



Water and Wastewater Utility Rates

April 5, 2016

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Public Works Director

OVERVIEW

Personnel Summary



- Water – 24.69 FTE's
 - Water Treatment Plant – 15.4 FTE's
 - Water Distribution – 9.29 FTE's
- Wastewater – 35.69 FTE's
 - Wastewater Treatment Plant – 21.4 FTE's
 - Wastewater Collection – 7.29 FTE's
 - Laboratory – 6 FTE's
 - Pretreatment Program – 1 FTE's

Budget Summary

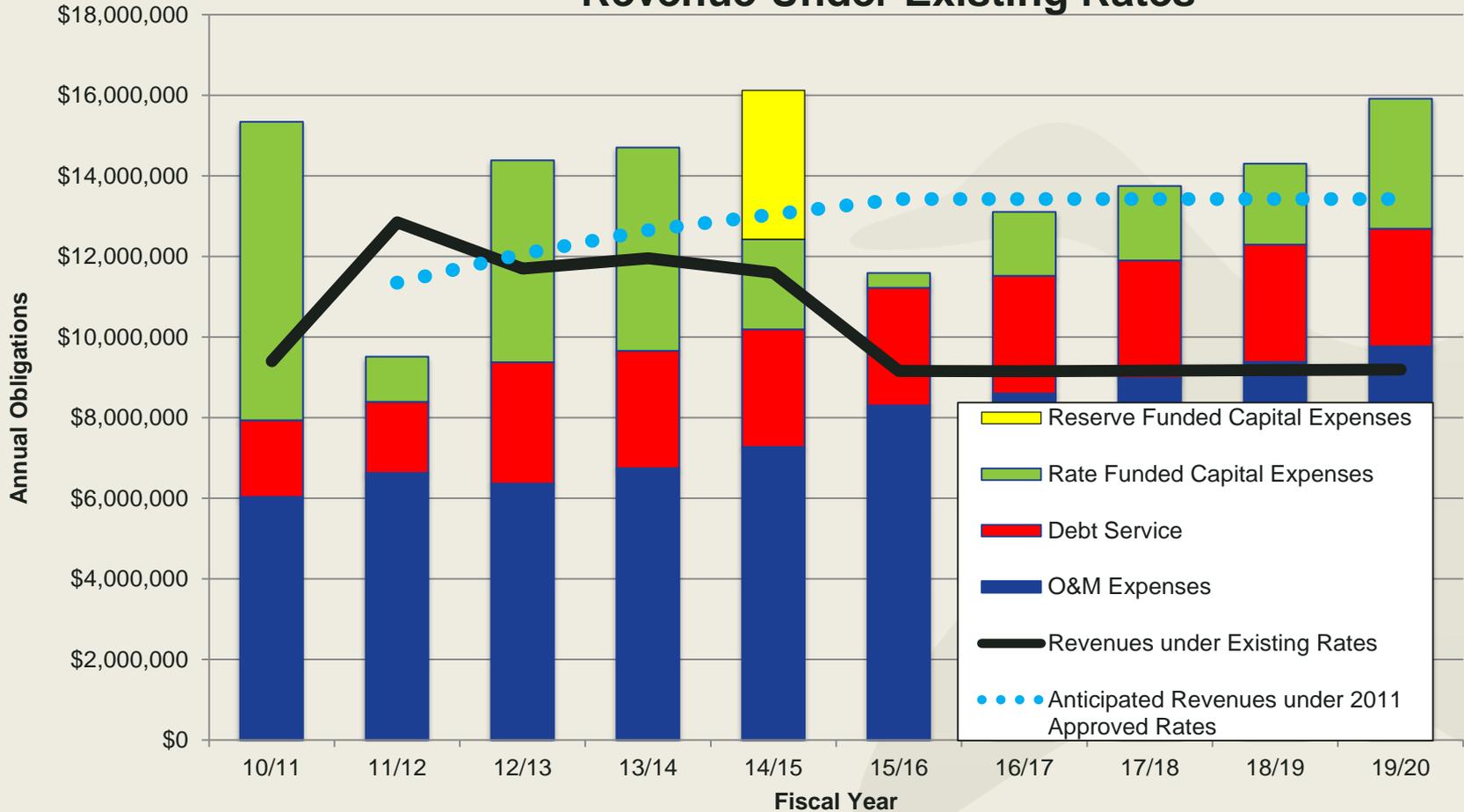


- Water Operations Fund - \$9,518,587
 - Salaries & Benefits – 26.8%
 - Supplies & Services – 44.6%
 - Contributions to Other Funds – 28.6%
- Wastewater Operations Fund - \$11,090,296
 - Salaries & Benefits – 31.5%
 - Supplies & Services – 43.2%
 - Contributions to Other Funds – 25.3%

Funding Allocation Over Time



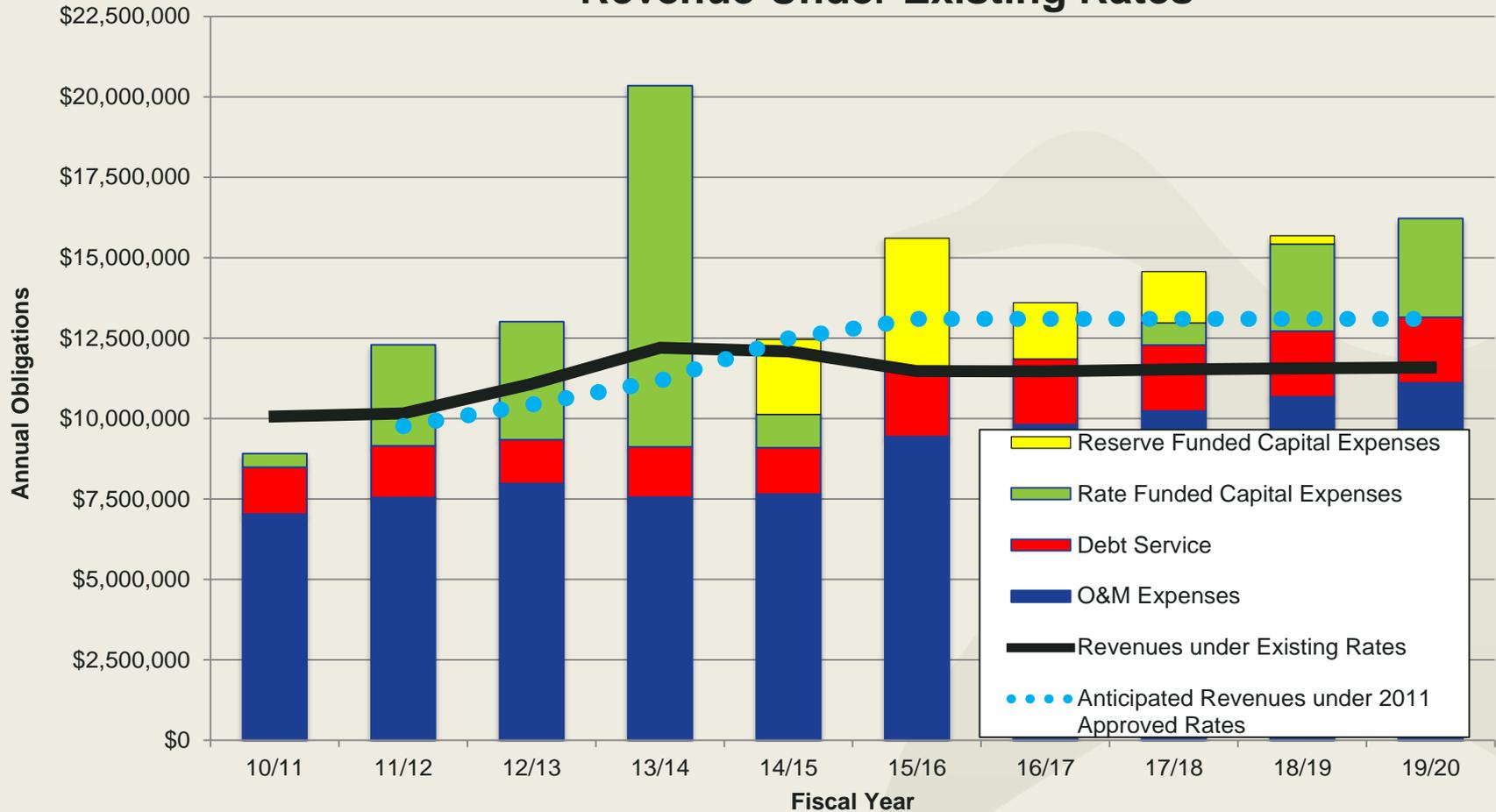
Water Revenue Requirements vs. Revenue Under Existing Rates



