## A picture containing text Description automatically generated **Kickoff Meeting Agenda**

**Christian Valley Park Community Services District**

**Water Rate Study**

December 6, 2023

1. **Introductions**
2. **Key goals and objectives for the rate study**
3. **Review current rates and fees**
   1. Any issues or problems with the rates that should be addressed in this study? Any customer concerns or political sensitivities?
   2. Tiered vs. uniform volume rates
4. **Outstanding Data Needs and Questions**
   1. 2022-23 year-end fund balance
   2. Reserve policy and fund breakdown
   3. Discuss planned capital improvements
   4. Budgeted hookup fees and potential new connections/growth
5. **Schedule and Next Steps**

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| **Table 1: Current Water Rates** | | |
| **Christian Valley Park CSD** | | |
| **Water Rate Study** | | |
|  |  |  |
| **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 per Unit (1 ccf)** | | $1.28 |
|  |  |  |
| Source: Table 2, Water Rate Study August 2019 | | |

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| **Table 2: Current Rate Revenues** | | | | | | |
| **Christian Valley Park CSD** | | | | | | |
| **Water Rate Study** | | | | | | |
|  |  |  |  |  |  |
| **Rate Categories** | **Charge** |  | **# of Units** | **Annual Revenue** |  |
|  |  |  |  |  |  |
| **Fixed Charges** | **per quarter** |  | **account** |  |  |
| Residential - 5/8" | $179.37 | x | 627 | $449,860 |  |
| Residential - 1" | $298.98 | x | 4 | $4,784 |  |
| CCC - 2" | $956.73 | x | 1 | $3,827 |  |
| Total Fixed |  |  | 632 | $458,471 | 70.47% |
|  |  |  |  |  |  |
| **Volume Rates** | **per ccf** |  | **ccf** |  |  |
| Residential Usage (ccf) | $1.28 | x | 148,364 | $189,906 |  |
| CCC Usage (ccf) | $1.28 | x | 1,715 | $2,195 |  |
| Total Volume [1] |  |  | 150,079 | $192,101 | 29.60% |
|  |  |  |  |  |  |
| **Total Rate Revenue** |  |  |  | **$650,572** |  |
|  |  |  |  |  |  |
| 1 - 2023-2024 Budget estimates water use at 171,000 ccf | | | | | | |

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| **Table 3: Historical Water Use** | | | |
| **Christian Valley Park CSD** | | | |
| **Water Rate Study** | | | |
|  |  |  |  |
|  | **Residential Water Use (ccf)** | **CCC (ccf)** | **Total** |
| 2017 | 137,470 | 1,206 | 138,676 |
| 2018 | 149,522 | 1,424 | 150,946 |
| 2019 | 138,325 | 1,227 | 139,552 |
| 2020 | 162,626 | 401 | 163,027 |
| 2021 | 161,624 | 488 | 162,112 |
| 2022 | 151,744 | 1,491 | 153,235 |
| 2023\* | 148,364 | 1,715 | 150,079 |
|  |  |  |  |
| \*Estimate | | | |

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| **Table 4: Typical** **Residential Bills** | | | |
| **Christian Valley Park CSD** | | | |
| **Water Rate Study** | | | |
|  |  |  |  |
| **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 |
| **ANNUAL AVERAGE** | | 59 | $254.89 |
|  |  |  |  |

