Presentation Overview

- Revenue Requirements
- Consumption Patterns
- Financial Plan Assumptions
- Proposed Customer Classes
- Low Income Discounts
- City of Woodland’s Proposed Rates
- Follow-Up Questions
- Next Meeting
- Schedule
Revenue Requirements

- Large Capital Projects
- Repair and Replacement R&R
- O & M
- Debt Service
Consumption Patterns

2011 Total Consumption

- Domestic: 87%
- Irrigation: 13%

Legend:
- Blue: Domestic
- Red: Irrigation
Consumption Patterns

2011 Annual Water Consumption by Customer Class

- Single Family Residential: 55.2%
- Small Commercial/Industrial: 7.2%
- Large Commercial/Industrial: 5.8%
- Multi-Family Residential: 21.6%
- City Domestic: 0.5%
- La Buena Vida HOA: 0.3%
- City Irrigation: 5.6%
- All Other Irrigation: 3.8%
## Consumption Patterns

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Annual Use</th>
<th>No. of Accts/Units</th>
<th>Avg Monthly Use per Acct/Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Residential</td>
<td>2,511,316</td>
<td>14,395</td>
<td>14.54</td>
</tr>
<tr>
<td>Small Commercial/Industrial</td>
<td>256,142</td>
<td>558</td>
<td>38.25</td>
</tr>
<tr>
<td>Large Commercial/Industrial</td>
<td>171,796</td>
<td>98</td>
<td>146.09</td>
</tr>
<tr>
<td>City Domestic</td>
<td>12,512</td>
<td>26</td>
<td>40.10</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>982,053</td>
<td>12,582</td>
<td>6.50</td>
</tr>
<tr>
<td>La Buena Vida HOA</td>
<td>22,844</td>
<td>342</td>
<td>5.57</td>
</tr>
<tr>
<td>City Irrigation</td>
<td>265,156</td>
<td>207</td>
<td>106.75</td>
</tr>
<tr>
<td><strong>All Other Irrigation</strong></td>
<td><strong>328,119</strong></td>
<td><strong>256</strong></td>
<td><strong>106.81</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,549,938</strong></td>
<td><strong>28,464</strong></td>
<td></td>
</tr>
</tbody>
</table>
Financial Plan Assumptions

- **Water Supply Project Scenarios**
  1. Surface Water Project
  2. Deep Aquifer Only
  3. No Water Supply Project (Baseline Scenario for comparison purposes only)

- **Inflation Assumptions**
  - 3% annual inflation for most expenses
  - Specific expense categories may have higher or lower escalators

- Wastewater enterprise contributes to the capital cost of the water project (water quality improvements help resolve wastewater discharge requirements).
Financial Plan Assumptions

- **Other Project Funding Sources:**
  - City Bonds
  - Pay-as-you-go
  - State Revolving Fund
  - Others

- **Funding structured to allow a 5-year rate phase-in**

- **Growth**
  - Conservative estimates - Low growth is assumed

- **For Surface Water Scenario:**
  - Well pumping costs would ramp down as new surface water supply comes on line
  - Most other water system costs would not be affected
## Proposed Customer Classes

<table>
<thead>
<tr>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Residential</td>
<td>Single Family Residential</td>
</tr>
<tr>
<td>Multi-Family Residential</td>
<td>Multi-Family Residential</td>
</tr>
<tr>
<td>Small Commercial/Industrial</td>
<td>Small Commercial/Industrial</td>
</tr>
<tr>
<td>Large Commercial/Industrial</td>
<td>Large Commercial/Industrial</td>
</tr>
<tr>
<td>Irrigation</td>
<td>Irrigation</td>
</tr>
<tr>
<td>Municipal Use</td>
<td>Municipal Use</td>
</tr>
</tbody>
</table>

- Similar to customer classes used by surrounding communities
Approach to Low Income Discounts

- **Lifeline Rates**
  - Rate can be structured to provide discount for low use customers
  - Example: Indian Wells Valley Water District’s Volume Rate
    
    Lifeline Tier 1: 1-10 ccf    $0.50/ccf
    
    (Top Tier rate = $4.13/ccf)

- **Advantages**
  - Does not require outside funding (e.g. General Fund)
  - Encourages conservation

- **Disadvantages**
  - Discount applies to everyone
Approach to Low Income Discounts

Discounts that require funding from outside water enterprise:

- **Low-Income Discount Based on Percentage of Bill**
  - Discount can apply to fixed charge only, volume charge only, or both
  - Example: Vacaville has a 15% senior discount for residents over 65. Discount applies to total water bill.

