

Staff Report

TO: Board of Directors

FROM: Chip Close, Director of Water Operations
Aurora Penaluna, Customer Service Administrator

DATE: January 25, 2023

SUBJECT: Annual Updates to Fee Schedules

OPERATIONS

RECOMMENDATION:

Review and approve updates to fee schedule calculations.

BACKGROUND:

In October 2021 the Board approved comprehensive changes to rate schedules that are not set through the Proposition 218 process. The new rate formulas were put into practice in 2022 which led to a number of clarifying questions from our customer base. In an attempt to provide better clarity, Staff has put together the updates below which include minor language and calculation details.

Staff recommends that the following updates

1. **Schedule 4-H Tank Water:** Increase the meter deposit from \$900.00 to \$1,200.00. In 2022 the District started using cellular technology to collect readings from tank water meters. This eliminates the need for customers to call in meter reading each month. The additional equipment needed for cellular communication increases the replacement cost for each meter. Therefore, an increase to the deposit is necessary. In addition, the deposit should be adjusted annually to reflect actual replacement costs as quoted from the District's vendor, rounded up to the nearest \$100.00.
2. **Schedule 5-C Raw Water Service Outlet Periodic Charges:** Reduce the active additional outlet fee and inactive account fee to \$72.00 per outlet, per season. The 2021 rate calculation included one service call per season per outlet. Operational analysis has determined that a site visit to these accounts can occur in unison with the seasonal set up of the raw water distribution system. This will allow costs to be shared amongst all accounts. This fee will continue to be adjusted by the Engineering News and Report, 20 City, Construction Cost Index increase for December effective January 01 of each subsequent year.

In addition, to the changes above, the rotation fee language in this schedule is being clarified to capture the fee calculation by eliminating “per outlet”.

3. Schedule 5-J Fall/Stock Water: Model the calculation after the summer and winter irrigation calculation. Currently the formula calculates a per diem rate based on winter fixed plus volumetric (per miners inch MI). The proposed fee will separate fixed and volumetric to ensure that customers are billed a per diem fixed fee plus a per MI per diem volumetric fee.

4. Schedule 5-K Intermittent Flow Irrigation Water: Model the calculation after the summer and winter irrigation calculation. Currently the formula calculates a per acre foot rate based on summer fixed plus volumetric. The proposed fee will separate fixed and volumetric to ensure that customers are billed a proportionate cost of the fixed fee plus a volumetric charge per AF..

BUDGETARY IMPACT:

Of the proposed changes, only Schedule 5C will have an impact to the budget. There are roughly 1,100 additional outlets and inactive accounts and subject to the proposed change. If the changes are adopted, the resulting reduction in revenue is estimated to be \$120,000.

Attachments (5):

- Schedule 4-H
 - Redlined
 - Calculations and recommendations
 - Draft
- Draft Schedule 5-C
 - Redlined
 - Calculations and recommendations
 - Draft
- Draft Schedule 5-J
 - Redlined
 - Calculations and recommendations
 - Draft
- Schedule 4-H
 - Redlined
 - Calculations and recommendations
 - Draft
- Draft Schedule 5-K
 - Redlined
 - Calculations and recommendations
 - Draft

**TANK OR TEMPORARY CONSTRUCTION WATER SERVICE
FROM AN OPEN CANAL AND/OR FIRE HYDRANT**

GENERAL

- 1) The application charge of \$100.00 is nonrefundable.
- 2) The minimum monthly charge shall be \$85.00.
- 3) Applicants who do not turn in tank tally sheets and/or meter readings by the 10th of each month, for the previous month's usage, will be billed at two (2) times the minimum monthly charge or the estimated usage. Billing under this schedule shall not create a credit for future delivery of water.
- 4) This class of water is not to be used for domestic purposes except in an emergency situation as determined by Nevada Irrigation District.

BILLING

- 1) Application will automatically be terminated at end of calendar year.
- 2) A deposit of \$~~1200.00~~~~900.00~~ will be collected for the meter and wrench assembly and is refundable after the water used is paid in full, the hydrant has been inspected to determine that no damage has occurred, the meter and fire hydrant wrench have been returned undamaged and all damages to District facilities have been paid in full. Any default on the conditions of the application will result in forfeiture of the deposit.
- 3) Water will be billed at 2.5 times the rate shown in Schedule 4-EI.
- 4) Meter readings or tank tally sheets shall be turned into the District office at the first of each month.
- 5) The minimum monthly charge or the monthly billing for water usage, whichever is greater, will be levied until the meter is returned.
- 6) Applicant will be responsible for backflow prevention as shown in Schedule 9-A.

¹ Rules & Regulations Section 4.01.02, 5.01.08

Schedule 5-J

TANK WATER DEPOSIT

Meter Components:	UNIT PRICE
3" Fire Hydrant Meter w/ Strainer, Complete with Standard Connections	715.82
2-1/2" FNST x 3" MNST Swivel Adaptor	68.00
3" MNPT x 2-1/2" MNST Rigid Adaptor	55.00
Endpoint guard for model 450 hydrant meters	171.51
Orion cellular LTE-MS endpoint w/Nicor connector for use with 3"	116.00
HRE-LCD encoder for model T-450 3" hydrant meters	55.00
	TOTAL COST 1,181.33
	RECOMMENDED DEPOSIT 1,200.00

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RAW WATER SERVICE OUTLET PERIODIC CHARGES

ACTIVE ACCOUNT (With Purchase of Water) - \$~~72.00~~ ~~181.00~~ per year charge for each outlet in excess of one.

ACCOUNT CHARGE (Without Purchase of Water) - \$~~72.00~~ ~~181.00~~ annual charge on all inactive raw water accounts, plus a \$~~72.00~~ ~~181.00~~ annual charge for each additional outlet.

