Agenda Item No. E-4

DATE SUBMITTED	11/08/17	COUNCIL ACTION	( )
	CITY MANAGER'S	PUBLIC HEARING REQUIRED	( )
SUBMITTED BY	OFFICE	RESOLUTION	( )
		ORDINANCE 1ST READING	( )
DATE ACTION REQUIRED	11/15/17	ORDINANCE 2ND READING	( )
		CITY CLERK'S INITIALS	

IMPERIAL CITY COUNCIL
AGENDA ITEM

SUBJECT: DISCUSSION: WATER & SEWER RATE PROPOSITION 218 PROCESS EDUCATION AND OUTREACH UPDATE

DEPARTMENT INVOLVED: CITY MANAGER'S OFFICE/PUBLIC SERVICES/UTILITIES/FINANCE

BACKGROUND/SUMMARY:

The City of Imperial last performed a water and sewer rate study in 2009. Since then, the City has implemented the rate structure as outlined in that study with the last increase occurring August 2013. The City has continued to perform major repairs to water and sewer systems without fully passing these costs to our rate payers. The City Council of the City of Imperial contracted independent consultant to perform water and sewer rate studies. The findings of the rate studies determined the rate increases projected to provide sufficient funds for operations and infrastructure spending.
City of Imperial residents received notices in accordance with proposition 218, a state law which requires the City to notify utility customers of increases in proposed rates.
The City is set to host a series of open house workshops for the public. Staff would like to update the council on the continued education and outreach efforts.

FISCAL IMPACT: N/A	ADMIN SERVICES SIGN INITIALS _____
STAFF RECOMMENDATION:	DEPT. INITIALS _____
MANAGER'S RECOMMENDATION:	CITY MANAGER's INITIALS _____

MOTION:

SECONDED:
AYES:
NAYES:
ABSENT:

APPROVED ( ) REJECTED ( )
DISAPPROVED ( ) DEFERRED ( )

REFERRED TO:

NOTICE TO RESIDENTS

PUBLIC HEARING ON WATER & SEWER RATES

City of Imperial California

PROPOSED WATER & SEWER RATE INCREASE FOR CITY OF IMPERIAL

The City of Imperial last performed a water and sewer rate study in 2009. Since then, the City has implemented the rate structure as outlined in that study with the last increase occurring August 2013. The City has continued to perform major repairs to water and sewer systems without fully passing these costs to our rate payers. The City Council of the City of Imperial contracted independant consultant to perform water and sewer rate studies. The findings of the rate studies determined the rate increases projected to provide sufficient funds for operations and infrastructure spending.

WHY AM I RECEIVING THIS NOTICE? You are receiving this notice in accordance with Proposition 218, a state law which requires providers of public utility services to notify rate payers of increases in proposed rates. Your property receives utility service from the City of Imperial.

KEY DATES

DEC 6 2017
PUBLIC HEARING
City Council Chambers
220 W 9th Street
Imperial, Ca 92251
7:00 PM

JAN 1 2018
*If approved by City Council, new rates become effective for Imperial residents.

JUL 1 2018
For all other subsequent fiscal years new rates will become effective if approved by City Council

UTILITY RATES FUND MORE THAN JUST WATER

The City's water and sewer utilizes "enterprise" fund operations. They are separate from the City's General Fund activities, such as parks, streets, police and fire. Enterprise fund operations are designed to operate like a "business" with fees and charges set at a sufficient rate to cover the operating costs and capital infrastructure costs necessary to operate the water and sewer facilities. As a public agency, by state law, the City may NOT collect more revenue than is necessary to cover annual operating costs, including capital infrastructure expenditures

B street pump station completed in 2016

THREE REASONS WHY RATES ARE INCREASING

- INCREASING REGULATORY REQUIREMENTS
- AGING INFRASTRUCTURE
- INFLATION

Rate increases are needed to keep City revenues in line with the cost of providing service. The cost of service calculation includes expenses such as labor, energy, chemicals, other such supplies, and system maintenance. In addition to funding operations, the City must also fund large capital projects such as treatment plants, distribution mains and pump stations to continue to provide reliable, high quality, water and wastewater service.

PROPOSED WATER RATE CHANGES

Currently, a water customer is charged a monthly fixed rate and volumetric rates based on three usage tiers. The proposed rates include a monthly fixed charge based on a customer's meter size and one volumetric rate shown in the table.

