

Notice of Proposed Increases to the Town of Yountville Water and Wastewater Rates

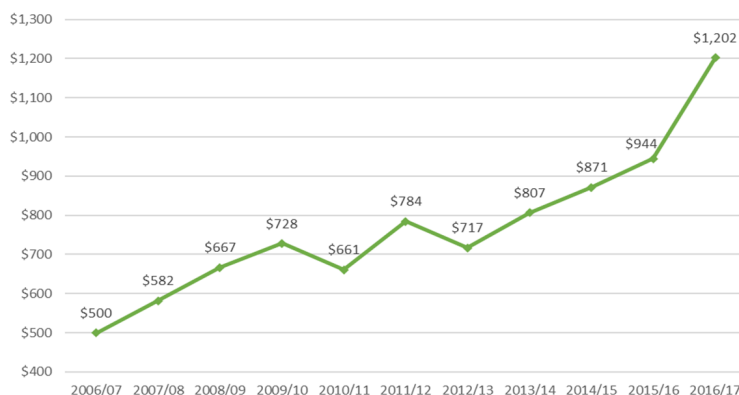
The Town of Yountville Town Council is considering increases to water and wastewater service charges and water consumption rates. Consistent with the requirements of Proposition 218, all property owners are being notified of the proposed rate increases.

The Town's water and wastewater utility enterprise fund operations are separate from the Town's General Fund activities, such as parks, streets, police and fire. Enterprise Fund operations are designed to operate like a "business" with fees and charges set at a sufficient rate to cover the operating costs and system replacement capital costs necessary to operate the water and wastewater systems in compliance with State and Federal requirements. There is no property tax support or other direct taxpayer source of revenue for either operation. As a public agency, by State law, the Town may not collect more revenue than is necessary to cover annual operating costs, including capital infrastructure replacement. The last rate increase occurred in January 2015.

Water System Overview

The Town operates a public Water Utility Enterprise system and is responsible for the operation and maintenance of 10.7 miles of water distribution, 823 service connections/meters, facilities for residential, commercial, public and other properties, and 33 (of the 823) customers outside of the Town limits which the Town has historically been required to provide service along the water transmission line from Rector Reservoir to the Veterans Home property. The Town purchases water from the Veterans Home/State under a long term agreement and has a water well (Yountville Municipal Well) for use in emergencies or drought conditions only. The largest expenses are Water Purchases (95% Veterans Home and 5% for City of Napa Emergency Supply). Presently, the cost to purchase water is \$1,202 per acre foot. Water purchase expenses are projected to increase an average of 7.5% per year.

Veterans Home Wholesale Water Cost \$/Acre Foot



Recently completed water capital projects include:

- Yountville Crossroad Water Main Replacement
- Fixed Network/Meter Reading
- Water Meter Replacement Program allows customers to better manage their water usage with the upgrade to smart meters

Planned capital projects for the water system total \$2.09 million over 5 years. Current revenues are not sufficient to cover expenses. The following projects are necessary over the next 5 years:

- Regulator Pit Relocation \$121,540
- Water Meter Replacement Program \$226,275
- Hydrant and Main Flushing \$35,000
- Assess Ductile Iron Pipe at Washington Square \$51,000
- Ongoing maintenance, required/necessary repairs and replacements \$1,661,256



Wastewater System Overview

The Town also operates a Wastewater Utility Enterprise and is responsible for the operation and maintenance of approximately 17 miles of pipeline under the streets of Town to and from the Wastewater Treatment Plant (WWTP), including the recycled water pipeline across the floor of the Napa Valley which serves five (5) vineyards and the local golf course. The Town's wastewater piping networks also include: 9 miles of gravity sewer collection piping in Town, approximately 800 sewer lateral connections, 0.75 miles of force main from the pump station to the WWTP, 1.5 miles of gravity discharge piping from the WWTP to the Napa River and 5.6 miles of force main recycled water lines to vineyard customers.



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The wastewater collection system includes all residential and commercial customers in the Town limits. Sewage from Town drains by gravity to a pump station where it is then pumped to the WWTP for treatment. The WWTP was originally built in the 1930's prior to the incorporation of the Town in 1965, since that time the Town has conducted maintenance and upgrades as required to meet State and Federal requirements.

