



*CITY OF
SEDONA, ARIZONA*

WASTEWATER RATE STUDY BRIEFING

Presented by **Kevin Burnett**
Pat Walker

PRESENTATION CONTENTS

- Refresher on Where We Have Been
- Rate Design Options
- Capacity Fees Options
- Comparisons
- Questions and Discussion

WHERE HAVE WE BEEN?

- No revenue increases are being proposed based on current operations
- No new debt is being anticipated
- Sales tax subsidy is proposed to decrease every year until debt is retired in 2026

RATE DESIGN OPTIONS

Based on Council direction from the prior meetings new scenarios and options have been developed

- 2 Scenarios were modeled:
 - No cap on residential water use
 - Residential water use capped at 18,000 gallons a month
- Within the two scenarios there are:
 - 9 Residential options
 - 8 Multifamily options
 - 8 Non-residential options
- Rate options can be mixed within the no cap and capped scenarios

NO CAP SCENARIOS

Rate Structure Options		
Residential	Multifamily	Non-Residential
Tiered Flat Rate		
100% Flat Charge	100% Flat Charge	100% Flat Charge
40% Base Charge	40% Base Charge	40% Base Charge
40% Base Charge & Reduced Revenue	40% Base Charge & Reduced Revenue	40% Base Charge & Reduced Revenue
70% Base Charge	70% Base Charge	70% Base Charge
70% Base Charge & Reduced Revenue	70% Base Charge & Reduced Revenue	70% Base Charge & Reduced Revenue

RESIDENTIAL CAP AT 18 KGALS SCENARIOS

Rate Structure Options		
Residential	Multifamily	Non-Residential
Tiered Flat Rate	100% Flat Charge	100% Flat Charge
40% Base Charge	40% Base Charge	40% Base Charge
40% Base Charge & Reduced Revenue	40% Base Charge & Reduced Revenue	40% Base Charge & Reduced Revenue

FLAT WITH RESIDENTIAL TIERS

Tier	Threshold (gallons)	Rate
Tier 1	0 – 3,4999	\$45.41
Tier 2	3,500 – 5,999	56.95
Tier 3	> 6,000	92.42

FLAT WITH RESIDENTIAL TIERS CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$45.41	\$56.95	\$92.42
Low Flow	47.52	45.41	56.95	92.42

FLAT WITH RESIDENTIAL TIERS 18 KGALS CAP

Tier	Threshold (gallons)	Rate
Tier 1	0 – 3,4999	\$41.71
Tier 2	3,500 – 5,999	50.26
Tier 3	> 6,000	76.55

FLAT WITH RESIDENTIAL TIERS 18 KGALS CAP

CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$41.71	\$50.26	\$76.55
Low Flow	47.52	41.71	50.26	76.55

BASIC FLAT - RESIDENTIAL

	Rate
Flat Rate	\$57.32

RESIDENTIAL CUSTOMER IMPACT – BASIC FLAT

Class	Current	Basic Flat
Residential	\$61.11	\$57.32
Low Flow	47.52	57.32

40% FIXED CHARGE - RESIDENTIAL

Tier	Base Charge ⁽¹⁾	Volume Rate ⁽²⁾
40% Fixed Charge	\$32.41	\$4.24
40% Fixed Charge 18 kgals Cap	32.41	5.17
40% Fixed Charge Revenue Reduction	29.51	3.85
40% Fixed Charge 18 kgals Cap Revenue Reduction)	29.51	4.67

(1) Per dwelling unit

(2) Based on 100% water use October – April and 65% of water use May - September

40% FIXED CHARGE - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$40.90	\$53.64	\$74.86
Low Flow	47.52	40.90	53.64	74.86

40% FIXED CHARGE 18 KGALS CAP - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$42.76	\$58.29	\$84.16
Low Flow	47.52	42.76	58.29	84.16

