

# CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

## Water Rate Study Recommendations



Board Meeting  
March 12, 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 – ¾” 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
<b>BEGINNING FUND BALANCE *</b>	\$795,000
<b>REVENUES</b>	
Water Sales	\$650,600
Other Revenues	<u>\$67,000</u>
Total Revenues	\$717,600
<b>EXPENSES</b>	
Operating Expenses	\$514,000
Debt Service	\$179,000
CIP	\$25,000
Water Line Repairs	<u>\$80,000</u>
Total Expenses	\$798,000
<b>NET INCOME</b>	<b>(\$80,400)</b>
<b>ENDING FUND BALANCE</b>	\$714,600

\*Water utility cash balance plus accounts receivable as of June 30, 2023; does not include the roads accounts

- 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	% Increase	Pros	Cons
Option 1 – Base rate change	O&M and high priority capital	+23%	Most affordable option	Does not fund main replacements; likely more pipeline breaks than other options
Option 2 – Gradual CIP funding	Cash fund \$50,000 per year of pipe improvements	+31%	\$50k/year could serve as an annual debt payment (spreads cost to future ratepayers)	
Option 3 – Fund \$0.5M over 4 years	Cash fund \$125,000 per year of pipe improvements	Same as Opt 1 in FY2025	Rates similar Foresthill; phases in rate increases over two years	
Option 4 – Fund \$1M over 5 years	Cash fund \$200,000 per year of pipe improvements	+54%	High level of service for ratepayers; likely fewer main breaks	Least affordable option; current ratepayers will fund assets that will last 30+ years



