

FY 2016 and FY 2017 Public Hearing, Rates & Charges

Board of Directors Meeting
June 9, 2015

FY16 & FY17 Public Hearing, Rates & Charges



Agenda Item

- 12. Conduct a public hearing to consider Water System and Wastewater System proposed changes to the Schedules of Rates and Charges**
- 13.1 Adopt the rates and charges subject to Proposition 218**
- 13.2 Adopt drought surcharges subject to Proposition 218**
- 13.3 Adopt the rates, charges and regulations not subject to Proposition 218**

FY16 & FY17 Budget Schedule



Budget Workshop

March 24

- Biennial Budget FY16 & FY17
- FY16 & FY17 Prop 218 rates and charges

Budget Workshop

April 14

Mail Proposition 218 Notice

April 15 - April 24

Board Meeting

May 12

- GM's Report on rates & charges

Board Meeting

June 9

- Public hearing on rates and charges
- Board consideration of budget and rates

FY16 Rates & Charges Effective

July 1

Biennial Budget—FY16 & FY17



Budget Priorities

- Make sustained reinvestments in aging physical infrastructure
- Invest in critical information technology infrastructure
- Manage impacts of extended drought

Rates & Charges

- Increase rates in line with prior projections
- Implement staged system of drought rates

Biennial Budget—FY16 & FY17



FY16 & FY17 APPROPRIATIONS (\$ Thousands)

Proposed Budget	FY16			FY17			FY16 & FY17
	Water	Wastewater	Total	Water	Wastewater	Total	Total
Operations	248,264	65,448	313,712	262,232	70,717	332,949	646,661
Debt Service	169,894	33,693	203,587	180,191	33,956	214,147	417,734
Capital Appropriation	<u>249,042</u>	<u>70,536</u>	<u>319,578</u>	<u>290,392</u>	<u>32,583</u>	<u>322,975</u>	<u>642,553</u>
Total	667,200	169,677	836,877	732,815	137,256	870,071	1,706,948
Drought Contingency	<u>64,206</u>	-	<u>64,206</u>	<u>62,078</u>	-	<u>62,078</u>	<u>126,284</u>
Total	731,406	169,677	901,083	794,893	137,256	932,149	1,833,232

Prop 218 Rates and Charges

Water and Wastewater System FY16 & FY17 Proposed Rate Increases



	Proposed		Projected		
	FY16	FY17	FY18	FY19	FY20
Water	8.0%	7.0%	5.0%	5.0%	4.0%
Wastewater	5.0%	5.0%	5.0%	5.0%	4.0%

Water—Fixed Charges



		FY15 Current	FY16 Proposed	Change	FY17 Proposed	Change
Private Fire Service Charge						
	4"	\$132.26	\$100.34	-24.1%	\$107.36	7.0%
	6"	\$255.66	\$196.14	-23.3%	\$209.87	7.0%
	8"	\$403.75	\$311.09	-22.9%	\$332.87	7.0%
Water Service Charge						
Single Family Residential	5/8" & 3/4"	\$17.43	\$19.34	11.0%	\$20.69	7.0%
Multi-Family Residential	2"	\$73.14	\$83.48	14.1%	\$89.32	7.0%
Other	4"	\$189.52	\$251.24	32.6%	\$268.83	7.0%

- Cost of Service study re-examined fire protection and meter maintenance cost allocations resulting in reductions to private fire service meter charges.

Water—Volume Charges



Volume Charges	FY15 Current	FY16 Proposed	Change	FY17 Proposed	Change
Single Family Residential					
Tier 1 up to 7 Ccf	\$2.91	\$2.95	1.4%	\$3.16	7.1%
Tier 2 up to 16 Ccf	\$3.60	\$4.06	12.8%	\$4.34	6.9%
Tier 3 over 16 Ccf	\$4.42	\$5.36	21.3%	\$5.74	7.1%
Multi-Family Residential	\$3.68	\$4.17	13.3%	\$4.46	7.0%
Commercial/Industrial	\$3.96	\$4.15	4.8%	\$4.44	7.0%
Non Potable (Recycled)	\$3.17	\$3.23	1.9%	\$3.46	7.1%
Elevation					
Band 2	\$0.55	\$0.60	9.1%	\$0.64	6.7%
Band 3	\$1.12	\$1.24	10.7%	\$1.33	7.3%

