

# Water Rate Study Status Report

April 28, 2005

Bartle Wells Associates

1889 Alcatraz Avenue, Berkeley CA 94703

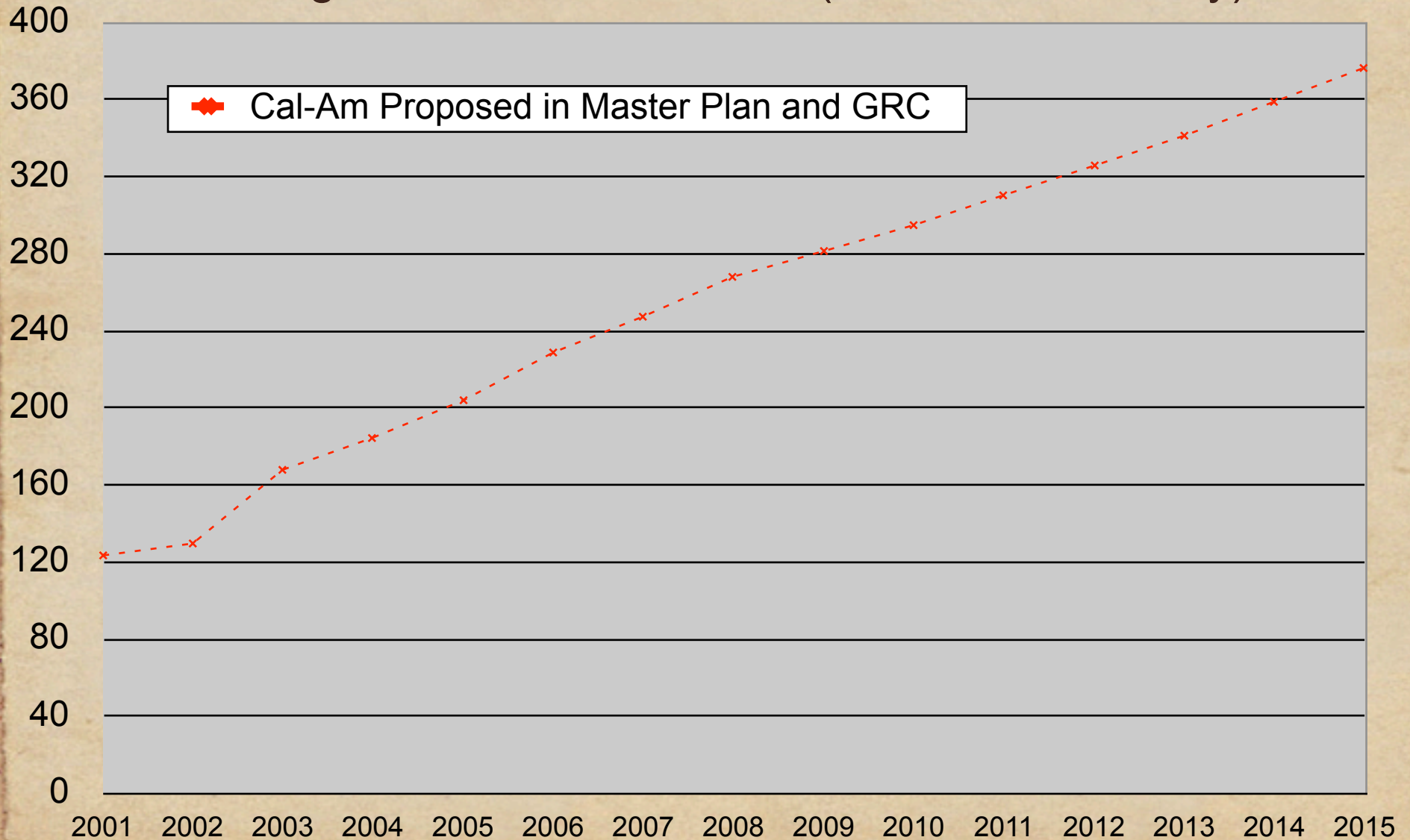
Telephone: 510.653.3399

