

Proposed Sewer & Water Rates

City of Placerville, California

February 13, 2018

Overview

- Community outreach
- Proposed rates
- Proposition 218 procedures
- Next steps
- Questions and answers

Why new rates?

We must establish rates that cover the actual cost of operating and maintaining the sewer and water systems over the next 5 years.

Community Outreach

- April 13, 2017: Measures H/L Sales Tax Committee (MHLC) discussed sewer charge discount program
- July 27, 2017: MHLC discussed sewer & water rates & sewer discount program
- August 22, 2017: Presented rate study update to the City Council
- September 10, 2017: Published Public Notice
- October 19, 2017: MHLC received update on rate study

Community Outreach (Cont,)

- November 2, 2017: MHLC discussed draft sewer & water rates & discount program
- November 8, 2017: Held Rate Workshop
- November 10, 2017: Published Public Notice
- November 16, 2017: MHLC recommended discontinuing the discount program & fund sewer debt coverage ratio
- November 28, 2017: Presented proposed sewer and water rates to City Council
- December 2017: Mailed Proposition 218 Notice

Community Outreach (Cont.)

- January 10, 2018: Distributed FAQs
- January 31, 2018: Published Public Notice
- February 7, 2018: Published Public Notice

The Difference Between Operating Costs & Projects

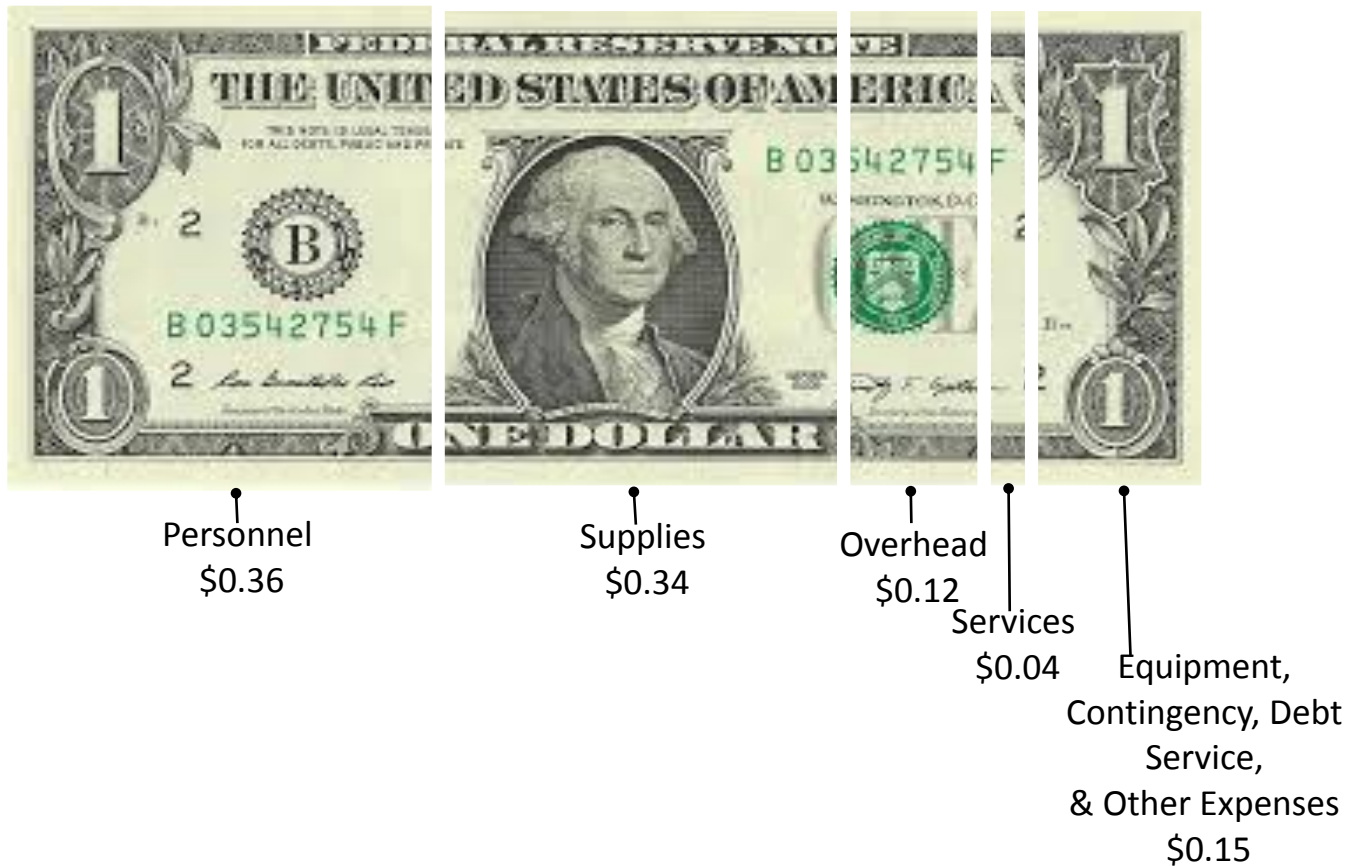
- Sewer & water rates pay for operating costs
- Measures H & L sales taxes pay for projects

