



Fee For Service – Study and Fee Update

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Agenda

- Background on Fees
- EMWD Revenue Sources
- Fees-For-Service Study Approach
- Recommendations



District's Triennial Strategic Plan:

Fiscal Responsibility and Appropriate Investment:

Ensure financial stability and demonstrate responsible stewardship of public funds.

Proportionate Cost of Service: Continue to evaluate EMWD's fees, rates and charges to ensure that each customer class pays its proportionate fair share, while generating adequate revenues to meet EMWD's financial obligations.

What are Fees?

- Fees are charged to recover costs for discrete District services
 - § Ensures each customer class pays fair share
 - § Avoids having to pass on costs to rate payers
- Last study performed March 2010
- Board periodically adopts Rates, **Fees**, and Charges which are published as a schedule to the District’s Administrative Code and posted on our website
- Fee type are categorized as follows:

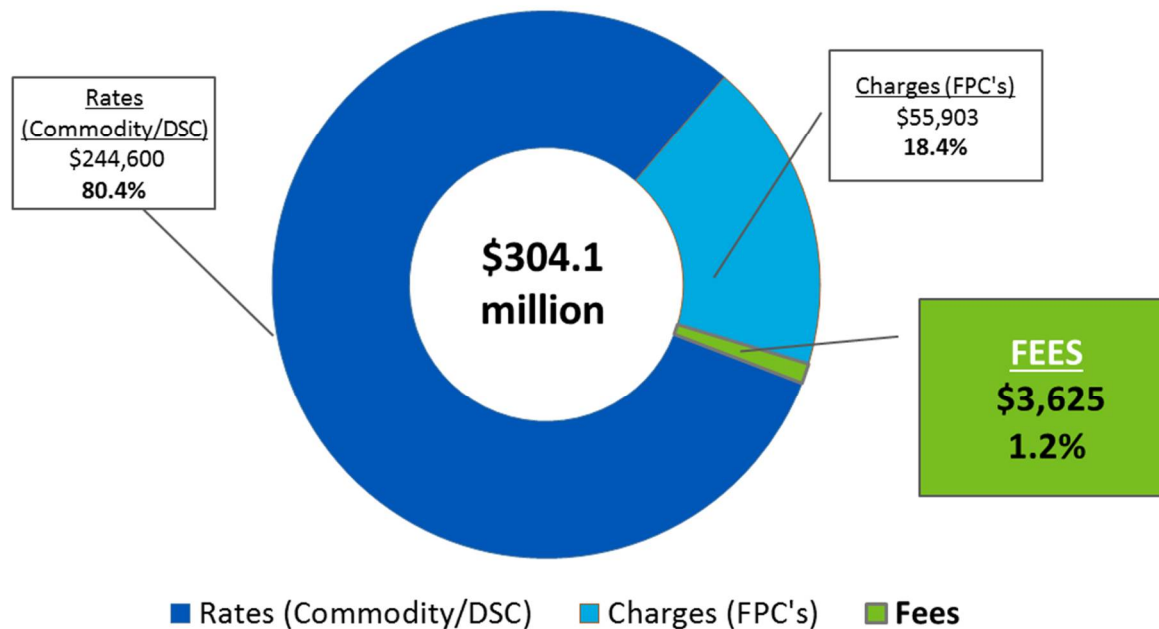
Contract & Purchasing	Resource Management
Customer Service	Right-of-Way
Development Services	Sewer
Engineering Services	Source Control
Field Services	Source Control Special Charges-Non-Reclaimable Waste Line
Finance	Source Control Special Charges-Pumper Discharge
Maps & Records	Standard Drop-In Meter Installation
Meter Services	T-Meter Services
Miscellaneous Administrative	Water Operations
Recycled Water Operations	



EMWD Revenue Sources

- The District's annual revenue from Rates, Fees and Charges was \$304 million in FY 2018-19¹
- Fees represent 1.2% of these revenues

FY 2018-19 Rates/Fees/Charges Revenue (\$000)



¹ Excludes non-operating revenue (i.e. property tax, grants, interest, and deposits, and other phase 2 and late fees)



Fee-For-Service Study Approach

- Staff conducted meetings with each department; evaluated service level to update costs, including wages, time and materials
- Example: Angle Stop Repair when customer tampered with water angle stop