Reed V. Schmidt, Principal Consultant

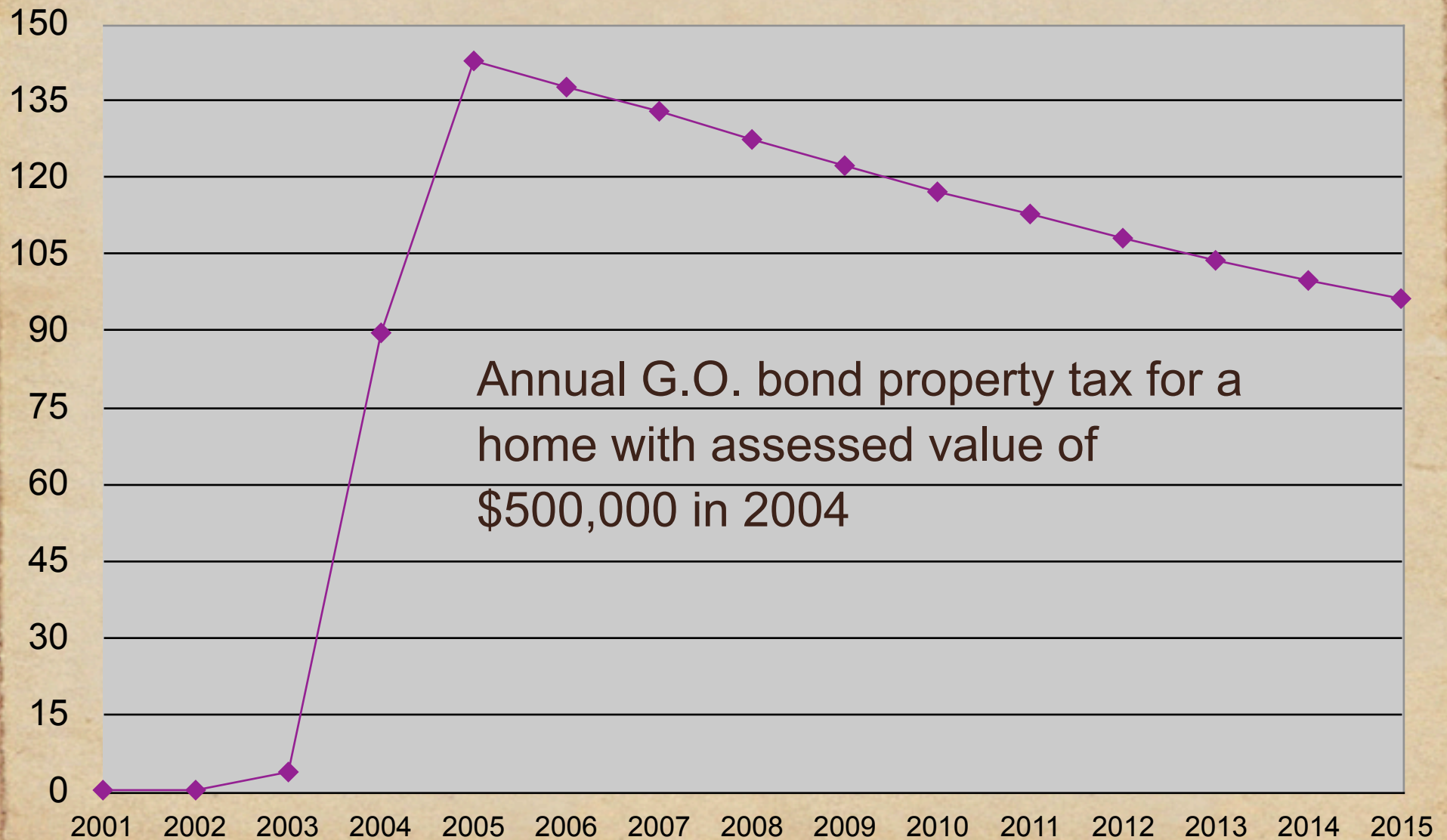
Bryan J. Antman, Financial Analyst

# Projected Bi-Monthly Cal-Am Water Bills

Average residential customer (16 HCF bi-monthly)



