



PROPOSED RATE INCREASE TO WATER SERVICE CHARGES

PUBLIC HEARING - NOVEMBER 7, 2023 AT 6:30PM,
CITY HALL, 955 SCHOOL STREET, NAPA, CA 94559



WATER RATES PROPOSED TO INVEST IN SYSTEM RELIABILITY

The City's water system is a network of treatment plants, pipes, tanks, pump stations, fire hydrants, meters, and other facilities that are designed, operated, maintained, repaired, and replaced for a single purpose – **to provide you safe, reliable, and life sustaining water every second of every day.**

Water rates provide the funding for Water System Operations and Infrastructure Investments to protect your health and safety by ensuring reliability of infrastructure, water supply, and fire protection.

Water System Operations include labor, materials, and equipment necessary to operate and maintain the water system and purchase of State Water Project water which supplies almost 2/3 of the water used by the community. Annual inflation and the size and age of the water system are primary drivers of these costs.

Infrastructure Investments include planned capital improvements and debt service on past capital improvements. A major focus of these investments is on aging infrastructure including major transmission lines, neighborhood distribution lines, and the Hennessey Treatment Plant and Reservoir. Failure to make these investments leads to system failures, increased operating costs, and increased costs of future improvements.

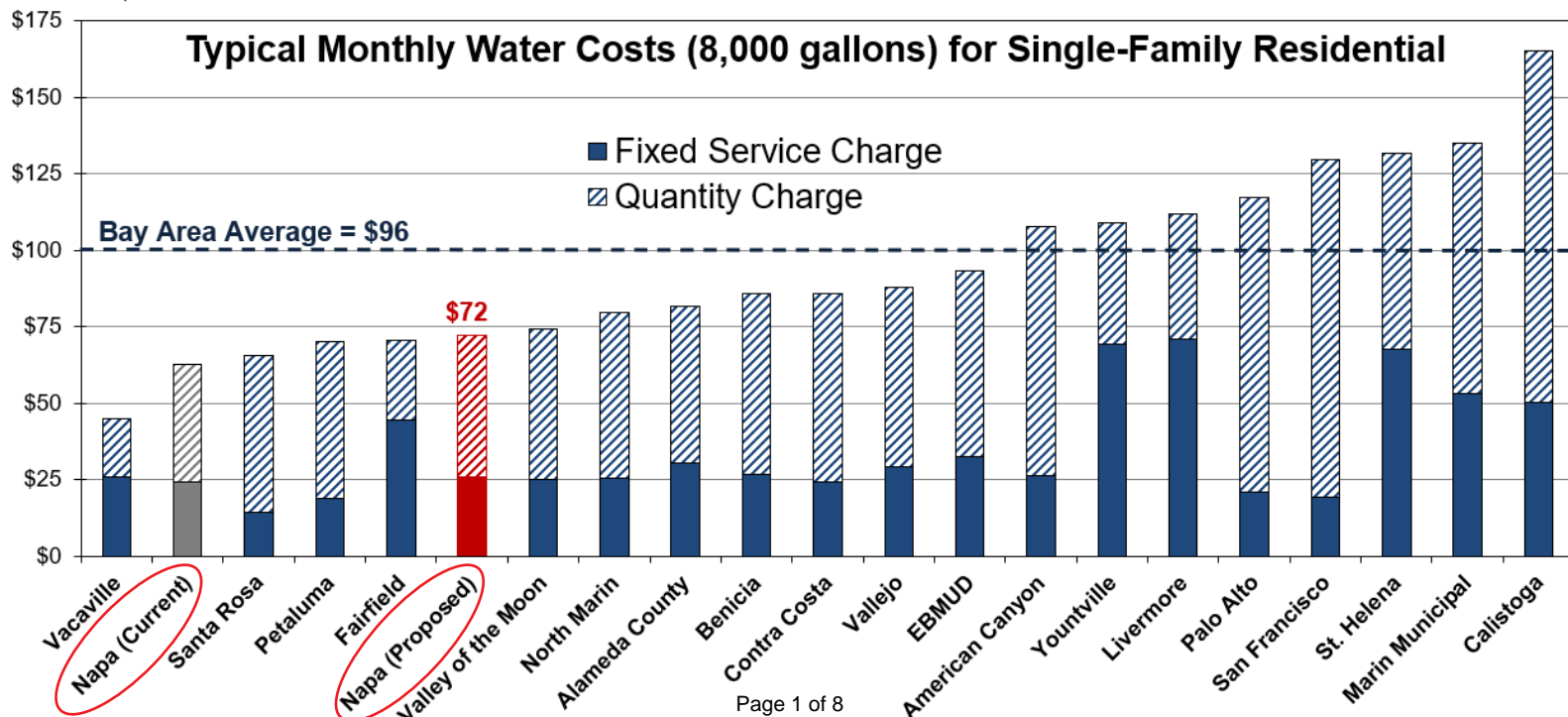


