

MAYOR & COUNCIL COMMUNICATION

DATE: December 20, 2016 REGULAR ITEM #26 MOTION

AGENDA ITEM: Water Rates

SUBMITTED BY: Cathy Bendel, Finance Director

THROUGH: Cathy Bendel, Finance Director

REVIEWED BY: Kristina Handt, City Administrator

SUGGESTED ORDER OF BUSINESS:

-	Introduction of Item	City Administrator
-	Report/Presentation	City Administrator
-	Questions from Council to Staff	Mayor Facilitates
-	Call for Motion	Mayor & City Council
-	Discussion	Mayor & City Council
-	Action on Motion	Mayor Facilitates

<u>FISCAL IMPACT</u>: Estimated impact to the Water fund of \$25,000 - \$75,000 per year; impacted by new connections and water usage

BACKGROUND INFORMATION: At the December 13, 2016 Finance Committee meeting a recommendation was brought forward to further reduce the water rate tiers. At the December 15, 2015 CC meeting a water rate reduction was passed to decrease each tier increment from 33% to 30%. It is now being recommended to reduce this increment to 20%.

STAFF REPORT:

After review of the current position of the existing water fund balance and future funding requirements of the fund, a further water rate reduction for the residential water rates was reviewed by the Finance Committee. There was not agreement on the proposed changes and as a result this is not a recommendation from the Finance Committee. One member was absent, one member wanted to reduce the rates and one member did not.

The specific modifications to the tiered rates that were proposed and reviewed by the Finance Committee for residential water rates are listed below:

	Previous	Current	%	Proposed	%	Cumulative
	2010-2015	2016	Chg	<mark>2017</mark>	Chg	Chg
Base fee	\$25.00	\$20.00		<mark>\$20.00</mark>		
0 – 15,000 gallons	\$2.14 per 1,000	\$2.00 per 1,000	-6.5	<mark>\$2.00 per 1,000</mark>	0.0	-6.5
15,001-30,000 gallons	\$2.86 per 1,000	\$2.60 per 1,000	-9.1	<mark>\$2.40 per 1,000</mark>	-7.7	-16.1
30,001-50,000 gallons	\$3.77 per 1,000	\$3.38 per 1,000	-10.3	<mark>\$2.88 per 1,000</mark>	-14.7	-23.6
50,001-80,000 gallons	\$5.00 per 1,000	\$4.39 per 1,000	-12.2	<mark>\$3.46 per 1,000</mark>	-21.1	-30.8
80,001 +	\$6.63 per 1,000	\$5.71 per 1,000	-13.9	\$4.15 per 1,000	-27.3	-37.4

<u>RECOMMENDATION</u>: It has been proposed by the Finance Committee Chair to reduce the water rates effective 1/1/2017. Staff does not support this recommendation as they do not believe this represents a fair and equitable reduction and does not support the water conservation initiatives the tiered structure was set up to encourage.

Should the City Council decide to approve the proposed rate reduction the following motion should be made:

"Move to approve the reduction of the tiered water rates effective 1/1/2017 as proposed"

ATTACHMENTS:

- 1. Rate comparison worksheet
- 2. Northland water fund cash balance comparison
- 3. Sample water bills in each tier and impact
- 4. Email and attachment from Finance Committee Member Terry Forrest

Elmo	rison	
Lake	ompar	9
City of	Rate C	12.15.1

	Cumulative	% Chg	54%	08%	61%	80%	41%													
	Cumulative	Chg	(0.14)	(0.46)	(0.89)	(1.54)	(2.48)													
							-27.32%					1.50						3	Qtrly	
							(1.56)			Andover	13.13	e 2.12	2.30	2.30	2.70	3.45	2	4	Qtrly	16.16
Proposed	1/1/2017	- 7					4.15					Incl in base					5.24	5	Qtrly	
							-13.88%			Mahtomed	14.45	2.23	2.34	3.93	3.93	3.93		3	Qtrly	
							(0.92)				8	1.75					1	3	Qtrly	
LE	New 1/1/16	20.00	2.00	2.60	3.38	4.39	5.71			-		0.88						4	Qtrly	
LE	Old	25.00	2.14	2.86	3.77	5.00	6.63	5	LE	New	20.00	2.00	2.60	3.38	4.39	5.71		5	Qtrly	
			0-15000	15001-30000	30001-50000	50001-80000	80000 +					0-15000	15001-30000	30001-50000	50001-80000	80000+			duency	
		Base fee	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5				Base fee	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5		# of tiers	Billing Frequency	Minimum

