

Wastewater Cost of Service Study

City Council Meeting
October 4, 2016



CURRENT RATES

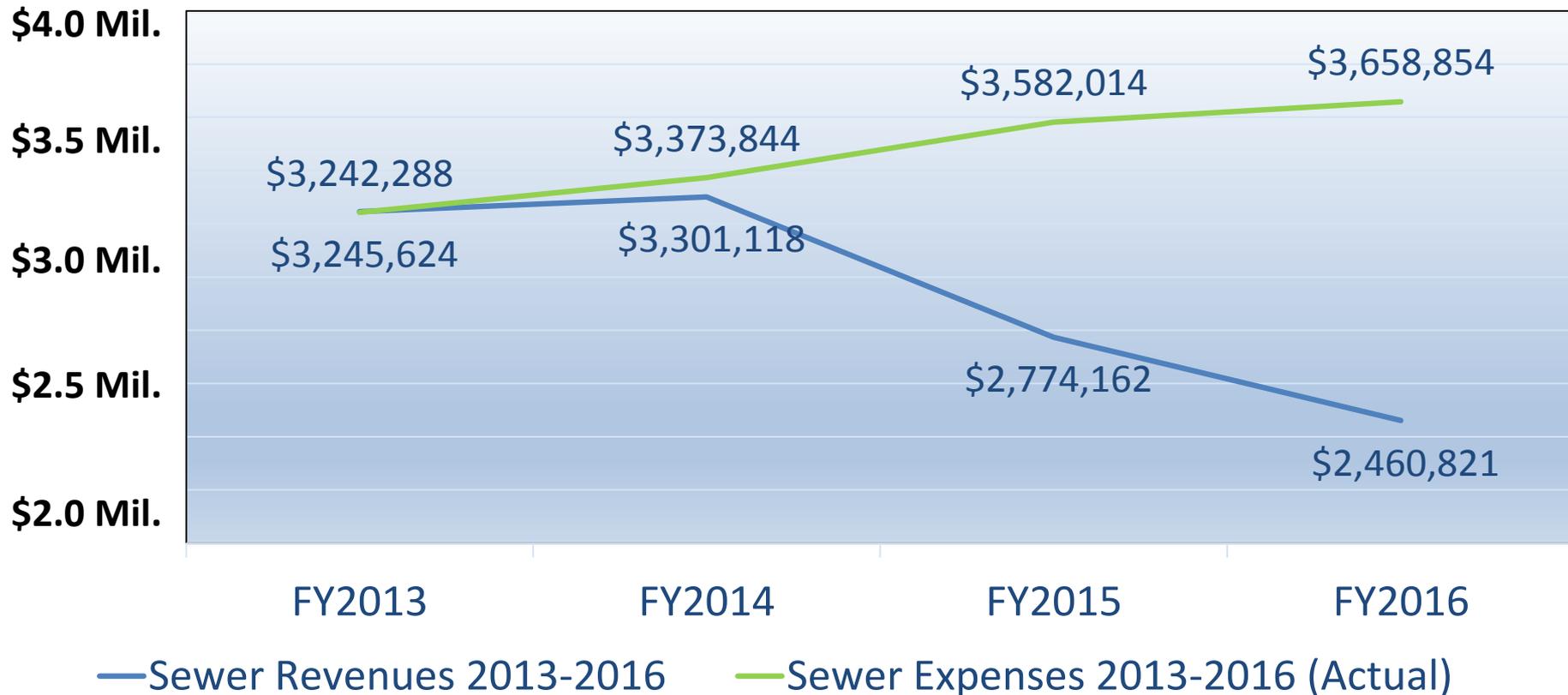
- **Wastewater Rate Established in 1991**
- **Rate Structure - Based 100% on Water Sales**
- **No Increase since 2012**
- **Rate Study Completed by Raftelis Consultants for 5 Year Period
FY 2017-2021**

OBJECTIVES

- **Covers 5-Year Period FY 2017-2021**
- **Cost of Service Based Rates – Prop. 218**
- **Adequate Funding for Operations and Maintenance**
- **Fund Additional Sewer Crew & Equipment to Reduce Sewer Spills**