Recently completed capital projects for wastewater include:

- Purchase of a Flygt submersible pump for pumping wastewater to WWTP
- Utilized a "fold and form" plastic pipe process for slip lining approximately 1,600 feet of sewer pipe.

The sewer system is a self-supporting enterprise and revenues must be sufficient to cover operating expenses, with the largest expense being sewer treatment. The Wastewater fund also has debt service obligations that are scheduled to be paid off by 2039. System operating expenses are projected to increase by more than Consumer Price Index (CPI). Planned capital projects for the wastewater fund require \$3.36 million over the next 5 years. Current revenues are not sufficient to cover expenses. The following projects are necessary over the next 5 years:

- SCADA equipment and SCADA controls \$214,176
- Wastewater Building Remodel \$414,281
- Replace Trickling Filter Media \$337,653
- Holding Pond Improvements \$362,226
- Clean/Inspect Primary Digester \$37,132
- Video and Repair Outfall Line at \$109,273
- Ongoing maintenance, required/necessary repairs and replacements \$1,175,188
- Dredge Wastewater Ponds \$150,000
- Replace 4 Pumps at WWTP \$81,200
- Replace Back up Sludge Heater \$218,545
- Clean/Inspect Secondary Digester \$37,132
- Epoxy Scum Well \$31,827
- Slipline/Replace Sag in Outfall \$168,826

Why is an increase in rates necessary?

The Town of Yountville provides safe drinking water and sewer service to residents in Town. In order to provide safe, reliable and life sustaining services, use of critical infrastructure including facilities, water meters, pump stations, state of the art technology as required to meet state and federal regulation must be maintained at the highest standards. Current rates do not bring in sufficient revenue to run a stable water or wastewater system.

The Rate Study determined that an 8.5% water rate increase was necessary. In recognition of the San Juan Capistrano Supreme Court ruling, eliminating conservation based tiers and the impact that would have on residents who have done their part during the drought to conserve water, the Town Council has chosen to make a transfer of \$200,000 from the Drought Water Reserve Bank to fund capital infrastructure projects which will lower the required rate increase to 7% instead of the 8.5% rate.



What are Water and Wastewater Rates and Service Charges Used For?

Water and wastewater rates pay for infrastructure, water supply, health and safety, fire protection and reliability. New capital projects and ongoing maintenance are critical to maintain these services on a sustainable basis. Rates are designed to ensure compliance with Proposition 218, and maintain equitability between customer classes.

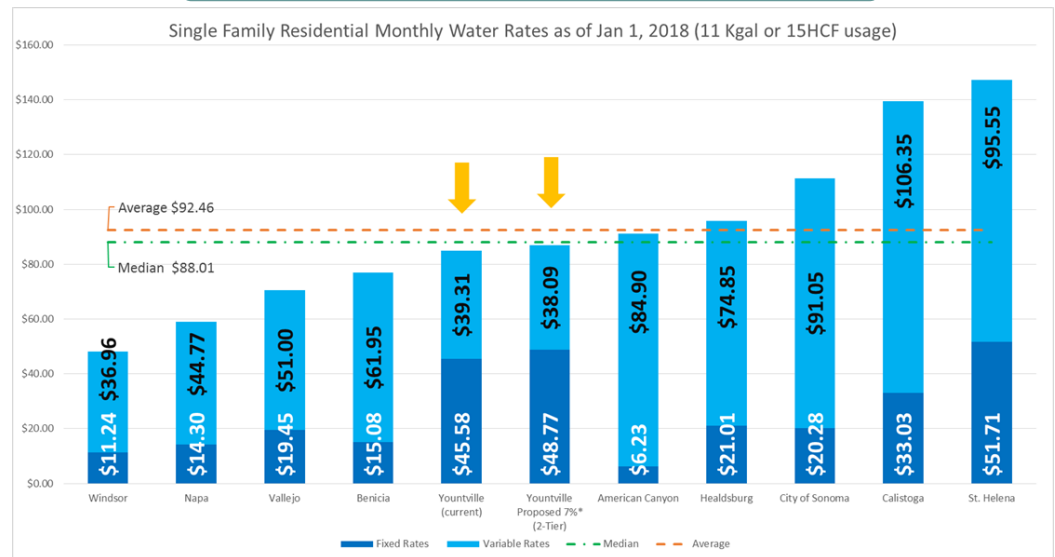
Proposed Increases to the Water and Wastewater Rates and Service Charges: (rates on pages 4, 5, 6 and 7)