Water rates have not increased over the past two years. Rates are the primary funding source for the water system – NO taxes are used. Current rates do not bring in sufficient revenue to cover the cost of running a stable and reliable water system. **The proposed rates are necessary to cover the costs of investing in infrastructure, purchasing water supply, and operating the system.**

Please take a look at the complete contents of this notice. An explanation of what rates are used for is shown on page 2. Investments in critical Capital Improvements are highlighted on page 3. The inserts provide full details on proposed rates, typical monthly cost of water and other utilities, the public hearing on the rates, and the opportunity to protest.

Napa rates would remain among lowest

Napa's water rates remain some of the lowest in the area, even after the proposed increases. The chart below shows a typical summer water bill for 8,000 gallons per month. With the proposed rates, 77% of all water bills for Napa customers will be \$72 or less.

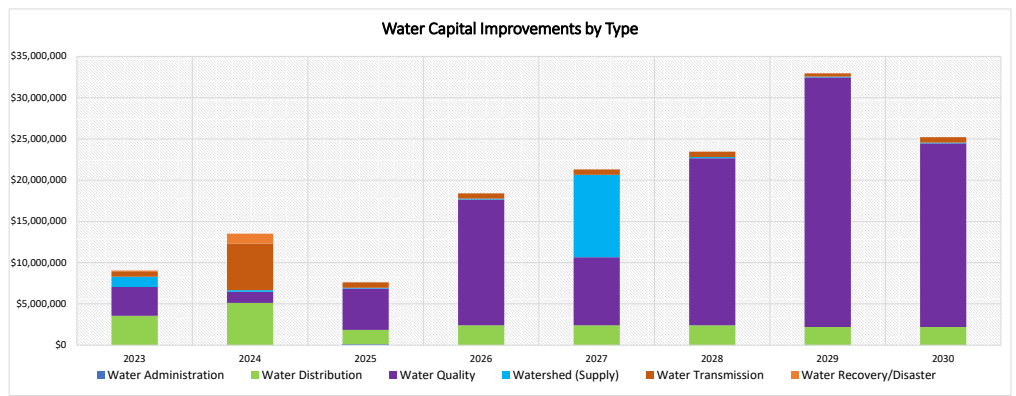
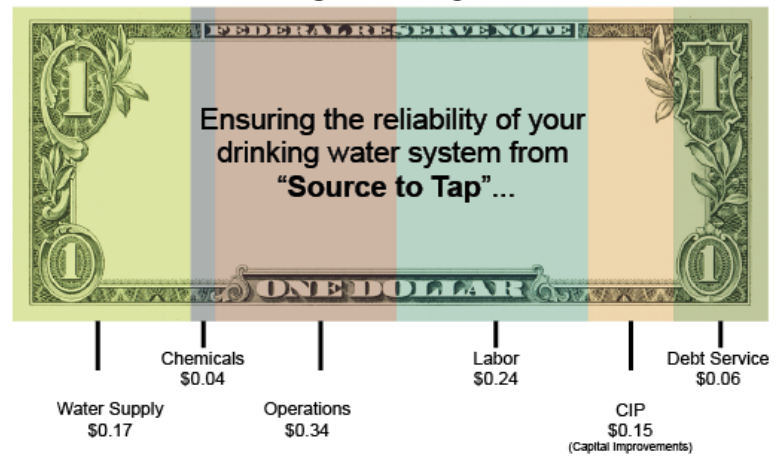


What are water rates used for?

Water System Operations are projected to cost \$44 million in 2028, which include an \$8 million investment in Capital Improvements (CIP). Based on these costs, a dollar of revenue is allocated as shown. 68 employees operate, maintain, and manage a very complex system to provide you safe water that is available 24/7. As a comparison, the City's Fire Department has 74 employees to deliver services to keep you safe every day.