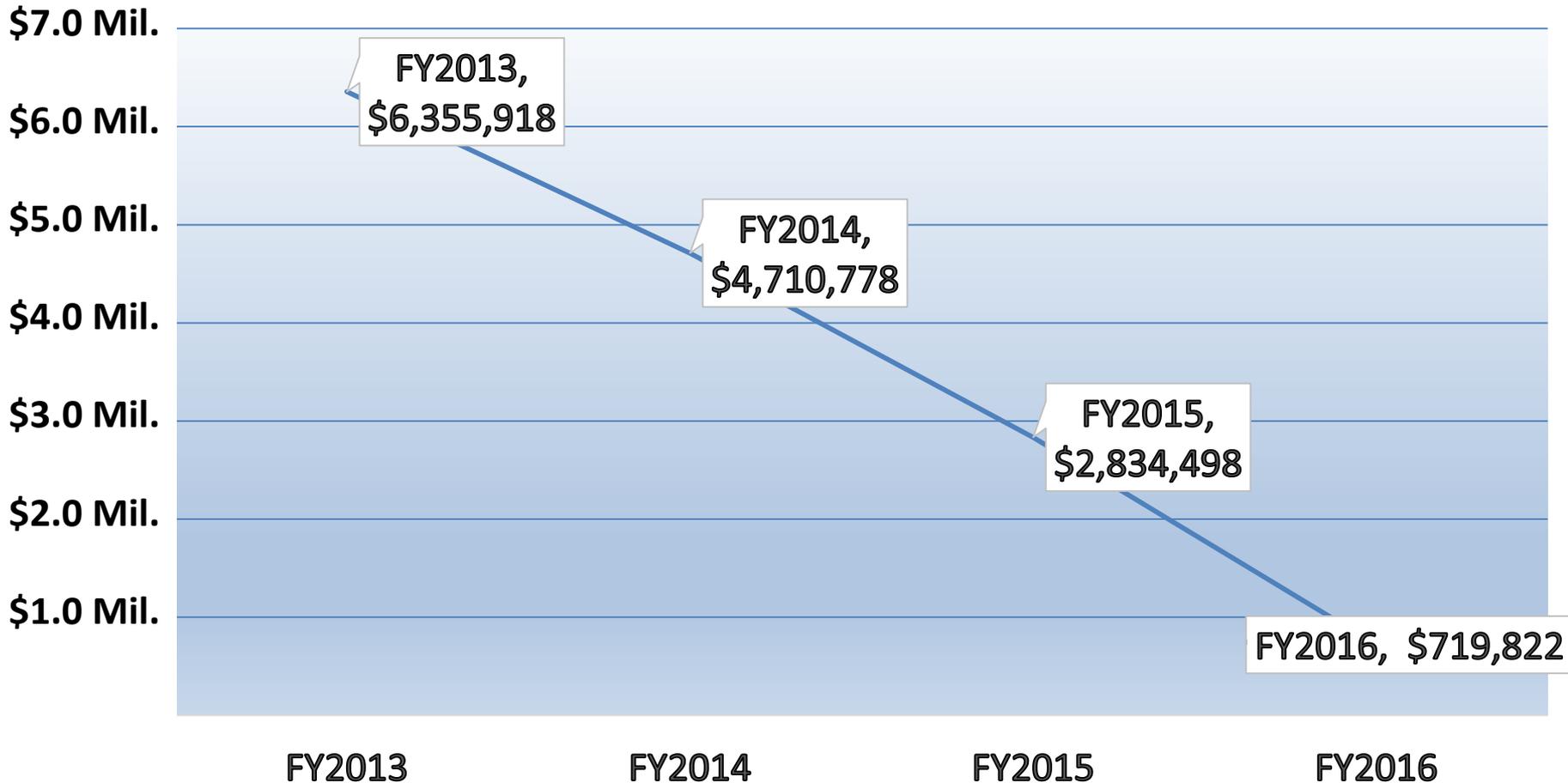
OPERATING BUDGET GAP

Sewer Revenues vs Sewer Expenses FY 2013 to FY 2016 (Actual)



