

Water Rate Increase



WATER RATES

- Accepting 2017 Water Rate Study
- Authorizing to proceed with property owner notification requirements of Proposition 218

PROJECT DRIVERS

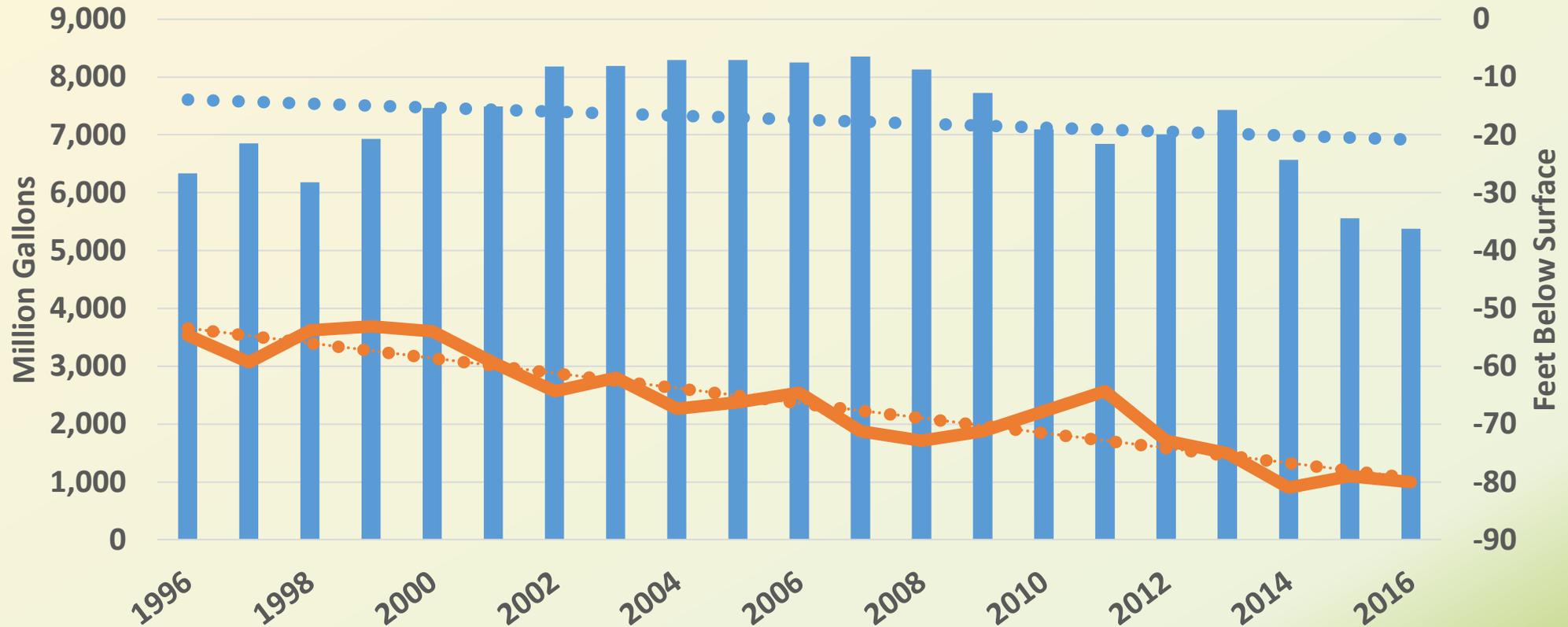
100%
Dependent on
groundwater

Degrading
**groundwater
water quality**

Groundwater
