

Olympic Gravity Water System
Funding and Resources White Paper

Final Draft: October 16, 2021

Preface

The City of Port Townsend and the Port Townsend Paper Mill have a partnership history of supplying water to the Quimper Peninsula, City of Port Townsend, and Paper Mill dating back to 1928. The City of Port Townsend (City) and Port Townsend Paper Corporation (PTPC) are in the process of developing a new partnership agreement that will address water supply looking forward to the next 100 years.

Like the development of the Olympic Gravity Water System (OGWS) in the late 1920's, the development of an agreement between the City and PTPC (PTPC) is a significant undertaking with the stakes being high for both parties. As such, the negotiation of a mutually beneficial agreement warrants thoughtful collaboration based on the best data possible.

As a way to ensure good factual data is available for the negotiation, seven technical white papers break down information into manageable segments. In the following specific topic area categories, the City and PTPC have worked together to develop these white papers for potential items to consider during the negotiation of the agreement.

1. Assets: Understanding each entity's assets and capacities that support investment.
2. Stakeholders: The public, private property owners, and many agencies are stakeholders.
3. Planning and Environmental Considerations: Future water supply needs, climate change and water supply availability are important factors to plan for into the future.
4. Operations: Operational requirements, efficiencies and goals, cost, and reliability as well as determining the line between capital and ordinary wear and tear is a major part of any public private partnership agreement.
5. Capital Investments: Capital needs are extensive and need to be informed by a value engineering study for system reliability.
6. Funding and Resources: In order to address operational and capital needs, a plan is necessary to fund system needs ensuring that sustainability is achieved.
7. Legal Considerations: Legal considerations impact the form of the agreement depending on negotiation outcomes. Surety and performance are two key legal discussion points.

The intent of developing these white papers is to provide a resource to inform negotiation and as background for the public and decision makers. All of the white papers will be assembled into a comprehensive technical report in support of the development of a comprehensive recommendation for the Port Townsend City Council and the PTPC Board of Directors.

The following white paper explores various options to support funding needs in order to continue to operate the system as well as invest in capital needs.

Introduction

The intent of the financial white paper is to provide options and analysis to determine what levels of funding are necessary for the term of the agreement as well as how to secure the funding. The financial white paper is informed by all of the other white papers. The analysis contained within this white paper establishes funding levels and methodologies based on the following categories:

1. Historical Cost of Water
2. Cost-of-Water Approach
3. Operating and Capital Costs
4. Financial Stability, Debt Issuance and Surety
5. Grant Funding
6. Water Affordability

Historical Cost of Water

The cost of developing and maintaining the water system has varied throughout the course of the system history. The City and the PTPC do not pay for the source water; however, there is a significant costs to collect and transport the water to the delivery points at the PTPC and the City Water Treatment Facility. Generally, cost of water is determined by the cost to operate the system as well as the cost to invest in infrastructure necessary to deliver the water to the PTPC and the City. These costs can then be annualized and divided by the total amount of water delivered on a yearly basis in order to provide a cost per gallon for water. This section of the white paper estimates the cost of water historically normalized (inflated) to 2021 dollars.

- Operational: Recent operational cost data is provided in the following section. One way to capture historical operational expenses is through the number of FTEs assigned to operating the system.
 - 2017 to Present: PTPC - 3 FTEs, City of PT – 0.5 FTEs. At this level of staffing, the operational cost of water is approximated at \$500,000 per year. These figures do not capture the overhead and assistance of the Paper Mill engineering and depth of support provided by the Mill.
 - Between 1993 and 2016 the City provided 1 FTE for watershed monitoring/coordination purposes as part of the agreed conditions to remain an unfiltered water system. While some of the municipal watershed protection requirements were negated by the construction of water filter treatment, the City still conducts watershed monitoring but on a reduced basis.
- Capital: A number of key investments have been made in the system since it was developed in 1928. The City and the PTPC do not have an exact record of all the investments in the system; however, a table of known data is available in the Capital White Paper. The City is currently paying 54,000 annually to pay down debt improvemetns made to City Lake. The City also dedicates \$55,000 per year to the Olympic Gravity Water system in order to create a reserve. The total present cost of capital is estimated at \$109,000.

