

# Utility Rate Study for Water and Sewer Services



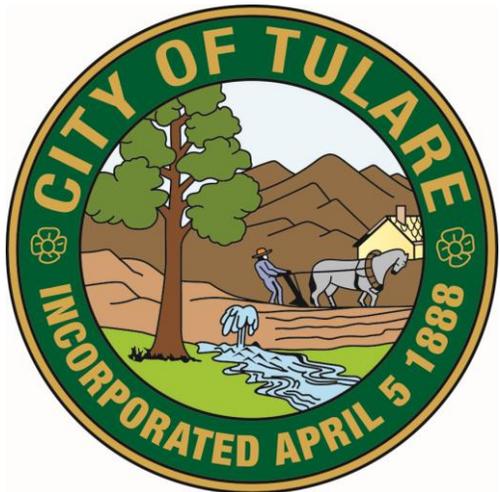
# Basis for rates from 2012 Water Rate study

- ▶ Current water rates based on two components:
  - ▶ Meter Charge
    - ▶ Fixed charge to recover fixed costs of providing water service
      - ▶ Costs that exist regardless of any water used - customer service, water meters, etc.
      - ▶ Charge is per month and based on total accounts and the size of water meters
  - ▶ Commodity Charge
    - ▶ Consumption charged to support the variable costs of providing water service
      - ▶ Cost to pump and treat water, capital expenditures, etc.
      - ▶ Charge is applied to all units of water used per month per customer

# Basis for rates from 2009 Wastewater Rate study

- ▶ Resolution 09-02
  - ▶ Calculated by Bartle Wells and Associates
    - ▶ Ensured payment on the 2009 Sewer Revenue Bond
      - ▶ Complete the construction of the industrial plant, design the domestic plant improvements, construct a domestic sewer line and industrial sewer line
    - ▶ Adopted rates for three years - 2009 to 2011
    - ▶ Residential customers pay a flat rate, commercial customers charged based on gallons of water used, and industrial users based on flow and strength of wastewater

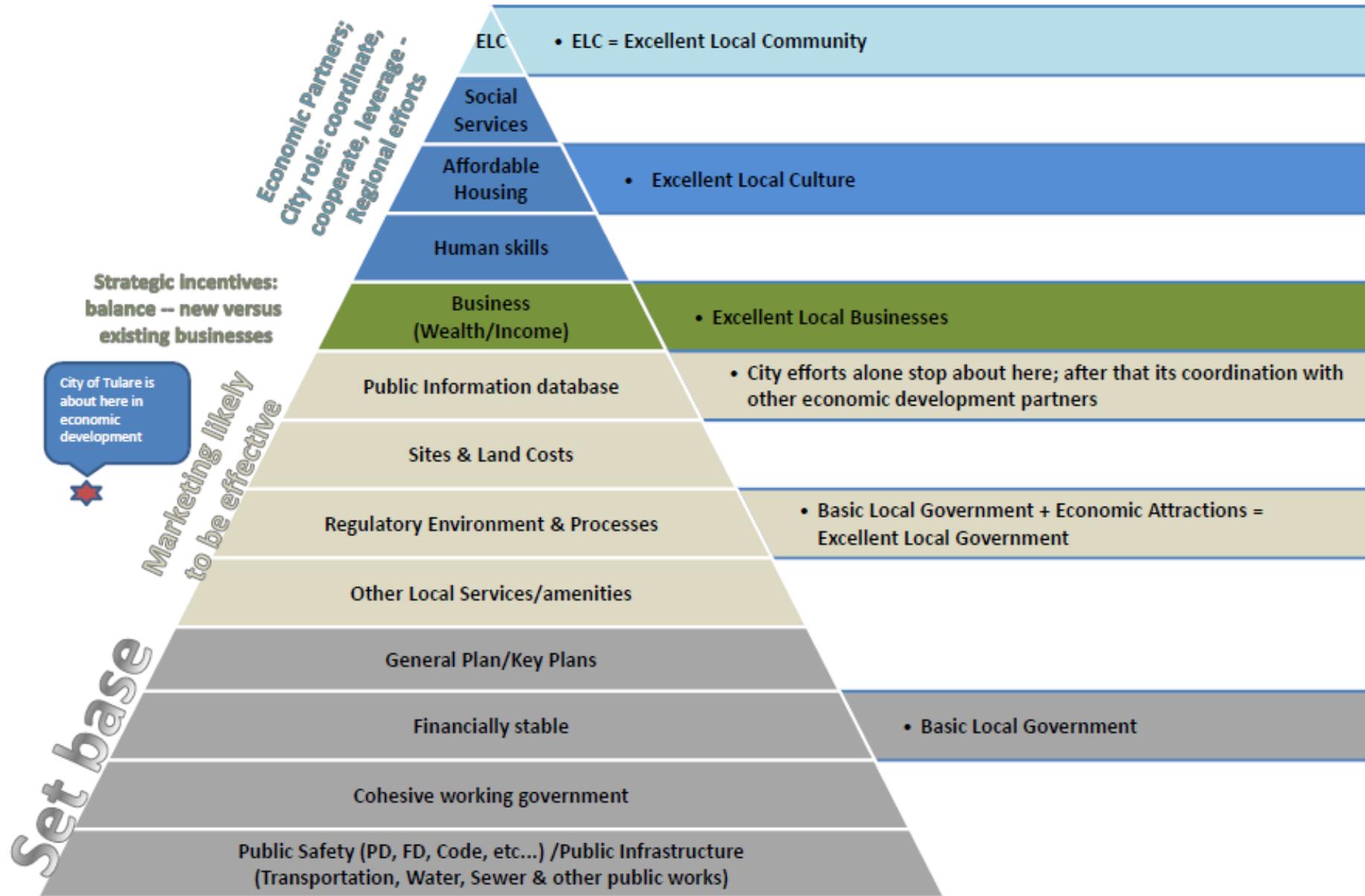
# Rehabilitation and Economic Advancement Program