Infrastructure Investments use a combination of revenue from rates, capacity fees from new development, and debt service to complete capital improvements on the water system. The graph below identifies the level of necessary investments in various areas of the water system. A primary focus is on water quality, in particular improvements to the **Lake Hennesey Treatment Plant in 2028-2030**. This plant treats

our local supplies and was constructed in 1981. \$80-\$100 million is needed to refurbish and upgrade the plant. Revenue bonds will be sold in 2027 to generate the necessary funds, resulting in approximately \$7 million per year in debt service. A similar approach was used for the \$45 million upgrades to the Barwick Jamieson Treatment Plant in 2010.



FROM SOURCE...

- 5,000 acres in two watersheds
- 3 water supplies
- Future water supply planning



Transmission

- 14 storage tanks
- 9 pump stations
- 14 pressure regulator stations



Distribution

- 360 miles of pipe
- 2,900 Fire Hydrants
- 9,700 Valves
- 25,500 meters and service lines
- 12,000 meters read per month
- 1,000 customer visits per month
- 70-110 leak repairs per year
- 24/7 Emergency Response



...TO TAP

- Customer service
- Water conservation
- Development review
- Capital improvement design



Treatment

- 3 treatment plants
- Instrument and control systems
- 350 lab samples per day
- Regulatory compliance
- 24/7 Operation



NOTICE: PROPOSED RATE INCREASE TO WATER SERVICE CHARGES

A **Public Hearing** on adopting the proposed rates will be held at **City Hall, 955 School Street, on November 7, 2023, at 6:30 pm**. City Council will receive verbal or written comments and/or protests regarding water rates at the hearing. Per the California Constitution (Prop 218), if written protests representing a majority of the parcels subject to the proposed water rates are received prior to the close of the hearing, the City may not implement the proposed water rates. **Protest form with instructions is included with this mailer.**

The basis for the charges identified herein is available in the Cost of Service study online at cityofnapa.org/water or at the City of Napa Utilities Department, 1700 Second Street, Suite 100, Napa, CA.

Bimonthly Fixed Service Charge

ALL CUSTOMER CLASSES Inside/Outside City						
Current	Service Size	Proposed				
		1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027
\$48.58	3/4-inch	\$52.04	\$58.28	\$63.53	\$69.25	\$74.79
\$48.58	1-inch	\$52.04	\$58.28	\$63.53	\$69.25	\$74.79
\$93.43	1 1/2-inch	\$99.53	\$111.47	\$121.51	\$132.44	\$143.04
\$147.24	2-inch	\$156.51	\$175.29	\$191.07	\$208.26	\$224.92
\$290.75	3-inch	\$308.45	\$345.46	\$376.56	\$410.45	\$443.28
\$452.19	4-inch	\$479.39	\$536.92	\$585.24	\$637.91	\$688.94
\$900.65	6-inch	\$954.22	\$1,068.73	\$1,164.91	\$1,269.75	\$1,371.33
\$1,438.79	8-inch	\$1,713.95	\$1,919.62	\$2,092.39	\$2,280.71	\$2,463.16

Water Quantity Charge

SINGLE-FAMILY RESIDENTIAL: Inside City (In) and Outside City (Out) \$ cost per unit (unit = 1,000 gallons)												
Current		Tier	Proposed									
			1/1/2024		10/1/2024		10/1/2025		10/1/2026		10/1/2027	
In	Out		In	Out	In	Out	In	Out	In	Out	In	Out
\$4.57	\$6.53	0-14 units	\$5.46	\$8.07	\$6.12	\$9.03	\$6.67	\$9.85	\$7.27	\$10.73	\$7.85	\$11.59
\$6.58	\$9.58	15-27 units	\$8.05	\$11.53	\$9.01	\$12.91	\$9.82	\$14.08	\$10.71	\$15.34	\$11.56	\$16.57
\$8.70	\$12.39	28+ units	\$9.77	\$12.72	\$10.94	\$14.25	\$11.92	\$15.53	\$13.00	\$16.92	\$14.04	\$18.28
MULTI-FAMILY RESIDENTIAL, \$ cost per unit (unit = 1,000 gallons)												
Current		Location	Proposed									
			1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027					
\$6.53		Inside City	\$7.59	\$8.51	\$9.27	\$10.11	\$10.91					
\$10.26		Outside City	\$11.17	\$12.52	\$13.64	\$14.87	\$16.06					
COMMERCIAL/INDUSTRIAL/INSTITUTIONAL, \$ cost per unit (unit = 1,000 gallons)												
Current		Location	Proposed									
			1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027					
\$6.64		Inside City	\$7.58	\$8.49	\$9.25	\$10.08	\$10.89					
\$10.40		Outside City	\$11.10	\$12.44	\$13.55	\$14.77	\$15.96					
IRRIGATION, \$ cost per unit (unit = 1,000 gallons)												
Current		Location	Proposed									
			1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027					
\$6.84		Inside City	\$7.65	\$8.57	\$9.34	\$10.19	\$11.00					
\$10.70		Outside City	\$11.27	\$12.62	\$13.76	\$15.00	\$16.20					

