



City of Grass Valley City Council Agenda Action Sheet

Title: Water and Wastewater User Rates - Amend Fee Schedule

CEQA: Not a Project

Recommendation: That Council, 1) hold a public hearing, 2) consider public testimony and a tabulation of protests, and 3) adopt a Resolution amending the City's Fee Schedule for the maximum adjustments for the City's Water and Wastewater User Rates.

Prepared by: Bjorn P. Jones, PE, City Engineer

Council Meeting Date: 7/25/2023

Date Prepared: 7/19/2023

Agenda: Public Hearing

Background Information: In September 2021, the City entered into a professional services agreement with NBS for the development of a Water and Sewer Rate Study. City Water and Wastewater user rates were last adjusted in 2012 and have remained unchanged since this time through a period of significant inflation. In order to ensure financial stability of the City's Water and Wastewater Enterprise Funds, NBS was tasked with evaluating the rate structure and establishing proposed rates and scheduled adjustments.

On May 9, 2023, City Staff and the NBS consultant team presented to Council a comprehensive overview of the Rate study process, including the attached draft "Water & Wastewater Rate Studies" report. NBS has recommended user rate adjustments necessary to fund needed operating and maintenance costs, eliminate annual budget deficits, pay for critical repairs and replacements to the utility infrastructure, and comply with state-mandated environmental permit requirements.

A summary of the proposed rate adjustments is as follows:

Water Rates

Water rate adjustments are proposed to steadily phase in through a series of rate adjustments over the next five years to bring rates in line with funding needs. Water bills include a fixed charge based on meter size plus a quantity charge per 1,000 gallons of metered water use. Some sizes see an initial increase in fixed charges, others an initial decrease in rates, followed by phased increases in the fixed charges over subsequent years. The fee schedule table below presented in the NBS rate study report shows the proposed maximum rates proposed for adoption. For reference a typical residential customer with a 5/8" meter, using 7,000 gallons of water in a month, will see an increase in their water utility bill from a current total of \$52.25 to a proposed \$59.25 in the first year.

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Fixed Meter Charges						
Monthly Fixed Service Charges:						
5/8 inch	\$26.00	\$30.06	\$32.16	\$34.41	\$36.82	\$39.40
3/4 inch	\$39.00	\$37.09	\$39.69	\$42.47	\$45.44	\$48.62
1 inch	\$65.00	\$51.14	\$54.72	\$58.55	\$62.65	\$67.04
1.5 inch	\$130.00	\$86.29	\$92.33	\$98.79	\$105.71	\$113.11
2 inch	\$208.00	\$128.46	\$137.45	\$147.07	\$157.36	\$168.38
3 inch	\$390.00	\$578.30	\$618.78	\$662.09	\$708.44	\$758.03
4 inch	\$650.00	\$894.60	\$957.22	\$1,024.23	\$1,095.93	\$1,172.65
6 inch	\$1,300.00	\$1,773.19	\$1,897.31	\$2,030.12	\$2,172.23	\$2,324.29
8 inch	\$2,080.00	\$2,827.51	\$3,025.44	\$3,237.22	\$3,463.83	\$3,706.30
Commodity Charges						
Rate per Tgal of Water Consumed:						
Residential Uniform Rate	\$3.75	\$4.17	\$4.46	\$4.77	\$5.10	\$5.46
Non-Residential Uniform Rate	\$4.48	\$4.17	\$4.46	\$4.77	\$5.10	\$5.46
Temporary Meter Uniform Rate	\$4.48	\$4.17	\$4.46	\$4.77	\$5.10	\$5.46

Wastewater Rates

Wastewater rates are proposed to similarly phase in through a series of adjustments over the next five years in an effort to match rates most accurately with funding requirements; as shown in the proposed fee schedule table below. City residential wastewater bills are billed a flat fixed rate similar to most agencies in California. The existing tiered rate structure is proposed to be maintained which charges reduced rates for apartments and mobile homes, which tend to discharge less wastewater than single family homes. Commercial/ Non-residential wastewater bills include a fixed monthly charge, plus a quantity charge based on water consumption. As shown, a typical residential customer (single family) will see a decrease in their monthly sewer utility bill from a current total of \$55.00 to a proposed \$52.76. Single family rates are not increased above their current level until year four, and multi-family rates remain below their current level through the entire proposed adjustment schedule.

Sewer Rate Schedule	Current Rates	Proposed Sewer Rates				
		FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
FIXED MONTHLY CHARGES (per unit)						
Single Family/Duplex	\$55.00	\$52.76	\$53.82	\$54.90	\$56.00	\$57.12
Multi Family	\$43.19	\$37.04	\$37.78	\$38.54	\$39.31	\$40.10
Mobile Home	\$31.66	\$37.04	\$37.78	\$38.54	\$39.31	\$40.10
Commercial	\$21.73	\$32.62	\$33.28	\$33.95	\$34.63	\$35.32
NON-RESIDENTIAL VOLUMETRIC CHARGES PER TGAL ¹						
Commercial						
Class A Usage ²	\$4.43	\$4.52	\$4.61	\$4.70	\$4.79	\$4.89
Class B Usage ³	\$5.34	\$5.68	\$5.79	\$5.91	\$6.03	\$6.15
Class C Usage ⁴	\$9.42	\$13.31	\$13.58	\$13.85	\$14.13	\$14.41
Class D Usage ⁵	\$3.96	\$4.10	\$4.18	\$4.26	\$4.35	\$4.44

1. Tgal = thousand gallon, or 1,000 gallons

2. Standard strength commercial customers include general, theaters, laundries, fairgrounds & dumping at WWTP.

3. Moderate strength commercial customers include hotels & motels.

4. High strength commercial customers include restaurants.

5. Class D commercial customers include schools.

City staff remain committed to operating as efficiently as possible and will only increase water and wastewater rates as needed based on an annual review of the respective enterprise fund finances. A low-income utility rate discount program remains available for qualifying customers, providing a 15% discount to customers with incomes at or below 150% of the federal poverty level.

On May 9, 2023, Council reviewed the Proposition 218 Notice (Attached) and the Proposition 218 Notices were mailed to all property owners within the City and all customers of record on existing utility accounts on June 8, 2023. As of the date of this report, twelve protests have been received by the City.

Staff requests that Council conduct the noticed public hearing (protest hearing) and consider any public testimony and a tabulation of protests by the City Clerk. Assuming the absence of a majority protest, Staff recommends that Council adopt the attached resolution, amending the City's Fee Schedule for maximum rate adjustments for Water and Wastewater User Rates.

Council Goals/Objectives: Implementation of the proposed Water and Wastewater Capacity Fees and Development Impact Fees executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #7 Water & Wastewater Systems & Underground Infrastructure.

Fiscal Impact: The proposed water and wastewater user rates are established in order to recover the cost of service and to maintain the long term fiscal well-being of the water and wastewater enterprise funds. Rate fee adjustments will be phased in over time to minimize the impact on customers.

Funds Available: N/A

Account #: N/A

Reviewed by: ___ City Manager