1 over 150,000 gallons 2 over 200,000 gallons

City of Lake Elmo, MN	Fund - Estimated Year End Cash Balances	Comparison of Scenarios
	Water Fui	

Fund		Scenarios	2016	2017	2018	Esti 2019	Estimated Year End Cash Balance 2020 2021 20	End Cash 2021	1 Ba	1 Balance 2022	1 Balance . 2022 2023	722
1 10 10 10 10 10	A	Base Scenario As of June 2016	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	, Č	5,771,507	771,507 5,281,293	1.11	5,281,293
/21/21	8	Base Scenario As of December 2016	492,462	4,405,541	4,346,014	4,939,077	1,952,357	2,30	2,303,814	3,814 2,051,458	Sec. 2	2,051,458
esentec no estric no estric no estric Mater	U	Assume 20% <u>Fewer</u> REU from Base Scenario As of December 2016	492,462	3,970,767	3,647,152	3,854,929	611,605	671,096	96	96 194,381	194,381	
шшор		Assume 20% <u>Greater</u> REU from Base Scenario As of December 2016	492,462	4,840,316	5,044,083	6,021,410	3,289,322	3,929,655	5	5 3,895,713	and the	3,895,713
ALL DOT DURING AND	A	Base Scenario As of June 2016	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	5,771,507	and a second second	5,281,293		5,281,293
by Fina by Fina	8	Base Scenario As of December 2016	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799		1,829,137	1,829,137 1,072,417	Cristian II
d on Pro stments Comm Comm		Assume 20% <u>Fewer</u> REU from Base Scenario As of December 2016	492,462	3,950,993	3,603,598	3,783,237	507,761	531,585		16,052		16,052 (977,864) (1,366,764)
uįbA	0	Assume 20% <u>Greater</u> REU from Base Scenario	492,462	4,810,654	4,978,813	5,914,070	3,133,977	3,721,134		3,629,400	-	3,629,400

As of December 2016

Notes:

1. The estimates included above are for financial planning purposes only. The amounts shown are un-audited estimates.

2. The Scenarios "C" and "D" above by Fund, assume adjustments to REUs beginning in year 2017.

3. The Water Fund 2016 year-end cash balance is lower in Scenarios B, C, and D compared to A due to the final timing of collection of a revenue (receivable) from the State of MN for a DEED Grant for Water infrastructure. Payment is anticipated in year 2017 to cover \$2.5M of capital outlay in 2016. The City will receive total payment from the State of MN in the amount of \$3.5M to reimburse \$2.5M of costs for 2016 and \$1.0M anticipated in 2017.

4. Scenarios C and D include adjustments to revenue and operating costs based on change to assumptions for REUs. There are no other changes to assumptions (i.e., no other changes to capital or debt service as compared to Scenario B).

5. The City transferred cash from the Water Fund and the Sanitary Sewer Fund to governmental debt service fund (322 for the 2013A Bonds) in year 2015 that was not anticipated in the preliminary un-audited 2015 financial statements used to prepare the Utility Study as of June 2016. The City reported cash balance in the debt service funds related to Water and Sanitary Sewer in the amounts of \$215,916 and \$640,368, respectively. 6. For Sewer Fund, Scenarios B, C, and D assume no future bonding for capital. For Water Fund, Scenario B, C, and D assume future bonding in years 2017 and 2024 only. This is a change from the assumption since June 2016.

