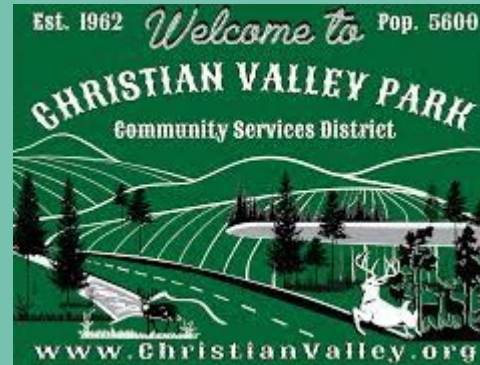


CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Water Rate Adjustment Customer Outreach Meeting



May 7, 2024



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Overview and Timeline

- In 2019, the proposed 5-year water rate adjustment was protested by the ratepayers and not implemented
- Since then, rates have remained the same
- November 2023, L&T began a new water rate study
- Public presentations of draft water rate results occurred Spring 2024 on February 13, March 5, March 12, and April 9
- Notices of public hearing mailed on April 26
- Customer outreach meeting tonight (May 7)
- Next Board meeting is May 14
- Protest hearing is June 11
- If approved, new rates go into effect July 1



Current Quarterly Water Rates

Meter Size	Quarterly Service Charge
3/4"	\$179.37
1"	\$298.98
1-1/2"	\$597.96
2"	\$956.73
3"	\$1,793.85
4"	\$2,989.74
Usage Charge (\$/ccf)	\$1.28

1 ccf = 1 hundred cubic feet = 748 gallons



Example Bills – ¾” Single Family

- Base fixed charge 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



Legal Protections - Proposition 218

- Governs how property-related charges are adopted
 - Rates must be based on the reasonable cost of service
 - Rates must proportionally recover costs based on how customers take service
 - Revenues from rates can only be used for intended purpose (i.e. rates do not generate a profit and cannot be transferred to cover road expenses)
 - Covers rates over a 5-year period

- Procedural requirements:
 - Conduct a rate study
 - Mail a notice to property owners
 - Hold a public hearing a minimum of 45 days after notice is mailed
 - Rates cannot be adopted if more than 50% of ratepayers submit written protests



Water Fund Financial Overview

Current Year Financials

	FY2023/24
BEGINNING CASH (July 1, 2023)	\$1,007,000
REVENUES	
Water Sales	\$650,600
Other Revenues	<u>\$67,000</u>
Total Revenues	\$717,600
EXPENSES	
Operating Expenses	\$514,000
Debt Service	\$179,000
Capital Projects	\$25,000
Water Line Repairs	<u>\$80,000</u>
Total Expenses	\$798,000
NET INCOME	(\$80,400)
ENDING CASH (June 30, 2024)	\$926,600

- Slight deficit this year
- 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 loan reserve requirement
 - Up to +\$45,000/year in high priority capital projects (media replacements, valve replacements, and professional services)
- Additional \$1M needed to fund pipe replacements: Steel portion of the 8" Allen replacement and 6" Witt Road



2024 Rate Plan

- First proposed rate adjustment is July 1, 2024
- 23% rate revenue increase to “course correct” the utility’s financials
 - Meet operating costs
 - Pay down debt
 - Absent this increase, the water utility would spend down its limited reserves and fall out of compliance with debt repayment requirements
- 5-year rate plan is designed to fund high priority valve replacements, media filters, pipeline breaks, and associated professional services costs



2025 to 2028 Rate Plan

- + Annual inflationary increases to the base fixed charge and usage charge each July 1 from 2025 to 2028
 - Will cover inflationary cost increases
 - Not intended to accumulate additional funds
 - Annual increase will be based on the annual change in the Consumer Price Index (CPI)
 - Minimum increase of +3% and maximum increase of +10%
- + Capital Fee of \$48.90 per quarter for ¾" customers
 - Will remain the same for 4 years – no CPI increases
 - Will accumulate \$500,000 from 2025 through 2028
 - Will be used to fund a portion of pipeline replacements
 - Steel portion of the 8" Allen replacement and 6" Witt Road
 - Total cost of the replacements is \$1,000,000
 - By conducting pipeline replacements, the District will avoid costly main breaks, emergency repairs, and service interruptions



Proposed Quarterly Water Rates

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
3/4"	\$179.37	\$217.52	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
1"	\$298.98	\$355.85				
2"	\$956.73	\$1,116.66				
USAGE CHARGE (metered water use)						
\$ per ccf	\$1.28	\$1.63	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82