PROPOSED SEWER CHANGES

The current wastewater rate structure includes two customer classes- residential and nonresidential. Currently, both classes pay the same monthly fixed charge. Residential customers pay a volumetric rate of $.93 per HCF if they use more than 36 HCF in a month. Nonresidential customers pay a volumetric rate of $2.42 per HCF if they use more than 21 HCF in a month. The proposed single family residential rate is a monthly fixed charge of $56.45 in FY 2017-18 The proposed multi-family residential rate is a monthly fixed charge of $48.40 per unit in FY 2017-18. The proposed rates for nonresidential customers are the greater of the residential fixed charge, or a uniform, volumetric rate based on the customers discharge strength.

Propuesta para cambios en tarifa del agua Y Propuesta de tarifa por el desperdicio de agua

La Ciudad de Imperial realizó un estudio sobre las tarifas de agua potable y drenaje sanitario en el 2009. Desde entonces, la Ciudad ha implementado la estructura de las tarifas como se indica en ese estudio, habiendo ocurrido el último aumento en Agosto del 2013. La Ciudad ha continuado con los trabajos de reparación de las redes de agua potable y drenaje sanitario sin transmitir el costo total de éstas obras a nuestros usuarios. El Consejo Municipal de la Ciudad de Imperial ha contratado a la firma Bartle Wells & Associates para realizar estudios para definir las tarifas con respecto a la capacidad de agua potable y drenaje sanitario. Los resultados de éstos estudios han determinado el aumento que proveerá suficientes fondos para los trabajos y mantenimiento proyectados, planes de infraestructura y los sistemas de distribución y recolección.

¿Por qué estoy recibiendo este aviso?

Usted está recibiendo este aviso de acuerdo con la Proposición 218, una ley estatal que requiere que los proveedores de servicios públicos notifiquen a los usuarios acerca de las propuestas de aumentos en las tarifas. Para que seas aplicable su propiedad debe estar recibiendo servicio públicos por parte de la Ciudad de Imperial.

Las tarifas de servicios públicos financian algo más que el agua

Los servicios de agua y el alcantarillado sanitario de la Ciudad utilizan operaciones con fondos "empresariales". Están separados de otras actividades del Fondo General de la Ciudad, como lo son parques, calles, policía y bomberos. Las operaciones de fondos empresariales están diseñadas para operar como un "negocio" con tarifas y cargos establecidos que sean suficientes para cubrir los costos operativos y los costos de infraestructura necesarios para operar las instalaciones de agua y alcantarillado sanitario. Por ser una agencia pública, de acuerdo a la ley estatal, la Ciudad NO puede recaudar más de los ingresos de los necesarios para cubrir los costos operativos anuales, incluidos los gastos de infraestructura.

Propuesta para cambios en tarifa del agua

Actualmente, el cliente del agua se le cobra una tarifa fija y tarifa por el volumen de consumo basada en tres niveles. La propuesta de las tarifas incluye una tarifa fija, basada en el consumo que indica el medidor y otra tarifa por el volumen consumido en la tabla de abajo. El incremento propuesto se llevara a efecto a partir del 1 de enero del 2018, por el año fiscal 2017-18. Y por los años fiscales subsecuentes, las tarifas propuestas tendrán efecto a partir del 1 de Julio.

Propuesta de tarifa por el desperdicio de agua

La tarifa actual por el desperdicio de agua incluye dos categorías que son residenciales y no-residencial. Actualmente ambas clases pagan la misma tarifa fija. Los clientes residenciales pagan la tarifa por volumen á$0.93 por HCF si ellos usan más de 36 HCF al mes. Los clientes no residenciales pagan una tarifa por volumen de $2.42 por HCF si ellos usan más de 21 HCF al mes. La tarifa fija mensual propuesta para uni-familiar será de $56.45 en el año fiscal 2017-18. La tarifa fija mensual propuesta multi-familiar es de $48.40 por unidad en el año fiscal 2017-18. Las tarifas propuestas para los clientes no residenciales son las mayores de la tarifa fija residencial, o una tarifa volumétrica uniforme basada en la fuerza de descarga de los clientes (ver a continuación). El aumento propuesto entrará en vigor el 1 de enero de 2018 para el año fiscal 2017-18.

