

Table ES-7
Present and Proposed Residential Sewer Rates

Customer Class	Present Rates	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018
Single Family	\$38.30	\$44.05	\$48.00	\$52.30	\$57.00	\$62.15
Condo	\$24.99	\$28.75	\$31.35	\$34.15	\$37.20	\$40.55
Apartment/Mobile Home	\$24.99	\$28.75	\$31.35	\$34.15	\$37.20	\$40.55
4-plex or less	\$24.99	\$28.75	\$31.35	\$34.15	\$37.20	\$40.55
Residential Attached	\$31.07	\$35.70	\$38.90	\$42.40	\$46.20	\$50.35
Residential Multi-Unit	\$31.07	\$35.70	\$38.90	\$42.40	\$46.20	\$50.35

As seen in Table ES-7, the residential rate structure has not been changed during the transition period, only the level of the rates has been adjusted. As the City collects additional metered water data it can begin to analyze the impacts of transitioning to a volume based sewer rate structure.

As noted the non-residential customers are charged a monthly fixed charge and a volume charge based on water use. The rate structure also is further defined between commercial, hospital, hotel/motel, industrial, restaurant, and special rate customers each with a different volume charge. As discussed, the proposed rate structure has been revised to reflect three (3) non-residential customer groups. These are based on sewer strength levels and the rates are set to reflect the increased cost of treatment for the higher strength sewer flow. In addition, the rate structure will be billed on winter water use rather than all water use. This process of billing on winter water use takes the summer outdoor watering use out of the sewer billing process. Each customer will have a winter water use calculation based on the prior years winter water use. This level of use, for each individual customer, will be the “ceiling” for sewer billing. In other words, each customer will be billed the maximum of the actual use or the calculated winter water use. During the winter periods, the actual consumption will be billed. City staff and HDR reviewed the non-residential customers and placed customers in the appropriate strength class (high, medium, or low). The winter water use was then calculated for each individual customer and the amount of consumption billed for the year was used to develop the rates. The rate differential between the strength categories was based on the costs of treating higher strength wastewater. Provided in Table ES-8 is a summary of the present and proposed non-residential rates.

Table ES-8
Present and Proposed Non-Residential Sewer Rates

Customer Class	Present Rates	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018
Monthly Fixed Charge						
Non-Residential	\$24.99	\$27.25	\$29.15	\$31.75	\$34.60	\$37.70
Volume Charges						
Commercial	\$3.75	N/A	N/A	N/A	N/A	N/A
Hospital	\$4.26	N/A	N/A	N/A	N/A	N/A
Hotel/Motel	\$4.97	N/A	N/A	N/A	N/A	N/A
Industrial	\$3.75	N/A	N/A	N/A	N/A	N/A
Restaurant	\$9.41	N/A	N/A	N/A	N/A	N/A
Special Rate	\$3.75	N/A	N/A	N/A	N/A	N/A
Winter Water Average Volume Charges						
Low Strength	N/A	\$5.59	\$5.98	\$6.52	\$7.11	\$7.75
Medium Strength	N/A	\$6.46	\$6.91	\$7.53	\$8.21	\$8.95
High Strength	N/A	\$7.34	\$7.85	\$8.56	\$9.33	\$10.17

As can be seen the rate structure for the non-residential customers has been revised to include strength based volume charges based on winter water average use. The monthly fixed charge has increased each year based on the transition plan. The remaining revenue needs are collected through the volume charge. A key aspect of this rate structure is that all water use over the individual customers' winter water average is no longer billed for sewer. As a result, the amount of consumption billed is decreased and the cost per CCF has increased. This is the reason for what appears to be a large increase in the volume charge. However, the customer will no longer pay for outdoor water use in the sewer bill therefore reducing the amount of consumption charged in a given billing period. The change in the rate structure also makes it difficult to compare the impacts to customers as the current rate structure doesn't note if a customer is a low, medium, or high strength. However, for comparison purposes, the majority of the non-residential customers fall into the current volume charge of commercial and low for the proposed rates. A high strength customer example would be the industrial customers or restaurant customers.

The institutional, or school, customers are charged a rate based on ADA. Given the results of the cost of service analysis the ADA charge has been adjusted for the January 1, 2014 rate implementation. The charge in the following year has been adjusted based on the proposed rate adjustments. Provided in Table ES-9 is a summary of the present and proposed school rate structure.

Table ES-9
Present and Proposed Institutional Sewer Rates

Customer Class	Present Rates	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018
Institutional/Schools	\$2.31	\$1.20	\$1.28	\$1.40	\$1.53	\$1.67

Again, the school rate structure has not changed and only the level of the rate has been adjusted based on the non-residential revenue transition plan.

The final class of service is the rate structure for the correctional facility. The rate is a contractual rate and based on prior agreements between the City and the facility. However, as part of the study HDR developed a methodology to equitably allocate the costs of providing sewer service to the correctional facility. The correctional facility is charged a monthly fixed charge. Provided below in Table ES-10 is a summary of the present and proposed correctional facility rates.

Table ES-10 Present and Proposed Correctional Facility Sewer Rates						
Customer Class	Present Rates	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018
Institutional/Schools	\$5,857.69	\$6,384.88	\$6,831.82	\$7,446.68	\$8,116.88	\$8,847.40

As can be seen in Table ES-10 the rates for the correctional facility have been increased based on the non-residential revenue transition plan.

Summary of the Sewer Rate Study

This completes the analysis for the City’s sewer utility. It is recommended that overall revenues be increased annually by 13.0% January 1, 2014 followed by annual 9.0% adjustments on January 1 in 2015 through 2018. A full and complete discussion of the development of the comprehensive sewer rate study and the proposed revenue adjustments can be found in following sections of this report.