



# City of Prescott

## Water and Wastewater 2010 Rate Study Update Council Presentation

January 2010

[economists.com](http://economists.com)



# City of Prescott Current Water Rate Structure



## Water Rates Effective 1/1/2010\*

### Monthly Fixed Charges

Meter Size	Amount
5/8"	\$ 6.60
3/4"	7.05
1"	7.95
1 1/2"	10.20
2"	12.90

### Residential (rate per 1,000 gallons)

Single Family		Multi-Family (Per Unit)		Non-Residential (Per Unit)	
First 3,000	\$ 2.86	First 1,700	\$ 2.30	Block 1	\$ 2.61
Next 7,000	4.30	Next 3,300	3.46	Block 2	3.92
Next 10,000	6.45	Next 5,000	5.19	Block 3	5.88
Over 20,000	12.90	Over 10,000	10.39	Block 4	11.76

**Alternate Water Resources Fee 0.65**

\*Rates for Customers in the Town of Chino Valley - Add 30% to the above rates

\*Rates for Customers Outside City Limits - Add 39% to the above rates

# City of Prescott Current Wastewater Rate Structure



## Wastewater Rates Effective Jan 2010

### Service Charge - Fixed Rate

Residential \$ 12.54

Classification	Per 1000 Gallons
Residential	2.71
Uniform Non-Residential	3.89
Bar w/o Dining Facilities	3.89
Car Wash	3.89
Dept/Retail Stores	3.89
Hospital/Convalescent	3.89
Hotel w Dining Facilities	4.18
Hotel w/o Dining Facilities	3.89
Laundry, Industrial	5.01

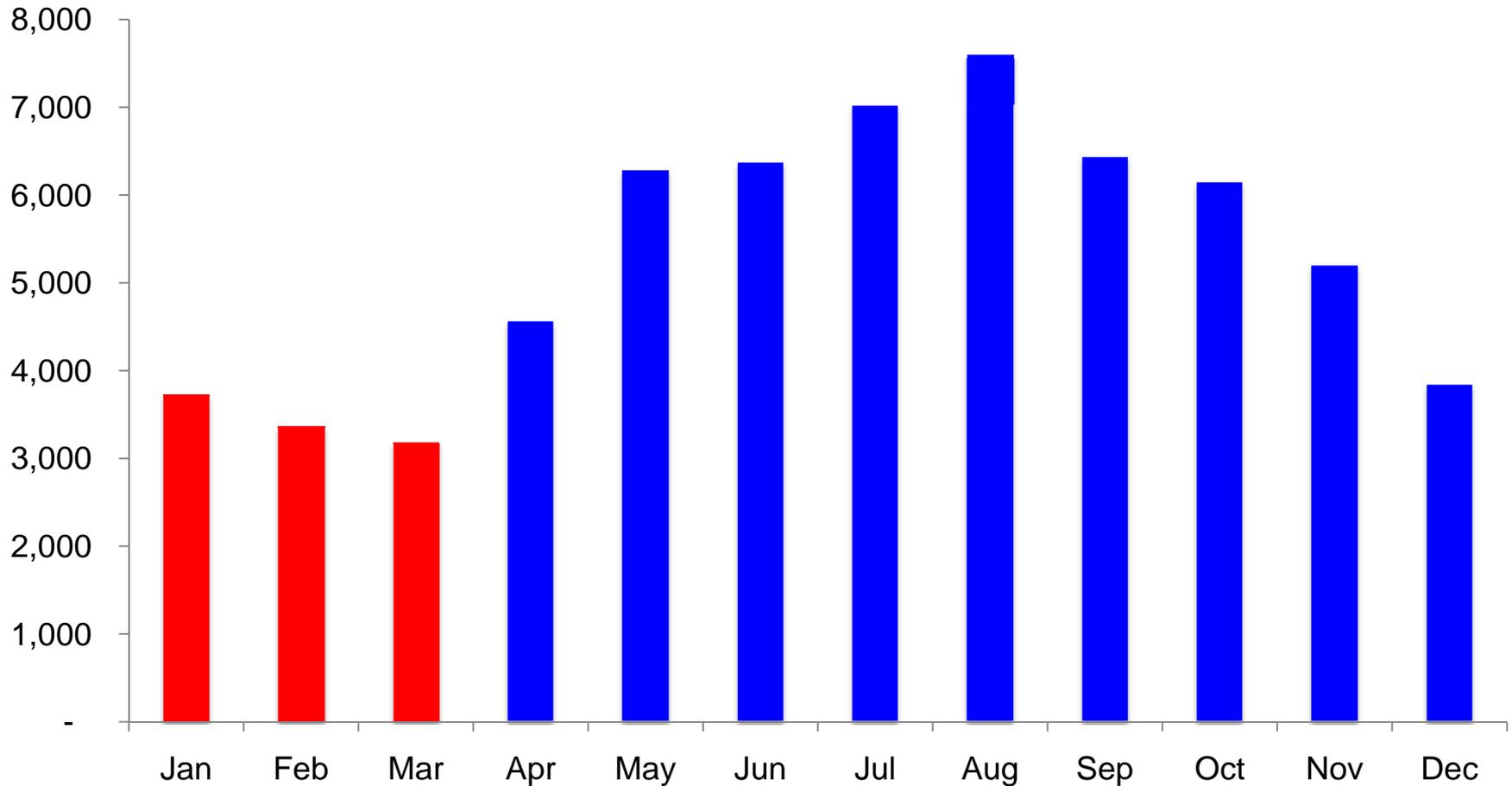
Classification	Per 1000 Gallons
Laundromat	3.89
Laundry, Commercial	3.89
Markets w Garbage Disposal	5.84
Mortuaries	5.84
Professional Offices	3.89
Repair Shops/Service Stations	3.89
Restaurants	6.28
Schools and Colleges	3.89