Staged System of Drought Surcharges Added to Normal Rates



Stage	0	1	2	3	4
Demand Reduction		Voluntary 0-15%	Voluntary 0-15%	Mandatory 15%	Mandatory 15%
Supplemental Supplies			Up to 35,000 acre feet	35,000-65,000 acre feet	> 65,000 acre feet
Rates and Charges	Normal rates	Normal rates	Normal rates + 8%	Normal rates + 20% Supersaver recognition* Excessive use penalty*	Normal rates + 25% Supersaver recognition* Excessive use penalty*

*Supersaver recognition and excessive use penalty not subject to Prop 218 requirements.

Drought Surcharge Bill Impacts— Stage 4—Single Family Residential



Impact of Water Charges and Drought Surcharges on Water Bill									Impact of Surcharge	
	Single Family Residential Use (CCF)	FY15 Bill	FY16 Bill	Increase from FY15	Change	FY17 Bill	Increase from FY16	Change	FY16	FY17
25 th Percentile	4	\$29.07	\$34.06	\$4.99	17.2%	\$36.49	\$2.43	7.1%	\$2.92	\$3.16
50 th Percentile	7	\$37.80	\$45.10	\$7.30	19.3%	\$48.34	\$3.24	7.2%	\$5.11	\$5.53
75 th Percentile	12	\$55.80	\$70.35	\$14.55	26.1%	\$75.39	\$5.04	7.2%	\$10.06	\$10.88
95 th Percentile	30	\$132.08	\$183.79	\$51.71	39.2%	\$196.99	\$13.20	7.2%	\$32.22	\$34.76
Average Single Family Residential Use	10	\$48.60	\$60.25	\$11.65	24.0%	\$64.57	\$4.32	7.2%	\$8.08	\$8.74

Monthly Customer Impacts— Wastewater Treatment



	Use (Ccf)	FY15 Current	FY16 Proposed	Change		FY17 Proposed	Change	
Single Family Residential Avg	6	\$19.25	\$19.01	-\$0.24	-1.3%	\$19.93	\$0.92	4.8%
Single Family Residential Max	9	\$21.61	\$22.13	\$0.52	2.4%	\$23.20	\$1.07	4.8%
Multi Family Residential 4 units	25	\$56.41	\$61.21	\$4.81	8.5%	\$64.16	\$2.95	4.8%
Commercial Office	50	\$105.61	\$128.77	\$23.16	21.9%	\$135.03	\$6.26	4.9%
Commercial Restaurant	50	\$229.61	\$246.27	\$16.66	7.3%	\$258.53	\$12.26	5.0%
Industrial	500	\$6,557.61	\$6,915.77	\$358.16	5.5%	\$7,261.03	\$345.26	5.0%

Annual Customer Impacts— Wet Weather Facilities Charge



Wet Weather Facilities Charge on Property Tax Bill

	FY15	FY16			FY17		
Single Family Residential	\$89.34	\$89.62 Small Lot 0 – 5,000 sq ft	\$140.00 Medium Lot 5,001 – 10,000 sq ft	\$320.00 Large Lot >10,000 sq ft	\$94.10 Small Lot 0 – 5,000 sq ft	\$147.00 Medium Lot 5,001 – 10,000 sq ft	\$336.00 Large Lot >10,000 sq ft
Multi-Family Residential 2 Units	\$178.68						
Multi-Family Residential 4 Units	\$357.36						
Multi-Family Residential 5+ Units	\$446.70						
Commercial	\$134.00						
Industrial	\$134.00						
Parcels with Multiple Accounts	\$223 to \$670 +						