FUND BALANCE DRAWDOWN FY 2013 to FY 2016

Sewer Fund Balance

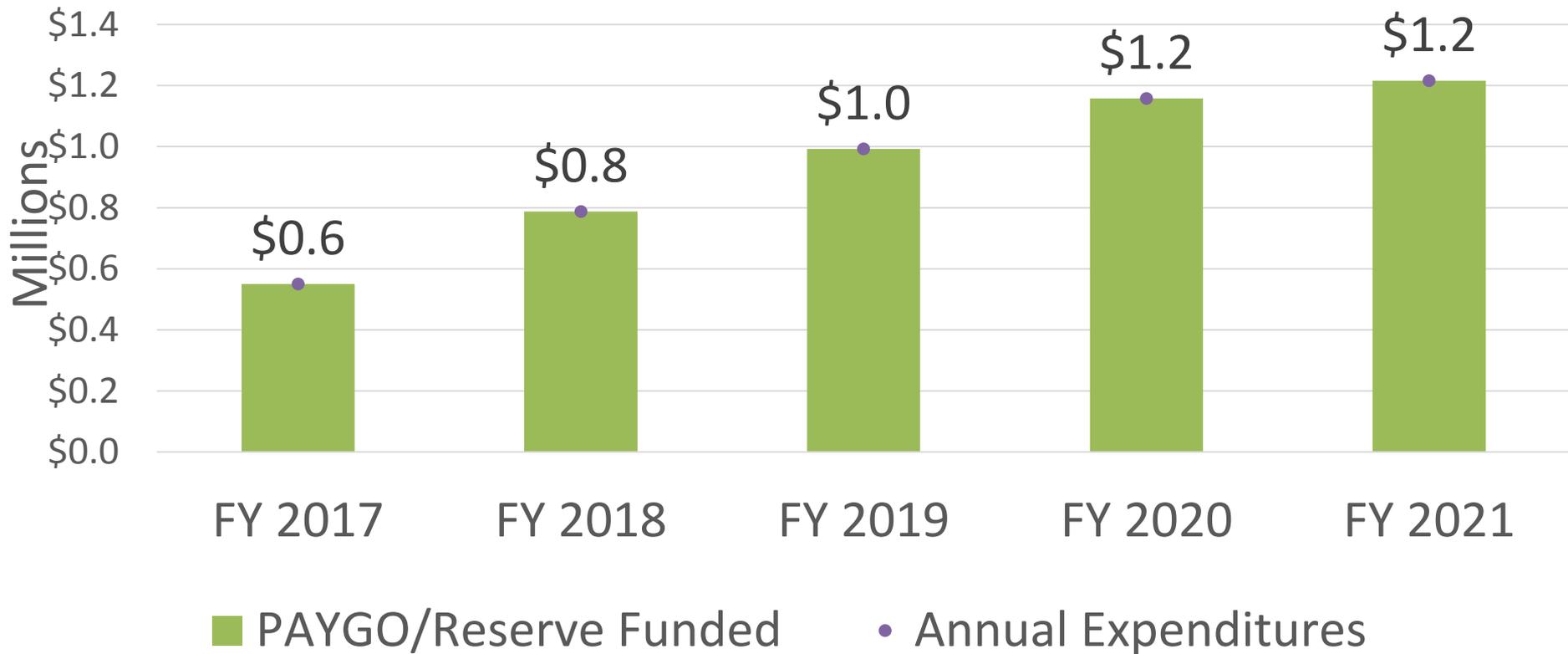


COST OF SERVICE (COS)

- **Based on Recognized COS Methodology**
- **Allocate Revenue Requirements to Customers based on Wastewater Flow**
- **For Single Family Residential (SFR)**
 - **Based on Fixed Revenue + Usage**
- **For Other Customers**
 - **Based 100% Usage**

WASTEWATER CIP

Wastewater Capital Fund (Fund 6802) Expenditures



PROPOSED CHANGES

- **Revise SFR Rate Structure from 100% Variable to Fixed + Variable**
- **Maintain 100% Variable Structure for All Other Customers (Commercial, Multi-Family, Industrial, etc.)**
- **Maintain Senior/Low Income/Disabled Rates**
- **Two Rate Options – Scenario 1 and 2**

SCENARIO 1

MONTHLY RATE SCHEDULE

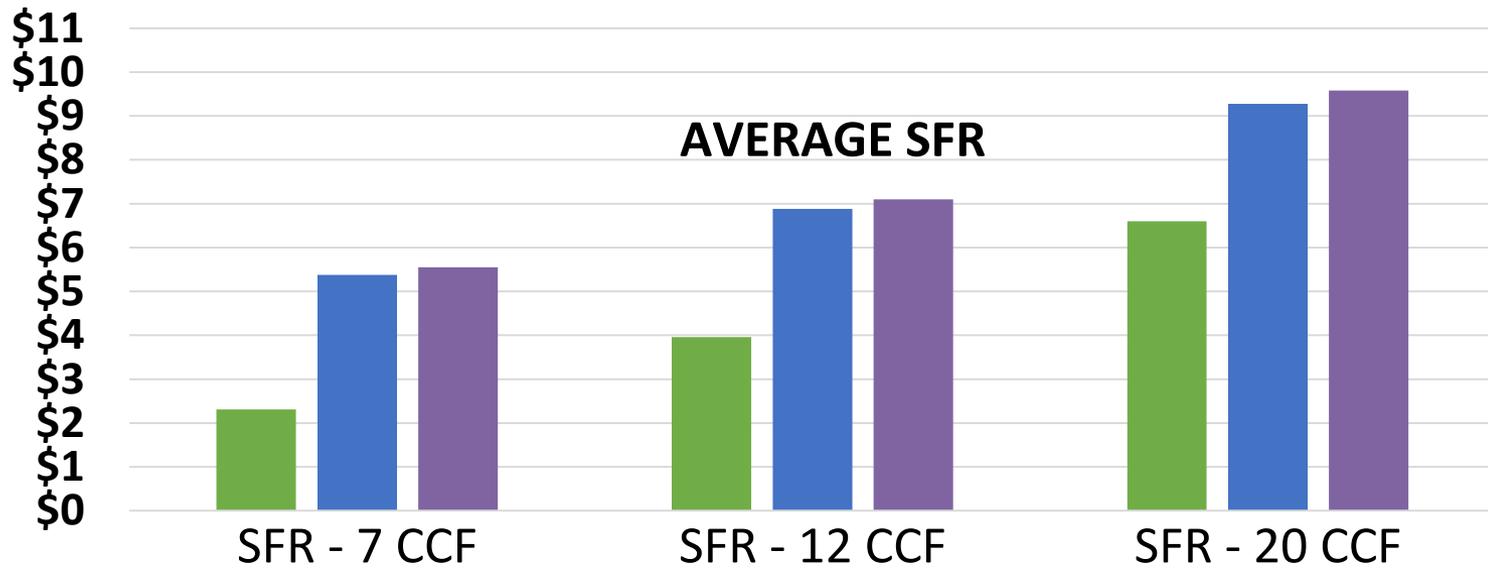
Variable Charge	Current Rates	FY 2017	Annual CPI			
			FY 2018	FY 2019	FY 2020	FY 2021
Single Family	\$0.33	\$0.30	\$0.31	\$0.32	\$0.33	\$0.34
Other	\$0.33	\$0.82	\$0.85	\$0.88	\$0.91	\$0.94

Fixed Charge	Current Rates	FY 2017	Annual CPI			
			FY 2018	FY 2019	FY 2020	FY 2021
Single Family	N/A	\$3.28	\$3.38	\$3.49	\$3.60	\$3.71
Other	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TYPICAL MONTHLY BILL

