

# Utility Rate Study and Flood Irrigation Public Meeting

September 23 and 27, 2017



**Tempe**

Making waves in the desert



# Guiding Principles

- We are reliant on limited resources
- Everyone is responsible to conserve
- Everyone pays their fair and proportionate share
- We must be transparent



# Outreach Process - Completed

- Focus groups (4)
- Water Conservation Working Group (2)
- Public meetings (2)
- HOA meetings upon request (1)
- Commission meetings (2)
  - Neighborhood Advisory
  - Sustainability Commission
- Raintree pilot and Irrigation Efficiency Rebate program

# Solid Waste



# Outreach Key Takeaways – Solid Waste

1 All fully accept cost increases are coming, but have mixed feelings about the program offerings; prefer new programs that lessen future rate increases

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- Green waste bins receive significant interest
  - Same-day pickup receives muted interest overall
  - Save Money And Recycle Tempe (SMART) receives interest from curbside group
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3 Recycling is highly valued by homeowners



# Solid Waste - Recommendations



City of Tempe  
Department of  
Environment

- 2% overall revenue adjustment
- Expand Green Organics
  - Third Container
  - Drop Off (landscapers and residential)
- Pricing Parity (du-, tri- and four-plexes)
- Implement SMART (Save Money and Recycle Tempe) Program



# SMART Pricing Model

- Priced By Container Size vs Single Rate for Everyone
  - **Opt-In** for Curbside Customers
  - Incentivizes Small Containers
  - Increases Diversion





# Residential SMART Program Proposed Rates

<u>One Can, One Pick up:</u>	Container Size (Gallons)		
	96 or Shared 300 (Alley)	65	48
SFR Collection	\$14.31	\$14.31	\$14.31
SFR Disposal	\$10.78	\$7.30	\$5.39
<b>Total SFR Bill</b>	<b>\$25.09</b>	<b>\$21.61</b>	<b>\$19.70</b>
<b>Dollar Change</b>	\$1.49	(\$1.99)	(\$3.90)
Percentage Change	6.3%	-8.4%	-16.5%
Current Rate	\$23.60		



# Water & Sewer



# Outreach Key Takeaways – Water

- 1 Generally open to and expect reasonable rate changes, and would like:
  - Equitable structure (SFR, irrigation users, multifamily, businesses, etc.)
  - Transparency in billing: a detailed and defensible breakdown of fees

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- 2 Desire acknowledgement of existing vegetation (trees, gardens) and incentives that recognize value of vegetation to city

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- 3 Would prefer a comprehensive, long-term water plan that details updates to infrastructure and provides rationale for periodic rate increases