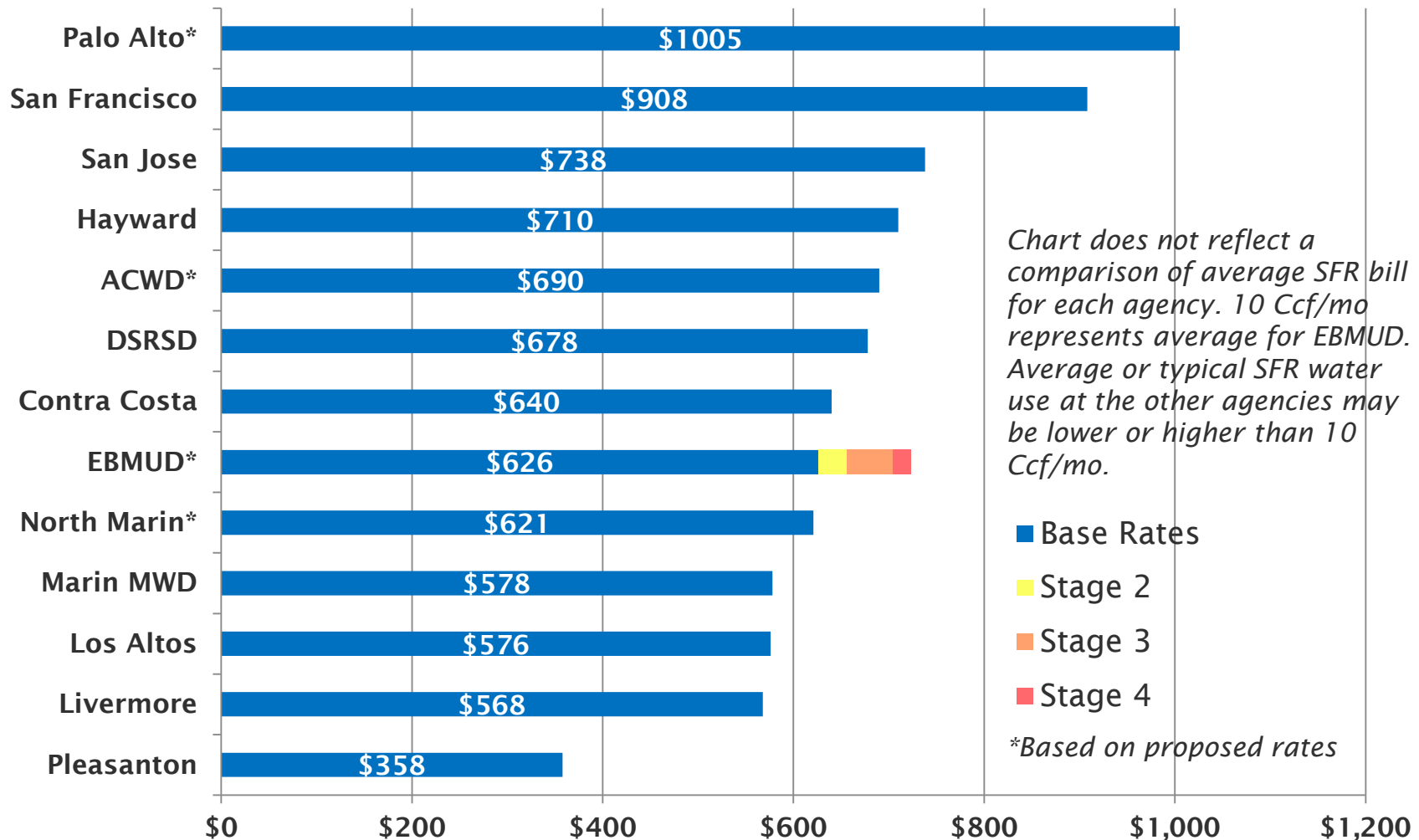
Agency Comparison Consideration



- Average use varies by agency
 - District average is 10 CCF/month
 - Others may be higher or lower depending on:
 - Housing density,
 - Climate variation, and
 - Demographics
- Some agencies have instituted drought rates
- Schedule for rate changes vary

