

Budget-Tiered Rate Structure

Indio Water Authority
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New Water Rate Structure

Rate Study

- Conducted by Independent Experts
- Reviewed and Researched:
 - Long range financial plan
 - Infrastructure needs
 - Fixed & Variable operational costs
 - Existing water structure
 - Last increase was approved in 2006
 - Regulatory requirements on the horizon

Findings

- Rate increases are unavoidable
 - Best to spread over multiple years
- Budget-tiered rate model is best for IWA
 - Helps conserve local groundwater by encouraging efficient water use
 - Avoids infrastructure failure with preventative maintenance
 - Enhances the Authority's financial stability

20 x 2020 Water Conservation Plan

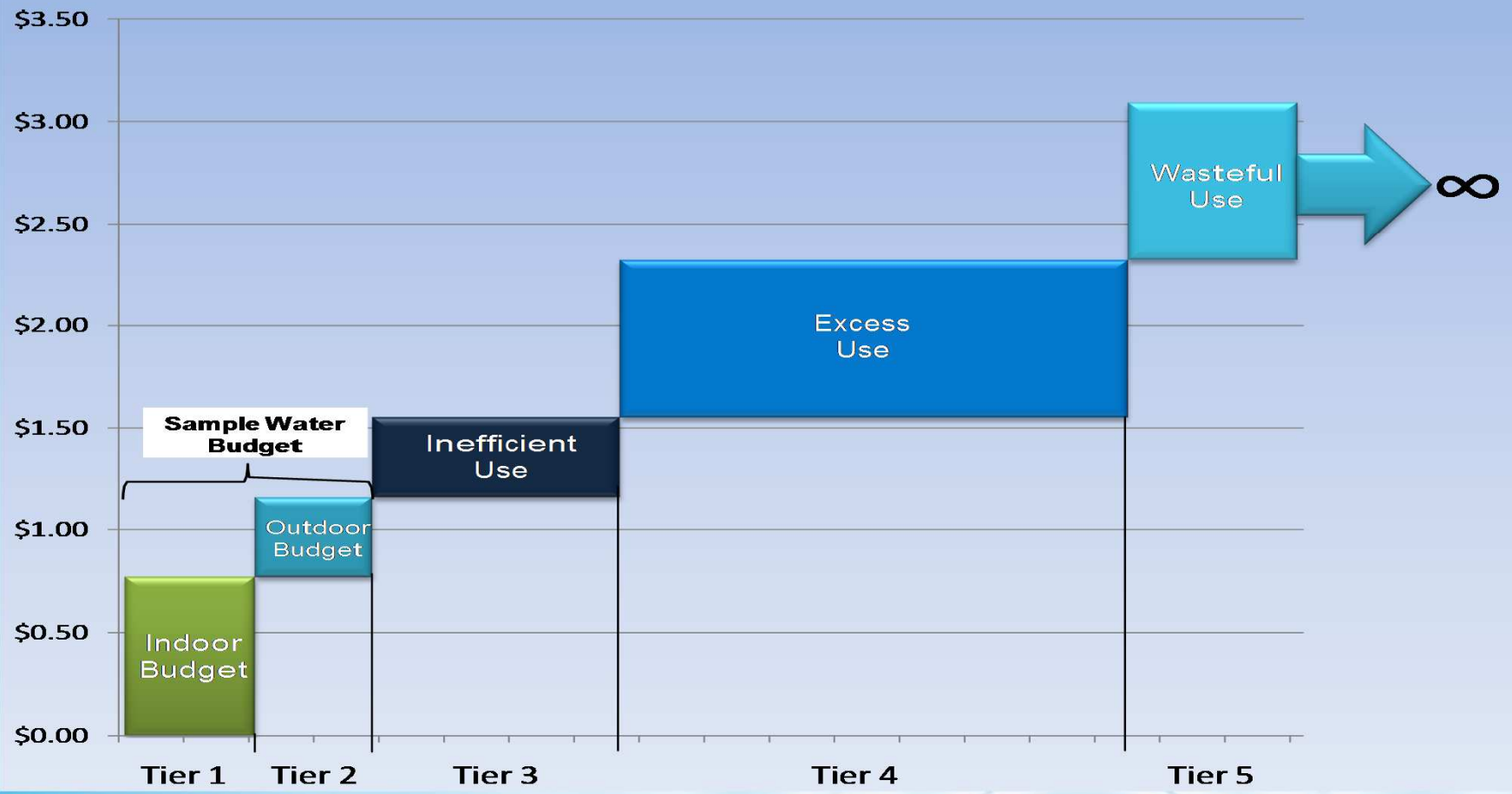
- By law IWA is required to conserve 20% more water by the year 2020
- Introduced by Gov. Schwarzenegger in 2008; the State and Federal government completed the Plan in 2010
- A Budget-Tiered Rate Structure lends toward compliance with the law by encouraging water conservation