Based on the above data, the cost of water consists of operational costs provided by the PTPC and capital costs provided by the City, and is estimated as follows:

Annual Capital Cost (City)	\$	109,000
Annual Operating Cost (PTPC)	\$	500,000
Annual Operating cost (City)	\$	102,000
Total Annual Cost of Water	\$	711,000
Total Average Water Consumption (MG)		4,320
Cost per MG	\$	164.58
Cost per KG	\$	0.16

The cost of water within the last several years illustrates a lack of investment in the system. With looming replacement needs, going forward, the cost of water will need to increase significantly in order to pay for system replacement. This increase in the cost of water will need to make up for lack of savings in the past. The Capital White Paper illustrates the timing of improvements within the next 20 years and beyond.

Cost-of-Water Approach

Looking forward to the financial challenges associated with maintaining and replacing the system over the long term, the City is utilizing a cost-of-water-used approach. The City hired Financial Consulting Solutions Group (FCS GROUP) to calculate a wholesale rate for delivery of water to the City and the PTPC at the point of delivery, which is located at the intersection of Mill Road and South 8th Street. The term ‘wholesale’ is utilized in this analysis to recognize the status of PTPC as a large user whose use of the system is governed by its agreement with the City and distinct from the City’s retail customers. The wholesale delivery location of untreated or raw water for the Mill’s paper production process occurs at at the intersection of Mill Road and South 8th Street. Wholesale water rates are often set using a utility-based ratemaking methodology, which typically may include the three components and factors listed below to ensure sustainable operations of the system. The term wholesale typically means tax exempt based on the resale of water at which time tax is collected. For this particular analysis, the PTPC is an end user and thus some taxes would be applied.

1. Operational costs. The operational costs going forward are estimated in the Operations White Paper at \$817,000 per year in current-year dollars. These costs are expected to increase annually with inflation at a rate of 2.0%.
2. Capital costs. Capital costs for the Olympic Gravity Water System (OGWS) are defined in the Capital White Paper. Capital costs are largely system replacement costs. With the exception of raising of Lords Lake, which is a potential climate change countermeasure, there are not any system expansions planned. Furthermore, the system is not expected to grow in terms of water demand beyond its current capacity. Capital cost inflation is projected to increase annually at 3.2% based on long term historical trends.

- Return on assets (rate base). Recognizing that contract customers typically receive a different level of service than other customers, they might not pay system development charges (SDCs) to buy into the system and are not necessarily exposed to the same risks of ownership as retail customers. The utility-based ratemaking methodology often includes a return on the assets providing service as ‘rent’ payable for use of the assets as a non-owner. However, as shown in this white paper, the system infrastructure assets have a negative value as they are reaching the end of their useful life and replacement of the system is the driving cost factor. Thus, rent for the private partner to use the system is not included in the rate structure. Instead of rent, both parties need to save dollars in a sinking fund to pay for replacement of the system.

Based on these principles, the cost of water is established per thousand gallons of water used on an annual basis. The current average daily water delivery as reported in the Operations White Paper to the City and to the PTPC is 11 mgd and 1 mgd respectively. The total estimate volume of water used on an annual basis is 3,950,000,000 and 370,000,000 gallons by the PTPC and City respectively.

The wholesale rate model assumes that there will be an operating fund and a capital fund to track costs which be the basis for future rate adjustments. Costs for operating and capital are expected to change over time; the revenues will vary based on conservation efforts, operational life of the system components, and inflation. Given this dynamic financial reality, the rate model will need to be adjusted at least every 5 years based on new information.

FCS GROUP developed a financial model which takes into account inflation, interest earnings, costs of operations, capital costs, debt issuance, and taxes, among other factors that capture the entire cost of delivering water. The resulting recommended wholesale rate is provided in the following table. It is recommended that the City factor this rate into the City’s retail rate model to be reflected in the rates to the City’s customers to account for the portion of water the City’s retail rate customer uses. It is also recommended that the PTPC include this rate in their operations budgets to account for water used by the Mill.

