



BOARD AGENDA STAFF REPORT

Meeting Date: March 25, 2020

- Public Hearing
- Discussion Item
- Consent Item
- Closed Session

TO: GOVERNING BOARD MEMBERS

FROM: GENERAL MANAGER/CEO

SUBJECT: INCREASE TIER ONE WATER ALLOCATION FOR RESIDENTIAL CUSTOMER BILLING

RECOMMENDATION:

Staff recommends that the Board of Directors (Board) adopt Resolution No 2020-06, temporarily increasing the per-capita water usage baseline for indoor use from 60 gallons to 75 gallons per person, per day.

DISCUSSION:

As this community’s water provider, the District strives to provide world class public service. In 2015, the Board recognized the importance of prioritizing water use for healthy and safety purposes such as drinking, cooking, and cleaning through the implementation of budget-based rates. This personalized rate structure allows the District to project water use based on the unique circumstances of each household in the following manner:

- Tier 1, Indoor use is charged at the lowest rate and is based on the estimated number of occupants in the home and the days of the billing cycle.
- Tier 2, Efficient Outdoor use is charged at a slightly higher rate. This tier budget changes with the weather, increasing during warmer months and decreasing with cooler months to encourage irrigating landscaping efficiently.
- Tier 3 is water used above your monthly budget from Tiers 1 and 2 and is considered inefficient water use. This Tier is charged at the highest rate with revenue used to implement district-wide water efficiency projects including water conservation incentives and system efficiencies.

The amount of water allocated to residential customers for indoor needs (indoor water budget) is determined based on two variable factors, the number of occupants in the dwelling unit and number of days in the billing period, and on a fixed factor of 60 gallons per capita (person) per day (GPCD).

AGENDA DATE: MARCH 25, 2020

SUBJECT:

While the 60 GPCD number above is reasonable under normal circumstances, the Stay-At-Home order (Executive Order N-33-20) issued by California's Governor last Thursday in response to the Coronavirus pandemic has changed how people use water for indoor health reasons. Residents have been advised to wash their hands as often as possible and are most likely using more water to wash linens and keep surfaces clean. Further, many adults are spending more time at home due to work stoppages and business closures, and dependent children unable to attend classes are taking classes online or being cared for at home. It is reasonable to estimate that District residents are using up to 25% more water for indoor purposes while complying with the Governor's Executive Order. The additional water usage described above is clearly for indoor health and safety needs but within the current structure would likely be billed at Tier 2 or Tier 3 pricing. This can be addressed by temporarily expanding residential customer indoor water budgets, which can be accomplished by changing the 60 gallons per capita per day (GPCD) usage baseline in the billing system, to 75 GPCD.

Staff recommends that the Board adopt Resolution 2020-06 which will increase residential indoor water budgets, and therefore minimize the cost of additional water used by ratepayers while complying with the Governors' Executive Order N-33-20. Changes proposed in the Resolution will remain in effect until the Governor's Executive Order is lifted, but the effective period will not be shorter than 30 days, or longer than 90 days.

AGENCY GOALS AND OBJECTIVES:

Goal and Objectives III – Deliver Public Service with Purpose While Embracing Continuous Growth

b) – Strive to Provide World Class Customer Relations

REVIEW BY OTHERS:

This agenda item has been reviewed by the Administration Department and Legal Counsel.

FISCAL IMPACT:

Staff estimates that approximately 18,000 residential customers are using additional water while complying with Executive Order N-33-20. Temporarily expanding residential Tier 1 budgets to provide relief while the Stay at Home Order is in effect will provide up to \$45,000 per month savings to District residential customers.

AGENDA DATE: MARCH 25, 2020

SUBJECT:

Recommended by:

Respectfully submitted:

John Mura
General Manager/CEO

Brian Tompkins
Chief Financial Officer

ATTACHMENTS:

RESOLUTION 2020.06

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST VALLEY WATER DISTRICT
AUTHORIZING THE TEMPORARY INCREASE PER PERSON WATER USAGE TO
CALCULATE RESIDENTIAL WATER BILLS**

WHEREAS, East Valley Water District (District) is a county water district which provides municipal water service to residents within its jurisdiction; and

WHEREAS, pursuant to Ordinance 397, residential water rates are calculated based upon water consumption utilizing a tiered rate methodology and allocating a baseline water consumption of 60 gallons per person per day, for tier 1 indoor use; and

WHEREAS, on March 4, 2020, the governor of the State of California proclaimed a state of emergency to exist in California as a result of the threat of COVID – 19; and

WHEREAS, as a result of the rapid spread of COVID-19 and to preserve the public health and safety throughout the State of California, on March 19, 2020 the governor of California issued Executive Order N – 33 – 20 which, among other things, adopted the order of the State Public Health Officer, March 19, 2020 which ordered all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of critical infrastructure (Stay Home Order); and

WHEREAS, local compliance with the Stay Home Order by District residential ratepayers has resulted in an increase in the usage of tier 1 water for indoor residential use, thereby pushing usage into tiers two and three resulting in increased water bills and penalizing residential ratepayers who are complying with the Stay Home Order; and

WHEREAS, the Board of Directors recognizes that the increased water costs come at a time when many residential ratepayers are experiencing a loss of income as a result of the COVID –19 state of emergency; and

WHEREAS, the Board of Directors wishes to assist District residential ratepayers by reducing rates to the extent possible and prudent, while the Stay Home Order is in effect.

NOW THEREFORE IT IS HEREBY RESOLVED:

1. For the purpose of calculating residential water usage rates, the per capita water usage baseline for tier 1 residential water usage shall be increased from 60 gallons per day to 75 gallons per day, per person (Adjusted Baseline).
2. The Adjusted Baseline shall remain in effect so long as the California Governor’s executive order N-33-20 remains in effect, but no less than 30 days nor more than 90 days from implementation of the Adjusted Baseline.

ADOPTED this 25th day of March 2020.

Ayes:
Noes:
Absent:
Abstain:

David E. Smith,
Board President

March 25, 2020

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution 2020.06 adopted by the Board of Directors of East Valley Water District at its Regular Meeting held March 25, 2020.

ATTEST:

John Mura,
Board Secretary