



January 2, 2019

HAND DELIVERED

The Honorable Joe Smith
Mayor, City of North Little Rock
North Little Rock City Hall
300 Main Street
North Little Rock, AR 72114

RE: PROPOSED ADJUSTMENTS TO BASIC WATER RATE SCHEDULE

Dear Mayor Smith:

At our regular monthly meeting on December 20, 2018, the Board of Commissioners, Central Arkansas Water, adopted Resolution 2018-13, as the new schedule of rates for water customers. The Board of Commissioners respectfully requests that the North Little Rock City Council accept this Resolution, as well as our official date of notice for your 90-day review period beginning on January 2, 2019.

The new rate schedule reflects no increase in the monthly base charges or the volumetric rates to meet revenue requirements for operations, maintenance, and capital improvements effective for water billed on or after June 1, 2019 through December 31, 2022. I have attached a separate executive summary of the proposed changes. Please let me know if you wish to schedule a presentation to the North Little Rock City Council.

Our Water Utilities Consolidation Agreement requires that we conduct one (1) public hearing and that we give the North Little Rock City Council and the Little Rock Board of Directors three months' notice on the new rates. We have not set the date of the public hearing but will do so in the near future and will notify you. No action on the Resolution is required on your part. Absent a call for a vote of disapproval and the passage of same by both the cities of North Little Rock and Little Rock, the rates established by Resolution 2018-13 will become effective June, 1, 2019.

If you have questions or would like to discuss the rate changes, please contact me at 377.1342 or Jeff Mascagni, Chief Financial Officer, at 377.1339.

CENTRAL ARKANSAS WATER

C. Tad Bohannon
Chief Executive Officer

CTB:md

Enclosures

Cc: Ms. Amy Fields, City Attorney, City of North Little Rock
 Ms. Diane Whitbey, City Clerk, City of North Little Rock
Ms. Julie Fisher, Director of Operations, City of North Little Rock

FILED 10:10 A.M. _____ P.M.

BY via US mail

DATE 1/7/19
Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas

RECEIVED by



TO: Mayor Joe Smith, City of North Little Rock

FROM: Tad Bohannon, CEO, Central Arkansas Water 

RE: 2019-2022 Central Arkansas Water rate resolution

DATE: January 2, 2019

The Central Arkansas Water Board of Commissioners passed a rate resolution at its December 20 board meeting that includes no water rate increases in 2019 through 2022.

- **Beginning June 1, 2019, customers will see a new service fee of \$1.92 on their bills.** This revenue will pay for an upgraded billing system used to send and process bills for CAW and its partners, including North Little Rock wastewater. The fee is intended to cover costs of billing and customer service that should be borne by all billing partners. Without the fee, CAW would need to increase the billing fees paid by other city services to CAW for billing and customer service, potentially requiring an additional increase in the fees charged by those city services. The fee will appear as a separate line item on customer bills. Customers have the option to reduce the service fee \$0.50 by signing up for paperless billing. Starting around the 3rd quarter of 2020, customers will have an opportunity to reduce the fee by another \$0.20 by signing up for auto-pay. Customers already on paperless billing before the June 1 implementation of the new service fee will automatically have their fee reduced.
- **The watershed protection fee will increase by \$0.15 to \$0.60 on June 1, 2019.** This revenue is used to acquire land and support other programs that prevent degradation of the water quality within CAW's water supply lakes. The CAW Board of Commissioners has the option to raise the fee by \$0.15 in 2020 and by an additional \$0.15 in 2021 if needed to protect water quality.
- **CAW may adjust the volumetric allowance currently included within the base charge on bills.** Currently, the monthly base charge on every water bill includes 200 cubic feet of water. The 2019-2022 rate schedule allows the Board of Commissioners to adjust that amount depending on overall water usage as a result of dry or wet weather. If a significantly wet year results in lower water consumption, the board may choose to gradually reduce the allowance over time. If a significantly dry year results in greater water consumption, the board may choose to increase the allowance. No changes will be made in 2019 or 2020 to the allowance included within the base charge.