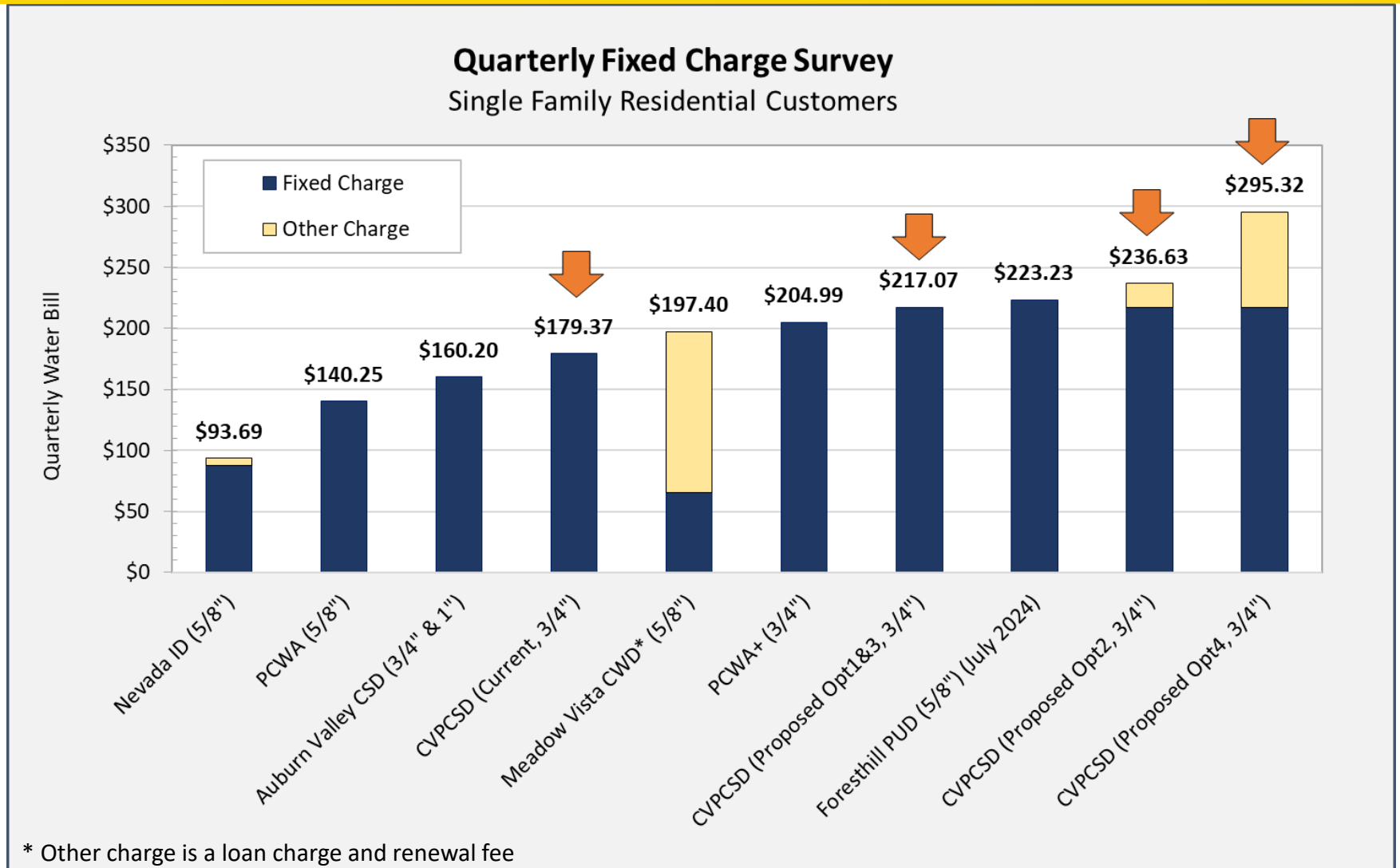
# DRAFT Quarterly Water Rates

Meter Size	Current	PROJECTED - RATE STUDY PERIOD				
		FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29
<b>FIXED CHARGE (Option 1)</b>		<b>Varies</b>	<b>3% per year or CPI annual adjustment</b>			
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
<b>+ ADDITIONAL CAPITAL IMPROVEMENT FEE (fixed charge)</b>						
<u>Option 2 - Gradually accumulate capital funds</u>						
3/4"	NA	\$19.56	\$19.56	\$19.56	\$19.56	\$19.56
1"	NA	\$32.60	\$32.60	\$32.60	\$32.60	\$32.60
2"	NA	\$104.33	\$104.33	\$104.33	\$104.33	\$104.33