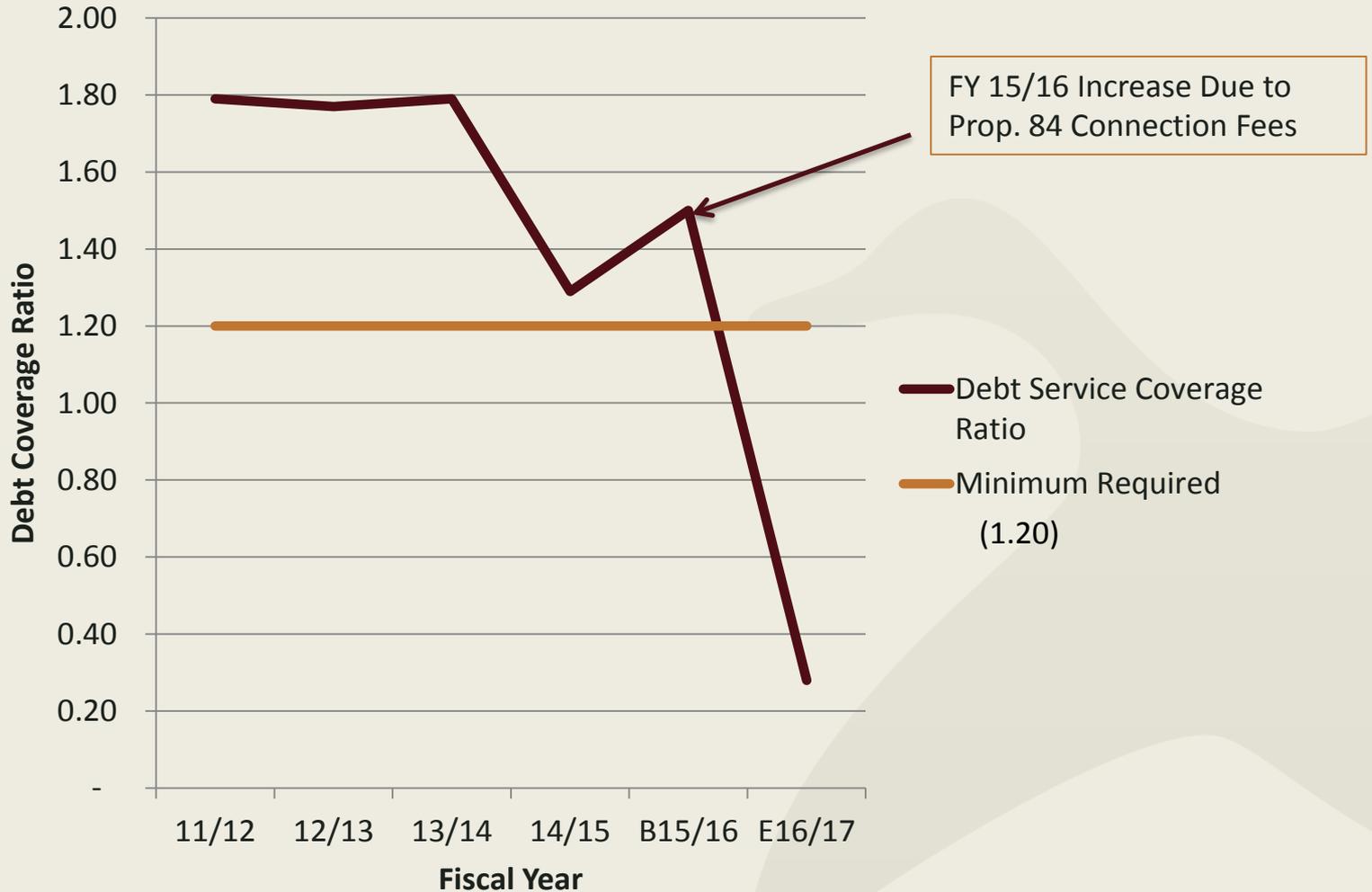
Funding Allocation Over Time