ROTATION – \$~~544.00~~ ~~400.00~~* per season, ~~per outlet.~~

NOTE:

Add 25% to all charges above for existing accounts serving lands outside the District (amount rounded to the nearest dollar.)

² BOD 12/08/2021

ACTIVE OR INACTIVE ACCOUNT

Q: What costs is the District recovering through this charge?

A: Renewal/replacement of box
Monitoring/Annual maintenance of box including changing of screen; locking device, service verification

Q: What are the operational differences between an active outlet and an inactive outlet?

A: The screen does not get changed on an inactive service.

Q: What is the life expectancy of an outlet box?

A: 20 years

Orifice Service Installation Charge from Sch 5-B (Pipeline/Manifold)	\$ 1,225.00
Standard Service Installation Charge from Sch 5-B (Water Box)	\$ 1,640.00
Average	\$ 1,433.00
Renewal/Replacement per year based on 20 year life (Average/20 years)	\$ 72.00
OD	<u>\$ 90.00</u>

2023 Change: Eliminate service call fee from calculation. It has been determined that each inactive box is not visited every season. Further, costs for monitoring/maintenance of extra outlets can be recovered by service charge as service is requested by customer.

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FALL/STOCK WATER

AVAILABILITY: October 15 to December 1 to regular irrigation water customers in quantities up to the amount of the seasonal purchase. This service will only be provided when and where District has available water and is secondary to seasonal or demand water.

~~RATE: \$6.23 Per M.I. day (Winter Fixed/182 plus 1 MI Volumetric/182)~~

FIXED SERVICE CHARGE + (Winter Fixed/182*47)	\$ 184.31 <u>1570.99</u>
VOLUMETRIC SERVICE CHARGE, PER MI (Winter Volumetric/182*47*MI)	336.48 <u>108.62</u>

During a drought declaration:

DROUGHT STAGE*:	RATE PER MI, PER DAY
2	\$ 6.66 <u>128.92</u>
3	158.32 <u>7.29</u>
4	181.21 <u>7.78</u>

* Per the Nevada Irrigation District Drought Contingency Plan

- All charges for fall/stock water service will be collected in advance of delivery.
- A service call fee as shown in Schedule 7-A shall be charged.

NOTE:

Add 25% to all charges above for existing accounts serving lands outside the District (amount rounded to the nearest dollar.)

Water served pursuant to this schedule is untreated; which, if consumed or used for culinary purposes, could cause serious illness. If the water is so used, it is used at the customer's own risk.

³ BOD 12/08/2021; Rules & Regulations Section 5.01.06

Schedule 5-J

FALL/STOCK WATER

AVAILABILITY: October 15 to December 1 to regular irrigation water customers in quantities up to the amount of the seasonal purchase. (47 Days)

Recommendations:

Model rate after Summer and Winter rate structure using the per diem for both fixed and volumetric rates multiplied by the number of days in the Fall season.

Fixed	184.31	Round((Winter Fixed/182)*47,2)
Volumetric, Per MI	108.62	Round(((Winter Volumetric/182)*47),2)

Note: This correction is required to ensure Fall Water customers purchasing more than one miners inch are not overcharged due to compounding fixed fee.

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RAW INTERMITTENT FLOW IRRIGATION WATER

SEASON: April 15 to October 14

~~RATE per acre foot season: \$80.04~~

MINIMUM SALE ~~– 6.7 Acre Feet: \$ 536.27~~

<u>FIXED SERVICE CHARGE +</u> <u>(((Summer Fixed/9.07)*6.7)*80%)</u>	<u>\$ 337.43</u>
<u>VOLUMETRIC SERVICE CHARGE, PER AF</u> <u>(Summer Volumetric/9.07*80%)</u>	<u>29.68</u>

During a drought declaration:

DROUGHT STAGE*:	RATE PER AF SEASON
2	\$ 85.59 <u>35.23</u>
3	93.62 <u>43.26</u>
4	99.88 <u>49.51</u>

* Per the Nevada Irrigation District Drought Contingency Plan

Definition: Water belonging to District which cannot be supplemented by an auxiliary supply and in District’s opinion cannot be considered a firm supply.

Determining Water Use: Sales of return intermittent flow irrigation water utilized by property owners shall be established in acre feet by District through pump ratings, sprinkler flow, actual diversions, acreage irrigated or any combination of the above methods as may be deemed appropriate to determine the amount of water to be used.

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⁴ BOD 12/08/2021; Rules & Regulations Section 5.01.05

RAW INTERMITTENT FLOW IRRIGATION WATER

2023 Update Recommendation:

Model rate after Summer and Winter rate structure

Fixed +	337.43	$((\text{Summer Fixed}/9.07)*6.7)*80\%$
Volumetric, Stage 1 Per AF	29.68	$(\text{Summer Volumetric}/9.07*80\%)$
Volumetric, Stage 2 Per AF	35.23	
Volumetric, Stage 3 Per AF	43.26	
Volumetric, Stage 4 Per AF	49.51	

Note: This correction is required to ensure IF customers purchasing more than the minimum are no overcharged due to compounding fixed fee.

INTERMITTENT FLOW IRRIGATION WATER

SEASON: April 15 to October 14

MINIMUM SALE – 6.7 Acre Feet

FIXED SERVICE CHARGE + (((Summer Fixed/9.07)*6.7)*80%)	\$ 337.43
VOLUMETRIC SERVICE CHARGE, PER AF (Summer Volumetric/9.07*80%)	29.68

During a drought declaration:

DROUGHT STAGE*:	RATE PER AF SEASON
2	\$ 35.23
3	43.26
4	49.51

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