

**TO:** City Council  
**FROM:** Doug Monn, Director of Public Works  
**SUBJECT:** Community Water Rates – Public Workshop  
**DATE:** December 15, 2009

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**NEEDS:** For the City Council to set a date for public workshops on development of an alternative water rate structure.

**FACTS:**

1. Water demand exceeds supply.
2. On January 20, 2009, Council adopted revised water rates that would cover the costs of providing adequate water for existing customer.
3. That action was subject to a referendum petition and special election held November 3, 2009.
4. Voters rejected “Measure A 09”.
5. Water rates pay for water for existing customers; growth is taking care of itself.
6. \$13 Million per year is needed to provide water to the existing community. Current revenue is just \$6.3 Million per year.
7. A water rate adjustment is necessary to cover the cost of providing water for existing customers.
8. City water cost less, than 1 cent per gallon delivered thru the tap.

**ANALYSIS &**

**CONCLUSION:** \$13 million per year is needed to provide water to existing customers; current revenue is \$6.3 million.

Ratepayers have expressed the desire for “tiered water rates” whereby the price per unit of water increases with consumption. In addition, some have voiced concern for pricing supports for low-income customers.

Hosting a public workshop to discuss water pricing strategies would allow more focus on this topic.

**POLICY**

**REFERENCE:** General Plan, Urban Water Management Plan, Integrated Water Resource Plan, and Water Master Plan.

**FISCAL**

**IMPACT:** Hosting a workshop to discuss pricing strategies is part of the City’s overall water rate study expense.

**OPTIONS:** A. Set January 6 or January 7, 2010, at 6:30 PM as the date for a public workshop and adjourn to the selected date.

B. Amend, modify or reject the option above.