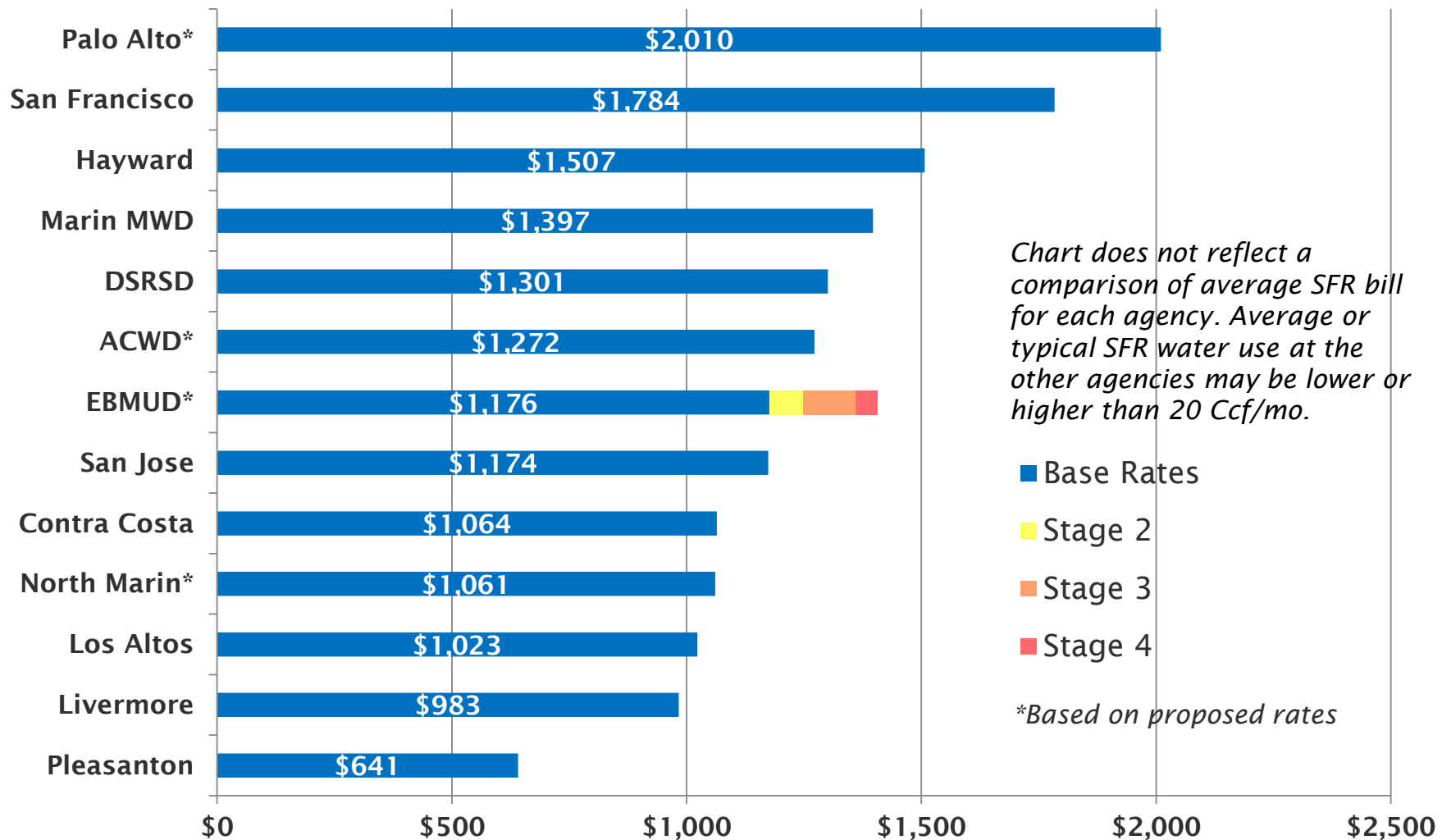
Water Bills Calculated for 10 CCF/Mo

Annual Charge for SFR – Effective 7/1/15



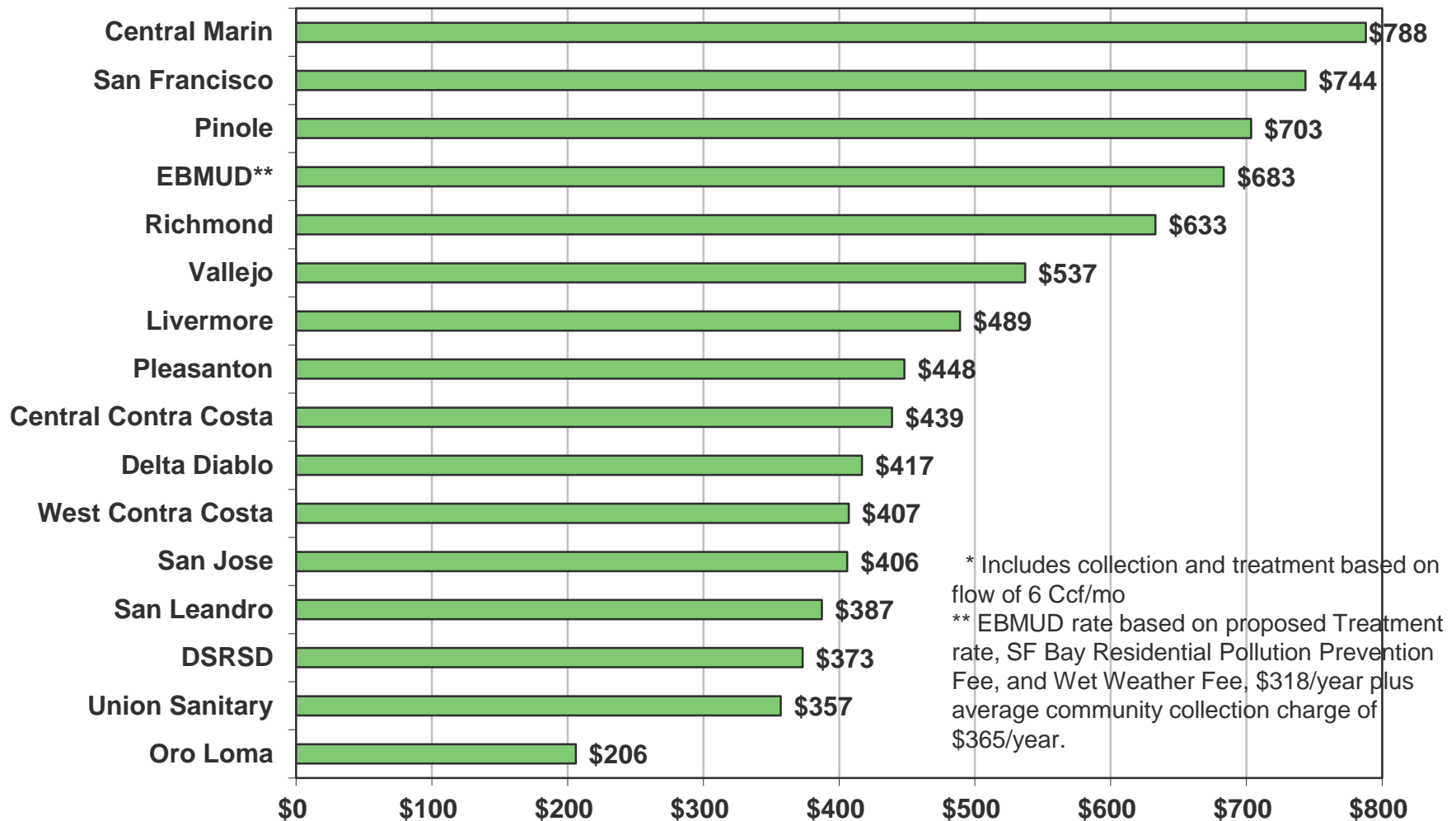
Water Bills Calculated for 20 CCF/Mo

Annual Charge for SFR – Effective 7/1/15



Wastewater Bills Calculated for 6 CCF/Mo Discharge

Annual Charge for SFR – Effective 7/1/15



Non-Prop 218 Rates and Charges

Other Fees, Charges and Regulations



- Water Fees and Charges

- Special Services: Service Trip Charge, Service Interruption Charges, and Hydrant Meter Account Site Visit Charge
- Recreation fees and other

