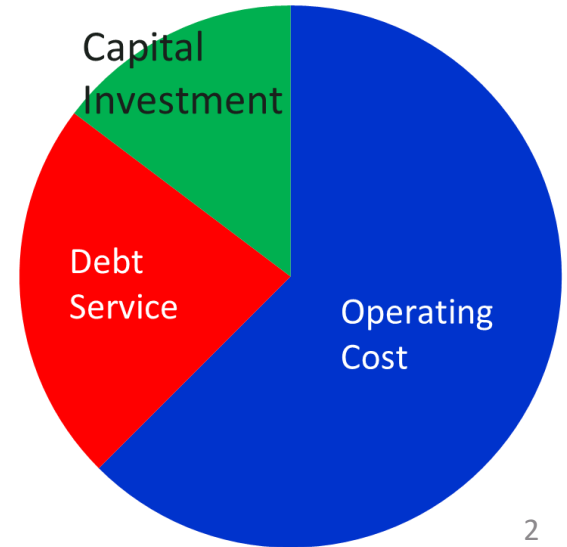


Diana Langley, Public Works Director
June 1, 2021

Purpose of Rates



- To ensure adequate revenues in the Water and Wastewater Enterprise Funds for:
 - Operation and Maintenance
 - Debt Service Coverage
 - Capital Projects

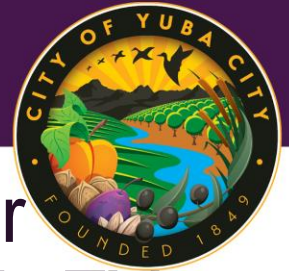


Background



- 4/5/16- Council adopted the Water and Wastewater Rate Study
 - Proposed adjustments to the City’s water and wastewater rates over the next 5 years through FY 20/21
- 6/21/16 – Council adopted Water and Wastewater Ordinances
 - Provides for Council review of rates on an annual basis as part of the fiscal year budget review process, prior to July 1 implementation of the increases for each year
 - Council retains authority to set rates by resolution

Background



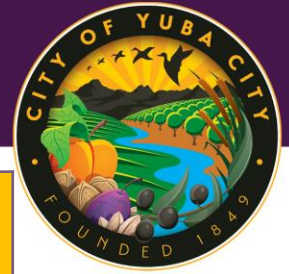
- Even though the Water and Wastewater Rate Studies only contemplated through FY 20/21, since Council adopted rates less than those approved through the Proposition 218 process, there is still the ability to increase rates beyond FY 20/21, provided that the rates do not exceed those approved through the Proposition 218 process.

Water Master Plan Recommended Improvements



Facility	Capital Costs, \$M			
	1-5 Years	6-10 Years	11-15 Years	16-20 Years
Supply Improvements	-	4.5	3.2	-
Low Lift Pump Station	-	0.3	0.3	-
Water Treatment Plant	12.1	4	2.5	2.8
Booster Pump Stations/Tanks	9.3	3.3	1.6	1.2
Pipelines	15.0	15.0	15.0	15.0
Total:	36.4	27.1	22.6	19.0

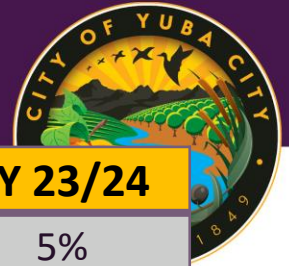
Proposed Water Rates



Meter Size	Baseline HCF's*	Current Rate	FY 21/22 5% Increase	FY 22/23 5% Increase	FY 23/24 5% Increase	Prop. 218 Amount
1"	15	\$35.84	\$37.63	\$39.51	\$41.49	\$42.59
1 ½"	30	\$71.69	\$75.27	\$79.04	\$82.99	\$85.18
2"	60	\$143.40	\$150.57	\$158.10	\$166.00	\$170.39
3"	240	\$573.56	\$602.24	\$632.35	\$663.97	\$681.53
4"	480	\$1,147.14	\$1,204.50	\$1,264.72	\$1,327.96	\$1,363.08
6"	900	\$2,150.86	\$2,258.40	\$2,371.32	\$2,489.89	\$2,555.74
8"	2,100	\$5,018.70	\$5,269.64	\$5,533.12	\$5,809.77	\$5,963.42
Flow Rate Per Excess HCF		\$1.840	\$1.904	\$2.029	\$2.130	\$2.137