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| **Table 5: Capital Improvement Plan** | | | | | |  |  |  |  |  | |
| **Christian Valley Park CSD** | | | | | |  |  |  |  |  | |
| **Water Rate Study** | | | | | |  |  |  |  |  | |
|  |  |  |  |  |  |  |  |  |  |  | |
| **Numerical Year** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | |
| **Calendar Year** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **2029** | **2030** | **2031** | **2032** | |
| **Water Treatment Plant** |  |  |  |  |  |  |  |  |  |  | |
| **1 to 5 Years** |  |  |  |  |  |  |  |  |  |  | |
| Headworks Flow Meter | $10,000 |  |  |  |  |  |  |  |  |  | |
| Filter 3 Rehab |  | $50,000 |  |  |  |  |  |  |  |  | |
| Media Replacement Filters 1 & 2 |  |  |  | $20,000 | $20,000 |  |  |  |  |  | |
| General Repair/Replace Short Term Assets | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 |  |  |  |  |  | |
| **6 to 10 Years** |  |  |  |  |  |  |  |  |  |  | |
| Floc/Sed Basin Rehab ‐ Gunite |  |  |  |  |  | $40,000 |  |  |  |  | |
| General Repair/Replace |  |  |  |  |  | $15,000 | $15,000 | $15,000 | $15,000 | $15,000 | |
|  |  |  |  |  |  |  |  |  |  |  | |
| **Transmission and Distribution** |  |  |  |  |  |  |  |  |  |  | |
| **1 to 5 Years** |  |  |  |  |  |  |  |  |  |  | |
| 2‐inch Extension on Allen |  |  | $35,000 |  |  |  |  |  |  |  | |
| 6‐inch ‐ Witt Rd Replacement |  |  |  | $410,000 |  |  |  |  |  |  | |
| 8‐inch ‐ Allen Replacement (steel portion) |  |  | $560,000 |  |  |  |  |  |  |  | |
| Valves ‐ Total of 5 ‐ (Reliability/Redundancy Project) | $25,000 | $25,000 | $25,000 | $25,000 | $25,000 |  |  |  |  |  | |
| **6 to 10 Years** |  |  |  |  |  |  |  |  |  |  | |
| 10‐inch From Reservoir to Greg |  |  |  |  |  | $345,000 |  |  |  |  | |
| 6‐inch ‐ CVR (Stanley to Mary) |  |  |  |  |  |  | $300,000 |  |  |  | |
| 6‐inch ‐ Stanley (Gayle to Virginia) |  |  |  |  |  |  |  | $775,000 |  |  | |
| Kenneth Loop (Reliability/Redundancy Project) |  |  |  |  |  |  |  |  | $350,000 | $400,000 | |
|  |  |  |  |  |  |  |  |  |  |  | |
| Notes: | | | | | | | | | | |
| 1) All costs based on 2022 ENR 20 Cities Construction Cost Index ‐ 13,000 (mid‐May 2022) | | | | | | | | | | |
| 2) Source: Table 4, Technical Memorandum on CVPCSD Water System Capital Improvements Plan prepared by Hydros Engineering, May 2022 | | | | | | | | | | |

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| **Table 6: Summary of Revenues and Expenses, 2023-24** | |
| **Christian Valley Park CSD** | |
| **Water Rate Study** | |
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|  | **Budget** |
|  | **2023-24** |
|  |  |
| **REVENUES** |  |
| Water Service Revenues [1] | 650,600 |
| Hook-Up Fees | 16,000 |
| Standby Fees | 3,000 |
| Gayle Loop Property Tax Income | 45,000 |
| Interest | 3,000 |
| Total Revenues | 717,600 |
|  |  |
| **EXPENSES** |  |
| *Operating Expenses* |  |
| Water Treatment Expenses | 611,000 |
| Transmission & Distribution Expenses | 89,000 |
| G&A Expenses | 213,000 |
| Subtotal Operating Expenses | 913,000 |
|  |  |
| *Debt Service* |  |
| USDA Loan | 134,000 |
| Water Revenue Bonds | 48,000 |
| Subtotal Debt Service | 182,000 |
|  |  |
| *Capital Expenses* |  |
| Water Treatment Plant | 25,000 |
| Transmission & Distribution | 25,000 |
| Subtotal Capital Expenses | 50,000 |
|  |  |
| **Net Operating Revenues [2]** | (195,400) |
| **Net Annual Revenues** | (427,400) |
|  |  |
| 1 - Estimated based on billing data (see **Table 2**) | |
| 2 - Total revenues less operating expenses |  |