Water Rates



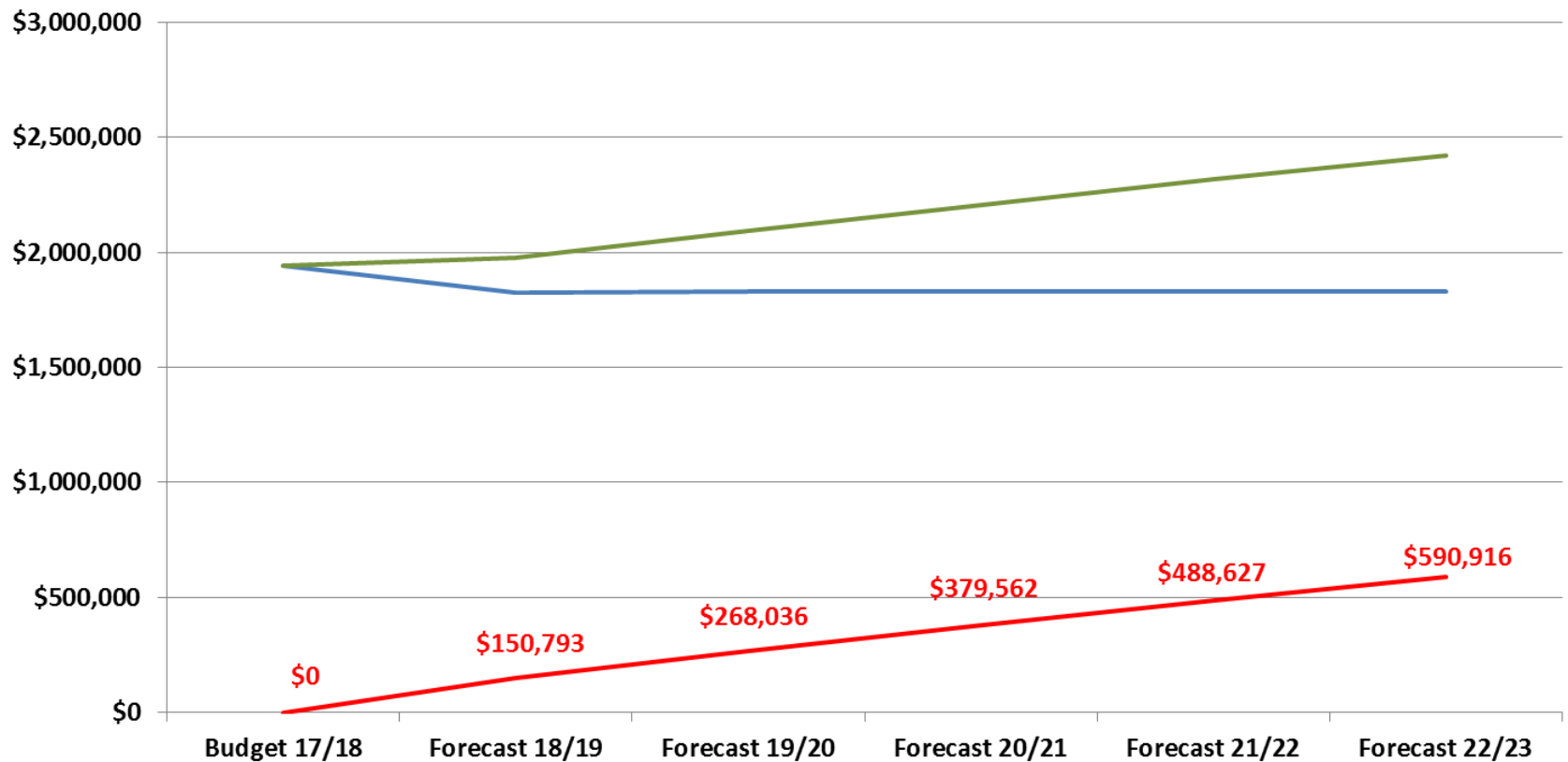
How are my water dollars spent?

