



Citizen Rate Review Committee

Citizens Rate Committee



- Public Participation: Rate Review Committee
- Gap in Discussions/ Commitment to serve
- Recognizing Members

Committee at Work



- Sharing Information with the Committee
 - How rates are used
 - Prioritization of Needs
 - Goals
- Feedback & Consensus
 - Operational & CIP Costs
 - New Vendor Impact on Sanitation
 - Stormwater System Needs and Proposed Funding Strategies

Self Funding Enterprises- Current State



- Water: 2016 IWMP/2016 Rate Plan
- Wastewater: 2016 IWMP/2016 Rate Plan
- Sanitation: Steady Rate/New Vendor
- Stormwater: New Program

Stormwater System

- History
- Current structure and funding
- Regulatory Requirements
- Cost of Service study
- Rate Plan for supporting operational, asset management, and capital improvement needs

Rate Discussion



- Foundation of the system that rates are to support
- Citizen Rate Committee Comments
 - Lessen Impact in Year 1
 - Smooth rate increases in years 2-5
 - Develop cost recovery philosophy on non-rate fees
 - Establish a Stormwater Utility
 - Increase Irrigation rate to match Tier III rate to encourage conservation
- Dan Jackson, Willdan
 - Prepared prior rate study
 - Will pause for questions after each section



City of Goodyear

Water, Wastewater, Solid Waste and Stormwater 2020 Rate Study and Long-Term Financial Plan City Council Briefing

October 2020

Updated: September 24 2020



Presentation Format



- ◆ Water and Wastewater Utility -- Cost of Service and Initial Rate Plan
- ◆ Solid Waste Utility – Cost of Service and Initial Rate Plan
- ◆ Stormwater Utility – Cost of Service and Initial Rate Plan
- ◆ Summary and Next Steps