EXHIBIT B TO ATTACHMENT 1

ELEVATION SURCHARGE for all Pumped Zone Customers \$ cost per unit (unit = 1,000 gallons)					
Current	Proposed				
	1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027
\$2.08	\$2.46	\$2.75	\$3.00	\$3.27	\$3.53

RATESHARE DISCOUNT per Bimonthly Water Bill*
Current/Proposed
\$25.00

* Program for low-income single-family residential customers cross-enrolled in PG&E CARE program.

Fire Services

Bimonthly Fire Service Charge						
Current	Service Size	Proposed				
		1/1/2024	10/1/2024	10/1/2025	10/1/2026	10/1/2027
\$33.75	1 1/2-inch	\$33.99	\$38.07	\$41.49	\$45.23	\$48.85
\$51.76	2-inch	\$51.64	\$57.84	\$63.04	\$68.72	\$74.21
\$75.80	2 1/2-inch	\$75.21	\$84.24	\$91.82	\$100.08	\$108.09
\$99.79	3-inch	\$98.73	\$110.58	\$120.53	\$131.38	\$141.89
\$153.81	4-inch	\$151.70	\$169.90	\$185.20	\$201.86	\$218.01
\$303.89	6-inch	\$298.83	\$334.69	\$364.81	\$397.64	\$429.46
\$483.99	8-inch	\$534.25	\$598.36	\$652.21	\$710.91	\$767.78
\$694.10	10-inch	\$710.81	\$796.11	\$867.76	\$945.85	\$1,021.52
\$1,294.42	12-inch	\$997.72	\$1,117.45	\$1,218.02	\$1,327.64	\$1,433.85

Typical Cost for Water Each Month

Under the proposed rates, the monthly cost of water service for single-family residential customers inside the City is illustrated below. High water users would see the largest dollar increase. If the proposed rates are adopted, low water users (over 50% of all bills) would see a small increase but remain at a very reasonable \$48 per month for water service. Typical summer bills will be in the \$72 - \$104 range as irrigation use increases.

Usage		Monthly Cost			% of Bills at this level or lower
Water Use	Units Per Month	Current	2024	2028	
Low - Winter	4	\$43	\$48	\$69	52%
Average - Summer	8	\$63	\$72	\$104	77%
High - Summer	12	\$89	\$104	\$150	88%

How to Calculate Changes to Your Bill

Get copies of your past water bills and visit the Water Rates section of cityofnapa.org/water or call 707-257-9521.

A discount of \$12.50 per month for low income customers will be continued.

NOTE: These calculations are based on monthly charges. Water customers are actually billed every two months.

Household Utility Comparison

How does your water bill stack up?

The typical household spends the following on other utilities **each month**:


Water Service
\$48 - \$104


Electricity/Gas
\$240


Sewer
\$62


Recycling
\$30 - \$59


Cell Phone
\$144


Cable/Internet
\$120 - \$200

Place
stamp
here.

**City Clerk
PO Box 660
Napa, CA 94559**

FOLD ON DOTTED LINES

☐

I am protesting the proposed water rates under Prop 218 (check box).

Water Service Address: _____

Printed Name: _____

Signature: _____

FOLD ON DOTTED LINES

Mail to:

City Clerk
PO Box 660
Napa CA 94559

-OR-

File in Person:

City Clerk
955 School Street
Napa

In order for a protest to count as valid, it shall be:

1. Submitted by the owner or customer of record (who is not the property owner) for a parcel subject to the water rates.
2. Submitted on this fully completed form or another form with a statement of what is being protested, service address, printed name, and signature provided.
3. A written protest mailed to the City Clerk or delivered in person prior to the close of the public hearing on November 7, 2023 at 6:30 pm. **Spoken, fax, email or other electronic protests are not valid and will not be counted.**
4. A maximum of one protest per parcel will be counted.