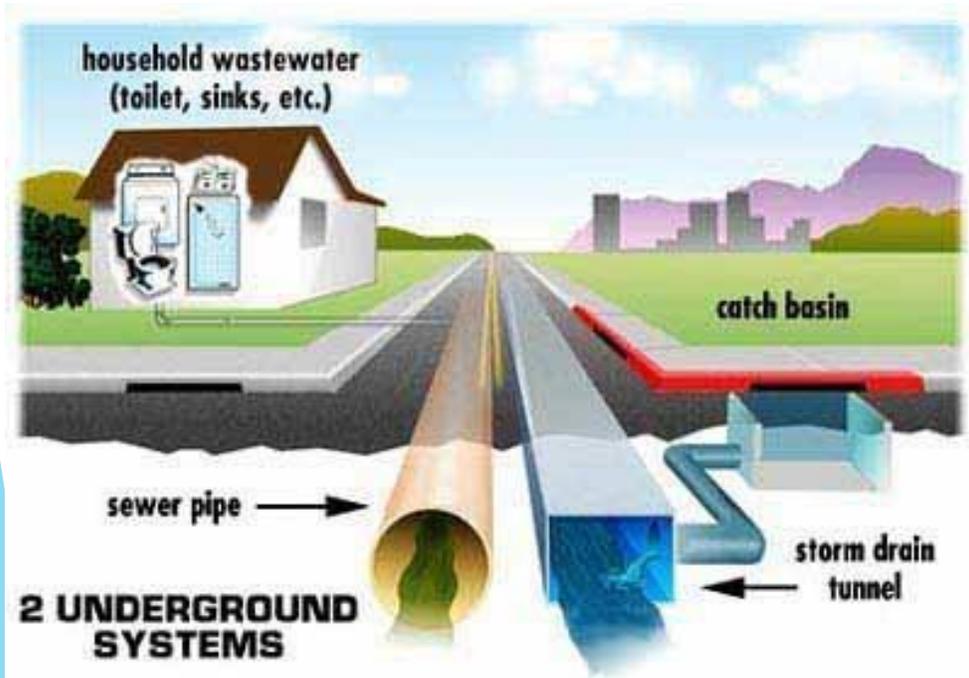
Board of Public Utilities

March 17, 2016

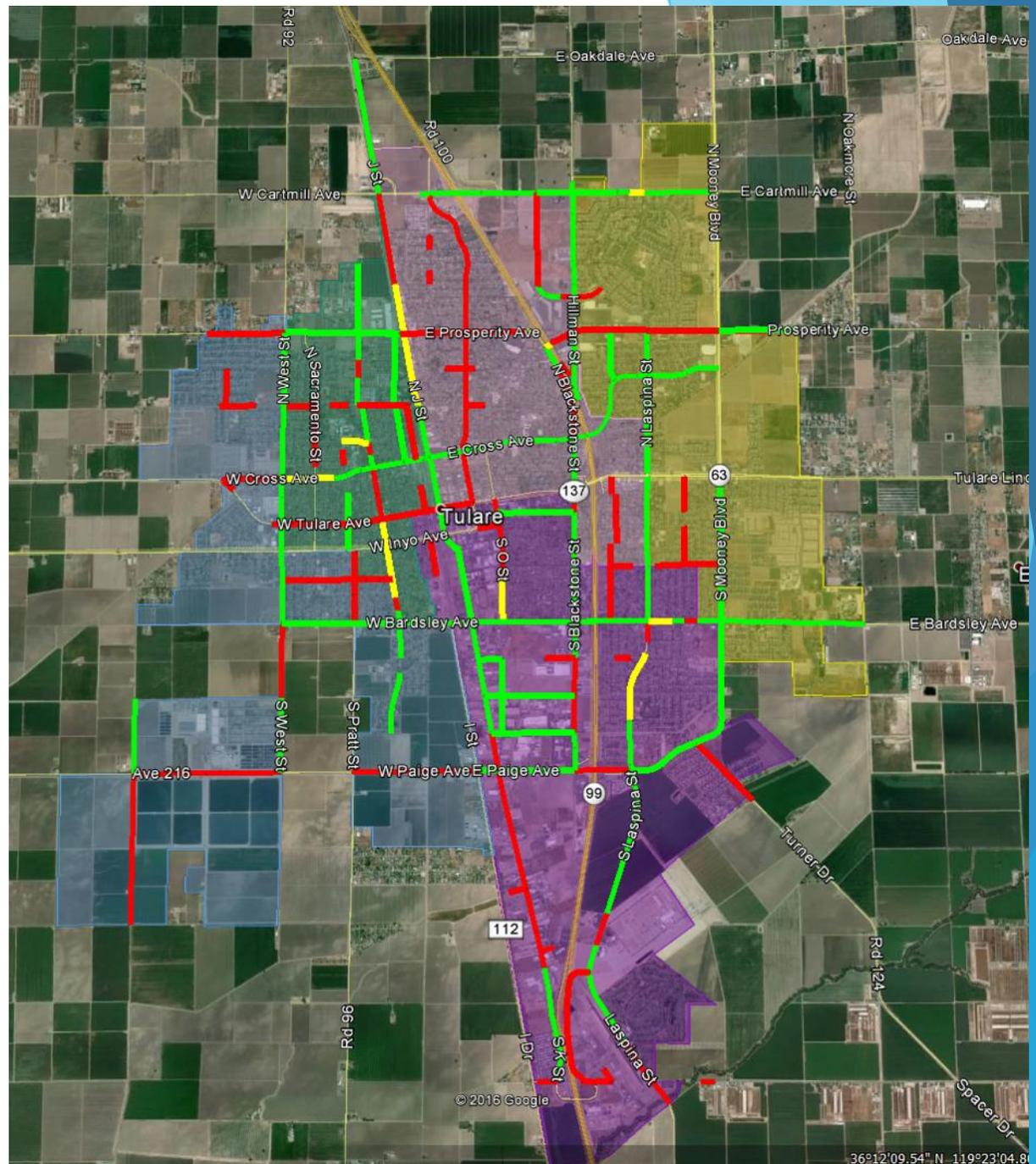
