SULTAN CITY COUNCIL
AGENDA ITEM

ITEM NO:	Discussion D 1
DATE:	May 27, 2010
SUBJECT:	Mobile Home Park Water Rate Structure
CONTACT PERSON:	Laura Koenig, Clerk/Deputy Finance Director

ISSUE:
The issue before the Council is to review the current water rate structure for mobile home parks. The matter was reviewed by the Sub-committee on March 25, 2010. Due to the long agendas, the matter was continue from the April 22, 2010 council meeting.

SUMMARY:
Upon completion of the water rate study in 2009, a new rate structure was implemented which resulted in residential water customers incurring a $2.84 raise in their base water rate while maintaining the same monthly water allowance of 600 c.f..

Mobile home parks and multi-family dwellings (more than 2 units) had their base water rate reduced by $0.73 and also had their monthly water allowance reduced from 600 c.f. to 300 c.f. Several mobile home park owners have contacted the City with concerns that the new rate structure is not a fair and equitable for residences in a mobile home park. The mobile park owners feel their units are similar to single family residences.

The Policy questions for the Council are:

1) Should mobile home parks be treated a single family residences in regards to water consumption?

   Mobile home park lots have yards, planter beds and other outside water uses. In general, most mobile homes have families living in them and not just one or two people.

   The problem with Mobile Home Parks is that there is a single meter for all the units. This does not encourage tenants to conserve water or to repair leaks.

2) Should mobile home parks be billed the same water rate and consumption allowance as single family residences?

   This would mean a base rate of $28.09 and a monthly water allowance of 600 c.f. per unit vs. the current base rate of $24.52 and monthly water allowance of 300 c.f. per unit.

FISCAL IMPACT:
Attachment A provides information on the six mobile home parks current monthly charges, average consumption. Recalculation at the single residential rate and the difference in the monthly rate if the residential rate is applied would result in the average monthly rate reduction for the six mobile parks of $457. This amounts to an annually reduction in revenue to the water utility of $5484.

The Sub-committee discussed and decided that a revision to the rate would require a review of the Water Rate Study and the potential impact to other customers. The rates were set to generate the revenue required for operation and maintenance, debt service and capital projects. The reduction in one rate will require an increase of other rates to maintain the same level of revenue.

RECOMMENDATION:
The Sub-committee and staff recommend the issue be reviewed as part of the update to the Water System Plan. The plan will be updated in 2010-11 and the current ordinance is effective through 2013.

Attachment: A. Water rate chart / mobile home rate comparisons

Water Rate Comparisons for Mobile Home Parks - Multi-Family Rate Vs. Single Family Rate

Based on 2009 Consumption

*Multi-family rate is a base amount of $24.52 per unit per month which includes 300 c.f. Excess is billed at $2.54 per 100 c.f.

*Multi-family senior rate is $12.26

Description	Cherry Hill Mobile Park - 69 units	Timberline Village - 21 units	Rivercrest Mobile Park - 14 units	West Mobile Park - 8 units	Cedar Log Park - 7 units	10th St. Mobile Park - 7 units
2009 average monthly consumption	48,309 c.f.	26,856 c.f.	25,928 c.f.	8,994 c.f.	9,123 c.f.	3,259 c.f.
Allowable consumtion under MFR	20,700 c.f.	6,300 c.f.	4,200 c.f.	2,400 c.f.	2,100 c.f.	2,100 c.f.
Excess consumption	27,609 c.f.	20,556 c.f.	21,728 c.f.	6,594 c.f.	7,023 c.f.	1,159 c.f.
Excess x $2.54 per 100 c.f.	$701.27	$522.12	$551.89	$167.49	$178.38	$29.44
Units x base rate of $24.52	$1,397.64	$514.92	$343.28	$196.16	$171.64	$171.64
Units x senior base rate of $12.26	$147.12	N/A	N/A	N/A	N/A	N/A
Total average monthly charge	**$2,246.03**	**$1,037.04**	**$895.17**	**$363.65**	**$350.02**	**$201.08**

*Single family rate is a base amount of $28.09 per unit per month which includes 600 c.f. Excess is billed at $2.54 per 100 c.f.

*Single family senior rate is $14.05

Description	Cherry Hill Mobile Park - 69 units	Timberline Village - 21 units	Rivercrest Mobile Park - 14 units	West Mobile Park - 8 units	Cedar Log Park - 7 units	10th St. Mobile Park - 7 units
2009 average monthly consumption	48,309 c.f.	26,856 c.f.	25,928 c.f.	8,994 c.f.	9,123 c.f.	3,259 c.f.
Allowable consumption under SFR	41,400 c.f.	12,600 c.f.	8,400 c.f.	4,800 c.f.	4,200 c.f.	4,200 c.f.
Excess consumption	6,909 c.f.	16,256 c.f.	17,528 c.f.	4,194 c.f.	4,923 c.f.	0 excess consumption
Excess x $2.54 per 100 c.f.	$175.49	$412.90	$445.21	$106.53	$125.04	0
Units x base rate of $28.09	$1,601.13	$589.89	$393.26	$224.72	$196.63	$196.63
Units x senior base rate of $14.05	$168.60	N/A	N/A	N/A	N/A	N/A
Total average monthly charge	**$1,945.22**	**$1,002.79**	**$838.47**	**$331.25**	**$321.67**	**$196.63**
Average Monthly Rate Difference	**$300.81**	**$34.25**	**$56.70**	**$32.40**	**$28.35**	**$4.45**

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2009 average monthly cons. per unit	700 c.f.	1,278 c.f.	1,852 c.f.	1,124 c.f.	1,303 c.f.	466 c.f.
2008 average monthly cons. per unit	539 c.f.	999 c.f.	1,365 c.f.	840 c.f.	1,018 c.f.	462 c.f.