TYPE OF SERVICE:	BROKEN ANGLE STOP						
DESCRIPTION OF SERVICE:	Charge customer for cost to replace angle stop broken by customer. Assessed at time of discovery during site visit. Requires separate trip by construction crew.						
ACTIVITIES:	DEPT	JOB CODE	JOB CLASS	FIXED COST	MINUTES	\$/HR + O/H	TOTAL COST
Process repair order	850	18007	82,84		10	49.54	8.26
Travel time (crew)	856	38005,3	85, 87		135	56.88	127.98
Shut down main/make repairs/ charge main/lock service-off (3 person crew)	856	38005,3	85, 87		270	56.88	255.96
Equipment rental (crew)				109.43			109.43
Process paperwork/assess charge	811	16009	82		15	47.12	11.78
Supervisor review letter/comments/fees	811	16012	88		5	66.23	5.52
Cost of new angle stop				43.75			43.75
Overhead cost				144.30			144.30
						27.81%	
TOTAL PER TASK.....					435 mins		\$706.98
CURRENT CHARGE.....							\$619.00
PROPOSED CHARGE.....							\$707.00



Fee-For-Service Study Approach, continued

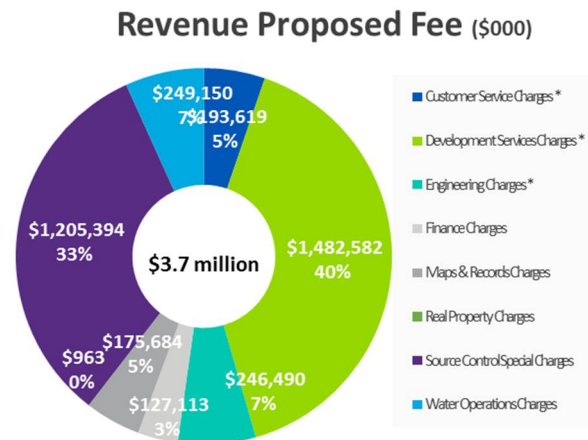
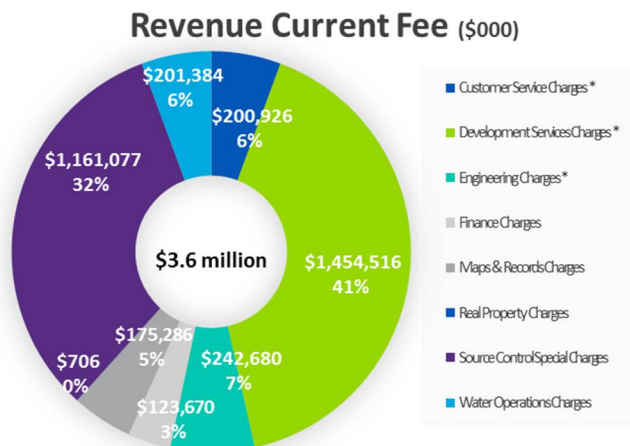
- Fees were categorized into two groups. Staff recommends implementing fee adjustments in two phases:
 - **Phase I – Existing Fee Review and Adjustments**
 - Focus on 124 existing fees
 - Proposing a reduction to 110 fees, effective January 1, 2020
 - **Phase II - Fees involving business process changes**
 - Field Engineering – Business process improvements
 - Development Services
 - Transition away from deposit-based fees to standard one-time fee for service
 - Phase II implementation will include outreach to impacted customers including Building Industry Association (BIA) in the Winter of 2020.

Projected Phase I Fees - Revenue Impact

- Recommending to adjust a variety of fees
- Approving the proposed fee, the overall impact results in a 3.3% increase in revenue

Category	Revenue Based Current Fee	Revenue Based Proposed Fee	\$ Change	% Change
Customer Service Charges *	\$ 200,926	\$ 193,619	\$ (7,307)	-3.6%
Development Services Charges *	\$ 1,454,516	\$ 1,482,582	\$ 28,066	1.9%
Engineering Charges *	\$ 242,680	\$ 246,490	\$ 3,810	1.6%
Finance Charges	\$ 123,670	\$ 127,113	\$ 3,443	2.8%
Maps & Records Charges	\$ 175,286	\$ 175,684	\$ 398	0.2%
Real Property Charges	\$ 706	\$ 963	\$ 257	36.4%
Recycled Water Operations Charges	\$ 5,000	\$ 5,000	\$ -	0.0%
Resource Management Charges	\$ 3,075	\$ 3,498	\$ 423	13.8%
Source Control Special Charges	\$ 1,161,077	\$ 1,205,394	\$ 44,317	3.8%
T-Meter Service Charges	\$ 56,982	\$ 56,882	\$ (100)	-0.2%
Water Operations Charges	\$ 201,384	\$ 249,150	\$ 47,766	23.7%
Total Revenues	\$ 3,625,303	\$ 3,746,376	\$ 121,072	3.3%

