

Heber Public Utility District Report to the Board of Directors

MEETING DATE: July 16, 2020

FROM: Laura Fischer, General Manager

SUBJECT: Adopt Resolution Number 2020-14 Modifying Water and Sewer rates for Residential Customers for FY 2020-21

ISSUE:

Shall the Heber Public Utility Board of Directors adopt Resolution Number 2020-14 to modify Water and Sewer rates for Residential Customers for FY 2020-21?

GENERAL MANAGER RECOMMENDATION:

Adopt Resolution Number 2020-14 to modify water and sewer rates for residential customers for FY20-21.

FISCAL IMPACT: Lower Revenue Projections Included in FY 2020-21 Adopted Budget.

Adopting Resolution 2020-14 will not impact the FY 2020-2021 budget as it included the revenue projections based on the reduced residential water and sewer rates.

DISCUSSION:

The coronavirus outbreak of 2019 poses a tremendous challenge to Heber Public Utility District, County of Imperial, California, the nation and the global community. The economic toll on self-employed, small business owners, and wage and salary workers are expected to be very significant. All classifications of employees are experiencing lower income levels and many have applied for unemployment. *Between March 14 and June 6 at least 963,531 workers in California applied for Pandemic Unemployment Assistance benefits (According to the Public Policy Institute of California).*

Heber is a small rural community that has the State of California designation as a disadvantaged community. *Disadvantaged communities refer to the areas in California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease (California Government Public Utilities Commission).*

In 2017, the Heber Public Utility District completed a water and sewer rate study, and as a result, adopted a five-year rate schedule for water and sewer services. The RESIDENTIAL water and sewer rates from Fiscal Year 2019-20 to Fiscal Year 2020-21 was scheduled to increase a total of \$4.26 per month. This amount does not include the trash rate increase that is allowed annually according to the Franchise Fee Agreement with CR&R.

The Heber Public Utility District contracts with CR&R for trash hauling services, and

CR&R was not willing or able to reduce their rate increase, thus the legally approved rate increase of \$0.46 per month will be applied to the trash service for Fiscal Year 2020-21.

The Heber Public Utility District desired to minimize the RESIDENTIAL water, sewer and trash rate increase per month to reduce the economic hardship many are of our residents may be facing due to COVID-19 pandemic.

The Heber Public Utility District Board of Directors has adopted Resolution 2020-12 to adopt a budget for Fiscal Year 2020-21. The budget is based on certain expenditure requirements, including debt payments, interest payments, salaries, benefits and operating costs. The Heber Public Utility District adopted a budget to minimize expenditures by deferring maintenance on certain assets, reducing reserve funds for capital outlay, and postponing capital projects. This action was taken so that the Heber PUD Board could minimize the water and sewer rate increase for FY 2020-21.

CONCLUSION:

As the Heber Public Utility District Board of Directors adopted the Fiscal Year 2020-21 budget based on revenue projections as presented in Resolution 2020-14, staff recommends adopting Resolution 2020-14 as presented.

ALTERNATIVES:

- 1) Do not adopt Resolution 2020-14 to modify the Residential water and sewer rates for FY 2020-21 and provide direction to staff to make changes and bring this item back for approval at the next Board meeting.
- 2) Provide alternate direction to staff.

Respectfully Submitted,

Laura Fischer, General Manager
Attachment: Resolution Number 2020-14

RESOLUTION NO. 2020-14

A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT MODIFYING WATER AND SEWER UTILITY RATES FOR FISCAL YEAR 2020-2021 DUE TO ECONOMIC IMPACTS FROM COVID-19 PANDEMIC

FACTUAL BACKGROUND AND REASONS FOR ACTION

The coronavirus outbreak of 2019 poses a tremendous challenge to Heber Public Utility District, County of Imperial, California, the nation and the global community. The economic toll on self-employed, small business owners, and wage and salary workers are expected to be very significant. All classifications of employees are experiencing lower income levels and many have applied for unemployment. *Between March 14 and June 6 at least 963,531 workers in California applied for Pandemic Unemployment Assistance benefits (According to the Public Policy Institute of California).*

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The water rate, for SINGLE FAMILY RESIDENTIAL 1” METER OR LESS customers will increase \$0.71 per month. The sewer rate, for RESIDENTIAL 4” SERVICE CONNECTION customers will increase \$0.83 per month. This totals \$1.54 increase for water and sewer for residential customers per month. This amount along with the trash rate increase of \$0.46 totals \$2.00 per month increase on all utilities provided by the Heber Public Utility District.