CITY OF SAN DIEGO  
DEPARTMENT OF ENVIRONMENT

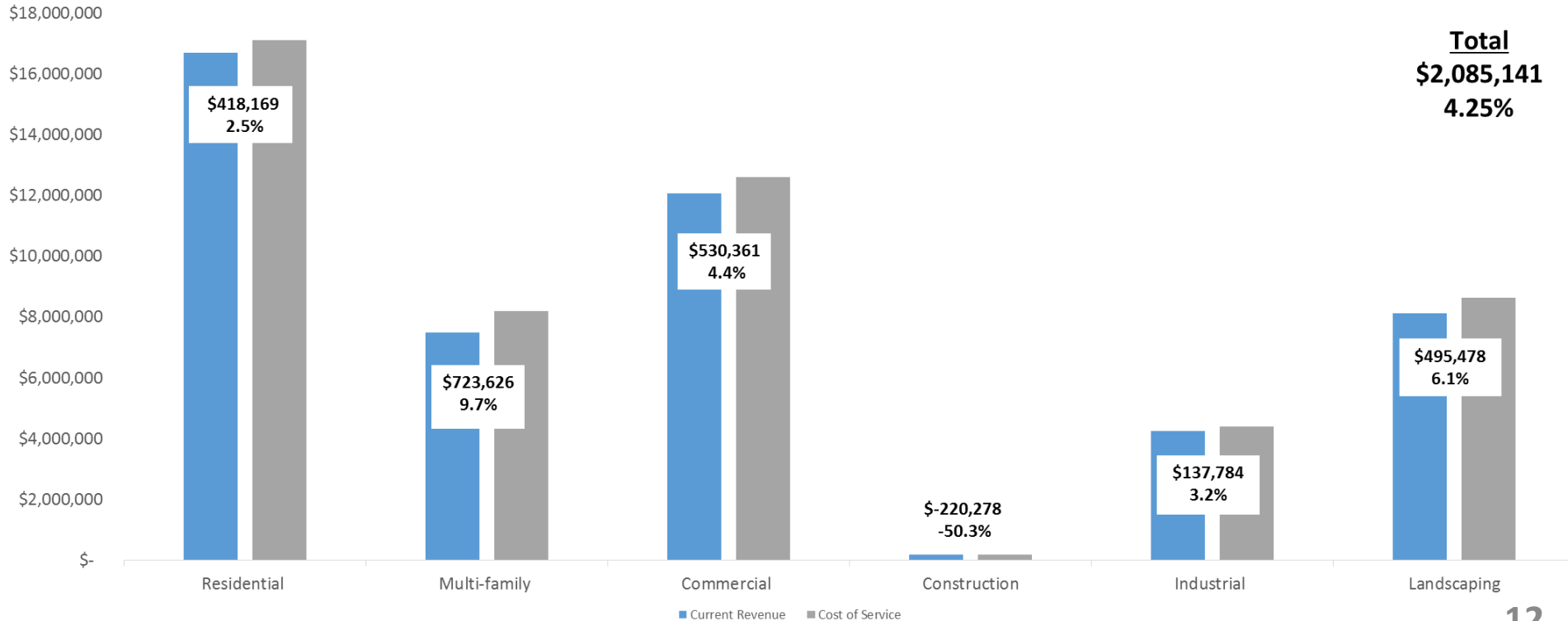


CITY OF SAN DIEGO  
COMMUNITY DEVELOPMENT

# Water and Sewer – Recommendations

- 4.25% overall revenue adjustment – Water
- 0% overall revenue adjustment - Sewer
- Add a 5<sup>th</sup> Tier to Single Family Residential pricing structure
- Cap sewer return flow at 12,000 gallons
- Flood Irrigation – 50% Program cost recovery by ratepayers