FY 2017 & 2018 – Scenario 1

Single Family



■ Current

■ Proposed 1/1/2017

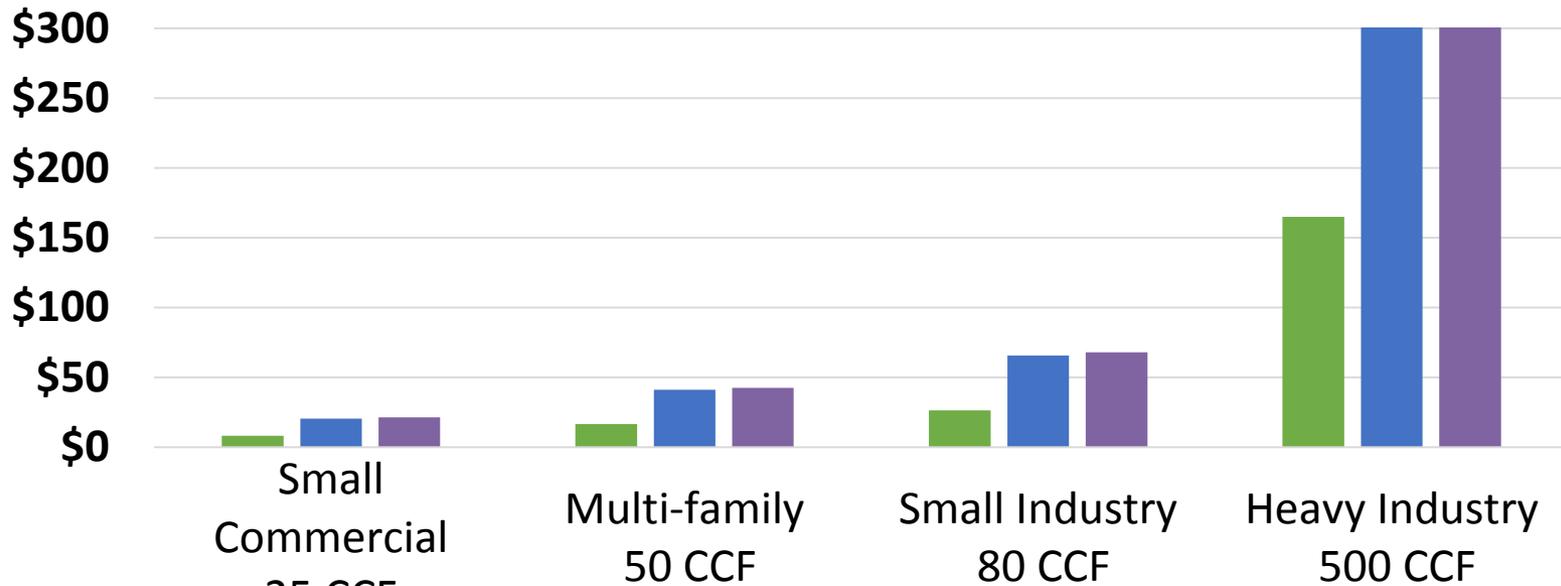
■ Proposed 1/1/2018

■ Current ■ Proposed 1/1/2017 ■ Proposed 1/1/2018

TYPICAL MONTHLY BILL

FY 2017 & 2018 – Scenario 1

All Other Customers

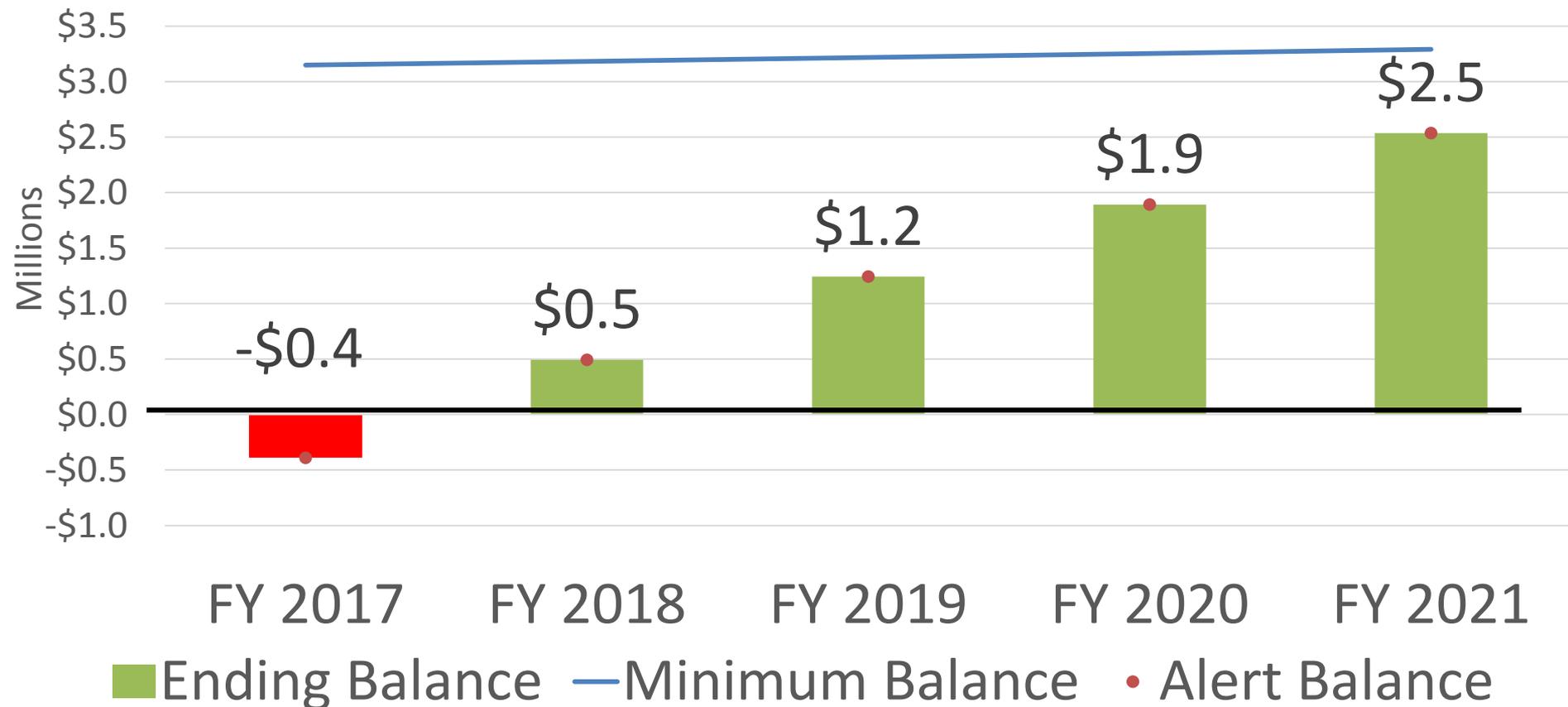


■ Current	\$8.25	\$16.50	\$26.40	\$165.00
■ Proposed 1/1/2017	\$20.50	\$41.00	\$65.60	\$410.00
■ Proposed 1/1/2018	\$21.25	\$42.50	\$68.00	\$425.00

■ Current ■ Proposed 1/1/2017 ■ Proposed 1/1/2018

PROJECTED 5 YEAR FUND BALANCE SCENARIO 1

