



# STAFF REPORT

## COMMUNITY SERVICES & WATER DEPARTMENT

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**DATE:** September 27, 2011

**TO:** Honorable Mayor and City Council

**FROM:** Samuel Kevin Wilson, Director of Community Services & Water

**RE:** Water Rate Increase Recommendation

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### Potable Water Rates

In 1995 the City of Vernon (City) retained Donald R. Howard Consulting Engineers, Inc. (Howard Study) to prepare a cost of service and rate design study for the City of Vernon Water Department. The rate design principles established in the Howard Study have been utilized to develop the proposed rate increase.

### Background

The City last increased its water rates on January 1, 2011. Since that time, the cost to produce water has increased significantly. A vast majority of the water the City distributes is extracted from groundwater supplies using production wells to facilitate this process. The City is required to pay the Water Replenishment District (WRD) a Replenishment Assessment (RA) of \$244.00 for every acre-foot of groundwater produced. The WRD uses the revenues derived from the RA to purchase water that is used to replenish groundwater supplies in the Central Water Basin. However, recent environmental court rulings along with persistent drought conditions have greatly curtailed WRD's ability to secure replenishment water. As a result, WRD has been unable to purchase replenishment water from Metropolitan Water District (MWD) since May of 2007. This has forced WRD to secure replenishment water at exceedingly high costs. These costs have been passed on to local purveyors by way of rate increases of 59.47-percent in just three years. This year's rate increase is 19.0 percent. Table No. 1 illustrates the cost escalation:

**Table No. 1**

<b>Date of Increase</b>	<b>WRD Replenishment Fee Per Acre-Foot</b>
Prior to July 1, 2009	\$153.00
July 1, 2009	\$181.85
July 1, 2010	\$205.00
July 1, 2011	\$244.00
	<b>Total Increase: 59.47-Percent</b>

Environmental court rulings coupled with drought conditions have greatly reduced the surface water supplies available from the State Water Project. This has limited MWD's ability to deliver water to its member agencies and has resulted in an escalation of surface water costs. The cost MWD charges for

an acre-foot of water have increased by nearly 44.09-percent in a two and a half year period. Table No. 2 illustrates the cost increases:

**Table No. 2**

<b>Date of Increase-Potable Water</b>	<b>Cost Per Acre-Foot</b>
Prior to July 1, 2009	\$635.00
July 1, 2009	\$653.00
September 1, 2009	\$781.00
January 1, 2010	\$791.00
July 1, 2010	\$805.00
January 1, 2011	\$855.00
July 1, 2011	\$859.00
January 1, 2012	\$915.00
	<b>Total Increase: 44.09-Percent</b>

It is estimated that the City will use approximately 7,900 acre-feet of water for the 2011-2012 fiscal year. Of this, approximately 6,900 acre-feet will be extracted utilizing the City’s adjudicated water rights. The remaining 1,000 acre feet will be purchased from CBMWD. There has been a significant reduction in water sales due to conservation measures enacted by the City in 2009, and a continued decline in economic activity in the City. In fiscal year 2007-2008, the City distributed 10,912 acre-feet of water by way of a combination of pumped and purchased water. This equates to a 28.0 percent reduction in water use over a four year period.

The City’s water rates are split into three components: a meter charge; a commodity charge, and; a square footage charge. The Howard Study determined how the Water Department’s costs should be split among the three charges to accurately capture costs. Each expense account is split into a fire related cost, a commodity labor cost, and a commodity non-labor cost. The commodity rate is based on providing revenue to cover 100-percent of the commodity non-labor costs and 50-percent of the commodity labor costs. The meter charges are set so that revenues collected will equal the remaining 50-percent of the commodity related labor expenses. Finally, the square footage revenues should cover 100-percent of the fire related expenses.

Based on the proposed 2011-2012 fiscal year budget, the water rates should be adjusted. This budget includes a projected need of \$660,000 in capital improvements during the course of the year. The Water Department prefers to fund its small capital projects on a pay as you go formula, as opposed to bonding for the funds and incurring additional interest and administrative costs.

**Proposed Rates**

The Water Department is estimating that water rates will need to be adjusted based on the proposed budget. The current and proposed rate for potable water is illustrated in Table Nos. 3 and 4. The majority of the water rate increase is driven by the increase in water costs to the City. The reduction in the square foot rate is a result of the City’s continued effort to reduce its fixed costs. Appendix “1” attached hereto provides the budget breakdown and Appendix “2” attached hereto contains the rate calculations.