# Water Cost of Service Results



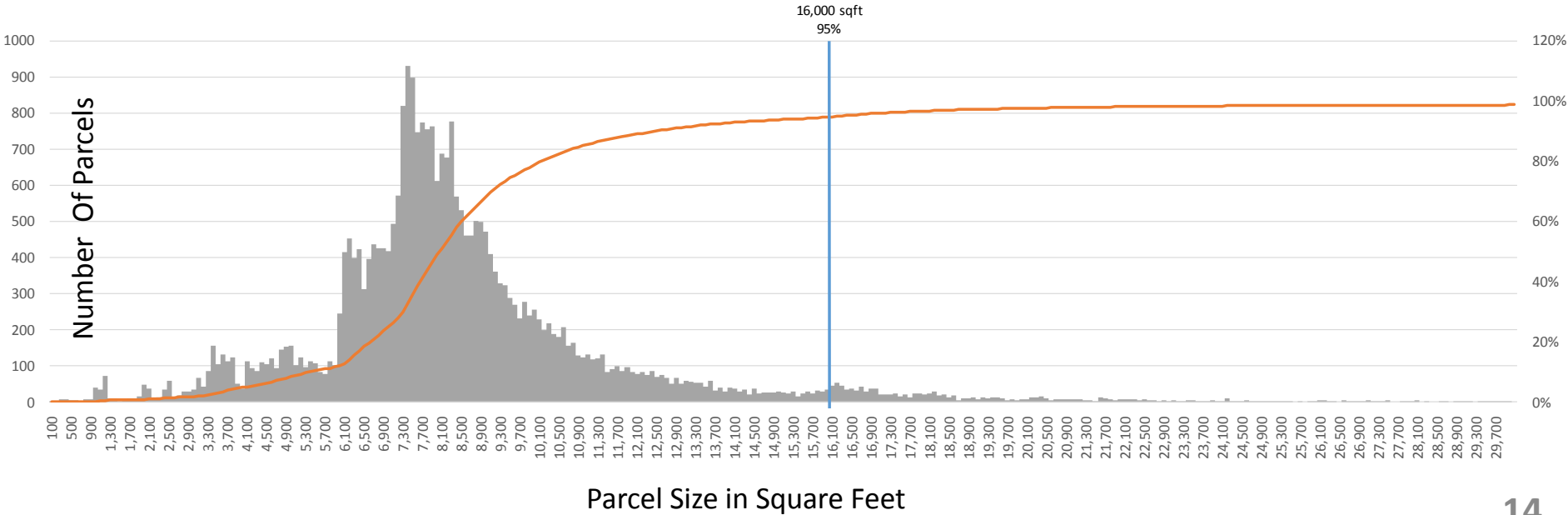
# Existing SFR Rate Structure



■ 2016 Tier Rates



# Single Family Parcel Distribution



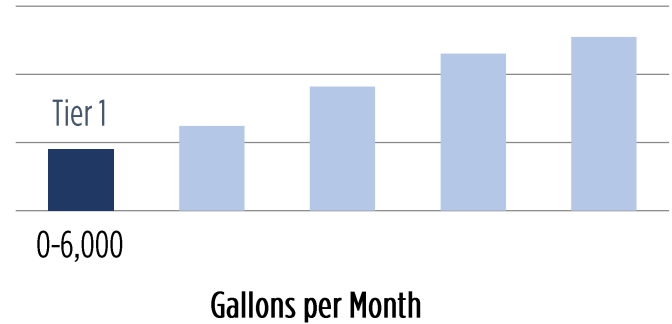


# Monthly SFR Tier Sizing

● Tier 1



**Tier 1 = 6,000 GAL**



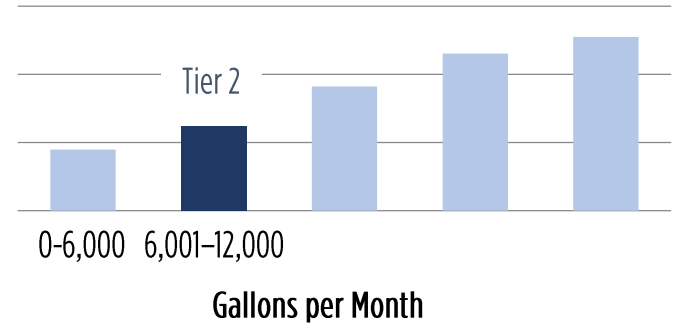


# Monthly SFR Tier Sizing

● Tier 2



**Tier 2 = Additional 6,000 GAL**



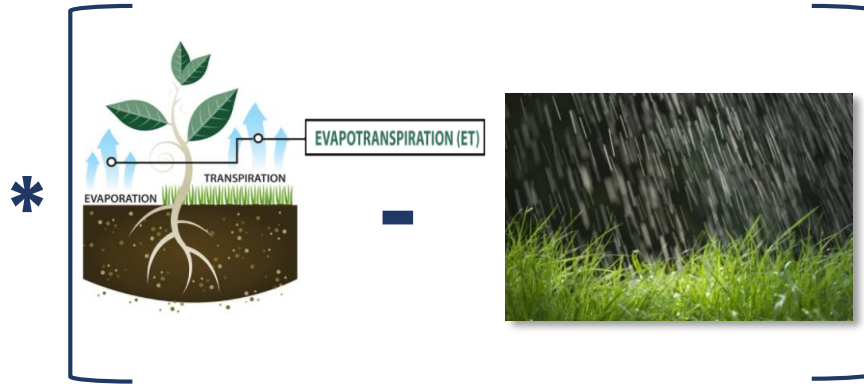




