



COST OF SERVICE STUDY FOR WASTEWATER UTILITY

**City Council Meeting
October 11, 2022**

BACKGROUND

PW-Sanitation Division provides wastewater collection citywide


- 36,000 accounts
- 287 miles of sewer pipelines
- 9 sewer lift stations
- **Customer rates established by Cost of Service Study**
- **Last Cost of Service Study 2017-2021**
- **Last rate increase January 2021**

OBJECTIVES

Determine new 5-year rates to provide adequate funding for:

- Operations and Maintenance
 - Capital Improvement Program
 - Reserves
- **Covers 5-year period CY 2023-2027**
 - **Cost of service based rates required by Proposition 218**

COST OF SERVICE (COS)

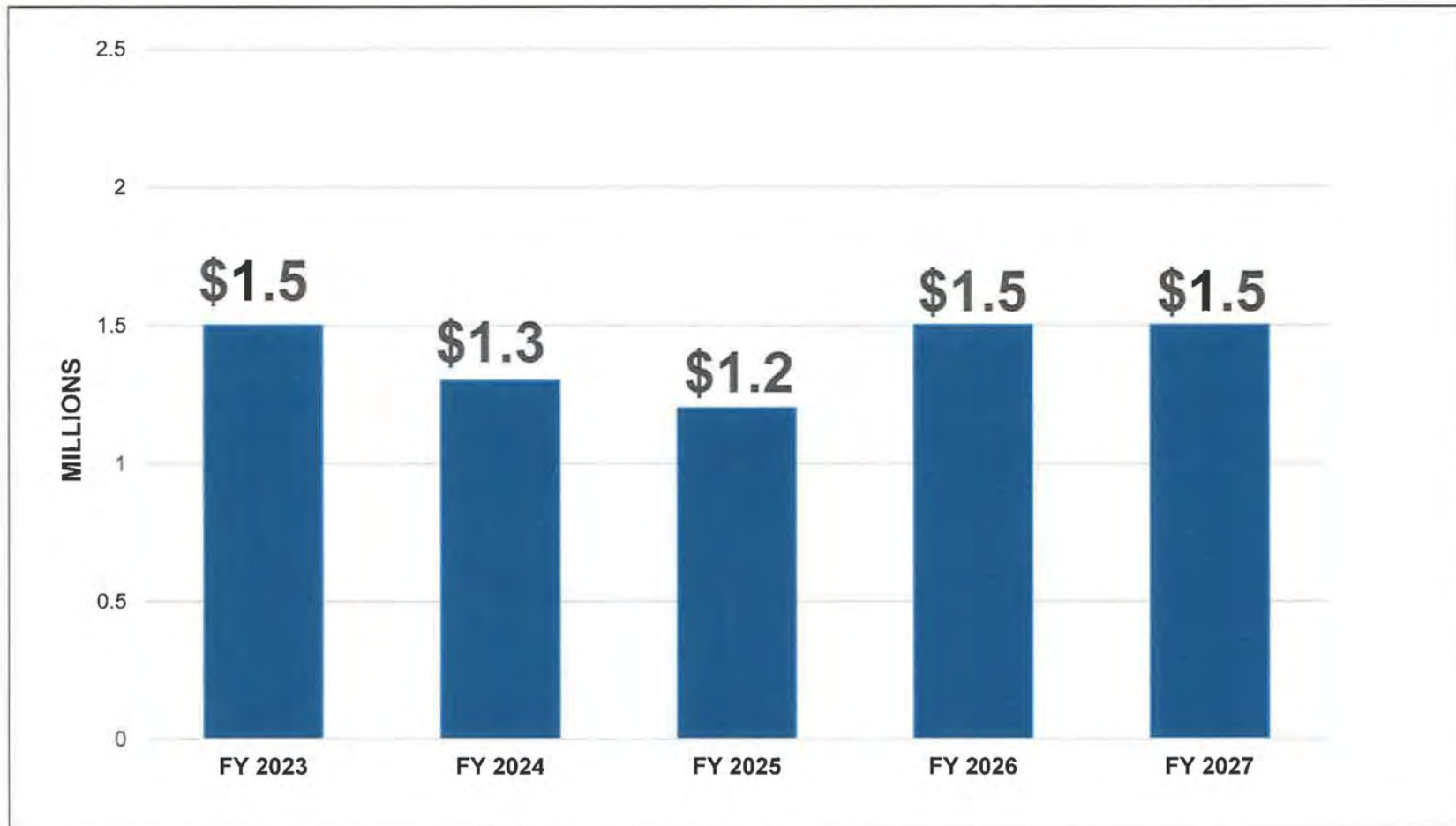
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- Based on recognized COS methodology consistent with Proposition 218
 - Revenue requirements based on wastewater flow
 - Customers:
 - Single Family Residential (SFR)
 - Other Customers (Multifamily/Commercial/Industrial)