Scenario Comparisons

12/15/2016

	Amounts 5	Shown Equ	Table F City of Lake Elmo, MN Growth Projections Amounts Shown Equal Growth in Residential Equivalent Units (REU) (Scenario B - Estimates as of December 2016)	Residentia	T City of L Growth	Table F City of Lake Elmo, MN Growth Projections Equivalent Units (REU)	MN ns EU) (Scenai	rio B - Estin	nates as of	December	r 2016)		Page 2 of 5
	Actual	ual	Current					Proje	Projected				
	2014 Actual	2015 Actual	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2016- 2025
			WA	TER CONI	WATER CONNECTIONS - PAID AT TIME OF PERMIT	- PAID A	T TIME OF	PERMIT					
Residential	17	130	140	244	287	281	223	197	161	151	142	120	1,946
Commercial	35	0	59	15	20	30	43	44	44	40	42	0	337
School	0	0	40	80	0	0	0	0	0	0	0	0	120
Total	52	130	239	339	307	311	266	241	205	161	184	120	2,403
			WATER AVAIL	IVAILABII	ITY CHAR	(GE - PAID	AT TIME	ABILITY CHARGE - PAID AT TIME OF PLATTING	DNI				
Residential	179	420	250	372	147	321	06	162	40	72	0	20	1,474
Commercial	35	50	31	35	58 ;	35	43	20	40	40	0	0	279
							•	•	•		•	•	

School

1,873

12/15/2016

Scenario B - Estimates as of December 2016

NORTHLAND

				Pro Forma (Sca	City of Lake Ellino, Min Water Fund Dario R - Estimates as of	Lity or Lake clino, who Water Fund Pro Forma / Scenario R - Estimates as of December 2016)	r 2016)					
	Actual		Current				(0101 H	Projected	A STATE OF STATE			
	2014 Actual 201	2015 Actual	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds Charges for service fees	379.262	441.563	475.487	518,005	610.558	710.509	802.345	881.216	953.068	1.017.392	1.081.085	1.135.149
Charges for service fees - meters	16,994	55,435	140,000	68,000	72,760	54,955	58,802	62,918	67,322	72,035	77,078	82,473
Special assessment (interest)			19,537	16,950	16,423	15,897	15,370	14,844	14,317	12,688	8,151	7,856
Special assessments (CIP)	100 633			400,000	950,000	750,000	50,000	50,000	•	,	a	1
Intergovernmental Investment income	16,668	26,985	19,788	т,000,000 2,462	21,904	21,458	24,248	9,114	10,649	9,146	5,362	4,137
Contributions and donations					000 077 1			1 47 000				000 00
Water availability charge	797,400 J	1,237,500 56,000	263,000	1,461,000 230 000	307,000	1,068,000	399,000 266 000	241,000	205,000	336,000 1 000	-	120,000
water connection ree Rents/leases	46,935	49,742	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transfer in from other funds	784,801	84,569										
Total Source of Funds	3,604,628 1	1,961,794	4,402,812	3,851,417	2,570,645	2,977,819	1,661,766	1,851,091	1,536,357	1,684,260	1,401,675	1,455,615
Use of Funds												
Operating and other expense	325,495	442,214	726,397	489,546	469,046	474,272	495,232	517,413	568,488	593,914	715,833	678,621
Debt service expense	327,152	363,202	209,330	273,321	278,821	274,588	258,333	241,643	224,530	207,066	187,923	205,110
Depreciation	416,864	557,627	681,706	783,361	816,686	841,486	921,486	922,736	929,586	950,836	1,004,536	1,004,536
Transfer out to other funds		291,413	а									
Total Use of Funds	1,077,406 1	1,654,456	1,617,433	1,546,227	1,564,552	1,590,345	1,675,050	1,681,791	1,722,604	1,751,816	1,908,291	1,888,267
Change in net assets Prior period adjustment	2,527,222	307,338 (<i>81,881</i>)	2,785,379	2,305,190	1,006,093	1,387,474	(13,284)	169,300	(186,247)	(67,556)	(506,616)	(432,652)
										100 110 1 1	10 101 01	1 1 C C C C C T
Net Position, End of Year	5, 260,075,9	9,585,532	116'0/5'71	T4'9/9'T0T	L5,682,194	T / /UD3/ 0D8	T/,U26,383	1/,225,084	1/,U39,43/	16,9/1,881	007'C04'0T	10,U32,b14
Assets Cash and investments	617,655 2	2,038,821	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799	1,829,137	1,072,417	827,337	529,221
Cash and investments escrow	3,848,031	i.										
Uue from other tunds Special accessments receivable	786.047	487 294	341 695	311 695	281 695	251 695	221 695	191 695	161 695	131 695	101 695	71 695
Other assets	339,822	358,474	2,858,474	358,474	358,474	358,474	358,474	358,474	358,474	358,474	358,474	358,474
Capital assets		19,759,938	25,516,266	28,382,455	29,715,455	30,707,455	33,907,455	33,957,455	34,231,455	35,081,455	37,229,455	37,229,455
Less accumulated depreciation	~	(3,774,797)	(4,456,503)	(5,239,863)	(6,056,549)	(6,898,035)	(7,819,520)	(8,742,256)	(9,671,841)	(10,622,677)	(11,627,212)	(12,631,748)
Total Assets	21,481,972 18	18,869,730	24,752,394	28,193,584	28,590,677	29,269,151	28,490,866	27,895,167	26,908,920	26,021,364	26,889,749	25,557,097
Liabilities Due to other funds	795											
Unearned revenue		164,000	454,000	555,000	656,000	757,000	807,000	857,000	900'206	957,000	1,007,000	1,007,000
Net Unamortized Prem/Discount		142,715	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Bonds payable		8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	10,125,000	9,310,000	8,460,000	7,590,000	8,915,000	8,015,000
Accounts payable / Other Total Liabilities	406,102 12,205,493 9	362,483 9,284,198	362,483 12,381,483	362,483 13,517,483	362,483 12,908,483	362,483 12,199,483	362,483 11,434,483	302,483 10,669,483	362,483 9,869,483	362,483 9,049,483	302,483 10,424,483	302,483 9,524,483
Total Liabilities and Net Assets	21,565,568 18	18,869,730	24,752,394	28,193,584	28,590,677	29,269,151	28,490,866	27,895,167	26,908,920	26,021,364	26,889,749	25,557,097
			_							•	-	