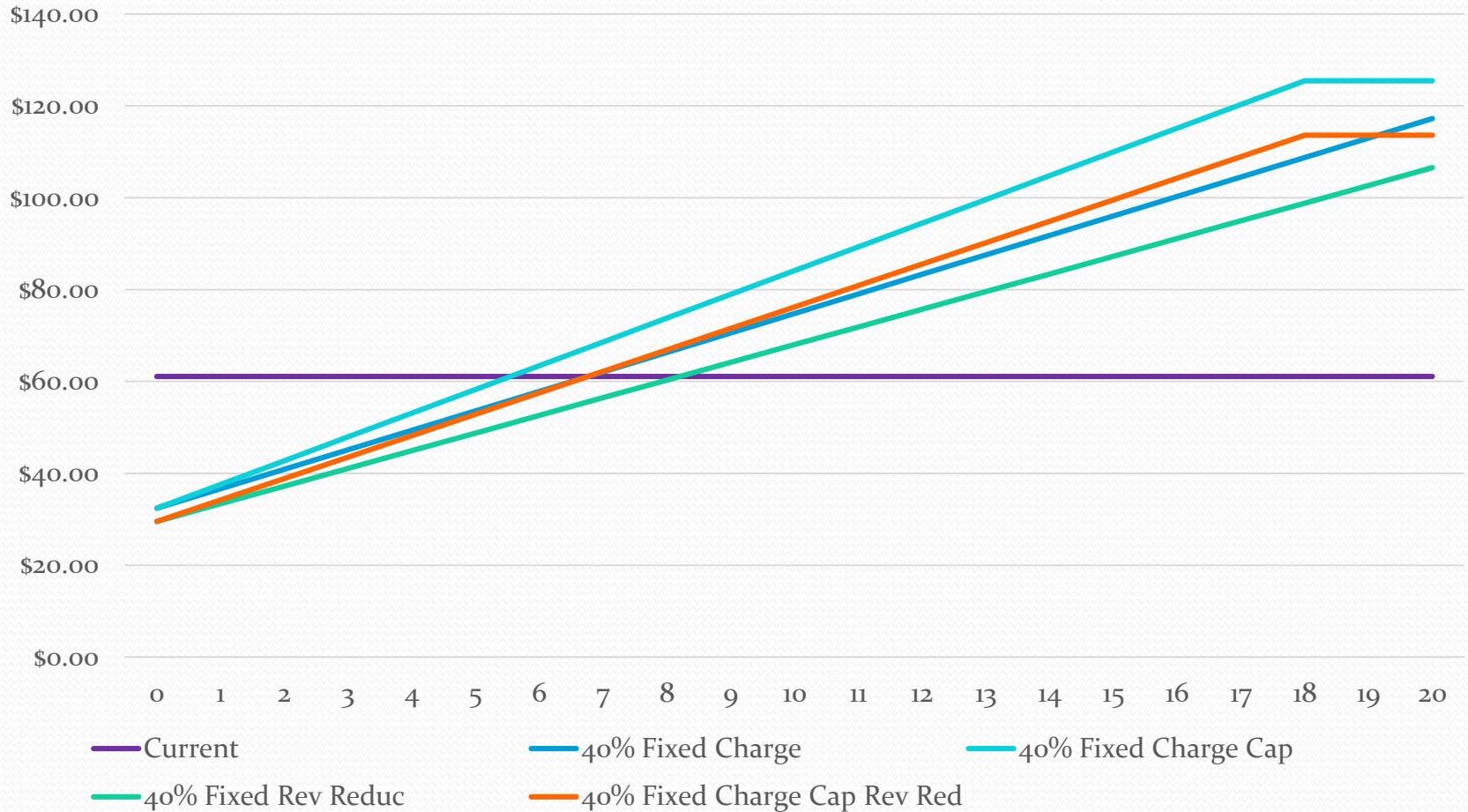
40% FIXED CHARGE REVENUE REDUCTION - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$37.20	\$48.74	\$67.98
Low Flow	47.52	37.20	48.74	67.98

40% FIXED CHARGE 18 KGALS CAP REVENUE REDUCTION - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$38.36	\$52.88	\$76.25
Low Flow	47.52	38.86	52.88	76.25

40% FIXED CHARGE - RESIDENTIAL CUSTOMER IMPACT



70% FIXED CHARGE - RESIDENTIAL

Tier	Base Charge ⁽¹⁾	Volume Rate ⁽²⁾
70% Fixed Charge	\$56.72	\$0.10
70% Fixed Charge Revenue Reduction	51.64	0.07
(1) Per dwelling unit		
(2) Based on 100% water use October – April and 65% of water use May - September		

