

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Water Rate Study Preliminary Recommendations



Special Meeting
March 5, 2024



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Background

- Water service is self-supported by water rates
 - Other revenues include hookup fees, standby fees, and interest
 - Gayle Loop property taxes pay off the Gayle Loop debt
- Rate study will cover a 5-year period
 - First rate increase effective July 1, 2024
 - Subsequent increases will go into effect on July 1 of 2025, 2026, 2027, 2028
- Provides water service to 632 customers
- District purchases raw water from the Placer County Water Agency (PCWA) and receives water from the Bowman canal system



Current Quarterly Water Rates

Meter Size	Monthly Service Charge	Quarterly Service Charge
3/4"	\$59.79	\$179.37
1"	\$99.66	\$298.98
1-1/2"	\$199.32	\$597.96
2"	\$318.91	\$956.73
3"	\$597.95	\$1,793.85
4"	\$996.58	\$2,989.74
Usage Charge (\$/ccf)	\$1.28	\$1.28

1 ccf = 1 hundred cubic feet = 748 gallons



Example Bills – 3/4” Single Family

- Fixed fee of \$179.37 per quarter
- Plus water usage: \$1.28 X ccf of use

Quarter		Average Water Use (ccf)	Quarterly Bill
1	Jan through Mar	25	\$211.37
2	Apr through Jun	64	\$261.29
3	Jul through Sep	109	\$318.89
4	Oct through Dec	39	\$229.29
	Average	59	\$254.89



Water Fund Financial Overview

Projected 2023/24 Financials

	FY2023/24
BEGINNING FUND BALANCE	\$795,000
REVENUES	
Water Sales	\$650,600
Other Revenues	<u>\$67,000</u>
Total Revenues	\$717,600
EXPENSES	
Operating Expenses	\$514,000
Debt Service	\$179,000
CIP	\$25,000
Water Line Repairs	<u>\$80,000</u>
Total Expenses	\$798,000
NET INCOME	(\$80,400)
ENDING FUND BALANCE	\$714,600

- Strong estimated reserves at end of FY2024
- Upcoming Cost of Service Increases
 - Inflationary cost increases for most operating expenses
 - Increase in water plant maintenance from \$19,000 to \$25,000
 - \$80,000 + inflation for annual water line repairs
 - +\$14,000/year set aside for the USDA reserve requirement
 - Up to +\$45,000/year in high priority capital projects (media replacements and valve replacements)
 - Target a debt coverage ratio of 1.25x on existing Gayle Loop and USDA obligations to maintain a strong credit rating
- Potential additional needed funding of \$1M of pipe replacements: Steel portion of the 8" Allen replacement and 6" Witt Road



Rate Options

- Each +15% rate increase = about \$100,000 in additional revenues

Options	Description	% Total Rate Increase (includes Option 1)
Option 1 – Base rate change	O&M and high priority capital	+23% rate increase
Option 2 – Gradual CIP funding	Cash fund \$50,000 per year of pipe improvements	+31% rate increase
Option 3 – Fund \$0.5M over 5 years	Cash fund \$100,000 per year of pipe improvements	+38% rate increase
Option 4 – Fund \$1M over 5 years	Cash fund \$200,000 per year of pipe improvements	+54% rate increase