Note: 1. Special assessments prepaid (CIP) is shown as revenue (cash) in year CIP project costs are incurred. It is shown this way for simplicity of presentation for the pro forma and estimating year-end cash. 2. City received a \$3.5M DEED grant (intergonvermental revenue) to pay capital project costs. The City incurred \$2.5M of costs (use of cash) in 2016 that will not be reimbursed until 2017. City projects it will receive a \$3.5M payment from DEED in 2017.

Table J-1 City of Lake Elmo, MN



				City of	City of Lake Elmo, MN	7				
				>	Water Fund					
			Year-End Cash	Year-End Cash Balance (Scenario B - Estimates as of December 2016)	irio B - Estimat	es as of Decen	ber 2016)			
	Actual	ual and the second	Current			A STATE OF A		Projected		
	2014 Actual	2015 Actual	2016 Estimated	2017	2018	2019	2020	2021	2022	2023
Beginning Cash	4,528,855	4,465,686	2,038,821	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799	1,829,137
Plus revenues	1,406,438	1,877,225	4,402,812	3,851,417	2,570,645	2,977,819	1,661,766	1,851,091	1,536,357	1,684,260
Plus bond proceeds	2,545,000	915,000	3,225,000	1,520,000	0	0	0	0		0
Less acquisition of capital assets	(3,775,676)	(652,351)	(5,756,328)	(2,866,189)	(1,333,000)	(000'266)	(3,200,000)	(50,000)	(274,000)	(850,000)
Less principal on debt	(230,000)	(4,015,000)	(415,000)	(485,000)	(710,000)	(810,000)	(815,000)	(815,000)	(850,000)	(870,000)
Less interest on debt	(292,324)	(356,613)	(209,330)	(273,321)	(278,821)	(274,588)	(258,333)	(241,643)	(224,530)	(207,066)
Less operating and other costs	(350,836)	(448,803)	(726,397)	(489,546)	(469,046)	(474,272)	(495,232)	(517,413)	(568,488)	(593,914)
Plus transfers in	784,801	84,569	0	ı	1	1	3	1	э	
Less transfers out	(7,895)	(291,413)	ı	ľ	ī	ï	r	ı	ı	ľ
Incr/decr in other assets and liabilities	(142,677)	460,521	(2,067,116)	2,631,000	131,000	131,000	80,000	80,000	80,000	80,000
Change in cash	(63,169)	(2,426,865)	(1,546,359)	3,888,361	(89,221)	557,959	(3,026,799)	307,036	(300,662)	(756,720)
Total Ending Cash	4,465,686	2,038,821	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799	1,829,137	1,072,417
Estimated Cash Balance Purposes For 6-months operating excense	162.748	221.107	363,199	244.773	234,523	237.136	247,616	258.707	284,244	296.957