**Table No. 3**

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Percent Difference</b>
Commodity Rate	\$1.280	\$1.496	16.8-Percent Increase
Square Footage Rate	\$0.0031	\$0.00274	11.6-Percent Decrease

**Table No. 4 – Meter Charge**

Meter Size	Current Rate	Proposed Rate	Percent Difference
5/8"	\$6.610	\$6.485	-1.9
3/4"	\$9.910	\$9.727	-1.9
1"	\$16.520	\$16.212	-1.9
1.5"	\$33.050	\$32.425	-1.9
2.0"	\$52.880	\$51.879	-1.9
3.0"	\$99.150	\$97.274	-1.9
4.0"	\$165.250	\$162.123	-1.9
6.0"	\$330.500	\$324.247	-1.9
8.0"	\$528.800	\$518.795	-1.9

**Rate Comparison**

The City of Vernon performed a cost comparison study to ascertain how Vernon’s current and proposed potable rate structure compares with that of neighboring cities. Two manufacturing operations in the City were used in the study. The results of the study, illustrated in Table No. 5, demonstrate that Vernon’s proposed rate structure remains exceedingly low when compared to neighboring cities:

**Table No. 5**

Agency/Company	Business	Cost Per HCF	Monthly Water Consumption in HCF/Units	Average Monthly Cost	Average Annual Cost
City of Vernon (Current)	Business “A”	\$1.280	37,000	\$47,360.00	\$568,320.00
City of Vernon (Proposed)	Business “A”	\$1.496	37,000	\$55,352.00	\$664,224.00
City of Industry-La Puente	Business “A”	\$1.62	37,000	\$59,940.00	\$719,280.00
City of Vernon (Proposed with SF)	Business “A”	\$1.91	37,000	\$70,670.00	\$848,040.00
<b>City of Industry-Rowland</b>	Business “A”	\$2.26	37,000	\$83,620.00	\$1,003,440.00
Carson-Cal Water Service	Business “A”	\$2.86	37,000	\$105,820.00	\$1,269,840.00
Carson-Golden State	Business “A”	\$2.96	37,000	\$109,520.00	\$1,314,240.00
City of Santa Fe Springs-Golden State	Business “A”	\$2.96	37,000	\$109,520.00	\$1,314,240.00
City of Commerce-Cal Water Service	Business “A”	\$2.99	37,000	\$110,630.00	\$1,327,560.00
City of Santa Fe Springs	Business “A”	\$3.50	37,000	\$129,500.00	\$1,554,000.00
LADWP	Business “A”	\$3.78	37,000	\$139,860.00	\$1,678,320.00
City of Vernon (Current)	Business “B”	\$1.280	9,500	\$12,160.00	\$145,920.00
City of Vernon (Proposed)	Business “B”	\$1.496	9,500	\$14,212.00	\$170,544.00
City of Industry-La Puente	Business “B”	\$1.62	9,500	\$15,390.00	\$184,680.00
City of Vernon (Proposed with SF )	Business “B”	\$1.91	9,500	\$18,145.00	\$217,740.00
City of Industry-Rowland	Business “B”	\$2.26	9,500	\$21,470.00	\$257,640.00
Carson-Cal Water Service	Business “B”	\$2.86	9,500	\$27,170.00	\$326,040.00
City of Santa Fe Springs-Golden State	Business “B”	\$2.96	9,500	\$28,120.00	\$337,440.00

Agency/Company	Business	Cost Per HCF	Monthly Water Consumption in HCF/Units	Average Monthly Cost	Average Annual Cost
Carson-Golden State	Business "B"	\$2.96	9,500	\$28,120.00	\$337,440.00
City of Commerce-Cal Water Service	Business "B"	\$2.99	9,500	\$28,405.00	\$340,860.00
City of Santa Fe Springs	Business "B"	\$3.50	9,500	\$33,250.00	\$399,000.00
LADWP	Business "B"	\$3.78	9,500	\$35,910.00	\$430,920.00

