

City of Atwater

Water & Wastewater Financial Plan and Rates

Council Meeting - April 22, 2024





Agenda

-  Utility Financial Plan Review
-  Study Results and Recommendations
 - Water Rates
 - Wastewater Rates
-  Bill Impacts and Bill Comparisons

Financial Plan & Rate Setting Process

Step 1: Rate Setting Framework

- Financial goals and policies
- Pricing objectives

Step 3: Rate Update

- Across-the-Board increases
- Customer impact analyses

Step 5: Rate Adoption – 218 Procedures

- Notice to City customers
- Public Hearing

We're Here

Step 2: Financial Plan

- Evaluation of operating and capital costs
- Cash flow analysis for financial sufficiency

Step 4: Rate Adoption

- Documentation
- Financial plan report
- Review by legal counsel

Start

Completion

Financial Plan Review



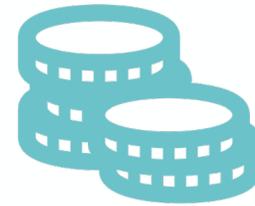
Long-Range Financial Plan Drivers



Inflationary Pressures



Treatment Costs



Cash Reserves



Debt Coverage on Existing Debt (Sewer)

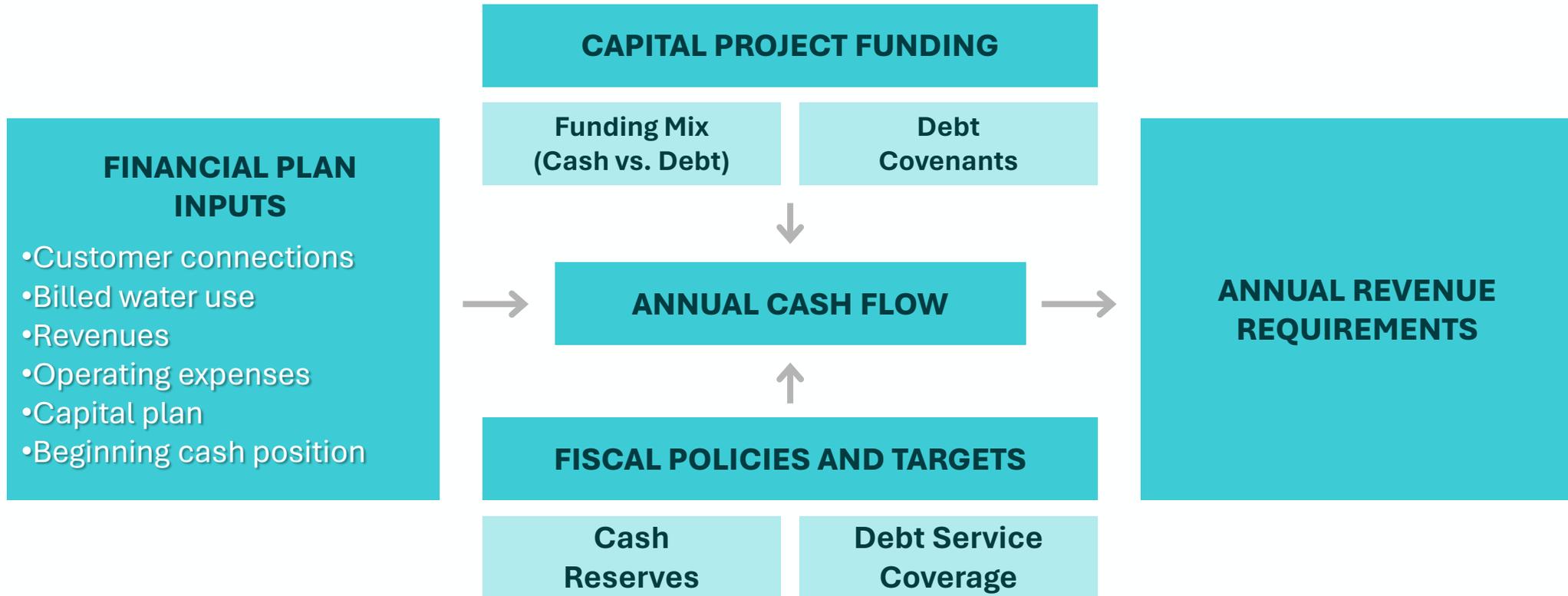


Baseline Water Sales Estimates



Capital Reinvestment

Financial Plan Elements



Reserves Policy

- Maintain Operating Reserve target of 25% operating expenses (90 days of working capital)
- Maintain Capital Fund Reserve
 - Water – average five-year CIP
 - Wastewater – 1.5 times annual CIP

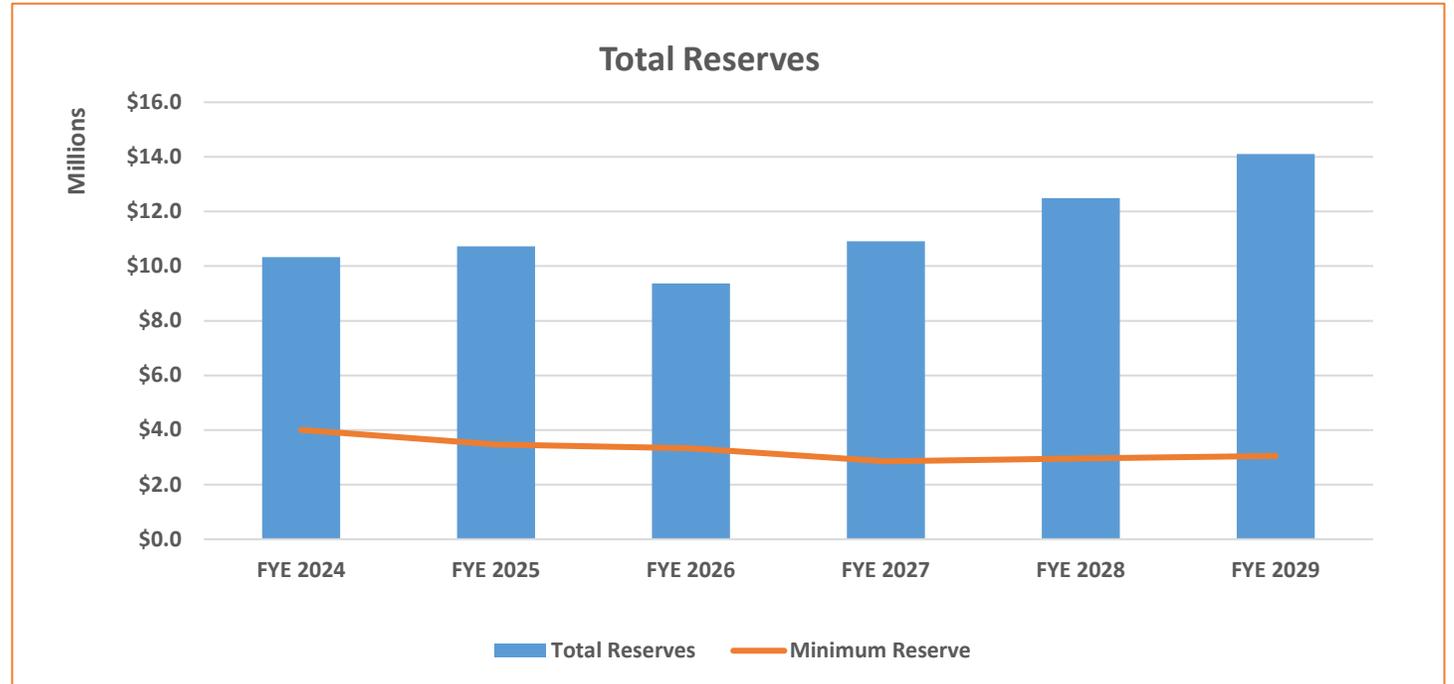
This recommendation:



Reinforces fiscal responsibility

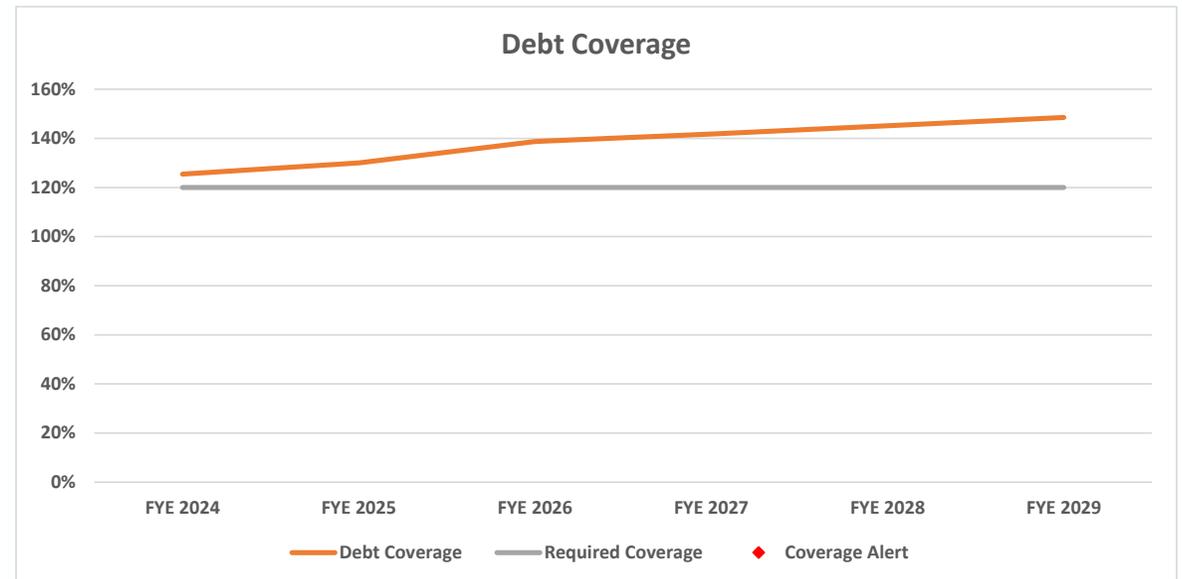
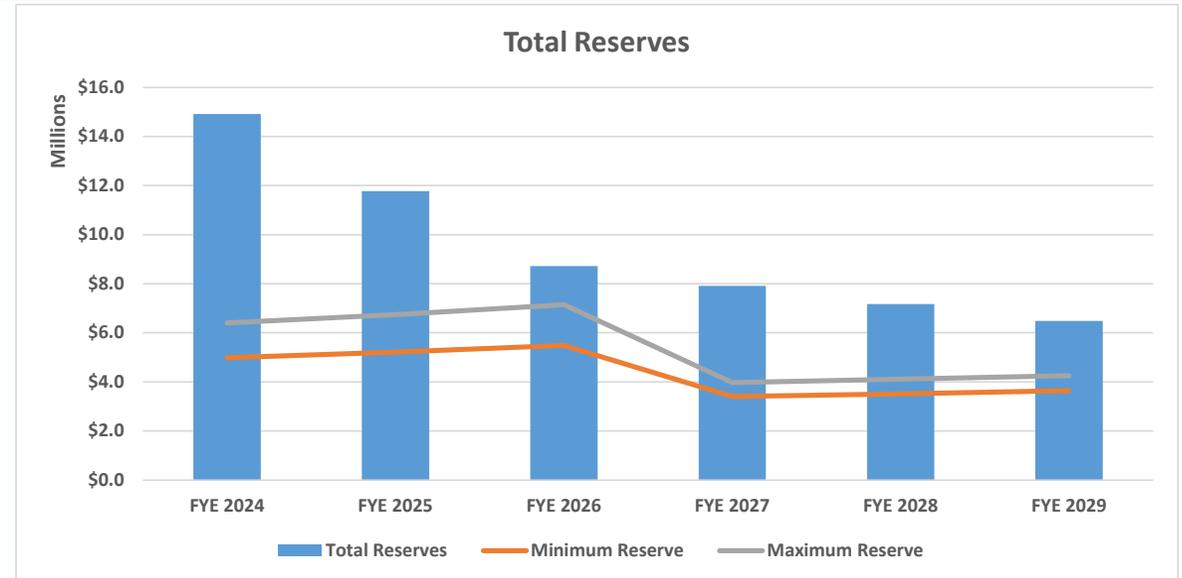
Water Financial Plan

