



# Fee For Service – Study and Fee Update

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November 7, 2019

# Agenda

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- 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:

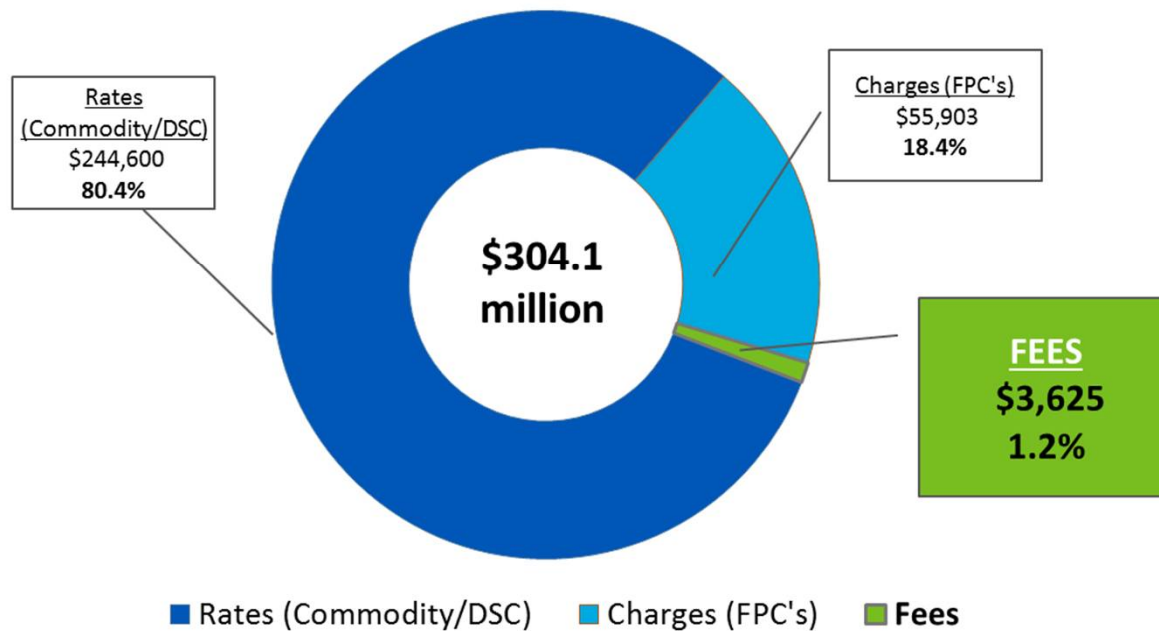
Contract & Purchasing	Resource Management
Customer Service	Right-of-Way
Development Services	Sewer
Engineering Services	Source Control
Field Services	Source Control Special Charges-Non-Reclaimable Waste Line
Finance	Source Control Special Charges-Pumper Discharge
Maps & Records	Standard Drop-In Meter 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 2018-19<sup>1</sup>
- Fees represent 1.2% of these revenues

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



<sup>1</sup> 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

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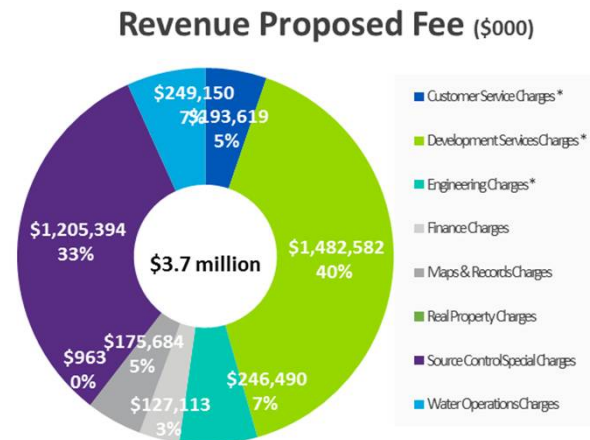
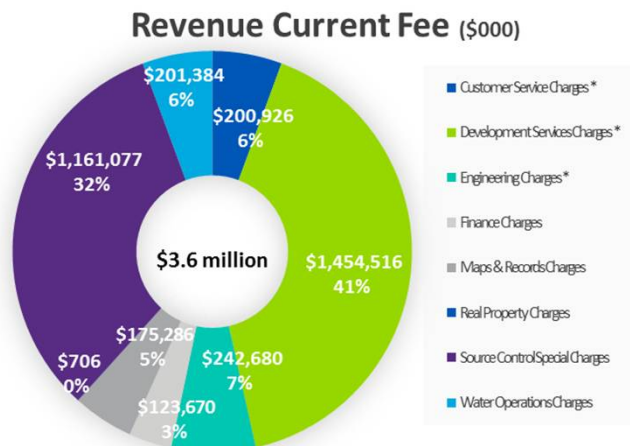
- Fees were categorized into two groups. Staff recommends implementing fee adjustments in two phases:
  - **Phase I – Existing Fee Review and Adjustments**
    - Focus on 124 existing fees
    - Proposing a reduction to 106 fees, effective January 1, 2020
  - **Phase II - Fees involving business process 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%
<b>Total Revenues</b>	<b>\$ 3,625,303</b>	<b>\$ 3,746,376</b>	<b>\$ 121,072</b>	<b>3.3%</b>

\*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 106

Category	Current No.	Proposed No.	Proposed Changes	
	Fees	Fees	New	Deleted
Administrative Charges	1	1		
Contracts & Purchasing Charges	2	3	1	
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		
<b>Total Fees</b>	<b>124</b>	<b>106</b>	<b>2</b>	<b>20</b>





# Proposed New Fees

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- 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
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

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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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