(900,000) (205,110) (678,621)

2,195,000 (2,148,000) (870,000) (187,923) (715,833)

0

1,455,615

827,337

1,072,417 1,401,675

2025

2024

Plus transfers in	784,801	84,569	1	1	1	1	a	9	э	9	à	J
Less transfers out	(7,895)	(291,413)	ı	i.	ī	i	r	ı	ı	·	ï	ı
Incr/decr in other assets and liabilities	(142,677)	460,521	(2,067,116)	2,631,000	131,000	131,000	80,000	80,000	80,000	80,000	80,000	30,000
Change in cash	(63,169)	(2,426,865)	(1,546,359)	3,888,361	(89,221)	557,959	(3,026,799)	307,036	(300,662)	(756,720)	(245,080)	(298,116)
Total Ending Cash	4,465,686	2,038,821	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799	1,829,137	1,072,417	827,337	529,221
Estimated Cash Balance Purposes				2								
For 6-months operating expense	162,748	221,107	363,199	244,773	234,523	237,136	247,616	258,707	284,244	296,957	357,917	339,311
For following year debt service	4,371,613	624,330	758,321	988,821	1,084,588	1,073,333	1,056,643	1,074,530	1,077,066	1,057,923	1,105,110	1,244,730
For next year planned capital		r	I	383,000	242,000	3,150,000	ı	274,000	850,000	48,000	1	ı
For future debt service/capital/reserves	(3,916,706)	1,193,384	(629,057)	2,764,230	2,730,492	389,093	518,504	522,562	(382,173)	(330,462)	(635,690)	(1,054,820)
For cash held with fiscal agent	3,848,031	T	ı	ı	ţ	i	ı	ĩ	Б	L	,	t
Total Ending Cash	4,465,686	2,038,821	492,462	4,380,823	4,291,602	4,849,562	1,822,763	2,129,799	1,829,137	1,072,417	827,337	529,221
	0 260 075	0 525 527	110 075 01	1/1 676 101	15 687 104	17 060 668	17 056 383	17 775 684	17 020 427	16 071 221	16 465 766	16 027 61 4
Net Assets	c /0'00c's	זכנינסניב	TT6'0/6'7T	TOT'O / O'+T	16T'700'CT	000'600'/T	coc'ncn'/T	+00'C77'/T	10+'600'/T	T00'T / 6'0T	T0,403,200	+T0'7C0'0T
Ending Cash as % of Net Assets	47.7%	21.3%	4.0%	29.9%	27.4%	28.4%	10.7%	12.4%	10.7%	6.3%	5.0%	3.3%
Bonds Outstanding as of Year End			11,425,000	12,460,000	11,750,000	10,940,000	10,125,000	9,310,000	8,460,000	7,590,000	8,915,000	8,015,000
Cash for future debt service/capital/reserves as % of Outstanding Bonds	1	ī	-5.5%	22.2%	23.2%	3.6%	5.1%	5.6%	-4.5%	-4.4%	-7.1%	-13.2%