Wastewater Enterprise Balance



SCENARIO 2

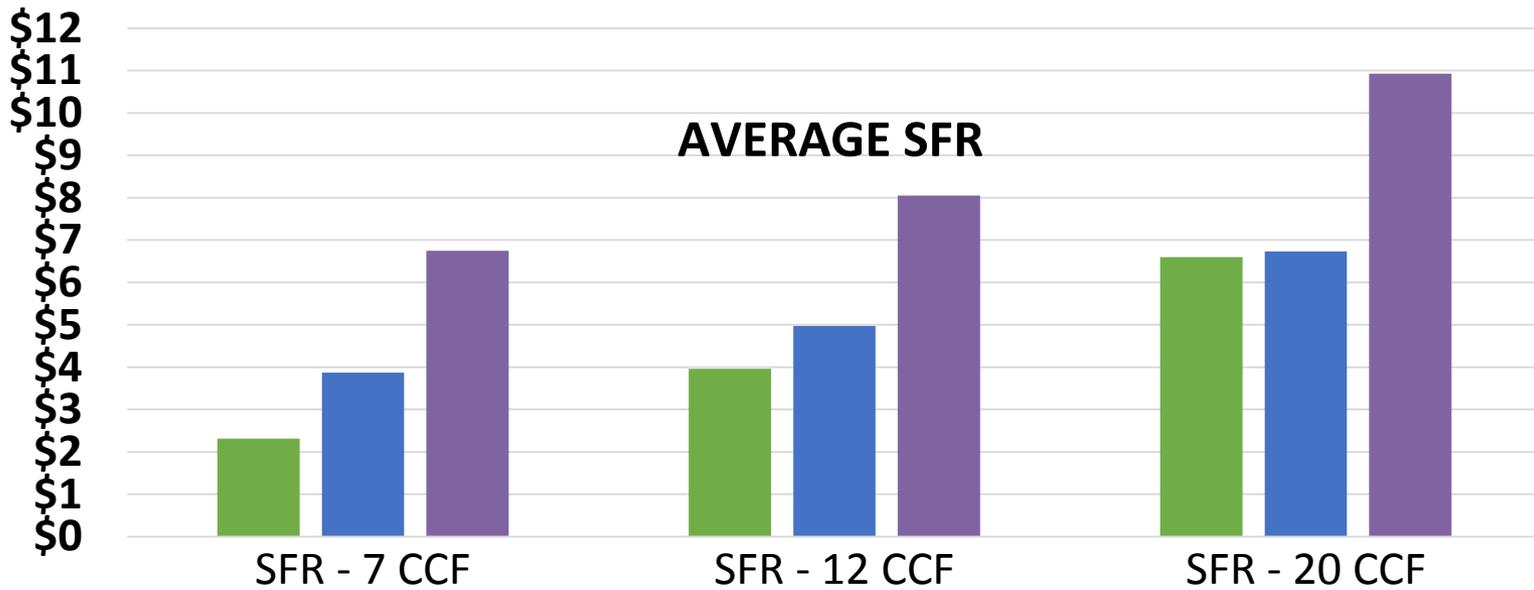
MONTHLY RATE SCHEDULE

Variable Charge	Current Rates	Annual CPI				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family	\$0.33	\$0.22	\$0.36	\$0.38	\$0.40	\$0.42
Other	\$0.33	\$0.59	\$0.95	\$0.98	\$1.01	\$1.05

Fixed Charge	Current Rates	Annual CPI				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Single Family	N/A	\$2.33	\$3.73	\$3.85	\$3.97	\$4.09
Other	N/A	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