CAW's water rates continue to be the lowest in the central Arkansas area and among the lowest in the southwest and south central regions of the country. Our Mission is "to enhance the quality of life for

RESOLUTION 2018-13

**A RESOLUTION TO ESTABLISH A SCHEDULE OF RATES FOR
CENTRAL ARKANSAS WATER; TO FIX THE EFFECTIVE DATE FOR
THESE RATES; AND FOR OTHER PURPOSES**

WHEREAS, The Board of Commissioners of Central Arkansas Water is vested with the authority to establish water rates for Central Arkansas Water customers; and

WHEREAS, Raffelis Financial Consultants, Inc., Central Arkansas Water's rate consultants, have completed a Rate Study and made recommendations to modify Central Arkansas Water's current schedule of rates; and

WHEREAS, water rates must be adequate to pay the principal of and interest on all debt issued by the utility, fulfill all other existing debt covenants, provide an adequate depreciation fund, and provide sufficient revenues to properly operate and maintain the waterworks system; and

WHEREAS, the Board of Commissioners, upon the recommendation of staff, finds that the rates established herein are adequate to meet the revenue requirements that include the cost of operating and maintaining the system, as well as funding for needed capital improvements.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF
CENTRAL ARKANSAS WATER THAT THE RATE SCHEDULES OF CENTRAL ARKANSAS
WATER ADOPTED BY RESOLUTION 2015-20 AND RESOLUTION 2014-10 SHALL BE
AMENDED AND RESTATED, AS FOLLOWS:**

**RATE SCHEDULE
OF
CENTRAL ARKANSAS WATER**

Section 1.

Effective Dates

This schedule shall become effective for water billed on or after June 1, 2019, January 1, 2020, January 1, 2021, and January 1, 2022, as hereinafter set forth unless otherwise noted.

Meter Measurement

Except for public and private fire services, all water used shall be measured through meters. The size of each meter shall be determined by Central Arkansas Water commensurate with its estimate of the amount of water to be used for the premises. One cubic foot of water is equal to 7.48 gallons weighing 62.5 pounds avoirdupois.

Section 2. Except as otherwise provided in Section 12, the following schedule of rates is hereby established by Central Arkansas Water for Residential, Commercial, Large Volume, and Irrigation customer classes inside and outside of the corporate limits of the City of Little

Rock ("LR"), Arkansas, and the City of North Little Rock ("NLR"), Arkansas, and whose water service meters are located both south (LR) and north (NLR) of the Arkansas River.

Minimum Monthly Charge

The Minimum Monthly Charge for all customers governed by this Section 2, except public and private fire service.

METER SIZE	INSIDE CITY				
	MINIMUM MONTHLY CHARGE				
(diameter)	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 7.85	\$ 7.85	\$ 7.85	\$ 7.85	\$ 7.85
3/4"	\$ 10.14	\$ 10.14	\$ 10.14	\$ 10.14	\$ 10.14
1"	\$ 14.41	\$ 14.41	\$ 14.41	\$ 14.41	\$ 14.41
1 1/2"	\$ 24.37	\$ 24.37	\$ 24.37	\$ 24.37	\$ 24.37
2"	\$ 39.52	\$ 39.52	\$ 39.52	\$ 39.52	\$ 39.52
3"	\$ 73.07	\$ 73.07	\$ 73.07	\$ 73.07	\$ 73.07
4"	\$ 118.85	\$ 118.85	\$ 118.85	\$ 118.85	\$ 118.85
6"	\$ 235.08	\$ 235.08	\$ 235.08	\$ 235.08	\$ 235.08
8"	\$ 397.64	\$ 397.64	\$ 397.64	\$ 397.64	\$ 397.64
10"	\$ 572.49	\$ 572.49	\$ 572.49	\$ 572.49	\$ 572.49
12"	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65	\$ 1,042.65

*Includes up to 200 cubic feet (CF)

METER SIZE	OUTSIDE CITY				
	MINIMUM MONTHLY CHARGE				
(diameter)	CURRENT*	6/1/2019	1/1/2020	1/1/2021	1/1/2022
5/8"	\$ 10.28	\$ 10.28	\$ 10.28	\$ 10.28	\$ 10.28
3/4"	\$ 13.28	\$ 13.28	\$ 13.28	\$ 13.28	\$ 13.28
1"	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87
1 1/2"	\$ 31.90	\$ 31.90	\$ 31.90	\$ 31.90	\$ 31.90
2"	\$ 51.73	\$ 51.73	\$ 51.73	\$ 51.73	\$ 51.73
3"	\$ 95.64	\$ 95.64	\$ 95.64	\$ 95.64	\$ 95.64
4"	\$ 155.58	\$ 155.58	\$ 155.58	\$ 155.58	\$ 155.58
6"	\$ 307.72	\$ 307.72	\$ 307.72	\$ 307.72	\$ 307.72
8"	\$ 520.51	\$ 520.51	\$ 520.51	\$ 520.51	\$ 520.51
10"	\$ 749.38	\$ 749.38	\$ 749.38	\$ 749.38	\$ 749.38
12"	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83	\$ 1,364.83

*Includes up to 200 cubic feet (CF)

The Central Arkansas Water Board of Commissioners may, at any time by Resolution passed by a majority of the Board of Commissioners, elect to include up to 500 cubic feet of water in the Monthly Minimum Charge before the Volume Based Rates are applicable when adequate cash reserves and revenues are available to meet Central Arkansas Water's upcoming operating, maintenance, and capital expenditure requirements.