Effective Date	Revenue Adjustment
7/1/2024	3.5%
7/1/2025	3.5%
7/1/2026	3.5%
7/1/2027	3.5%
7/1/2028	3.5%



Wastewater Financial Plan

Effective Date	Revenue Adjustment
7/1/2024	3.5%
7/1/2025	3.5%
7/1/2026	3.5%
7/1/2027	3.5%
7/1/2028	3.5%



Proposed Water Rates



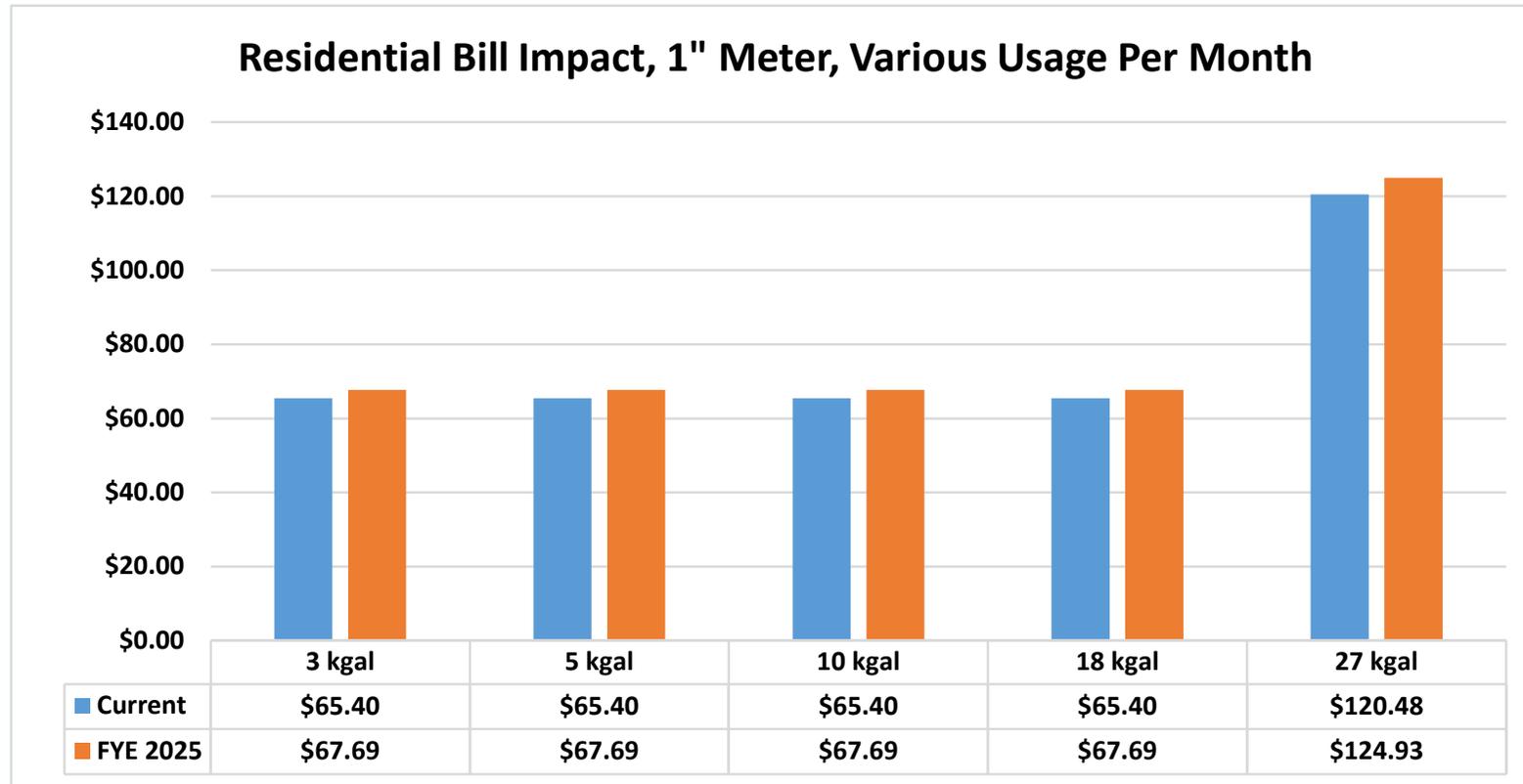
Proposed Metered Service & Volume Charges - Water