Quarterly Water Rates – Min +3%

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
			Example rates based on +3%			
3/4"	\$179.37	\$217.52	\$224.05	\$230.77	\$237.69	\$244.82
1"	\$298.98	\$355.85	\$366.53	\$377.53	\$388.86	\$400.53
2"	\$956.73	\$1,116.66	\$1,150.16	\$1,184.66	\$1,220.20	\$1,256.81
USAGE CHARGE (metered water use)						
			Example rates based on +3%			
\$ per ccf	\$1.28	\$1.63	\$1.68	\$1.73	\$1.78	\$1.83
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82

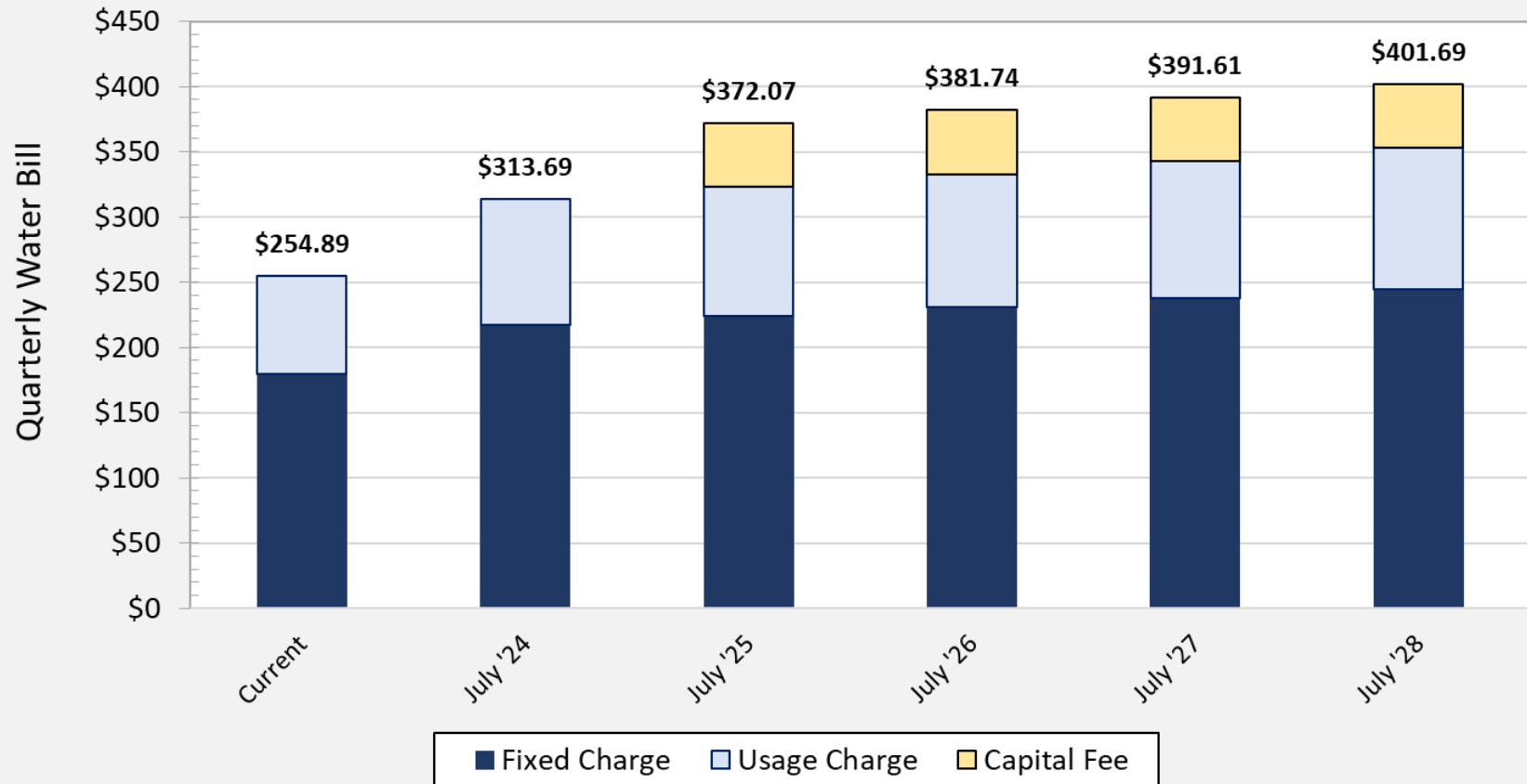


Five year minimum bill summary

Proposed Quarterly Water Bills

Single Family Residential Customer (3/4" meter and 59 ccf usage)