Water:

The proposed water rate includes a 7% increase to the fixed charges annually for five years with a one-time draw down on the Drought Reserve Bank Fund of \$200,000 and a change from the 4 tier rates to a 2 tier rate system. The San Juan Capistrano court case eliminated tiered rate structures that focused on conservation, without cost justification of actual increased water cost. As a result, the Town can now only have two tiers. The current Single Family Tier 1 rate of \$2.57 goes to \$3.17 for 0 to 4 BUs and \$3.63 for 5 or more BUs. Tiers 3 and 4 are eliminated. The usage rate will be \$3.52 a BU for all other users (multifamily, mobile home parks and commercial). See page 5 for more details.

The Town's water rate is below the area average and will remain below average with the proposed 7% rate increase.

Water Rate Survey-Napa/Solano/Sonoma County



How Water Rates Change:

Low water usage will see a slight increase, high water usage will see a decrease.

- Low Single Family User** (4 BUs, 3/4" meter): current charge is \$55.86 (fixed meter fee, system replacement and consumption) and the new charge would be \$61.45, for an increase of \$5.59;
- Average Single Family User** (11 BUs, 3/4" meter): current charge is \$84.89 (fixed meter fee, system replacement and consumption) and the new charge would be \$86.86, for an increase of \$1.97
- High Single Family User** (20 BUs, 3/4" meter): current water consumption charge is \$137.18 (fixed meter fee, system replacement and consumption) and the new charge would be \$119.53, for a decrease of \$17.65.
- Multifamily and Commercial users** including **mobile home parks** water volumetric rate per thousand gallons of water will decrease from \$4.40 per 1,000 gallons to \$3.52 per 1,000 gallons.

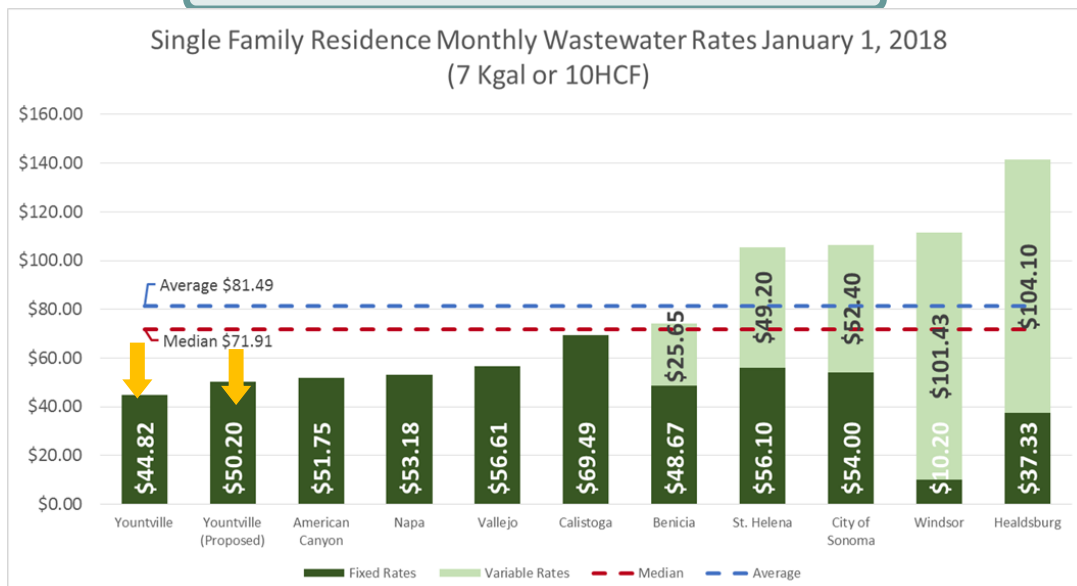
1 billing unit = 1,000 gallons

Wastewater:

The proposed wastewater rate includes a 12% increase annually for five years. The increase changes the rates for residential, non-residential, wastewater system replacement fee and sewer load factor and strength rates. A 12% increase would impact wastewater users as follows:

- Single Family: current rate is \$44.82, new rate (effective 2018) would be \$50.20, an increase of \$5.38.

Sewer Rate Survey-Napa/Solano/Sonoma County



The Town's sewer rate is the lowest in the area and will remain the lowest with the proposed increase.