depletion

Increasingly stringent
**drinking water
regulations**

WATER SUPPLY

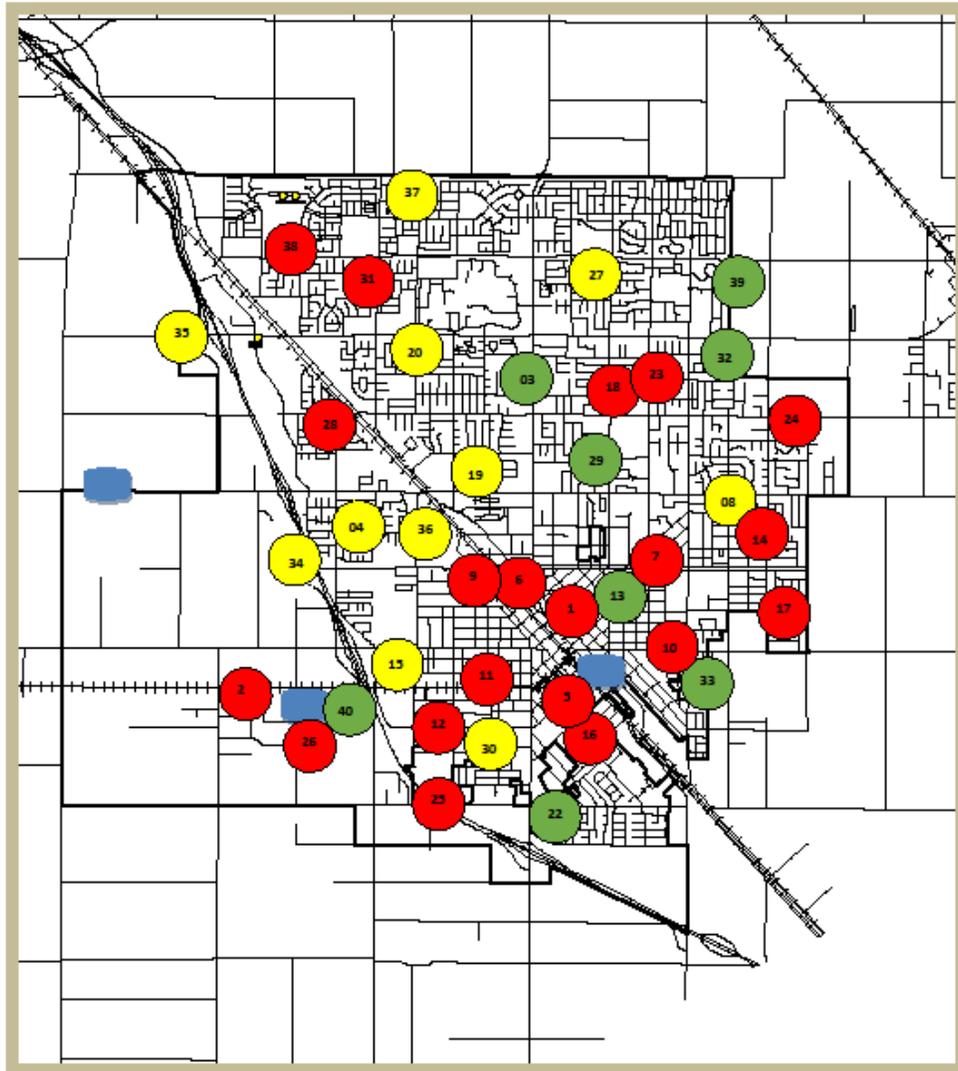


1996: 49,197

2016: 72,050

-38% per capita water use

-25 ft. water level; -46%



- Well Not Operational: Water Quality
- Well Operational
- Exceed 75% MCL
- Storage Tank