- **Low-Income Discount Based on $ Amount**
  - Amount of discount is fixed dollar amount, i.e. $10/month
  - Example: Morgan Hill - $3.01/month discount for customers who qualify as low income based on PG&E’s CARE or FERA programs

- **Woodland’s Low-Income Discount**
  - $15/month for up to 3 months
  - Funded from the City’s CDBG allotment. Low income eligibility based on PG&E’s CARE/FERA programs
City of Woodland’s Proposed Rates

- 17% revenue increase each year for the next four years
- Prop 218 notices mailed this week

**Table 5 – 2
Proposed Residential Water Rates**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat Rate Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;5,000 Square Feet</td>
<td>$50.95</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>5,000 -10,000 Square Feet</td>
<td>62.90</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>&gt;10,000 Square Feet</td>
<td>74.35</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Metered Customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>¾” – 2”</td>
<td>$28.75</td>
<td>$33.00</td>
<td>$38.75</td>
<td>$45.25</td>
</tr>
<tr>
<td>3”</td>
<td>54.00</td>
<td>62.00</td>
<td>72.80</td>
<td>85.10</td>
</tr>
<tr>
<td>4”</td>
<td>89.95</td>
<td>103.30</td>
<td>121.30</td>
<td>141.60</td>
</tr>
<tr>
<td>6”</td>
<td>179.70</td>
<td>206.30</td>
<td>242.20</td>
<td>282.80</td>
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<tr>
<td>Consumption (per CF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 – 1,200 CF</td>
<td>$0.0191</td>
<td>$0.0219</td>
<td>$0.0264</td>
<td>$0.0315</td>
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<tr>
<td>1,201 – 3,000 CF</td>
<td>0.0248</td>
<td>0.0283</td>
<td>0.0341</td>
<td>0.0406</td>
</tr>
<tr>
<td>Above 3,000 CF</td>
<td>0.0325</td>
<td>0.0371</td>
<td>0.0447</td>
<td>0.0536</td>
</tr>
</tbody>
</table>
Follow-Up Questions from 2/23

- Grants for conservation programs – see handout
- On-bill financing programs for water efficiency projects
- Discount incentive rates to encourage conservation
- How can apartment owners can retrofit individual units with meters to keep track of water consumption by tenants?
- Is there a relationship between family income and water use? Yes, the higher the income the higher the use
On-Bill Financing (OBF) Programs

- Used mainly by energy utilities to provide funding for energy efficiency projects
- Typically offered to business and government customers but not residential
- PG&E’s program:
  - Loans to eligible customers that are repaid through their monthly bills
  - 0% interest, up to $250,000 for up to 60 months. PG&E must inspect site before and after construction
- Could be used for water efficiency projects but BWA could not find any current programs
- Most water utilities offer rebates to customers but not OBF
  - Toilet retrofits
  - Appliance retrofits
  - Irrigation improvements
Discount Incentives to Encourage Conservation

- BWA did a web search but could not find any water rates that included discount incentives.

- PG&E offers discount incentives on natural gas.

- Santa Monica has an incentive FEE that applies to all residential until their property has been retrofitted with water efficient fixtures. ($4 per bill for single family residential)

- Discount incentives on water rates would need to comply with Prop. 218
• EBMUD has a “Submeter Retrofit Incentive Program” which offers up to $250 per dwelling unit for qualifying retrofits

• HUD has a good report “Overview of Retrofit Strategies – A Guide for Apartment Owners and Managers”

• In general, submetering can be effective in reducing multi-family consumption. Keep in mind:
  ➢ Retrofits are costly
  ➢ Biggest “bang for the buck” may be in reducing outdoor landscape irrigation
  ➢ Owners can remind tenants to use water wisely and to check for leaks if water use is high
Next Meeting- March 23, 2012

- Review draft 5-year revenue transition plan
- Discuss conservation assumptions
- Review rate structure alternatives
- Review rate survey of surrounding communities
Questions and Comments