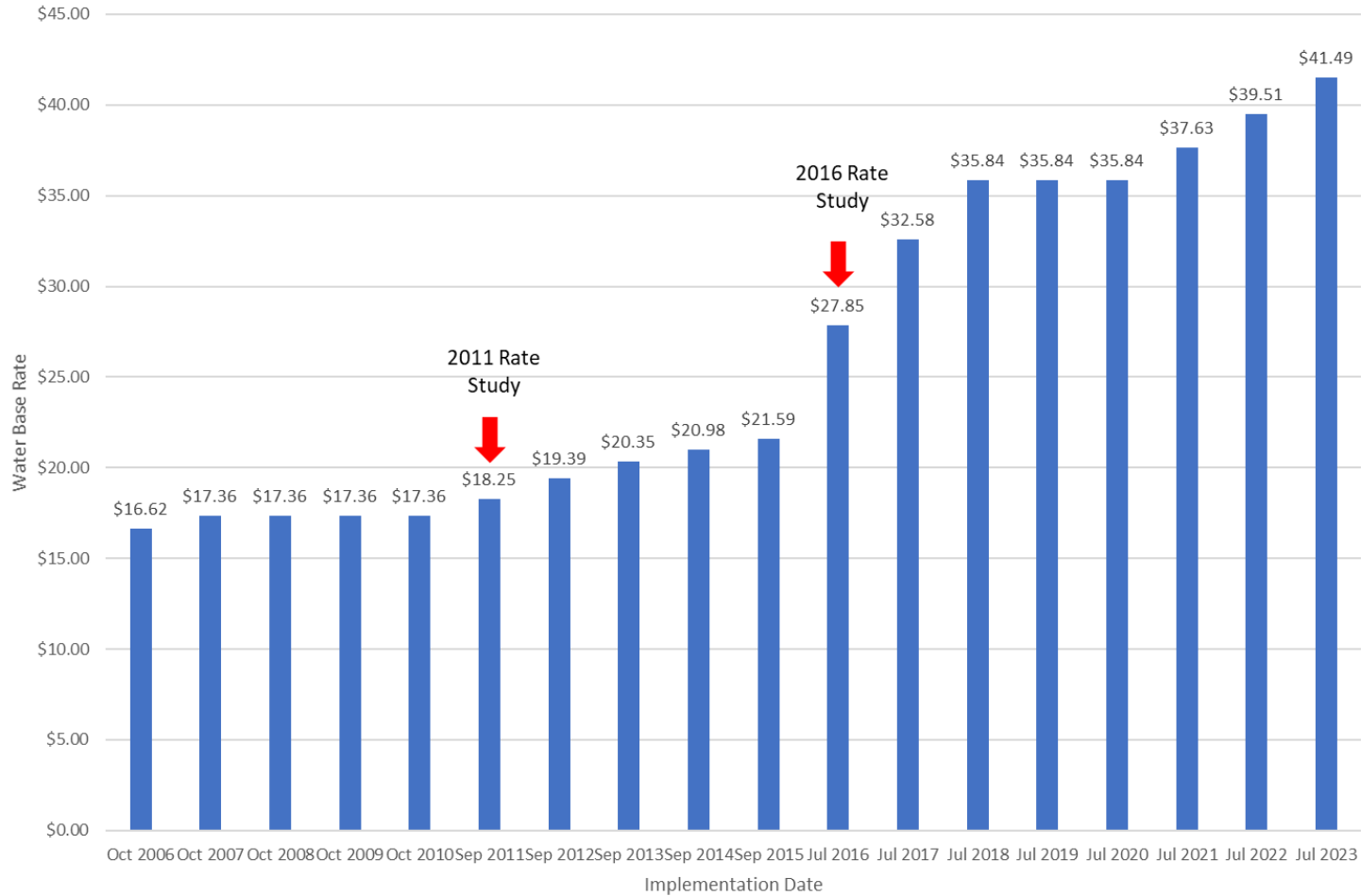
*1HCF=748 Gallons

Estimated Fiscal Impact

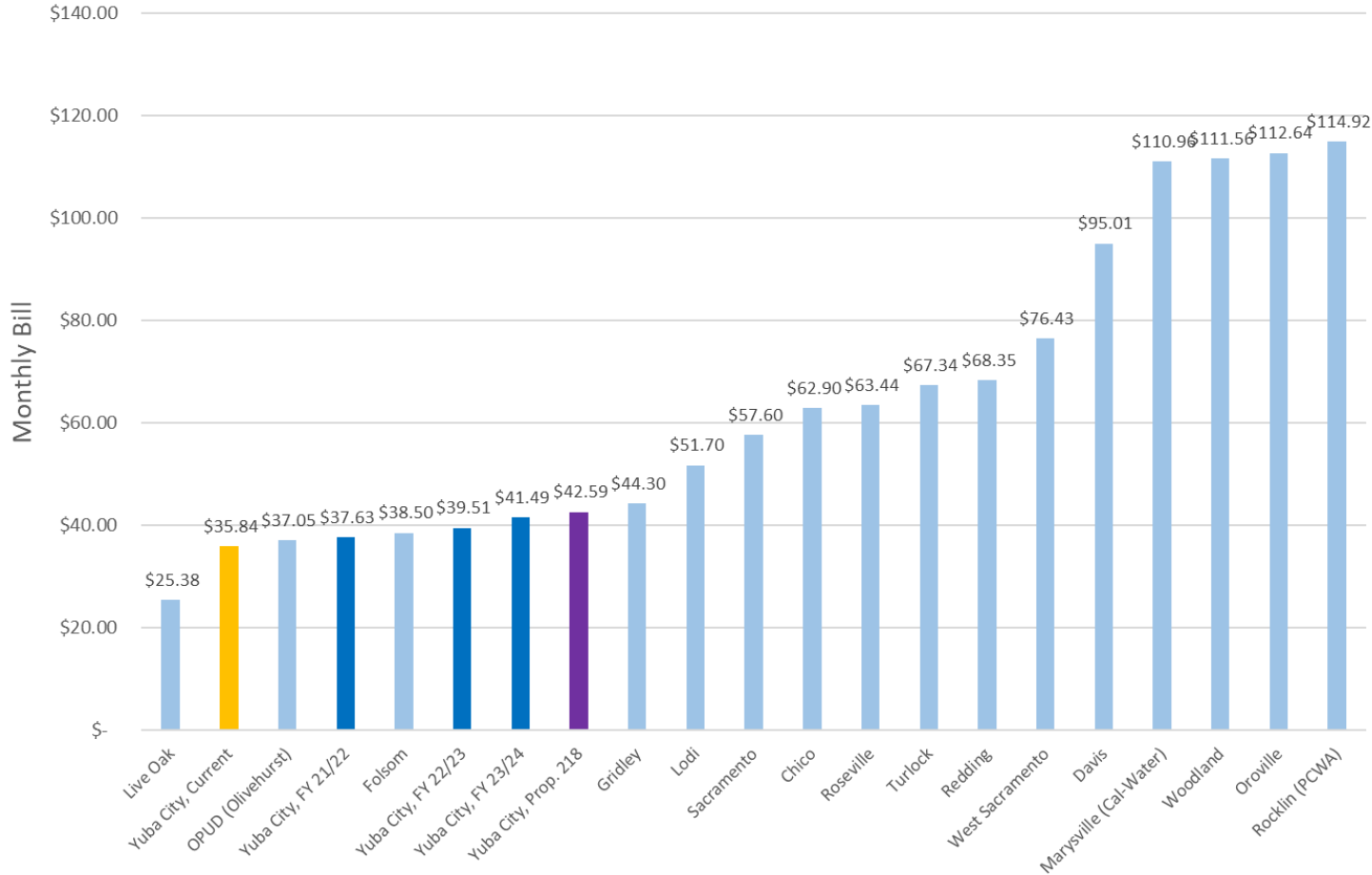


Water Fund	FY 21/22	FY 22/23	FY 23/24
Proposed Water Rate Increase	5%	5%	5%
Anticipated Revenues under Current Rates	\$16,067,178	\$16,181,894	\$16,321,194
Anticipated Revenues – Water Rate Increase	\$734,756	\$1,513,780	\$2,339,538
Total Revenues:	\$16,801,934	\$17,695,674	\$18,660,732
Operating Expenses	\$8,587,021	\$8,960,675	\$9,292,327
Existing Debt Service	\$3,682,119	\$3,692,278	\$3,705,177
Total Expense:	\$12,269,140	\$12,652,953	\$12,997,504
Net Revenues Available for Reserves/Projects:	\$4,532,794	\$5,042,721	\$5,663,228