\* Wastewater rates are based on average monthly water consumption during winter months

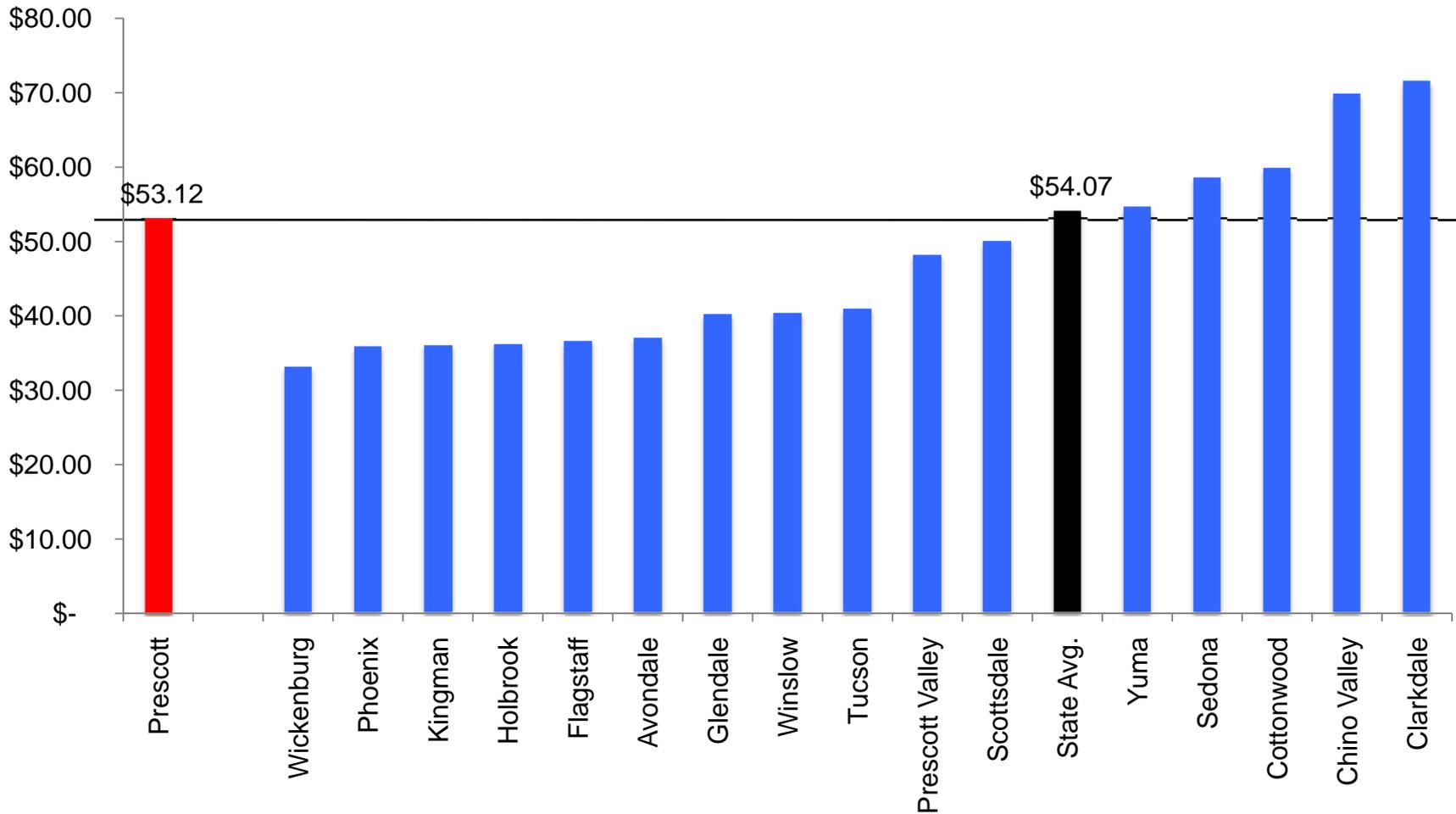
# Residential Usage by Account Per Month – Last 12 Mths