The following rates were developed based on the operational costs and the capital replacement costs identified in the Capital White Paper. Note, given the system is not expected to grow in capacity, the capital items associated with growth were removed from the Capital Plan and thus are not included in these rates.

Estimated Cost of Water Analysis (as of October 16, 2021) – Subject to revision

	2022	2023	2024	2025	2026
Rate (\$/1,000 gal)	\$1.05	\$1.08	\$1.12	\$1.15	\$1.19
PTPC Cost	\$3.11 M	\$4.28 M	\$4.41 M	\$4.56 M	\$4.70 M
City Cost	\$0.29 M	\$0.41 M	\$0.41 M	\$0.43 M	\$0.44 M
TOTAL Rev.	\$3.40 M	\$4.69 M	\$4.82 M	\$4.99 M	\$5.14 M

Note: 2022 Estimates are based on 12 months of a year of billing.

Note: The rate analysis is still underway. The above rates are approximate in nature and subject to change.

Emergency Repairs

Emergency repairs are expected to be needed over the course of the next 20 years. Emergency repairs fall between operations and capital based on the strategy deployed to address repair. For example, due to the lost value of being shut down, the PTPC has made several expensive and expedient repairs with the system operational utilizing special clamp systems. As the system continues to age, addressing funding for emergency repairs will be even more important. Emergency repairs typically fall within operations costs. Other emergency repairs are defined as capital by adding value to and extend the life of the system. Finally, some emergency repairs are more costly due to keeping the system operational during fixes. These emergency repairs are made to avoid having to shut the Mill down and avoiding wasted opportunity cost due to lost production. While these are considered long-term fixes similar to a welded repair, they do not materially add to the useful life of the pipeline. The three categories of repair are defined below.

1. The following emergency repairs are considered part of standard O&M to be shared by the parties:
 - Repair bands, welds, and parts replaced due to ordinary wear and tear or accidents.
 - Facility repairs (homes) less than threshold determined for the definition of Capital (\$10,000).
 - Emergency supplies – funding purchasing and storing backup materials.
 - Cost of repairs through contracted services in which competitive bids can be obtained.
 - Any repairs between City Lake and the point of delivery that require the pipeline to be shut down but can be resolved within three days. Three days is the storage capacity of the City reservoir system.
 - Any repairs needed upstream of City Lake that require pipeline shutdown but for which operations can be resumed within 10 days. With conservation measures implemented, the storage capacity of City Lake is sufficient to provide the necessary water supply for 10 days.
2. The following emergency repairs are considered Capital:
 - Repairs with a value of \$10,000 or more, which are expected to extend the life of the infrastructure by 10 years or more.
 - Examples of repairs that qualify as capital include replacement of a section of pipeline such that the section can be connected to in the future without replacement; replacement of a roof at one of the facilities, replacement of valves; repairs of the diversions that will last more than 10 years.
 - Replacement of a cathodic system rectifier.
3. Repairs made for the operational expediency of the PTPC that avoid shutting down the pipeline but requires specialty fittings or procedures that increase the cost of the repair fall outside of the definition of operational repairs or a capital expense. These repairs would be expected to be provided by the PTPC and the incremental extra cost for keeping the pipeline operating during the repair would be the responsibility of PTPC.

Typically, an emergency fund reserve should equal what would be expected in terms of a repair to be made at one time. For the purposes of establishing an emergency fund, a severe break in the 1928 pipe could result in replacement of several sections of pipe and restoration of washout damage. A value of the emergency repair could easily approach \$100,000 or more. Holding this in reserve to ensure that emergencies can be addressed would be considered a reasonable approach given the risk analysis performed in the Capital White Paper. It is recommended that the capital sinking fund include a minimum balance target of \$2,000,000 in order to accommodate emergency repairs and variations in capital improvement costs.