2025 to 2028 Assumes +3% Increases in the Consumer Price Index





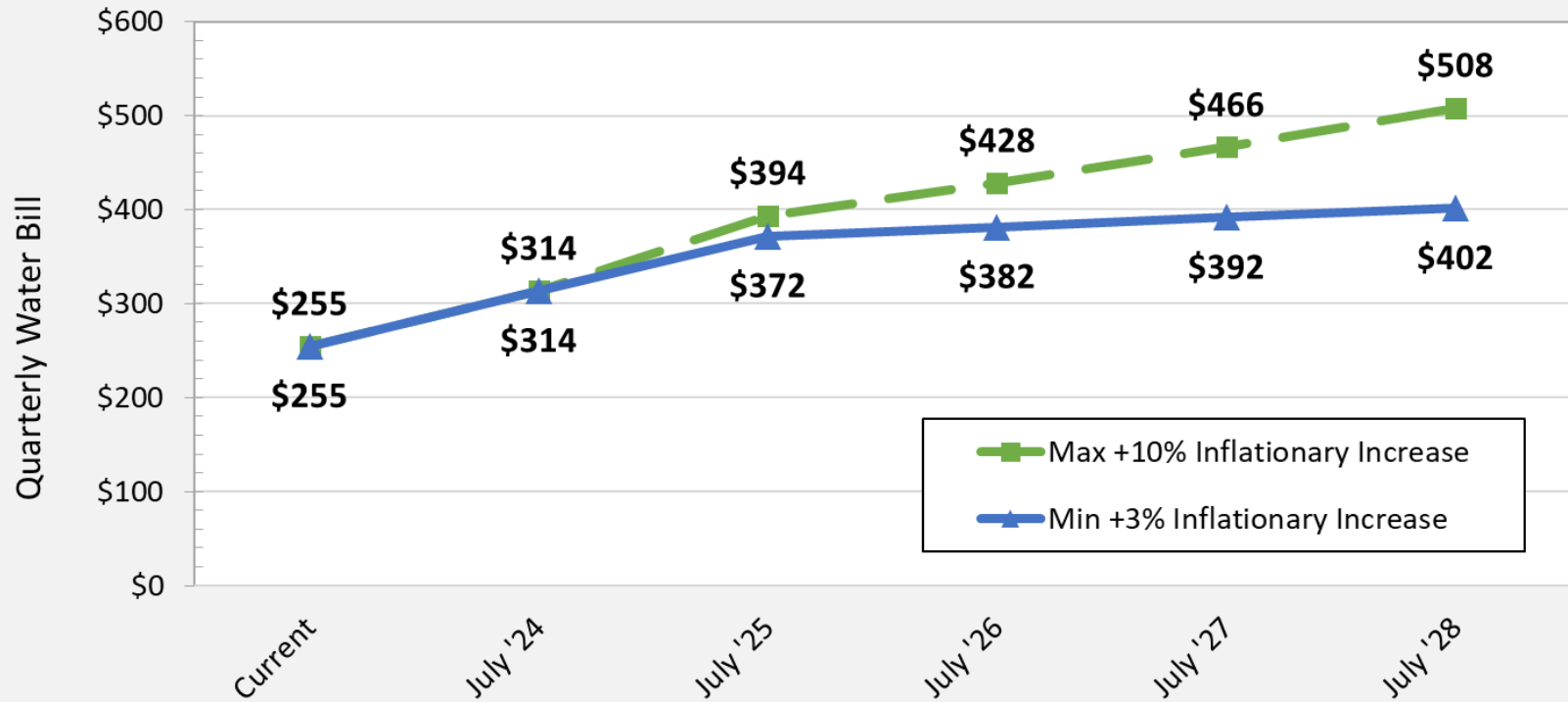
Quarterly Water Rates – Max +10%

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
			Example rates based on +10%			
3/4"	\$179.37	\$217.52	\$239.27	\$263.20	\$289.52	\$318.47
1"	\$298.98	\$355.85	\$391.44	\$430.58	\$473.64	\$521.00
2"	\$956.73	\$1,116.66	\$1,228.33	\$1,351.16	\$1,486.28	\$1,634.91
USAGE CHARGE (metered water use)						
			Example rates based on +10%			
\$ per ccf	\$1.28	\$1.63	\$1.79	\$1.97	\$2.17	\$2.39
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82