Adopted Budget Fiscal Year 2017/2018



Our Water Dilemma

$$\text{Revenues} - \text{Expenditures} = \text{Deficit}$$



*Assumes no water rate increases.

Proposed Water Rates

Bi-Monthly Single-Family Residential

Rate Category	Current Rates	Proposed				
		February 2018	June 2019	June 2020	June 2021	June 2022
Rate Increase		7.50%	7.00%	5.50%	5.00%	4.50%
Base Charge	\$27.56	\$20.75	\$22.21	\$23.44	\$24.62	\$25.73
All Cubic Feet \$/ccf		\$4.15	\$4.45	\$4.70	\$4.94	\$5.17
0 to 1,000 Cubic Feet	\$2.94					
1,001 to 2,500 Cubic Feet	\$3.52					
Over 2,500 Cubic Feet	\$3.81					

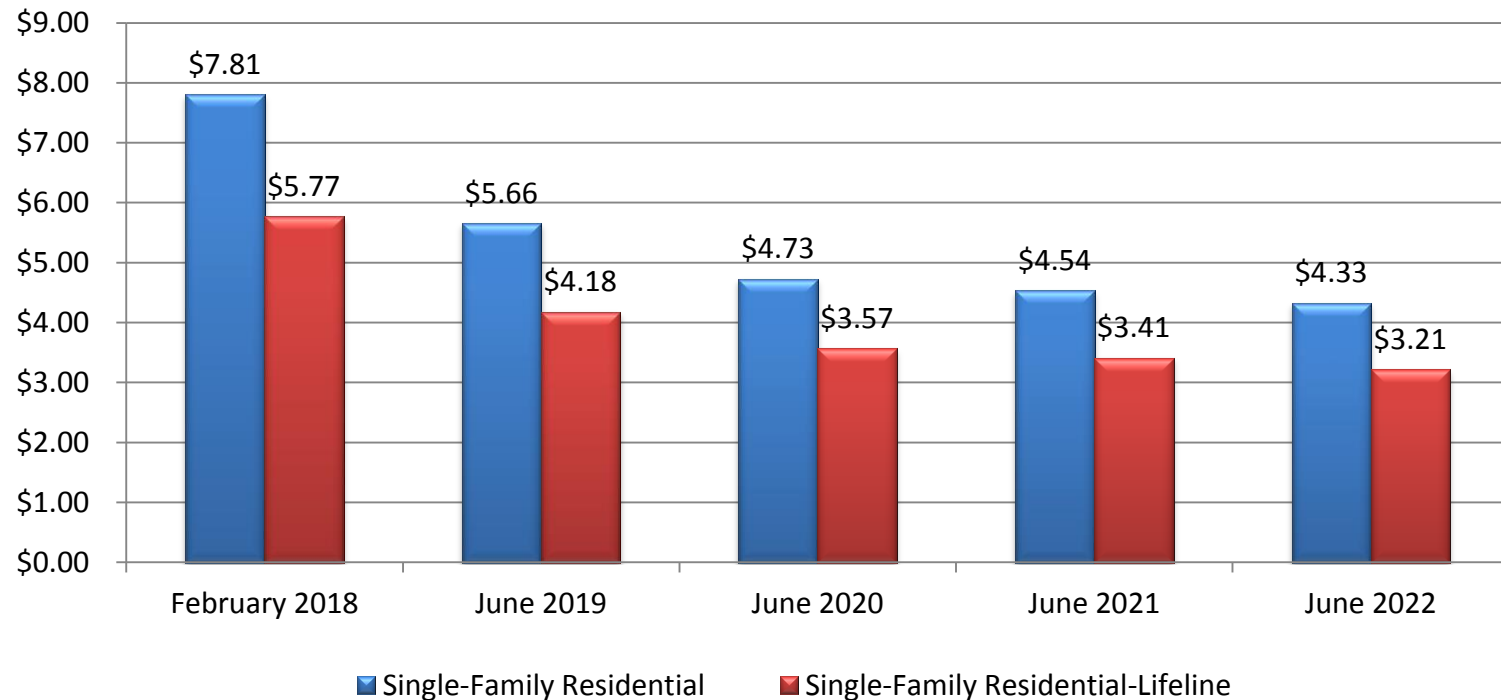
Proposed Water Rates (Cont.)

