

**White** Brenner <sup>LLP</sup>

# City of Dixon 10-Year Water Rate History

May 25, 2022

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# Water System Overview

- Water service to properties within the City is provided by two entities:
  - California Water Service Company (aka Cal-Water)
  - City of Dixon
- Cal-Water owns and operates the older, downtown core area water system.
- The City maintains the balance of the water system within City limits.
- Prior to August 2014, the City's portion of the system was owned, operated, and maintained by Dixon-Solano Water Authority (DSWA).
- As part of the City's assumption of the DSWA system, the City Council adopted the City's Water Code and adopted the rates and fees established by DSWA in 2012 and 2013.
- City water rates remained unchanged between 2014 and March 2019.

## City Water Operations Permit

- In 2014, following the City's assumption of the DSWA water system, the State Water Resources Control Board issued the City a Permit to operate the system.

**5. The City shall complete a Strategic Asset Management Plan (SAM Plan) of all water system facilities (including below grate linear assets) and a Water Rate and Fee structure study within the next 18 months. The City shall follow the recommendations of both the rate fee structures (with anticipated rate increases) and Asset Management Plan capital improvements including implementing necessary water rate increases to fund the water system and pending capital expenditures.**

# Base Water Rates: March 1, 2013 - March 31, 2019

<u>Basis for Bi-Monthly Service Charge</u>	<u>Bi-Monthly Rate</u>
5/ 8" meter	\$19.12
3/ 4" meter	\$28.68
1" meter**	\$47.80
1 ½" meter	\$95.58
2" meter	\$152.93
3" meter	\$320.20
4" meter	\$540.03
6" meter	\$1,146.98
8" meter	\$1,911.64

\*\*1" residential meters used for fire sprinkler systems charged at the ¾" rate.

# Usage Rates per CCF: March 1, 2013 - March 31, 2019

\*\*CCF = 100 cubic feet (748 gallons)

Tier 1: 0-20 CCF	\$1.23
Tier 2: 21-80 CCF	\$1.54
Tier 3: 80+ CCF	\$2.32
All Other Classes**	\$1.40 per CCF

\*\*Includes multi-family, commercial, industrial, institutional, and “irrigation only” accounts.

## 2018 SAM Plan and Water Rate Study

- In April 2018, the City Council accepted the Water System Master Plan and Strategic Asset Management Plan.
- In January 2018, the City contracted with Raftelis Financial Consultants to complete the Water Study.
- Between March and October 2018, Raftelis and City staff presented the infrastructure, operating, and maintenance needs of the water system and proposed funding options, including rate increases.
- In November 2018, the Water Rate Study, Final Report, was presented to the City Council with recommendations based on the significant needs of the system for rehabilitation and renovation.
- Without the proposed rate increase, the City's water enterprise fund would be unable to meet the increased operations and management costs (approximately \$11 million between 2019 and 2024) and costs for necessary capital improvements (approximately \$28 million over between 2019 and 2024).