A vast majority of water agencies do not have a square footage charge. For comparison purposes the square footage rate could be converted into a commodity rate by dividing the cost assigned to the square footage charge and dividing it by the units of water sold. By making this calculation the square footage rate would equate to a commodity rate of \$0.4146/HCF. Adding that to the proposed commodity rate of \$1.496 equates to a net equivalent rate of \$1.91/HCF. Table No. 6 illustrates a comparison of this equivalent rate with water purveyors in close proximity to the City of Vernon:

**Table No. 6**

Agency Name	Cost Per HCF
City of Industry - La Puente Valley County Water District	\$1.62
City of Vernon (Proposed with SF)	\$1.91
Maywood Mutual No. 3	\$2.10
City of Industry – Rowland Water District	\$2.26
City of Long Beach Tier II Rate	\$2.43
City of Pasadena Block 2 Rate	\$2.64
City of Carson – Golden State Water Company	\$2.96
California Water Service-Commerce	\$2.99
City of Glendale	\$3.04
City of Santa Fe Springs	\$3.50

**Recycled Water Rates**

The Central Basin Municipal Water District (CBMWD) has constructed a backbone recycled water distribution system in the southeast area of Los Angeles County. This system provides recycled water to the City of Vernon. CBMWD has established certain water rates for its retail customers; one for the Malburg Generating Station, and another for all other customers. Similarly, the City’s retail rate is also made up of two rates.

Table No. 6 illustrates CBMWD’s water rate increases commencing on July 1, 2011.

**Table No. 6 – CBMWD Recycled Water Rates**

<b>Volume in Acre Feet</b>	<b>CBMWD Service Area Rate Prior to July 1, 2011</b>	<b>CBMWD Service Area Rate Effective July 1, 2011</b>	<b>Percent Increase</b>	<b>Malburg Generating Station Rate Prior to July 1, 2011</b>	<b>Malburg Generating Station Rate Effective July 1, 2011</b>	<b>Percent Increase</b>
0-25	506	536	6.0	357	368	3.0
25-50	506	536	6.0	332	342	3.0
50-100	460	488	6.0	308	317	3.0
100+	460	488	6.0	283	291	3.0

The City has entered into an agreement with CBMWD for the purchase of recycled water for the Malburg Generating Station. This agreement sets forth the cost of recycled water to the City for this project and limits annual rate increases to 3%. The City however, is responsible for all electrical costs for the booster plant serving the Vernon area. The City paid for the construction of the pipeline extension. The parties agreed that the City will get a capital credit over time to repay the City for its initial expenditure on the pipeline. The capital credit of \$200.00 per acre-foot was subtracted from the water cost in order to determine the Malburg Generating Station rate.

The recycled rates were developed based on a composite of the cost of water, estimated water sales, administrative costs, the capital credit, and supplies. The proposed recycled water rates are reflected in Table No. 7. The calculation of the recycled water rate is contained in Appendix “3.”

**Table No. 7**

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Percent Difference</b>
Recycled-CBMWD Service Area	\$1.433	\$1.381	3.6-Percent Decrease
Recycled-Malburg Generating Station	\$0.488	\$0.434	11.1-Percent Decrease

**Recommendation**

It is my recommendation that the City Council authorize staff to hold a public workshop in order to discuss the proposed potable and recycle water rates. At the conclusion of the public workshop, the matter will be scheduled for a Public Hearing and adoption by City Council in accordance with the provisions of Proposition 218. Thank you.

SKW/sr  
Enclosures

Appendix "1"

City of Vernon Water Department Projected Fire and Commodity Related Costs

Acct No.	Section	Requested Budget	Fire Related Costs	Commodity : Labor	Commodity: Non Labor
Salaries					
501010	Regular	\$996,017.00	\$366,534.26	\$629,482.74	0
501010	Salaries Accrued credit	\$0.00	\$0.00	\$0.00	0
501012	Premiums	\$145,543.00	\$53,559.82	\$91,983.18	0
501016	Comp. Absent earned	\$0.00	\$0.00	\$0.00	0
501020	Overtime	\$33,901.00	\$12,475.57	\$21,425.43	0
	<b>Sub Total</b>	<b>\$1,175,461.00</b>	<b>\$432,569.65</b>	<b>\$742,891.35</b>	<b>0</b>
502020	Retirement	\$191,871.00	\$70,608.53	\$121,262.47	0
502030	Group Insurance	\$163,406.00	\$60,133.41	\$103,272.59	0
502060	Medicare	\$17,044.00	\$6,272.19	\$10,771.81	0
502070	Unemployment	\$0	\$0.00	\$0.00	\$0
502096	Post employment	\$0	\$0.00	\$0.00	\$0
	<b>Sub Total</b>	<b>\$372,321.00</b>	<b>\$137,014.13</b>	<b>\$235,306.87</b>	<b>\$0.00</b>
530040	Depreciation	\$0.00	\$0.00	\$0.00	\$0.00
	<b>Sub Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
500110	Pumped Water	\$1,683,600.00	0	0	\$1,683,600.00
500130	Purchased Water	\$887,000.00	0	0	\$887,000.00
500140	Water Treatment	\$35,000.00	\$12,880.00	0	\$22,120.00
503035	Property Insurance	\$27,600.00	\$10,156.80	\$0.00	\$17,443.20