Five year bill summary

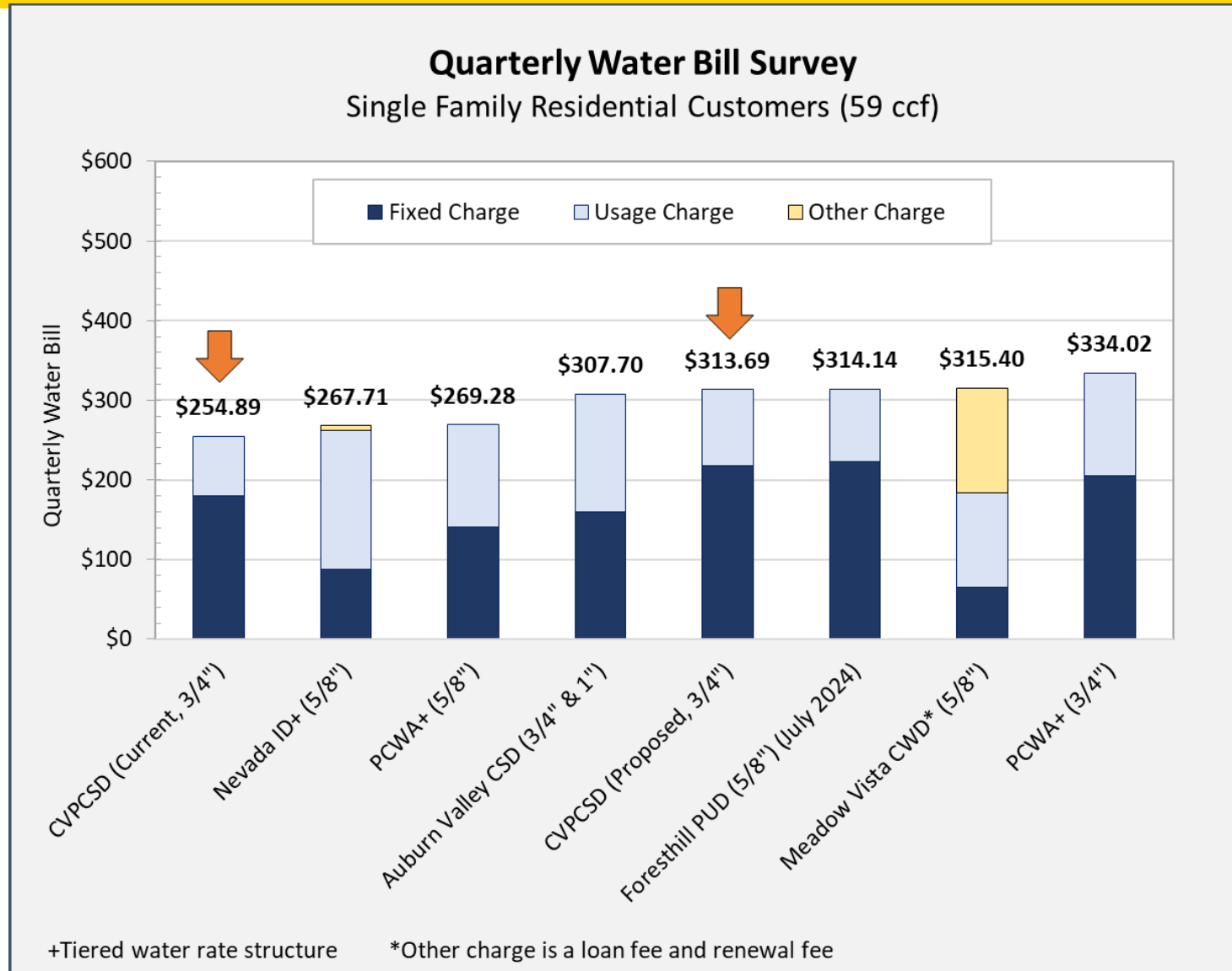
Proposed Quarterly Water Bills
Single Family Residential Customer (3/4" meter and 59 ccf usage)



Inflationary increases apply to the fixed base charge and usage charge. The capital fee is not proposed to increase by inflation.



Water Rate Survey (current & July 2024)





Wrap Up

- Rate increases are needed fund increasing operating costs, pay off debt, and reverse the deficit
- The capital fee is needed to fund pipeline replacements to avoid costly main breaks and service interruptions
- The July 1, 2024 rate increase and bill impacts are in-line with the bills charged by comparable local agencies
- May 14 the Board of Directors will hold a regularly scheduled meeting and be available to address additional comments



Wrap Up Continued

- June 11 the District will hold a public hearing to consider rate adjustments
- Ratepayers have the right to protest the rates
 - Protests must be submitted in writing and only one protest per parcel will count
 - If more than 50% of parcels receiving service submit written protests, the District cannot implement the rate adjustments
 - The District services 632 parcels and the majority protest threshold is 317 protests
- Absent a majority protest, the first water rate adjustment would go into effect July 1, 2024



Discussion

