

Water Planning Committee Recommendations Report

City Council Work Session
June 15, 2015

Utility Rate Study

- Last major modification to the city's utility rates was adopted on May 18, 2009
 - Four-year water and wastewater rate plan
 - Effective January 4, 2010
 - 2013 – last year with a rate increase
- Interim adjustment effective January 1, 2015
 - Not intended to be sufficient to fund all water/wastewater operating expenses in the upcoming year but to help the enterprise funds meet the rising costs of doing business

Water Planning Committee

- Established by Council Resolution April 14, 2014
- Members went through an application and interview process
 - Selected by the Council Boards, Commissions, and Committee Appointment Subcommittee
- 9 members, 2 alternates
- Represent various neighborhoods and entities in the Goodyear water and/or wastewater service area

Water Planning Committee Calendar

DATE	MEETING TOPIC
October 14, 2014	Introduction and IWMP, rate study overviews
November 19, 2014	Water and wastewater facility tours
December 9, 2014	Staff presentations, fundamentals of utility finance
January 13, 2015	Staff presentations continued
February 10, 2015	Utility finance and ratemaking
March 10, 2015	IWMP and Five-Year Capital Improvement Program
April 14, 2015	IWMP and Five-Year Capital Improvement Program
May 12, 2015	Utility rate discussion
May 19, 2015	Utility rate discussion



Water Planning Committee - Communications

- Began with solicitation of committee members, through conclusion
- Tools:
 - InFocus = seven issues
 - Press releases = 11 issued
 - e-Notify (subscribers to "News" "Neighbor Alerts") = 14 emails
 - Social media accounts: facebook, twitter = 11 each
 - Advertisements (paid) = two
 - Utility bill insert/message = one each
- Webpage: www.goodyearaz.gov/watercommittee
- Continue to use these tools moving forward in process

Five-Year Water and Wastewater Capital Improvement Program

Richard Humpherys, Carollo Engineers, Inc.

Project Purpose:

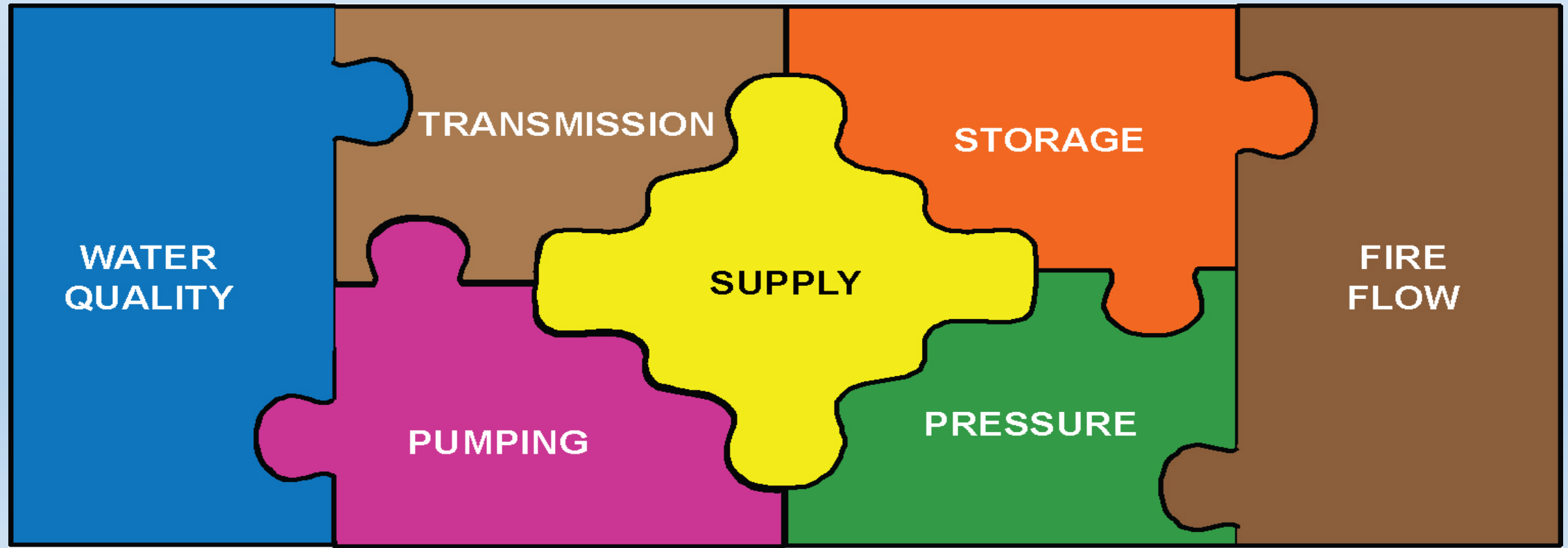
Identify water and wastewater projects needed for reliable water, wastewater service to existing Goodyear customers