WATER QUALITY

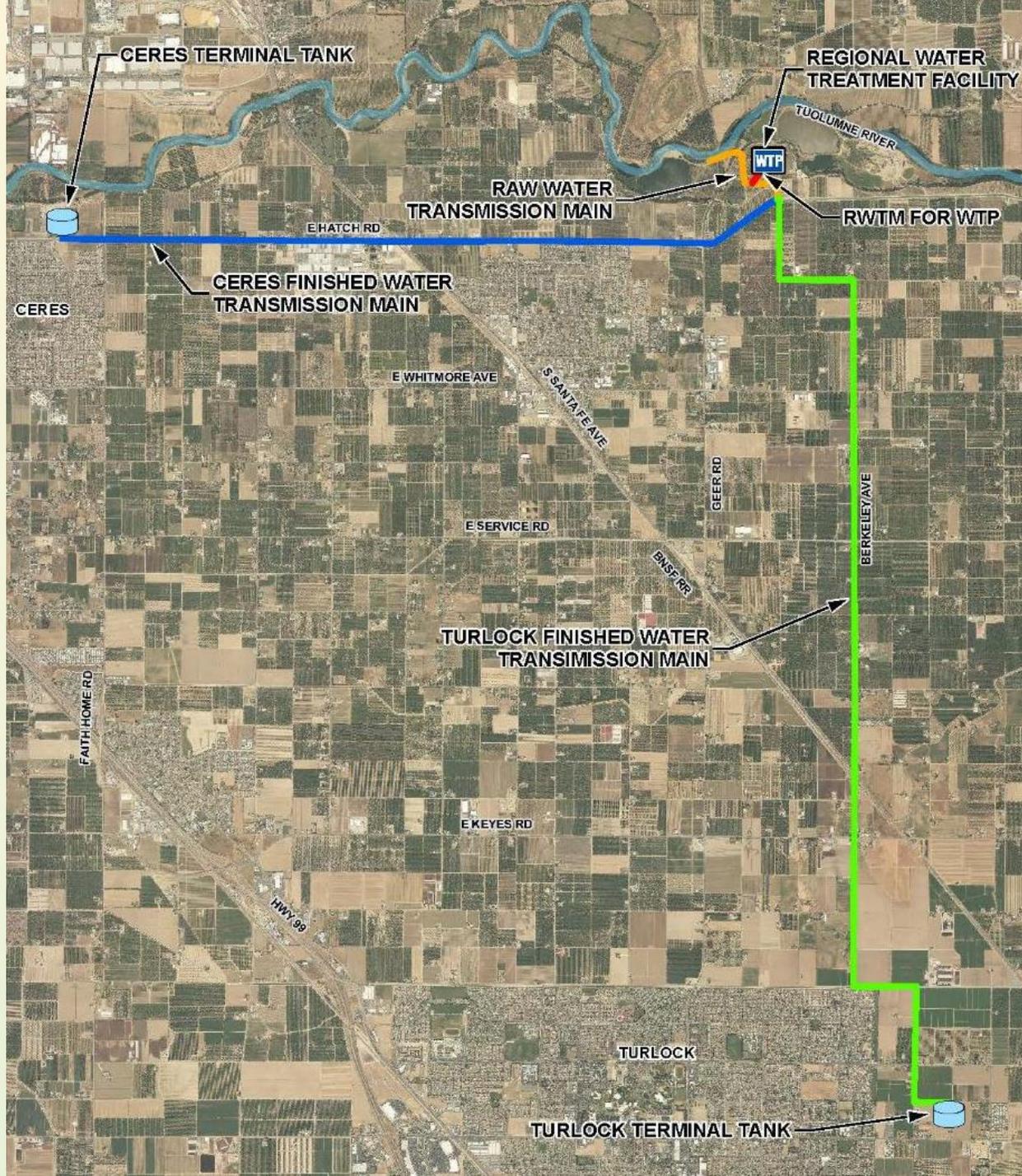
**17 active wells
+ 3 wells under rehabilitation**

**9 wells at 75% of Maximum
Contaminant Level**

Arsenic

Nitrate

Trichloropropane (TCP)