Water Rate Structure Advisory Committee (WRSAC)

- Studied and aided design of new rate structure
- Committee opened to all community members
 - School District Representatives
 - Business Representatives
 - CVWD Retiree
 - IWA's Largest Users
- Guided staff & made recommendations to council



Budget Tiered Rate Structure



Base Charges

Meter Size	CURRENT	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018
3/4" & 5/8"	\$9.24	\$15.55	\$16.79	\$18.14	\$19.59	\$21.16
1"	\$23.10	\$38.88	\$41.99	\$45.35	\$48.98	\$52.90
1 ½"	\$46.20	\$77.77	\$83.99	\$90.71	\$97.97	\$105.81
2"	\$73.91	\$124.41	\$134.36	\$145.11	\$156.72	\$169.26
3"	\$138.59	\$233.28	\$251.94	\$272.10	\$293.87	\$317.37
4"	\$230.98	\$388.80	\$419.90	\$453.50	\$489.78	\$528.96
6"	\$461.95	\$777.57	\$839.78	\$906.96	\$979.51	\$1057.88
8"- 12"	\$739.12	\$1244.12	\$1343.65	\$1451.14	\$1567.23	\$1692.61

Covers Fixed Costs: water quality, infrastructure maintenance, debt service payments, & fire service.

Base Charge Comparison

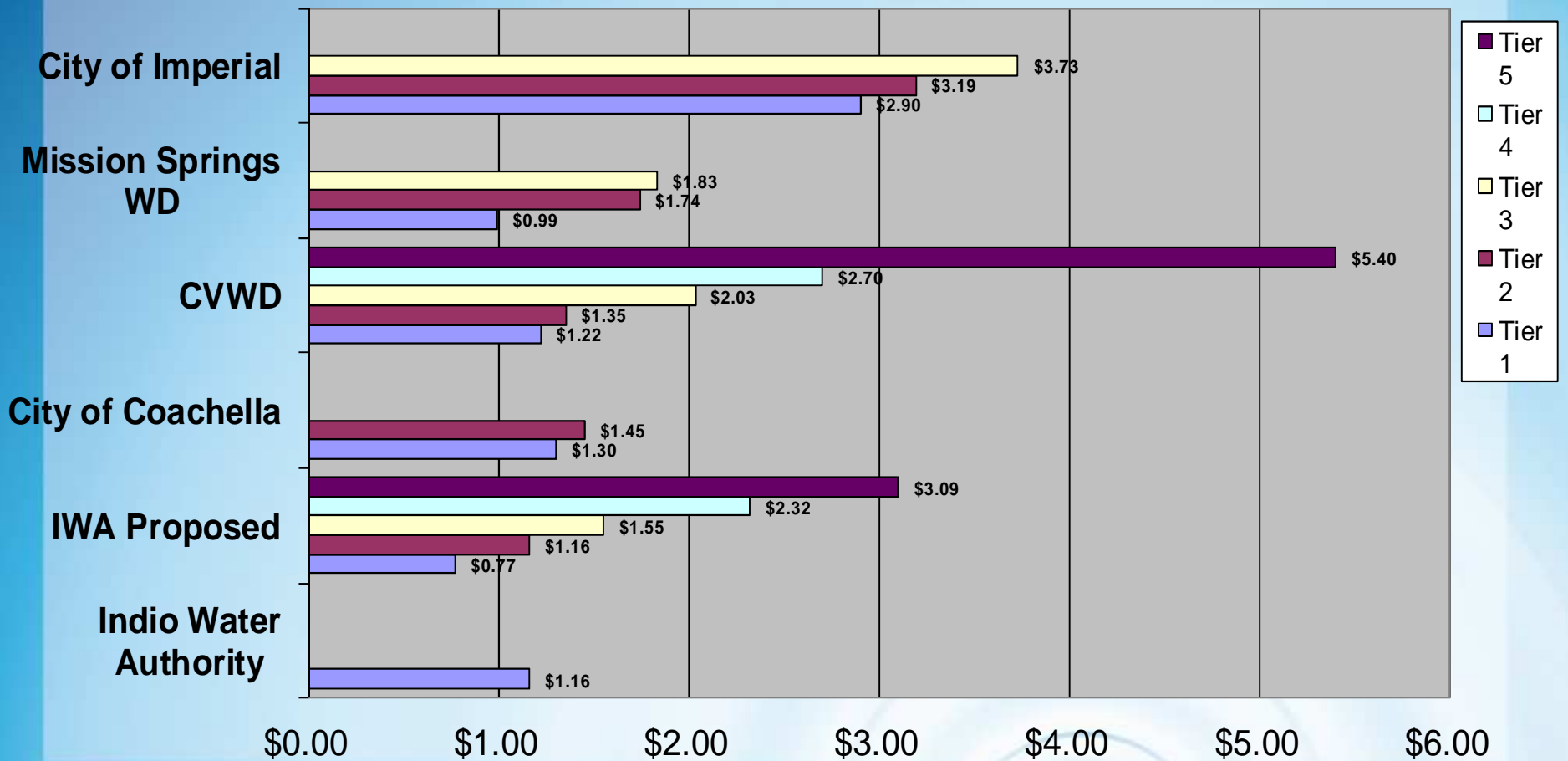
Brawley	\$39.65
Indio	\$15.55
Coachella	\$12.52
Imperial	\$12.49
Irvine Ranch	\$9.85
MSWD	\$9.32
DWA	\$8.75
CVWD	\$7.50