Charge	FYE 2024	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Monthly Service Charge						
3/4 and less	\$57.25	\$59.26	\$61.34	\$63.49	\$65.72	\$68.03
1"	\$65.40	\$67.69	\$70.06	\$72.52	\$75.06	\$77.69
1 1/2"	\$85.77	\$88.78	\$91.89	\$95.11	\$98.44	\$101.89
2"	\$110.22	\$114.08	\$118.08	\$122.22	\$126.50	\$130.93
3"	\$187.65	\$194.22	\$201.02	\$208.06	\$215.35	\$222.89
4"	\$301.75	\$312.32	\$323.26	\$334.58	\$346.30	\$358.43
6"	\$574.78	\$594.90	\$615.73	\$637.29	\$659.60	\$682.69
8"	\$1,186.04	\$1,227.56	\$1,270.53	\$1,315.00	\$1,361.03	\$1,408.67
Volumetric Charge						
All Customers, > 19kgal/mo	\$2.04	\$2.12	\$2.20	\$2.28	\$2.36	\$2.45

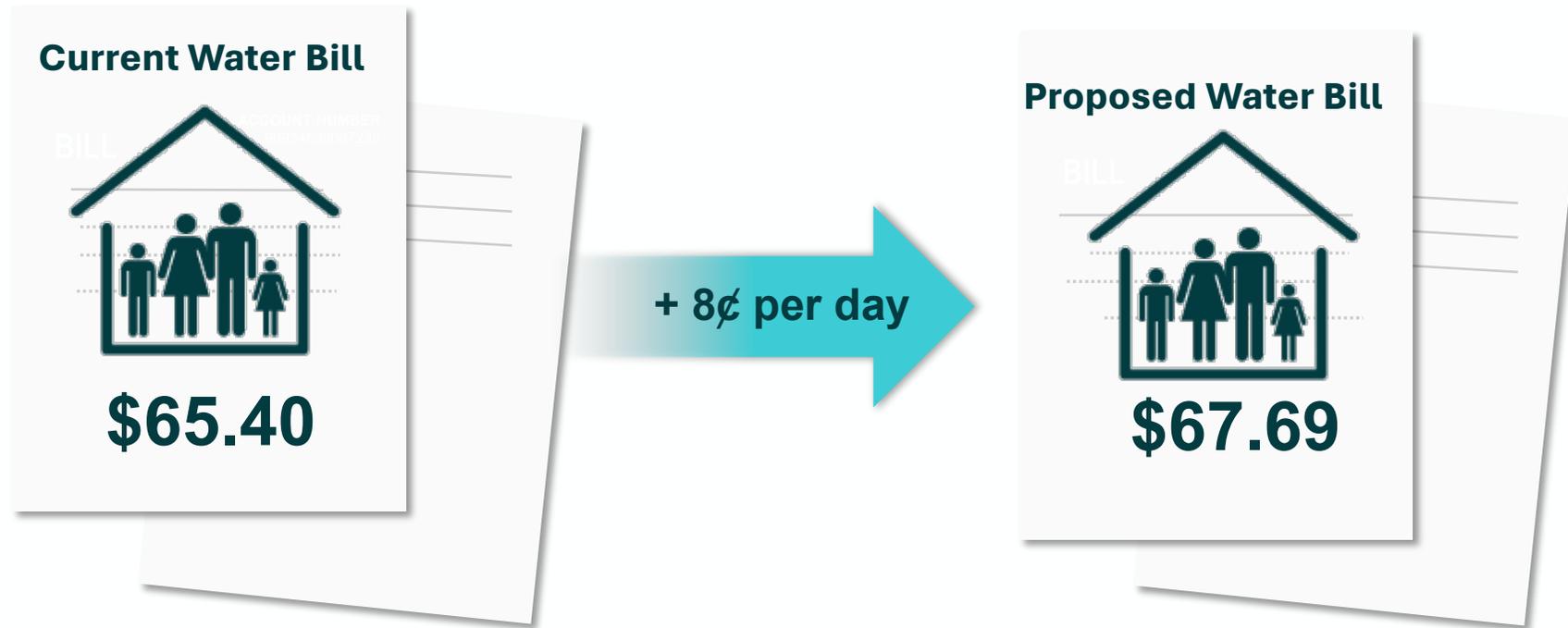
Proposed Monthly Non-Metered Service Charges - Water

Non-Metered	Current		Proposed			
	FYE 2024	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Single Family Residential						