Debt Coverage After Rate Increase:	2.23	2.37	2.31

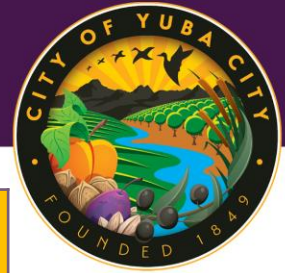
Historical & Proposed Water Rates 1" Water Service - Base Rate



REGIONAL COMPARISON - MONTHLY WATER BILL
 SINGLE FAMILY RESIDENCE - 1" METER
 15 HCF AVERAGE USE

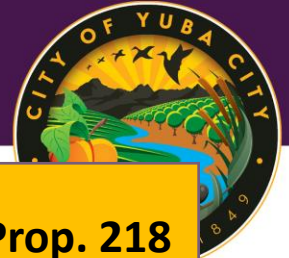


Wastewater Master Plan Recommended Improvements



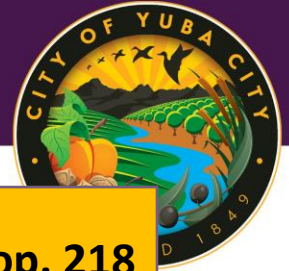
Facility	Capital Costs, \$M		
	1-5 Years	6-10 Years	11-20 Years
Pipelines	18.8	13.0	17.9
Lift Stations	18.1	12.5	1.9
Wastewater Treatment Facility Improvements	18.0	35.7	12.6
Outfall Diffuser and Pipeline	35.0	-	-
Total:	89.9	61.2	32.4

Proposed Wastewater Rates



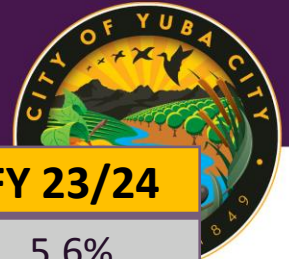
Sewer Rate Schedule	Current Rate	FY 21/22 8% Increase	FY 22/23 8% Increase	FY 23/24 5.6% Increase	Prop. 218 Amount
Single Family	\$52.96	\$57.20	\$61.77	\$65.23	\$65.27
Multi-Family	\$42.38	\$45.77	\$49.43	\$52.20	\$52.23
Commercial – C1	\$52.96	\$57.20	\$61.77	\$65.23	\$65.27
Commercial – C2	\$59.59	\$64.36	\$69.51	\$73.40	\$73.44
Commercial – C3	\$72.17	\$77.94	\$84.18	\$88.89	\$88.95
Commercial Volumetric Charge (HCF)	\$2.09	\$2.26	\$2.44	\$2.57	\$2.57
Schools – Per Student/Year	\$24.32	\$26.27	\$28.37	\$29.96	\$29.97