Table J-2

12/15/2016

NORTHLAND

Scenario B - Estimates as of December 2016

Source/Use of Funds 2016 2017 2018 2019 Use of Funds Hammes Estates Trunk WM 12" Prv with Bypass 120,000 120,000 120,000 Ullage East Trunk WM 12" Prv with Bypass Use Presents Zom 12" Prv with Bypass 120,000 120,000 120,000 Unlage East Trunk WM 12" Prv with Bypass Use Presents Zom 12" Prv with Bypass 25,000 120,000 120,000 Use Presents Zom 12" Prv with Bypass Common Valet Tower 28,600 48,000 48,000 Paint Water Tower #2 (PWs Bldg) EASA Upgrade 1,300,000 1,300,000 1,300,000 1,300,000 1,000,000 1,300,000 1,000,000 1,200,000 1,000,000 1,200,000 1,000,000 1,200,000 1,000,000 1,200,000 1,200,000 1,000,000 1,200,000 2,200,000 2,200,000 <	
Funds 120,000 mes Estars Tunk WM 12" Prv with Bypass 120,000 ge East Tunk WM 12" Prv with Bypass 120,000 Pressures Zone 12" Prv with Bypass 120,000 Pressures Zone 12" Prv with Bypass 120,000 and Rebuild Well Pump #2 25,000 and Rebuild Well Pump #4 25,000 twater Towe #2 (PWS Bldg) 25,000 DA Ubgrade 25,000 Ut Water Towe #2 (PWS Bldg) 12,0000 DA Ubgrade 25,000 V Tuck (portion charged to Water and Sewer) 28,600 Model Brance Utilities 12,300,000 in Avenue Utilities 12,300,000 Od Booster Station 1,200,000 Illage Sever Extensions Phase 3: Elem School, 31st, and 32nd St. 1,200,000 Od Booster Station 1,200,000 Od Booster Station 1,200,000 Illage Sever Extensions Phase 3: Elem School, 31st, and 32nd St. 1,297,728 Od Booster Station 1,200,000 Od Booster Station 1,200,000 Od Booster Station 1,200,000 Street and Utility Improvements: 1,297,7	120,000 35,000 800,000 50,000 50,000 350,000 350,000
mess Estates Trunk WM 12" Prv with Bypass 120,000 ge East Trunk WM 12" Prv with Bypass 120,000 nome States Trunk WM 12" Prv with Bypass 120,000 Pressures Zone 12" Prv with Bypass 120,000 Pressures Zone 12" Prv with Bypass 120,000 Pressures Zone 12" Prv with Bypass 25,000 and Rebuild Well Pump #2 25,000 and Rebuild Well Pump #4 25,000 and Rebuild Well Pump #2 25,000 and Rebuild Well Pump #2 25,000 and Rebuild Well Pump #4 25,000 by Truck (portion charged to Water and Sewer) 58,600 bod Water Tower 1,200,000 ood Water Tower	120,000 35,000 800,000 50,000 50,000 350,000 350,000
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Source of Funds	
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Special Assessments Prepaid 400,000 950,000 750,000	,000 50,000 50,000
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Cash from Water Fund 383,000 242,000	,000 3,150,000 274,000 850,000 48,000 -
Total [5,756,328 2,866,189 1,333,000 992,000	,000 3,200,000 50,000 274,000 850,000 2,148,000 -

This report was prepared based on estimates developed by the City Engineer.
Special assessments are assumed to be prepaid and available cash in this schedule. The City may determine to finance through the issuance of bonds.
Kelvin Avenue Utilities is supported 100% by special assessments and will be accounted for in the Governmental Funds.

Sample Rate Comparison <u>Tier 1 user</u> <u>Average water usage of 10,000 gallons</u>