* Based on 3/4" meter size

Consumption Rates

Implementation Date	Account type	Consumption Charges				
CURRENT		\$1.16 all tiers				
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
January 2014	Residential Non-residential	\$0.77 \$1.04	\$1.16	\$1.55	\$2.32	\$3.09
January 2015	Residential Non-residential	\$0.83 \$1.12	\$1.25	\$1.67	\$2.51	\$3.34
January 2016	Residential Non-residential	\$0.90 \$1.21	\$1.35	\$1.81	\$2.71	\$3.60
January 2017	Residential Non-residential	\$0.97 \$1.31	\$1.46	\$1.95	\$2.92	\$3.89
January 2018	Residential Non-residential	\$1.05 \$1.41	\$1.58	\$2.11	\$3.16	\$4.20

Consumption Rate Comparison



Average Customer

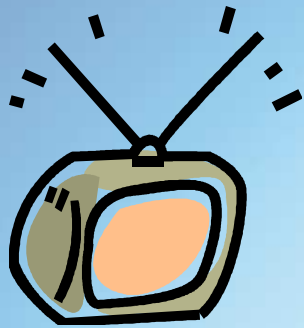
Summer	Winter
Customer <u>currently</u> pays: \$42.88	Customer <u>currently</u> pays: \$25.48
Tier 1 - 10 ccf	Tier 1 - 10 ccf
Tier 2 - 19 ccf	Tier 2 - 4 ccf
Water budget: 29 ccf	Water budget: 14 ccf
Base charge: \$15.55	Base charge: \$15.55
Consumption charge: \$29.74	Consumption charge: \$12.34
New bill cost : \$45.29 (\$2.41 more)	New bill cost: \$27.89 (\$2.41 more)

Overall increase for 80% of SFR customers is about \$2.40 or 8%.

What does \$.77 buy?