City of Imperial
420 South Imperial Ave
Imperial, CA 92251

WATER RATES (EXISTING & PROPOSED)

Volumetric Rates**	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
	Existing	*Proposed*	*Proposed*	*Proposed*	*Proposed*	*Proposed*
Proposed Structure						
All Demand per		$3.36	$3.57	$3.75	$3.90	$4.06
Existing Structure						
Tier 1 (0-30 HCF)	$2.99					
Tier 2 (31-35 HCF)	$3.29					
Tier 3(36+ HCF)	$3.84					

Fixed Rates	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY20-21	FY 21-22
Meter Size	*Existing*	*Proposed*	*Proposed*	*Proposed*	*Proposed*	*Proposed*
Proposed Structure						
1" or below		$13.06	$14.12	$15.16	$15.77	$16.41
1 1/2"		16.86	21.72	26.57	27.64	28.75
2"		21.42	30.84	40.24	41.85	43.53
3"		33.59	55.18	76.75	79.82	83.02
4"		47.27	82.54	117.81	122.53	127.44
6"		$85.29	$158.58	$231.87	$241.15	$250.80
Existing Structure						
All Meters	$12.00					

**Rates shown are for customers within the incorporated area of the City of Imperial. According to City of Imperial Resolution NO. 2002-13, customers outside the incorporated area of the City pay double the rate of those inside the incorporated area.*
*** Volumetric rates are charged per hundred cubic feet ("HCF").*

SEWER RATES (EXISTING &PROPOSED)

Volumetric Rates	FV 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
	Existing	*Proposed*	*Proposed*	*Proposed*	*Proposed*	*Proposed*
Single-Family Residential						
Volumetric (>36 HCF)	$0.93					
Fixed	$48.40	$56.45	$60.41	$64.64	$67.23	$69.92
Multi-Family Residential						
Volumetric (>36 HCF)	$0.93					
Fixed (Per Unit)	$48.40	$48.39	$51.78	$55.41	$57.63	$59.94
Commercial						
Volumetric (>21 HCF)	$2.42					
Fixed Charge	$48.40					
Minimum Charge		$56.45	$60.41	$64.64	$67.23	$69.92
Volumetric (All Use)						
Low Strength		$1.57	$1.68	$1.80	$1.88	$1.96
Domestic Strength		$2.82	$3.02	$3.24	$3.37	$3.51
High Strength		$4.34	$4.65	$4.98	$5.18	$5.39

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*** Volumetric rates are charged per hundred cubic feet ("HCF").*

TO PROTEST THIS CHANGE

1) Notify the City in writing by close of business December 5, 2017 that you oppose the proposed increase. You must identify the property affected by the proposed rates, and the property owner or tenant who is a City customer, must sign, and print their name, on the written protest. Send to City Clerk, 420 South Imperial Avenue, Imperial, CA. 92251. **OR**

2) Attend the December 6, 2017, public hearing at the time and place identified on page 1 of this notice and submit a written protest before the close of the public hearing.

IMPUGNAR CONTRA ESTE CAMBIO

1) Notifique a la Ciudad por escrito antes del 5 de diciembre de 2017 que se opone al aumento propuesto. Debe identificar la propiedad afectada por las tarifas propuestas, y el dueño de la propiedad, o inquilino que un cliente de ciudad, debe firmar, y imprimir su nombre, y la impugnacion por escrito. Envie a City Clerk, 420 South Imperial Avenue, Imperial, CA. 92251. O

2) Asista a la audiencia pública del 6 de diciembre de 2017 en la fecha y lugar identificados en la página 1 de este aviso y presente una impugnacion por escrito antes de que finalice la audiencia pública.

FOR MORE INFORMATION VISIT WWW.CITYOFIMPERIAL.ORG

WATER & SEWER RATES - FREQUENTLY ASKED QUESTIONS

Why did the City of Imperial conduct a rate study?

There are three primary reasons for rate increases; increasing regulatory mandates, aging infrastructure, and inflation. It is common practice to conduct a rate study every three to five years. The last rate study was conducted in 2009, with the last rate increase implemented in 2013. The City has continued to perform major repairs to the water and sewer systems without fully passing on those costs to our account holders.

Where has the money gone from the last increase?

The money has gone to the maintenance and repairs of the water and sewer treatment systems and current infrastructure throughout the City of Imperial. The current infrastructure was put in place in the 1970's with various updates taking place each decade to follow. The most recent expenditure was in 2016 when the sewer treatment facility replaced the Headworks Screening System.

How will this impact my bill?

Currently the City of Imperial is on a three tier rate structure that is dependent on your current lot and meter size. Water and sewer usage is measured in Hundred Cubic Feet or HCF. The new rate study proposes that the City go to a one (1) tier rate system. For water rates this will allow an increase of 6% the first two years, 5% in the third year and 4% in the fourth and fifth year. For sewer rates the increase will begin at 13% for the first and second year, followed by a 4% for remaining three years.