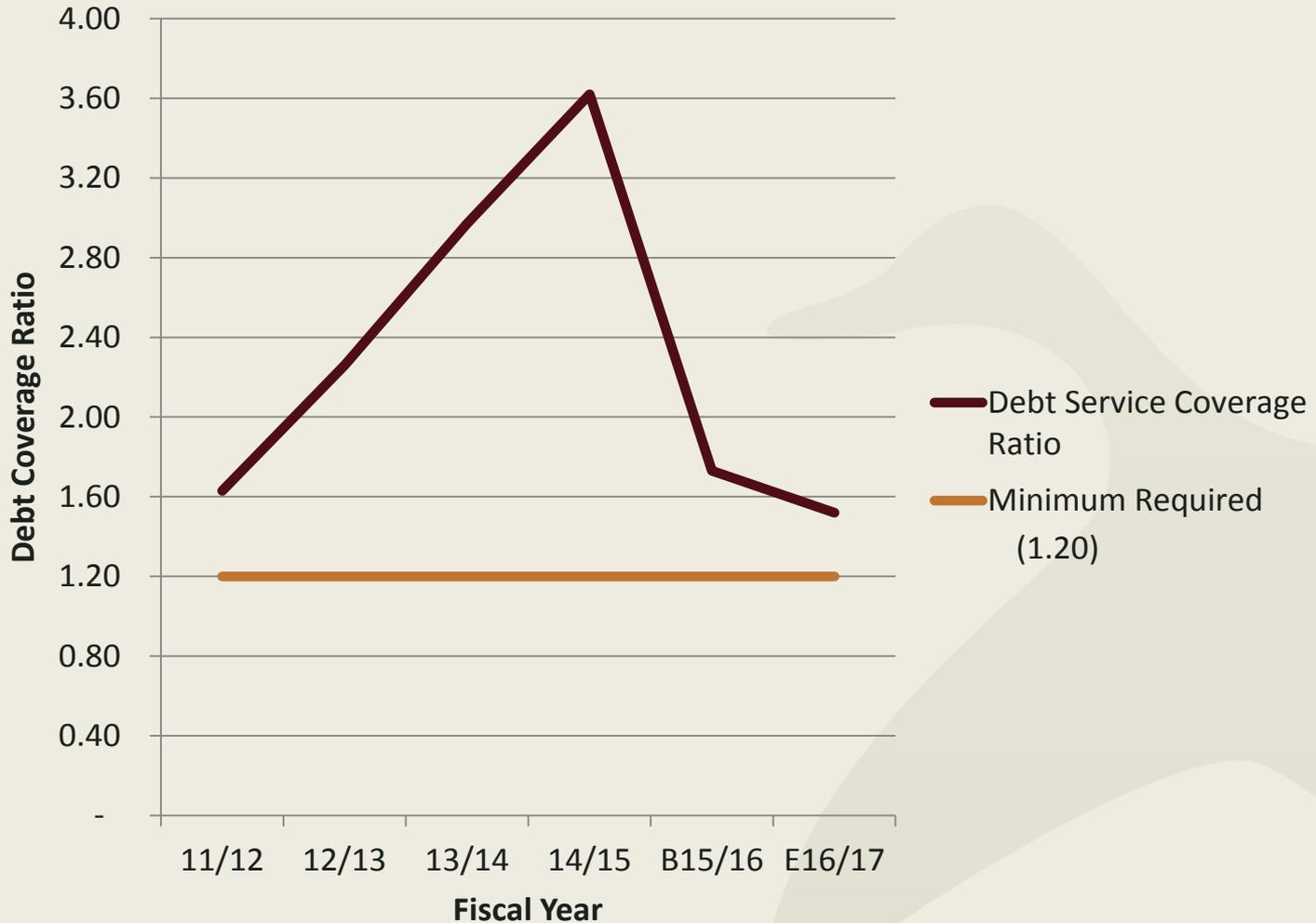
Wastewater Revenue Requirements vs. Revenue Under Existing Rates