Additional Volume Based Monthly Charge

In addition to the Minimum Monthly Charge, the Table of Volume-Based Rates adopted by Resolution 2015-20 for calendar years 2019 and beyond (as set forth below) shall continue to apply to the amount of water (above the amount of water included in the Monthly Minimum Charge) delivered by Central Arkansas Water per month:

CUSTOMER CLASS	INSIDE-CITY \$ PER 100 CF 1 – 33	INSIDE-CITY \$ PER 100 CF OVER 33	OUTSIDE-CITY \$ PER 100 CF 1 – 33	OUTSIDE-CITY \$ PER 100 CF OVER 33
RESIDENTIAL	\$ 1.71	\$ 2.22	\$ 2.73	\$ 3.57
COMMERCIAL	\$ 1.60	\$ 1.60	\$ 2.56	\$ 2.56
LARGE VOLUME	\$ 1.30	\$ 1.30	\$ 2.09	\$ 2.09
IRRIGATION	\$ 1.71	\$ 2.22	\$ 2.73	\$ 3.57

Nonresident Consumers

The term “outside city” used in the foregoing rates refers to any consumer receiving service outside the municipal boundaries of the City of Little Rock and the City of North Little Rock, and to nonresident consumers and Wholesale-Metered Customers who purchase water within the municipal boundaries for transport to a point outside the municipal boundaries for use or resale.

Private Fire Services

Private fire service connections for private premises in both the City of Little Rock, Arkansas and the City of North Little Rock, Arkansas and consumers outside the municipal boundaries of each city both north and south of the Arkansas River shall pay the following annual fire service charges, effective as of the dates stated.

	RATES			
	CURRENT		EFFECTIVE JUNE 1, 2019	
	INSIDE	OUTSIDE	INSIDE	OUTSIDE
FIRE HYDRANTS	\$ 79.51	\$ 115.02	\$ 79.51	\$ 115.02
AUTOMATIC SPRINKLER SYSTEM MINIMUM CHARGE (Includes 1,000 HEADS)	\$ 92.20	\$ 133.38	\$ 92.20	\$ 133.38
ADDITIONAL HEADS, EACH	\$ 0.09	\$ 0.15	\$ 0.09	\$ 0.15
STANDPIPE 1 1/4" (OR SMALLER) DIAMETER, EACH	\$ 18.03	\$ 26.10	\$ 8.03	\$ 26.10
1 1/2" DIAMETER, EACH AT	\$ 28.07	\$ 40.59	\$ 8.07	\$ 40.59
2" DIAMETER, EACH AT	\$ 46.12	\$ 66.69	\$ 6.12	\$ 66.69
2 1/2" DIAMETER, EACH	\$ 92.20	\$ 133.38	\$ 92.20	\$ 133.38

Section 3. Inside City Residential accounts with a single house meter (no sprinkler meter) using 100, 200 or 300 cubic feet of monthly usage shall be given a **Conservation Rate Discount** of 15%. The discount shall not apply to zero consumption billings.

Section 4. The **Watershed Protection Fee** of \$0.45 per month per 5/8" or 3/4" equivalent meter will continue as implemented in 2009 until June 1, 2019, when it shall increase to \$0.60 per 5/8" or 3/4" equivalent meter. Thereafter the Board of Commissioners of Central Arkansas Water, at its discretion, in order to provide sufficient funding to acquire land to prevent degradation of the water quality within the water supply lakes, may increase the Watershed Protection Fee to \$0.75 as of January 1, 2020, and to either \$0.75 or \$0.90 per month per 5/8" or 3/4" equivalent meter effective January 1, 2021. The Watershed Protection Fee will accumulate to establish a fund that may be used for land purchases, to service the debt on larger land purchases, and/or fund the administration of the Watershed Protection Program.