Water and Wastewater Rate Analysis

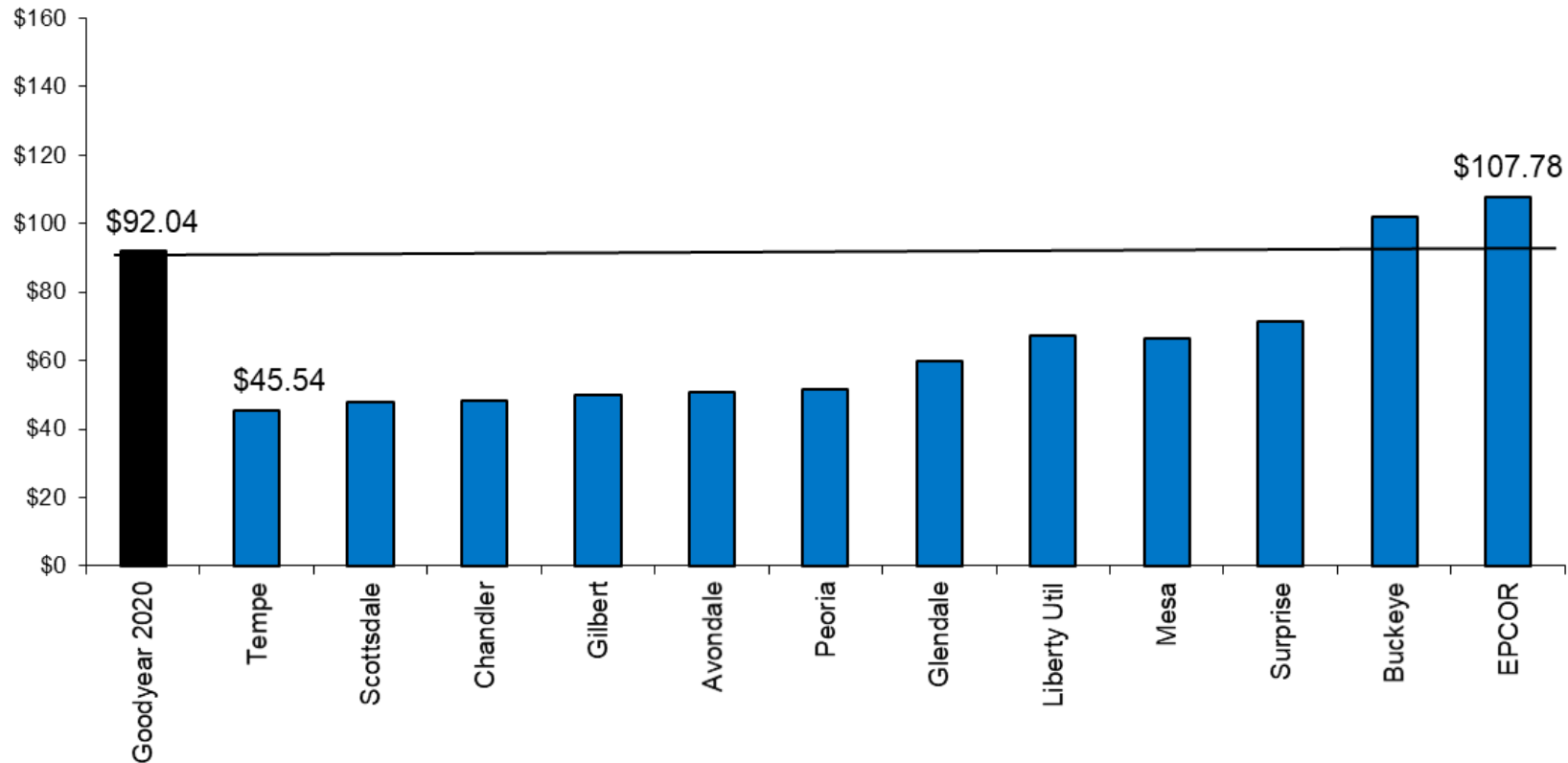


City of Goodyear Current Rate Structure



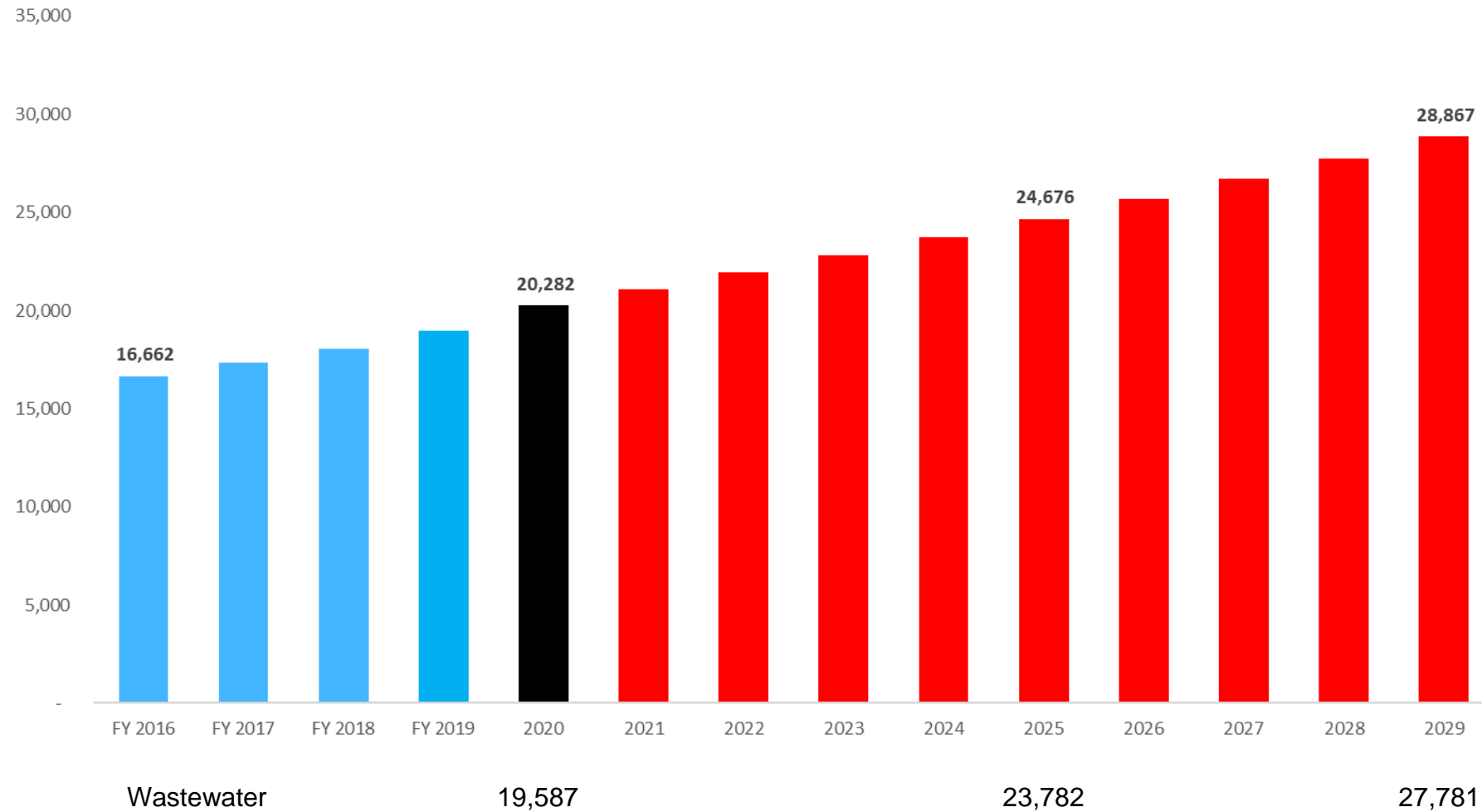
		Water	Wastewater
Monthly Minimum Charge			
3/4"		\$ 18.54	\$ 23.78
1"		25.64	36.49
1 1/2"		41.46	44.96
2"		67.11	87.35
3"		77.67	115.22
4"		126.65	152.86
6"		240.36	378.70
Volume Rate/1,000 Gal			
<u>Residential - City</u>			
-	6,000	2.15	6.51
6,001	12,000	4.27	6.51
12,001	30,000	6.42	6.51
30,001	Above	10.31	6.51
<u>Multi-Family/Commercial/Industrial</u>			
-	40,000	5.06	6.51
40,001	100,000	8.10	6.51
100,001	Above	10.50	6.51
<u>Irrigation</u>			
-	80,000	7.57	NA
80,001	Above	8.71	NA
<u>Reclaimed Water</u>			
Per 1,00 Gallons		NA	6.38