Bi-Monthly Single-Family Lifeline Residential

Rate Category	Current Rates	Proposed				
		February 2018	June 2019	June 2020	June 2021	June 2022
Rate Increase		7.50%	7.00%	5.50%	5.00%	4.50%
Base Charge	\$20.68	\$15.57	\$16.67	\$17.58	\$18.47	\$19.30
All Cubic Feet \$/ccf		\$3.12	\$3.34	\$3.53	\$3.71	\$3.88
0 to 1,000 Cubic Feet	\$2.22					
1,001 to 2,500 Cubic Feet	\$2.65					
Over 2,500 Cubic Feet	\$2.87					

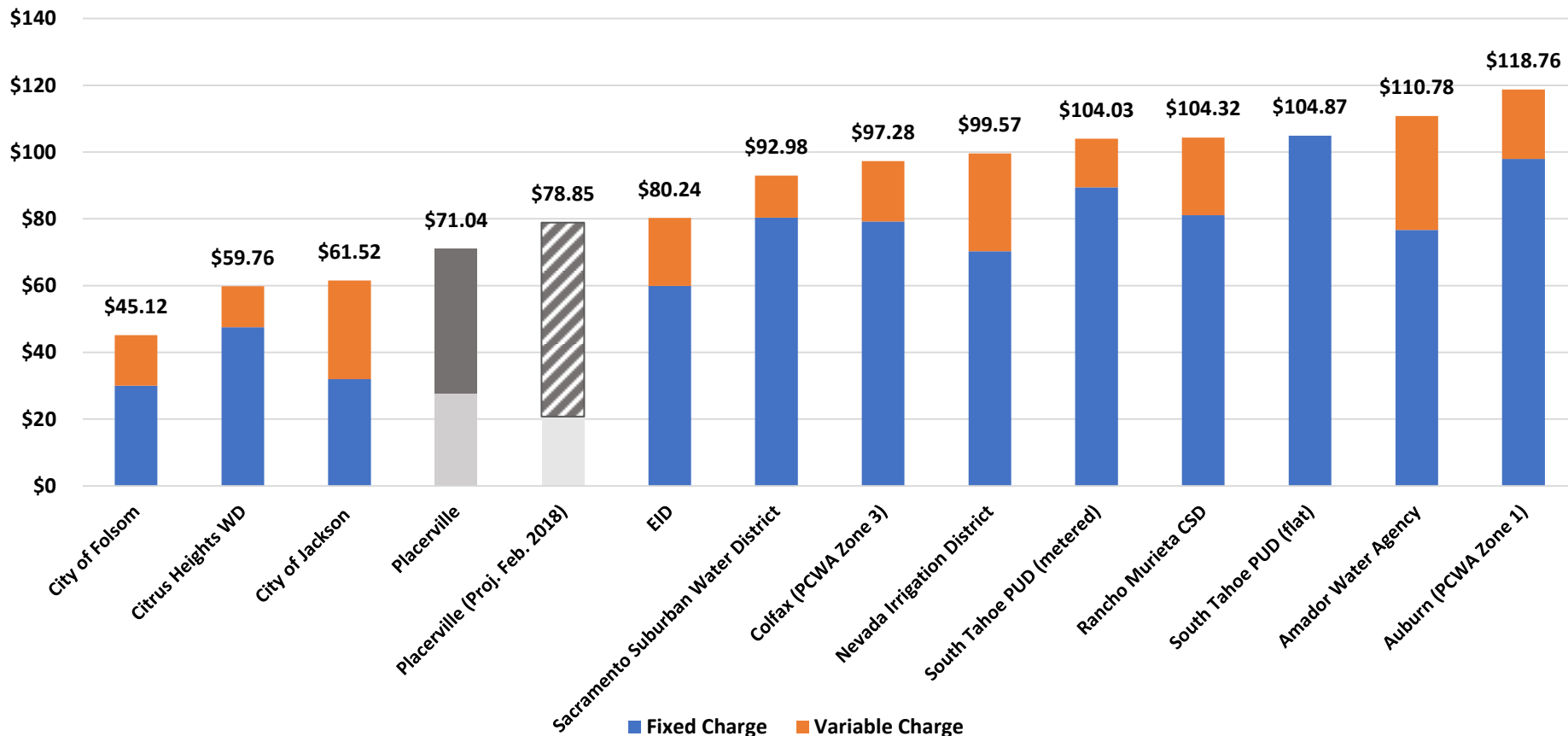
What will this cost me?