TYPICAL MONTHLY BILL FY 2017 & 2018 – Scenario 2

Single Family



■ Current

■ Proposed 1/1/2017

■ Proposed 1/1/2018

\$2.31

\$3.87

\$6.75

\$3.96

\$4.97

\$8.05

\$6.60

\$6.73

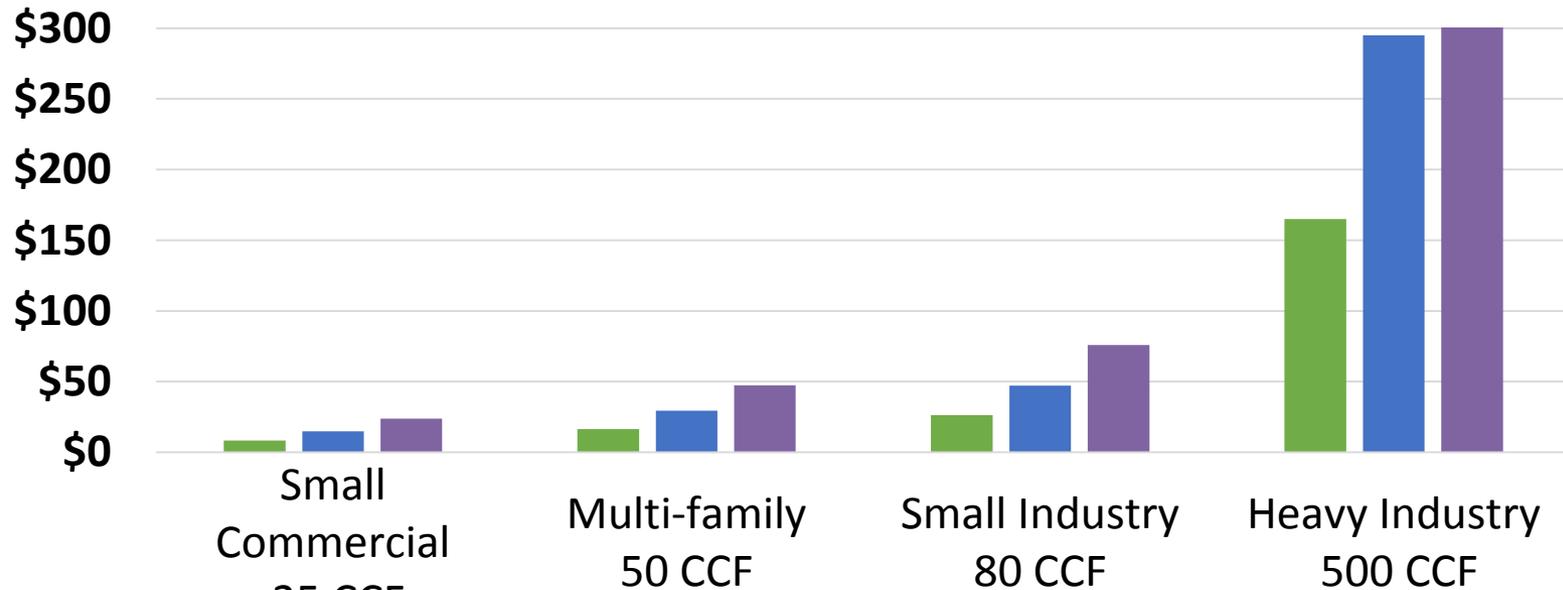
\$10.93

■ Current ■ Proposed 1/1/2017 ■ Proposed 1/1/2018

TYPICAL OTHER CUSTOMER MONTHLY BILL

FY 2016 & 2017 – Scenario 2