FINDINGS

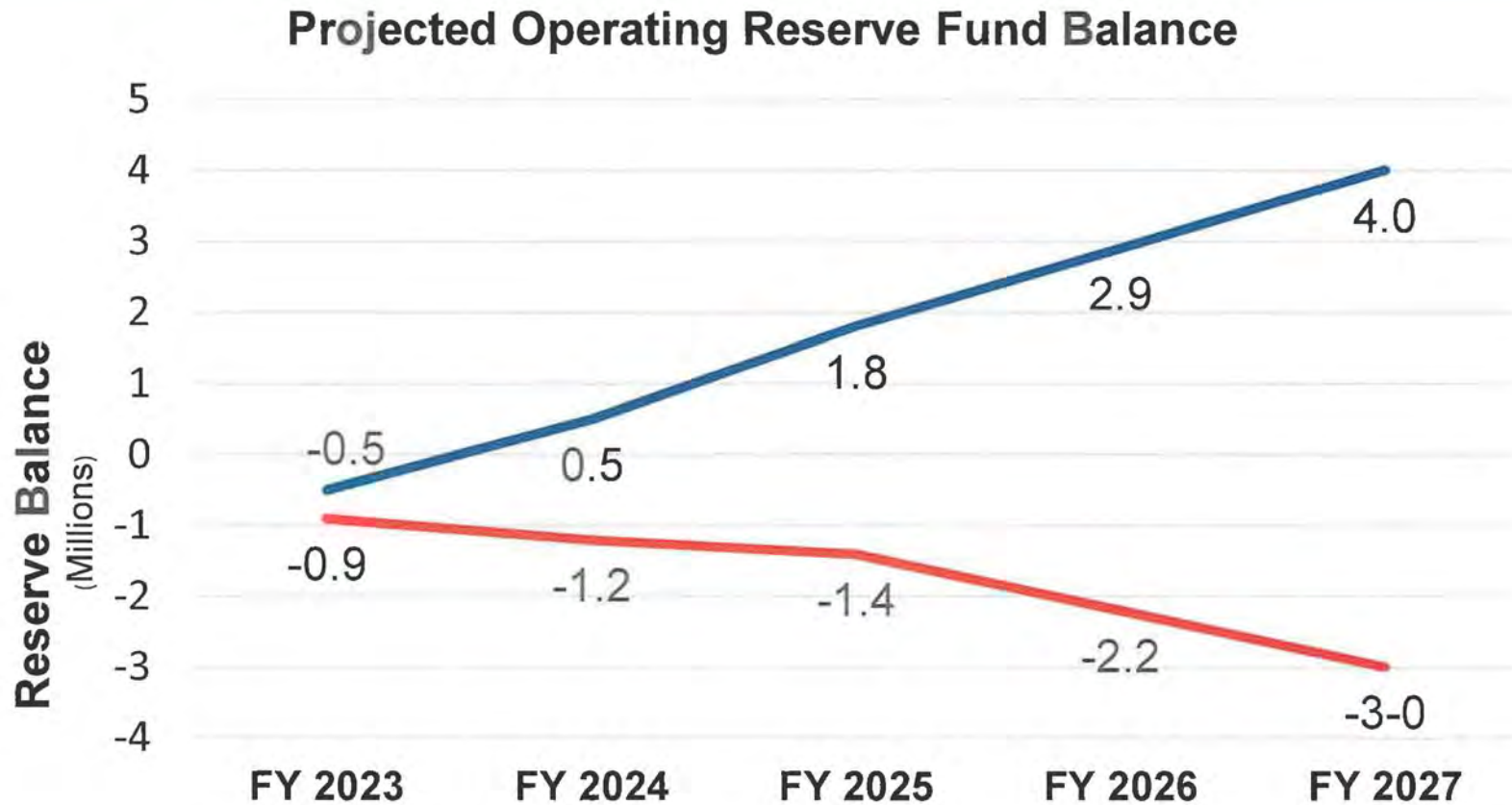
- Current rates are not adequate to meet operating, capital and reserve needs