*excludes deposits, other phase II and late fees



Phase I Fees by Category

- The District currently has 124 Fees For Service
- The proposed changes will reduce the number of fees to 110

Category	Current No.	Proposed No.	Proposed Changes	
	Fees	Fees	New	Deleted
Administrative Charges	1	1		
Contracts & Purchasing Charges	2	7	5	
Customer Service Charges	11	11		
Development Services Charges	17	10		7
Engineering Charges	9	8	1	2
Finance Charges	4	3		1
Maps & Records Charges	5	5		
Meter Service Charges	7	6		1
Recycled Water Operations Charges	9	7		2
Resource Management Charges	1	1		
Right of Way Charges	2	1		1
Sewer Charges	2	2		
Source Control Special Charges	28	23		5
T-Meter Service Charges	10	9		1
Water Operations Charges	16	16		
Total Fees	124	110	6	20

Proposed New Fees

- Cell Tower fees are for land leases to cell phone providers
- Television (TV) inspection fee are used for sewer line inspections

Rate Code	Description	Current Charge	Proposed Charge as of 1/1/20	\$Change
CP-3	Cell Tower Lease Amendment Charge	N/A	\$2,000.00	NEW
CP-4	Cell Tower Consent Letter for minor improvements (no excavation/plan approval)	N/A	200.00	NEW
CP-5	Cell Tower Consent Letter for major improvements (site excavation/plan approval)	N/A	500.00	NEW
CP-6	Cell Tower Letter of Authorization to commence zoning and permitting	N/A	200.00	NEW
CP-7	Cell Tower Assignment request	N/A	500.00	NEW
ENG-10	TV Inspection Fee - Per Linear Foot	N/A	2.00	NEW

Proposed Eliminated Fees

Propose the elimination of 20 fees which are no longer necessary

Rate Code	Description	Current Charge
CS-31	Damaged Standard Meter – Various inch size meters	\$34.00
CS-46	Testing of a Temporary Meter Service	\$125.00
FIN-9	Convenience Charge for Credit Cards – CSR	\$5.00
NBD-2	Will-Serve (Type 2) Charges	\$51.00
NBD-3	Will-Serve (Type 3) Charges	\$82.00
NBD-4	Fire Flow Hydrant Certification Letters	\$155.00
NBD-52	AD/CFD Segregate Assessment Lien	Varies
NBD-53	AD/CFD Installment Removal Letter – 1st Year	\$75.00
NBD-54	AD/CFD Installment Removal Letter – Each Subsequent Year	\$48.00
NBD-55	AD/CFD Payment Arrangement Letter	\$54.00
ROW-2	Non-Interference Letter	\$55.00
RW-6	Recycled Water Site Survey – Base Charge of \$240 for up to the First Hour	\$52.00
RW-7	Recycled Water Site Survey – Hourly rate of \$62 after the First Hour	\$92.00
SC-12	Additional Manpower (per hour)	\$75.00
SC-4	Cross Connection NonCompliance Enforcement (per hour)	\$75.00
SC-20	Liquid Waste Hauler Manifest Booklet	\$8.50
NWL-6	NWL Out-of-District Inspection Fee (per hour)	\$70.00
NWL-9	NWL Annual Permit Fee – Liquid Waste Hauler (NWL-LWH)	\$392.00
ENG-6	Recycled Water Landscape Plan Check & Inspection Deposit (Commercial & L.M.D.) **	N/A
ENG-9	Recycled Water Landscape Plan Check & Inspection Deposit (Parks, Schools) **	N/A
Total Fees		20

Recommendation

Adopt the Proposed Resolution Amending the EMWD Administrative Code for Incorporating Certain Fees-for-Service in the District's Schedule of Rates, Fees, and Charges.



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