When does this go into effect?

If passed at the December 6, 2017 Public Hearing (taking place during the Regular Meeting of the City Council), the rate increases will go into effect January 1, 2018, followed by each subsequent fiscal year on July 1.

Why are there two rate increases in one year?

The rate increases are scheduled to take effect every fiscal year. The City's fiscal year runs from July 1 to June 30. We will implement the first 6%/13% increase for the remaining of 2017-2018 fiscal year on January 1, 2018. The following increases will take effect each subsequent fiscal year on July 1 (18,19, 20,21& 22).

WATER & SEWER RATES - FREQUENTLY ASKED QUESTIONS

Who do I contact if I want to protest?

If you wish to submit a written protest, please submit to the City Clerk's Office at 420 S Imperial Avenue, Imperial, Ca 92251. ***Please note, the City Clerk must receive your written protest before close business on December 5, 2017. If you are unable to submit your written protest by the deadline, you may submit the protest on December 6, 2017 prior to the close of the Public Hearing.

If I have multiple properties in the City, and they each have a tenant, how many protests can I/we submit?

Only one protest will be counted for each metered property. If a property owner and a tenant submit a written protest for the same property, only one of those protests will be counted. If you submit a written protest for a property within the City of Imperial that does not receive water or sewer service, your protest will not be counted. If an apartment complex with 40 units, but only has 4 meters, submits a protest, only 4 protests of the 40 submitted will be counted.

One metered property = One written protest counted

Why am I paying more if my water is contaminated?

Recently the City of Imperial has sent a number of notices to residents regarding TTHM level violations found within the City's drinking water. We do not deny this, however this is one of the reasons for the rate increase. The City's current infrastructure does not provide the capabilities to address the growing concern of various TTHM testing levels and sites. To correct this situation, the Imperial City Council recently took action to approve a $1.6 million dollar Granular Activated Carbon Solution that will remove the TTHM levels from our drinking water.

FOR MORE INFORMATION PLEASE VISIT

WWW.CITYOFIMPERIAL.ORG/2017-WATER-SEWER-RATES

City of Imperial California

WATER & SEWER UTILITY RATES

OPEN HOUSE

NOV 14 & 28 2017 | 9AM -6 PM

CITY COUNCIL CHAMBERS | 220 W 9TH STREET, IMPERIAL

DISCUSSION ON

WATER & SEWER RATE INCREASE
PROPOSITION 218 NOTICES
PUBLIC HEARING DECEMBER 6, 2017

OPEN TO THE PUBLIC

Follow Us @cityofimperial

Join the conversation #IMR218

The City of Imperial recently mailed out a notice to your residence regarding potential water & sewer increases. We invite you to our open house workshop taking place on November 14 and November 28, 2017. Please bring your utility bill so we can better show you how this increase will impact you.

If you aren't able to join us for our open house workshop(s), please stop by our booth at the November 18 and December 2 Imperial Market Days events in Downtown Imperial.

For more information please call (760) 355-3842 or visit www.cityofimperial.org/2017-water-sewer-rates.

City of Imperial California

SOBRE TARIFAS EN AGUA Y DRENAJE

JORNADA DE PUERTASABIERTAS

NOV 14 & 28 2017 | 9AM -6 PM

CAMARAS DEL CONCILIO DE LA CIUDAD/ 220 W 9TH ST, IMPERIAL

DISCUSION

ACERCA DEL AUMENTO EN TARIFA DE AGUA Y DRENAJE
AUDIENCIA PUBLICA ACERCA DE PROPOSICION 218
DICIEMBRE 6, 2017

ABIERTO AL PÚBLICO

Siguenos en @cityofimperial

Unete en #IMR218

La Ciudad de Imperial recientemente envió una carta a su residencia informando acerca de un posible aumento a su agua y drenaje. Lo invitamos a la jornada de puertas abiertas que tendrá lugar en Noviembre 14 y Noviembre 28, 2017. Por favor traiga su recibo de agua para poder mostrarle como este aumento afectará su recibo.

Si no tiene la posibilidad de asistir a la jornada de puertas abiertas, por favor deténgase en nuestra casilla de información el día Noviembre 18 y Diciembre 2 durante los eventos de Imperial Market Days en el centro de la Ciudad de Imperial.

Para mayor información, por favor llame al (760) 355-3842 o visite www.cityofimperial.org/2017-water-sewer-rates.