Operating and Capital Funds and Reporting

Presently, the City is depositing \$55,000 per year into the OGWS Capital Fund which helps pay for items that come forward unexpectedly such as the installation of a carrier pipe under the runway at the airport and the value engineering work associated with the agreement negotiation. The current balance of the OGWS fund is \$587,000.

Given that the City's utilities are enterprise funds or self-supporting business units, specific funds are developed to prevent comingling of general taxation dollars and utility revenues. In addition, the development of funds allows managers to track, report, and budget operations separately from capital. Public private partnerships also drive the need to create specific funds to ensure that funds from the private party are tracked and used appropriately. Utilizing accounting procedures along with reporting ensures stability and transparency.

A recommended approach to managing accounting for the OGWS is to track and monitor operating costs while building a sinking fund for capital replacement. The allocation of rate revenues to both operations and capital are established by the rate model. Each year the funds are reconciled against actual costs incurred which allows for adjustments to be made to revenues and costs, typically every 5 years.

Reporting must include the following in order to prepare for audits as well as be available as evidence for debt issuance in the preparation of an official statement. Examples of reporting include the following topics:

Operational Costs

- Labor
- Supplies and equipment
- Utilities
- Leases and permits
- Environmental monitoring
- Security
- Emergency maintenance
- Contracted work
- Operating reserve funding
- Overhead
- Taxes

Capital Costs

- Project Administration
- Engineering
- Overhead
- Construction
- Contingency
- Financing costs
- Taxes

The financial success of a partnership relies upon predictability and continuous review. Predictability is established using 5-year projections that include operations and 20-year capital plans with a periodic review every 5 years. The rate models used to establish rates for a 5-year period accounts for changes in cost, and inflation as well as actual revenue. Changes to the financial program will occur sometimes to the positive as with the case of receipt of grants and other times to the negative such as higher than predicted inflation. Through a partnership of monitoring and working together in tracking costs and changes, a partnership is best suited for success. It is recommended that coordination concerning budgets occur semi-annually for operating fund tracking as well as for capital fund tracking. In addition, when capital projects are undertaken, costs should be tracked and the partners should work together to implement the capital plan. When costs exceed the capital plan's predictions on an aggregate basis, both partners will convene to make amendments necessary to fund the operations and capital programs.

Financial Stability, Debt Issuance and Surety

One of the key negotiating points of any public-private partnership centers around financial stability and surety. The topic of surety takes an increased level of importance once debt is issued and bond ratings are pursued in the market. Funding for both operations and capital requires financial surety in case one party is unable to fulfill their operational and financial obligations under a public private partnership agreement. In particular, funding large capital investments is often challenging. These concepts can be fundamentally at odds between private and public partners based on differing core financial objectives. Public entities have limited capacity to generate large capital sums due to the impact on ratepayers. Cities also look at financial stability throughout system life which can be 100 years or more. Typically, through understanding the condition of assets, a schedule for replacement is established over time to smooth the fiscal impacts. Private entities typically focus on internal rates of return over a shorter period to optimize operations and profitability of the business. This shorter-period analysis helps businesses weather downturns and reinvest in capital/operations. While financial objectives vary, these differences can be addressed through the agreement. The following are considerations concerning financial stability and surety:

- Financial stability with respect to operations of the system as it exists today should the PTPC leave the arrangement is discussed in the Assets White Paper. The likely outcome would be for the City to temporarily discontinue operation of the Big Quilcene diversion and 10.3 miles of the pipeline upstream of Lords Lake without having a partner to mitigate operational costs.