Proposed Wastewater Rates



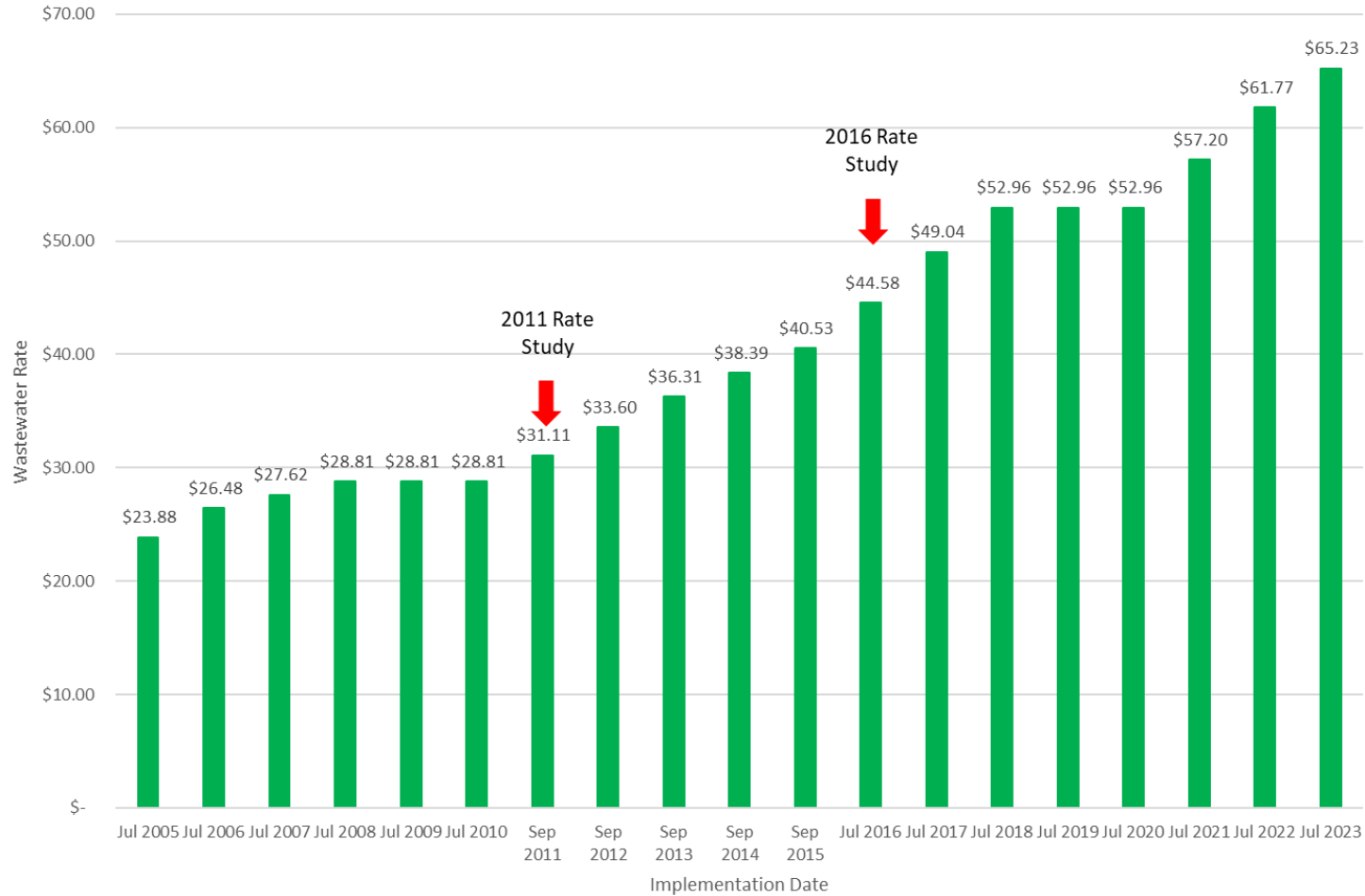
Sewer Rate Schedule	Current Rate	FY 21/22 8% Increase	FY 22/23 8% Increase	FY 23/24 5.6% Increase	Prop. 218 Amount
Industrial					
Volume (MG)	\$3,053.89	\$3,298.20	\$3,562.06	\$3,761.53	\$3,763.63
TSS (lbs)	\$0.235	\$0.254	\$0.274	\$0.289	\$0.290
BOD (lbs)	\$0.313	\$0.338	\$0.365	\$0.385	\$0.385
Septage Hauler					
\$/Gallon	\$0.408	\$0.441	\$0.48	\$0.50	\$0.502
400 Gallons	\$163.090	\$176.14	\$190.23	\$200.88	\$200.99