PROJECT BENEFITS

Quality

Improve water quality

Diversify

Improve supply reliability with a diversified water portfolio

**Sustainable
GW**

Provide in-lieu aquifer recharge to support groundwater sustainability

**System
Operations**

Increase operational flexibility

Environmental

Provide environmental benefits to Tuolumne River aquatic species

Water Rates Evaluation



September 26, 2017

MUNICIPAL
FINANCIAL
SERVICES

2014 Five-Year Rate Plan and Recommended Five-Year Rate Plan

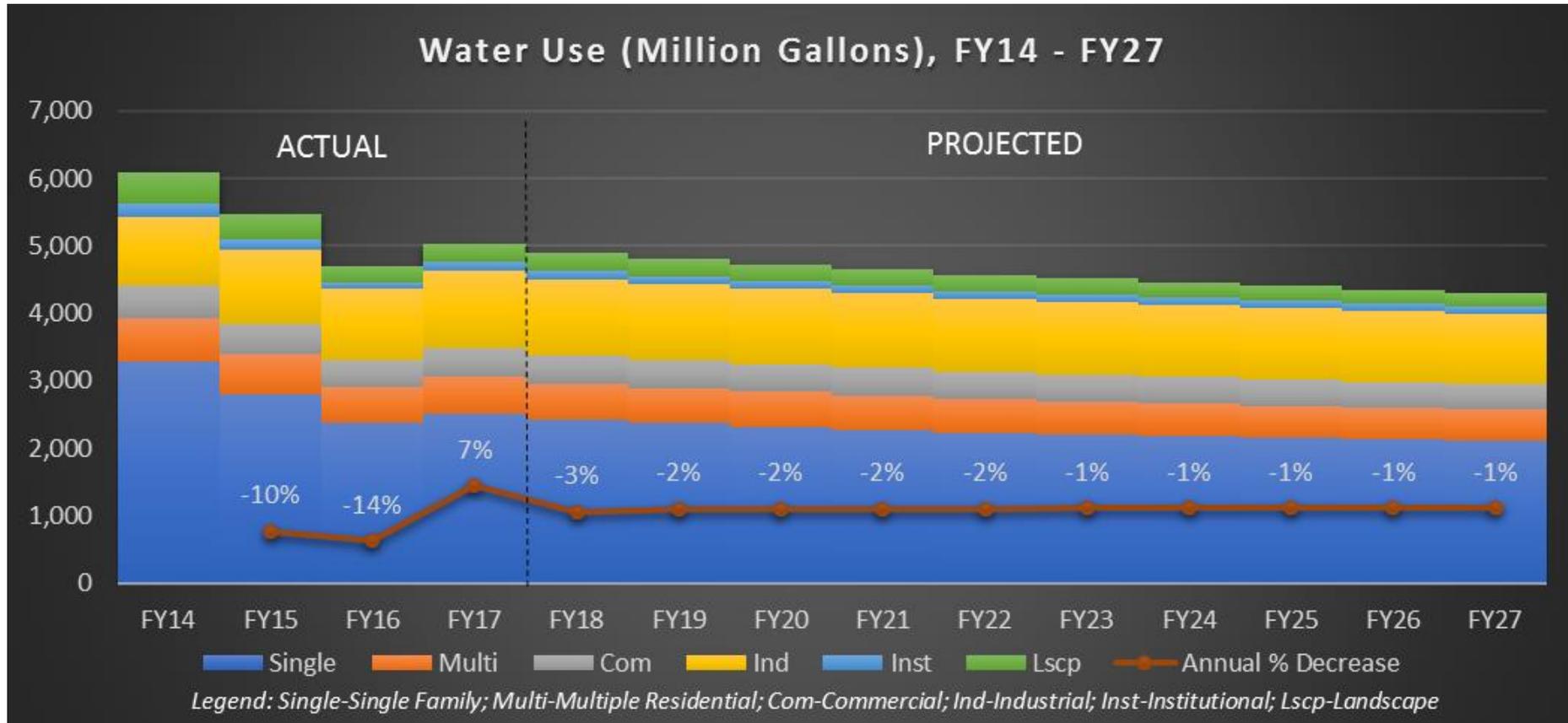
- Water rate increases for 2014 – 2019 were adopted as part of a Five-Year Rate Plan
- Groundwater only rate schedule was adopted in the 2014 Five-Year Rate Plan, surface water rates were evaluated but NOT adopted
- First four rate increases implemented July 1, 2014, January 1, 2015, January 1, 2016 and January 1, 2017
- First increase of the 2018 – 2022 Five-Year Rate Plan is scheduled for March 1, 2018

Water Rates from the 2014 Five-Year Rate Plan and Recommended Five-Year Rate Plan