Current Rates	2022	
Customer Class	Fixed	Variable
Single Family Residential (SFR)	\$3.65	\$0.33
Low Income/Senior/Disabled (SFR)	\$1.34	\$0.12
Other Standard Customer	\$0.00	\$0.91
Minimum Charge	\$3.65	N/A

CAPITAL IMPROVEMENT PROJECTS

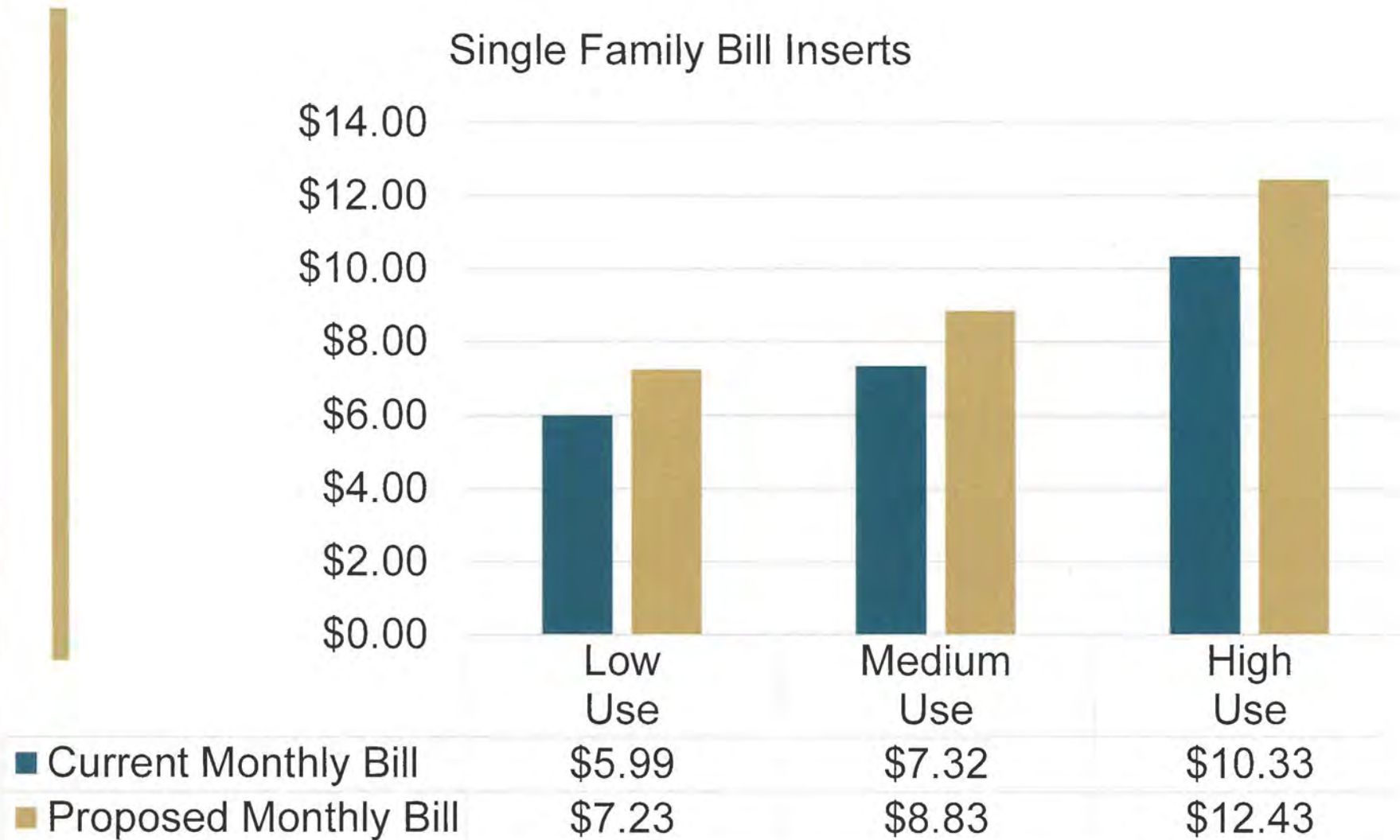


PROJECTED OPERATING RESERVE FUND BALANCE



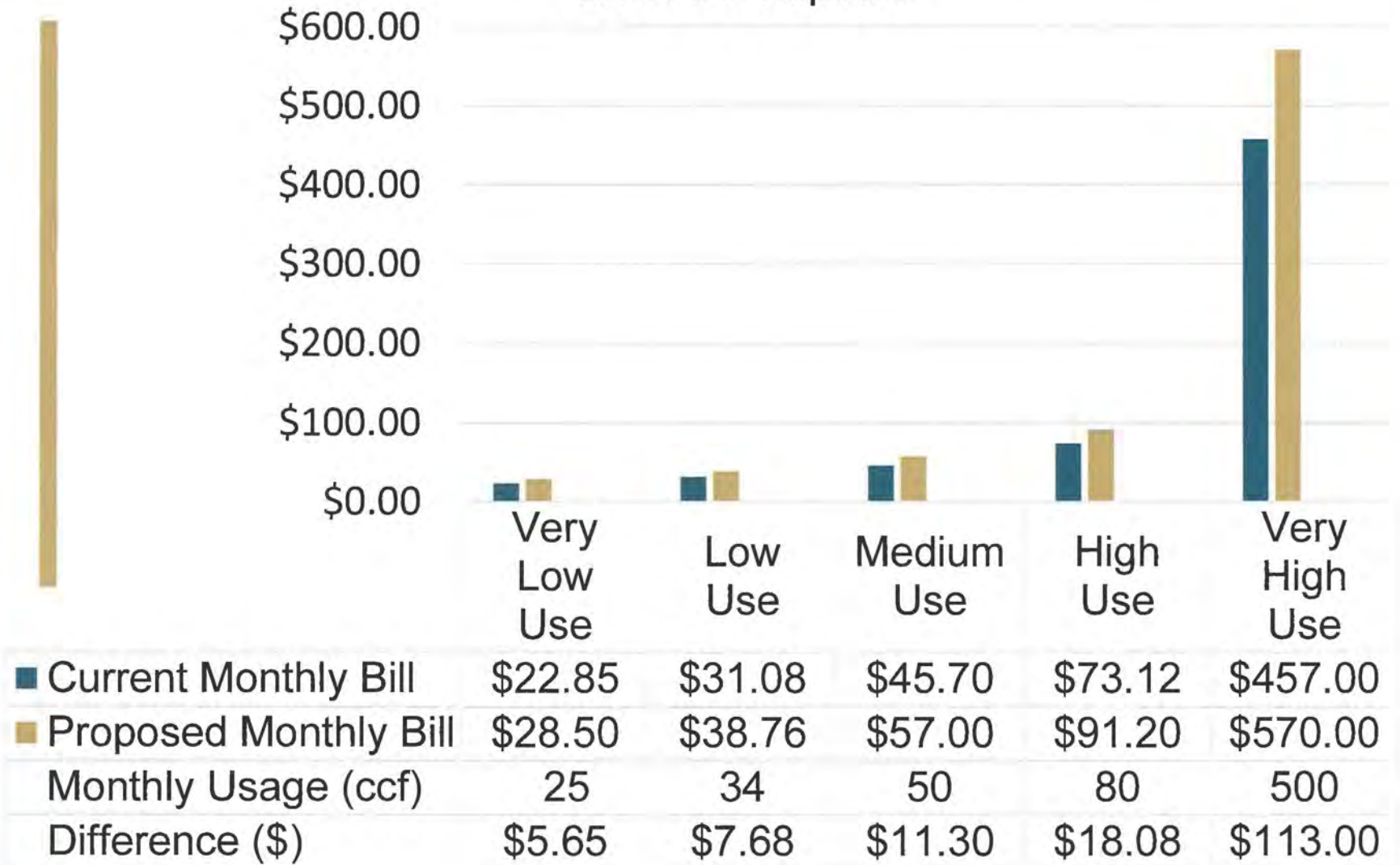
— Reserve Balance without Rate Increase — Reserve Balance with Increase

SFR CUSTOMER IMPACTS



OTHER CUSTOMER IMPACTS (Multifamily/Comm./Industrial)