<u>Option 3 - Cash fund \$0.5M of projects</u>						
3/4"	NA		\$48.90	\$48.90	\$48.90	\$48.90
1"	NA		\$81.51	\$81.51	\$81.51	\$81.51
2"	NA		\$260.82	\$260.82	\$260.82	\$260.82
<u>Option 4 - Cash fund \$1M of projects</u>						
3/4"	NA	\$78.25	\$78.25	\$78.25	\$78.25	\$78.25
1"	NA	\$130.41	\$130.41	\$130.41	\$130.41	\$130.41
2"	NA	\$417.32	\$417.32	\$417.32	\$417.32	\$417.32
<b>USAGE CHARGE (all options)</b>						
\$ per ccf	\$1.28	\$1.63	\$1.68	\$1.73	\$1.78	\$1.83

3% increases shown for illustrative purposes



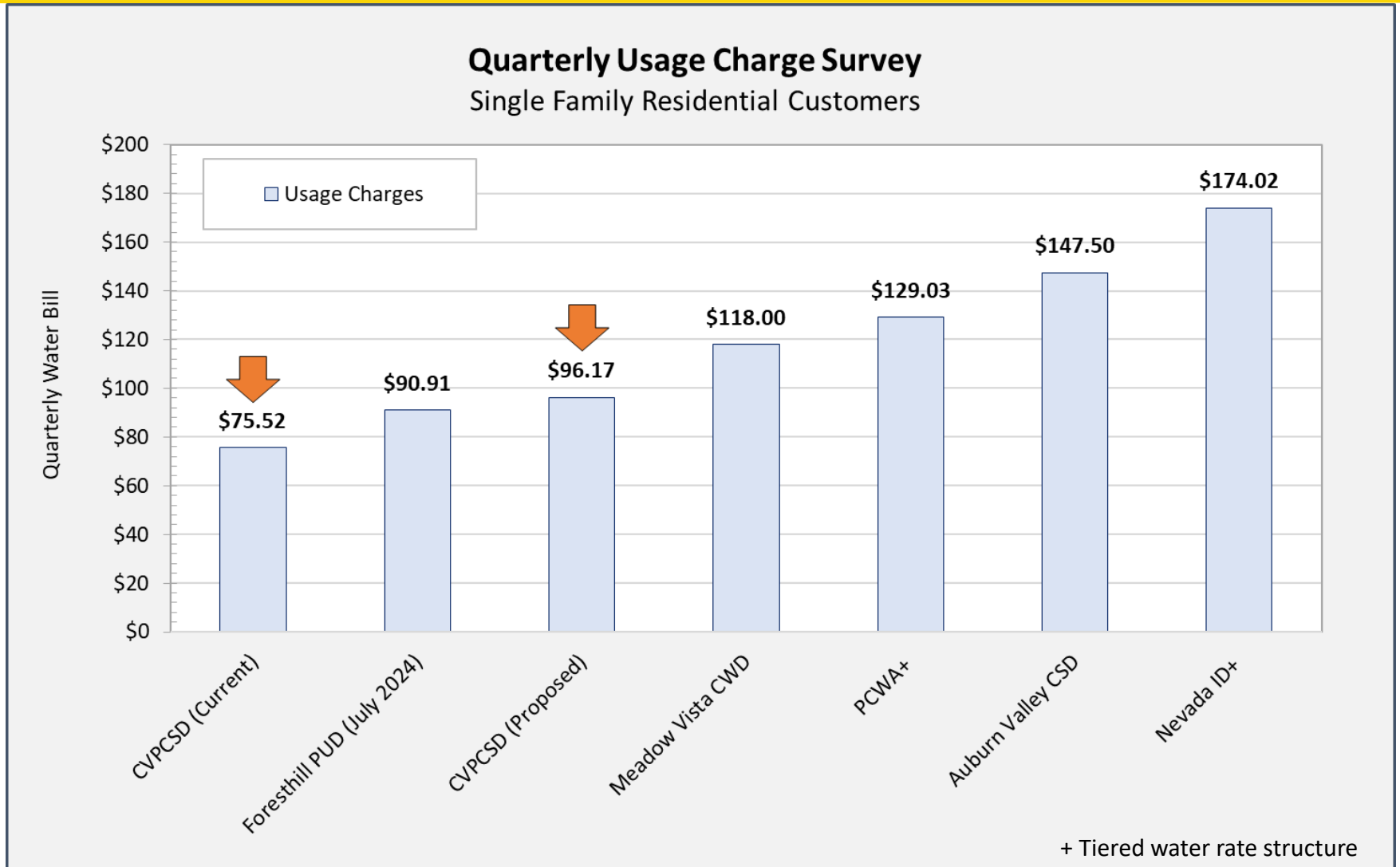
# Fixed Charge Survey (current & FY25)