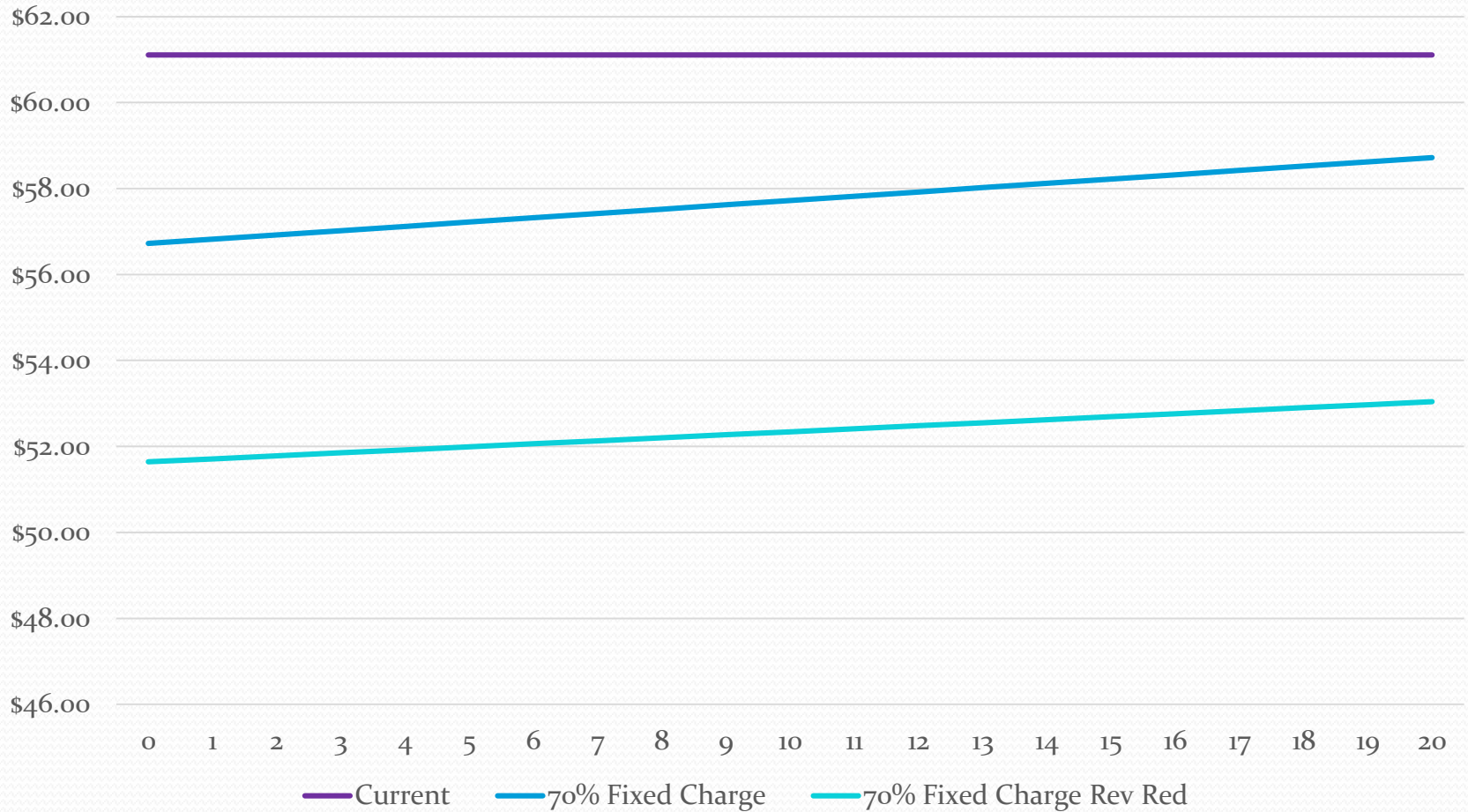
70% FIXED CHARGE - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$56.93	\$57.23	\$57.74
Low Flow	47.52	56.93	57.23	57.74

70% FIXED CHARGE REVENUE REDUCTION - RESIDENTIAL CUSTOMER IMPACT

		Proposed		
		2,000 gals	5,000 gals	10,000 gals
		Billed Flows		
Class	Current	2,000 gals	5,000 gals	10,000 gals
Residential	\$61.11	\$51.79	\$52.01	\$52.39
Low Flow	47.52	51.79	52.01	52.39