Annual Avg Gallons/Mth = 5,213



# Water and WW Rate Comparison (5,000 Gals Water; 5,000 Gals WW)



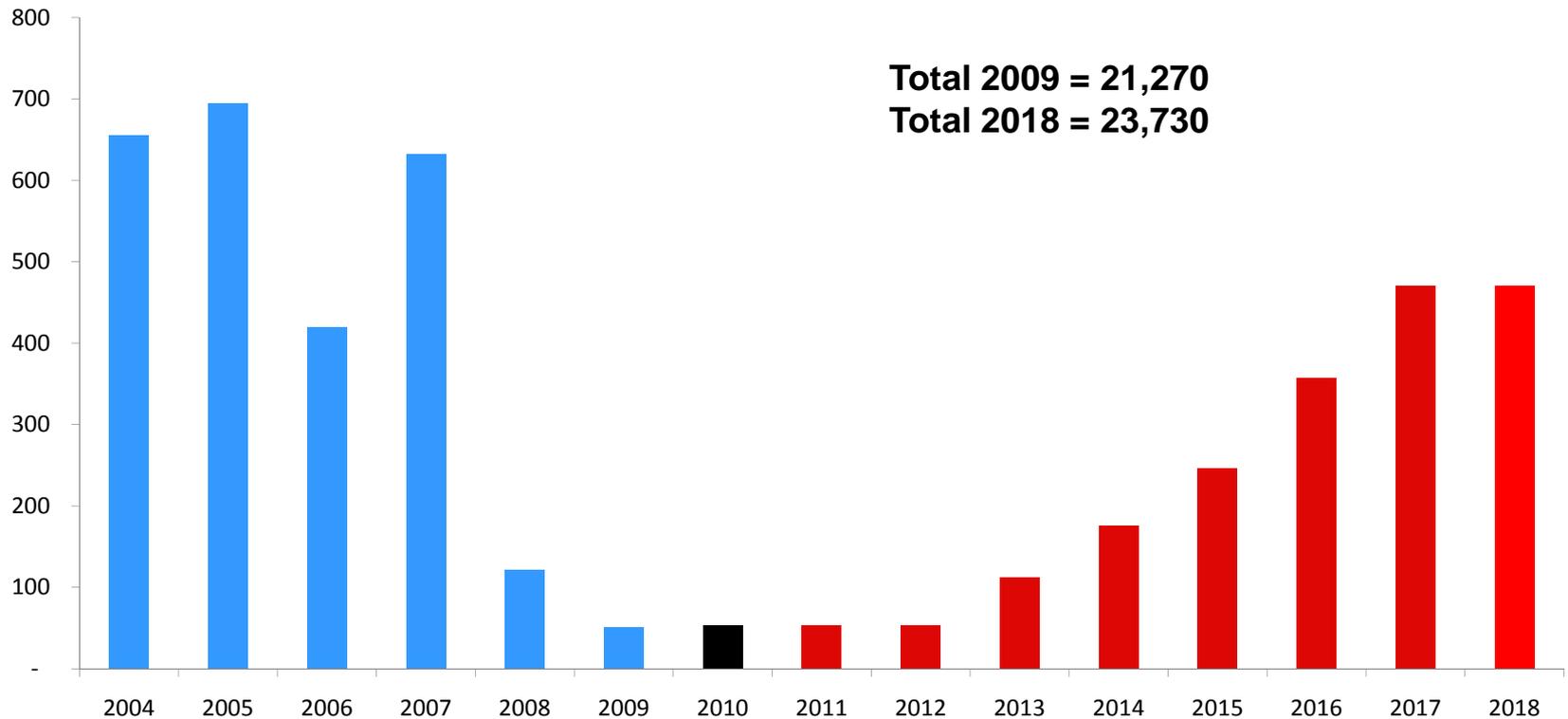
# Factors Impacting 2010 Rate Plan



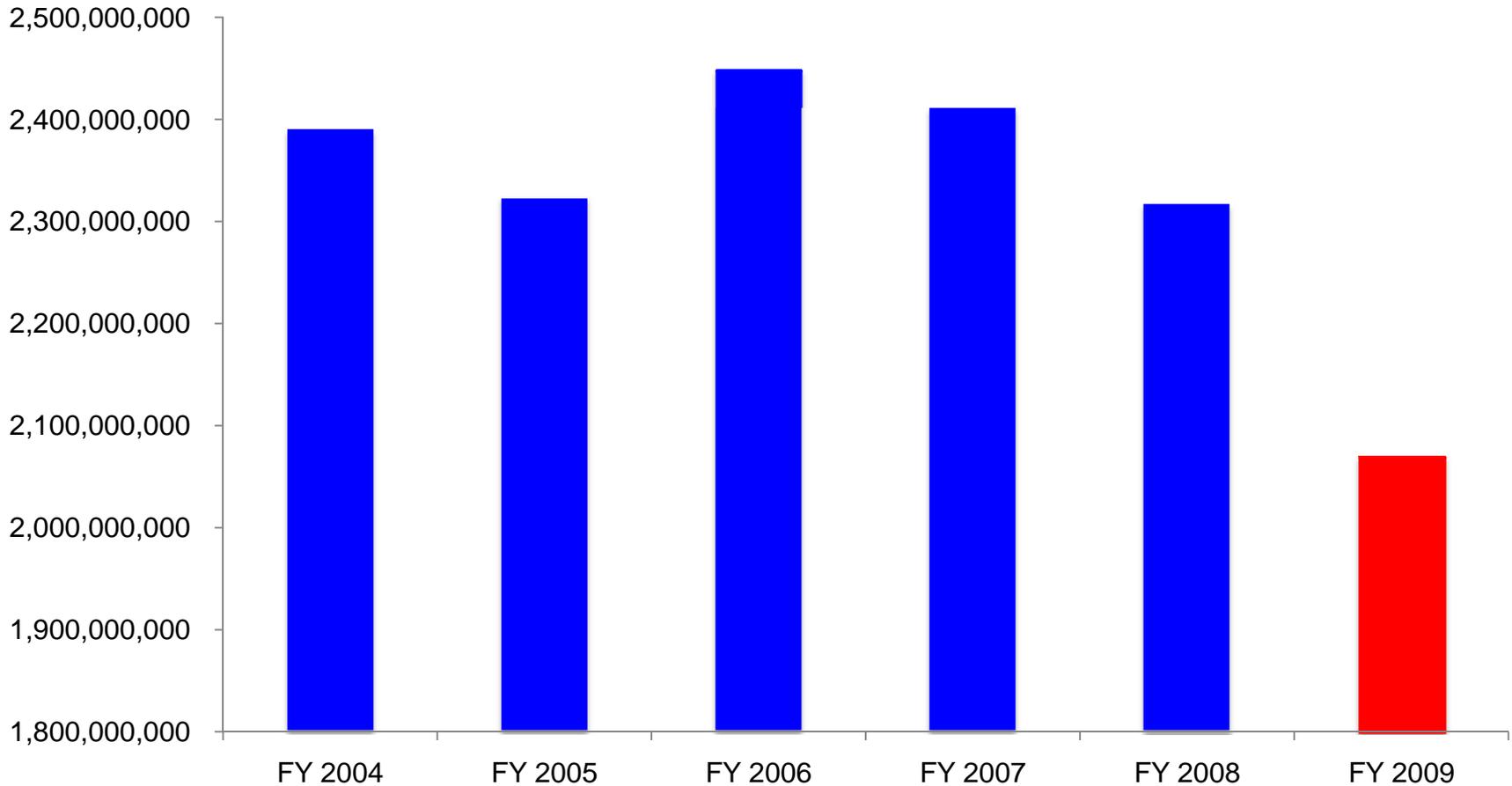
- ◆ Account growth has failed to meet even conservative 2008 forecast
- ◆ Significant decrease in usage from 2008, particularly in higher tiers
- ◆ Less impact fee revenue due to low growth and moratorium; means more of CIP must be funded through debt
- ◆ WIFA has tightened their approach to debt; limiting terms to 20 years



