

City of Nampa - Water System Improvements

Domestic Water Rate Increase

Questions and Answers – December 2017

— Frequently Asked Questions —

Why is my water bill increasing?

The City of Nampa, like most communities around the country, has an aging water system. Our water system has worked silently for years without significant or systematic pipe replacement. It is time to reinvest in the system. Without reinvestment, we could be headed for a water crisis characterized by unplanned outages and higher operational costs.

There are 470 miles of domestic water pipes in Nampa, twenty-six percent (121 miles) will have reached the end of its useful life by the year 2040. To fund needed pipe, wells, pumps and valve replacements an additional \$33.4 million is needed over the next 10 years for domestic water improvements.

Without systematic replacement, more emergency breaks will occur. Emergency breaks can be 15 times more costly than planned replacement because they frequently require overtime staff hours, can result in property damage, and can occur under newly paved roadways.

What are the new domestic water rates?

Bill Components:

Domestic water bills are based on a fixed base rate and the amount of water used each month. The fixed rate pays the associated costs of bill processing, customer service and utility administration.

New Residential Rates:

The average residential customer consumes 1,400 cubic feet of water every billing cycle and has a 1” water meter. The average residential bill was \$24.77 in 2016, increased to \$26.55 starting in March of 2017 and \$28.19 on January 1, 2018.

Residential water usage is billed on a tiered rate, which means that you pay a lower rate for the first 700 cubic feet than you do for the second and third tiers. The structure rewards conservation efforts, you can lower your bill by using less water. Your first 700 cubic feet will be billed at the lowest rate, the next 700 cubic feet will cost more and use over 1,400 cubic feet will cost the most.

Residential	2016 (Approved)	3/1/2017 (Approved)	1/1/2018 (Approved)	Future (Proposed)
Meter Size	Bi-Monthly Fixed Charge			
1” or less	\$ 15.88	\$ 16.96	\$ 18.04	\$ 20.50
1 1/2”	\$ 23.05	\$ 24.63	\$ 26.20	\$ 29.77
2”	\$ 33.96	\$ 36.28	\$ 38.59	\$ 43.86
Consumption	Rate			
0-700 cf	\$ 0.0046	\$ 0.0050	\$ 0.0053	\$ 0.0060
701 – 1,400 cf	\$ 0.0081	\$ 0.0087	\$ 0.0092	\$ 0.0105
> 1,400 cf or more	\$ 0.0105	\$ 0.0112	\$ 0.0119	\$ 0.0135
*Rates multiplied by 2 for customers outside city limits				

New Commercial Rates:

The average commercial customer consumes 7,600 cubic feet of water every two months and was billed \$78.87 in 2016. The same commercial customer paid \$91.32 (every two months) effective March of 2017 and \$103.76 starting January 1, 2018. Commercial customers are billed the same rate for each 100 cubic feet of consumption.

Non-Residential	2016 (Approved)	3/1/2017 (Approved)	1/1/2018 (Approved)	Future (Proposed)
Meter Size	Bi-Monthly Fixed Charge			
1" or less	\$ 16.55	\$19.12	\$ 21.68	\$ 28.40
1 1/2"	\$ 23.77	\$27.46	\$ 31.15	\$ 40.81
2"	\$ 34.19	\$39.50	\$ 44.80	\$ 58.70
3"	\$ 76.96	\$88.90	\$ 100.83	\$ 132.11
4"	\$ 107.40	\$124.06	\$ 140.72	\$ 184.38
Consumption	Rate *			
All Usage	\$ 0.0082	\$0.0095	\$ 0.0108	\$ 0.0141
* Rates multiplied by 2 for customers outside city limits				

I am a residential customer, why am I charged a commercial rate?

Customers are categorized as either commercial or residential based on their land use zone. This means that some residential houses located in zones which allow commercial uses are billed to the commercial rate structure. Zoning districts which are billed the commercial water rate include: RML, RMH, RP, BN, DB, DV, DH, BC, BF, GB1, GB2, IP, IL, IH and U. Typically, domestic water rates end up being higher under the commercial rate structure but the designation usually saves customers money on their irrigation assessment.

Why are commercial domestic water rates being raised more than residential rates?

In 2015 the City of Nampa completed a cost of service study and rate analysis study. To fund needed pipe, wells, pumps and valve replacements the studies found that all rates and fees will need to increase. The study also looked at various customer groups to ensure that the burden is equitably shared.

Residential customers currently pay more than their cost share while commercial customers pay less than their cost share. To cover the true cost of service, commercial customers should be contributing 25.3 percent of the total revenue. Before the 2016 increase they only contributed 17.4 percent. Commercial customers' domestic water service is provided at a higher cost than residential customers due to larger meter sizes, increased fire protection needs, and higher demand during peak hours.

Will the City raise water rates again?

The rate increase was proposed to be phased in with an average 18% increase each year over three years. City Council approved the 2016 and 2017 rate increases but decided to split the 2017 increase into two 9% increases the first in March of 2017 and the second in January of 2018. Another 18% increase will be needed and will likely be voted on by Nampa City Council sometime in 2018. There will be additional public outreach and a hearing before the increase can be approved.

In future years, additional rate increases will be driven by inflation. The three 18% rate increases will allow the city to replace every domestic water pipe approximately every 200 years. Today’s water pipes are expected to have an average life of 75-100 years and a 100-year replacement cycle is ideal to avoid emergency repairs.

Did the public have an opportunity to provide comments about the water rate increases?

Yes, there were several opportunities to provide comment. All comments were compiled and submitted to Nampa City Council on January 17, 2017 during the water rate increase public hearing.

- Community open houses held on January 4th and 5th, at the Nampa Civic Center and Snake River Elementary School.
- Customers were encouraged to provide comments via email or phone.
- Public hearing on January 17, 2017, at Nampa City Hall.

Notification:

- A letter describing the rate increase, community open houses and public hearing was included in all City of Nampa utility bills from mid-October through December, 2016. A webpage describing the rate increase has been active since mid-October, 2015.
- A press release was issued on December 21, 2016.
- Legal notice of the public hearing was posting in the Idaho Press Tribune.
- Facebook postings were made in advance of each open house.

When did the City last raise water rates?

Before the 2016 increase, the Nampa Waterworks Division had not requested a significant rate increase in the past 6 years. Instead, the Division has worked to minimize operations costs and utilize reserve funds.

Domestic Water Rate Changes										
Consumption	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
0-750	4.8%	4.0%	0.0%	13.3%	0.0%	1.5%	4.7%	0.0%	0.0%	0.0%
751 – 4,000	4.8%	4.5%	0.0%	0.0%	0.0%	1.5%	4.7%	0.0%	0.0%	0.0%
> 4,000	4.1%	4.5%	0.0%	0.0%	0.0%	1.5%	4.7%	0.0%	0.0%	0.0%

*Consumption in cubic feet

How do I get more information?

To learn more about planned water system improvements and the rate increases visit www.cityofnampa.us/increase.