**Appendix "1"**  
**City of Vernon Water Department Projected Fire and Commodity Related Costs**

520000	Department Supplies	\$190,000.00	\$69,920.00	\$120,080.00	0
530010	In-Lieu-Tax	\$0.00	\$0.00	0	\$0.00
530030	Uncollectibles	\$3,000.00	\$1,500.00		\$1,500.00
540000	Uniforms	\$5,700.00	\$2,850.00	0	\$2,850.00
550000	Advertising	\$7,500.00	\$3,750.00	0	\$3,750.00
560000	Utilities	\$830,000.00	0	0	\$830,000.00
560000	Utilities IT	\$5,600.00	0	0	\$5,600.00
570000	Vehicle Expense	\$125,000.00	\$62,500.00	0	\$62,500.00
590000	Repair and Maintenance	\$25,000.00	\$9,200.00	0	\$15,800.00
590110	Repair and Maintenance IT	\$34,000.00	\$12,512.00	0	\$21,488.00
593200	Professional Serv. Legal	\$50,000.00	\$18,400.00	0	\$31,600.00
594200	Professional Serv. Admin	\$0.00	\$0.00	0	\$0.00
595200	Professional Serv. Tech	\$60,000.00	\$22,080.00	0	\$37,920.00
596200	Professional Serv. Other	\$65,000.00	\$23,920.00	0	\$41,080.00
596500	Travel	\$2,000.00	\$1,000.00	0	\$1,000.00
596550	Memberships	\$35,000.00	\$17,500.00	0	\$17,500.00
596600	Publications	\$5,000.00	\$2,500.00	0	\$2,500.00
596700	Training	\$10,000.00	\$5,000.00	0	\$5,000.00

**Appendix "1"**

**City of Vernon Water Department Projected Fire and Commodity Related Costs**

598800	Admin Expense Transfer	\$570,000.00	\$209,760.00	\$360,240.00	0
	<b>Sub Total</b>	<b>\$4,656,000.00</b>	<b>\$485,428.80</b>	<b>\$480,320.00</b>	<b>\$3,690,251.20</b>
	<b>Total w/o capital</b>	<b>\$6,203,782.00</b>	<b>\$1,055,012.58</b>	<b>\$1,458,518.22</b>	<b>\$3,690,251.20</b>
840000	Equip. Automobile	\$0.00	\$0.00	\$0.00	\$0.00
850000	Equip. Non-Automobile	\$0.00	\$0.00	0	\$0.00
	<b>Sub Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>0</b>	<b>\$0.00</b>
900000	Capital Projects	\$660,000.00	\$330,000.00	0	\$330,000.00
	<b>Sub Total</b>	<b>\$660,000.00</b>	<b>\$330,000.00</b>	<b>\$0.00</b>	<b>\$330,000.00</b>
<b>Acct No.</b>	<b>Section</b>	<b>Requested Budget</b>	<b>Fire Related Costs</b>	<b>Commodity : Labor</b>	<b>Commodity: Non Labor</b>
	<b>Total</b>	<b>Total % of Budget in \$</b>	<b>Total % of Budget in \$</b>	<b>Total % of Budget in \$</b>	<b>Total % of Budget in \$</b>
	<b>Total with Capital</b>	<b>\$6,863,782.00</b>	<b>\$1,385,012.58</b>	<b>\$1,458,518.22</b>	<b>\$4,020,251.20</b>