# How to Calculate Irrigation Requirements for the Median Parcel (8,000 ft<sup>2</sup>)



Parcel Size: 8,000  
Landscape Area: 2,000



Evapotranspiration: 81 Inches

Beneficial Rainfall: 4 Inches

Crop Type



Irrigation System  
Efficiency: 70%

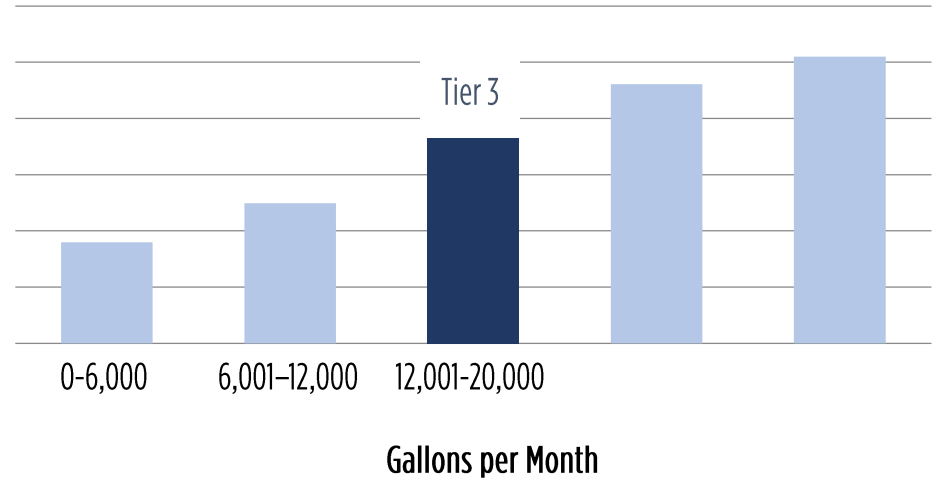
## Irrigation Requirement = 8,000 GAL



# How to Calculate Irrigation Requirements for the Median Parcel (8,000 ft<sup>2</sup>)



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Parcel Size: 8,000  
Landscape Area: 2,000