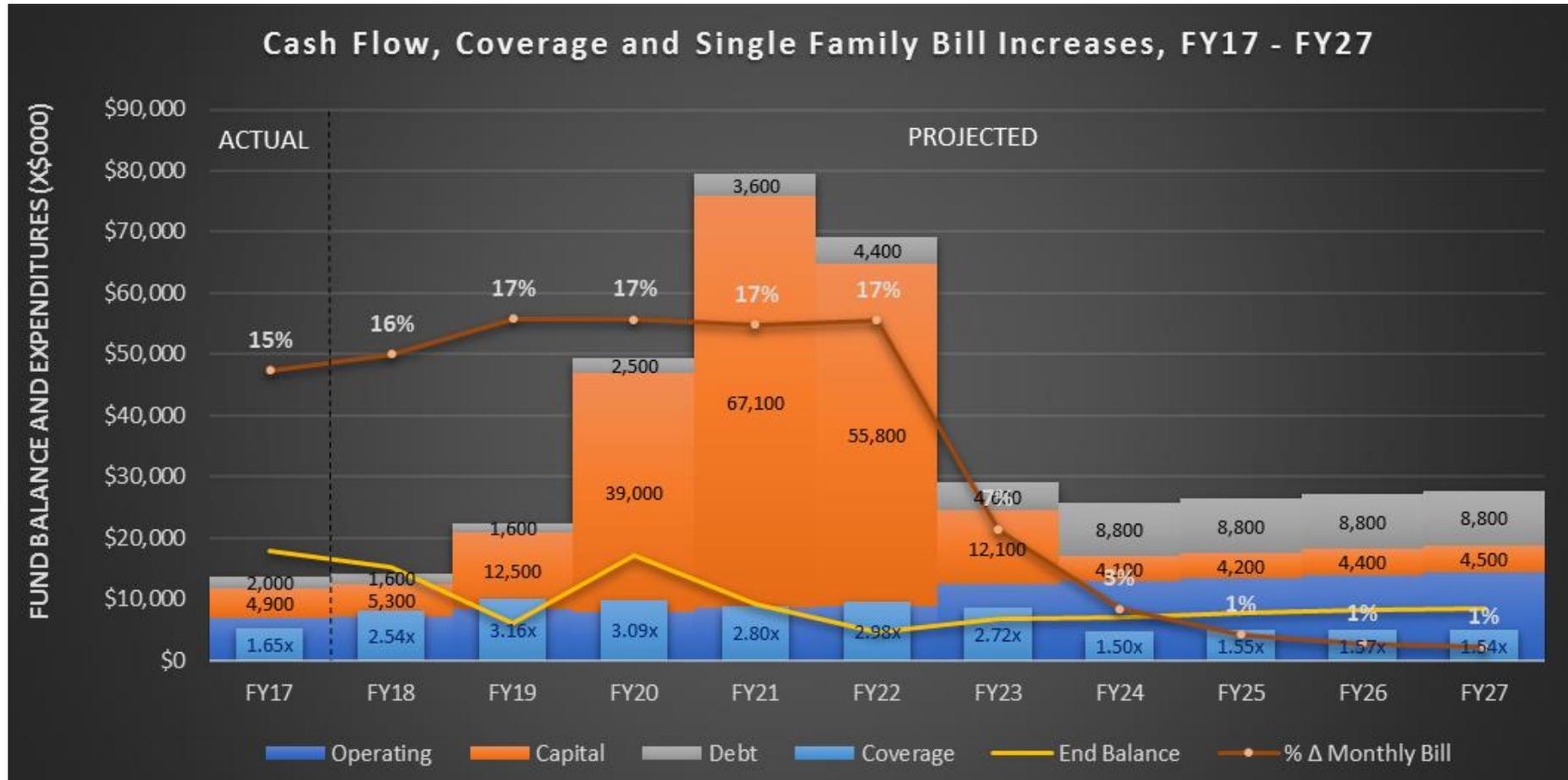
			FY18 - FY22 Five-Year Rate Plan				
	Current	Adopted	Recommended				
	FY17	FY18	FY18 *	FY19	FY20	FY21	FY22
<i>effective date ></i>	<i>1/1/2017</i>	<i>1/1/2018</i>	<i>3/1/2018</i>	<i>1/1/2019</i>	<i>1/1/2020</i>	<i>1/1/2021</i>	<i>1/1/2022</i>
Commodity Charge, \$/thous. gals.							
System Average	\$0.68	\$0.77	\$0.75	\$0.89	\$1.07	\$1.30	\$1.55
Single Family	\$0.74	\$0.84	\$0.84	\$1.00	\$1.20	\$1.47	\$1.76
Multi Res/Com/Ind/Inst	\$0.54	\$0.60	\$0.63	\$0.75	\$0.89	\$1.08	\$1.28
Landscape	\$0.75	\$0.84	\$0.99	\$1.20	\$1.45	\$1.78	\$2.16
Capacity Charge, \$ per mtr./mo.							
1" or less	\$24.10	\$26.50	\$28.00	\$32.70	\$38.10	\$45.20	\$52.70
1-1/2"	\$48.20	\$53.00	\$56	\$65	\$76	\$90	\$105
2"	\$77.20	\$84.80	\$90	\$104	\$122	\$145	\$169
3"	\$169	\$186	\$196	\$229	\$267	\$316	\$369
4"	\$290	\$318	\$336	\$392	\$457	\$542	\$633
6"	\$603	\$663	\$700	\$816	\$952	\$1,130	\$1,318
8"	\$1,157	\$1,272	\$1,344	\$1,567	\$1,829	\$2,170	\$2,531
10"	\$1,832	\$2,014	\$2,128	\$2,482	\$2,895	\$3,435	\$4,008
Customer Charge, \$ per acct./mo.	\$3.00	\$3.30	\$3.50	\$4.10	\$4.75	\$5.65	\$6.55
Commodity Charge, \$/thous. gals.							
Single Family		14%	14%	19%	20%	23%	20%
Multi Res/Com/Ind/Inst		11%	17%	19%	19%	21%	19%
Landscape		12%	32%	21%	21%	23%	21%
Capacity Charge, \$ per mtr./mo.							
1" or less		10%	16%	17%	17%	19%	17%
1-1/2"		10%	16%	16%	17%	18%	17%
2"		10%	17%	16%	17%	19%	17%
3"		10%	16%	17%	17%	18%	17%
4"		10%	16%	17%	17%	19%	17%
6"		10%	16%	17%	17%	19%	17%
8"		10%	16%	17%	17%	19%	17%
10"		10%	16%	17%	17%	19%	17%
Customer Charge, \$ per acct./mo.		10%	17%	17%	16%	19%	16%