- Water Regulations

- Minor changes to Explanation of Terms, Applying for Service, Standard Service, Guarantee Deposits, Prohibiting Wasteful Use of Water, Nonpotable Water Service, and Water Efficiency Requirements

- Wastewater Fees and Charges

- Increase permit fee for monitoring by 10.3% FY16 and 10.2% FY17

Charges for Special Services – Field Enforcement Actions for Water Theft



Action	Current Charge	Proposed Charge
Turn-off service/trip charge	\$33	\$43
Pad lock service	\$33	\$43
Remove meter and plug/unplug service	\$199	\$350
Re-install service and lateral	\$6,200 +	\$6,200 +
Hydrant meter account site visit	\$167	\$215

Proposed Water and Wastewater Capacity Charges Increase



- Water System Capacity Charge (SCC)
 - Adjust charges for 2015 ENR Construction Cost Index
 - Updated costs for the Future Water Supply component
 - SFR SCC increase 1.7-2.1% for Regions 1, 2 and 3
- Wastewater Capacity Fee (WCF)
 - Adjust charges for 2015 ENR Construction Cost Index
 - Implement 3rd year of 5 year phase-in of updated calculations from FY13; FY16
 - SFR WCF increase 15.7% from \$1,607 to \$1,860

SCC Rates by Region and Sub Region



Current and Proposed SCC for 3/4*-inch Meters (Single Family) and 5/8-inch Meters (Non-Residential)						
CURRENT FY15			PROPOSED FY16		For Single Family Residential	
Region	Single Family	Non-Residential	Single Family	Non-Residential	Increase	% Increase
1	\$16,100	\$23,000	\$16,370	\$24,380	\$270	1.7%
2	27,830	41,360	28,410	42,220	580	2.1%
3	35,610	38,370	36,230	39,040	620	1.7%
3C	80,890	See Note 1	83,830	See Note 1	2,940	3.6%
3D	91,170	91,170	93,850	93,850	2,680	2.9%

*If a combined fire service is required, a 1" or larger combined meter will be installed; SCC will be based on potable demand ¾" minimum.

Note 1: Calculated based on a 1993 Agreement with HCV & Associates Ltd., Wiedemann Ranch, Inc., and Sue Christensen.

Proposition 218 Protest Provisions



- If written protests are received by a majority of the affected parcel owners and tenants directly liable for the payment of the water and wastewater charges then the proposed rate changes can not be implemented.
- The total number of affected parcel owners and tenants is 381,200.
- As of June 8th, 131 valid written protests had been received.

Public Comment



Adoption of Proposition 218 & Non Proposition 218 Rates and Charges



Agenda Item

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FY 2016 and FY 2017 Budget and Position Resolution

Board of Directors Meeting
June 9, 2015

FY16 & FY17 Budget and Position Resolution



Agenda Item

- 14. Adopt the FY16 and FY17 Operating and Capital Budget for Water and Wastewater Systems**
- 15. Adopt the FY16 Position Resolution**

FY16 & FY17 Budget and Position Resolution



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Biennial Budget—FY16 & FY17



FY16 & FY17 APPROPRIATIONS (\$ Thousands)

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Five-Year Capital Improvement Program Cash Flows (\$ Millions)



	FY16	FY17	FY18	FY19	FY20	5-Year Total
Water	\$225	\$236	\$296	\$310	\$309	\$1,376
Wastewater	\$39	\$37	\$35	\$31	\$27	\$168
Total	\$264	\$273	\$331	\$341	\$336	\$1,544