How Will This Impact a Typical Single Family Customer?

Water - Typical Single Family Bill Inside Town	Current	Proposed				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Service Charge - 3/4" Meter	\$39.32	\$42.07	\$45.02	\$48.17	\$51.54	\$55.15
Water System Replacement Fee	\$6.26	\$6.70	\$7.17	\$7.67	\$8.21	\$8.78
Water Usage Charge - 11,000 gal	<u>\$39.31</u>	<u>\$38.09</u>	<u>\$40.79</u>	<u>\$43.64</u>	<u>\$46.67</u>	<u>\$49.92</u>
Total Typical Single Family Monthly Bill	\$84.89	\$86.86	\$92.98	\$99.48	\$106.42	\$113.85
% increase		2%	7%	7%	7%	7%

	Current	Proposed				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		3/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Service Charge - Residential and Non-Residential						
<u>Within Town</u>						
Meter Size						
3/4"	\$39.32	\$42.07	\$45.02	\$48.17	\$51.54	\$55.15
1"	\$66.85	\$71.53	\$76.54	\$81.89	\$87.63	\$93.76
1-1/2"	\$129.78	\$138.86	\$148.59	\$158.99	\$170.12	\$182.02
2"	\$208.44	\$223.03	\$238.64	\$255.35	\$273.22	\$292.35
3"	\$393.28	\$420.81	\$450.27	\$481.78	\$515.51	\$551.60
4"	\$656.78	\$702.75	\$751.95	\$804.58	\$860.90	\$921.17
6"	\$1,309.63	\$1,401.30	\$1,499.40	\$1,604.35	\$1,716.66	\$1,836.82
8"	\$2,096.20	\$2,242.93	\$2,399.94	\$2,567.94	\$2,747.69	\$2,940.03
% increase		7%	7%	7%	7%	7%

<u>Outside Town</u>						
Meter Size						
3/4"	\$73.53	\$71.52	\$76.53	\$81.89	\$87.62	\$93.75
1"	\$124.98	\$121.60	\$130.11	\$139.22	\$148.97	\$159.39
1-1/2"	\$242.62	\$236.07	\$252.59	\$270.28	\$289.20	\$309.44
2"	\$389.68	\$379.15	\$405.69	\$434.09	\$464.48	\$496.99
3"	\$735.21	\$715.38	\$765.45	\$819.03	\$876.37	\$937.71
4"	\$1,227.82	\$1,194.68	\$1,278.31	\$1,367.79	\$1,463.54	\$1,565.99
6"	\$2,448.29	\$2,382.22	\$2,548.97	\$2,727.40	\$2,918.32	\$3,122.60
8"	\$3,918.73	\$3,812.99	\$4,079.90	\$4,365.49	\$4,671.07	\$4,998.05
% increase		7%	7%	7%	7%	7%

System Replacement Fee - Residential and Non-Residential

<u>Within Town</u>						
Meter Size						
3/4"	\$6.26	\$6.70	\$7.17	\$7.67	\$8.21	\$8.78
1"	\$10.65	\$11.40	\$12.19	\$13.05	\$13.96	\$14.94
1-1/2"	\$20.67	\$22.12	\$23.67	\$25.32	\$27.09	\$28.99
2"	\$33.19	\$35.51	\$38.00	\$40.66	\$43.51	\$46.55
3"	\$62.63	\$67.01	\$71.71	\$76.72	\$82.10	\$87.84
4"	\$104.60	\$111.92	\$119.76	\$128.14	\$137.11	\$146.71
6"	\$208.57	\$223.17	\$238.79	\$255.51	\$273.39	\$292.53
8"	\$333.83	\$357.20	\$382.20	\$408.96	\$437.58	\$468.21
% increase		7%	7%	7%	7%	7%

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Current 2016/17	Proposed 2017/18 3/1/2018	Proposed 2018/19 1/1/2019	Proposed 2019/20 1/1/2020	Proposed 2020/21 1/1/2021	Proposed 2021/22 1/1/2022
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System Replacement Fee - Residential and Non-Residential Continued