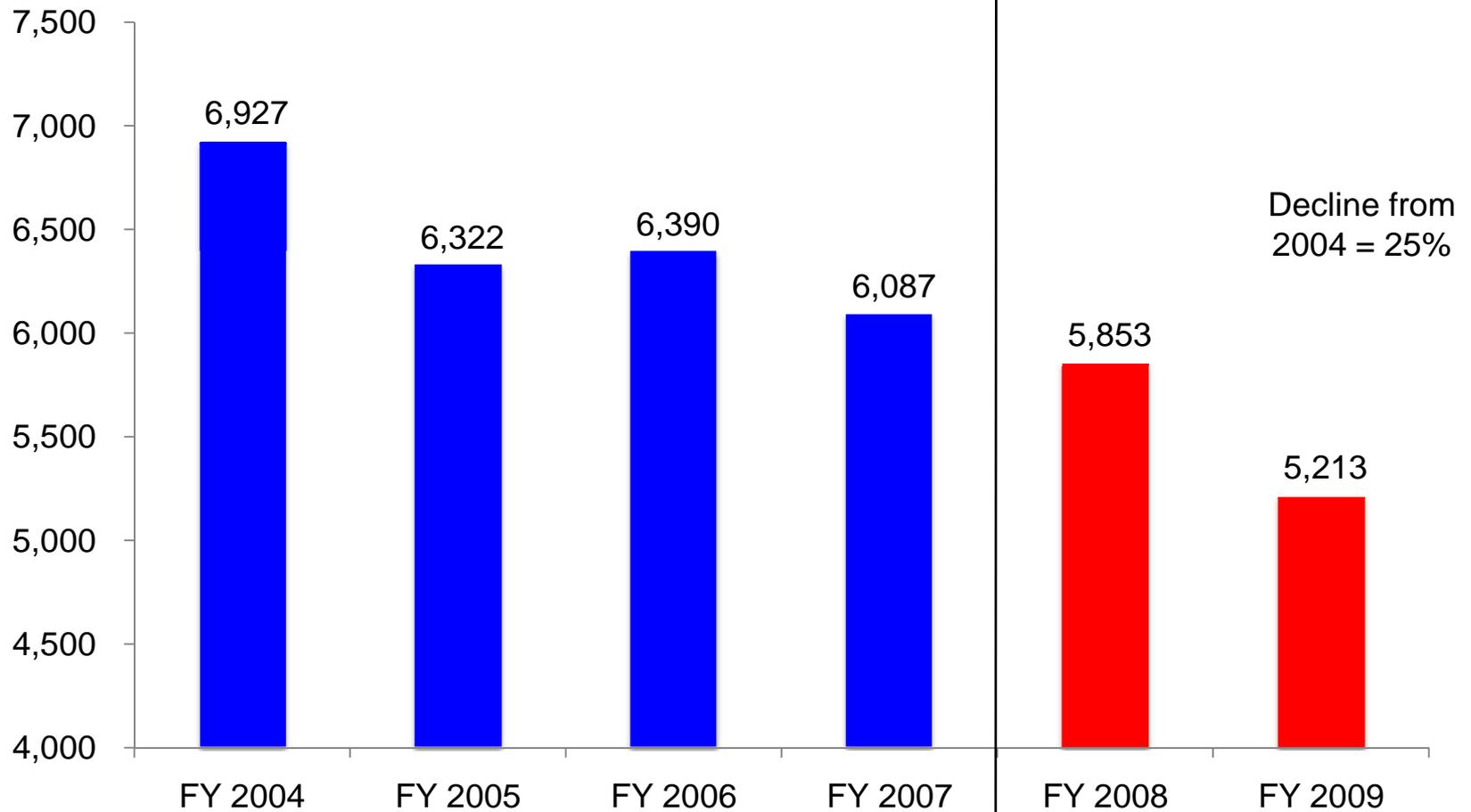
# Historical and Forecast Annual New Water Accounts