Capital Improvements Projects are based on:

- Five – Year Capital Improvements task of the Integrated Water Master Plan
- Water and Wastewater Condition Assessment Study

Goodyear's water, wastewater systems were measured against performance criteria based on:

- Arizona State statute
- Engineering best practices
- Customer level of service expectations



Water Supply is the most costly category of capital improvements

Well Project	Justification
Adaman Well with treatment	Meet service levels
Well siting study	Meet service levels
New well with treatment	Meet service levels
New well #2 with treatment	Meet service levels
Replace Well 1	Condition assessment
Rehabilitate Well 3	Condition assessment
Rehabilitate Well 18B	Condition assessment
Rehabilitate Well 18A	Condition assessment
Rehabilitate Well 19	Condition assessment

Project Summary

Water Projects	Estimated Cost, \$M
Water Supply	\$27.90
Pumping	\$1.70
Water Storage	\$4.80
CAP Capital (Already in CIP)	\$1.40
Bullard Campus Treatment Rehabilitation	\$0.14
Water Main Replacements	\$2.90
DMOM	\$0.10
Subtotal	\$38.9
Wastewater Projects	
Rainbow Valley WRF Improvements	\$1.30
Corgett WRF Improvements	\$1.00
Goodyear WRF Improvements	\$2.90
Lift Station and Force Main Improvements	\$2.50
Collection System Improvements	\$4.80
Subtotal	\$12.50
City Identified Wastewater Projects	\$5.90
Total for CIP	\$57.34