Residential Monthly Charges 7,000 Gal Water; 5,000 Gal WW

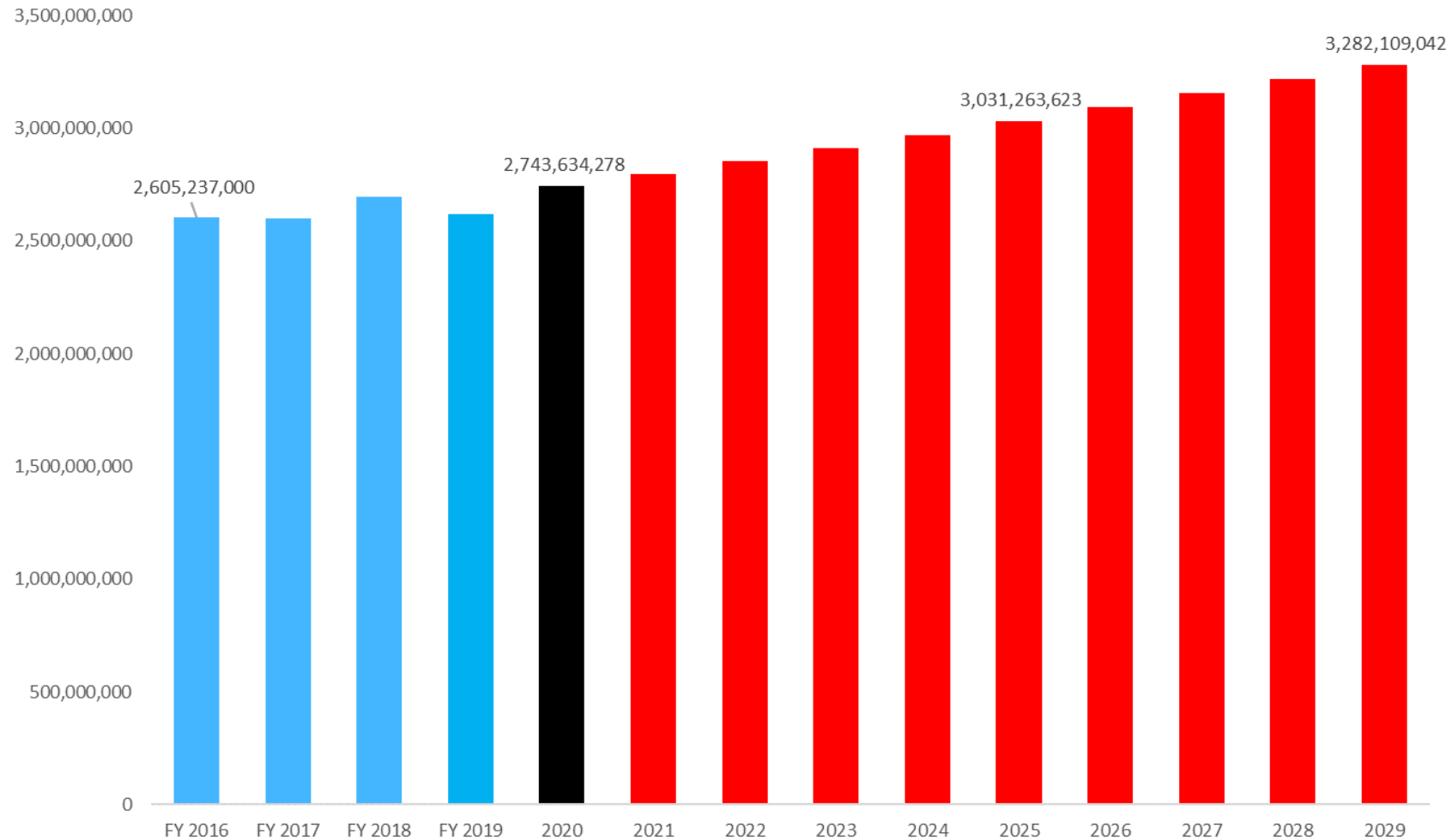


NOTE: Goodyear charges do not include CAP water charges

Historical and Forecast Water Accounts



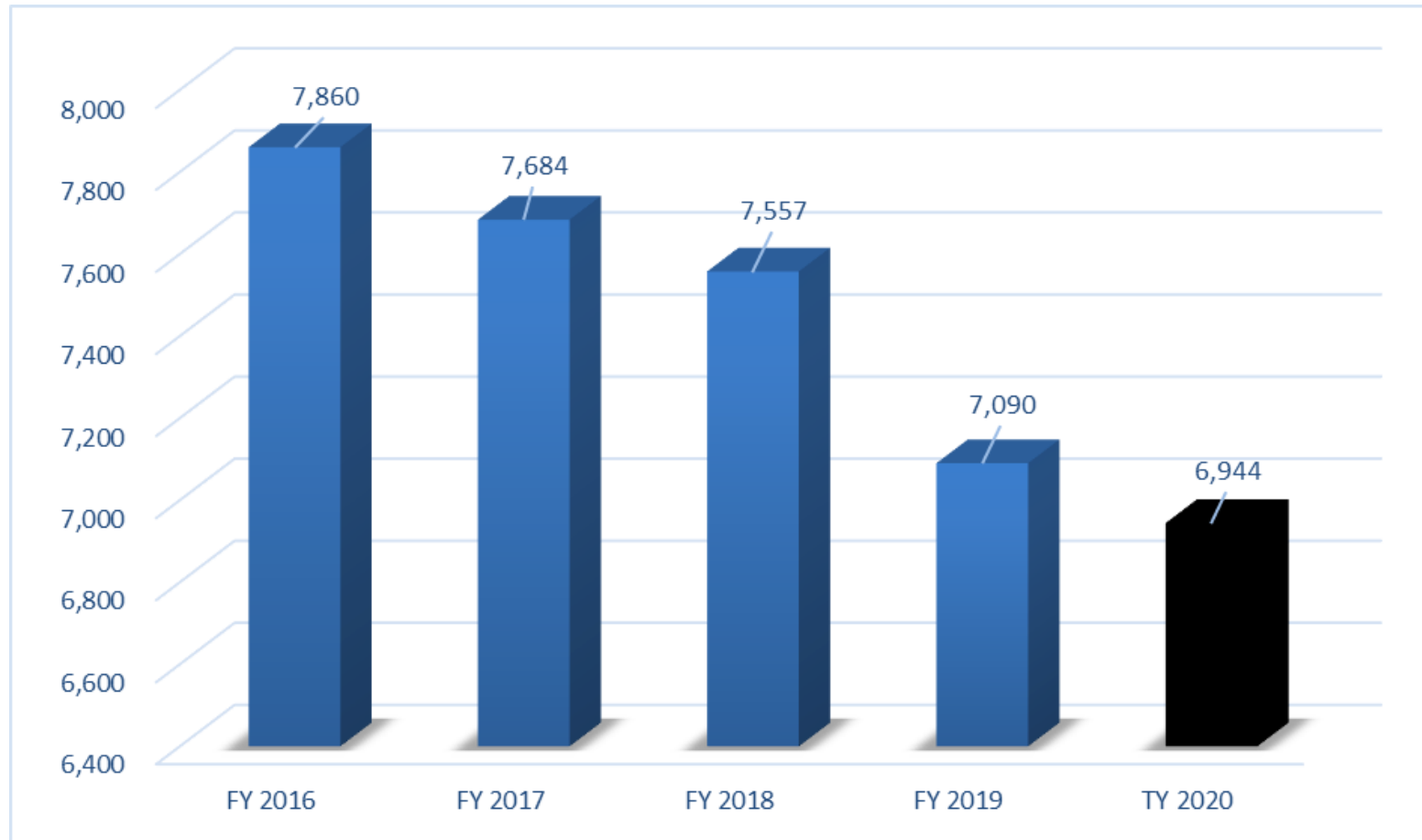
Historical and Forecast Water Consumption