All Other Customers

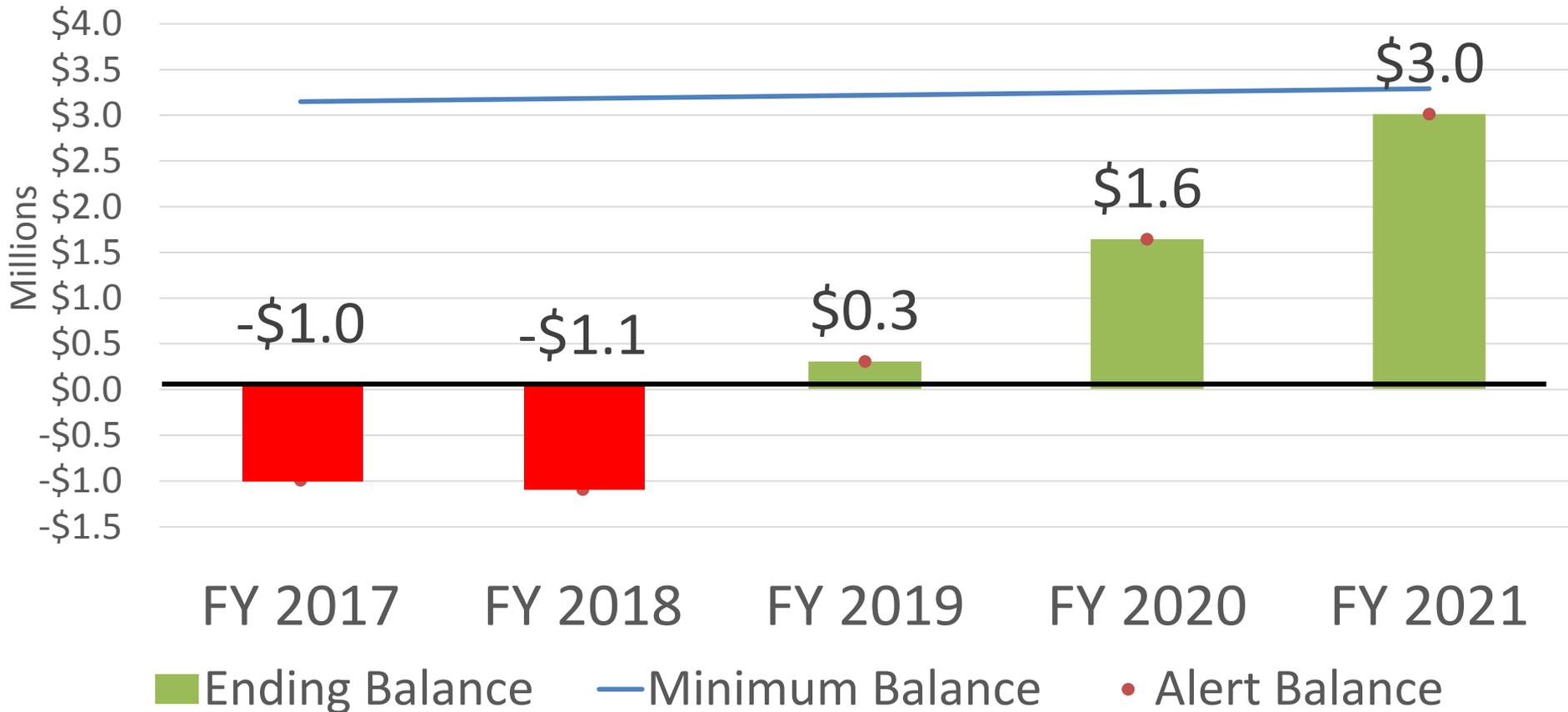


■ Current	\$8.25	\$16.50	\$26.40	\$165.00
■ Proposed 1/1/2017	\$14.75	\$29.50	\$47.20	\$295.00
■ Proposed 1/1/2018	\$23.75	\$47.50	\$76.00	\$475.00

■ Current ■ Proposed 1/1/2017 ■ Proposed 1/1/2018

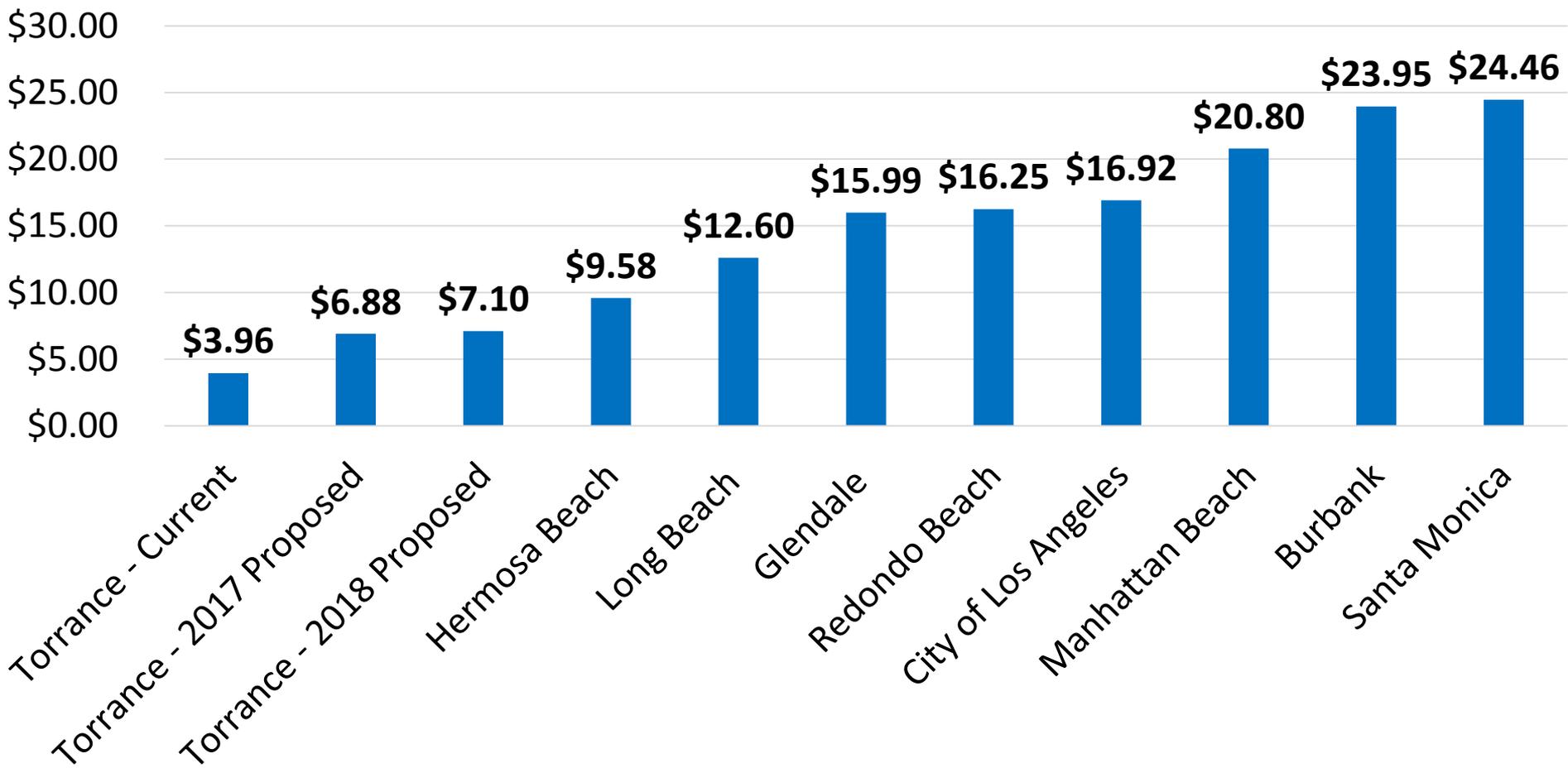
PROJECTED 5 YEAR FUND BALANCE SCENARIO 2