70% FIXED CHARGE - RESIDENTIAL CUSTOMER IMPACT



BASIC FLAT - MULTIFAMILY

Meter Size	Rate
Up to 1-inch	\$52.88
1.5-inch	105.76
2-inch	169.21
3-inch	338.42
4-inch and larger	528.78

BASIC FLAT 18 KGALS CAP - MULTIFAMILY

Meter Size	Rate
Up to 1-inch	\$58.50
1.5-inch	117.00
2-inch	187.20
3-inch	374.40
4-inch and larger	584.99

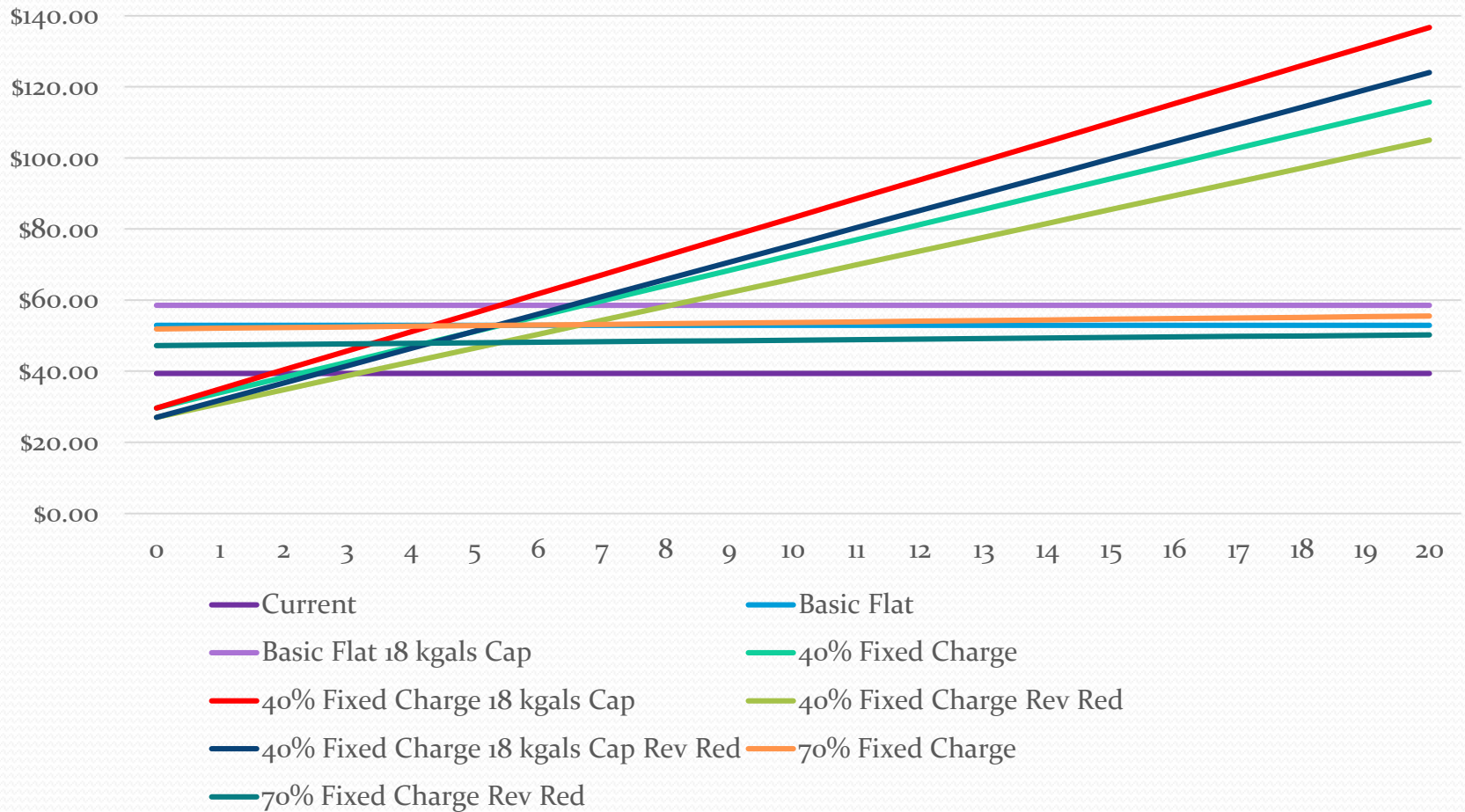
40% FIXED CHARGE - MULTIFAMILY

Description	40% Fixed Charge	40% Fixed Charge 18 kgals Cap	40% Fixed Charge Rev Red	40% Fixed Charge 18 kgals Cap Rev Red
Base Charge				
Up to 1-inch	\$29.66	\$29.66	\$26.99	\$26.99
1.5-inch	59.32	59.32	53.98	53.98
2-inch	94.92	94.92	86.37	86.37
3-inch	183.83	183.83	172.73	172.73
4-inch and larger	296.61	296.61	269.89	269.89
Flow Rate				
All Flows	\$4.30	\$5.35	\$3.90	\$4.85

70% FIXED CHARGE - MULTIFAMILY

Description	70% Fixed Charge	70% Fixed Charge Rev Red
Base Charge		
Up to 1-inch	\$51.91	\$47.23