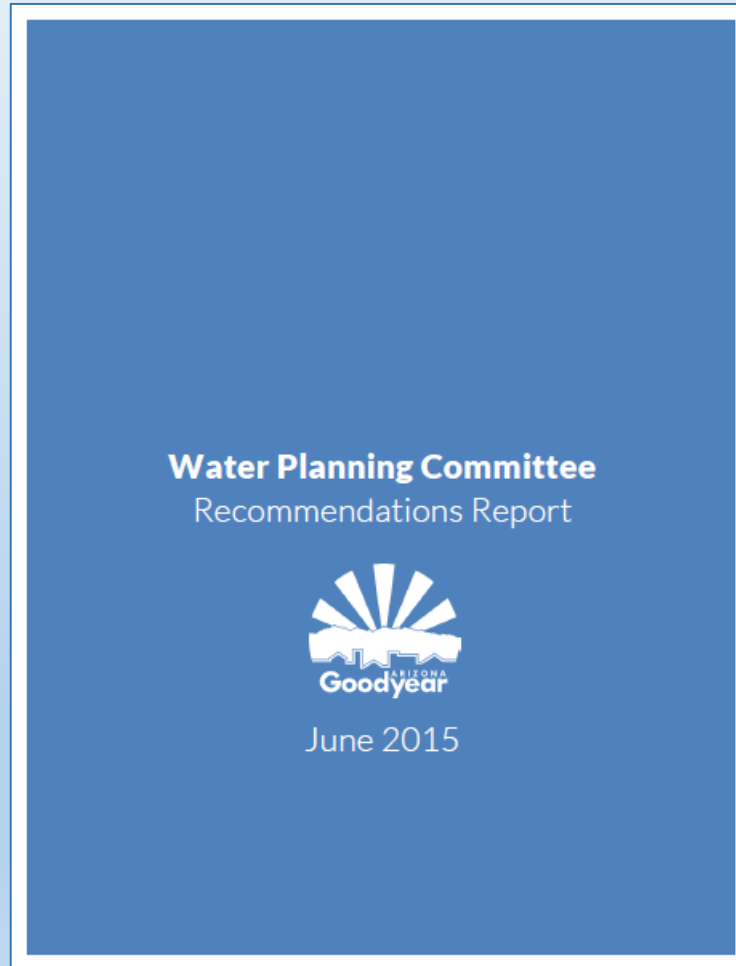
Water Planning Committee

Anna Dizack, Finance Department

Mario Columbia, Water Planning Committee Chair

Jason Battern, Water Planning Committee Vice-Chair

Water Planning Committee



Key Factors Impacting Future Rates

- Capital improvements (Five-Year CIP)
- Existing budget expenses
- Budget supplementals
- CAP water costs (water rates only)
- Impact fee reimbursements and line oversizing

Recommendations

- Five-Year CIP projects
- Central Arizona Project (CAP) water rate and inclusion as a separate line item on customer bills
- Further examination of multi-family and commercial rate structures and cost of service
 - In a manner that does not change the recommendations on residential rates or rate structures
- Line oversizing and impact fee reimbursement
- Water/wastewater rates
 - Reduced impact of rates in initial year by phasing-in programs and costs
- Non-rate fees and charges
- Implement another water citizen group to continue the efforts made by the Water Planning Committee

Proposed Rate Plans

Dan Jackson, Economists.com

Water Utility Forecast Cost of Service

	2016	2017	2018	2019	2020
	WATER Utility -- Cost of Service				
<u>1) Existing Budget Expenses</u>					
Personnel/Operating	\$ 6,695,533	\$ 7,447,684	\$ 8,233,800	\$ 9,376,242	\$10,306,208
Capital Outlays	907,353	422,636	426,795	431,079	435,491
Debt Service -- Current	5,522,593	5,517,720	5,523,916	5,432,039	5,441,618
Transfers Out	700,000	700,000	700,000	700,000	700,000
Total Existing Budget	13,825,479	14,088,040	14,884,511	15,939,360	16,883,316
 2) CAP Water Allocations	 1,012,000	 1,520,000	 2,009,000	 2,352,777	 2,739,702
3) Budget Supplementals	-	500,000	525,000	551,250	578,813
4) Debt Service--Unfunded CIP	-	404,811	925,282	1,908,393	2,024,053
5) Unfunded IFs/Oversizing	-	250,000	500,000	750,000	1,000,000
Total Cost of Service	14,837,479	16,762,851	18,843,792	21,501,780	23,225,884

Wastewater Utility Forecast Cost of Service

	2016	2017	2018	2019	2020
WASTEWATER Utility -- Cost of Service					
<u>1) Existing Budget Expenses</u>					
Personnel/Operating	\$ 4,220,053	\$ 4,546,655	\$ 5,012,615	\$ 5,518,549	\$ 6,045,526
Capital Outlays	1,208,369	1,775,488	1,378,962	1,327,600	1,500,000
Debt Service -- Current	5,400,149	5,425,230	5,157,387	5,331,284	5,457,347
Transfers Out	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Total Existing Budget	12,028,572	12,947,373	12,748,964	13,377,433	14,202,872
 2) Budget Supplementals	-	400,000	512,500	625,625	789,406
 3) Debt Service--Unfunded CIP	-	433,726	433,726	433,726	433,726
 4) Unfunded IF/Oversizing	<u>-</u>	<u>275,000</u>	<u>550,000</u>	<u>825,000</u>	<u>1,100,000</u>
 Total Cost of Service	12,028,572	14,056,099	14,245,190	15,261,784	16,526,004

Proposed Water Rate Plan

		Current	Effective Jan 2016	Effective Jan 2017	Effective Jan 2018	Effective Jan 2019	Effective Jan 2020
<u>Base Charge – per month</u>							
¾"		\$ 11.24	\$ 12.70	\$ 14.73	\$ 16.35	\$ 17.49	\$ 18.54
1"		15.54	17.56	20.37	22.61	24.19	25.64
1 ½"		25.12	28.39	32.93	36.55	39.11	41.46
2"		40.67	45.96	53.31	59.17	63.31	67.11
<u>CAP Water Charge/1,000 gallons</u>		--	0.40	0.60	0.75	0.85	0.95
<u>Volume Charge/1,000 gallons</u>							
Residential							
--	6,000	1.30	1.47	1.71	1.90	2.03	2.15
6,001	12,000	2.59	2.93	3.40	3.77	4.03	4.27
12,001	30,000	3.89	4.40	5.10	5.66	6.06	6.42
30,001	Above	6.25	7.06	8.19	9.09	9.73	10.31