METER SIZE (diameter)	WATERSHED PROTECTION FEE			
	CURRENT	6/1/2019	If increased to \$0.75	If increased to \$0.90
5/8"	\$ 0.45	\$ 0.60	\$ 0.75	\$ 0.90
3/4"	\$ 0.45	\$ 0.60	\$ 0.75	\$ 0.90
1"	\$ 0.68	\$ 0.90	\$ 1.13	\$ 1.35
1 1/2"	\$ 1.13	\$ 1.50	\$ 1.88	\$ 2.25
2"	\$ 2.25	\$ 3.00	\$ 3.75	\$ 4.50
3"	\$ 3.60	\$ 4.80	\$ 6.00	\$ 7.20
4"	\$ 6.75	\$ 9.00	\$ 11.25	\$ 13.50
6"	\$ 11.25	\$ 15.00	\$ 18.75	\$ 22.50
8"	\$ 22.50	\$ 30.00	\$ 37.50	\$ 45.00
10"	\$ 36.00	\$ 48.00	\$ 60.00	\$ 72.00

Section 5. The following schedule of rates is established by Central Arkansas Water for Wholesale-Metered Customers, whether such Wholesale-Metered Customers are located within or without the political boundaries of any retail area served by Central Arkansas Water, whose rates are determined in accordance with nationally accepted cost of service rate setting standards for the water industry.

Such Wholesale-Metered Customers shall pay a Minimum Monthly Charge in accordance with Section 2 and an additional amount determined by the following volume based rates for all water delivered each month by Central Arkansas Water, effective as of January 1, 2019 and June 1, 2019.

TIME WATER IS TAKEN	RATES FOR WHOLESALE-METERED CUSTOMERS	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	\$ PER 100 CF	\$ PER 100 CF
ON PEAK Customers taking any water from: 4:01am to 8:59am and/or 5:01pm to 9:59pm	\$ 1.65	\$ 1.65
OFF PEAK Customers taking all water from: 10pm to 4am and/or 9am to 5pm	\$ 1.52	\$ 1.52

The **Watershed Protection Fee**, pursuant to Section 4 herein, shall not apply to the sale of water by Central Arkansas Water to Wholesale-Metered Customers at the wholesale meter(s), but instead each Wholesale-Metered Customer shall pay the Watershed Protection Fee monthly based on the number of individually metered customers (at each applicable meter size) of the Wholesale-Metered Customer as of December 15 of the prior year, as well as those of any subsequent wholesale purchasers from the Wholesale-Metered Customer. Wholesale-Metered Customers obtaining less than one hundred percent (100%) of their total supply from Central Arkansas Water will pay only a proportional share of the Watershed Protection Fee based on the percentage of water supplied by Central Arkansas Water compared to the total amount of water utilized by the Wholesale-Metered Customer each month. If a Wholesale-Metered Customer takes less than the required minimum amount of water pursuant to the contract between the Wholesale-Metered Customer and Central Arkansas Water, the allocation for determining the amount of the Watershed Protection Fee to be paid shall be based on the required minimum under the contract, not the amount of water actually taken by the Wholesale-Metered Customer. Wholesale-Metered Customers shall report no later than the 23rd day of December each year the total metered consumption for their system and any consecutive system for the previous twelve (12) months ending November 30, and the number of active meters by size on the 15th day of December. If a Wholesale-Metered Customer fails to report the total metered consumption and number of active meters by size by noon on the 23rd day of December, Central Arkansas Water shall assume that the Wholesale-Metered Customer received 100 percent of its water from Central Arkansas Water during the prior 12 month period, and that the number of active meters increased by twenty-five percent until the month following the month in which the Wholesale-Metered Customer submits the required report. Wholesale-Metered Customers may pass the Watershed Protection Fee through directly or include it in their rates. Each Wholesale-Metered Customer must assure that each and every wholesale customer of the Wholesale-Metered Customer is paying the applicable amount of Watershed Protection Fees each month in accordance with the requirements of and calculations provided for in this Section 5.

Section 6. The following schedule of rates is hereby established by Central Arkansas Water for Raw Water Customers.

All Raw Water Customers purchasing raw water shall pay a Minimum Monthly Charge in accordance with Section 2 (inside or outside) and an additional amount determined by the following rates for all water, effective as of the dates stated.