1.5-inch	103.81	94.46
2-inch	166.10	151.14
3-inch	332.21	302.28
4-inch and larger	519.07	472.32
Flow Rate		
All Flows	\$0.18	\$0.15

MULTIFAMILY CUSTOMER IMPACT – UP TO 1-INCH



BASIC FLAT - NON-RESIDENTIAL

Meter Size	Rate
Up to 1-inch	\$175.54
1.5-inch	351.08
2-inch	561.73
3-inch	1,123.45
4-inch and larger	1,755.40

BASIC FLAT 18 KGALS CAP - NON-RESIDENTIAL

Meter Size	Rate
Up to 1-inch	\$203.54
1.5-inch	407.08
2-inch	651.33
3-inch	1,302.66
4-inch and larger	2,035.41

40% BASE CHARGE - NON-RESIDENTIAL

Description	40% Base Charge	40% Base Charge 18 kgals Cap	40% Fixed Charge Rev Red	40% Fixed Charge 18 kgals Cap Rev Red
Base Charge				
Up to 1-inch	\$29.66	\$29.66	\$26.99	\$26.99
1.5-inch	59.32	59.32	53.98	53.98
2-inch	94.92	94.92	86.37	86.37
3-inch	183.83	183.83	172.73	172.73
4-inch and larger	296.61	296.61	269.89	269.89
Flow Rate ⁽¹⁾				
All Flows	\$7.11	\$8.47	\$6.49	\$7.74