Proposed Water Rate Plan

		Current	Effective Jan 2016	Effective Jan 2017	Effective Jan 2018	Effective Jan 2019	Effective Jan 2020
<u>Volume Charge/1,000 gallons</u>							
Non-Residential/School							
--	40,000	\$ 3.30	\$ 3.73	\$ 4.29	\$ 4.72	\$ 4.91	\$ 5.06
40,001	100,000	5.28	5.97	6.87	7.56	7.86	8.10
100,001	Above	6.86	7.75	8.91	9.80	10.19	10.50
<u>Volume Charge/1,000 gallons</u>							
Irrigation							
--	80,000	4.95	5.59	6.43	7.07	7.35	7.57
80,001	Above	5.69	6.43	7.39	8.13	8.46	8.71

Proposed Wastewater Rate Plan

	Current	Effective Jan 2016	Effective Jan 2017	Effective Jan 2018	Effective Jan 2019	Effective Jan 2020
<u>Base Charge – per month</u>						
¾"	\$ 21.12	\$ 21.75	\$ 22.40	\$ 22.85	\$ 23.31	\$ 23.78
1"	32.41	33.38	34.38	35.07	35.77	36.49
1 ½"	39.94	41.14	42.37	43.22	44.08	44.96
2"	77.58	79.91	82.31	83.96	85.64	87.35
<u>Volume Charge/1,000 gallons</u>						
All Classes	5.78	5.95	6.13	6.25	6.38	6.51

Impacts on Monthly Charges

Residential (3/4" meter) 7,000 gal water, 5,000 gal ww	Current	Effective Jan 2016	Effective Jan 2017	Effective Jan 2018	Effective Jan 2019	Effective Jan 2020
Water charge	\$ 21.63	\$ 27.25	\$ 32.59	\$ 36.77	\$ 39.65	\$ 42.36
Wastewater charge	50.02	51.50	53.05	54.10	55.21	56.33
Total	71.65	78.75	85.64	90.87	94.86	98.69
Increase		7.10	6.89	5.23	3.99	3.83
% Increase		9.9%	8.7%	6.1%	4.4%	4.0%

Commercial (2" meter) 50,000 gal water, 40,000 gal ww	Current	Effective Jan 2016	Effective Jan 2017	Effective Jan 2018	Effective Jan 2019	Effective Jan 2020
Water charge	\$ 225.47	\$ 247.86	\$ 323.61	\$ 361.07	\$ 380.81	\$ 398.01
Wastewater charge	308.78	317.91	327.51	333.96	340.84	347.75
Total	534.25	592.77	651.12	695.03	721.65	745.76
Increase		58.52	58.35	43.91	26.62	24.11
% Increase		11.0%	9.8%	6.7%	3.8%	3.3%

Non-Rate Fees and Charges

NON-RATE FEES AND CHARGES	CURRENT FEE	RECOMMENDED FEE
Late Payment Fee	1.50%	1.50%
Non-Sufficient Funds (NSF) Fee	\$35	\$50
Security Deposit – Residential	\$200	\$200
Security Deposit – Non-Residential	\$250	\$650
Cross Connection – Backflow	\$9	\$9
Same Day New Account Activation Fee (in addition to Next Day New Account Activation Fee)	\$50	\$50
Next Day New Account Activation	\$50	\$60
Disconnect Notice – Water	\$18	\$18
Admin Fee (Shut-Off)	\$50	\$50
Same Day Reinstatement	\$50	\$50
Water Audit Fee (if cancelled less than 24 hours prior)	\$54	\$75
Field Visit	\$55	\$85
Hydrant Connection	\$100	\$150
Meter Tampering	\$65	\$100

Next Steps

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October 14, 2014	Introduction and IWMP, rate study overviews
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June 15, 2015	Council work session
June 17, 2015	Community meeting
July 23, 2015	60-day notice posted
August 24, 2015	Council adopts Notice of Intent
September 28, 2015	Council adopts rates
January 1, 2016	Rates become effective

Questions?