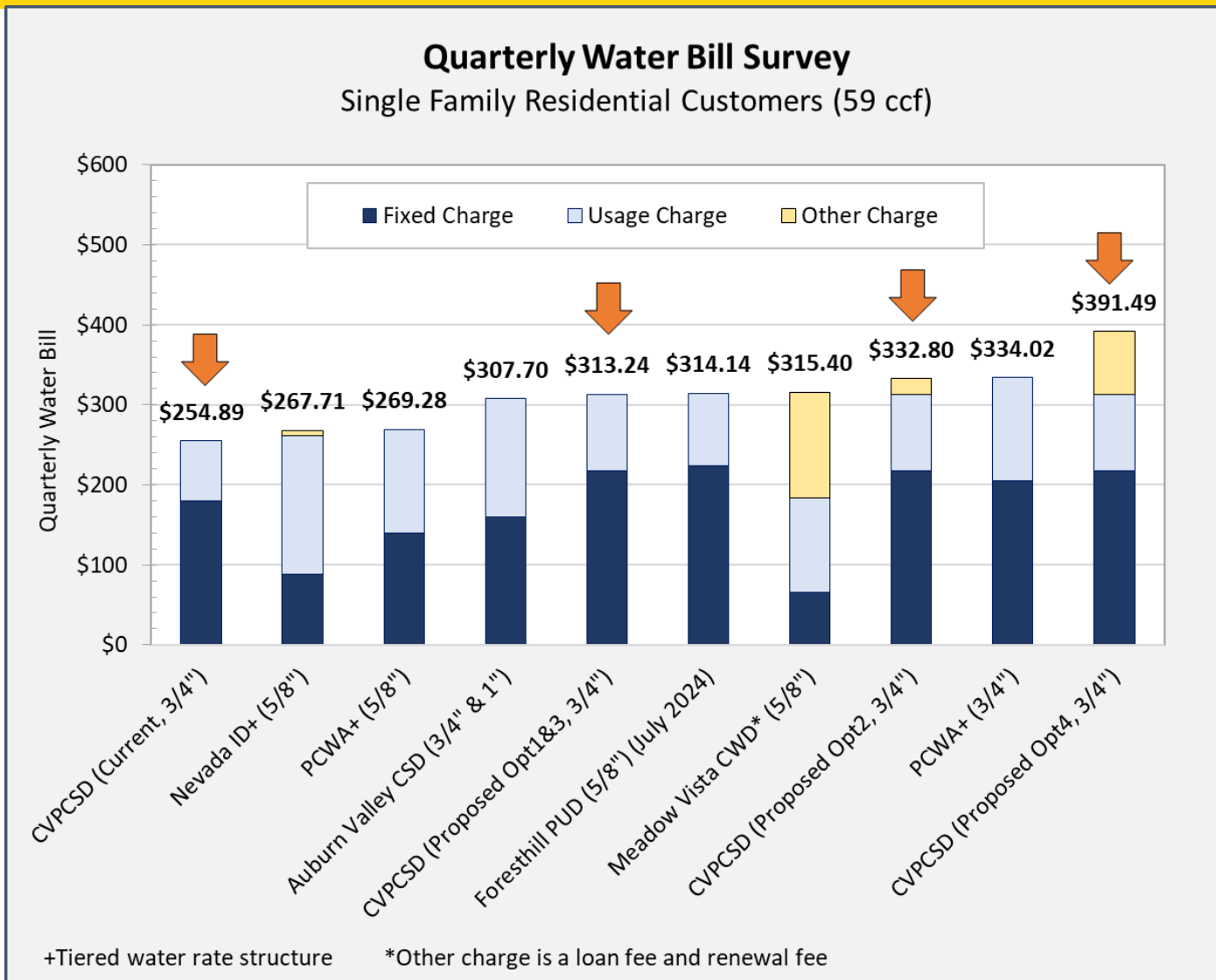


# Usage Charge Survey (current & FY25)



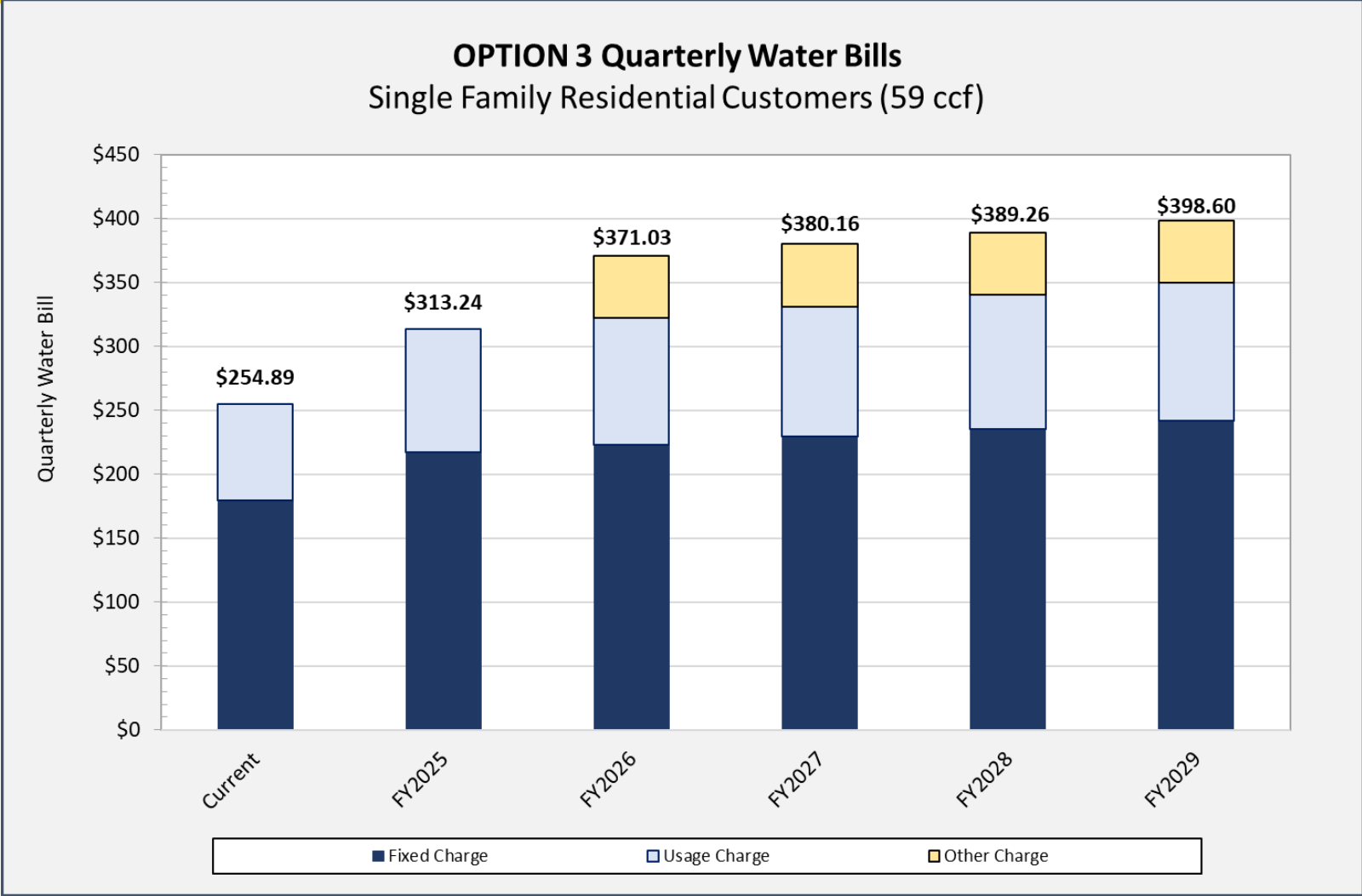


# Water Rate Survey (current & FY25)



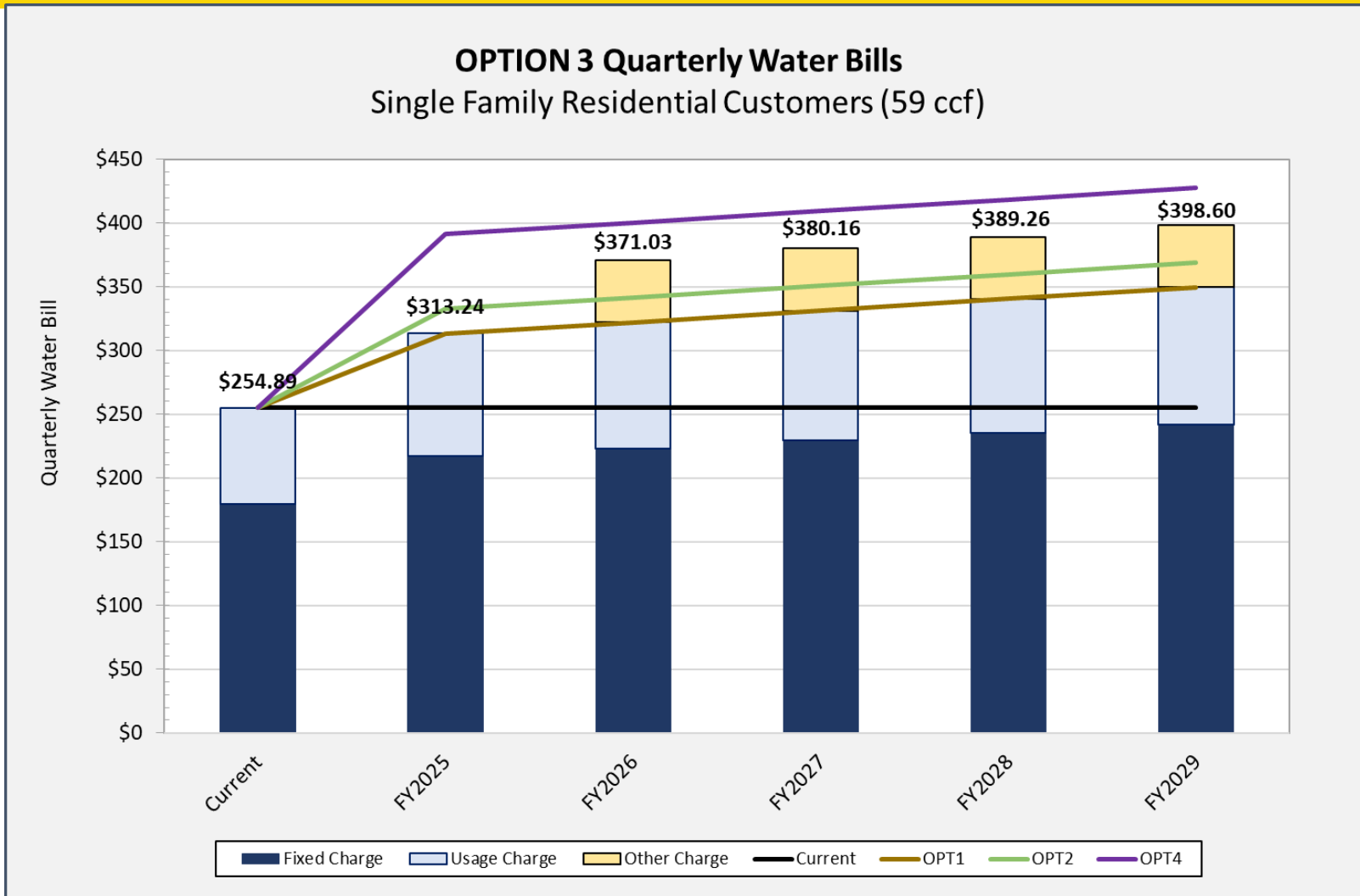


# Option 3 – five year bill summary





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# Tentative Rate Study Schedule

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



# Discussion

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