

City of Somerton
2007 Utility Rates Proposal

The Reason for the Rate Increases

The City of Somerton has been following a three-step plan to improve the quality of the drinking water delivered to your homes. The major points of the plan are to increase water tank capacity, install new water pipes, and to improve the quality.

- 1) The City constructed a 1.2 million gallon tank at a cost of \$502,211 in 1999. This project was funded 79% with federal grants. The addition of the new tank raised our total storage capacity to 2.2 million gallons increasing the city's fire protection capability.
- 2) The City Engineer identified 4.8 miles of old water mains as needing replacement due to increased breakages, being undersized, and having an excessive build up of minerals. The total cost of this project was estimated at \$2.2 million dollars. The City received 60% federal grant funds and a \$996,000 dollar loan to construct the project. Phase 1, 2 & 3 are completed.
- 3) The Public Works department has been working with personnel from the Yuma Desalting Plant to determine the most affordable method to improve the quality of the City's drinking water. A new water treatment facility will need to be built within the next five years at a projected cost of \$750,000.

The Water Mains Replacement Project has qualified the City for a rate transition grant from the North American Development Bank. This grant allows the City to increase rates gradually over seven years, rather than all at once. The rate for residential user of 15,000 gallons will go from \$30.00 to \$31.50 per month, a 5% increase.

The Need for the Sewer Rate Increase

The Wastewater Treatment Plant served the community since the 1950's and was frequently in non-compliance with environmental regulations. The cost of replacing the plant is \$9.2 million. The City has received 48% in federal grants, and loans of \$5.57 million to complete the project. Due to increases in construction costs the City had to seek an additional loan that has caused our sewer rates to increase more than originally proposed in 2000. Residential rates will go from \$26.11 to \$28.99 per month, an 11% increase.

The Need for the Sanitation Rate Increase

The City of Somerton has a contract with Allied Waste Disposal, the operators of the Copper Mountain Landfill, to dispose of trash at a transfer station at 32nd St. and County 3 ½ E. The City contracted with a consulting firm, economists.com, to evaluate the financial status of our Sanitation Department and recommend rates that will keep our utility self-sufficient. The study showed that the continued increase in disposal fees and cost of hauling to the transfer station has forced the City to raise the residential and commercial sanitation rates. The study also recommended that the City not privatize our commercial services and continue with the change over to metal containers. The changeover has been completed. Residential rates will go from \$16.33 to \$17.40 per month, a 6.5% increase.

The City will continue to improve our level of service to residents in the most affordable way possible during these times of ever increasing costs. While the City does not charge rates to make a profit, we do charge rates that allow us to operate and maintain our services as needed.

WATER MAINS REPLACEMENT PROJECT

DATA SHEET

COMPONENTS:

4.8 MILES OF NEW PVC WATERLINE

56 NEW FIRE HYDRANTS

RADIO METER READING SYSTEM

FUNDING SOURCES:

USDA – RURAL DEVELOPMENT

Phase I

COLONIA GRANT - \$460,800

Phase II & III

LOAN - \$996,000

GRANT - \$304,000

\$1,300,000

NORTH AMERICAN DEVELOPMENT BANK

100% GRANT - \$818,161

PROJECT COST:

\$2,617,961

Construction Grant - 61%

City Contribution - \$39,000

**WASTEWATER TREATMENT PLANT
REPLACEMENT PROJECT**

DATA SHEET

COMPONENTS:

0.8 MGD SEQUENTIAL BATCH REACTOR

LABORATORY AND EQUIPMENT BUILDING

1.4 MGD INFLUENT CAPACITY

FUNDING SOURCES:

NORTH AMERICAN DEVELOPMENT BANK

CONSTRUCTION GRANT -

\$3,139,960

ARIZONA WATER INFRASTRUCTURE FINANCE AUTHORITY

DESIGN & CONSTRUCTION LOAN -

\$4,400,000

SERIES 2004 BONDS

CONSTRUCTION LOAN -

\$1,170,000

BORDER ENVIRONMENT COOPERATION COMMISSION

DESIGN ASSISTANCE GRANT -

\$448,599

NORTH AMERICAN DEVELOPMENT BANK

RATE TRANSITION GRANT -

\$834,332

PROJECT COST:

\$9,158,559

CONSTRUCTION GRANT - 40%

TOTAL PROJECT GRANT - 48%

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Proposed Water Rates, based on Volume Sep-07						
	2004	2005	2006	2007	Monthly Increase	
Single Family Base Fee, includes 5,000 gal.	\$10.00	\$10.50	\$11.00	\$11.50	\$0.50	5%
Charge per 1,000 gal	\$ 1.70	\$ 1.80	\$ 1.90	\$ 2.00	\$0.10	5%
Multi Family Base Fee, includes 5,000 gal.	\$ 9.50	\$10.00	\$10.50	\$11.50	\$0.50	5%
Charge per 1,000 gal	\$ 1.70	\$ 1.80	\$ 1.90	\$ 2.10	\$0.10	5%
Commercial Base Fee, includes 5,000 gal.	\$11.00	\$11.50	\$12.00	\$12.50	\$0.50	4%
Charge per 1,000 gal	\$ 1.90	\$ 2.00	\$ 2.10	\$ 2.20	\$0.10	5%

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Proposed Sewer Rates Sep-07						
	2004	2005	2006	2007	Monthly Increase	
Single Family Flat Fee	\$18.60	\$22.32	\$26.11	\$28.99	\$2.88	11.0%
Multi Family Fee per Account/Meter	\$ 9.60	\$11.52	\$13.48	\$14.96	\$1.48	11.0%
Multi Family Fee per Unit	\$ 8.40	\$10.20	\$11.79	\$13.09	\$1.30	11.0%
Commercial Base Fee	\$ 8.50	\$10.08	\$11.93	\$13.25	\$1.32	11.0%
Commercial Volume Fee	\$ 1.44	\$ 1.73	\$ 2.02	\$ 2.24	\$0.22	11.0%

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CURRENT

5,000 Gallons

CITY OF SOMERTON, ARIZONA
MUNICIPAL UTILITIES
P.O.BOX 638, SOMERTON, AZ 85350
PHONE# (928) 627-8866

WA-WATER SW-SEWER **350 W. MAIN ST.**
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2006	70	9/30/2006	75	5	PB	0.00
					WA	11.00
					SW	26.11
					GB	16.33
					ST	1.01
					SF	0.03
					PE	0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2006		\$54.48

PROPOSED

CITY OF SOMERTON, ARIZONA
MUNICIPAL UTILITIES
P.O.BOX 638, SOMERTON, AZ 85350
PHONE# (928) 627-8866

WA-WATER SW-SEWER **350 W. MAIN ST.**
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2007	70	9/30/2007	75	5	PB	0.00
					WA	11.50
					SW	28.99
					GB	17.40
					ST	1.06
					SF	0.03
					PE	0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2007		\$58.98

EXAMPLE ONE

DIFFERENCE

\$4.50

8.3%

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CURRENT

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PHONE# (928) 627-8866

10,000 Gallons

WA-WATER SW-SEWER **350 W. MAIN ST.**
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2006	70	9/30/2006	80	10	PB	0.00
					WA	20.50
					SW	26.11
					GB	16.33
					ST	1.89
					SF	0.07
					PE	0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2006	\$64.90	

PROPOSED

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WA-WATER SW-SEWER **350 W. MAIN ST.**
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2007	70	9/30/2007	80	10	PB	0.00
					WA	21.50
					SW	28.99
					GB	17.40
					ST	1.98
					SF	0.07
					PE	0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2007	\$69.94	

EXAMPLE TWO

DIFFERENCE

\$5.04 7.7%

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CURRENT

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15,000 Gallons

WA-WATER SW-SEWER 350 W. MAIN ST.
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2006	70	9/30/2006	85	15	PB WA SW GB ST SF PE	0.00 30.00 26.11 16.33 2.76 0.10 0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2006	\$75.30	

PROPOSED

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PHONE# (928) 627-8866

WA-WATER SW-SEWER 350 W. MAIN ST.
GA- GARBAGE TX- TAX

DATE FROM	PREVIOUS READING	DATE TO	CURRENT READING	CONSUMED	SV	AMOUNT
9/1/2007	70	9/30/2007	85	15	PB WA SW GB ST SF PE	0.00 31.50 28.99 17.40 2.90 0.10 0.00
ACCOUNT NUMBER		PAY THIS AMOUNT AFTER DELINQUENT DATE		DELINQUENT AFTER THIS DATE	THIS AMOUNT NOW DUE	
2.077.0				10/15/2007	\$80.89	

EXAMPLE THREE

DIFFERENCE

\$5.59

7.4%

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NADB Rate Transition Assistance Grant

RESIDENTIAL USER FEES