City of Goodyear Residential Monthly Usage Per Account



Gallons



Water Utility – 5 Year Forecast

General Operating Cost Assumptions



- ◆ Most costs increase by 3-5% per year
- ◆ Some costs (insurance, energy) increase at higher rates
- ◆ Certain costs increase with the rise in accounts and consumption
- ◆ Increase in total numbers of department personnel as system continues to expand
- ◆ Surface water treatment plant on-line in FY 2022



Water and Wastewater Utility Major Capital Improvements



WATER CIP Projects

Adaman Well #3	\$ 2,195,000
CAP Subcontract Capital Charges	4,323,000
Differential Impact Fee Credits	5,943,400
Historic Goodyear Water Replacements	6,365,000
Potable Storage Reservoir Rehabilitation	3,557,000
Treatment Improvements at Site 18	3,264,000
Booster Station Rehabilitation & Replacement Program	2,100,000
Distribution Valve Replacement	2,500,000
Water Meter Replacement	3,890,000
Future Projects	3,763,000
Total Water Projects	40,728,600

WASTEWATER CIP Projects

Collection System Rehabilitation or Replacements	\$ 8,048,000
Corgett WRF Rehabilitation and Replacement	3,377,000
Differential Impact Fee Credits	2,828,700
Goodyear WRF Rehabilitation and Replacement	4,755,000
Alternative to SAT Site	26,400,000
Brine Disposal	46,995,000
Future Projects	10,578,400
Total	102,982,100