Estimated Fiscal Impact

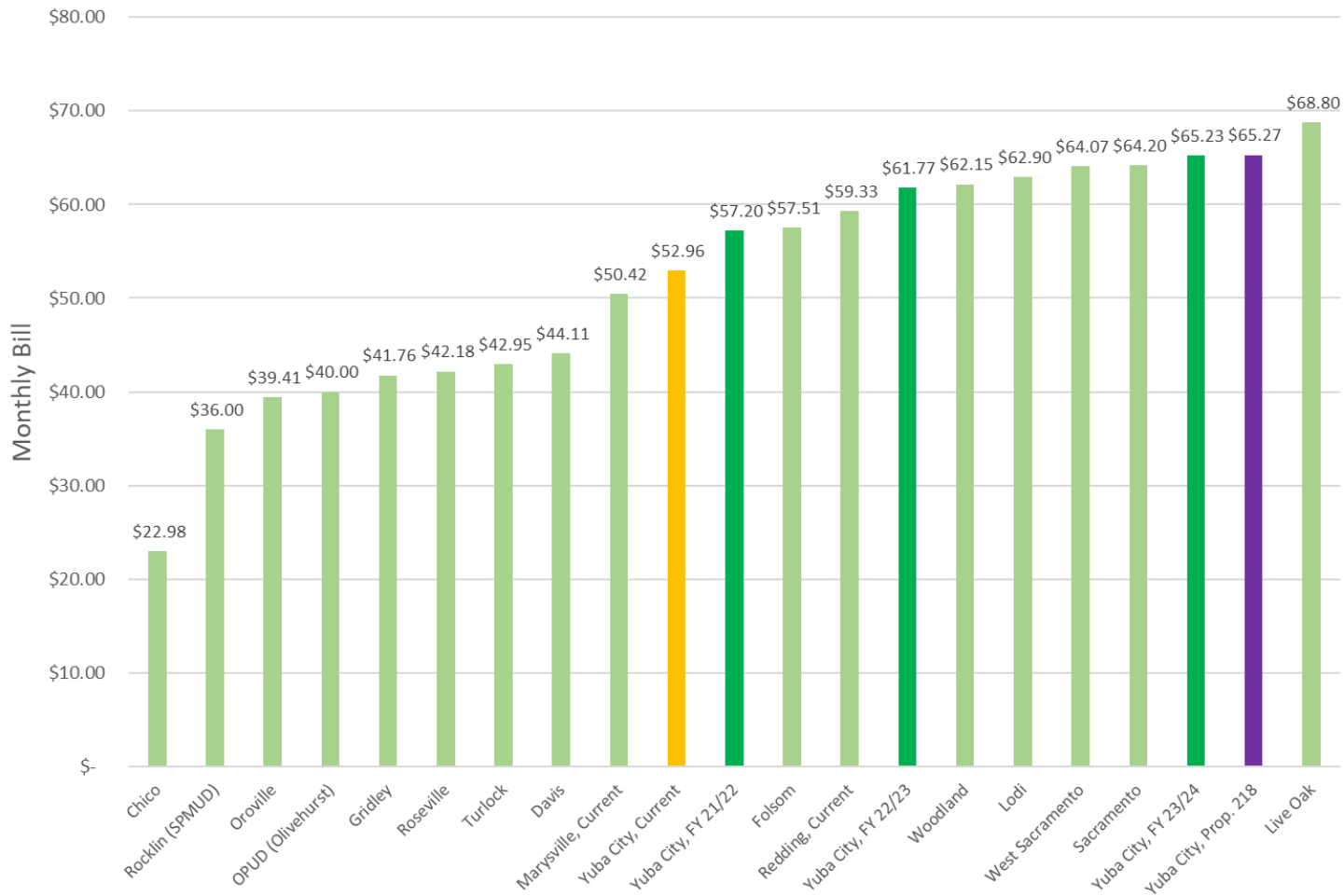


Wastewater Fund	FY 21/22	FY 22/23	FY 23/24
Proposed Wastewater Rate Increase	8%	8%	5.6%
Anticipated Revenues under Current Rates	\$17,016,051	\$17,102,176	\$17,209,662
Anticipated Revenues - Wastewater Rate Increase	\$1,293,398	\$2,703,000	\$3,782,085
Total Revenues:	\$18,309,449	\$19,805,176	\$20,991,747
Operating Expenses	\$12,536,270	\$12,957,889	\$13,282,956
Existing Debt Service	\$3,642,746	\$3,628,052	\$3,628,552
Total Expenses:	\$16,179,016	\$16,585,941	\$16,911,508
Net Revenues Available for Reserves/Projects:	\$2,130,433	\$3,219,235	\$4,080,239
Debt Coverage After Rate Increase:	1.58	1.89	2.12