10,000	Prev	vious Rates			
	0.00214 0.00286 0.00377 0.00500 0.00663	10000 0 0 0 0	\$46.40 \$0.00 \$0.00 \$0.00 \$0.00	Includes \$25 ł	
10,000					
10,000	Current F	Rates (eff 1/1/	16)		
	0.00200 0.00260 0.00338 0.00439 0.00571	10000 0 0 0 0	\$40.00 \$0.00 \$0.00 \$0.00 \$0.00	Includes \$20 base	
		10000	\$40.00		
		Ch	ange	-\$6.40	-13.79%
10.000					
10,000	2017 Pi	oposed Rate	S		
	0.00200 0.00240 0.00288 0.00346 0.00415	10000 0 0 0 10000	\$40.00 \$0.00 \$0.00 \$0.00 \$0.00 \$40.00	Includes \$20 base	
		Ch	ange	\$0.00	0.00%
		Cu	mulative	-\$6.40	-13.79%
	10,000	0.00286 0.00377 0.00500 0.00663 10,000 Current F 0.00260 0.00260 0.00338 0.00439 0.00571 10,000 2017 Pr 0.00200 0.00240 0.00288 0.00346	0.00286 0 0.00377 0 0.00500 0 10000 10000 10000 10,000 Current Rates (eff 1/1/ 0.00200 10000 0.00260 0 0.00260 0 0.00338 0 0.00439 0 0.00571 0 10000 Ch 10,000 2017 Proposed Rate 0.00200 10000 0.00240 0 0.00288 0 0.00288 0 0.00346 0 0.00346 0 0.00415 0 10000 Ch	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	$\begin{array}{c ccccccccccccccccccccccccccccccccccc$

Sample Rate Comparison <u>Tier 2 user</u> <u>Average water usage of 20,000 gallons</u>

Enter Gallons Used	20,000	Prev	ious Rates			
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00214 0.00286 0.00377 0.00500 0.00663	15000 5000 0 0 20000	\$57.10 \$14.30 \$0.00 \$0.00 \$0.00 \$71.40	Includes \$25 t	
Enter Gallons Used	20,000	Current R	ates (eff 1/1/	16)		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00260 0.00338 0.00439 0.00571	15000 5000 0 0 20000	\$50.00 \$13.00 \$0.00 \$0.00 \$0.00 \$63.00	Includes \$20 base	
Enter Gallons Used	20,000	2017 Pr	oposed Rate	ange	-\$8.40	<mark>-11.76%</mark>
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+	20,000	0.00200 0.00240 0.00288 0.00346 0.00415	15000 5000 0 0 20000	\$50.00 \$12.00 \$0.00 \$0.00 \$0.00 \$62.00	Includes \$20 base	
			Ch	ange	-\$1.00	-1.59%
			Cu	mulative	-\$9.40	-13.17%

Sample Rate Comparison <u>Tier 3 user</u> <u>Average water usage of 40,000 gallons</u>

Enter Gallons Used	40,000	Prev	vious Rates			
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00214 0.00286 0.00377 0.00500 0.00663	15000 15000 10000 0 0 40000	\$57.10 \$42.90 \$37.70 \$0.00 \$0.00 \$137.70	Includes \$25 ł	
Enter Gallons Used	40,000	Current F	Rates (eff 1/1	/16)		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00260 0.00338 0.00439 0.00571	15000 15000 10000 0 0 40000	\$50.00 \$39.00 \$33.80 \$0.00 \$0.00 \$122.80	Includes \$20 base	
			C	hange	-\$14.90	-10.82%
Enter Gallons Used	40,000	2017 P	roposed Rat	es		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00240 0.00288 0.00346 0.00415	15000 15000 10000 0 0 40000	\$50.00 \$36.00 \$28.80 \$0.00 \$0.00 \$114.80	Includes \$20 base	
			C	hange	-\$8.00	-6.51%
			C	umulative	-\$22.90	<mark>-16.63%</mark>

Sample Rate Comparison <u>Tier 4 user</u> <u>Average water usage of 65,000 gallons</u>

Enter Gallons Used	65,000	Pre	vious Rates			
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00214 0.00286 0.00377 0.00500 0.00663	15000 15000 20000 15000 0 65000	\$57.10 \$42.90 \$75.40 \$75.00 \$0.00 \$250.40	Includes \$25 t	
Enter Gallons Used	65,000	Current I	Rates (eff 1/	1/16)		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00260 0.00338 0.00439 0.00571	15000 15000 20000 15000 0	\$50.00 \$39.00 \$67.60 \$65.85 \$0.00	Includes \$20 base	
			65000	\$222.45		
			C	hange	-\$27.95	-11.16%
Enter Gallons Used	65,000	2017 P	roposed Rat	tes		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00240 0.00288 0.00346 0.00415	15000 15000 20000 15000 0 65000	\$50.00 \$36.00 \$57.60 \$51.90 \$0.00 \$195.50	Includes \$20 base	
			C	hange	-\$26.95	-12.12%
			C	Cumulative	-\$54.90	-21.92%