Increase in Bi-Monthly Single-Family Residential Water Bill (1,400 Cubic Feet)



How do we compare?

**Regional Water Bill Comparison November 2017
For Two Months of Service - 14 ccf (average use)**



What could happen during a drought?

- City, EID, and/or the State could declare a drought and mandate water conservation
- Could result in significant loss of revenue
- City may need drought rates to offset cost of lost revenue

Proposed Drought Water Rates

Rate Category	Current Rates	Proposed				
		February 2018	June 2019	June 2020	June 2021	June 2022
Single-Family Residential						
Base Charge	\$27.56	\$20.75	\$22.21	\$23.44	\$24.62	\$25.73
All Cubic Feet \$/ccf		\$4.73	\$5.10	\$5.40	\$5.69	\$5.97
0 to 1,000 Cubic Feet	\$2.94					
1,001 to 2,500 Cubic Feet	\$3.52					
Over 2,500 Cubic Feet	\$3.81					
Single-Family Residential Lifeline						
Base Charge	\$20.68	\$15.57	\$16.67	\$17.58	\$18.47	\$19.30
All Cubic Feet \$/ccf		\$3.55	\$3.83	\$4.05	\$4.27	\$4.48
0 to 1,000 Cubic Feet	\$2.22					
1,001 to 2,500 Cubic Feet	\$2.65					
Over 2,500 Cubic Feet	\$2.87					

Sewer Rates



How are my sewer dollars spent?