* Note that percent increases in rates for the first year (FY18) of the FY18 - FY22 Five-Year Rate Plan are based on comparison with FY17 rates

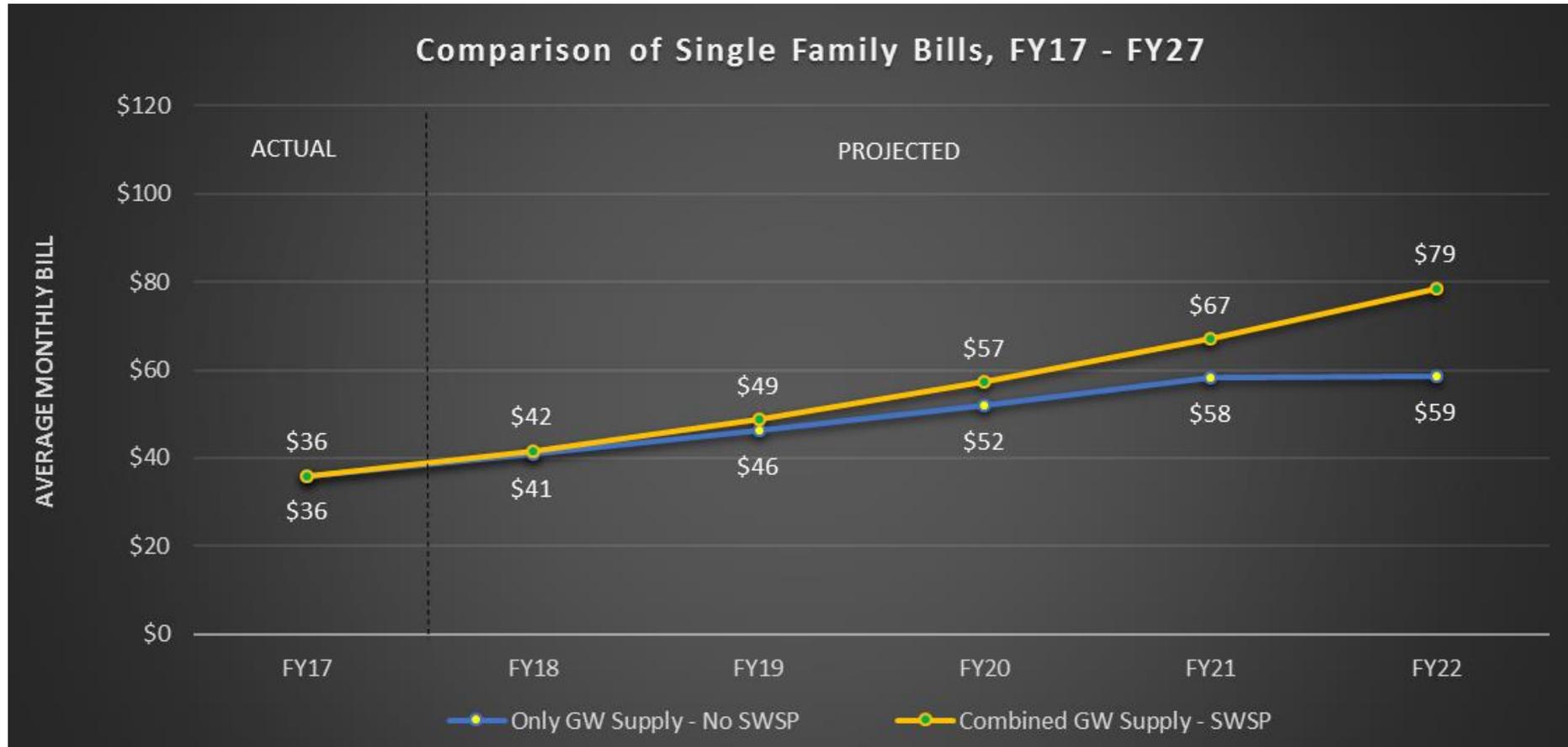
