

Monterey Peninsula Water Management District



User Fee Alternatives Study

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BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors



Presentation Overview

- User Fee Background
- User Fee Alternatives
 - Volumetric Basis
 - Land Use Basis
 - Meter Equivalents Basis
 - Hybrid (Meter Equivalents + Water Use) Basis
- Billing Alternatives
- Next Steps

M.D. SHELTON





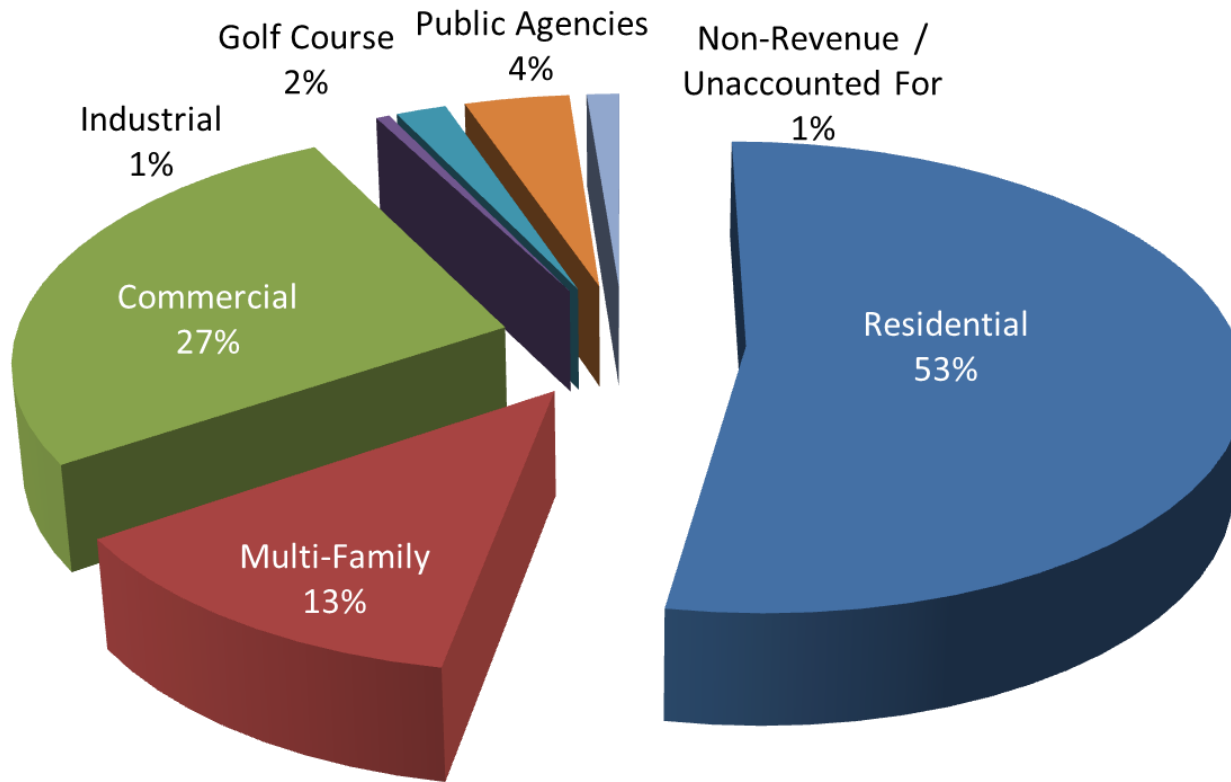
User Fee Background

- **User fee had been 8.325% of customer bills**
- **Suspended by the CPUC**
- **Fee must recover \$3.7 million per year from about 43,500 connections**
- **MPWMD does not do its own billing**
- **Goals of Bartle Wells study**
 - 1) **Replace existing user fee**
 - 2) **Calculate a new cost of service-based user fee**
 - 3) **Recommend a new billing method**



Water Consumption

Water Demand in the Cal-Am Service Area





User Fee – Volumetric Basis

- **User fee revenue requirement: \$3,700,000**
- **Volumetric basis: calculates a unit cost for each 10 cf of water**
- **All customers pay same unit cost**

Water Use (10 cubic feet)*	49,100,000	45,000,000
Cost per 10 cubic feet	\$0.075	\$0.082
Annual User Fee per Median Single Family Customer (50 units per month)	\$45	\$49

* Estimated system-wide water use



User Fee – Meter Equivalent Basis

- **User fee revenue requirement: \$3,700,000**
- **Based on size of service meter, fees for larger meters are scaled to the Cal-Am meter fees**
- **Nominal meter size is 5/8” x 3/4”**
- **Meter sizes up to 8”**

Number of Meter Equivalents*	67,000	58,000
Annual User Fee per Meter Equivalent	\$55	\$65

* Range depends on meter equivalency assumptions





User Fee – Land Use Basis

- **User fee revenue requirement: \$3,700,000**
- **Land use types are compared to SFD equivalents (single family dwelling) average size of house and average lot size**

# of SFD equivalents range*	55,000	65,000
Annual user fee per SFD equivalent	\$56	\$67

* Range depends on land use allocations



User Fee – Hybrid Basis

- **User fee revenue requirement: \$3,700,000**
- **Combines meter equivalent basis and water consumption**
- **Total revenues per user type is proportional to water consumption**

Meter equivalents	67,000	58,000
Annual User Fee – low use	\$42	\$44
Annual User Fee – median use	\$52	\$55
Annual User Fee – high use	\$63	\$65

* Range depends on water consumption





User Fee – Summary of User Fee Alternatives

Alternatives	Annual User Fee (Low Estimate)	Annual User Fee (High Estimate)
Volumetric Basis	\$45	\$49
Meter Equivalent Basis	55	65
Land Use Basis	56	67
Hybrid Basis	52	55



Billing Alternatives

- **Mailed monthly bills**
 - **Advantages: monthly cash flow, easy for customers to budget**
 - **Disadvantages: high cost of administration, requires additional staff time**

- **Property tax roll**
 - **Advantages: County pursues delinquent accounts, less expensive to administer**
 - **More secure for bonding**
 - **Disadvantages: only receive revenue twice a year**



Next Steps

- Refine the calculations
- Select preferred alternative
- Prop 218 notice
- Public hearing



Questions and Comments