# CITY OF TULARE -- VISUAL ECONOMIC DEVELOPMENT POLICY



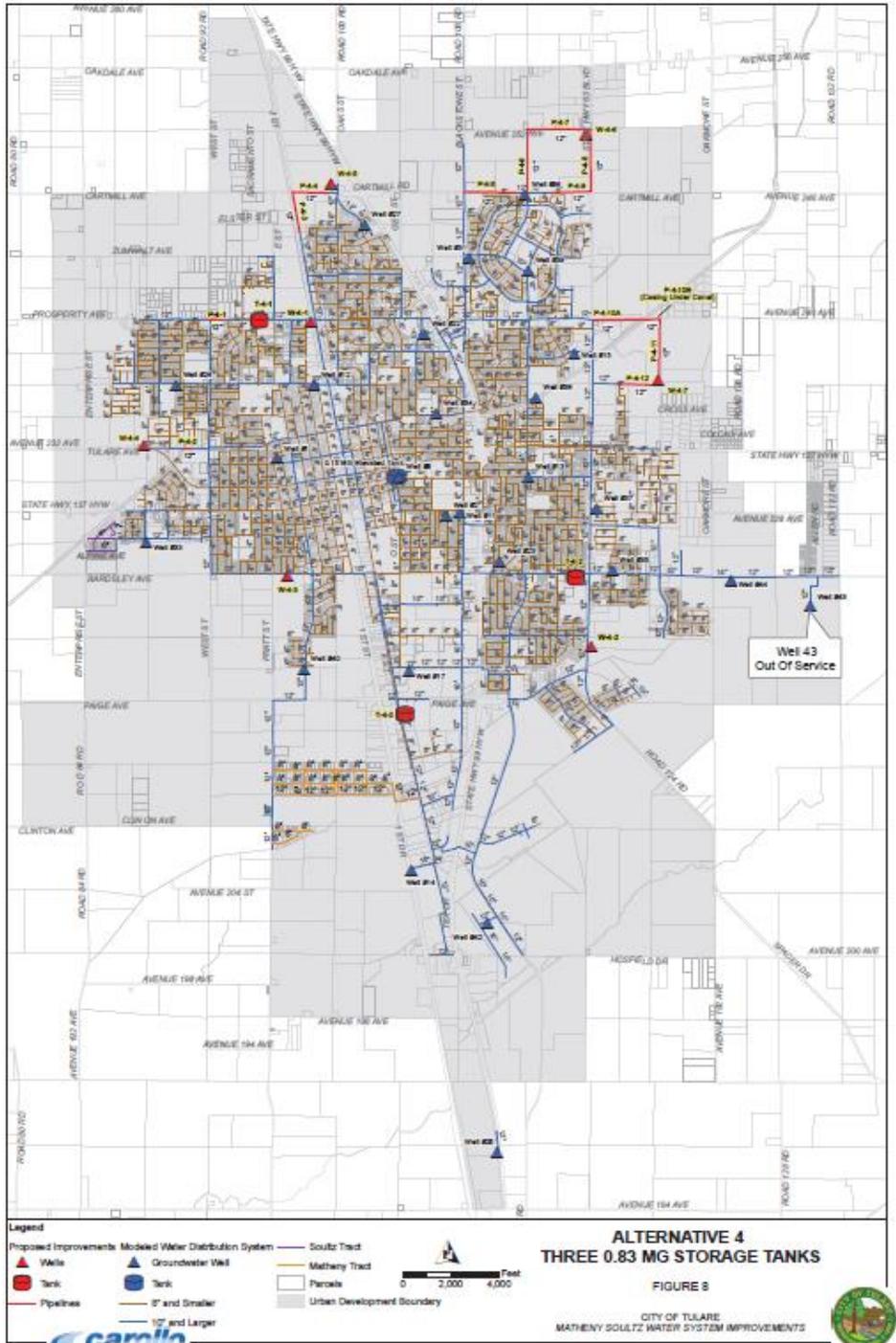
# Streets, Water, Wastewater, and Storm Water Infrastructure