Adopted Budget Fiscal Year 2017/2018

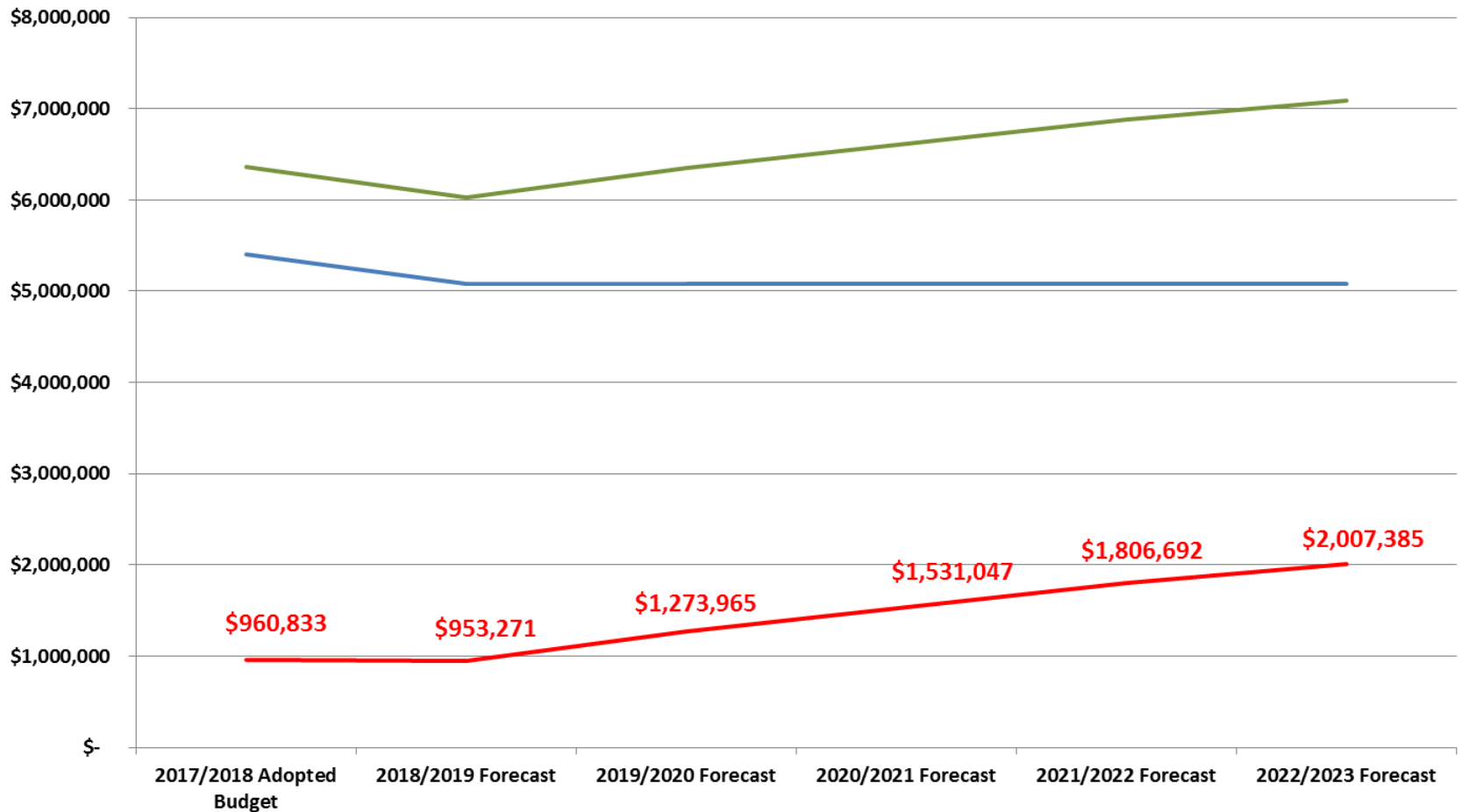


Why do we have so much debt?

- Primarily due to \$45 million in State mandated improvements to the Sewer Treatment Plant
 - No additional capacity added to Plant
 - NPDES Permit discharge requirements
 - City was under cease and desist order in 2006
 - No improvements = Fines up to \$10,000/day

Our Sewer Dilemma

$$\text{Revenues} - \text{Expenditures} = \text{Deficit}$$



*Assumes no sewer rate increases.

Measures H/L Sales Tax Committee Recommendations

- \$548,501 transfer from the Measure H Fund for 20% Sewer Fund debt coverage and sewer projects
- Avoids 9.89% sewer rate increase
- Eliminate sewer charge discount program effective February 16, 2018
- Equivalent to 9.30% sewer rate increase
- Included in Proposition 218 Notice