**Tier 3 = Additional 8,000 GAL**



# How to Calculate Irrigation Requirements for a Larger Parcel (16,000 ft<sup>2</sup>)



Parcel Size: 16,000  
Landscape Area: 6,500

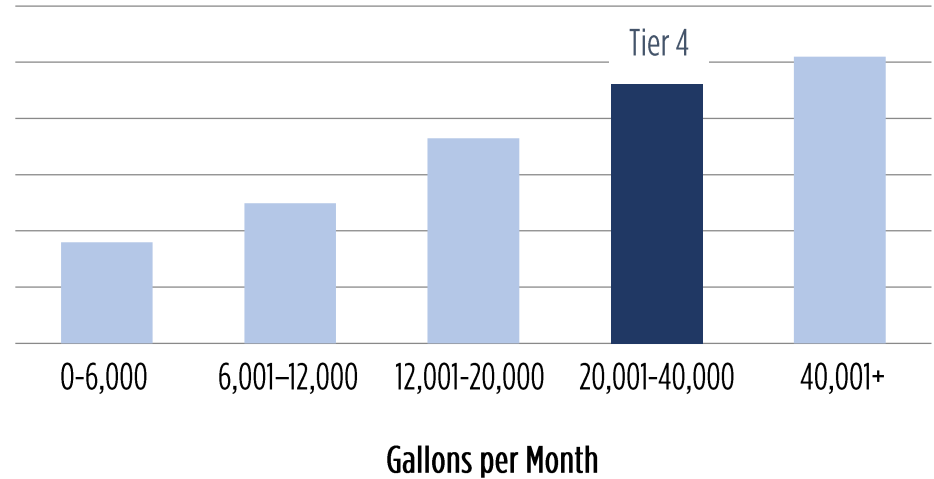
**Irrigation Requirement = 28,000 GAL**



# How to Calculate Irrigation Requirements for a Larger Parcel (16,000 ft<sup>2</sup>)



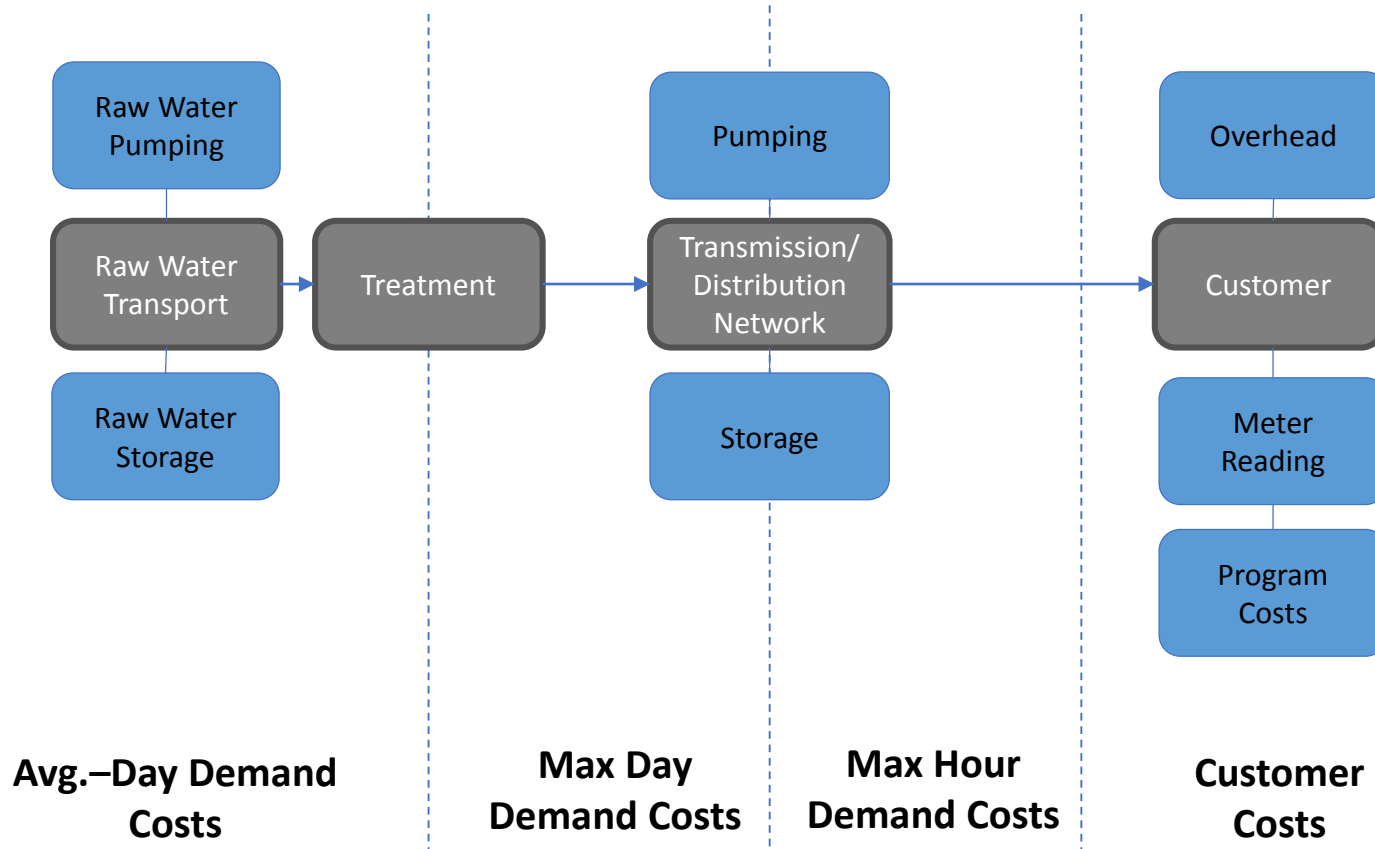
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Parcel Size: 16,000  
Landscape Area: 6,500