# MWSD Used General Obligation Bonds to Purchase Water Facilities from Cal-Am



# Present Water Rate Structure

- Uniform quantity rate: \$4.266 per HCF
- Meter size charge that varies by size of meter:

5/8" x 3/4" meter	\$27.25	per month
3/4"	32.50	
1"	44.25	
1 1/2"	59.10	
2"	79.85	
3"	147.70	
4"	200.90	
- Private fire protection

4" meter	\$10.80	per month
6"	15.30	
8"	20.40	
10"	43.00	
12"	60.00	

# Average Residential Bill: Bi-monthly

- Water Usage: 16 hundred cubic feet (HCF)
- Meter size: 5/8" x 3/4" meter

Quantity charge:  $\$4.266 / \text{HCF} \times 16 \text{ HCF} = \$68.26$

Meter Charge:  $\$27.25 / \text{mo} \times 2 \text{ mo} = \underline{\underline{\$54.50}}$

Total bill  $\$122.76$

# Water System Expenses: 2004/05 Budget

## Operating expenses

General	\$72,500
Supply	172,910
Pumping	122,960
Treatment	127,750
Transmission	147,390
Customer accounting	59,320
Other	650
General & administrative	<u>526,860</u>
Total	\$1,230,340

Budget does not include capital replacement costs.

# Annual Capital Replacement Costs: Two Options

- Alternative A
  - 2% of current value of water facilities
- Alternative B
  - Equal to accounting depreciation of system
  - 3.9% of current value of water facilities

# Initial Water Rate

## Alternatives Considered

- A: Two tiers with 2% capital replacements
- B: Two tiers with 3.9% capital replacements (equal to full accounting depreciation)
- C: Two tiers with 1% capital replacements
- D: Water rates and charges also pay for G.O. bond debt service
- E: Water rates and charges also pay for the increase in G.O. bond debt service in 2004/05

# Water Rate Structure Alternatives:

## Average Bi-monthly Bill

- |                  |          |
|------------------|----------|
| ■ Present rates: | \$122.76 |
| ■ Alternative A: | 122.76   |
| ■ Alternative B: | 122.76   |
| ■ Alternative C: | 111.10   |
| ■ Alternative D: | 241.46   |
| ■ Alternative E: | 171.01   |
- Average water bi-monthly usage of 16 HCF