Capital Improvement Projects (CIP)

While system operating costs have been streamlined, additional revenue is needed to fund much-needed capital improvements such as replacement of aging pipelines, Hennessey Treatment Plant (HTP) Improvements, and increased monitoring and laboratory analyses that ensure water is safe to drink.

Aging infrastructure is a common challenge for many water systems. Much of Napa's water infrastructure was built in the 1950s just after WWII. The City has a Water Master Plan to address these capital improvement needs.



Recently Completed Projects

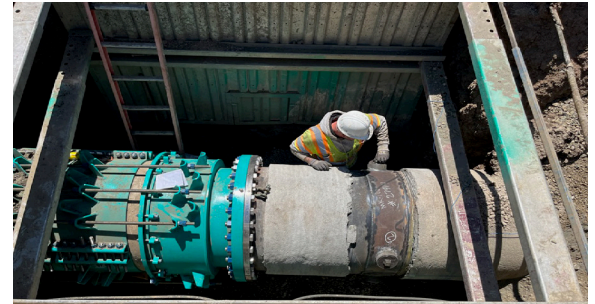
Annual CIP

- Existing CIP: \$6 million/year
- Proposed CIP: **\$8 million/year by 2028**
- Debt Service for \$100 million HTP Bond issuance 2027: \$7.2 million/year

- 1,700 linear feet (lf) 36-inch transmission main at Sheehy Ct (\$1.3 million)
- 770 lf 12-inch and 36-inch transmission main and 300 lf 8-inch main on Laurel Ave (\$1.1 million)
- Hillcrest and Silverado Pump Stations (\$3 million)
- 2,500 lf 6-inch and 8-inch main on Randolph, Seminary, and Franklin Streets (\$280,000)
- Alta Heights II Pressure Tank replacement (\$330,000)

Planned Capital Investments:

- Hennessey Spillway Flow Expansion (\$10 million)
- 2,800 lf 12-inch main on Laurel Ave from Griggs to Freeway Dr (\$1.2 million)
- 3,000 lf 12-inch main on Browns Valley Rd (\$1.5 million)
- Design Hennessey Treatment Plant Upgrades (\$6 million)
- HTP Improvements (\$80 million - \$100 million)



Investment Needed: System is Aging

- 20 miles of distribution (<12-inch) mains are ~100 years old
- 70-110 emergency repairs per year drive operating costs
- 50 miles of 42-inch and 36-inch transmission mains are between 50 and 70 years old
- Hennessey Treatment Plant is 42 years old

Design Life

Buried Pipes = 100 years
Treatment Plants = 40 years

One week of indoor water use is...




All for only
\$11.97

(\$6.51 + \$5.46)
Fixed Cost Unit Cost

* A typical family of 4 uses 1 unit of water per week during the winter months. These calculations are based on the average of low-flow fixtures and calculated using the proposed rates. You can get more out of the highest efficiency fixtures. High-efficiency showerheads, faucet aerators, and other water-saving devices are available at the Utilities Department, 1700 Second Street Suite 100, Napa.

What does 1 gallon cost?



Tap Water: about a 
Delivered right to your home!



Bottled Water:
\$1.50



Milk:
\$5.43



Latte:
\$29.12



Gasoline: \$5.09



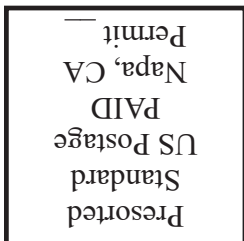
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Visit cityofnapa.org/water or call (707) 257-9521 for:
Water Rate FAQs, Cost of Service Analysis, Maps of Elevation Surcharge Area and
Fire Service Charges, Water Conservation Info, Protest Procedures,
Bill Charge Calculations and more!

Printed on Recycled Paper



DO NOT DISCARD.
IMPORTANT
WATER RATE
INFORMATION
ENCLOSED.



PO Box 660
Napa, CA 94559

If you own more than one
parcel, you may receive
multiple notices. We apologize
for the inconvenience.
Información importante sobre
aumento de tarifas del agua.
Para recibir esta información
en español, llame al (707) 257-
9521 o visite [www.cityofnapa.org/water](https://cityofnapa.org/water).