Debt Service - Water



Debt Service - Wastewater



Water Conservation Bill of 2009



- 20% Reduction by 2020

	Water Consumption
2015 Interim Target	218 gpcd
2020 Target	194 gpcd
Actual Water Consumption	
2012	227 gpcd
2013	227 gpcd
2014	203 gpcd
2015	170 gpcd



RATE OPTIONS

Water/Wastewater Rate Options



- 2 Year Rate Plan
 - O&M Expenses + Debt Service
- 5 Year Rate Plan
 - **Option 1: O&M Expenses + Debt Service + Priority 1 & 2 Projects**
 - Option 2: O&M Expenses + Debt Service + All Projects*

*"All projects" refers to Priority 1 – 4 projects. Does not include tertiary treatment project.

Water Rate Options



- All Water Rate Options recommended a reduction of the Baseline HCF's by 33% to reflect State Conservation Mandate

Meter Size	Existing Baseline HCF's*	Proposed Baseline HCF's
1"	15	10
1-1/2"	30	20
2"	60	40
3"	240	160
4"	480	320
6"	900	600
8"	2,100	1,400

*1 HCF = 748 Gallons

Water Rate Options



- At March 1st Council Meeting, Council asked staff to evaluate an Increased Proposed Baseline Allocation

Meter Size	Existing Baseline HCF's*	Proposed Baseline HCF's	Increased Proposed Baseline Allocation HCF
1"	15	10	11
1-1/2"	30	20	22
2"	60	40	44
3"	240	160	176
4"	480	320	352
6"	900	600	660
8"	2,100	1,400	1,540

*1 HCF = 748 Gallons

Water Rate Options



- 5-Year Rate Plan – Option 1
 - O&M Expenses + Debt Service + Priority 1 & 2 Projects

Meter Size	Baseline HCF's*	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
1"	10	\$21.59	\$27.64	\$32.89	\$39.13	\$40.70	\$42.33
1-1/2"	20	\$43.18	\$55.27	\$65.77	\$78.27	\$81.40	\$84.66
2"	40	\$86.37	\$110.55	\$131.56	\$156.55	\$162.82	\$169.33
3"	160	\$345.47	\$442.20	\$526.22	\$626.20	\$651.25	\$677.30
4"	320	\$690.95	\$884.42	\$1,052.46	\$1,252.42	\$1,302.52	\$1,354.62
6"	600	\$1,295.52	\$1,658.27	\$1,973.34	\$2,348.27	\$2,442.20	\$2,539.89
8"	1,400	\$3,022.89	\$3,869.30	\$4,604.47	\$5,479.31	\$5,698.49	\$5,926.43
Flow Rate Per Excess HCF		\$1.43	\$1.430	\$1.701	\$2.025	\$2.105	\$2.190

*1 HCF = 748 Gallons

Water Rate Options



- 5-Year Rate Plan – Option 1
 - If the Base Allocation is increased and the rates remain the same, the revenue projections are reduced as follows:

Year	Revenues as Compared to Staff Proposed Baseline Allocation
1	-\$66,139.48
2	-\$78,705.98
3	-\$93,660.11
4	-\$97,406.52
5	-\$101,302.78
Total:	-\$437,214.87

Water Rate Options



- 5-Year Rate Plan – Modified Option 1
 - O&M Expenses + Debt Service + Priority 1 & 2 Projects

Meter Size	Baseline HCF's*	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
1"	11	\$21.59	\$28.50	\$33.91	\$39.49	\$41.01	\$42.59
1-1/2"	22	\$43.18	\$57.00	\$67.83	\$78.98	\$82.03	\$85.18
2"	44	\$86.37	\$114.01	\$135.67	\$157.99	\$164.07	\$170.39
3"	176	\$345.47	\$456.02	\$542.66	\$631.93	\$656.26	\$681.53
4"	352	\$690.95	\$912.05	\$1,085.34	\$1,263.88	\$1,312.54	\$1,363.08
6"	660	\$1,295.52	\$1,710.09	\$2,035.00	\$2,369.76	\$2,461.00	\$2,555.74
8"	1,540	\$3,022.89	\$3,990.21	\$4,748.36	\$5,529.46	\$5,742.34	\$5,963.42
Flow Rate Per Excess HCF		\$1.43	\$1.430	\$1.701	\$1.981	\$2.057	\$2.137