DRAFT Quarterly Water Rates

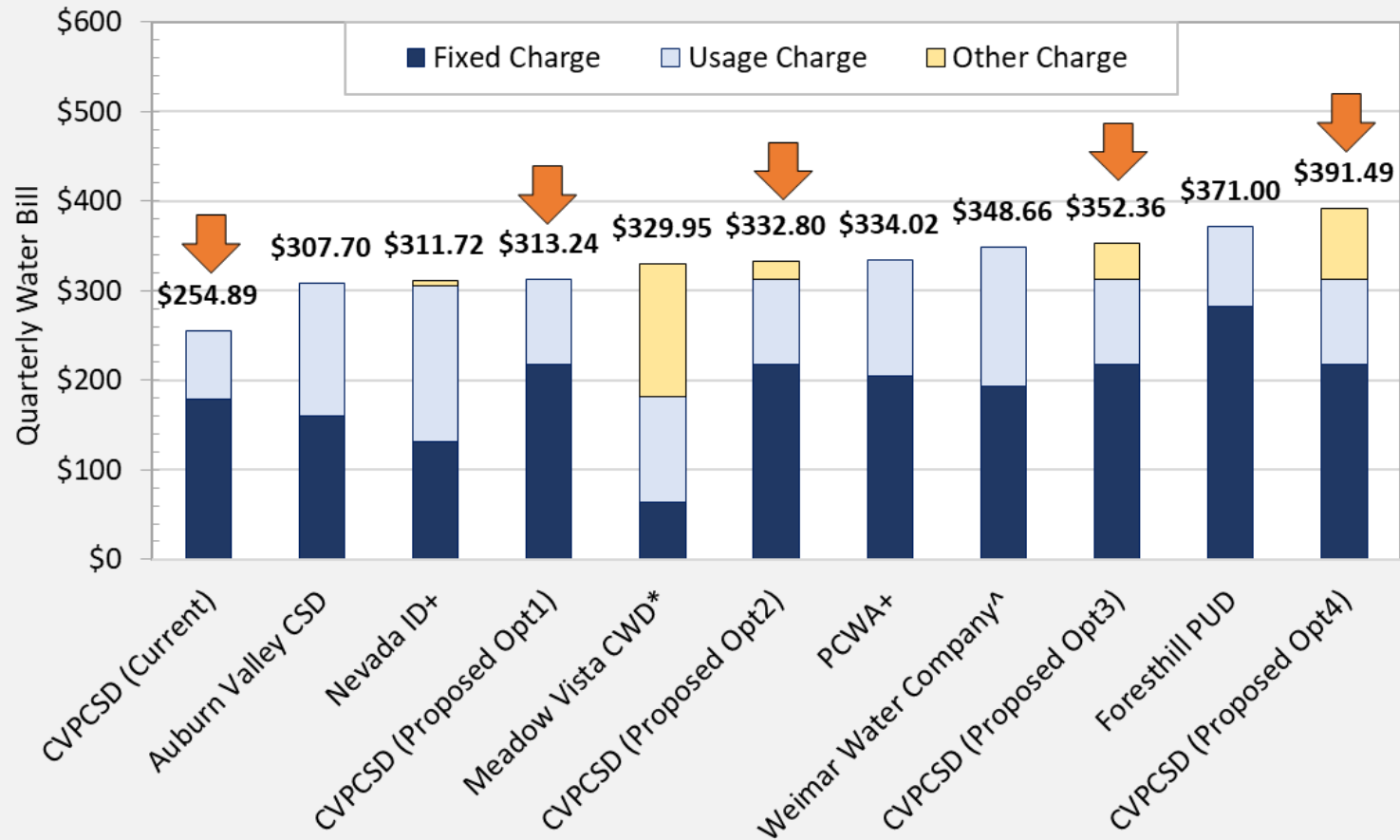
Meter Size	Current	PROJECTED - RATE STUDY PERIOD				
		FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29
FIXED CHARGE (Option 1)						
3/4"	\$179.37	\$217.07	\$223.01	\$229.19	\$235.34	\$241.73
1"	\$298.98	\$355.11	\$364.81	\$374.92	\$384.97	\$395.41
1-1/2"	\$597.96	\$700.19	\$719.33	\$739.24	\$759.05	\$779.63
2"	\$956.73	\$1,114.29	\$1,144.74	\$1,176.43	\$1,207.94	\$1,240.68
3"	\$1,793.85	\$2,218.57	\$2,279.19	\$2,342.26	\$2,405.00	\$2,470.16
4"	\$2,989.74	\$3,460.88	\$3,555.44	\$3,653.82	\$3,751.68	\$3,853.33
+ ADDITIONAL CAPITAL IMPROVEMENT FEE (fixed charge)						
<u>Option 2 - Gradually accumulate capital funds</u>						
3/4"		\$19.56	\$19.56	\$19.56	\$19.56	\$19.56
1"		\$32.60	\$32.60	\$32.60	\$32.60	\$32.60
2"		\$104.33	\$104.33	\$104.33	\$104.33	\$104.33
<u>Option 3 - Cash fund \$0.5M of projects</u>						
3/4"		\$39.12	\$39.12	\$39.12	\$39.12	\$39.12
1"		\$65.21	\$65.21	\$65.21	\$65.21	\$65.21
2"		\$208.66	\$208.66	\$208.66	\$208.66	\$208.66
<u>Option 4 - Cash fund \$1M of projects</u>						
3/4"		\$78.25	\$78.25	\$78.25	\$78.25	\$78.25
1"		\$130.41	\$130.41	\$130.41	\$130.41	\$130.41
2"		\$417.32	\$417.32	\$417.32	\$417.32	\$417.32
USAGE CHARGE (all options)						
\$ per ccf	\$1.28	\$1.63	\$1.68	\$1.73	\$1.78	\$1.83



Water Rate Survey

Quarterly Water Bill Survey

Single Family Residential Customers (3/4" meter, 59 ccf)





Tentative Rate Study Schedule

- March 5: Special Board meeting
- March 12: Present revised recommendations to Board TBD
- April 9: Present final report; Board votes to initiate Prop 218 process TBD
- April 26: Mail notice of public hearing TBD
- June 12: Proposition 218 Public Hearing (at least 45 days later) TBD
- July 1, 2024: New rates go into effect TBD



Discussion