Other Bill Impacts



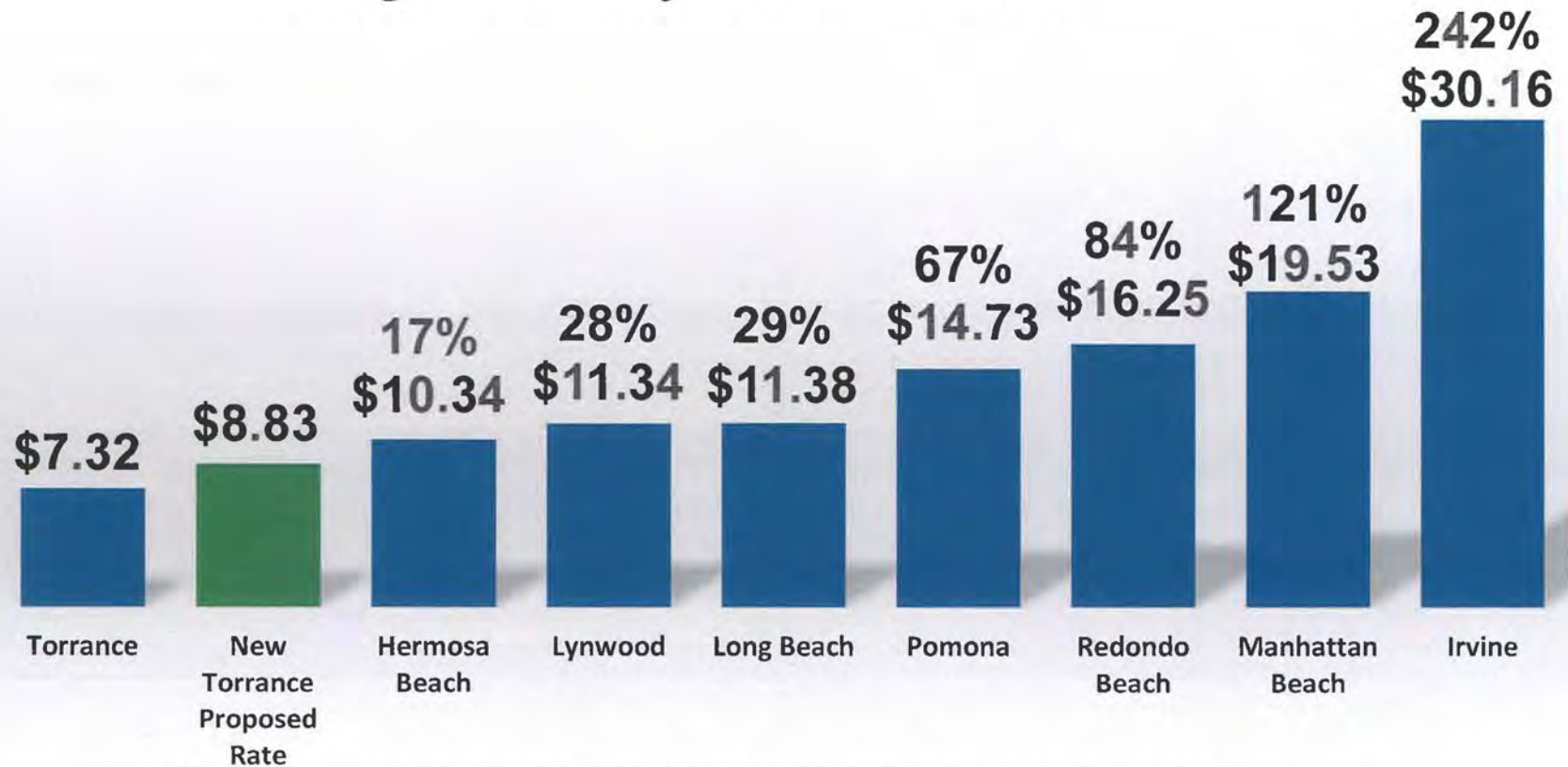
PROPOSED WASTEWATER RATES

Monthly Fixed Charge	2023	2024	2025	2026	2027
Customer Class					
Single Family Residential (SFR)	\$ 4.43	\$ 4.57	\$ 4.71	\$ 4.86	\$ 5.01
Low Income/Senior/Disabled (SFR)	\$ 1.35	\$ 1.40	\$ 1.45	\$ 1.50	\$ 1.55
Minimum Charge	\$ 4.43	\$ 4.57	\$ 4.71	\$ 4.86	\$ 5.01

Monthly Variable Charge (\$/ ccf water)	2023	2024	2025	2026	2027
Customer Class					
Single Family Residential (SFR)	\$ 0.40	\$ 0.42	\$ 0.44	\$ 0.46	\$ 0.48
Low Income/Senior/Disabled (SFR)	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.21
Other Standard Customers	\$ 1.14	\$ 1.18	\$ 1.22	\$ 1.26	\$ 1.30

MONTHLY RATE COMPARISONS WITH LIKE-SERVICE CITIES

Single Family Residential



Charges based on average use of 11 CCF billing units per month

RECOMMENDATIONS

- **Set December 6, 2022 Public Hearing date to proceed with proposed wastewater rates**
- **Authorize mailing of Proposition 218 notification and protest form**



Questions?