(1) Based on 100% of flows October – April and 75% of flows May - September

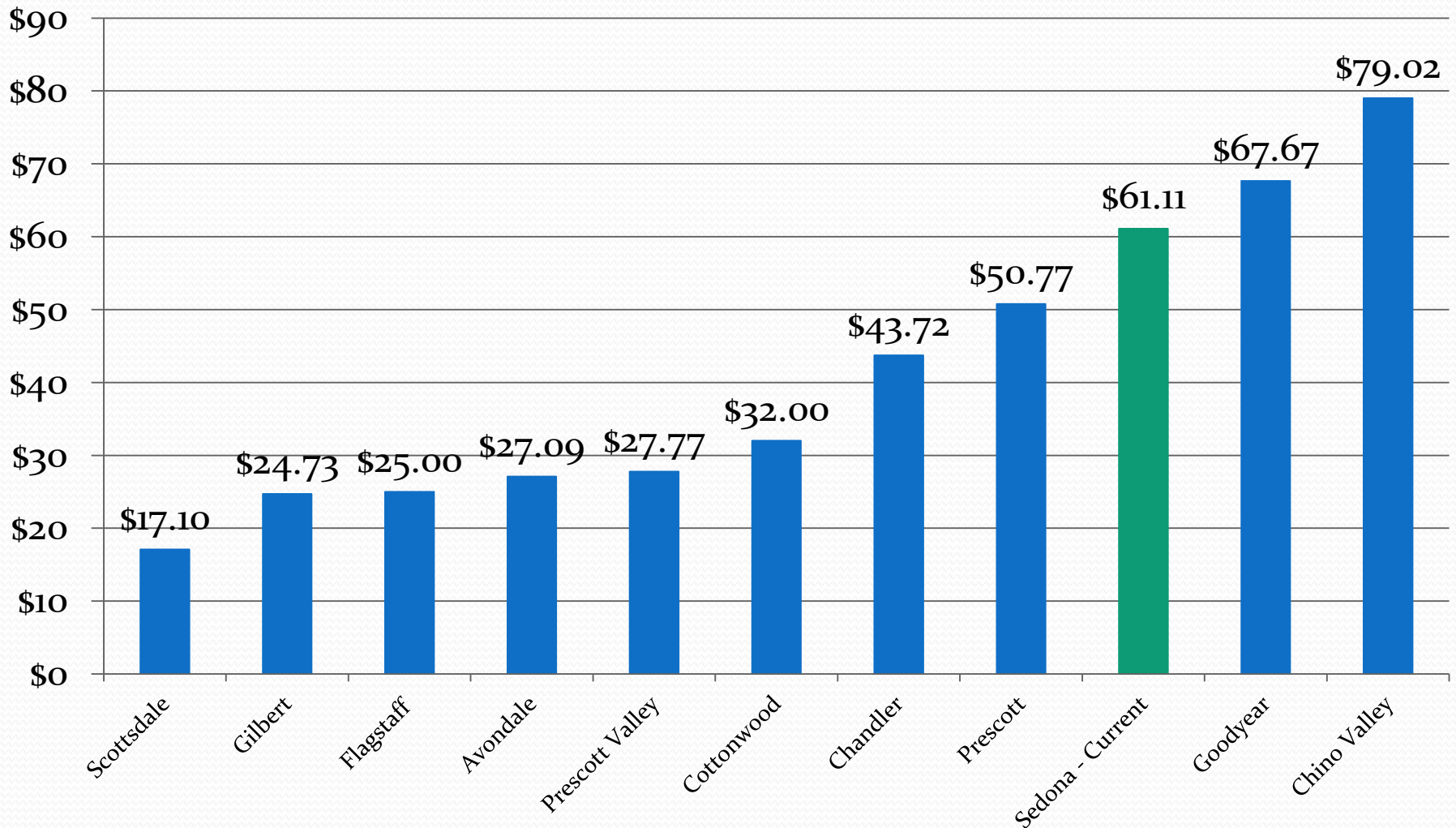
70% BASE CHARGE - NON-RESIDENTIAL

Description	70% Base Charge	70% Base Charge Rev Red
Base Charge		
Up to 1-inch	\$51.91	\$47.23
1.5-inch	103.81	94.46
2-inch	166.10	151.14
3-inch	332.21	302.28
4-inch and larger	519.07	472.32
Flow Rate		
All Flows	\$6.02	\$5.50

POSSIBLE REASONS FOR DIFFERENCES IN RATES AND CAPACITY FEES

- Persons per household and water use
- Lot size
- Age of system
- Changes in elevation
- Growth projections and system expansions
- Treatment standards/methods
- Area (acres) covered by the system
- Reinvestment in the system (R&R Capital)
- Subsidization other revenue sources

Comparison of Monthly Sewer Bill (1-inch Meter, 5,000 gallons)



CAPACITY FEE REVISIONS

Based on direction from Council and further discussion with Staff, the capacity fee approach has been revised

- Current approach assesses fees based on development type
- Previously presented fees based on meter size and square footage

2 Capacity Fee Options have been developed

- Proposed fee examined was developed based on use for an average single family home
 - The fee for a single family unit was further subdivided into a cost per Supply Fixture Unit (SFU) based on number of SFUs for an average single family home
 - SFU ranges were developed in recognition of the capacity needs of various home sizes in Sedona
- Proposed fee per SFEU

CAPACITY FEES – OPTION 1: RANGES

	Fee
Current	Varies by Development Type ⁽¹⁾
0 – 8 SFUs	\$3,767
8.1 – 17 SFUs	9,640
17.1 – 29 SFUs	17,108
29.1 – 42 SFUs	25,651
42.1 – 55 SFUs	34,397
> 55 SFUs (per SFU)	672.73

