

# **CITY OF SAN JUAN BAUTISTA**

## **ADMINISTRATIVE REPORT**

**Date:** July 21, 2015

**To:** City Council

**From:** City Manager

**Subject: Bartle Wells & Associates Water and Sewer Rate Study**

The Water and Sewer Rate Study Draft Report is submitted and received, and is ready for review and consideration to adopt. Table 11 on page 21 incorporates a maximum rate adjustment of 3% per year, which brings the current base rate for water from \$49.83 to \$55.76 in the year 2020. As in the past, Council has elected to adjust the rate according to the CPI (Consumer Price Index) of the Bay Area region. The 3% adjustment would be the preferred scenario. However, Table 11 incorporates \$654,000 of capital improvements in the year 2016. If you look at Figure 3 on page 13, the total CPI of \$855,000 is projected for the water softening plant (pellet plant). The pellet plant would be constructed over a two year period in the CPI scenario of Table 11; Year 2016, \$654,000 and Year 2017, \$432,000.

The Water Rate Study also incorporates a uniform rate structure for water used in lieu of the tier rate structure which the City has used over the last several years. The recent San Juan Capistrano court case ruling suggests that the City move forward with a uniform rate structure for all water used rather than continuing with the tier rate structure.

The Sewer Rate Study also includes growth and no growth scenarios. Table 9 on page 17 shows a 1.5% rate adjustment over the next five years. The annual rate should be adjusted from \$77.61 to \$83.61 over the next five years with a growth rate accommodating the major and minor subdivisions approved by Council.