# City of Prescott Historical Water Consumption



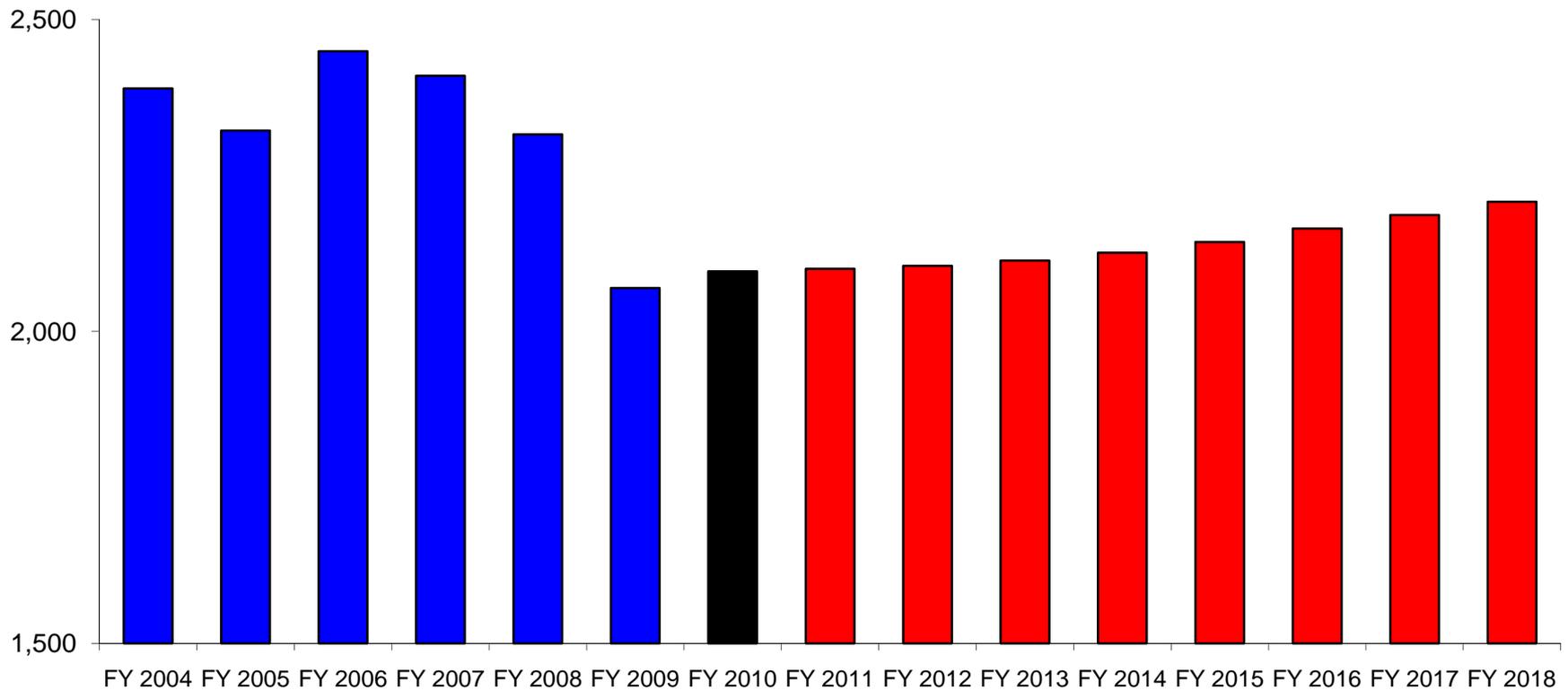
# City of Prescott Avg. Monthly Usage Per Acct -- Residential



# Historical and Forecast Water Consumption



Million Gallons



# Water/WW Revenue Requirement



- ◆ City's utility budget has increased due primarily to factors beyond its control – inflation, regulatory requirements, etc.
  