- Utilizing a sinking fund approach for Capital Replacement is anticipated in addition to funding some near-term infrastructure replacement with debt issuance. The 20-year capital replacement estimate is \$43 million as identified in the Capital White Paper. The more funds that can be saved ahead of capital expenditures lowers the amount of debt that must be issued. The disadvantage of a sinking fund approach is that interest on reserves in a public investment environment are typically 2-3% lower than the cost of borrowing. However, absent a sinking fund approach, large sums of funding would need to be raised through public and or private debt. Based on discussions with PTPC, it is understood that issuance of private debt is not a likely option.
- Issuance of large municipal debt must consider several factors. First, the City will need to demonstrate on an annual basis sufficient net operating income to pay debt service. This is in the form of a debt service coverage ratio which is calculated by taking net operating income and dividing it by the debt service. Bond covenants typically have a minimum senior-lien debt service coverage ratio of 1.25. Higher projected debt service coverage ratios can lead to improved bond ratings and lower interest rates. S&P's rating methodology's maximum score for the all-in (senior-lien and junior-lien) coverage ratio factor starts at a minimum of 1.60. Second, given the City's reliance on a single large private partner to contribute a large portion of the system's revenue, a method of surety is necessary to cover payments should the private partner cease to operate. Historically, a reserve account or fund equivalent to one year's debt service has been necessary. Additionally, a bankruptcy proof letter of credit, or provision of other assets as collateral may be needed. Examples of other security include liquidated damage provisions in the contract, a surety bond, insurance, or posting securities or pledging property. A combination of different security is possible. The City will need to demonstrate how it will pay for operations and debt service, through a combination of revenues, reserves, letters of credit, and retail rate increases under a worst-case scenario where PTPC ceases using water. Given the potential size of the borrowing, the ability to issue bonds will rely upon the letter of credit or other cash security deposit provided by the PTPC. If the PTPC cannot provide surety, then a fully funded sinking approach without issuing debt must be used.

When municipal debt is issued and a large portion of the debt goes toward support of a private entity, the debt may be required to be issued as a taxable bond. In order for bonds to qualify as tax-exempt bonds, there are a number of IRS rules that qualify the City under Safe Harbor. These provisions are further detailed in the References through a memo from Foster Garvey entitled "Safe Harbor Conditions for Qualified Management or Service Contracts Under Requirements for IRS Rev. Proc. 2017-13". Based on the current rules, a contract between a municipality and a private party for water services must meet the exceptions for "private use" in order for the municipality to issue bonds with the interest of which is tax exempt. A contract does not qualify for an exception if the private party is required to continue to purchase water even if it as not need for that water. If the private party does not have a requirement for water, the contract may contain "reasonable" liquidated damage provisions. It is in the interest of all parties to work with the City's bond counsel to determine if the contract can be structured to maintain the ability to issue tax exempt debt.

- The State Public Works Trust Fund and the Drinking Water State Revolving Fund programs may provide alternative funding sources to municipal bonds with low interest loans.

Grant Funding

Grant funds from State and Federal sources may be available to assist in addressing capital needs for the system. Grant resources are competitive and dependent on congressional or legislative funding and thus are highly unpredictable and cannot be accurately programmed into a capital plan. Any grants received help lower the burden of capital investment. Typically, grant resources are not available for replacement of systems; however, as a critical water supply, there is an opportunity to secure grants for pre-disaster mitigation based on impacts to the community. The following grant resources may be available:

- FEMA Grants are usually issued to help protect against disasters such as earthquakes. These grants usually come in the form of pre-disaster mitigation grants which may allow funding to be applied to projects like the Lords Lake Dam stabilization.
- Direct State and Federal Appropriations may be available during times of stimulus or economic recovery when the Federal Government provides additional infrastructure funding. Such appropriations tend to be on the order of less than \$2.5 million.
- A portion of the steel pipe replacement falls in a location that could be made more affordable through grants in conjunction with the development of the develop Olympic Discovery Trail Grants (Anderson Lake to City Lake).
- Funding associated with Salmon Recovery may also be a source of grant funding that has a benefit to fish or is related the economic impacts on communities resulting from the decline of timber and fisheries industries.
- Climate Change Grants are anticipated in the future both to reduce CO₂ emissions and to address adaptation needs resulting from climate change. Water supply storage and conservation projects are likely candidates.
- The Economic Development Administration provides funding to economically disadvantaged communities and has lately focused on economic resiliency connected with natural disasters.
- The Environmental Protection Agency provides funding associated with drinking water supply systems. Generally, funding is also administered through the State Department of Health in the form of loans through the Drinking Water State Revolving fund; however, grants are also authorized through the EPA at times.