**Appendix "2"**  
**Potable Water Rate Calculation**

Calculation of City of Vernon Water Rates

Service Charge Calculation

Meter Size	Number of Meters	Capacity Factor (X)	Number of Meters X Capacity Factor
5/8"	27	1	27
3/4"	37	1.5	55.5
1"	254	2.5	635
1.5"	174	5	870
2.0"	531	8	4248
3.0"	52	15	780
4.0"	58	25	1450
6.0"	24	50	1200
8.0"	1	80	80
Total	1158		9345.5

X = Commodity Related Labor Expense = \$1,458,518.22

S = Standby Revenues = \$2,000.00

R = Hydrant Meter Revenues = \$2,000.00

B = Adjusted Commodity Related Labor Expense

X-(S+R) = B = \$1,454,518.22

Y = 50% of the Adjusted Commodity Related Labor Expense \$727,259.11

Monthly Meter Charge Factor = Z

Z = Y/(9345.5)(12) 6.48493134

(X) x (Z) = Proposed Meter Charge

**Appendix "2"**  
**Potable Water Rate Calculation**

Proposed Meter Charge

Meter Size and X Factor		(Z) Factor	Proposed Monthly Meter Charge	Present Monthly Meter Charge
5/8"	1 x	6.48493134	\$6.485	\$6.610
3/4"	1.5 x	6.48493134	\$9.727	\$9.910
1"	2.5 x	6.48493134	\$16.212	\$16.520
1.5"	5 x	6.48493134	\$32.425	\$33.050
2.0"	8 x	6.48493134	\$51.879	\$52.880
3.0"	15 x	6.48493134	\$97.274	\$99.150
4.0"	25 x	6.48493134	\$162.123	\$165.250
6.0"	50 x	6.48493134	\$324.247	\$330.500
8.0"	80 x	6.48493134	\$518.795	\$528.800

-1.89% percent increase

Commodity Calculation Charge

B = Adjusted Commodity Related Costs =	\$1,454,518.22
50% of Adjusted Commodity Labor Costs =	\$727,259.11
C = Construction Related Projected Revenues	\$20,000.00
Note: 63.2% of Construction Related Revenues Assigned As a Credit Against Commodity Charge	
N = Commodity Non Labor Costs =	\$4,020,251.20
Projected Water Sales in Acre Feet =	7,268.00
A = Projected Water Sales in 100 CF	3,165,940.80
Proposed Commodity Charge = (.5 B - .632 C+N) / A	\$1.496
Current Commodity Charge =	\$1.280

16.84% percent increase

**Appendix "2"**  
**Potable Water Rate Calculation**

Square Footage Charge

36.8 % of Construction Related Revenues Assigned Credit to Fire Related Cost

U = Fire Related Costs = \$1,385,012.580

V = Metered Fire Service Revenues = \$65,000.000

T = Adjusted Fire Related Costs

T = U - V = \$1,320,012.580

C = Projected Construction Related Revenues = \$20,000.000

Note: 36.8% of Construction Related Revenues assigned  
as credit towards Square Footage Charge

R = Total Square Feet in Service Area = 39,866,402.00

Proposed Square Footage Charge Per Year =  $(T - .368C) / R = 0.032926287$

Proposed Square Footage Charge Per Month = 0.0027439

Current Square Foot Charge Per Month = 0.0031

-11.49% Percent increase

**Appendix "2"**  
**Potable Water Rate Calculation**

Total revenue under current rates

Meter

Number of 5/8" meter	27	\$6.610	\$2,141.64
Number of 3/4" meter	37	\$9.910	\$4,400.04
Number of 1" meters	254	\$16.520	\$50,352.96
Number of 1.5" meter	174	\$33.050	\$69,008.40
Number of 2" meters	531	\$52.880	\$336,951.36
Number of 3" meters	52	\$99.150	\$61,869.60
Number of 4" meters	58	\$165.250	\$115,014.00
Number of 6" meters	24	\$330.500	\$95,184.00
Number of 8" meters	1	\$528.800	\$6,345.60
			\$741,267.60

Consumption

\$1.280	3,165,940.80	\$4,052,404.224
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Square Foot

0.0031	39,866,402.00	\$1,483,030.154
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Standby Revenues =