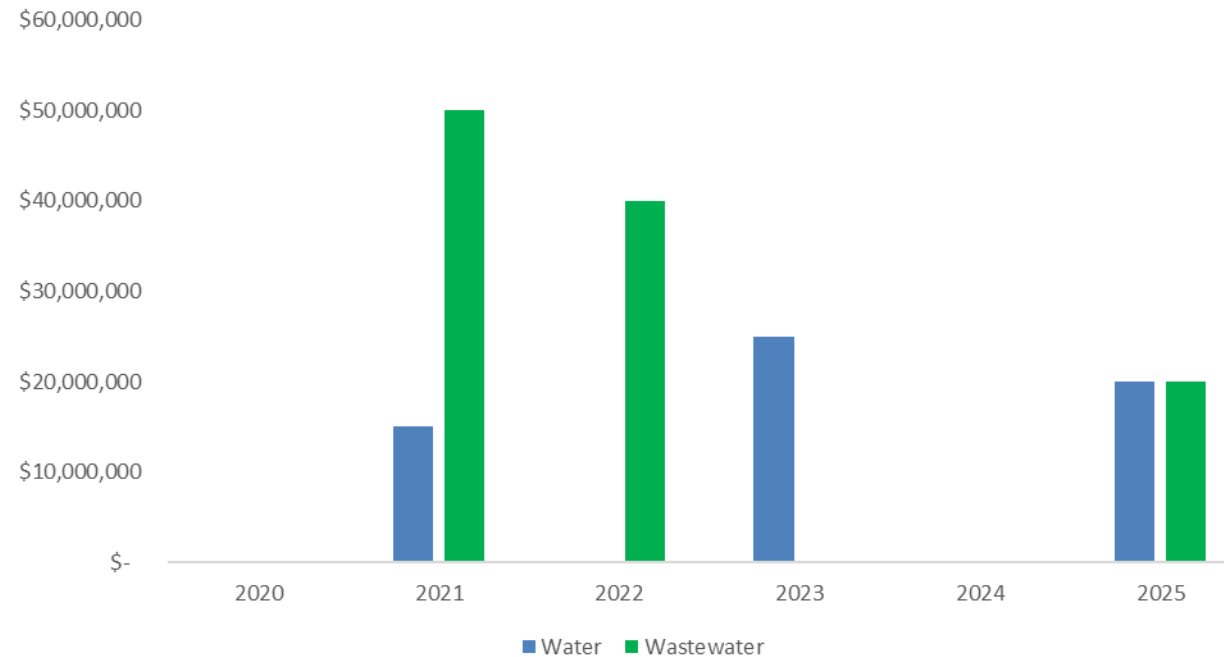
Total 2020 -- 2025 **143,710,700**

Source: City Staff

Water Utility Forecast Bond Issues 2020 -- 2025

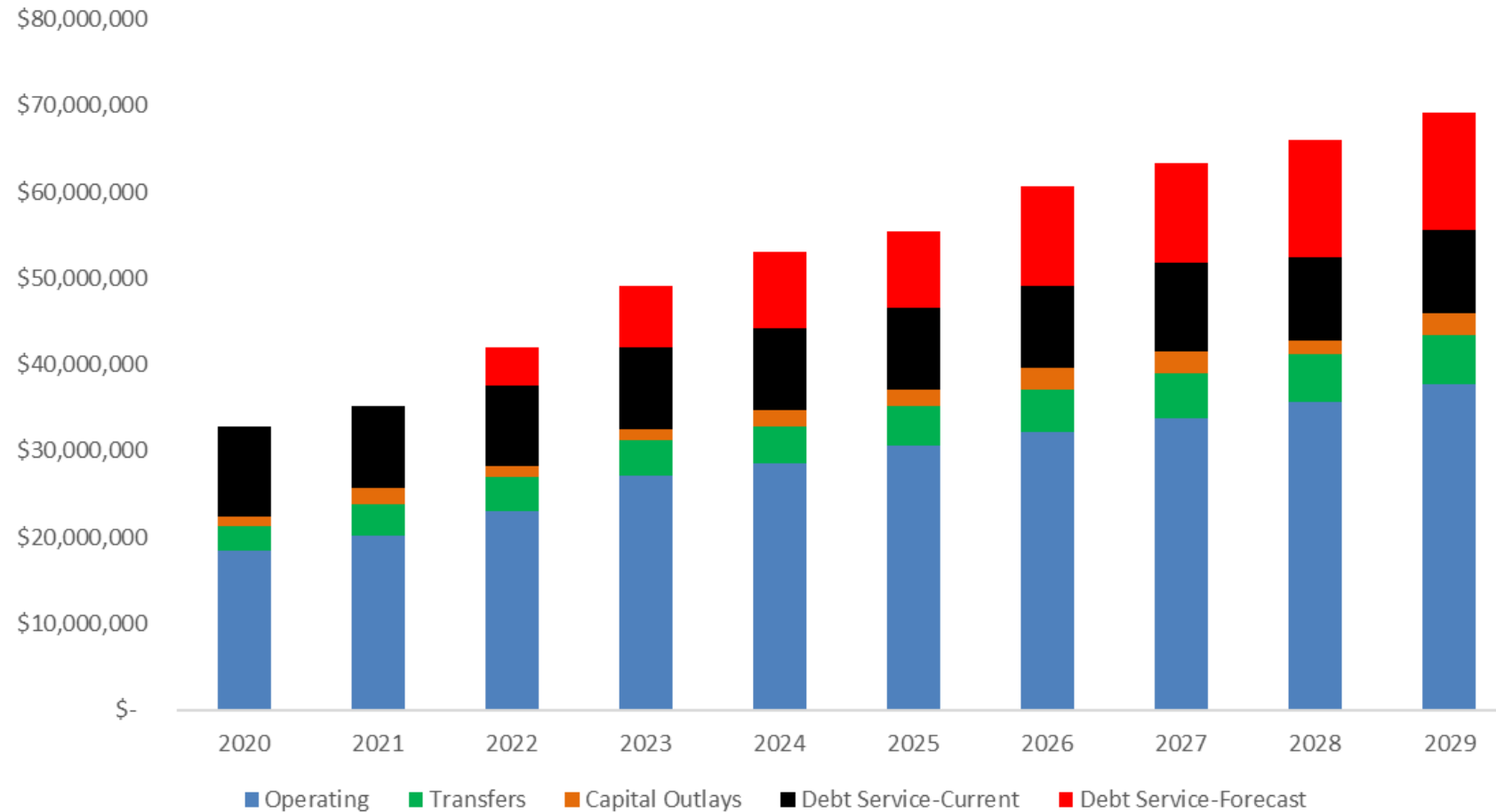


Water	--	\$60,000,000
Wastewater	--	<u>110,000,000</u>
Total	--	170,000,000



NOTE: All new debt assumed 20 year term, 3.0% interest rate, level payments
Series 2020 issued and contained in current debt

Forecast Revenue Requirement 2020 -- 2029



Water Rate Plan

Assuming Full Budget Funding



Water Rates		Current	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24	Effective Jan-25
CAP Water Charge		\$ 0.95	\$ 1.10	\$ 1.25	\$ 1.40	\$ 1.55	\$ 1.70
Monthly Minimum Charge	3/4"	\$ 18.54	\$ 19.28	\$ 19.86	\$ 20.46	\$ 21.07	\$ 21.70
	1"	25.64	26.67	27.47	28.29	29.14	30.01
	1 1/2"	41.46	43.12	44.41	45.74	47.12	48.53
	2"	67.11	69.79	71.89	74.04	76.27	78.55
	3"	77.67	80.78	83.20	85.70	88.27	90.92
	4"	126.65	131.72	135.67	139.74	143.93	148.25
Volume Rate Per 1,000 Gal							
<u>Residential - City</u>							
-	6,000	2.15	2.24	2.30	2.37	2.44	2.52
6,001	12,000	4.27	4.44	4.57	4.71	4.85	5.00
12,001	30,000	6.42	6.68	6.88	7.08	7.30	7.51
30,001	Above	10.31	10.72	11.04	11.38	11.72	12.07
<u>Non-Residential</u>							
-	40,000	5.06	5.26	5.42	5.58	5.75	5.92
40,001	100,000	8.10	8.42	8.68	8.94	9.21	9.48
100,001	Above	10.50	10.92	11.25	11.59	11.93	12.29
<u>Irrigation</u>							
-	80,000	7.57	7.87	8.11	8.35	8.60	8.86
80,001	Above	8.71	9.06	9.33	9.61	9.90	10.20

Wastewater Rate Plan

Assuming Full Budget Funding



Wastewater Rates		Current	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24	Effective Jan-25
Monthly Minimum Charge	3/4"	\$ 23.78	\$ 24.49	\$ 25.23	\$ 25.99	\$ 27.02	\$ 28.11
	1"	36.49	37.58	38.71	39.87	41.47	43.13
	1 1/2"	44.96	46.31	47.70	49.13	51.09	53.14
	2"	87.35	89.97	92.67	95.45	99.27	103.24
	3"	115.22	118.68	122.24	125.90	130.94	136.18
	4"	152.86	157.45	162.17	167.03	173.72	180.66
Volume Rate/1,000 Gal		6.51	6.71	6.91	7.11	7.40	7.69

Residential Rate Plan Impact on Monthly Charges



		Current	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24	Effective Jan-25
Residential Standard Monthly Bill - 3/4"							
7,000 Gal Water	Total	\$ 98.69	\$ 102.86	\$ 106.76	\$ 110.75	\$ 115.45	\$ 120.28
5,000 Gal WW	Increase -- \$		4.17	3.90	3.99	4.69	4.83
	Increase -- %		4.2%	3.8%	3.7%	4.2%	4.2%
10,000 Gal Water Total		114.35	119.48	124.24	129.09	134.66	140.37
5,000 Gal WW	Increase -- \$		5.13	4.75	4.85	5.57	5.71
	Increase -- %		4.5%	4.0%	3.9%	4.3%	4.2%
20,000 Gal Water Total		216.30	226.30	235.43	244.75	255.22	265.96
10,000 Gal WW	Increase -- \$		10.00	9.13	9.31	10.47	10.74
	Increase -- %		4.6%	4.0%	4.0%	4.3%	4.2%