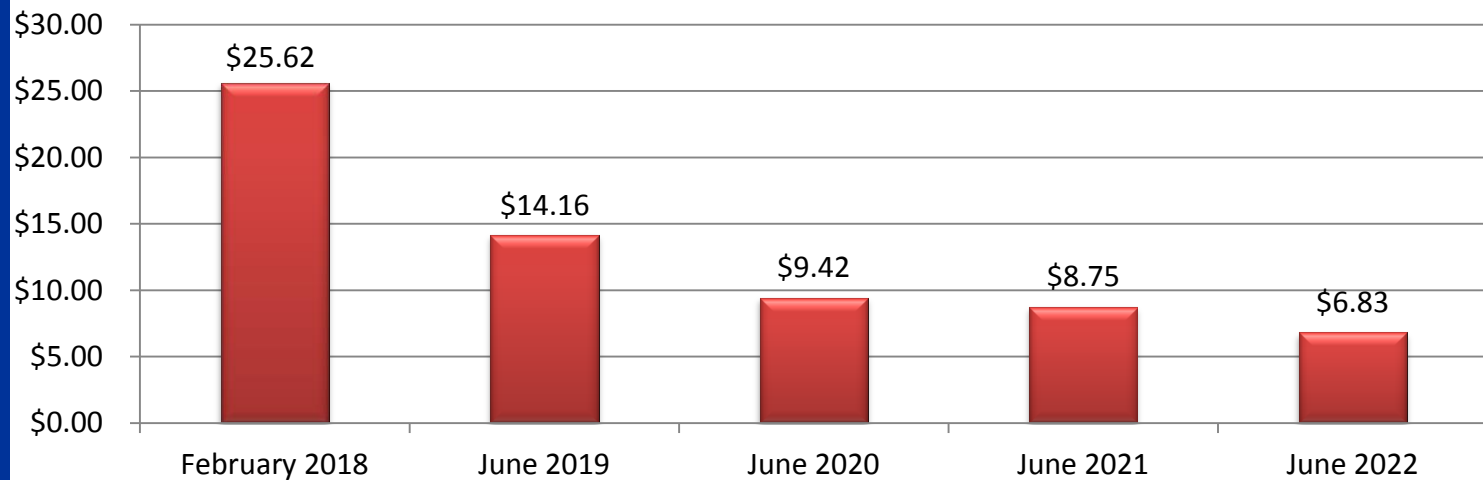
Proposed Sewer Rates

Bi-Monthly Sewer Rates and Discounts - Single-Family Residential

Rate Category	Current	Proposed				
		February 2018	June 2019	June 2020	June 2021	June 2022
Single-Family Residential						
Sewer Rate Increase		5.75%	7.25%	4.50%	4.00%	3.00%
Base Charge	\$162.11	\$171.43	\$183.86	\$192.13	\$199.81	\$205.81
Per 100 Cubic Feet Over 750 cf	\$7.51	\$7.94	\$8.52	\$8.90	\$9.25	\$9.53
Single-Family Residential - Lifeline						
Base Charge	\$121.58	\$128.57	\$137.89	\$144.10	\$149.86	\$154.36
Per 100 Cubic Feet Over 750 cf	\$5.63	\$5.96	\$6.39	\$6.68	\$6.94	\$7.15
Single-Family Residential - All						
Sewer Charge Discount	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

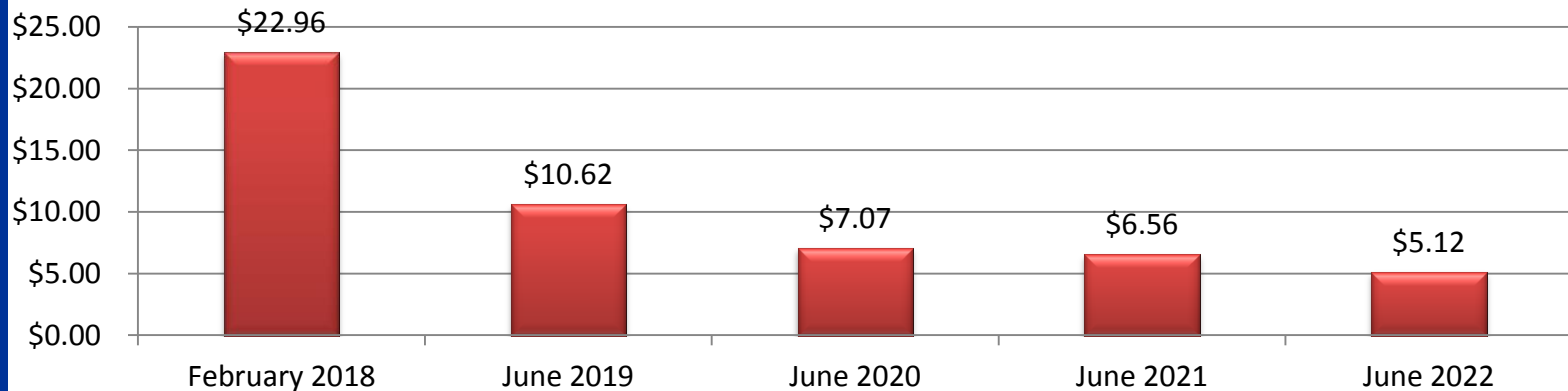
What will this cost me?