50' or Less	\$49.87	\$51.62	\$53.43	\$55.31	\$57.25	\$59.26
51' - 100'	\$57.88	\$59.91	\$62.01	\$64.19	\$66.44	\$68.77
101' - 150'	\$73.88	\$76.47	\$79.15	\$81.93	\$84.80	\$87.77
151' - 200'	\$89.88	\$93.03	\$96.29	\$99.67	\$103.16	\$106.78
200' or Over	\$97.89	\$101.32	\$104.87	\$108.55	\$112.35	\$116.29
Other Residential	\$41.86	\$43.33	\$44.85	\$46.42	\$48.05	\$49.74
Commercial						
50' or Less	\$49.87	\$51.62	\$53.43	\$55.31	\$57.25	\$59.26
51' - 100'	\$57.88	\$59.91	\$62.01	\$64.19	\$66.44	\$68.77
101' or Over	\$73.88	\$76.47	\$79.15	\$81.93	\$84.80	\$87.77
St. Anthony's Average	\$222.27	\$230.05	\$238.11	\$246.45	\$255.08	\$264.01

Metered Single Family Residential Customer Bill Impacts - Water



Single Family Residential Customer Water Bill*



** Comparison reflects the median single-family customer with a 1" or smaller connection, using 10 kgal of water per month*