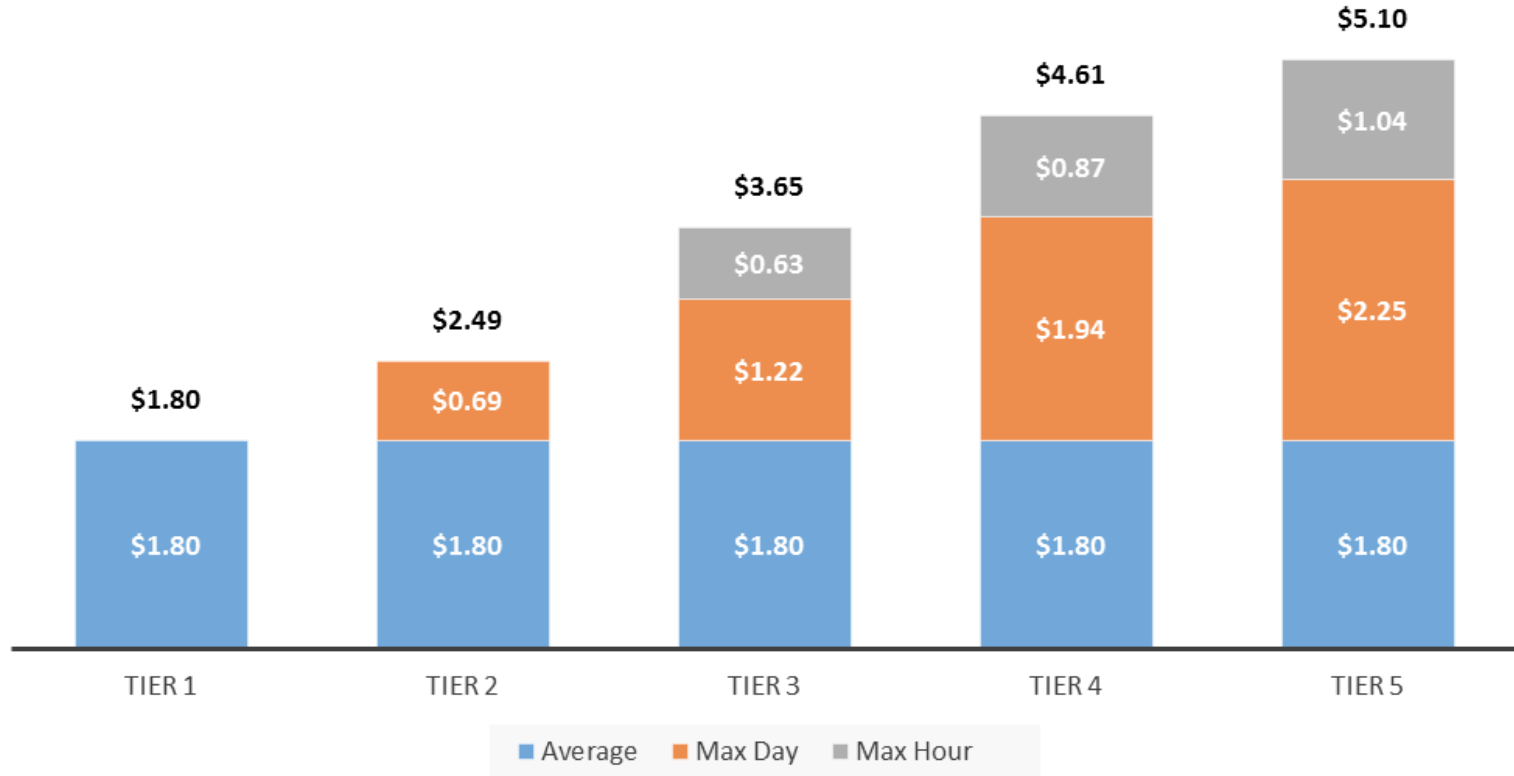
**Tier 4 = Additional 20,000 GAL**

# SFR Rate Tier Pricing Criteria



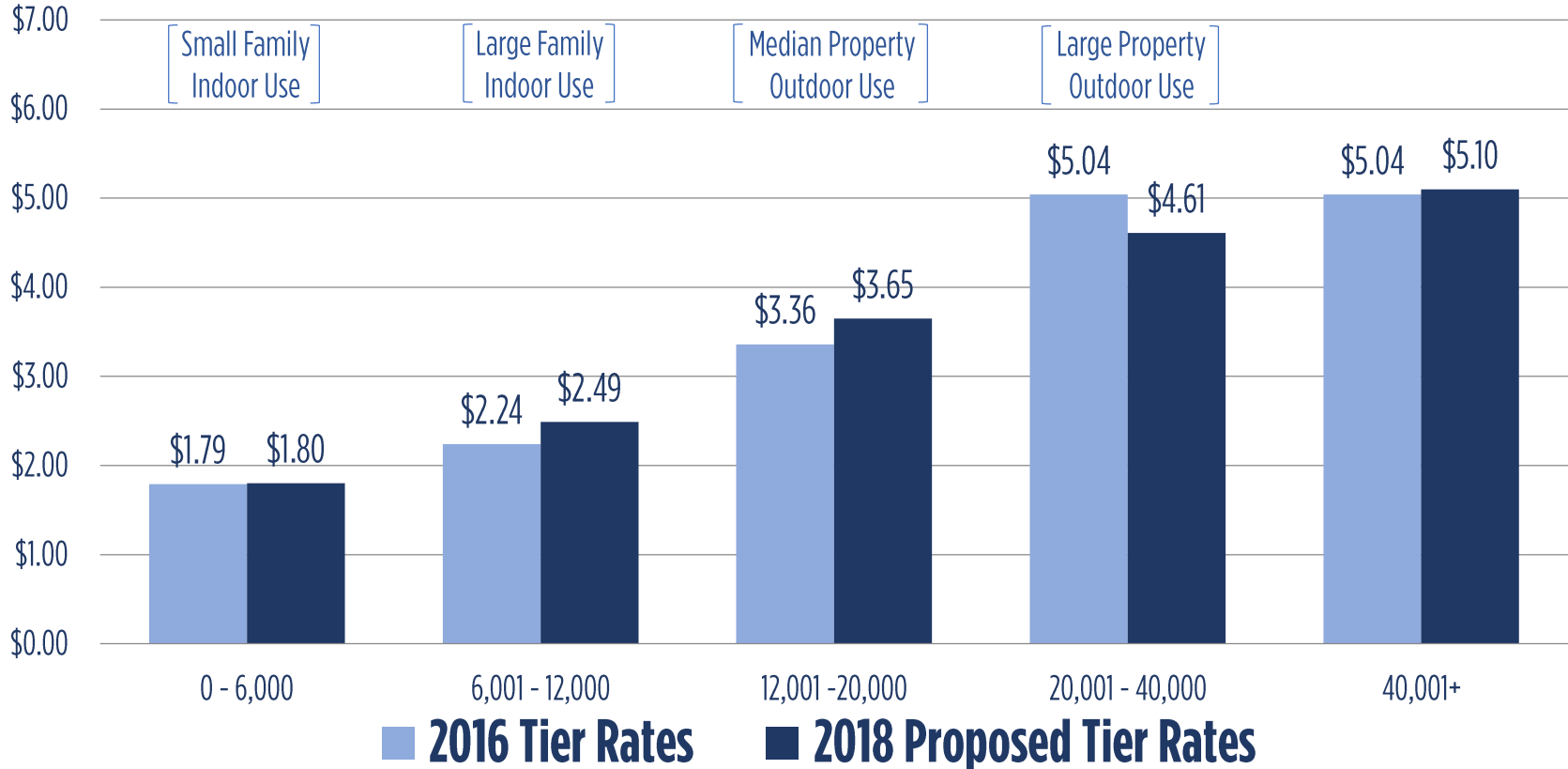


# Proposed SFR Tier Pricing





# Proposed SFR Rate Structure



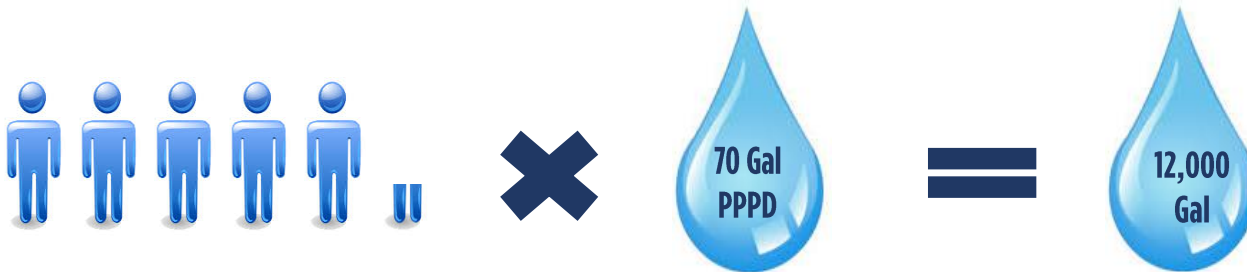


# Sewer “Return Flow” Cap

- Sewer Volume Fees

- Capped at 12,000 gallons

- Equivalent to the large family indoor usage profile of tier 2







## Average Residential Combined Bill

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	Current	Proposed
Water (10,000 GAL)	\$31.20	\$32.26
Sewer (7,000 GAL)	\$23.18	\$23.18
Solid Waste (96 Gallon Container)	\$23.60	\$25.09
<b>TOTAL</b>	<b>\$77.98</b>	<b>\$80.53</b>
		\$2.55
		3.3%



## Average Residential Combined Bill with 65 Gallon Trash

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	Current	Proposed
Water (10,000 GAL)	\$31.20	\$32.26
Sewer (7,000 GAL)	\$23.18	\$23.18