\$2,000.000

Hydrant Meter Revenues =

\$2,000.000

Construction Related Projected Revenues =

\$20,000.000

Metered Fire Service Revenues

\$65,000.000

Total revenues

\$6,365,701.98

**Appendix "2"**  
**Potable Water Rate Calculation**

Total revenue under proposed rates

Meter

Number of 5/8" meters	27	\$6.485	\$2,101.12
Number of 3/4" meters	37	\$9.727	\$4,318.96
Number of 1" meters	254	\$16.212	\$49,415.18
Number of 1.5" meters	174	\$32.425	\$67,702.68
Number of 2" meters	531	\$51.879	\$330,575.86
Number of 3" meters	52	\$97.274	\$60,698.96
Number of 4" meters	58	\$162.123	\$112,837.81
Number of 6" meters	24	\$324.247	\$93,383.01
Number of 8" meters	1	\$518.795	\$6,225.53
			\$727,259.11

Consumption

\$1.496	3,165,940.80	\$4,734,870.310
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Square Foot

0.002743857	39,866,402.00	\$1,312,652.580
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Standby Revenues =

\$2,000.000

Hydrant Meter Revenues =

\$2,000.000

Construction Related Projected Revenues =

\$20,000.000

Metered Fire Service Revenues

\$65,000.000

Total revenues

\$6,863,782.00

**Appendix "2"**  
**Potable Water Rate Calculation**

Variables

Commodity Related Labor Expense =	\$1,458,518.22	
Standby Revenues =	\$2,000.00	
Hydrant Meter Revenues =	\$2,000.00	
Construction Related Projected Revenues =	\$20,000.00	
Commodity Non Labor Costs =	\$4,020,251.20	
Projected AF of Water Sales =	7,268.00	
Fire Related Costs =	\$1,385,012.58	\$6,863,782.00
Metered Fire Service Revenues	\$65,000.00	
Total Square Feet of Building Area in Service Area	39866402.00	
Number of 5/8" meters	27	
Number of 3/4" meters	37	
Number of 1" meters	254	
Number of 1.5" meters	174	
Number of 2" meters	531	
Number of 3" meters	52	
Number of 4" meters	58	
Number of 6" meters	24	
Number of 8" meters	1	
Current Commodity Rate	1.28	
Current Square Footage Rate Per Month	0.0031	

Appendix "3"

**MALBURG GENERATING STATION RECYCLED WATER RATE**

Month	Consumption Acre-Feet	Cost	Credit	Power
11-May	16.58	\$ 5,919.00	\$ 3,316.00	\$ 722.00
11-Apr	22.47	\$ 8,022.00	\$ 4,494.00	\$ 861.00
11-Mar	66.01	\$ 22,156.00	\$ 13,202.00	\$ 633.00
11-Feb	66.97	\$ 22,451.00	\$ 13,394.00	\$ 816.00
11-Jan	45.19	\$ 15,628.00	\$ 9,038.00	\$ 604.00
11-Dec	62.8	\$ 21,167.00	\$ 12,560.00	\$ 591.00
11-Nov	80.5	\$ 26,619.00	\$ 16,100.00	\$ 757.00
11-Oct	76.06	\$ 25,252.00	\$ 15,212.00	\$ 948.00
11-Sep	92.68	\$ 30,370.00	\$ 18,536.00	\$ 1,387.00
11-Aug	62.78	\$ 22,547.00	\$ 13,456.00	\$ 1,674.00
11-Jul	51.89	\$ 17,807.00	\$ 10,378.00	\$ 1,593.00
11-Jun	5.91	\$ 2,074.00	\$ 1,082.00	\$ 958.00
Total	649.84	\$ 220,012.00	\$ 130,768.00	\$ 11,544.00

Total cost of water = Cost + Power - Credit =	\$ 100,788.00
City supplies services and overhead 15%	\$ 15,118.20
Total Cost to supply recycle water to MGS 2010 -2011	\$ 115,906.20

Water cost to increase by 3% in 2011-2012	
Total cost to supply recycled water to MGS 2011-2012	\$ 122,860.57

Recycle Water Rate 2012 = cost/consumption	\$ 0.434
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**Recycled Water Rates All other customers**

Assumes that that City will sell 50 acre feet a month of recycle water

Central Basin Water rate for 50 acre feet per month = (50Af x \$536) = \$26,150/mon.

Total water Sales for the year	\$ 313,800.00
City supplies services and overhead 15%	\$47,070.00
Total cost	\$360,870.00

Recycle water rate for all other customers = cost / consumption	\$ 1.381
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