



City of Grass Valley City Council Agenda Action Sheet

Title: Water and Wastewater User Rates- Draft Rate Study

CEQA: Not a Project

Recommendation: That Council 1) receive a presentation on the Water and Wastewater rate study process and findings, 2) review the Proposition 218 Notice for maximum rate adjustments for Water and Wastewater User Rates, 3) receive an informational update on the implementation process for the proposed Water and Wastewater User Rates adjustments.

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

Council Meeting Date: 5/9/2023

Date Prepared: 5/3/2023

Agenda: Administrative

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 as well as a Development Nexus and Impact Fee Study, which will be discussed in a separate item. City Water and Wastewater user rates were last adjusted in 2012 and due to aging infrastructure and inflationary pressures, City utility rates have fallen below the cost of providing service. 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 as 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.

Water rate adjustments are proposed to steadily phase in with 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. The proposed maximum Water Rates table extracted from the Study Report is attached to this report. For informational purposes, the table also shows the annual rates anticipated (Maximum allowable) for each of the five years.

Similarly for Wastewater User Rates, Staff proposes to adopt the maximum rates shown on the table attached to this report. For informational purposes, the table also shows the annual rates anticipated during the next five years. Residential sewer bills include a fixed monthly charge for sewer service, similar to most agencies in California. The City charges reduced rates for apartments and mobile homes, which tend to discharge less wastewater than single family homes. Commercial sewer bills include a flat monthly charge plus a quantity charge based on water consumption.

NBS representatives will give the Council a presentation summarizing the Rate Study process, demonstrating how the proposed rates affect the current typical residential bill and a comparison to other municipalities, and the next steps in the implementation process. Staff recommends that Council review the Proposition 218 Notice for maximum rate adjustments for Water and Wastewater User Rates, and provide comments to Staff concerning the proposed implementation of the proposed Water and Wastewater User Rates adjustments.

Council Goals/Objectives: Implementation of the proposed Water and Wastewater User Rates executes portions of work tasks towards achieving/maintaining Strategic Plan Goal #4 - Economic Development and Vitality and Goal #7 Water & Wastewater Systems & Underground Infrastructure.

Fiscal Impact: The proposed water and wastewater user rate will be phased in over time to minimize the annual impact on customers. The recommended rates are established to recover the cost of service and to maintain the long-term financial health of the enterprise funds for water and wastewater.

Funds Available: N/A

Account #: N/A

Reviewed by: __ City Manager

ATTACHMENT 1: CURRENT AND PROPOSED WATER USER RATES TABLE

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

ATTACHMENT 2: CURRENT AND PROPOSED WASTEWATER USER RATES TABLE

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.