

Monterey Peninsula Water Management District



User Fee Study

April 16, 2012



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**
- **User Fee Recommended Alternative**
- **Billing Alternatives**
- **Next Steps**



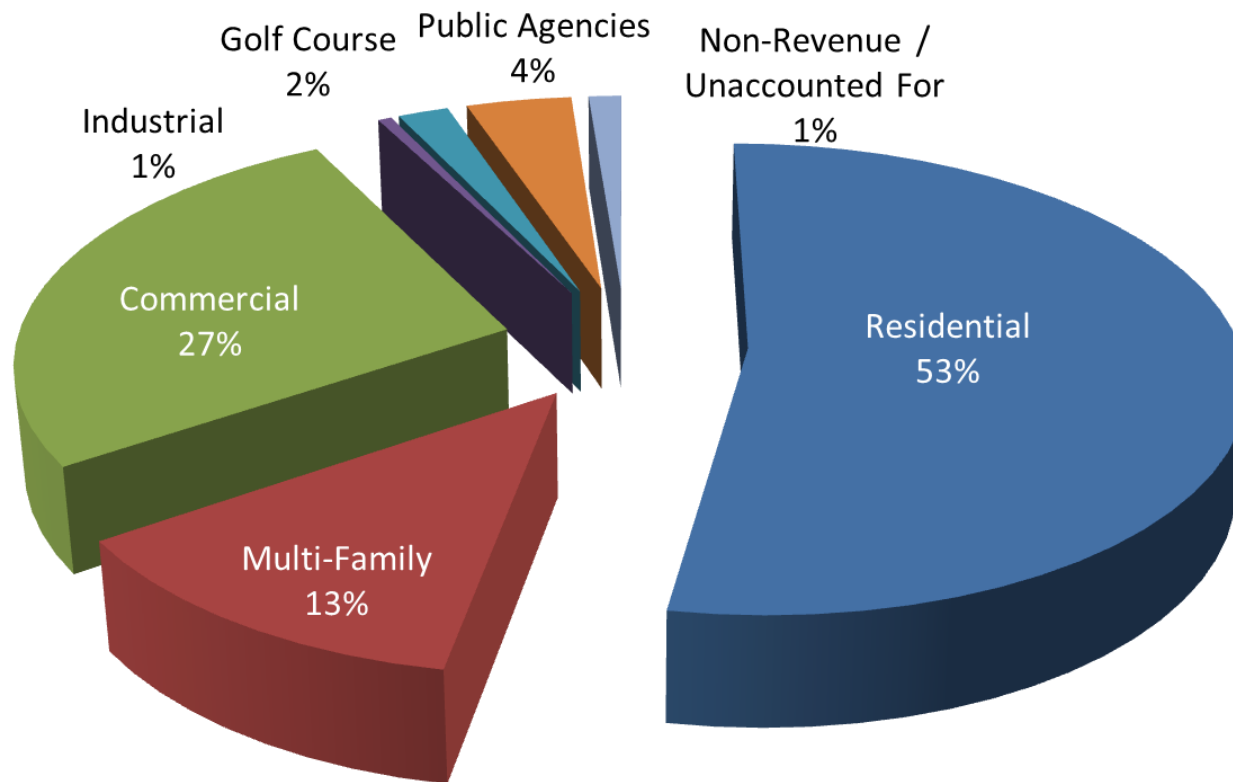
User Fee Background

- **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 – Alternatives

- **Volumetric Basis**
 - Based on water use
 - Unit cost: \$/10cf
- **Meter Equivalent Basis**
 - Based on meter size
 - Unit cost: \$/meter equivalent
- **Land Use Basis**
 - Based only on land use – land use as a proxy for water use
 - Unit cost: \$/indoor sq ft + \$/outdoor sq ft



User Fee – Recommended Alternative

- **Hybrid Basis**
 - **30% cost allocation to meter size (\$/meter equivalent)**
 - **70% cost allocation to water use (\$/10cf)**
 - **Water demand based on customer class**
 - **Similar to rates/fee charged by Cal-Am**
 - **Follows California Urban Water Conservation Council recommendations**





User Fee – Recommended Alternative

- **Residential Customers**
 - **30% cost allocation to meter fees**
 - **70% cost allocation to water use**
 - **Water use of residential customer class**

Sample Residential Bills	Meter Fee	Water Use Fee	Total Annual User Fee
5/8 x 3/4" meter			
Small house (less than 1,200 sq ft)	\$14.31	\$24.75	\$39.06
Medium house (1,200 to 2,000 sq ft)	\$16.84	\$38.50	\$55.34
Medium house (2,000 to 4,000 sq ft)	\$19.36	\$77.00	\$96.36
Large house (4,000 sq ft+)	\$19.36	\$154.00	\$173.36



User Fee – Recommended Alternative

- **Nonresidential Customers**
 - **30% cost allocation to meter fees**
 - **70% cost allocation to water use**
 - **Water use based on wastewater estimates with adjustment for outdoor irrigation/strength**
 - **Water demand determined by user type**

Example Nonresidential Customers	Meter Fee	Water Use Fee	Total Annual User Fee
Hotel with 2" meter, 30 rooms	\$180.54	\$964.97	\$1,145.51
Office with 1 1/2" meter, 35 employees	\$112.84	\$211.20	\$324.04
Restaurant with 1" meter, serves 2 meals/day, 40 seats	\$56.42	\$151.72	\$180.54
 Commercial building with 2" meter			
Takeout Food - small		\$82.39	
Office with 7 employees		\$52.80	
Retail store with 12 employees		<u>\$105.60</u>	
Total commercial building	\$180.54	\$240.79	\$421.33



User Fee Examples (Nonresidential)

METER FEE

Meter Size	Meter Fee
5/8 x 3/4"	\$22.57
3/4"	\$33.85
1"	\$56.42
1 1/2"	\$112.84
2"	\$180.54
3"	\$338.52
4"	\$564.20
6"	\$1,128.40
8"	\$1,805.43

WATER USAGE FEE

User Classes	Minimum Water Use Fee Unit
Business or Govt Office	\$52.80 per 10 employees
Hotel/Motel	\$32.17 per room
Supermarkets	\$261.42 per location/each business
Medical Office	\$45.11 per licensed physician
Restaurant 2 meals/day	\$3.79 per seat
Nightclub	\$233.45 per location/each business
Takeout Food - medium	\$211.662 or 3 cash registers or checkout lanes
Bakery	\$101.81 per location/each business
Theater	\$109.24 per screen
School (Grades 0-6)	\$0.91 per student
Church (less than 100 members)	\$52.80 per location
Auto Painters/Body Shop	\$52.80 per 10 employees
Dry Cleaner	\$67.49 per location/each business
Laundromat	\$21.24 per each washing machine
Golf Course	\$105.60 per acre
City Parks, Cemeteries, Other Irrigated Area	\$105.60 per acre





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

- **Receive report**
- **Prop 218 notice**
- **Public hearing**



Questions and Comments