Historical & Proposed Wastewater Rates Single Family Dwelling



REGIONAL COMPARISON - MONTHLY SEWER BILL SINGLE FAMILY RESIDENCE



Bill Comparison for Single Family Dwelling (1" Service)



FY 21/22

Water	Sewer	Total	Increase from Current
\$37.63	\$57.20	\$94.83	\$6.03

FY 22/23

Current Bill = \$88.80

Water	Sewer	Total	Increase from Current
\$39.51	\$61.77	\$101.28	\$12.48

FY 23/24

Water	Sewer	Total	Increase from Current
\$41.49	\$65.23	\$106.72	\$17.92

Based on 15 HCF water usage per month

Bill Comparison for Commercial (2" Water Service & C1 Classification)



FY 21/22

Water	Sewer	Total	Increase from Current
\$193.07	\$242.29	\$435.36	\$27.14

FY 22/23

Current Bill = \$408.22

Water	Sewer	Total	Increase from Current
\$202.73	\$261.67	\$464.40	\$56.18

FY 23/24

Water	Sewer	Total	Increase from Current
\$212.86	\$276.32	\$489.18	\$80.96

Based on 84 HCF
water usage per
month

Next Steps

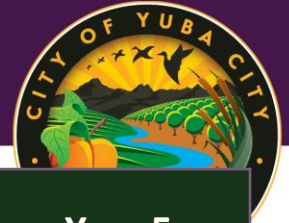


- 6/15/21 - Resolutions to Council for adoption
- 7/1/21 - Rates Become Effective
 - Rates will be reflected in bill that is mailed in late July and will apply to June consumption

Questions?

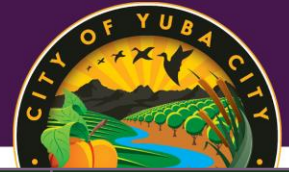


Proposition 218 Approved Rates - Water



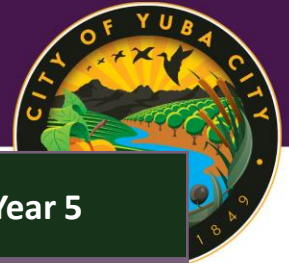
Meter Size	Baseline HCF's*	Year 1	Year 2	Year 3	Year 4	Year 5
1"	11	\$28.50	\$33.91	\$39.49	\$41.01	\$42.59
1-1/2"	22	\$57.00	\$67.83	\$78.98	\$82.03	\$85.18
2"	44	\$114.01	\$135.67	\$157.99	\$164.07	\$170.39
3"	176	\$456.02	\$542.66	\$631.93	\$656.26	\$681.53
4"	352	\$912.05	\$1,085.34	\$1,263.88	\$1,312.54	\$1,363.08
6"	660	\$1,710.09	\$2,035.00	\$2,369.76	\$2,461.00	\$2,555.74
8"	1,540	\$3,990.21	\$4,748.36	\$5,529.46	\$5,742.34	\$5,963.42
Flow Rate Per Excess HCF		\$1.430	\$1.701	\$1.981	\$2.057	\$2.137

Proposition 218 Approved Rates - Wastewater



Sewer Rate Schedule	Year 1	Year 2	Year 3	Year 4	Year 5
Single Family	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi-Family	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial – C1	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial – C2	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial – C3	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (HCF)	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Schools – Per Student/Year	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97

Proposition 218 Approved Rates - Wastewater



Sewer Rate Schedule	Year 1	Year 2	Year 3	Year 4	Year 5
Industrial					
Volume (MG)	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
TSS (lbs)	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
BOD (lbs)	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Septage Hauler					
\$/Gallon	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
400 Gallons	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
1,000 Gallon	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
1,500 Gallon	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72