- ◆ City's **Capital Improvement Plan** is the single biggest factor in setting rates, as it impacts rate plan in the following ways:
  - ❖ What projects are funded and at what cost
  
  - ❖ When projects are funded
  
  - ❖ How projects are funded (rates vs. other sources)
  
- ◆ We will present four (4) alternative CIP funding scenarios for Council to consider as it proceeds with this rate adjustment process and upcoming formulation of the FY 11 budget

# CIP Funding Scenarios



## Funding Includes Component from Rates

Scenario	Big Chino	WWTP
		Improvements
1	Yes	Yes
2	No	Yes
3	Yes	No
4	No	No

# CIP Funding Scenarios



## Total CIP 2010 -- 2019 (\$ Millions)

### Big Chino

Scenario	(Prescott Portion)	Water	Wastewater	Total
1	\$76.4	\$106.0	\$132.7	\$315.1
2	-	121.0	132.7	253.7
3	76.4	106.0	62.3	244.7
4	-	121.0	62.3	183.3

# CIP/Rate Scenario 1 (Residential) Big Chino and WWTPs Have Rates Funding Components



## SCENARIO: CIP Scen 1 -- 011210

	Current	Apr-10	Jan-11	Jan-12	Jan-13	Jan-19
<b>Alternate Water Source Fee</b>						
Vol Rate Per 1,000 Gallons	\$0.65	<b>\$0.65</b>	\$0.80	\$1.30	\$1.70	\$3.50
<b>WATER Rate</b>						
Base Charge 5/8"	6.60	<b>6.93</b>	7.28	7.64	8.19	11.12
Vol Rate Per 1,000 Gallons						
- 3,000	2.86	<b>3.00</b>	3.15	3.31	3.55	4.82
3,001 10,000	4.30	<b>4.52</b>	4.74	4.98	5.34	7.25
10,001 20,000	6.45	<b>6.77</b>	7.11	7.47	8.01	10.87
20,001 Above	12.90	<b>13.55</b>	14.22	14.93	16.02	21.74
<b>WASTEWATER Rate</b>						
Base Charge	12.54	<b>12.54</b>	15.05	17.31	21.63	30.37
Vol Rate Per 1,000 Gallons	2.71	<b>2.71</b>	3.25	3.74	4.67	6.56

# CIP/Rate Scenario Comparison 5,000 Gal Water -- 5,000 Gal WW



## Residential Monthly Charges -- 5,000 Gallons Water, 5,000 Gallons WW

Scenario	Current	Apr 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2019
2008 Study	\$53.12	\$53.12	\$59.06	\$69.01	\$75.07	na
1	53.12	54.31	61.53	70.03	83.03	120.76
		1.19	7.22	8.50	13.00	

# CIP/Rate Scenario 2 (Residential)

## No Big Chino Funding From Rates; WWTPs Have Rates Funding Component



### SCENARIO: CIP Scen 2 -- 011210

	Current	Apr-10	Jan-11	Jan-12	Jan-13	Jan-19
<b>Alternate Water Source Fee</b>						
Vol Rate Per 1,000 Gallons	\$0.65	<b>\$0.65</b>	\$0.70	\$0.80	\$0.85	\$1.70
<b>WATER Rate</b>						
Base Charge 5/8"	6.60	<b>6.93</b>	7.28	7.93	8.58	11.50
Vol Rate Per 1,000 Gallons						
- 3,000	2.86	<b>3.00</b>	3.15	3.44	3.72	4.98
3,001 10,000	4.30	<b>4.52</b>	4.74	5.17	5.59	7.49
10,001 20,000	6.45	<b>6.77</b>	7.11	7.75	8.39	11.24
20,001 Above	12.90	<b>13.55</b>	14.22	15.50	16.77	22.48
<b>WASTEWATER Rate</b>						
Base Charge	12.54	<b>12.54</b>	15.05	17.31	21.63	30.37
Vol Rate Per 1,000 Gallons	2.71	<b>2.71</b>	3.25	3.74	4.67	6.56

# CIP/Rate Scenario Comparison 5,000 Gal Water -- 5,000 Gal WW



## Residential Monthly Charges -- 5,000 Gallons Water, 5,000 Gallons WW

Scenario	Current	Apr 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2019
2008 Study	\$53.12	\$53.12	\$59.06	\$69.01	\$75.07	na
1	53.12	54.31	61.53	70.03	83.03	120.76
2	53.12	54.31	61.03	68.58	80.18	113.12
		1.19	6.72	7.55	11.60	