All other rates and fees adopted via Ordinance 2017-3 and Ordinance 2017-4 remain in force and are not subject to change.

ACTION

WHEREAS, in said fiscal year beginning July 1, 2020, the Single Family Residential Water Rate shall be modified to \$60.25 per month as described in the Rate Schedule attached as Exhibit “A”; and

WHEREAS, in said fiscal year beginning July 1, 2020, the Fixed Sewer Service Charge for a 4” Connection shall be modified to \$59.79 as described in the Rate Schedule attached as Exhibit “A”; and

WHEREAS, in said fiscal year beginning July 1, 2020, all other water and sewer monthly rates for all customer classes, meter size, connection size, and for outside service area customers remain the same; and

WHEREAS, in said fiscal year beginning July 1, 2020, the water and sewer volumetric charges, rates for Private Fire Lines and Temporary Hydrant Meter charges remain the same.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HEBER PUBLIC UTILITY DISTRICT, DOES HEREBY RESOLVE AS FOLLOWS:

1. That the foregoing is true, correct and adopted.
2. That the Board of Directors Adopts the Modified Single Family Residential 1” meter or less Water Rate for FY 2020-21 at \$59.54 per month.
3. That the Board of Directors Adopts the Modified Residential 4” Connection Sewer Rate for Fiscal Year 2020-2021 at \$59.79 per month.
4. That the Board of Directors of the Heber Public Utility District does hereby adopt this Resolution approving the modified water rate for Single Family Residential 1” meter or less, and the modified Residential 4” sewer connection rate for Fiscal Year 2020-21.
5. That the modified rates as adopted and approved via this Resolution 2020-14 shall be effective July 1, 2020.
6. That the President of the Board of Directors of the Heber Public Utility District is hereby authorized to sign said Resolution, a copy of which is on file at the District office and attached to this document as Exhibit “A”.

7. All other terms, conditions, fees and rates contained in Resolution Number 2017-3 and 2017-4 remain in full force and effect.

EXHIBIT "A"

Water Monthly Fixed Meter Charges

MODIFIED RATES - JUNE 15, 2017, Effective July 2017 & FY 2020-21 Modified Rates Via Resolution 2020-14

WATER	Allotment	Modified Adopted FY2017-2018	Adopted FY2018-2019	Adopted FY2019-2020	Modified Adopted FY2020-2021	Proposed FY2021-2022
	(Gallons)	(\$/month)	(\$/month)	(\$/month)	(\$/month)	(\$/month)
Fixed Meter Charge						
Single Family Residential:						
1" Meter or less	15,000	\$55.54	\$57.84	\$59.54	\$60.25	\$64.01
Multi-Residential:						
1" Meter or less Water	15,000	\$62.39	\$64.38	\$66.32	\$68.23	\$70.94
2" Meter Water	40,000	\$194.71	\$200.57	\$206.59	\$212.53	\$221.31
3" Meter Water	60,000	\$408.95	\$421.24	\$433.88	\$446.28	\$465.81
Commercial/Industrial/Public:						
1" Meter or less Water	15,000	\$62.39	\$64.38	\$66.32	\$68.23	\$70.94
2" Meter Water	40,000	\$194.71	\$200.57	\$206.59	\$212.53	\$221.31
3" Meter Water Water	60,000	\$408.95	\$421.24	\$433.88	\$446.28	\$465.81
4" Meter Water	75,000	\$715.73	\$737.22	\$759.32	\$780.95	\$816.49
Service Outside District						
1" Meter or less Water	15,000	\$ 70.07	\$ 72.26	\$ 74.37	\$ 76.58	\$ 80.09
2" Meter Water	30,000	\$ 163.42	\$ 168.52	\$ 173.46	\$ 178.61	\$ 186.80
Volumetric Charge (\$/1000 gallons)						
Residential Inside District		(\$/Kgals)	(\$/Kgals)	(\$/Kgals)	(\$/Kgals)	(\$/Kgals)
		\$3.49	\$3.79	\$3.90	\$4.03	\$4.03
Public Agency		\$3.49	\$3.79	\$3.90	\$4.03	\$4.03
Commercial		\$3.49	\$3.79	\$3.90	\$4.03	\$4.03
Industrial		\$3.49	\$3.79	\$3.90	\$4.03	\$4.03
Multi-residential		\$3.49	\$3.79	\$3.90	\$4.03	\$4.03
Outside District		\$4.16	\$4.49	\$4.63	\$4.78	\$4.78