Water Affordability

Presently the City is paying down debt for the City Lake outlet replacement project, the 5 MG reservoir and the water treatment plant. The debt service is \$1.2 million annually. The City has a capital surcharge of \$22 per month inside the City and \$26.40 for customers outside the City, which covers the debt service for the water treatment facility and other water service capital projects.

The City's retail water rates are developed with a utility rate model and adopted by the City Council. The City is required to operate the water utility as an enterprise fund meaning that the City must collect the revenue required to operate the system in accordance with the Water System Plan adopted in 2019. At the same time, water systems and the communities they serve are faced with difficult decisions balancing the cost of providing water service with utility rates that are affordable to those who are served. Thus, governing bodies consider affordability impacts of the water rates along with other utilities and taxes when making decisions. It is critical that systems are operated to meet regulatory requirements as well as debt service obligations such that water systems remain sustainable enterprises, and that the fiscal stress on low-income households is kept from becoming overwhelming.

The City's average combined water, wastewater, and stormwater utility rate for single family residential is approximately \$146 per month.

The US Environmental Protection Agency oversees water utilities at the Federal level. The US EPA has developed a method for evaluating the household burden of utility rates associated with water utilities. The framework for measuring household affordability and financial capability include:

1. The Household Burden Indicator (HBI), defined as basic water service costs (includes water, wastewater, and stormwater combined) as a percent of the 20th percentile household income (i.e., the Lowest Quintile of Income (LQI) for the Service Area); plus
2. The Poverty Prevalence Indicator (PPI), defined as the percentage of community households at or below 200% of Federal Poverty Level (FPL).

It is recommended that household affordability for the community be deemed high burden if total basic water costs are a relatively high percentage of household income for the LQI household, and a relatively large proportion of the community households are economically challenged (i.e., the upper left portion of the matrix). However, if less than 20% of households are below 200% of FPL, then the community as a whole may be relatively affluent such that relatively high total water costs may not create a high burden for the community, even if water costs are a relatively high percentage of LQI (although there are still probably households that will struggle). The matrix approach also reflects that water services may be highly burdensome and unaffordable if a large proportion of the community's households are below twice the FPL, even if water bills are a relatively low percent of LQI (the lower left portion of the matrix).

HBI - Water Costs as a Percent of Income at LQI	PPI - Percent of Households Below 200% of FPL		
	>=35%	20% to 35%	<20%
>=10%	Very High Burden	High Burden	Moderate-High Burden
7% to 10%	High Burden	Moderate-High Burden	Moderate-Low Burden
< 7%	Moderate-High Burden	Moderate-Low Burden	Low Burden

US Environmental Protection Agency

The number of households in the City of Port Townsend below 200% of the FPL is 2,248. As a percentage of the total number of households, this equates to 29.5%.

The City’s LQI (98368 zip code) for five years ending in 2019 was \$15,201. and the average water rate (includes water, wastewater, and stormwater) for a single family residential is \$146 per month or \$1752 per year. Thus, with 29.5% of the households having an income less than 200% of the Federal Poverty Level and with water costs at 11% LQI average, the City’s current status for household burden indicator is considered a “High Burden.”

Additional rate burden due to the addition of funding the needs of the OGWS will push the rate burden even higher. However, delay in funding the system only creates a larger rate impact for the future. As time passes, the future rate impact will grow significantly.