- **\$.77 will buy you:**
 - 1 can of soda
 - 1/3 cup of coffee
 - 1/5 gallon of gasoline
 - 1/4 gallon of milk
 - 3/4 of an item at the 99cent store
 - 5,665 bottles of IWA water (236 cases)
 - 748 gallons which covers an average person's indoor water use for 12 days

Household Bill Comparison



Cable Television
\$120/month



Electricity
\$250/month



Cell Phone
\$100/month



Water
\$37/month

Customer Variance Policy

Variance Description: Every customer will be given an individual 'water budget' each month, representing a reasonable water allocation for indoor and outdoor needs. If a customer believes it's incorrect, IWA will re-evaluate and adjust their budget through a variance process.

- **Number of residents**
- **Medical needs**
- **Licensed in-home care facility (child/elderly/etc.)**
- **Special circumstances**
- **Lot size**

Bill Estimator – Residential

WATER BILL CALCULATOR FOR RESIDENTIAL CUSTOMERS

Instructions:

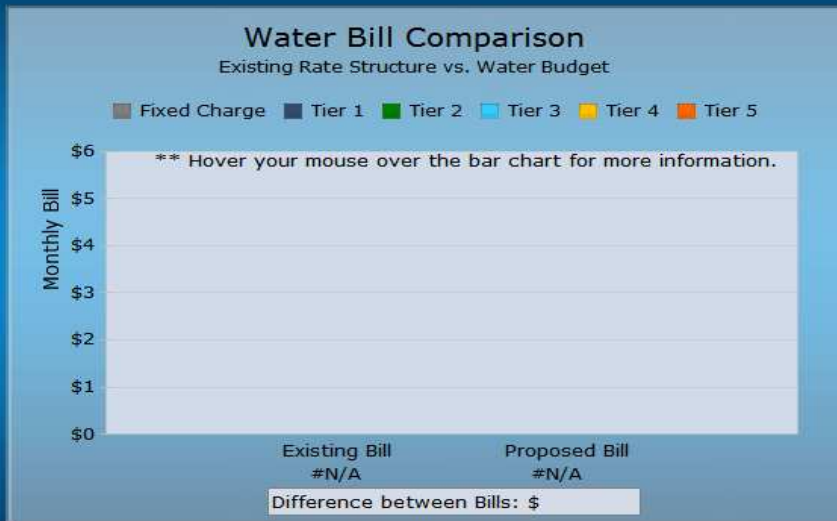
Step 1: Enter your 5 or 6-digit account number in the Account Information Lookup box. This number can be found on your monthly water bill to the right of the dash (See below). The Lookup box will provide specific information regarding your account.

ACCOUNT NUMBER
XXXXXX-XXXXXX

Step 2: Complete the fields in the Bill Calculator box. It may help to refer to past water bills to enter certain information, such as your typical water consumption in a given month.

CURRENT CONSUMPTION
10

Step 3: Review the results. You can "play with" the water consumption value in the Bill Calculator box to better understand how water conservation will impact your future bills.



Tier	Account Water Allocation By Tier	Current Actual Use By Tier	Volumetric Rate By Tier	Volumetric Charge By Tier
Tier 1	0.0	0.0	\$0.77	\$0.00
Tier 2	0.0	0.0	\$1.16	\$0.00
Tier 3	0.0	0.0	\$1.55	\$0.00
Tier 4	0.0	0.0	\$2.32	\$0.00
Tier 5	No Limit	0.0	\$3.09	\$0.00
Total	NA	0.0	NA	\$0.00

Account Information Lookup

Enter Account Number

Tenant Type

Number of Units

Parcel Area (Square feet)

People per Household

Meter Size

Bill Calculator

Month

Meter Size

Consumption in February

People per Household

Parcel Area (Square feet)

Community Outreach

- Facilitated Eighteen (18) Community Meetings
 - Strategically conducted throughout the city
 - Weekends, Mornings, Mid-day
- Several Additional Meetings Scheduled
- Newspaper / Spanish Radio / Website Announcements
- Bill Inserts: October – Variance Policy
December/January – Shadow Billing
- Water Conservation Kits / Landscape Rebates / Water Audits

QUESTIONS?

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Indio Water Authority



Your Water. Our Responsibility.