# CIP/Rate Scenario 3 (Residential) Big Chino has Rates Funding Component, WWTPs Do Not



## SCENARIO: CIP Scen 3 -- 011210

Current
Apr-10
Jan-11
Jan-12
Jan-13
Jan-19

### Alternate Water Source Fee

Vol Rate Per 1,000 Gallons	\$0.65	<b>\$0.65</b>	\$0.80	\$1.30	\$1.70	\$3.50
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### WATER Rate

Base Charge	5/8"	6.60	<b>6.93</b>	7.28	7.64	8.19	11.12
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### Vol Rate Per 1,000 Gallons

-	3,000	2.86	<b>3.00</b>	3.15	3.31	3.55	4.82
3,001	10,000	4.30	<b>4.52</b>	4.74	4.98	5.34	7.25
10,001	20,000	6.45	<b>6.77</b>	7.11	7.47	8.01	10.87
20,001	Above	12.90	<b>13.55</b>	14.22	14.93	16.02	21.74

### WASTEWATER Rate

Base Charge	12.54	<b>12.54</b>	13.17	14.48	16.66	22.32
Vol Rate Per 1,000 Gallons	2.71	<b>2.71</b>	2.85	3.13	3.60	4.82

# CIP/Rate Scenario Comparison 5,000 Gal Water -- 5,000 Gal WW



## Residential Monthly Charges -- 5,000 Gallons Water, 5,000 Gallons WW

Scenario	Current	Apr 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2019
2008 Study	\$53.12	\$53.12	\$59.06	\$69.01	\$75.07	na
1	53.12	54.31	61.53	70.03	83.03	120.76
2	53.12	54.31	61.03	68.58	80.18	113.12
3	53.12	54.31	57.61	64.16	72.68	104.02
		1.19	3.30	6.55	8.52	

# CIP/Rate Scenario 4 (Residential) Neither Big Chino nor WWTPs Have Rates Funding Component



## SCENARIO: CIP Scen 4 -- 011210

	Current	Apr-10	Jan-11	Jan-12	Jan-13	Jan-19
<b>Alternate Water Source Fee</b>						
Vol Rate Per 1,000 Gallons	\$0.65	<b>\$0.65</b>	\$0.70	\$0.80	\$0.85	\$1.70
<b>WATER Rate</b>						
Base Charge 5/8"	6.60	<b>6.93</b>	7.28	7.93	8.58	11.50
Vol Rate Per 1,000 Gallons						
- 3,000	2.86	<b>3.00</b>	3.15	3.44	3.72	4.98
3,001 10,000	4.30	<b>4.52</b>	4.74	5.17	5.59	7.49
10,001 20,000	6.45	<b>6.77</b>	7.11	7.75	8.39	11.24
20,001 Above	12.90	<b>13.55</b>	14.22	15.50	16.77	22.48
<b>WASTEWATER Rate</b>						
Base Charge	12.54	<b>12.54</b>	13.17	14.48	16.66	22.32
Vol Rate Per 1,000 Gallons	2.71	<b>2.71</b>	2.85	3.13	3.60	4.82

# CIP/Rate Scenario Comparison 5,000 Gal Water -- 5,000 Gal WW



## Residential Monthly Charges -- 5,000 Gallons Water, 5,000 Gallons WW

Scenario	Current	Apr 2010	Jan 2011	Jan 2012	Jan 2013	Jan 2019
2008 Study	\$53.12	\$53.12	\$59.06	\$69.01	\$75.07	na
1	53.12	54.31	61.53	70.03	83.03	120.76
2	53.12	54.31	61.03	68.58	80.18	113.12
3	53.12	54.31	57.61	64.16	72.68	104.02
4	53.12	54.31	57.11	62.71	69.82	96.38
		1.19	2.80	5.60	7.11	

# Presentation Summary

- ◆ Higher water and wastewater rates are a fact of life throughout Arizona and the USA
- ◆ Lower growth, reduced usage levels and economic downturn have adversely impacted rate and financial plan
- ◆ Lessened impact fees from growth and moratorium is contributing to higher rates



# Presentation Summary

- ◆ Ultimate rate plan implemented depends upon how City chooses to fund the Big Chino Project, WWTP process and capacity improvements, and other CIP projects
- ◆ An alternative to funding the WWTPs in part from rates is issuance of general obligation debt supported by property tax
- ◆ Alternatives to funding the Big Chino Project in part from rates includes a public-private partnership (P3), and issuance of general obligation debt supported by property tax