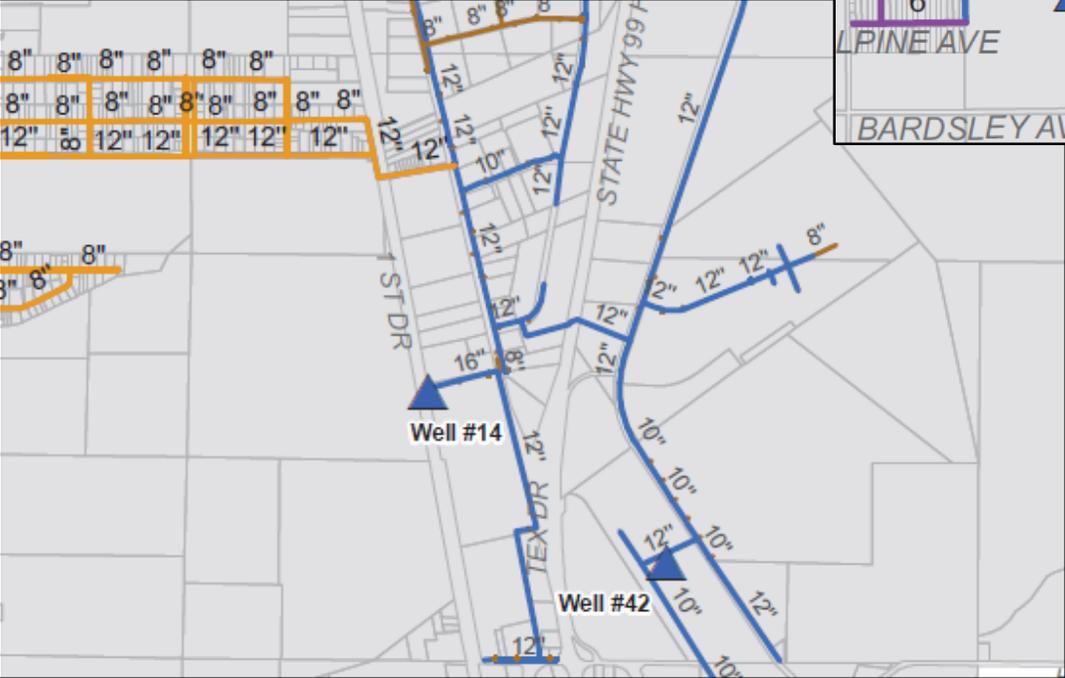
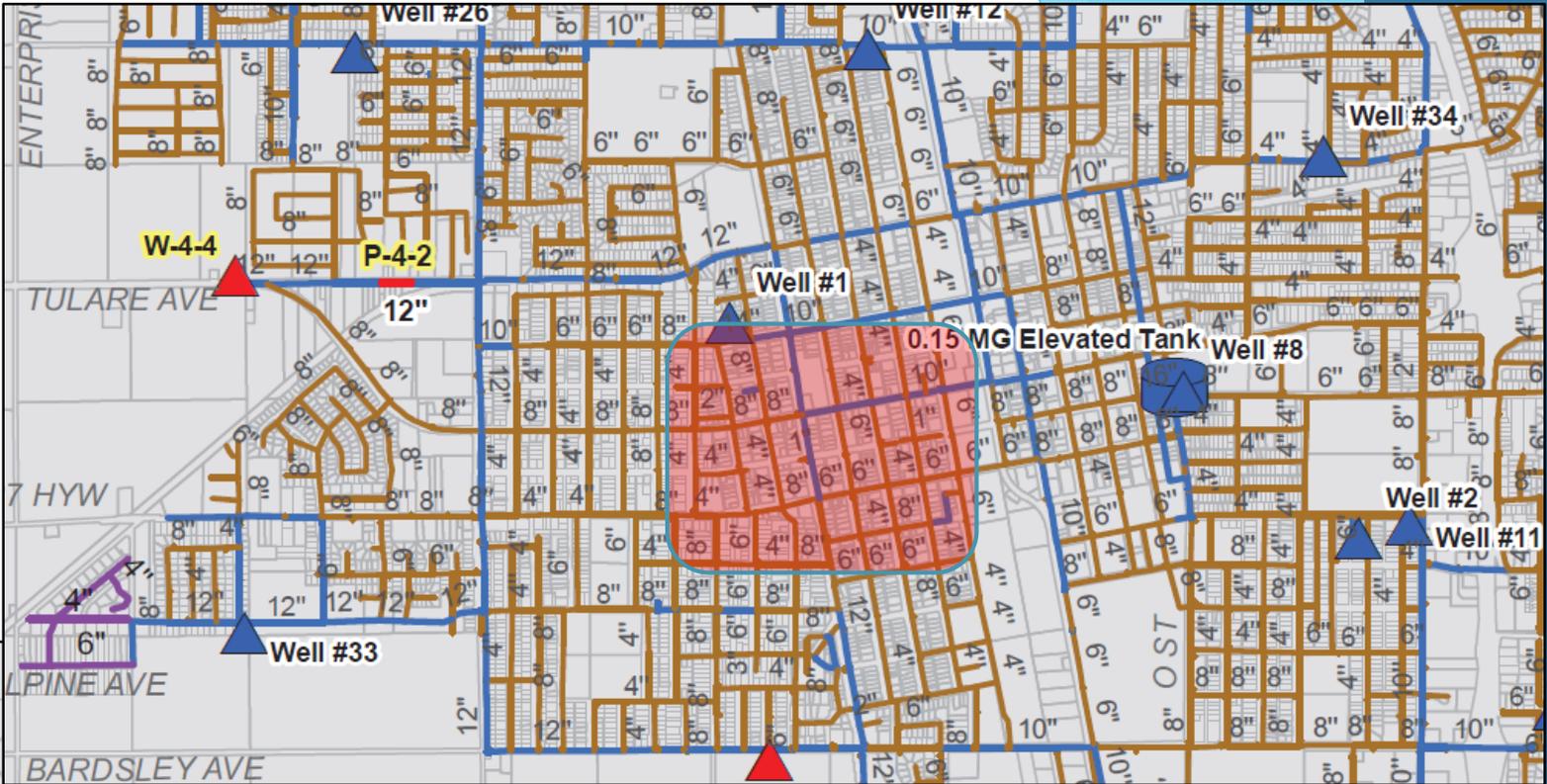
- ▶ **GREEN** - Compliant
- ▶ **YELLOW** - Planned Projects
- ▶ **RED** - Non-Compliant