Outside Town

Meter Size

3/4"	\$6.26	\$11.39	\$12.18	\$13.04	\$13.95	\$14.93
1"	\$10.65	\$19.37	\$20.73	\$22.18	\$23.73	\$25.39
1-1/2"	\$20.67	\$37.60	\$40.23	\$43.05	\$46.06	\$49.28
2"	\$33.19	\$60.37	\$64.60	\$69.12	\$73.96	\$79.14
3"	\$62.63	\$113.92	\$121.90	\$130.43	\$139.56	\$149.33
4"	\$104.60	\$190.27	\$203.59	\$217.84	\$233.09	\$249.40
6"	\$208.57	\$379.39	\$405.95	\$434.36	\$464.77	\$497.30
8"	\$333.83	\$607.24	\$649.74	\$695.23	\$743.89	\$795.96
% increase		7%	7%	7%	7%	7%

Fireline Charge - Residential and Non-Residential

Meter Size

3/4"		\$8.41	\$9.00	\$9.63	\$10.31	\$11.03
1"		\$14.31	\$15.31	\$16.38	\$17.53	\$18.75
1-1/2"		\$27.77	\$29.72	\$31.80	\$34.02	\$36.40
2"		\$44.61	\$47.73	\$51.07	\$54.64	\$58.47
3"		\$84.16	\$90.05	\$96.36	\$103.10	\$110.32
4"		\$140.55	\$150.39	\$160.92	\$172.18	\$184.23
6"	\$20.00	\$280.26	\$299.88	\$320.87	\$343.33	\$367.36
8"	\$40.00	\$448.59	\$479.99	\$513.59	\$549.54	\$588.01
% increase		Varies	7%	7%	7%	7%

Water Usage Charge

BU = Billing Unit (1,000 gallons)

Residential (Within and Outside Town)

Tier 1	0 to 4 BUs	\$2.57	Tier 1: 0 to 4 BUs	\$3.17	\$3.39	\$3.63	\$3.88	\$4.15
Tier 2	5 to 10 BUs	\$3.87	Tier 2: 5+ BUs	\$3.63	\$3.89	\$4.16	\$4.45	\$4.76
Tier 3	11 to 20 BUs	\$5.81	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated
Tier 4	21+ BUs	\$11.61	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated	Eliminated
All Other Users ²		\$4.40		\$3.52	\$3.77	\$4.03	\$4.32	\$4.62

% increase	low water usage will see a slight increase, high water usage will see a			7%	7%	7%	7%
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2 - All Other Uses include: Multi Family, Commercial users including mobile home park and industrial.

What Does 1 Gallon Cost?



Tap Water:
About a penny!
(\$3.17 per 1,000
gallons)



Bottled Water:
\$3.00 on sale



Latte:
\$40
(gallon)



Gasoline
\$3.15



Milk
\$4.17



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How Will This Impact a Typical Single Family Customer?

Wastewater - Typical Single Family Monthly Bill	Current	Proposed				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Service Charge - 3/4" Meter	\$35.22	\$39.45	\$44.18	\$49.48	\$55.42	\$62.07
Wastewater System Replacement Fee	<u>\$9.60</u>	<u>\$10.75</u>	<u>\$12.04</u>	<u>\$13.49</u>	<u>\$15.11</u>	<u>\$16.92</u>
Total Typical Single Family Monthly Bill	\$44.82	\$50.20	\$56.22	\$62.97	\$70.53	\$78.99
% increase		12%	12%	12%	12%	12%

Proposed Monthly Wastewater Rates

	Current	Proposed				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		3/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Residential						
<u>Sewer Service Charge</u>						
Single Family	\$35.22	\$39.45	\$44.18	\$49.48	\$55.42	\$62.07
Multi Family	\$23.22	\$26.01	\$29.13	\$32.62	\$36.54	\$40.92
Mobile Home	\$23.22	\$26.01	\$29.13	\$32.62	\$36.54	\$40.92
% increase		12%	12%	12%	12%	12%

Non-Residential

Sewer Service Charge (All Non-

Meter Size

3/4"	\$50.06	\$56.07	\$62.80	\$70.33	\$78.77	\$88.22
1"	\$85.10	\$95.31	\$106.75	\$119.56	\$133.91	\$149.98
1.5"	\$165.19	\$185.01	\$207.21	\$232.08	\$259.93	\$291.12
2"	\$265.30	\$297.14	\$332.79	\$372.73	\$417.45	\$467.55
3"	\$500.57	\$560.64	\$627.92	\$703.26	\$787.66	\$882.18
4"	\$835.95	\$936.26	\$1,048.62	\$1,174.45	\$1,315.38	\$1,473.23
6"	\$1,666.90	\$1,866.93	\$2,090.96	\$2,341.87	\$2,622.90	\$2,937.65
8"	\$2,668.04	\$2,988.20	\$3,346.79	\$3,748.40	\$4,198.21	\$4,702.00
% increase		12%	12%	12%	12%	12%