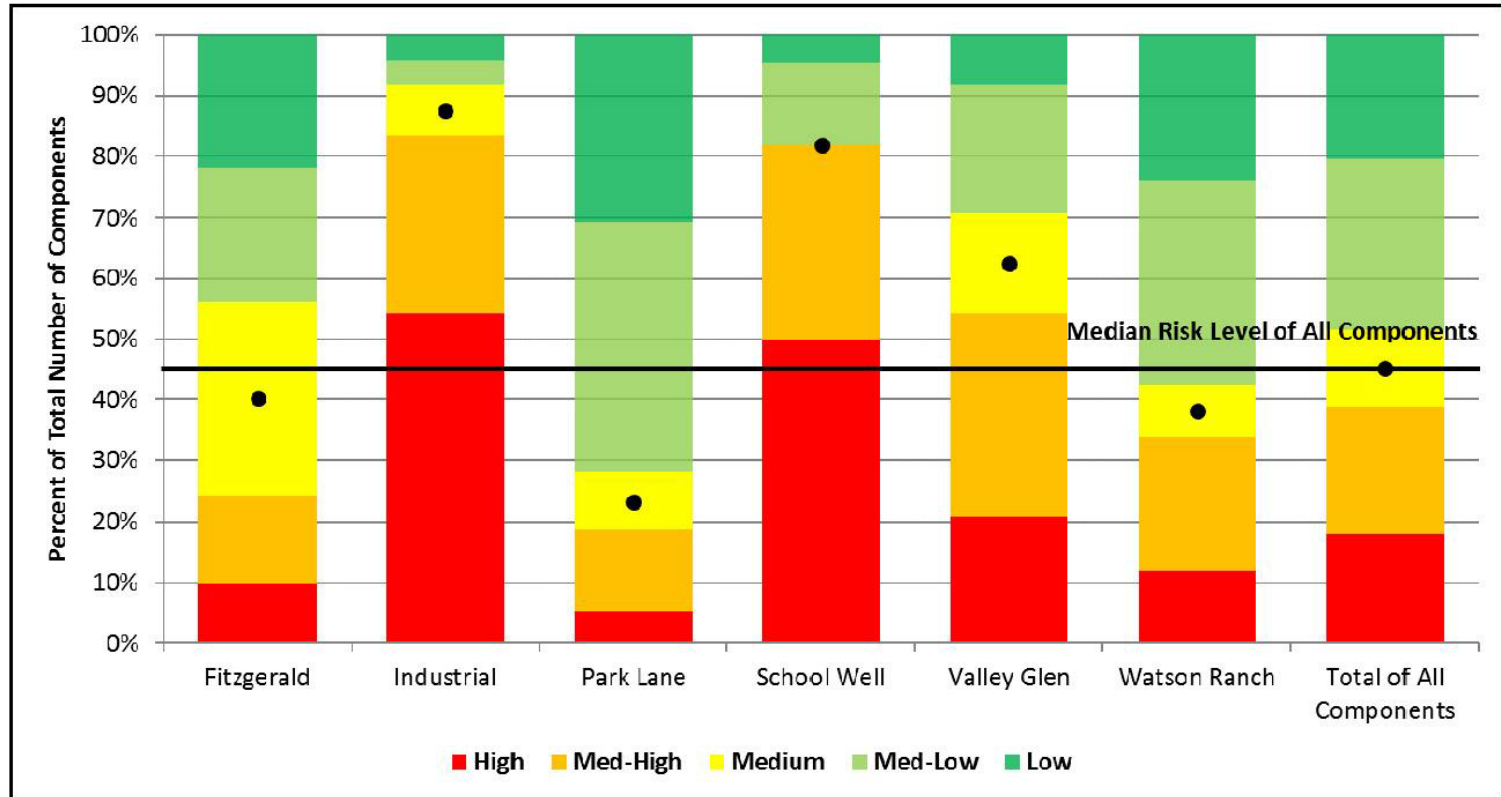
# STRATEGIC ASSET MANAGEMENT PLAN





# STRATEGIC ASSET MANAGEMENT PLAN

Figure 9-3. Risk Levels of Assets, Percent of Total



Black dot represents the Median Risk Level for the facility



### Proposed Bi-Monthly Base Service Charge Rates (Annual April 1 Increases)

Meter Size	Current FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023
3/4"	\$28.68	\$50.51	\$75.77	\$90.93	\$97.30	\$97.30
1"	\$47.80	\$79.98	\$119.97	\$143.97	\$154.05	\$154.05
1 1/2"	\$95.58	\$153.67	\$230.51	\$276.62	\$295.99	\$295.99
2"	\$152.93	\$242.09	\$363.14	\$435.77	\$466.28	\$466.28
3"	\$320.20	\$522.10	\$783.15	\$939.78	\$1,005.57	\$1,005.57
4"	\$540.03	\$934.75	\$1,402.13	\$1,682.56	\$1,800.34	\$1,800.34
6"	\$1,146.98	\$1,922.15	\$2,883.23	\$3,459.88	\$3,702.08	\$3,702.08
8"	\$1,911.64	\$4,132.75	\$6,199.13	\$7,438.96	\$7,959.69	\$7,959.69

The Report also recommends that the City eliminate its existing three-tiered Water Usage Rate structure for single family residential customers and adopt a single uniform Water Usage Rate for all customers, measured per hundred cubic feet ("ccf"), as set forth below.