	RAW WATER RATES	
	EFFECTIVE 1/1/2019	EFFECTIVE 6/1/2019
	\$ PER 100 CF	\$ PER 100 CF
Raw Water Customer	\$ 0.66	\$ 0.66

Section 7. Bills for service shall be rendered and paid monthly, with the exception of payments for private fire service and Wholesale-Metered Customers. Payments for private fire service shall be due in semi-annual installments in advance of the first (1st) day of January and July of each year. For Wholesale-Metered Customers, bills for service shall be rendered and paid monthly in accordance with the terms and conditions of the agreement for the purchase and sale of surplus water between Central Arkansas Water and the Wholesale-Metered Customer.

Section 8. Commencing 6/1/2019, each bill sent by Central Arkansas Water to any customer shall include a "billing fee" of \$1.92 per bill per month. The billing fee shall be reduced to \$1.42 per month for those customers who agree to receive electronic, rather than paper, bills. And, following implementation of the new customer information system (expected to be completed in the second quarter of 2020) and a change to the Paymentus payment system, the billing fee shall be reduced by up to an additional \$0.20 per month for those customers who agree to pay by recurring auto-draft each month. The billing fee shall be reduced by \$0.87 per month when the debt issued in 2018 to pay for the new customer information system is retired.

Section 9. For customers other than Wholesale-Metered Customers, a penalty of ten percent (10%) shall be added to a customer bill not paid before the 20th day following the billing date. If a bill is not paid within 30 days after the billing date, service for the affected premise or customer, together with all other premises or accounts in the name of the same customer, may be disconnected. In such event, Central Arkansas Water may levy a reconnection charge for each account disconnected. For Wholesale-Metered Customers, a penalty of ten percent (10%) shall be added to a Wholesale-Metered Customer bill not paid before the 20th day following the billing date. If a bill is not paid within 30 days after the billing date, service for the affected Wholesale-Metered Customer may be restricted, limited or even fully disconnected, at Central Arkansas Water's discretion. In such event, Central Arkansas Water may levy a service charge for installation and removal of each device installed to restrict or limit flow or a reconnection charge for each metered disconnected in the case of disconnection.

Section 10. Repealer. Except as otherwise provided in Sections 1 and 12, and with the understanding that current rates shall remain in effect until the effective date of the new rates established by this Resolution, all previous rate schedule Resolutions are hereby repealed as of the effective date of the rate schedules established herein.

Section 11. Severability. The provisions of this Resolution are separable, and if any portion, section, provision, or phrase of this Resolution shall be declared invalid or unconstitutional, such action shall not affect the validity of the remainder of this Resolution.

Section 12. Definitions. The customer classes described in this Resolution shall be defined as follows:

"Commercial" shall mean all customers receiving water service at (i) a building containing two or more apartments or family units that are rented or leased to tenants as residences and are not separately metered; (ii) a building occupied by a retail or service business; (iii) a building owned or occupied by a public utility, a department of a municipality, or a state or federal governmental agency; or (iv) a non-residential customer that does not fit the definition of a Large Volume Class customer.

"Irrigation" shall mean all customers receiving separately-metered water service used exclusively for irrigation sprinkler systems or other outdoor purposes.

"Large Volume" shall mean any commercial customer (i) who uses at least 1,500,000 cubic feet of water per meter during the 12-month period from September 1 to August 31; or (ii) who agrees to take or pay for a minimum of 125,000 cubic feet of water per meter per month on

an annual basis. Customers who qualify for Large Volume service described in (i) above shall be assigned to the Large Volume Class for the calendar year beginning the following January.

“Raw Water Customers” shall mean all customers receiving raw (untreated) rather than potable water pursuant to a special arrangement with Central Arkansas Water.

“Residential” shall mean all customers receiving water service at a single building or building unit that is owned, leased, or rented by one party, separately metered, and occupied as a residence.

“Wholesale-Metered Customer” shall mean any entity regulated by the Arkansas Department of Health as a “public water system” purchasing water from Central Arkansas Water pursuant to a written agreement for the purchase and sale of surplus water to which Wholesale rates apply. Any public water system acquiring water from Central Arkansas Water without a written agreement for the purchase and sale of surplus water shall be charged the rates applicable to the “outside the city” Commercial customer class, as established in accordance with Sections 2 of this Resolution, as amended from time to time.

Section 12. This Resolution shall be in effect upon its adoption and approval.

Section 13. A copy of this Resolution shall be filed in the corporate offices of Central Arkansas Water where it will be available for public inspection.

ADOPTED: December 20, 2018

Attest:



Eddie Powell, Secretary/Treasurer

APPROVED:



Carmen Smith, Chair