FY14 – FY27 Water Use



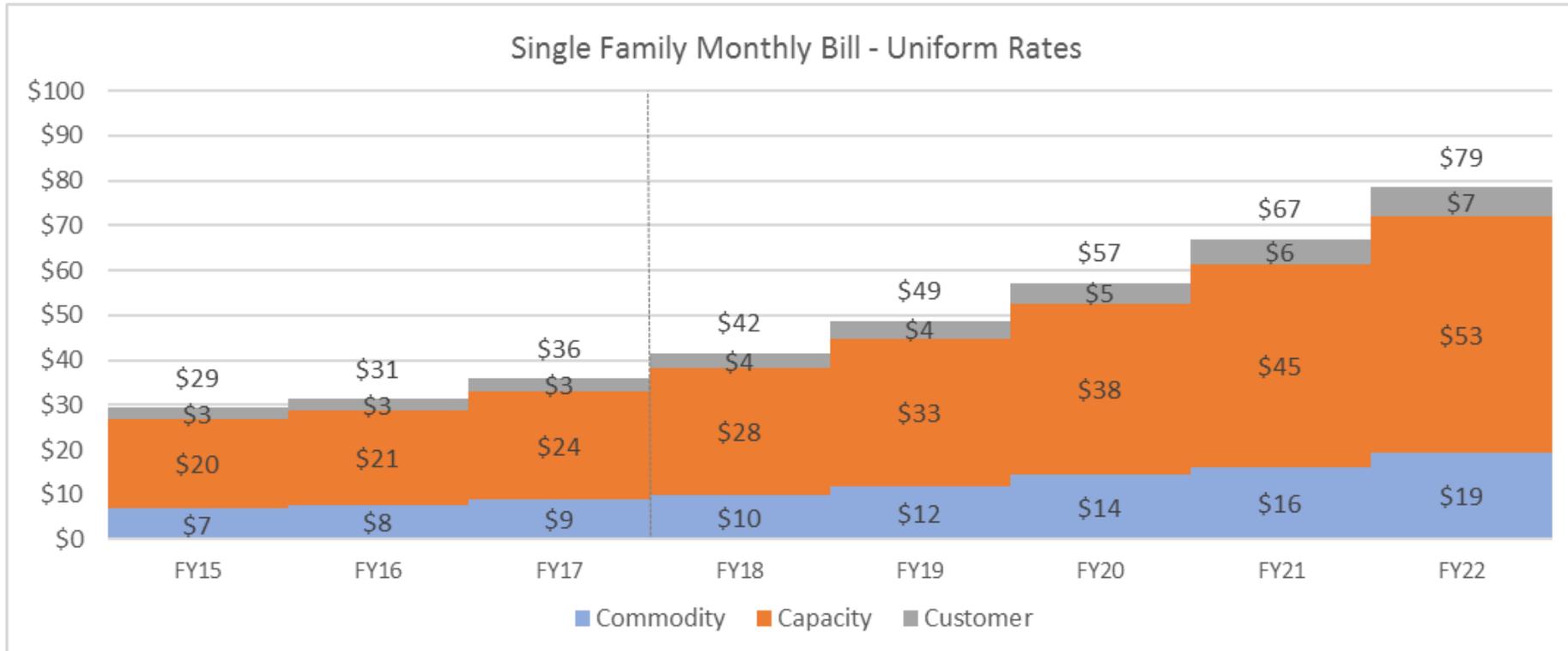
Cash Flow, DSC and Monthly Bills



Monthly Bills from Adopted Five-Year Rate Plan, 2014 Rate Study, and Current Review