# Carollo: Matheny/Soultz Water System Improvements Technical Memorandum No. 1



# Current Water System Issues



- ▶ New Wells/Water Storage
  - ▶ FY 2016/17 - FY 2020/21: \$21.4 million
- ▶ Aging infrastructure
  - ▶ Pipes
    - ▶ FY 2016/17 - FY 2024/25: \$3.65 million/year
  - ▶ Electrical upgrades
    - ▶ FY 2016/17 - FY 2020/21: \$150,000/year
- ▶ Scada System
  - ▶ FY 2016/17: \$250,000

# Current Sewer/Wastewater System Issues

## ▶ Sewer

### ▶ Existing infrastructure aging similar to water system

#### ▶ Pipes

▶ FY 2016/17 - FY 2024/25: \$3.65 million/year

#### ▶ Lift stations

▶ FY 2016/17 - FY 2024/25: \$450,000/year

#### ▶ Scada/Electrical upgrades

▶ FY 2016/17 - FY 2020/21: \$150,000/year

## ▶ Wastewater

### ▶ Ewers Engineering has identified Type I & II Projects

#### ▶ 20% related to the Domestic Plant

▶ FY 2016/17 - FY 2024/25: \$370,000/year

#### ▶ 80% related to the Industrial Plant

▶ FY 2016/17 - FY 2024/25: \$1.43 million/year

### ▶ Expansion of Domestic Plant estimated in 8-10 years

# Additional Projects

- ▶ Regulatory Requirements
  - ▶ Water
    - ▶ Sustainable Groundwater Management Act (SGMA)
  - ▶ Wastewater
    - ▶ Sodium Limits
    - ▶ pH Limits
- ▶ Corporation Yard
- ▶ Large Vehicle/Capital Equipment Replacement
- ▶ Target reserves were set in the Hydrological Enterprises Program
  - ▶ 60-120 days operating reserves for both Water and Sewer/WW
  - ▶ Economic uncertainty reserves
  - ▶ Combined contingency reserves

# Proposed Water Rates

Proposed Monthly Water Fixed Charges						
Meter Size	Adopted FY 2016-17	16-17	17-18	18-19	19-20	20-21
5/8-inch	\$13.94	\$12.29	\$13.76	\$14.87	\$15.76	\$16.70
3/4-inch	13.94	12.29	13.76	14.87	15.76	16.70
1-inch	17.14	20.52	22.98	24.82	26.31	27.89
1 ½-inch	25.14	40.93	45.84	49.51	52.48	55.63
2-inch	34.74	65.51	73.37	79.24	84.00	89.04
3-inch	57.13	131.13	146.87	158.61	168.13	178.22
4-inch	89.13	204.87	229.45	247.81	262.68	278.44
6-inch	169.11	409.63	458.79	495.49	525.22	556.73
8-inch	265.10	655.43	734.08	792.81	840.38	890.80
10-inch	377.08	942.27	1,055.34	1,139.77	1,208.16	1,280.65