Sample Rate Comparison <u>Tier 5 user</u> Average water usage of 100,000 gallons

Enter Gallons Used	100,000	Pre	vious Rates			
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00214 0.00286 0.00377 0.00500 0.00663	15000 15000 20000 30000 20000	\$57.10 \$42.90 \$75.40 \$150.00 \$132.60	Includes \$25 ł	
			100000	\$458.00		
Enter Gallons Used	100,000	Current	Rates (eff 1/1	/16)		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00260 0.00338 0.00439 0.00571	15000 15000 20000 30000 20000	\$50.00 \$39.00 \$67.60 \$131.70 \$114.20	Includes \$20 base	
			100000	\$402.50		
			CI	nange	-\$55.50	-12.12%
Enter Gallons Used	100,000	2017 P	roposed Rate	es		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00240 0.00288 0.00346 0.00415	15000 15000 20000 30000 20000	\$50.00 \$36.00 \$57.60 \$103.80 \$83.00 \$330.40	Includes \$20 base	
				hange	-\$72.10	-17.91%
			Ci	umulative	-\$127.60	-27.86%

Sample Rate Comparison <u>Tier 5 user</u> <u>Average water usage of 150,000 gallons</u>

Enter Gallons Used	150,000	Pre	vious Rates			
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00214 0.00286 0.00377 0.00500 0.00663	15000 15000 20000 30000 70000 150000	\$57.10 \$42.90 \$75.40 \$150.00 \$464.10 \$789.50	Includes \$25 t	
Enter Gallons Used	150,000	Current	Rates (eff 1/1	/16)		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00260 0.00338 0.00439 0.00571	15000 15000 20000 30000 70000	\$50.00 \$39.00 \$67.60 \$131.70 \$399.70 \$688.00	Includes \$20 base	
			C	hange	-\$101.50	-12.86%
Enter Gallons Used	150,000	2017 P	roposed Rat	es		
0 - 15,000 15,001 - 30,000 30,001 - 50,000 50,001 - 80,000 80,000+		0.00200 0.00240 0.00288 0.00346 0.00415	15000 15000 20000 30000 70000 150000	\$50.00 \$36.00 \$57.60 \$103.80 \$290.50 \$537.90	Includes \$20 base	
			C	hange	-\$150.10	<mark>-21.82%</mark>
			C	umulative	-\$251.60	-31.87%

Cathy Bendel

From:Terry Forrest <foterry47@gmail.com>Sent:Tuesday, December 13, 2016 10:35 PMTo:Cathy Bendel; Kristina HandtCc:'Terry Forrest'Subject:Document1Attachments:Doc1.docx

Please see attached a quick look at the impact on the water rate reduction.

Just a quick note to you guys to show the effects of what is being proposed.

If the 20% reduction gets voted in, the following is the effect on a grouping of users:

Top 2 tier users >9% of users use 30% of water >9% of users will enjoy 75% of the total dollar reduction

Bottom 2 tier users >83% of users use 55% of water >83% of users will enjoy only 9% of dollar reduction

The above is using an average of the 1st and 3rd quarter actual.

This is the effect of the reduction in January 2016 plus Julie's recommendation of reducing each tier by 20%, it give a distorted and unequal distribution of the reduction. As noted the homeowner in the first tier only gets a 7% or \$.14 reduction but the homeowner in tier five gets a 37% or \$2.48 reduction. This is not user neutral.

			Proposed	Yr 16-17	Yr 15-17	\$'s/ tier
	2015	2016	2017	Chang	e %	Reduction
Base Fee	25	20	20	0%	20%	5
0-15	2.14	2	2	0%	7%	0.14
15-30	2.86	2.6	2.4	8%	16%	0.46
30-50	3.77	3.38	2.88	15%	24%	0.89
50-80	5	4.39	3.46	21%	31%	1.54
80+	6.63	5.71	4.15	27%	37%	2.48

Not sure if any logic will change the vote but hopefully you guys will inform the other CC members of some of the ramifications.