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# MEMORANDUM

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Date: December 19, 2017

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator

A handwritten signature in black ink, appearing to be "CHH", is written over the printed name "C.H. Huckelberry".

Re: **Commercial Billing Class Adjustment for Wastewater Users**

Based on Board of Supervisors direction, the item on the December 12, 2017 agenda to increase the strength factor for commercial users by 16 percent was continued to February 6, 2018.

Attached is information provided by the Regional Wastewater Reclamation Department regarding this adjustment. The primary purpose of this adjustment is to create equity between commercial and residential users. Today, a commercial user pays the same strength multiplier as a residential user even though their sewage strength is more than a typical residential user.

The Board expressed concern regarding what this increase would mean to small commercial users that may only have a single bathroom in an office environment. It should be remembered that this type of user typically has a much lower volume component to their wastewater bill than a residential user who has direct metered water use. The attached memorandum analyzes the difference in monthly bill between a low and high volume commercial user as compared to a residential user. Staff will also provide additional details regarding low volume commercial users and their actual bill increase impact associated with this strength adjustment.

CHH/anc

Attachment

c: Carmine DeBonis, Jr., Deputy County Administrator for Public Works  
Jackson Jenkins, Director, Regional Wastewater Reclamation





C.H. Huckelberry, County Administrator

**Subject: Recommendation to Adjust the High Strength Factor for the Commercial Billing Class**

December 6, 2017

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While the 16 percent value is not strictly supported by a statistically significant number, it is a reasonable and conservative estimate.

**Public Involvement**

Public outreach efforts have included a public meeting, notices in the Arizona Daily Star, Daily Territorial, and social media, and postings on the Pima County and RWRD webpages. A press release on the public notice resulted in media coverage on October 12, 2017 by KGUN 9 and the Arizona Daily Star.

Further, Community Relations Staff reached out to ten local business organizations to provide information on this topic. A personal meeting and/or presentation to the organizations' constituent base were offered. The Oro Valley Chamber of Commerce responded with some questions, which we answered, and the Tucson Chamber requested a meeting for further information which was held on November 29, 2017.

**Budgetary Impacts**

As of November 21, 2017, the Finance and Risk Management Department has reported this 16 percent adjustment is estimated to generate an additional \$3.5 million in annual revenue from approximately 12,000 commercial customers.

**Conclusion**

Utilizing the most conservative data, we recommend a 16 percent adjustment to the Commercial high strength factor in order to begin to more equitably recover the cost of service for that bill class. I want to reiterate, this is **not** a 16 percent sewer user fee increase. This is a 16 percent adjustment to the high strength factor only.

Please let me know if you have any questions or if additional information is needed.

Attachment

c: Keith Dommer, Director, Finance and Risk Management Department  
Jennifer C. Coyle, Special Assistant to the Director, Regional Wastewater Reclamation Department