Proposed Wastewater Rates



Proposed Monthly Service Charges - Wastewater

Customer Class			Current	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Residential								
Class 1		per Dwelling Unit	\$68.72	\$71.13	\$73.62	\$76.20	\$78.87	\$81.64
Commercial								
Class 1	Business/Commercial not limited to stores/offices	per Unit	\$55.39	\$57.33	\$59.34	\$61.42	\$63.57	\$65.80
Class 2	Carwashes, Landromat, Dry Cleaners	month	\$71.48	\$73.99	\$76.58	\$79.27	\$82.05	\$84.93
Class 3	Mortuary/Funeral Homes	month	\$212.59	\$220.04	\$227.75	\$235.73	\$243.99	\$252.53
Class 4	Motels, Hotels	month	\$96.41	\$99.79	\$103.29	\$106.91	\$110.66	\$114.54
Class 5	Mobile Homes >500 sq ft	per Dwelling Unit	\$55.38	\$57.32	\$59.33	\$61.41	\$63.56	\$65.79
Class 6	Mobile Homes <500 sq ft	per Dwelling Unit	\$44.35	\$45.91	\$47.52	\$49.19	\$50.92	\$52.71
Class 7	Restuarants, Serving Food	month	\$212.59	\$220.04	\$227.75	\$235.73	\$243.99	\$252.53
Class 8	Bars, Beauty Salons	month	\$73.95	\$76.54	\$79.22	\$82.00	\$84.87	\$87.85
Institutional								
Class 1	Hospitals	month	\$81.68	\$84.54	\$87.50	\$90.57	\$93.74	\$97.03
Class 2	Schools	month	\$72.72	\$75.27	\$77.91	\$80.64	\$83.47	\$86.40
Class 3	Churches	month	\$71.38	\$73.88	\$76.47	\$79.15	\$81.93	\$84.80
Other								
Miscellaneous		Per Unit	\$56.44	\$58.42	\$60.47	\$62.59	\$64.79	\$67.06

Proposed Volume Charges (Use > 10 kgal/mo) - Wastewater

Customer Class		Current	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Commercial							
Class 1	Business/Commercial not limited to stores/offices	\$5.54	\$5.74	\$5.95	\$6.16	\$6.38	\$6.61
Class 2	Carwashes, Landromat, Dry Cleaners	\$7.15	\$7.41	\$7.67	\$7.94	\$8.22	\$8.51
Class 3	Mortuary/Funeral Homes	\$21.26	\$22.01	\$22.79	\$23.59	\$24.42	\$25.28
Class 4	Motels, Hotels	\$9.64	\$9.98	\$10.33	\$10.70	\$11.08	\$11.47
Class 7	Restuarants, Serving Food	\$21.26	\$22.01	\$22.79	\$23.59	\$24.42	\$25.28
Class 8	Bars, Beauty Salons	\$7.40	\$7.66	\$7.93	\$8.21	\$8.50	\$8.80
Institutional							
Class 1	Hospitals	\$8.17	\$8.46	\$8.76	\$9.07	\$9.39	\$9.72
Class 2	Schools	\$7.27	\$7.53	\$7.80	\$8.08	\$8.37	\$8.67
Class 3	Churches	\$7.14	\$7.39	\$7.65	\$7.92	\$8.20	\$8.49
Other							
	Miscellaneous	\$5.64	\$5.84	\$6.05	\$6.27	\$6.49	\$6.72