Increase in Bi-Monthly Sewer Bill - Single-Family Residential (1,050 cf)



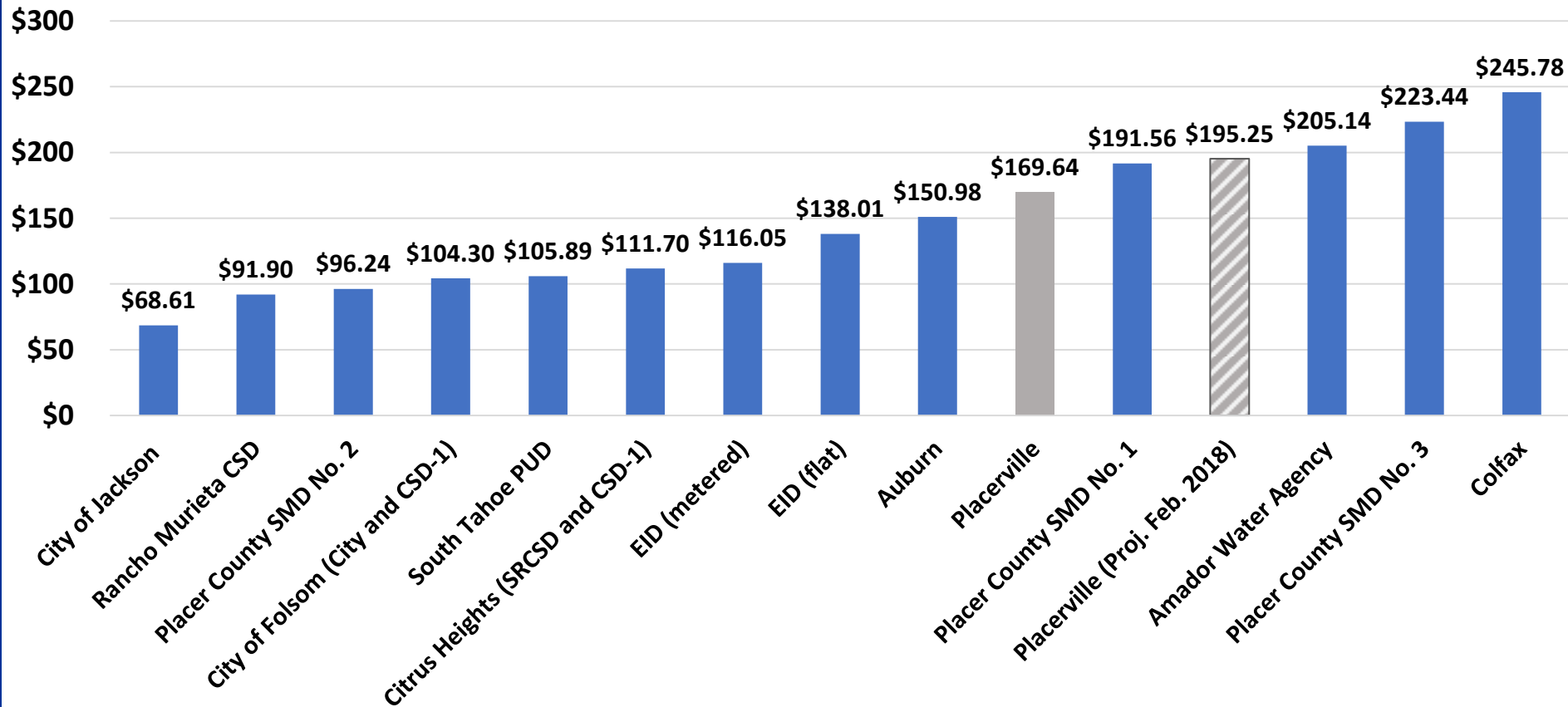
What will this cost me? (Continued)

Increase in Bi-Monthly Sewer Bill - Single-Family Residential - Lifeline (1,050 cf)



How do we compare?

Regional Sewer Bill Comparison November 2017
For Two Months of Service - 10.5 ccf (average winter use)



What would happen if the rates are not increased?

- Experience a growing number of sewer backups and damage to private property
- Services would have to be cut
- Increased exposure to State fines
- Cause the City to default on its Sewer Treatment Plant loan payments

Proposition 218 Procedures

- Sent rate notice to all property owners who receive or are eligible to receive City sewer and/or water services
- 4,231 parcels were sent notices
- Letters of protest received before Public Hearing
- Final protest count will be made immediately following Public Hearing

Next Steps

- Tonight: Rate Adoption
- March & May 2018: Additional informational notices to customers
- April & May 2018: Rate implementation
- May 2018: First Utility bill with new rates

Questions and Answers

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