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| **Table 7: Cash Flow Projection** |  |  |  | |  | |  |  |
| **Christian Valley Park Community Services District** | | | |  | |  |  |  |
| **Water Rate Study** |  |  |  | |  | |  |  |
|  |  |  |  | |  | |  |  |
|  | **Budget** | **Years 1 -5: Proposition 218** | | | | | | |
|  | **2023-24** | **2024-25** | **2025-26** | | **2026-27** | | **2027-28** | **2028-29** |
| Rate Revenue Increase |  | 50.0% | 50.0% | | 3.0% | | 3.0% | 3.0% |
| Rate Increase Effective |  | July 1 | July 1 | | July 1 | | July 1 | July 1 |
|  |  |  |  | |  | |  |  |
| **BEGINNING FUND BALANCE [1]** | $1,783,000 | $1,355,600 | $1,100,600 | | $719,600 | | $629,600 | $963,600 |
|  |  |  |  | |  | |  |  |
| **REVENUES** |  |  |  | |  | |  |  |
| *Operating Revenues* |  |  |  | |  | |  |  |
| Water Service Revenues [2] | 650,600 | 895,000 | 1,342,000 | | 1,497,000 | | 1,542,000 | 1,588,000 |
| Hook-Up Fees | 16,000 | 16,000 | 16,000 | | 16,000 | | 16,000 | 16,000 |
| Standby Fees | 3,000 | 3,000 | 3,000 | | 3,000 | | 3,000 | 3,000 |
| Gayle Loop Property Tax Income | 45,000 | 45,000 | 45,000 | | 45,000 | | 45,000 | 45,000 |
| Interest | 3,000 | 3,000 | 3,000 | | 3,000 | | 3,000 | 3,000 |
| **Total Revenues** | 717,600 | 962,000 | 1,409,000 | | 1,564,000 | | 1,609,000 | 1,655,000 |
|  |  |  |  | |  | |  |  |
| **EXPENSES** |  |  |  | |  | |  |  |
| *Operating Expenses [3]* |  |  |  | |  | |  |  |
| Water Treatment Expenses | 611,000 | 629,000 | 648,000 | | 667,000 | | 687,000 | 708,000 |
| Transmission & Distribution | 89,000 | 92,000 | 95,000 | | 98,000 | | 101,000 | 104,000 |
| G&A Expenses [4] | 213,000 | 219,000 | 226,000 | | 233,000 | | 240,000 | 247,000 |
| Subtotal O&M | 913,000 | 940,000 | 969,000 | | 998,000 | | 1,028,000 | 1,059,000 |
|  |  |  |  | |  | |  |  |
| **Net Operating Revenues** | (195,400) | 22,000 | 440,000 | | 566,000 | | 581,000 | 596,000 |
|  |  |  |  | |  | |  |  |
| *Debt Service* |  |  |  | |  | |  |  |
| USDA Loan | 134,000 | 135,000 | 134,000 | | 134,000 | | 135,000 | 134,000 |
| Water Revenue Bonds | 48,000 | 48,000 | 48,000 | | 48,000 | | 48,000 | 48,000 |
| Subtotal Debt Service | 182,000 | 183,000 | 182,000 | | 182,000 | | 183,000 | 182,000 |
|  |  |  |  | |  | |  |  |
| *Capital Projects* |  |  |  | |  | |  |  |
| Water Treatment Plant | 25,000 | 65,000 | 15,000 | | 35,000 | | 35,000 | 55,000 |
| Transmission & Distribution | 25,000 | 25,000 | 620,000 | | 435,000 | | 25,000 | 345,000 |
| Technology Reserve | 0 | 4,000 | 4,000 | | 4,000 | | 4,000 | 4,000 |
| Subtotal Capital Projects | 50,000 | 94,000 | 639,000 | | 474,000 | | 64,000 | 404,000 |
|  |  |  |  | |  | |  |  |
| **Total Expenses** | 1,145,000 | 1,217,000 | 1,790,000 | | 1,654,000 | | 1,275,000 | 1,645,000 |
|  |  |  |  | |  | |  |  |
| **Total Net Revenues** | (427,400) | (255,000) | (381,000) | | (90,000) | | 334,000 | 10,000 |
|  |  |  |  | |  | |  |  |
| **ENDING FUND BALANCE** | 1,355,600 | 1,100,600 | 719,600 | | 629,600 | | 963,600 | 973,600 |
|  |  |  |  | |  | |  |  |
|  |  |  |  | |  | |  |  |
| *Reserve Fund Targets* |  |  |  | |  | |  |  |
| Technology Reserve |  | 4,000 | 8,000 | | 12,000 | | 16,000 | 20,000 |
| Designated Project/Special Use |  |  |  | |  | |  |  |
| Capital Improvement Reserve |  |  |  | |  | |  |  |
| Operating Reserve [5] | 228,300 | 235,000 | 242,300 | | 297,500 | | 305,000 | 312,800 |
| *Operating Reserve Target Met?* | *yes* | *yes* | *yes* | | *yes* | | *yes* | *yes* |
|  |  |  |  | |  | |  |  |
| Debt Coverage (Target - 1.25x) [6] | (1.07) | 0.12 | 2.42 | | 3.11 | | 3.17 | 3.27 |
| *Target Met?* | *no* | no | yes | | *yes* | | *yes* | *yes* |
|  |  |  |  | |  | |  |  |
| NOTES: | | | | | | | | | |
| 1 - Cash in Bank from December 31, 2022 Quarterly Financial Statement | | | | | | | | | |
| 2 - Reflects 3 billing periods at the proposed rate and one billing period at the prior fiscal year's rate | | | | | | | |  |
| 3 - 2023-24 Expenses from 2023-24 adopted Budget. 2024-25 onwards, operating expenses escalated by 3% each year. | | | | | | | | | |
| 4 - Does not include depreciation (a non-cash expense) | | | | | |  |  |  |
| 5 - Target is 3 months of operating expenses | | | | | | | | | |
| 6 - Net operating revenues divided by total debt service | | | | | | | | | |