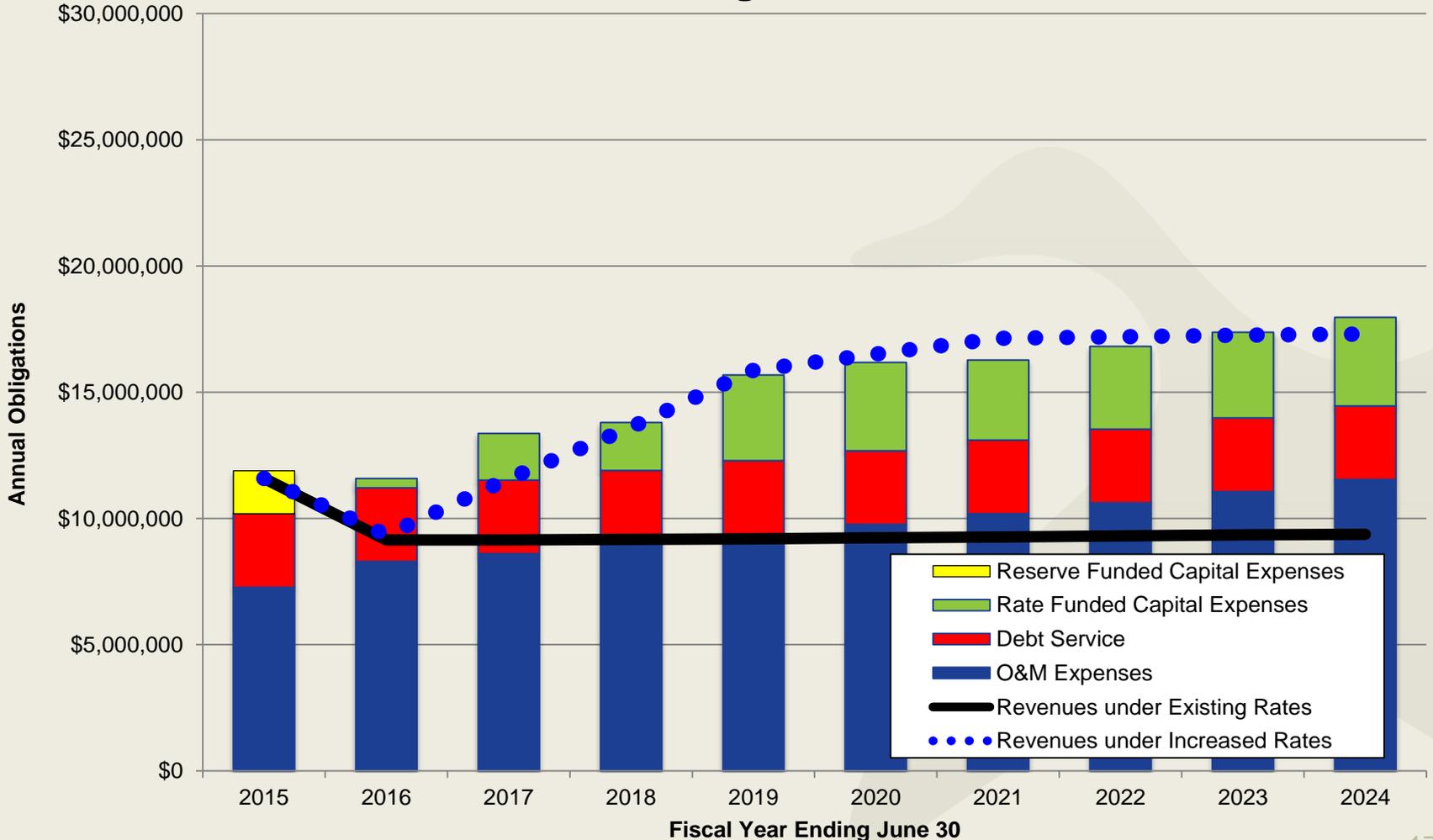
*1 HCF = 748 Gallons

Funding Allocation Over Time

5-Year Rate Plan – Option 1



**Water Revenue Requirements vs.
Revenue Under Existing and Increased Rates**



Wastewater Rate Options



- 5-Year Rate Plan – Option 1
 - O&M Expenses + Debt Service + Priority 1 & 2 Projects

Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Single Family	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Multi-Family	\$32.43	\$35.67	\$39.24	\$43.16	\$47.48	\$52.23
Commercial – C1	\$40.53	\$44.58	\$49.04	\$53.95	\$59.34	\$65.27
Commercial – C2	\$45.60	\$50.16	\$55.18	\$60.69	\$66.76	\$73.44
Commercial – C3	\$55.23	\$60.75	\$66.83	\$73.51	\$80.86	\$88.95
Commercial Volumetric Charge (HCF)	\$1.60	\$1.76	\$1.93	\$2.13	\$2.34	\$2.57
Schools – Per Student/Year	\$18.61	\$20.47	\$22.52	\$24.77	\$27.25	\$29.97

Wastewater Rate Options



- 5-Year Rate Plan – Option 1
 - O&M Expenses + Debt Service + Priority 1 & 2 Projects