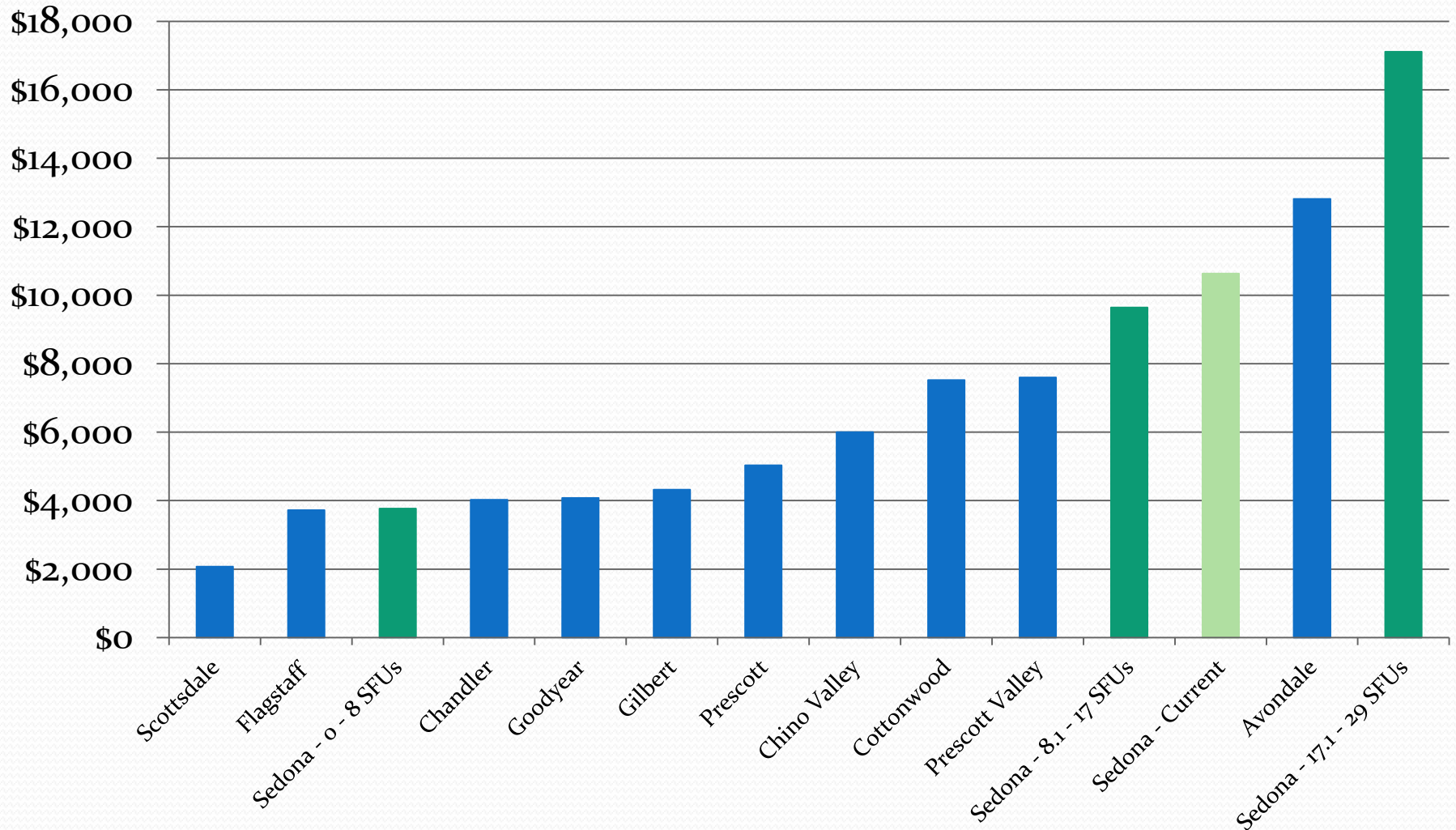
(1) Current residential fee is \$10,634

CAPACITY FEES – OPTION 2: FEE PER SFU

	Fee
Current	Varies by Development Type ⁽¹⁾
Fee per SFU	\$672.73

(1) Current residential fee is \$10,634

Comparison of Capacity Fees (1-inch Meter)



QUESTIONS & DISCUSSION