### Proposed Bi-Monthly Water Usage Rates (\$/ccf)

Customer Class/Tier	Current FY 2018	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023
<b>Tiered Water Usage Rates</b>						
SFR Tier 1 (0-20 ccf)	\$1.23	N/A	N/A	N/A	N/A	N/A
SFR Tier 2 (21-80 ccf)	\$1.54	N/A	N/A	N/A	N/A	N/A
SFR Tier 3 (81+ ccf)	\$2.32	N/A	N/A	N/A	N/A	N/A
<b>Uniform Water Usage Rates</b>	\$1.40	\$2.69	\$4.04	\$4.85	\$5.19	\$5.19

- The resulting revenue increases per fiscal year, which were necessary to help cover increased operating and maintenance expenses, capital expenses, and reserve funding were projected as follows:

### **Proposed Revenue Adjustments**

<b>Fiscal Year</b>	<b>Revenue Adjustment</b>	<b>Date Effective</b>
<b>FY 2019</b>	<b>85%</b>	<b>April 1, 2019</b>
<b>FY 2020</b>	<b>50%</b>	<b>April 1, 2020</b>
<b>FY 2021</b>	<b>20%</b>	<b>April 1, 2021</b>
<b>FY 2022</b>	<b>7%</b>	<b>April 1, 2022</b>
<b>FY 2023</b>	<b>0%</b>	<b>April 1, 2023</b>

## 2019 Water Rate Increase

- Assuming the responsibility for providing water service to all non-Cal-Water customers from DSWA resulted in substantial new costs to the City, including:
  - Hiring new personnel
  - Addressing past deferred maintenance
  - Continued planned infrastructure repair and construction
- Additional costs included water pumping treatment, delivery costs, overall operational costs, and building adequate financial reserves for operations and capital.
- On January 22, 2019, a Proposition 218 hearing was held and, pursuant to an insufficient number of public protests being received, the City adopted the 5-year rate incremental rate increase proposed by the Water Study, Final Report.

# Base Water Rates: April 1, 2019 – December 1, 2020

## 2019 Monthly Base Service Charge

3/4" meter	\$25.25
1" meter**	\$39.99
1 ½" meter	\$76.83
2" meter	\$121.04
3" meter	\$261.05
4" meter	\$467.37
6" meter	\$961.07
8" meter	\$2,066.37

## 2020 Monthly Usage Rate per CFF

Uniform Rate	\$2.69
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\*\*1" residential meters used for fire sprinkler systems charged at the ¾" rate.

## 2020 Water Rate Rollback

- In 2019, proponents of a measure to repeal the rate increase adopted by the City in January 2019 qualified for the November 2020 ballot.
- In November 2020, voters approved the ballot measure, repealing the charges established in January 2019 and replacing them with the water charges collected by the City in effect on January 1, 2019.
- On January 22, 2019, a Proposition 218 hearing was held and, pursuant to an insufficient number of public protests being received, the City adopted the 5-year rate incremental rate increase proposed by the Water Study, Final Report.

# Base Water Rates: December 1, 2020 - Present

<u>Basis for Monthly Charge</u>	<u>Monthly Rate</u>
3/4" meter	\$14.34
1" meter	\$23.90
1 1/2" meter	\$47.79
2" meter	\$76.47
3" meter	\$160.10
4" meter	\$270.02
6" meter	\$573.49

# Usage Rates per CCF: December 1, 2020 - Present

\*\*CCF = 100 cubic feet (748 gallons)

Tier 1: 0-10 CCF	\$1.23
Tier 2: 11-40 CCF	\$1.54
Tier 3: 41+ CCF	\$2.32
All Other Classes**	\$1.40 per CCF

\*\*Includes multi-family, commercial, industrial, institutional, and “irrigation only” accounts.



# CAL-WATER RESIDENTIAL RATE COMPARISON (Per Month)

<u>Base Service</u>	<u>Dixon</u>	<u>Cal-Water</u>	<u>Usage Rate per CCF</u>	
3/4" meter	\$14.34	\$47.33	<u>Dixon</u>	
1" meter	\$23.90	\$78.88	Tier 1: 0-10	\$1.23
1 1/2" meter	\$47.79	\$157.77	Tier 2: 11-40	\$1.54
2" meter	\$76.47	\$252.43	Tier 3: 41+	\$2.32
3" meter	\$160.10	\$473.30	All Other Classes	\$1.40
4" meter	\$270.02	\$788.84	<u>Cal-Water</u>	
6" meter	\$573.49	\$1,577.68	Tier 1: 1-8	\$5.0234
			Tier 2: 9-15	\$6.2745
			Tier 3: 15+	\$9.4020

Thank you