NOTE: Includes CAP Water charges

Non-Residential Rate Plan Impact on Monthly Charges



	Current	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24	Effective Jan-25
Commercial Standard Monthly Bill - 2"						
25,000 Gal Water Total	\$ 434.91	\$ 452.93	\$ 469.44	\$ 486.34	\$ 506.01	\$ 526.25
20,000 Gal WW Increase -- \$		18.02	16.51	16.90	19.67	20.24
Increase -- %		4.1%	3.6%	3.6%	4.0%	4.0%
50,000 Gal Water Total	745.76	777.71	806.89	836.73	871.03	906.29
40,000 Gal WW Increase -- \$		31.95	29.18	29.83	34.30	35.26
Increase -- %		4.3%	3.8%	3.7%	4.1%	4.0%

NOTE: Includes CAP Water charges



Solid Waste Rate Analysis

Solid Waste Utility Cost Factors



- ◆ Service provided only to residential customers
- ◆ New contract with RAD effective July 2019, has significantly lowered costs
- ◆ No forecast long-term debt
- ◆ All capital costs to be funded directly from rates



Solid Waste Cost of Service 2020 -- 2025



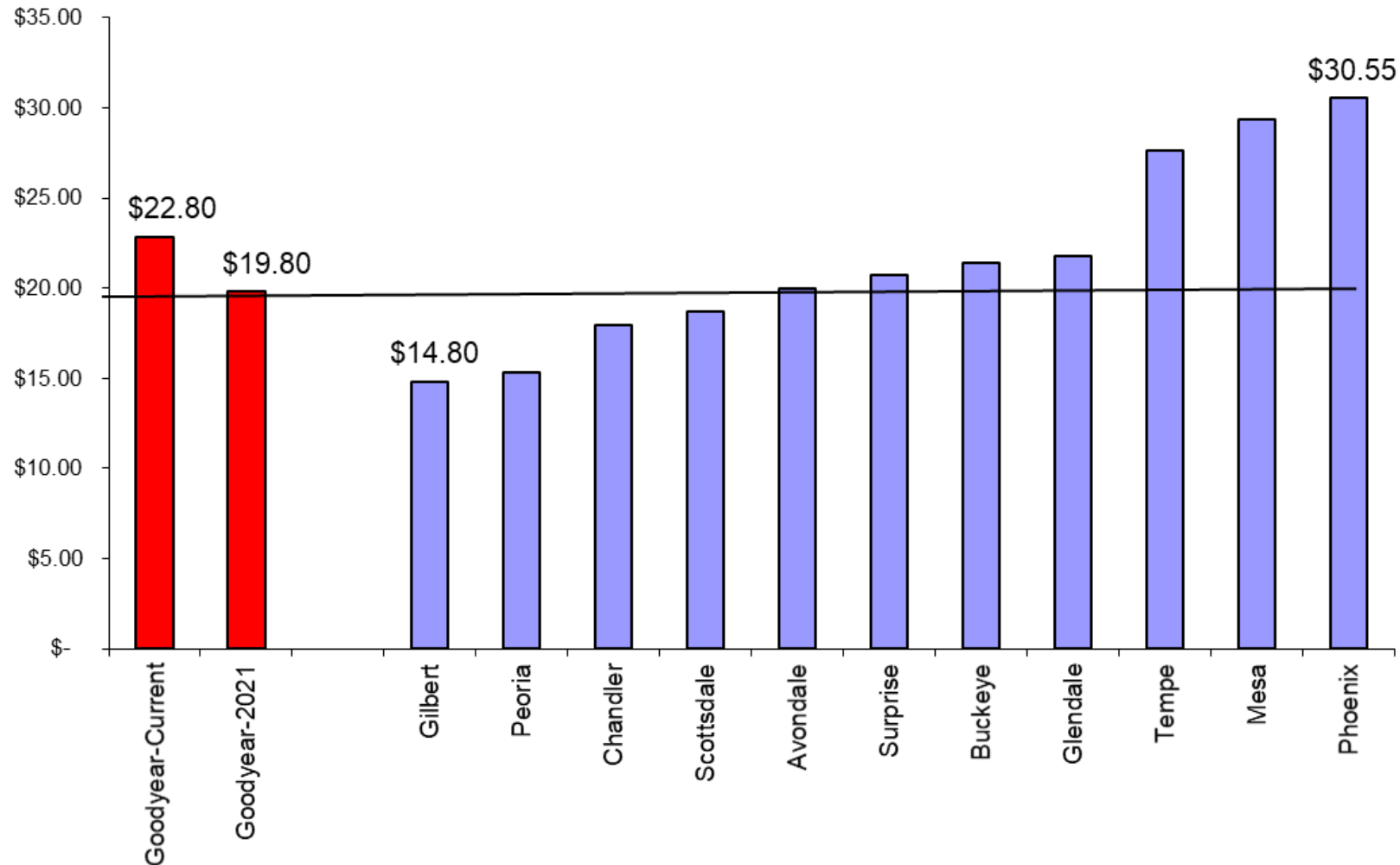
	2020	2021	2022	2023	2024	2025
Contained	\$ 4,345,507	\$ 4,598,865	\$ 4,925,131	\$ 5,223,324	\$ 5,539,595	\$ 5,875,222
Uncontained	1,420,755	1,301,783	1,943,507	1,607,650	1,750,110	1,765,063
Administration	1,238,003	1,649,763	1,300,644	1,339,663	1,379,853	1,421,248
Customer Service	<u>403,050</u>	<u>495,511</u>	<u>583,555</u>	<u>610,345</u>	<u>638,646</u>	<u>668,560</u>
Total	7,407,316	8,045,924 8.6%	8,752,838 8.8%	8,780,982 0.3%	9,308,204 6.0%	9,730,094 4.5%