Proposed Water Volumetric Rates						
Customer Class	Rate per 1,000 Gallons of Water Use					
	Adopted FY 2016-17	16-17	17-18	18-19	19-20	20-21
<b>Residential (gallons per month)</b>						
0 – 9,000	\$0.564	\$0.664	\$0.744	\$0.803	\$0.852	\$0.903
9,001 – 30,000	0.813	1.088	1.218	1.316	1.395	1.478
> 30,000	1.625	1.452	1.627	1.757	1.862	1.974
<b>Multifamily (gallons per month)</b>						
All Use	0.630	0.539	0.603	0.652	0.691	0.732
<b>Commercial (gallons per month)</b>						
All Use	0.747	0.541	0.606	0.655	0.694	0.736
<b>Industrial (gallons per month)</b>						
All Use	0.630	1.168	1.308	1.413	1.498	1.587
<b>Institutional (gallons per month)</b>						
All Use	0.871	1.013	1.135	1.226	1.299	1.377

# Proposed Sewer Rates

Proposed Sewer Rates						
Customer Class	In Effect 2016-17	16-17	17-18	18-19	19-20	20-21
<b>Residential (flat rate per month)</b>						
Single Family	\$42.00	\$43.60	\$47.53	\$51.80	\$52.84	\$53.90
Multi Family (per unit)	32.34	33.57	36.59	39.89	40.69	41.50
Mobile Home Parks (per space)	33.31	26.63	29.02	31.63	32.27	32.91
Senior	21.00	21.80	23.76	25.90	26.42	26.95
<b>Commercial (rate per 1,000 gals)</b>						
Class I	3.75	2.79	3.04	3.31	3.38	3.45
Class II	3.59	2.67	2.91	3.17	3.23	3.30
Class III	3.55	2.64	2.88	3.13	3.20	3.26
Class IV	5.46	4.06	4.42	4.82	4.92	5.02
<b>Industrial</b>						
All Use (per 1,000 gals)	2.54	2.79	3.04	3.31	3.38	3.45
Total BOD (per 100 lbs.)	15.11	16.05	17.49	19.07	19.45	19.84
Total SS (per 100 lbs.)	19.54	23.44	23.44	25.54	26.06	26.58
<b>Schools</b>						
Per Student per Month	1.48	0.771	0.841	0.917	0.935	0.954

# Average Residential Bill

RESIDENTIAL CUSTOMER BILL WITH 1" METER AND USING 13,000 GALLONS OF WATER						
	In Effect* 2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
<b>Water Bill</b>						
<b>Fixed Monthly Charge</b>						
Varies by meter size						
1 inch shown	\$17.14	\$20.52	\$22.98	\$24.82	\$26.31	\$27.89
<b>Volume Rate</b>						
0 – 9,000	0.564	0.664	0.744	0.803	0.852	0.903
9,001 – 30,000	0.813	1.088	1.218	1.316	1.395	1.478
> 30,001	1.625	1.452	1.627	1.757	1.862	1.974
<b>Total Water Bill</b>	<b>\$25.47</b>	<b>\$30.85</b>	<b>\$34.55</b>	<b>\$37.32</b>	<b>\$39.56</b>	<b>\$41.93</b>
<b>Sewer Bill</b>						
Flat Rate	<b>\$42.00</b>	<b>\$43.60</b>	<b>\$47.53</b>	<b>\$51.80</b>	<b>\$52.84</b>	<b>\$53.90</b>

*\*In Effect is based on the adopted January 2017 water rates.*

# Timeline for Proposed Rates

- ▶ Proposition 218 Notices
  - ▶ 45 day noticing requirement
  - ▶ Mailed out by May 31, 2016
- ▶ Board of Public Utilities Public Hearing
  - ▶ Thursday, July 21 at 3:00 pm, City Council Chambers
- ▶ City Council
  - ▶ Tuesday, August 2 - 1<sup>st</sup> reading of the ordinance
  - ▶ Tuesday, August 16 - 2<sup>nd</sup> reading of the ordinance
- ▶ Rates in effect October 1, 2016