Private Fire Lines and Temporary Hydrant Meter

WATER	Proposed FY2017-2018	Proposed FY2018-2019	Proposed FY2019-2020	Proposed FY2020-2021	Proposed FY2021-2022
Private Fire Line (\$/meter)	(\$/meter)	(\$/meter)	(\$/meter)	(\$/meter)	(\$/meter)
1" Meter or less	\$10.41	\$10.78	\$11.17	\$11.41	\$11.41
2" Meter	\$33.31	\$34.50	\$35.73	\$36.52	\$36.52
3" Meter	\$72.87	\$75.48	\$78.17	\$79.90	\$79.90
4" Meter	\$131.17	\$135.86	\$140.70	\$143.82	\$143.82
6" Meter / Hydrant	\$208.21	\$215.65	\$223.33	\$228.28	\$28.28
6" Meter / Hydrant /Year	\$2,498.48	\$2,587.81	\$2,679.96	\$2,739.36	\$2,739.36
Temporary Hydrant Meter / Month	\$135.04	\$138.90	\$142.86	\$147.11	\$147.11
Hydrant Meter Volumetric Charge (\$/1,000 gallons)	\$3.49	\$3.75	\$3.87	\$3.99	\$3.99

Wastewater Monthly Rates

MODIFIED RATES - JUNE 15, 2017 Effective In July 2017 and Adopted Rates FY 2020-21 Via Resolution 2020-14

WASTEWATER	Modified Adopted FY2017-2018	Adopted FY2018-2019	Adopted FY2019-2020	Modified Adopted FY2020-2021	Proposed FY2021-2022
Fixed Service Charge					
Residential	(\$/month)	(\$/month)	(\$/month)	(\$/month)	(\$/month)
4" Connection	\$52.66	\$56.66	\$58.96	\$59.79	\$62.76
6" Connection	\$117.00	\$120.48	\$124.65	\$128.97	\$133.44
Multifamily					
Per Dwelling Unit	\$52.66	\$56.66	\$58.62	\$60.66	\$62.76
Commercial, Industrial, and Public					
4" Connection	\$49.66	\$51.21	\$52.82	\$54.49	\$56.22
6" Connection	\$109.25	\$112.66	\$116.20	\$119.88	\$123.69
8" Connection	\$198.64	\$204.84	\$211.28	\$217.96	\$224.88
Volumetric Charge (\$/1000 gal)*	(\$/1000 gal)	(\$/1000 gal)	(\$/1000 gal)	(\$/1000 gal)	(\$/1000 gal)
Commercial, Industrial, Public	\$0.57	\$0.59	\$0.61	\$0.63	\$0.65

* -Volumetric Charge is based on monthly water use of the commercial, industrial or public agency customers.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Heber Public Utility District held on the 16th day of July 2020.

Moises Cardenas, Board President

ATTEST:

Raquel, Carrillo, Clerk of the Board

APPROVE AS TO FORM:

Steven M. Walker, General Counsel

STATE OF CALIFORNIA)
COUNTY OF IMPERIAL)
HEBER PUBLIC UTILITY)
DISTRICT)

I, Raquel Carrillo, Board Secretary of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 16th day of July, 2020.

By _____

Raquel Carrillo, Clerk of the Board