# Water Rate Alternatives Proposed To Board of Directors

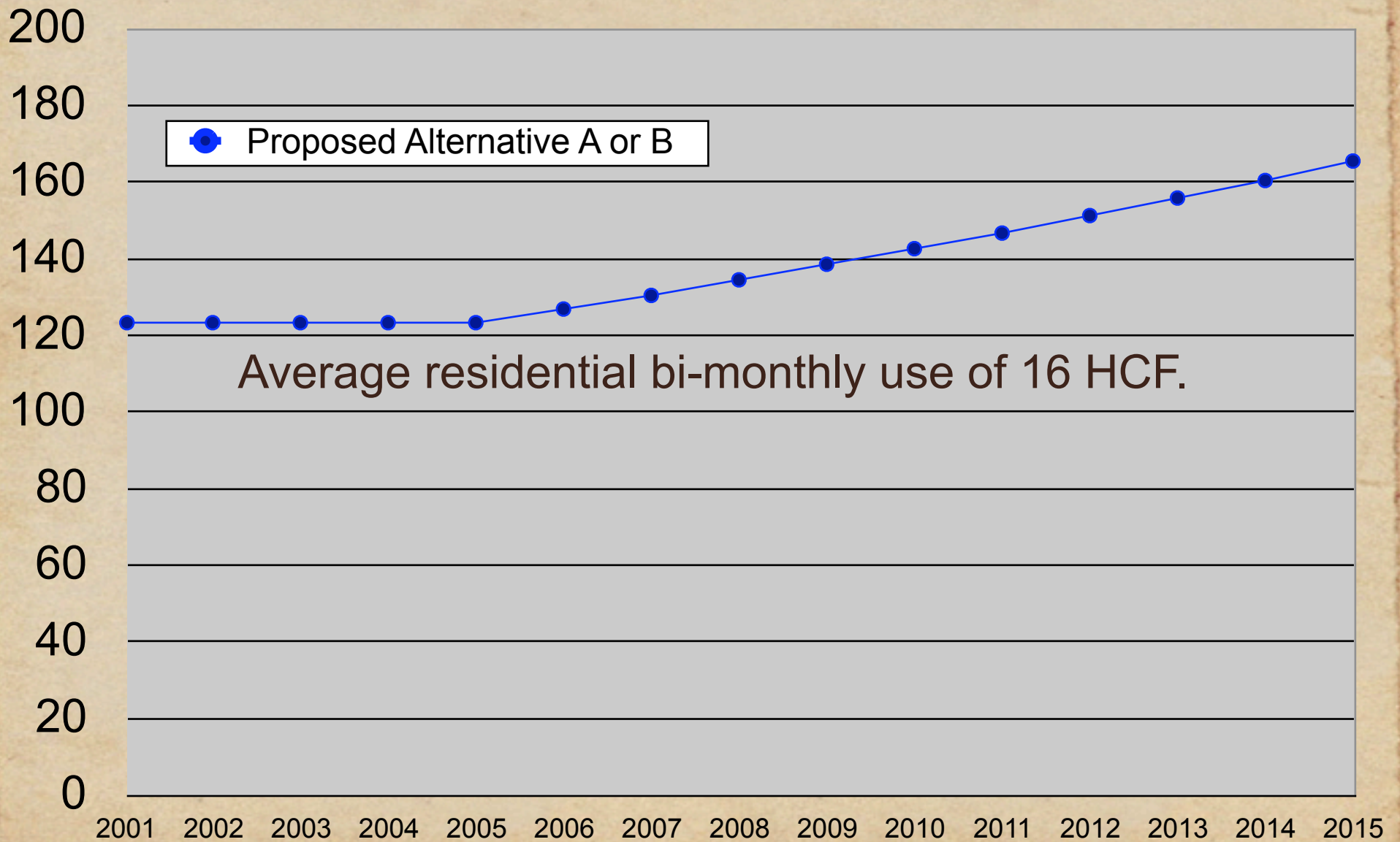
	<u>Alternative A</u>	<u>Alternative B</u>	<u>Present</u>
Quantity Rate (bi-monthly usage)			
Tier 1: 0-19 HCF	\$4.266	\$4.2660	\$4.2660
Tier 2: over 19 HCF	5.5446	6.9943	4.2660
Metered service charge (monthly)			
5/8" x 3/4" meter	\$27.25	\$27.25	\$27.25
3/4"	32.50	32.50	32.50
1"	44.25	44.25	44.25
1 1/2"	59.10	59.10	59.10
2"	79.85	79.85	79.85
3"	147.70	147.70	147.70
4"	200.90	200.90	200.90

