

**City Manager's Report****June 25, 2019 City Council Meeting****Prepared by: Dave Warren, Assistant City Manager/Director of Finance****Item #: 8.8**

Subject: Acknowledge and file the report regarding the implementation of the new bi-monthly water and wastewater rates recommended by Bartle Wells Associates effective June 16, 2019.

Purpose:

To ensure the City has adequate water and wastewater rate revenues to cover the costs of operating and maintaining its water and wastewater systems in accordance with Proposition 218.

Background:

At its meeting held on March 24, 2015, the City Council approved a professional services agreement with Bartle Wells Associates (BWA) in the amount of \$25,000 to perform a sewer and water rate study. A City Council Sewer and Water Rate Study Workshop was held on November 8, 2017, and staff gathered additional direction from both the Public and the City Council. At its meeting held on November 28, 2017, the City Council had further discussion about the proposed sewer, water, and drought water rates for the next five years, directed staff to distribute a Proposition 218 Rate Notice to affected property owners, and set a Proposition 218 Public Hearing for February 13, 2018. Staff mailed the Proposition 218 Notice to all affected property owners on December 22, 2018. At its meeting held on February 13, 2018, the City Council held a Proposition 218 Public Hearing, adopted new sewer, water, and drought water rates for the following five year period as recommended by BWA, and discontinued the old sewer charge discount program effective February 16, 2018. The initial sewer and water rates were implemented beginning with the May 2018 utility bill. Tonight, staff is notifying the City Council and the Public about the implementation of the new sewer and water rates that will become effective June 16, 2019 as recommended by BWA.

Discussion:

The current and new water rates are as follows:

Bi-Monthly Water Rates (Non-Lifeline)	Current	Effective 06/16/19
Base Charge (Bi-monthly)	\$20.75	\$22.21
<u>Commodity Charge</u>		
All Use, per CCF	\$4.15	\$4.45

Bi-Monthly Single-Family Residential Water Rates (Lifeline)	Current	Effective 06/16/19
Base Charge (Bi-monthly)	\$15.57	\$16.67
<u>Commodity Charge</u>		
All Use, per CCF	\$3.12	\$3.34
*Rates are per hundred cubic feet (CCF) or approximately 750 gallons. Note: Water rates subject to automatic "pass through" increases based on increases in the price of water from El Dorado Irrigation District.		

The new water rates reflect a 7.00% increase and will become effective June 16, 2019. Based on water consumption of 1,400 cubic feet, the typical bi-monthly water charges for single-family residential customer are currently \$78.85. Based on the proposed rates effective June 16, 2019, the water charges for the same customer would be \$84.51 or \$5.66 more every two months.

The current and new wastewater rates are as follows:

Bi-Monthly Wastewater Rates Rate Category	Current		Effective 06/16/19	
	Base Charge - First 7.5 CCF*	Per CCF over 7.5 CCF*	Base Charge - First 7.5 CCF*	Per CCF over 7.5 CCF*
<u>Residential:</u>				
Single Family	\$171.43	\$7.94	\$183.86	\$8.52
Lifeline	\$128.57	\$5.96	\$137.89	\$6.39
Apartment Units	\$154.30	\$7.94	\$165.48	\$8.52
<u>Non-Residential:</u>				
Retail Stores/Offices	\$152.26	\$15.93	\$163.30	\$17.09
Service Stations	\$181.36	\$19.15	\$194.51	\$20.54
Motel - Hotel Rooms (w/o kitchens)	\$180.84	\$13.54	\$193.95	\$14.52
Restaurants	\$346.23	\$19.68	\$371.33	\$21.11
Fast Food Service	\$297.77	\$16.15	\$319.36	\$17.32
Coffee Shops	\$225.01	\$16.05	\$241.32	\$17.22
Laundromats / Laundry	\$145.02	\$16.23	\$155.54	\$17.41
Hospitals	\$167.25	\$17.59	\$179.37	\$18.87
Resthomes	\$160.98	\$17.05	\$172.65	\$18.29
Markets	\$188.36	\$19.68	\$202.02	\$21.11
Churches	\$135.95	\$13.84	\$145.81	\$14.85
Car Wash	\$128.64	\$13.72	\$137.96	\$14.72
Bars	\$195.83	\$16.81	\$210.02	\$18.02
Mortuaries	\$220.86	\$25.73	\$236.88	\$27.59
Halls	\$136.00	\$11.32	\$145.85	\$12.14
Fire Station	\$160.60	\$16.72	\$172.24	\$17.93
Fair Grounds	\$173.00	\$18.54	\$185.54	\$19.88
Movie Theatre (per seat)	n/a	\$0.92	n/a	\$0.98
Schools (per student)	n/a	\$8.78	n/a	\$9.42

*CCF stands for hundred cubic feet or approximately 750 gallons.

The new wastewater rates reflect a 7.25% increase and will become effective June 16, 2019. Based on winter water consumption of 1,050 cubic feet, the typical bi-monthly wastewater charges for single-family residential customer are currently \$195.25. Based on the new rates effective June 16, 2019, the wastewater charges for the same customer would be \$209.42 or \$14.17 more every two months.

The new rates will be used to calculate the September 2019 utility bills. Staff plans on distributing an informational notice to customers with the July 2019 utility bill to inform them of these upcoming changes.

Options:

1. Acknowledge and file the report regarding the new water and wastewater rates that will become effective June 16, 2019 as recommended by BWA.
2. Direct staff to take other actions.

Cost:

The estimated cost of the informational notice to customers is \$1,247.

Budget Impact:

The new water rate and wastewater rates are anticipated to generate approximately \$134,810 and \$425,294 respectively in additional revenues which are anticipated to offset the increased costs of operating and maintaining the water and wastewater systems in Fiscal Year 2019/2020. The additional rate revenue and the \$1,247 cost of the informational notice are incorporated in the proposed Fiscal Year 2019/2020 Operating Budget, which is discussed in another staff report in tonight's agenda under a separate cover.

Recommendation:

Acknowledge and file the report regarding the implementation of the new bi-monthly water and wastewater rates recommended by Bartle Wells Associates effective June 16, 2019.



M. Cleve Morris, City Manager



**Dave Warren, Assistant City Manager/
Director of Finance**