Discounted cash flow includes Administration of Capital

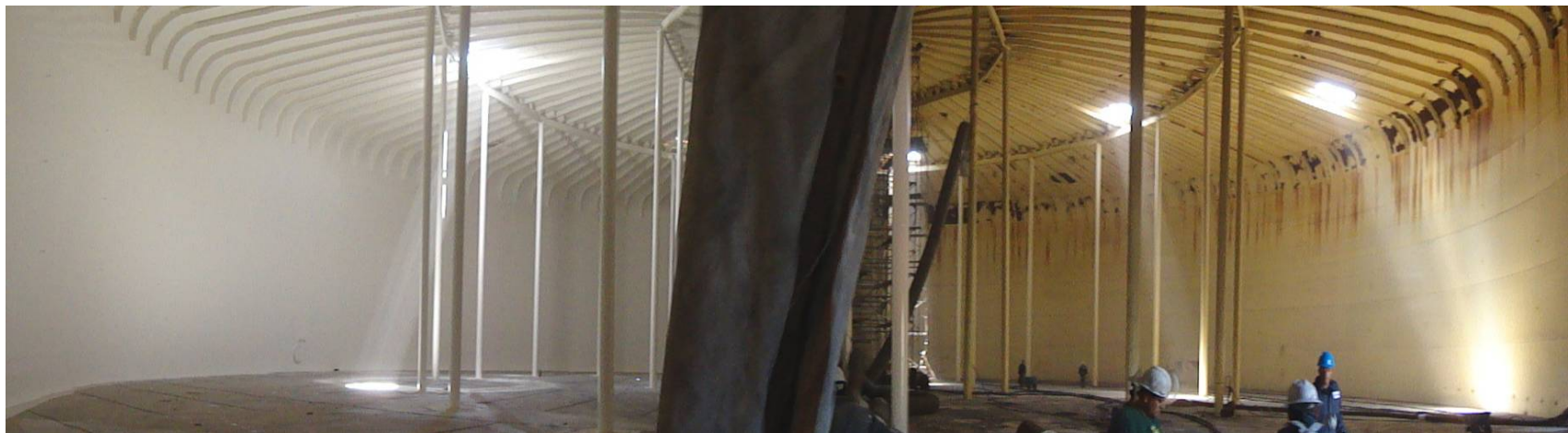
Capital Improvement Program

Major Water System Projects (\$ Millions)



Cash Flow FY16-20

– Pipelines, Regulators & Appurtenances	\$ 429
– Raw Water Aqueducts	\$ 229
– Pressure Zone Improvements	\$ 135
– Reservoir Rehabilitation	\$ 100
– Water Treatment & Transmission	\$ 92
– Pumping Plant Rehabilitation	\$ 75
– North Richmond Recycled Water Facility	\$ 70



Capital Improvement Program

Major Wastewater System Projects (\$ Millions)



Cash Flow FY16-20

– 3 rd Street Sewer Interceptor Rehab	\$ 33
– Treatment Plant Infrastructure	\$ 24
– Odor Control Improvements	\$ 19
– Concrete Rehabilitation at MWWTP	\$ 15
– Resource Recovery	\$ 14
– Digester Upgrades	\$ 12
– Wood Street Sewer Interceptor Rehab	\$ 12



FY16 & FY17 Budget and Position Resolution



Agenda Item

14. Adopt the FY16 and FY17 Operating and Capital Budget for Water and Wastewater Systems
15. **Adopt the FY16 Position Resolution**

FY16 & FY17 Authorized Positions



Proposed changes to Position Resolution

- Total authorized positions of 2,098
- Net increase of 41* positions
 - Additions 56
 - Deletions 15

*40 FTEs

FY16 & FY17 Proposed Position Changes



Since the 3/24 workshop, the following changes include:

- Add three Regular Water Distribution Plumber I/II/III positions instead of three TC Water Distribution Plumber I
- Withdraw deletion of one LT Wastewater Control Representative and one LT Assistant Engineer
- Fiscal impact can be absorbed in the proposed budget

Correct omission in the proposed budget book:

- Flex staff Regular to Regular / LT
 - Water Conservation Representative (2)
 - Field Service Representative I/II (1)
- Positions are funded in the proposed budget

Proposed Classification Changes



- Establish new classifications
 - Risk Management Analyst
 - Business Development Representative
 - Human Resources Regulatory Coordinator
- Delete classifications
 - Audio/Visual Coordinator
 - Classification and Pay Administrator
 - Cost Estimator
 - Employee Transportation Coordinator
 - Organizational Development Specialist
- Retitle classification
 - Affirmative Action Officer to Diversity and Inclusion Officer

Adoption of FY16 & FY17 Budget and Position Resolution



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