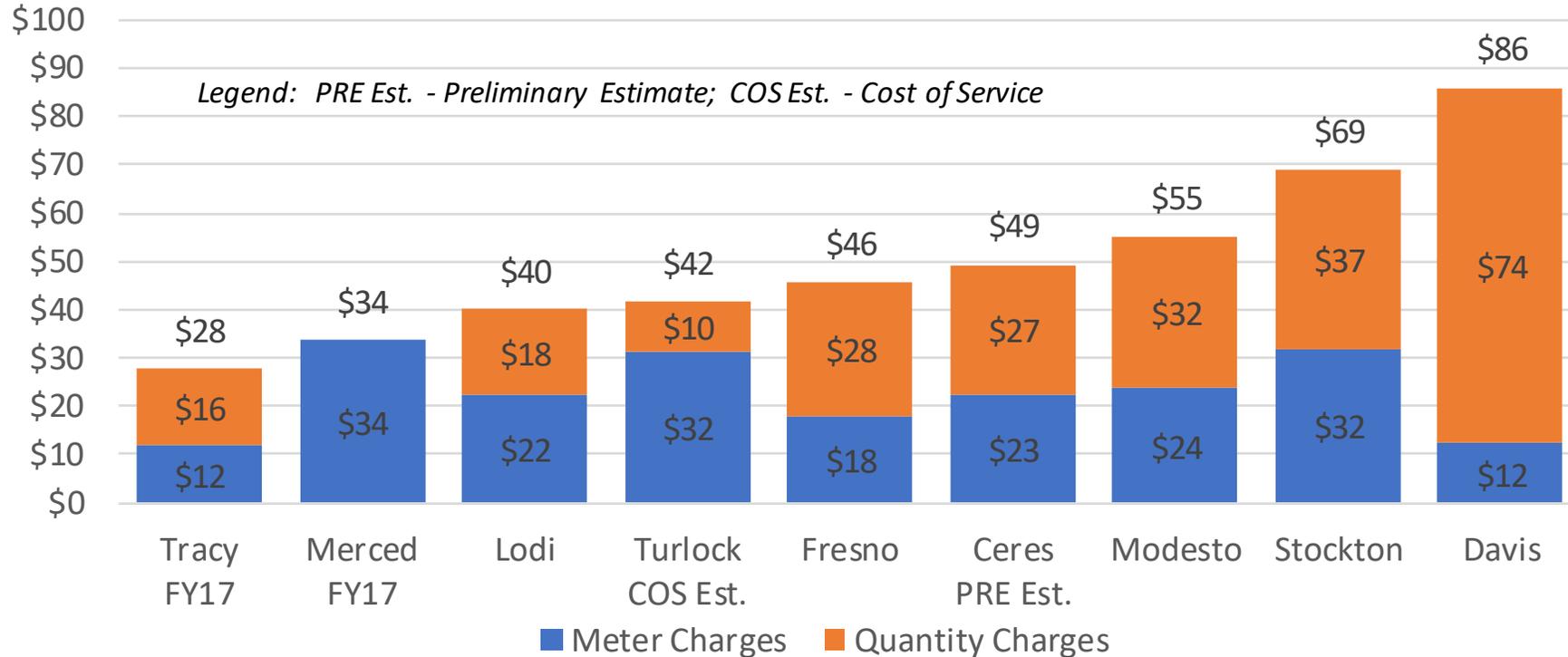
FY15 – FY27 Average Monthly Water Bills



Residential Monthly Bills (Comparable Cities)

Single Family Monthly Bills - 1 inch or less Meter and 12,000 Gallons

based on rates effective between January 1 and July 1, 2018 except as noted



Legend: PRE Est. - Preliminary Estimate; COS Est. - Cost of Service

END OF RATE STUDY PRESENTATION

QUESTIONS?

Rate Setting Process (Proposition 218)

- **Mail information to every property owner (or customer if renter pays the utility bill)**
- **Hold a hearing no less than 45 days after the mailing**
- **Reject the proposed water rates if written protests from a majority of the affected property owners / customers**

Regional Government Services

Education and Outreach Contract

- Mailer
- Fact sheet
- Public meeting / workshop
 - October 12th, 2017 @ 6.00 pm
- Community presentations (up to six)
- City website
- Media relations (inc. up to three press releases)

QUESTIONS?