
Meeting Date

November 29, 2022

New Business Item #6

Subject

Resolution 2022-12 - Water & Wastewater Rates

Recommendation

Staff recommends the Board of Directors adopt Resolution 2022-12, establishing water and wastewater rates to become effective January 1, 2023.

Background

In December 2020, through its consultant, Carollo Engineers, BWA completed the 2021 Water and Wastewater Rate Study, which included cost-of-service analyses and recommended revised rate structures for water and wastewater services. BWA previously implemented changes to wastewater billing consistent with the recommendations of the study, including the implementation of winter quarter average billing beginning in June 2022.

In addition to recommending changes to wastewater billing, the rate study recommended a simplified water billing structure and a change in billing units from a per cubic foot basis to a per thousand-gallon basis. Additionally, the study projected annual increases in water revenues would be required beginning in 2023. This Resolution would modify the billing structure consistent with the recommendations of the cost-of-service and rate study, updated to reflect current revenue requirements. However, Staff does not currently recommend changes to billing units.

Wastewater Rates

The cost-of-service study projected annual increases in wastewater revenues of 6.5% would be required beginning in 2021 for the next several years. For 2023, an increase in wastewater rates of 5% is proposed beginning January 1, 2023 to meet revenue requirements for the calendar year. Winter quarter average billing, commenced in June 2022 with the adoption of Resolution 2022-02, will remain in effect. Residential customer average monthly volumes used for billing purposes will be recalculated following the March 2023 billing.

Water Rates

The current rate structure includes a base charge providing up to 400 cubic feet of usage, and eight (8) volumetric tiers for billing purposes. Recommendations from the rate study included implementation of a base charge for all customers for water service independent of usage, a simplified (three-tier) rate structure for the single-family residential customer class, and flat rates for other customer classes, including multi-family, commercial & construction and construction water outside city-limits.

Water rates proposed by this resolution are projected to result in a water revenue increase of approximately 3.9% from 2022 and are approximately 5% higher than originally projected in the 2021 study. This is due to various factors unanticipated at the time of the study, such as additional capital improvements associated with the Authority's Emergency Preparedness Plan (2022), significant increases in construction costs, and increases in other operating expenses impacted by inflation. Water rates have not been adjusted by the Authority since 2016.

Financial Impact

Adoption of Resolution 2022-12 is anticipated to ensure that water and wastewater revenue requirements established in the 2023 budget will be met.