Volume Charge

Load Factor (% of Water Use)

Low	51%	\$2.846	\$3.188	\$3.570	\$3.998	\$4.478	\$5.016
Medium	85%	\$4.017	\$4.499	\$5.039	\$5.644	\$6.321	\$7.079
High	85%	\$10.445	\$11.698	\$13.102	\$14.674	\$16.435	\$18.408
% increase			12%	12%	12%	12%	12%

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Proposed Monthly Wastewater Rates

	Current	Proposed				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		3/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Wastewater System Replacement Fee (Residential & Non-Residential)						
<u>Meter Size</u>						
3/4"	\$9.60	\$10.75	\$12.04	\$13.49	\$15.11	\$16.92
1"	\$16.32	\$18.28	\$20.47	\$22.93	\$25.68	\$28.76
1.5"	\$31.68	\$35.48	\$39.74	\$44.51	\$49.85	\$55.83
2"	\$50.88	\$56.99	\$63.82	\$71.48	\$80.06	\$89.67
3"	\$96.00	\$107.52	\$120.42	\$134.87	\$151.06	\$169.18
4"	\$160.32	\$179.56	\$201.11	\$225.24	\$252.27	\$282.54
6"	\$319.68	\$358.04	\$401.01	\$449.13	\$503.02	\$563.39
8"	\$511.68	\$573.08	\$641.85	\$718.87	\$805.14	\$901.75
% increase		12%	12%	12%	12%	12%

Assembly Bill 3030 Pass-through Provision: In the case where a water system purchases water from another agency, such as the Town does from the Veterans Home/State, AB 3030 allows for what is known as a “pass through” provision. The Town has assumed for long range financial planning that the cost to purchase water from the Veterans Home will increase 7.5% annually based on the recent five-year history of 50% cost increases. There is the possibility of a “pass through” adjustment if the cost to purchase water is higher than the 7.5% increase amount included in the proposed rate structure. The Town could also lower a future year’s scheduled rate increase if the actual costs to purchase water are less than the anticipated 7.5% increase for wholesale water purchase.

Rate Increase Approval Process (Proposition 218 Process)

The Town of Yountville Town Council will hold a public informational meeting on **Tuesday, February 6, 2018 at 4:00 p.m. at the Town Council Chambers at Town Hall and hold a public hearing at the Town Council meeting scheduled for Tuesday, February 20, 2018 at 6:00 p.m.** at the Town Council Chambers at Town Hall, 6550 Yount Street. If you would like more information about the proposed rate increases the Town’s utility enterprise fund operating and Five Year Capital Improvement Plan (CIP) budgets, please visit www.townofyountville.com and click on “proposed rate increase” on the main page or call Town Hall at (707) 944-8851 from 8:00 a.m. to 5:00 p.m.

Any interested person, including persons owning or residing at property served by the Town’s water or wastewater utility system, may present verbal or written comment to the Town Council on the proposed rate structure. Although the Town Council will consider all comments, State law provides that only written protests submitted by a property owner or tenant may be counted to determine whether a majority protest to the proposed increases exist. If, at the conclusion of the public hearing, a majority protest does not exist, the Town Council will consider adoption of the proposed increases. Please note that the actual rates and charges adopted by the Town Council may be less than, but may not exceed, the proposed rate increases identified in this Proposition 218 notice.

A property owner or tenant may file a written protest to the proposed increases via US mail or hand deliver to the Town Clerk, care of Town of Yountville Proposed Utility Rate Protest, 6550 Yount Street, Yountville, CA 94599. **In accordance with the requirements of Proposition 218, a written protest letter must include the property service address, the property owner(s) or tenant’s name and signature, opposition to water rate increase, wastewater rate increase or both water and wastewater rates, and it must be signed by an owner of record or tenant. Protests must be received prior to the close of the public hearing, and no more than one protest per parcel will be counted.**



6550 Yount Street
Yountville, CA 94599
Phone 707-944-8851

Town of Yountville
"The Heart of the Napa Valley"

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