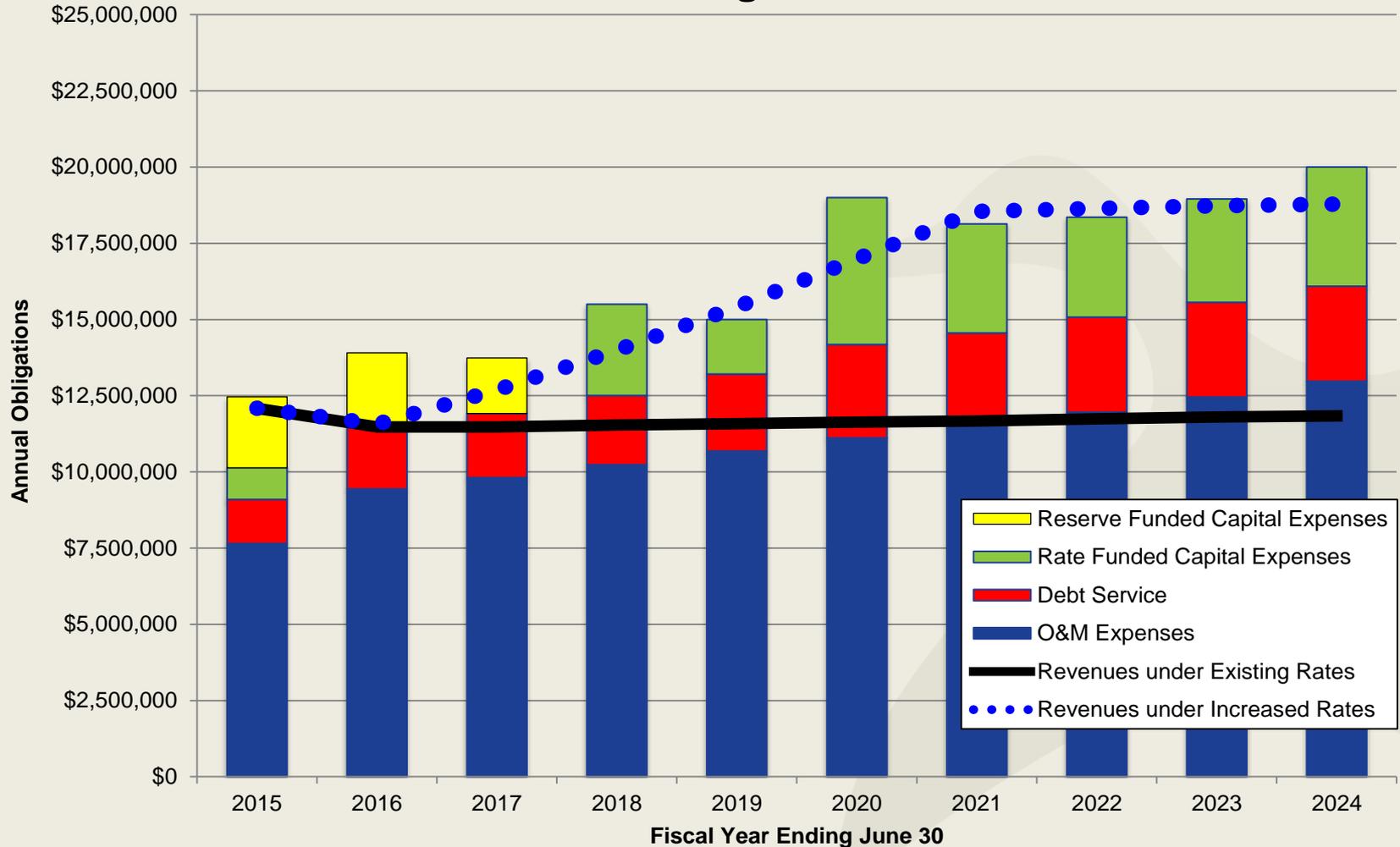
Sewer Rate Schedule	Current Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Industrial						
Volume (MG)	\$2,336.92	\$2,570.61	\$2,827.67	\$3,110.44	\$3,421.48	\$3,763.63
TSS (lbs)	\$0.180	\$0.198	\$0.218	\$0.240	\$0.264	\$0.290
BOD (lbs)	\$0.239	\$0.263	\$0.290	\$0.319	\$0.350	\$0.385
Septage Hauler						
\$/Gallon	\$0.312	\$0.343	\$0.378	\$0.415	\$0.457	\$0.502
400 Gallons	\$124.80	\$137.28	\$151.01	\$166.11	\$182.72	\$200.99
1,000 Gallon	\$312.00	\$343.20	\$377.52	\$415.27	\$456.80	\$502.48
1,500 Gallon	\$468.00	\$514.80	\$566.28	\$622.91	\$685.20	\$753.72

Funding Allocation Over Time

5-Year Rate Plan – Option 1



Wastewater Revenue Requirements vs. Revenue Under Existing and Increased Rates





PROPOSITION 218 PROCESS

Proposition 218 Process



- Approved “Guidelines for the Submission and Tabulation of Protests”
- Mail Notice of Public Hearing for Proposed Water and Wastewater Rate Increases at least 45 days prior to Protest Hearing
- Hold Protest Hearing
- Rate Increase is approved if written protests do not exceed 50% of the property owners or customers

Recommendation



- Accept and Adopt Rate Study
- Set the Protest Hearing for June 7, 2016
- Approve Notices for Proposition 218 Protest Hearing