Solid Waste Rate Plan 2020 – 2025



			Monthly Charge						
	Current	Effective Jan-20	Effective Jan-21	Effective Jan-22	Effective Jan-23	Effective Jan-24	Effective Jan-25		
Residential									
Total Monthly	\$ 22.80	\$ 22.80	\$ 19.80	\$ 20.55	\$ 21.40	\$ 22.25	\$ 23.15		
Inc/(Dec) -- Dollars		-	(3.00)	0.75	0.85	0.85	0.90		
Inc/(Dec) -- Percent			-13.0%	4.0%	4.0%	4.0%	4.0%		
Residential -- Additional									
Residential -- Additional Container	6.26	6.26	7.50	7.80	8.11	8.43	8.77		
Inc/(Dec) -- Dollars		-	1.24	0.30	0.31	0.32	0.34		
Inc/(Dec) -- Percent			20.0%	4.0%	4.0%	4.0%	4.0%		

Solid Waste Monthly Charge Comparison





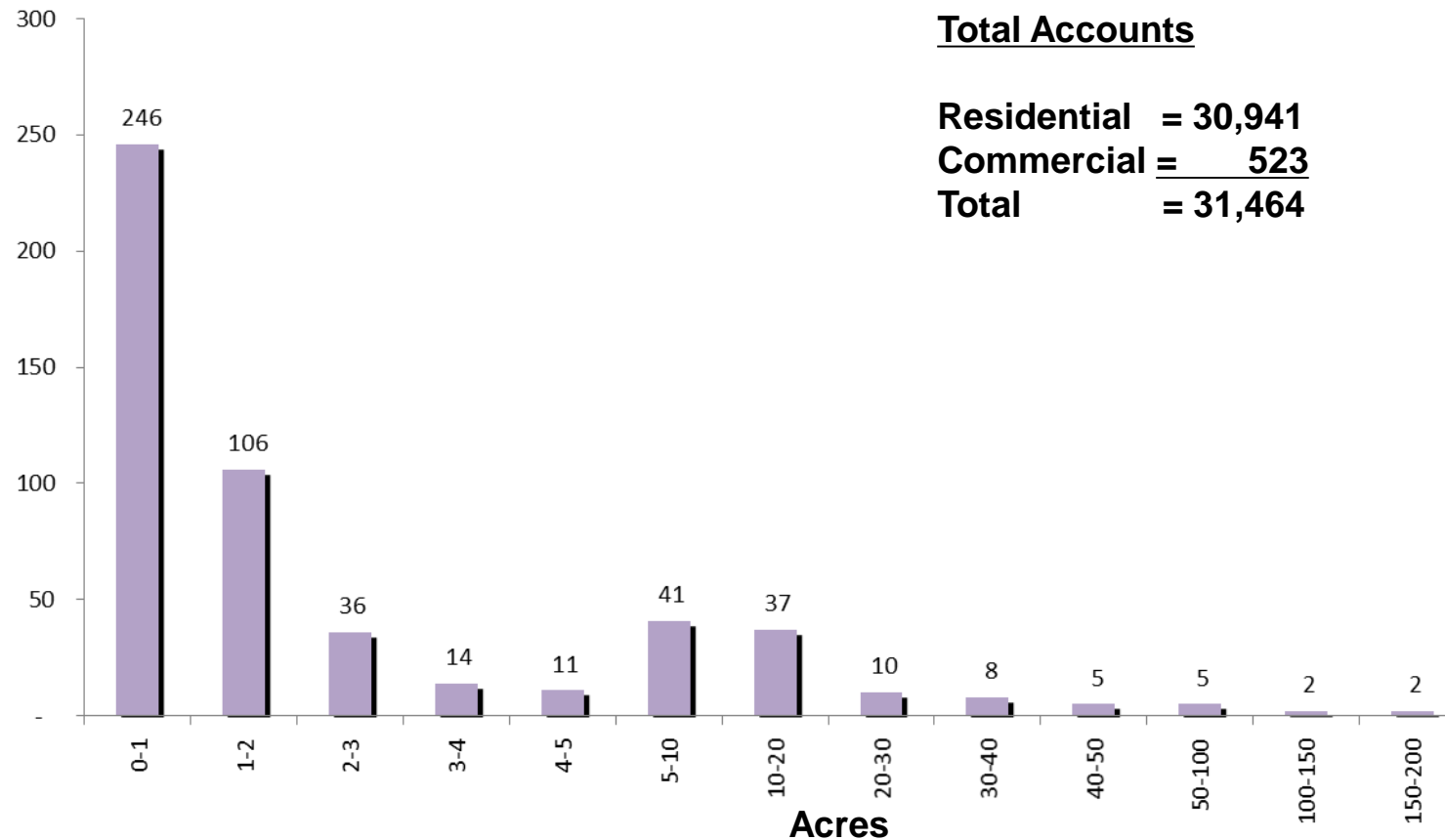
Stormwater Rate Analysis

Commercial Accounts

Total Accounts per Acre Range



Number of Commercial Accounts



Forecast Stormwater Cost of Service



	2020	2021	2022	2023	2024	2025
Operating Expenses						
SW Program Management	\$ 295,495	\$ 304,700	\$ 314,100	\$ 323,800	\$ 333,800	\$ 344,200
System Maintenance	-	-	135,500	169,200	137,200	172,400
Water Quality Compliance	-	-	-	86,000	88,300	165,900
System Planning	-	-	276,300	456,900	299,500	311,700
Stormwater Utility	-	-	54,200	28,200	29,400	275,100
Stormwater Program Admin	-	-	-	-	-	-
Total Operating	295,495	304,700	780,100	1,064,100	888,200	1,269,300
Capital Outlays	188,600	-	-	58,600	44,400	9,300
Debt Service	-	-	235,255	235,255	436,902	436,902
Total Cost of Service	484,095	304,700	1,015,355	1,357,955	1,369,502	1,715,502

NOTE: Account growth forecast to equal wastewater accounts

SOURCE: Black and Veatch

Stormwater Utility Notes on Fee Proposal



- ◆ Recommend set initial uniform monthly fee for residential
- ◆ Commercial monthly fee to be based on acres of total property
- ◆ At some future point when sufficient data is tabulated, City should consider converting commercial accounts to be based on **impervious surface data**