References

- City Current 2021 Utility Rates
- Memo from Foster Garvey entitled “Safe Harbor Conditions for Qualified Management or Service Contracts Under Requirements for IRS Rev. Proc. 2017-13”
- Memo from Foster Garvey entitled “Output Facility Regulations”

City Utility Rates

WATER – MONTHLY FEES					
BASE RATE - (Residential and Commercial)			USAGE FEE - Charge is per 1,000 gallons		
Meter Size	Inside City	Outside City	Type of Account	Inside City	Outside City
5/8" to 3/4" (Low Income)	\$10.71	\$12.85	Low Income Residential	\$3.03	\$3.64
5/8" to 3/4"	\$21.42	\$25.70	Residential (including duplexes)	\$3.03	\$3.64
1"	\$53.58	\$64.30	Multi-Family (3 or more units)	\$2.35	\$2.82
1 1/2"	\$107.14	\$128.57	Commercial A Meter ≤ 2"	\$3.49	\$4.19
2"	\$171.43	\$205.72	Commercial B Meter ≥ 3"	\$5.24	\$6.29
3"	\$321.42	\$385.70	Government	\$4.54	\$5.45
4"	\$535.70	\$642.84	Irrigation Rates:		
6"	\$1,071.41	\$1,285.69	Winter Rate (Nov – April)	\$3.63	\$4.36
8"	\$1,714.25	\$2,057.10	Summer Rate (May – Oct)	\$6.37	\$7.64
WASTEWATER – MONTHLY FEES FOR INSIDE CITY LIMITS ONLY					
BASE RATE (Multi-Family & Commercial)		USAGE FEE			
Meter Size	Inside City	Type of Account	Inside City		
5/8" to 3/4" (Low Income)	N/A	Low Income Residential	\$ 17.96 (≤ 3,000 gallons water usage) \$ 22.20 (> 3,000 gallons water usage)		
5/8" to 3/4"	\$ 31.83	Residential (Including Duplexes)	\$ 35.91 (≤ 3,000 gallons water usage) \$ 44.40 (≥ 4,000 gallons water usage)		
1"	\$ 47.74	Multi-Family & Commercial volume charges are based on 1,000 Gallons			
1 1/2"	\$ 79.57	Multi-Family (3 or more units)	\$ 3.66		
2"	\$122.00	Commercial A Meter ≤ 2"	\$ 4.93		
3"	\$445.58	Commercial B Meter ≥ 3"	\$ 3.24		
4"	\$498.62	Government	\$ 4.83		
6"	\$742.63	Irrigation – Winter (Nov - April)	N/A		
8"	\$1,018.46	Irrigation – Summer (May – Oct)	N/A		
STORM FEE PER MONTH					
≤ 3,000 square feet	\$8.33 per month (Low Income Rate, \$4.16 per month)				
> 3,000 square feet	Your square footage, divided by 3,000 = N; \$8.33 x N = storm charge per month.				
TAXES AND SURCHARGES					
Capital Surcharges:					
Water (Inside City)	\$22.00	Monthly fee (Low Income Rate is \$11.00).			
Water (Outside City)	\$26.40	Monthly fee (Low Income Rate is \$13.20).			
Wastewater	\$9.00	Monthly fee (Low Income Rate is \$4.50).			
Stormwater	\$6.00	Monthly fee (Low Income Rate is \$3.00)			
City Utility Tax	22%	Assessed monthly on utility service rates only, not surcharges.			
MISCELLANEOUS					
Late Fee	\$5.00	Minimum monthly penalty or 1 1/2% of the outstanding balance (whichever is greater) for payments not received by the due date.			
Meter Testing	\$60.00	If test discloses an error of 10% or greater the fee will be refunded.			
New Account Setup	\$10.00	A one-time, non-refundable fee for each new account setup.			
Returned Checks	\$15.00	For processing any non-negotiable checks.			
Turn-On/Turn-Off Fees	Inside City	Outside City	Comments		
Normal Business Hours	\$20.00	\$25.00	Service call between the hours of 8:00am – 3:30pm		
Business Day- After Hours	\$60.00	\$75.00	Service call between the hours of 3:30pm – 8:00am		
Same Day Reconnect	\$60.00	\$75.00	Service call between the hours of 8:00am – 3:30pm. Shut off due to non-payment requires a turn-on request <i>prior</i> to 2:00pm for same day service		
Meter Reading	\$20.00	\$30.00	Leak checks or reads outside of the normal monthly reading period		