### Exhibit 5.5: 2016 RFC Survey Data

	Wastewater Charge				Wastewater Charge		
	5/8-Inch Meter		Percent Difference of Commercial to Residential Customer Bill		5/8-Inch Meter		Percent Difference of Commercial to Residential Customer Bill
	Residential 3,000 cf (22,440 gal)	Non-mfg./ Commercial 3,000 cf (22,440 gal)			Residential 3,000 cf (22,440 gal)	Non-mfg./ Commercial 3,000 cf (22,440 gal)	
<b>All Wastewater Utilities</b>				<b>Western Utilities</b>			
Average	\$106.38	\$126.66	19.1%	San Diego, CA	\$123.28	\$166.16	34.8%
Median	\$94.78	\$113.51	19.8%	San Antonio, TX	\$92.92	\$86.07	-7.4%
Number of Systems	176	170		Fort Worth, TX	\$111.20	\$136.10	22.4%
				Austin, TX	\$223.27	\$218.09	-2.3%
<b>Pima County, AZ (existing)</b>	<b>\$118.23</b>	<b>\$118.23</b>	<b>0.0%</b>	El Paso, TX	\$50.54	\$56.50	11.8%
				Oakland, CA	\$23.20	\$43.73	88.5%
<b>California, Nevada and Arizona Utilities</b>				San Francisco, CA	\$304.64	\$174.23	-42.8%
San Diego, CA	\$123.28	\$166.16	34.8%	Salt Lake City, UT	\$53.40	\$96.00	79.8%
Oakland, CA	\$23.20	\$43.73	88.5%	Palo Alto, CA	\$31.95	\$184.80	478.4%
San Francisco, CA	\$304.64	\$174.23	-42.8%	Tacoma, WA	\$151.79	\$182.74	20.4%
Palo Alto, CA	\$31.95	\$184.80	478.4%	Henderson, NV	\$25.78	\$57.81	124.2%
Henderson, NV	\$25.78	\$57.81	124.2%	Plano, TX	\$119.11	\$119.11	0.0%
Scottsdale, AZ	\$62.02	\$63.59	2.5%	Scottsdale, AZ	\$62.02	\$63.59	2.5%
Glendale, AZ	\$89.09	\$72.48	-18.6%	Irving, TX	\$69.81	\$71.82	2.9%
Santa Rosa, CA	\$76.55	\$322.54	321.3%	Glendale, AZ	\$89.09	\$72.48	-18.6%
North Las Vegas, NV	\$43.94	\$119.91	172.9%	Waco, TX	\$87.29	\$87.29	0.0%
Palm Desert, CA	\$24.50	\$32.10	31.0%	Tyler, TX	\$29.81	\$56.22	88.6%
Peoria, AZ	\$55.55	\$55.55	0.0%	Santa Rosa, CA	\$76.55	\$322.54	321.3%
Bellevue, WA	\$165.33	\$275.10	66.4%	North Las Vegas, NV	\$43.94	\$119.91	172.9%
Yuma, AZ	\$34.45	\$63.23	83.5%	Round Rock, TX	\$89.34	\$89.34	0.0%
Santa Barbara, CA	\$45.36	\$97.80	115.6%	Palm Desert, CA	\$24.50	\$32.10	31.0%
Rio Rancho, NM	\$230.30	\$230.30	0.0%	Denton, TX	\$100.71	\$139.32	38.3%
South Lake Tahoe, CA	\$35.34	\$36.72	3.9%	Peoria, AZ	\$55.55	\$55.55	0.0%
Gallup, NM	\$97.80	\$97.80	0.0%	Bellevue, WA	\$165.33	\$275.10	66.4%
La Crescenta, CA	\$33.75	\$123.10	264.7%	Carrollton, TX	\$52.55	\$52.55	0.0%
Running Springs, CA	\$63.28	\$86.71	37.0%	Springfield, OR	\$165.09	\$184.02	11.5%
Hollister, CA	\$265.13	\$364.20	37.4%	Yuma, AZ	\$34.45	\$63.23	83.5%
				Santa Barbara, CA	\$45.36	\$97.80	115.6%
Average	\$91.56	\$133.39	45.7%	Longview, TX	\$90.94	\$90.94	0.0%
Median	\$58.78	\$97.80	66.4%	Cheyenne, WY	\$55.52	\$159.51	187.3%
Number of Systems	20	20		Grants Pass, OR	\$29.00	\$97.35	235.7%
				Bend, OR	\$133.64	\$174.94	30.9%
				Kenmore, WA	\$141.08	\$185.78	31.7%
				San Marcos, TX	\$165.69	\$165.69	0.0%
				Rio Rancho, NM	\$230.30	\$230.30	0.0%
				Albany, OR	\$116.43	\$227.15	95.1%
				South Lake Tahoe, CA	\$35.34	\$36.72	3.9%
				Southlake, TX	\$56.16	\$87.48	55.8%
				Gallup, NM	\$97.80	\$97.80	0.0%
				Benbrook, TX	\$50.08	\$147.58	194.7%
				Milwaukie, OR	\$118.81	\$277.71	133.7%
				La Crescenta, CA	\$33.75	\$123.10	264.7%
				Mukilteo, WA	\$61.86	\$190.17	207.4%
				Canyon, TX	\$26.30	\$105.50	301.1%
				Running Springs, CA	\$63.28	\$86.71	37.0%
				Hollister, CA	\$265.13	\$364.20	37.4%
				Average	\$92.90	\$133.76	44.0%
				Median	\$73.18	\$112.31	53.5%
				Number of Systems	46	46	