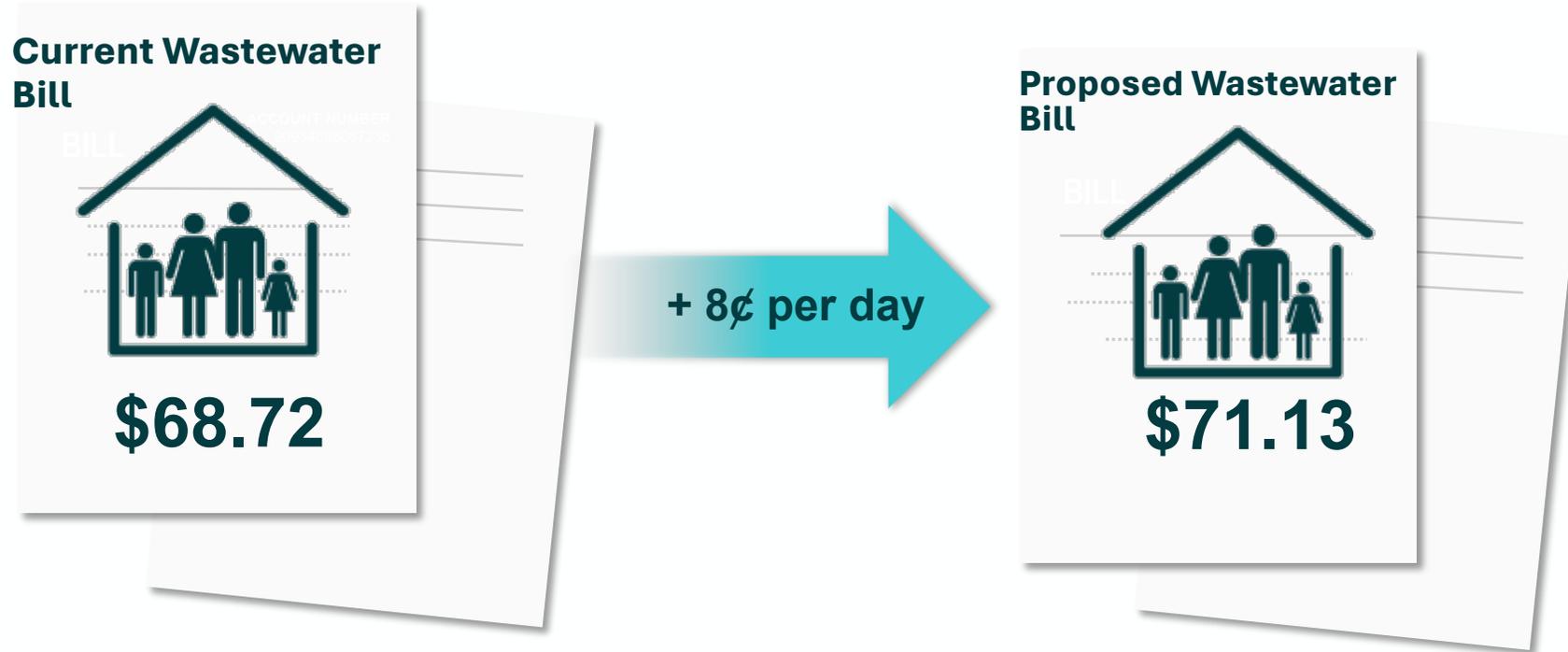
Proposed Industrial Flow & Strength Charges - Wastewater

Industrial	Current	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028
Flow, \$/kgal						
Class 1	\$12.00	\$12.42	\$12.86	\$13.32	\$13.79	\$14.28
Class 2	\$25.11	\$25.99	\$26.90	\$27.85	\$28.83	\$29.84
BOD, \$/lb						
Class 1	\$1.16	\$1.21	\$1.26	\$1.31	\$1.36	\$1.41
Class 2	\$1.16	\$1.21	\$1.26	\$1.31	\$1.36	\$1.41
SS, \$/lb						
Class 1	\$0.44	\$0.46	\$0.48	\$0.50	\$0.52	\$0.54
Class 2	\$0.44	\$0.46	\$0.48	\$0.50	\$0.52	\$0.54

Class 1 = Single sewer line

Class 2 = More than 1 sewer line

Single Family Residential Customer Wastewater Bill



Next Steps



Rate Implementation Next Steps

1

Request Council approve starting the Prop 218 process

April 22 City Council Meeting

2

Notice Postmark date

May 8-9

3

45 Day protest period

May 9 through June 24

4

Hold public meeting to hear community feedback and consider adoption of updated water and wastewater rates

June 24 City Council Meeting

Suggested Motion

- **Move to accept the 2024 Water and Wastewater recommendations and rate proposals**
- **Direct Staff to proceed with Proposition 218 notification and rate implementation processes with a Public Hearing scheduled for June 24, 2024**



Thank you