Wastewater Enterprise Balance



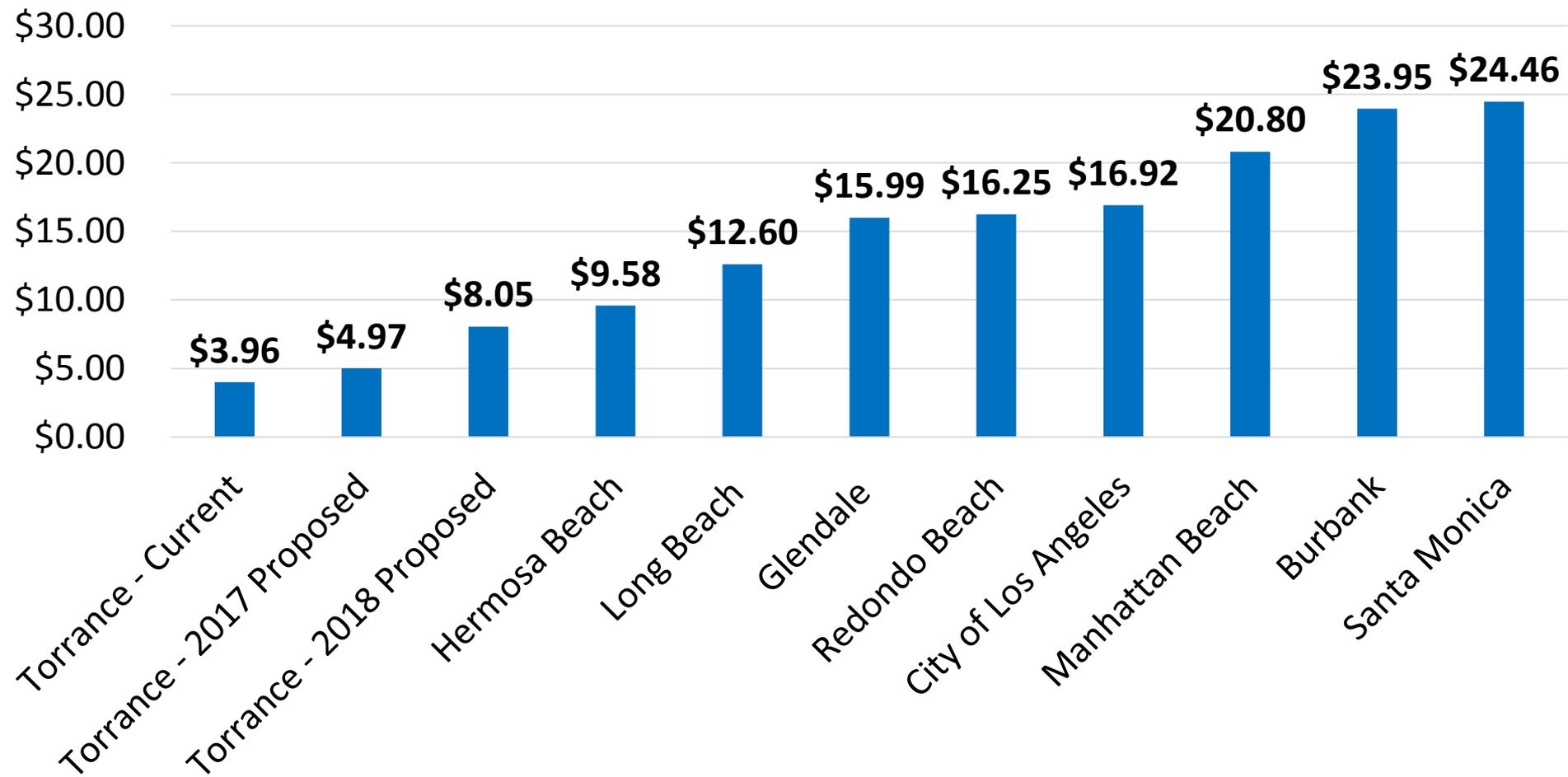
TYPICAL MONTHLY BILL COMPARSION OTHER LOCAL AGENCIES - Scenario 1

Single Family Residence



TYPICAL MONTHLY BILL COMPARISON OTHER LOCAL AGENCIES - Scenario 2

Single Family Residence



Recommendations

- **Authorize Scenario 1 Rate Option**
- **Set December 6, 2016 for Public Hearing**
- **Implement Mailing of Prop. 218 Notification and Protest Request**
- **Protest Request Must be Received by Public Hearing Date**

Questions?