Solid Waste (65 Gallon Container)	\$23.60	\$21.61
<b>TOTAL</b>	<b>\$77.98</b>	<b>\$77.05</b>
		-\$0.93
		-1.2%



## Large Residential Combined Bill

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	Current	Proposed
Water (50,000 GAL)	\$213.76	\$209.64
Sewer (28,000 GAL/12,000 GAL)	\$61.82	\$32.38
Solid Waste (96 Gallon Container)	\$23.60	\$25.09
<b>TOTAL</b>	<b>\$299.18</b>	<b>\$267.11</b>
		-\$32.07
		-10.7%



# Proposed Flood Irrigation Cost Recovery

## 50% Program Cost Recovery

	<u>EXPENSES</u>
O&M	\$627,311
Capital	\$133,965
Total Expenses	\$761,276
<b>50% Program Cost Recovery</b>	<b>\$380,638</b>

	<u>REVENUES</u>	<u>REVENUES</u>	
	Current	Proposed (FY19)	
Flood Irrigation Revenue	\$250,000	\$272,081	(9% Increase over Current Rates)
Transfer from General Fund - Parks	\$30,000	\$108,557	
<b>Total Revenue</b>	<b>\$280,000</b>	<b>\$380,638</b>	

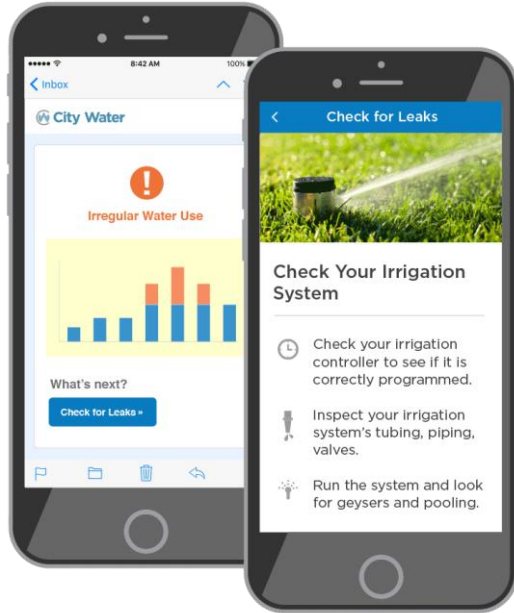


# Water Conservation – New Irrigation Efficiency Rebate

- Up to \$500 rebate
- Home and landscape water audit required
- High efficiency spray nozzles, rain sensors and irrigation controllers



# Customer Portal Implementation



- Promotes transparency through online access to info.
- Empowers customers to better understand and manage water use
  - Historical consumption
  - Social comparisons
- Water conservation
  - Water saving tools and techniques
  - Leak resolution
- Improved communication
  - Targeted messaging
  - Send automated alerts, reminders, and notifications
- Payment Options



# Timeline of Next Steps

- Second public meeting – September 27
- Public hearing and Council adoption of rates – November 30
- Rates become effective January 1, 2018
  - Sewer cap effective May 1, 2018
  - SMART program effective July 1, 2018
  - Flood Irrigation effective November 2018
  - CPI adjustment January 1, 2019

# Questions Discussion