Proposed Stormwater Monthly Charges



	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
STORMWATER Utility Monthly Charge					
Residential	\$ 1.00	\$ 2.00	\$ 2.50	\$ 2.50	\$ 3.50
Per Account					
Commercial					
Per Acre	4.00	8.00	10.00	10.00	14.00
<hr/>					
Acres					
1	4.00	8.00	10.00	10.00	14.00
3	12.00	24.00	30.00	30.00	42.00
5	20.00	40.00	50.00	50.00	70.00
10	40.00	80.00	100.00	100.00	140.00
20	80.00	160.00	200.00	200.00	280.00
50	200.00	400.00	500.00	500.00	700.00
100	400.00	800.00	1,000.00	1,000.00	1,400.00
150	600.00	1,200.00	1,500.00	1,500.00	2,100.00

Stormwater Residential Monthly Fee Comparison



Goodyear (proposed)	\$	1.00
Apache Junction	-	
Buckeye	-	
Chandler	-	
Gilbert	-	
Glendale	-	
Mesa	-	
Phoenix	-	
Queen Creek	-	
Tempe	-	
Avondale *	1.00	
Peoria	1.25	
Surprise	2.75	
Flagstaff	3.74	
Scottsdale	4.10	

* Referred to as "Environmental Fee"
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Water, Wastewater, Solid Waste, Stormwater Combined Impact on Monthly Charges



	Gallons	Current	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
Water	7,000	\$ 42.36	\$ 44.84	\$ 47.00	\$ 49.20	\$ 51.43	\$ 53.70
Wastewater	5,000	56.33	58.02	59.76	61.55	64.02	66.58
Solid Waste		22.80	19.80	20.55	21.40	22.25	23.15
Stormwater		-	1.00	2.00	2.50	2.50	3.50
Total		121.49	123.66	129.31	134.65	140.20	146.93
Difference			2.17	5.65	5.34	5.54	6.73
Water	10,000	\$ 58.02	\$ 61.46	\$ 64.47	\$ 67.53	\$ 70.64	\$ 73.79
Wastewater	5,000	56.33	58.02	59.76	61.55	64.02	66.58
Solid Waste		22.80	19.80	20.55	21.40	22.25	23.15
Stormwater		-	1.00	2.00	2.50	2.50	3.50
Total		137.15	140.28	146.79	152.99	159.41	167.02
Difference			3.13	6.50	6.20	6.42	7.61

NOTE: Includes CAP Water charges

Non-Rate Fee Recommendations



Fee Code	Description	Current Fee	Proposed Fee	Basis for Recommendation	Percent Increase
	Late Payment Fee	1.50%	1.50%	Comps	0.0%
RC	Returned Check Fee	50.00	52.50	76.38	5.0%
SD	Water/WW Security Deposit - Resid	200.00	200.00	203.34	0.0%
	Water/WW Security Deposit - Non Resid	250.00	375.00	856.87	50.0%
	Solid Waste/Stormwater Security Deposit	-	50.00	2 Mth Bills	na
CC	Cross Connection-Backflow	9.00	13.50	13.79	50.0%
CF	Same Day New Account	50.00	75.00	121.22	50.0%
CN	Activation Fee - Next Day	60.00	75.00	121.22	25.0%
DN	Disconnect Notice	18.00	27.00	28.59	50.0%
RF	Admin Fee (Shut off)	50.00	50.00	50.77	0.0%
TO	Same Day Reinstatement	50.00	75.00	209.07	50.0%
WA	Water Audit Fee	54.00	81.00	211.23	50.0%
FV	Field Visit	55.00	82.50	176.95	0.0%
LH	Hydrant Connection	150.00	150.00	305.13	0.0%
MT	Meter Tampering	65.00	97.50	135.37	50.0%

Presentation Summary

How Will Rate Plan Benefit City?



- Will result in a financially-healthy utility that has the ability to funds all its financial needs
- Will ensure that new water treatment plant and \$150 million in other water/ww CIP is adequately funded
- Will enable City to fund stormwater infrastructure and operating costs
- Ensures that customers only pay what it costs to provide service





Questions?

Overview



CITIZEN RATE COMMITTEE COMMENTS:

- Lessen Impact in Year 1
- Smooth rate increases in years 2-5
- Develop cost recovery philosophy on non-rate fees
 - Intend to adopt 1 year only – future years part of citywide annual rate setting process
- Establish a Stormwater Utility
 - Cap on Non-Residential
- Irrigation rate to match Tier III rate to encourage conservation
 - Not recommended - Large impact on few customers
 - More effective ways to encourage conservation

Council Discussion



	Gallons	Current	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
Water	7,000	\$ 42.36	\$ 44.84	\$ 47.00	\$ 49.20	\$ 51.43	\$ 53.70
Wastewater	5,000	56.33	58.02	59.76	61.55	64.02	66.58
Solid Waste		22.80	19.80	20.55	21.40	22.25	23.15
Stormwater		-	1.00	2.00	2.50	2.50	3.50
Total		121.49	123.66	129.31	134.65	140.20	146.93
Difference			2.17	5.65	5.34	5.54	6.73

Water	10,000	\$ 58.02	\$ 61.46	\$ 64.47	\$ 67.53	\$ 70.64	\$ 73.79
Wastewater	5,000	56.33	58.02	59.76	61.55	64.02	66.58
Solid Waste		22.80	19.80	20.55	21.40	22.25	23.15
Stormwater		-	1.00	2.00	2.50	2.50	3.50
Total		137.15	140.28	146.79	152.99	159.41	167.02
Difference			3.13	6.50	6.20	6.42	7.61

Next Steps



- **10/26/2020:** Adopt Notice of Intent (Water/Wastewater)
 - Official start of the public process
 - Post reports on Website
- **November/December:** Public Outreach
 - Mailers – Email, Direct Mail, Bill Insert
 - Social Media / Open House
- **12/09/2020:** Post Notice of Intent in Newspaper
- **01/04/2021:** Public Hearing & Rate Adoption
- **02/03/2021:** Rate Implementation