# Water Bill Comparisons: Bi-Monthly

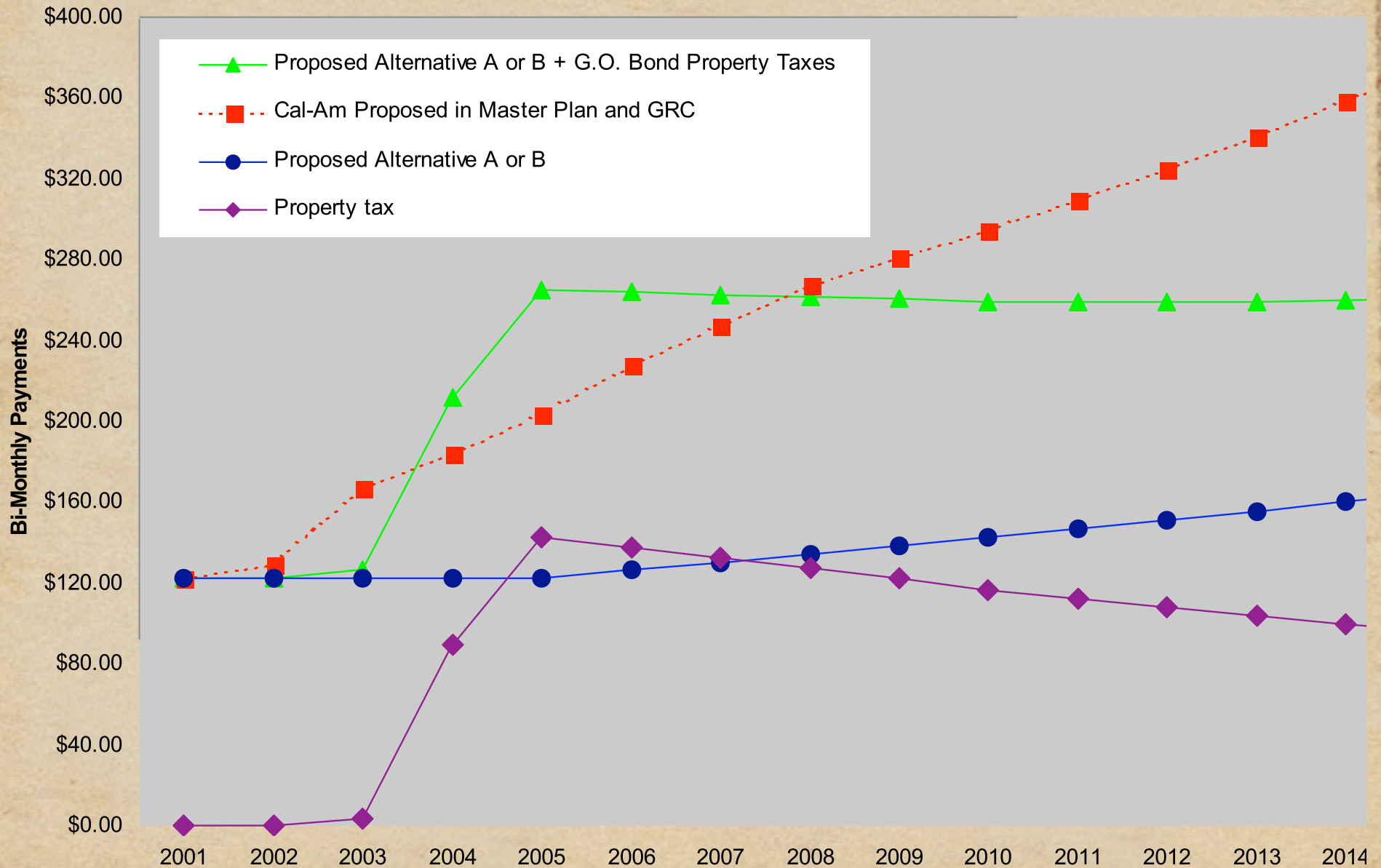
	<u>Alternative A</u>	<u>Alternative B</u>	<u>Present</u>
Bi-Monthly Usage			
10 HCF	\$97.16	\$97.16	\$97.16
16 HCF	122.76	122.76	122.76
19 HCF	135.55	135.55	135.55
25 HCF	168.82	177.52	161.15
40 HCF	251.99	282.43	225.14
75 HCF	446.05	527.23	374.45

Assumes 5/8" x 3/4" meter

# Average Bill Increases Assuming 3% Inflation Rate in Future Years



# Comparison of Cal-Am to MWSD, Including G.O. Bond Tax



# Next Steps

- District staff prepares budget for 2005/6
- Board considers rate structure alternatives along with the budget
- Public Hearing on water rate alternatives
- Board adopts new rates
- New rates effective July 1, 2005