

Shaver Springs (WWD 40)

Water and Sewer Rate Study



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REVISED



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Background

- WWD 40 provides community water and sewer services to 69 residential customers in the Shaver Springs subdivision and provides water service to one out-of-district residential customer.
- The County has received a grants to drill a new well from DWR's Small Community Drought Relief Program
- The proposed new water rates do not account for any costs associated with water treatment at the new well(s) that could be required if Manganese, Uranium, or other constituents exceed allowable levels.
- Rates were last increased in 2007
- The District has spent down its existing reserves and is not collecting sufficient revenue to fund annual expenses.
- The water utility owes the County about **\$152,000** and the sewer utility owes the County about **\$104,000**. (estimate through June 30, 2025)



Rate Study Goals

- Fund the cost of service (in order of priority)
 - Operating costs
 - Repayment to the County
 - Accumulation of 6 months of operating costs into a reserve
- 5-Year Full Cost Rate Plan
 - The County hopes to secure operating grants to lower the bill impacts to residents. This rate plan reflects actual costs.
 - Adjustments to rate design for recovering costs more fairly
 - Proposed water and sewer rate increases to go into effect on July 1, 2025



Legal Requirements: Prop 218

- Governs how water service charges can be calculated and adopted
 - Rates can be adopted over a maximum 5-year period with a single study
 - Rates must be based on the reasonable cost of providing service
 - Rates must proportionally recover costs based on how customers take service
- Procedural requirements for adopting rate adjustments:
 - The District must analyze its cost of service
 - Mail a notice of a public hearing to consider the rates to property owners
 - Allow property owners to submit written protests
 - 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
- NEW January 1, 2025 Exhaustion of Administrative Remedies (AB 2257)
 - Customers can submit a Written Objection to the rate proposal (must cite specific statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated)
 - Failure to submit a Written Objection limits future lawsuits



WATER RATES



Current Water Rates

Fee Description	Current
<u>Water Base Fee</u>	\$49.53 per month
<u>Overuse Rates</u>	<u>Charge per 1,000 gal</u>
0 - 8,000 gallons	\$0.00
8,001 – 16,000	\$2.66
Above 16,000 gallons	\$ 3.64

Rates are billed bi-monthly; equivalent monthly rates are shown throughout this presentation



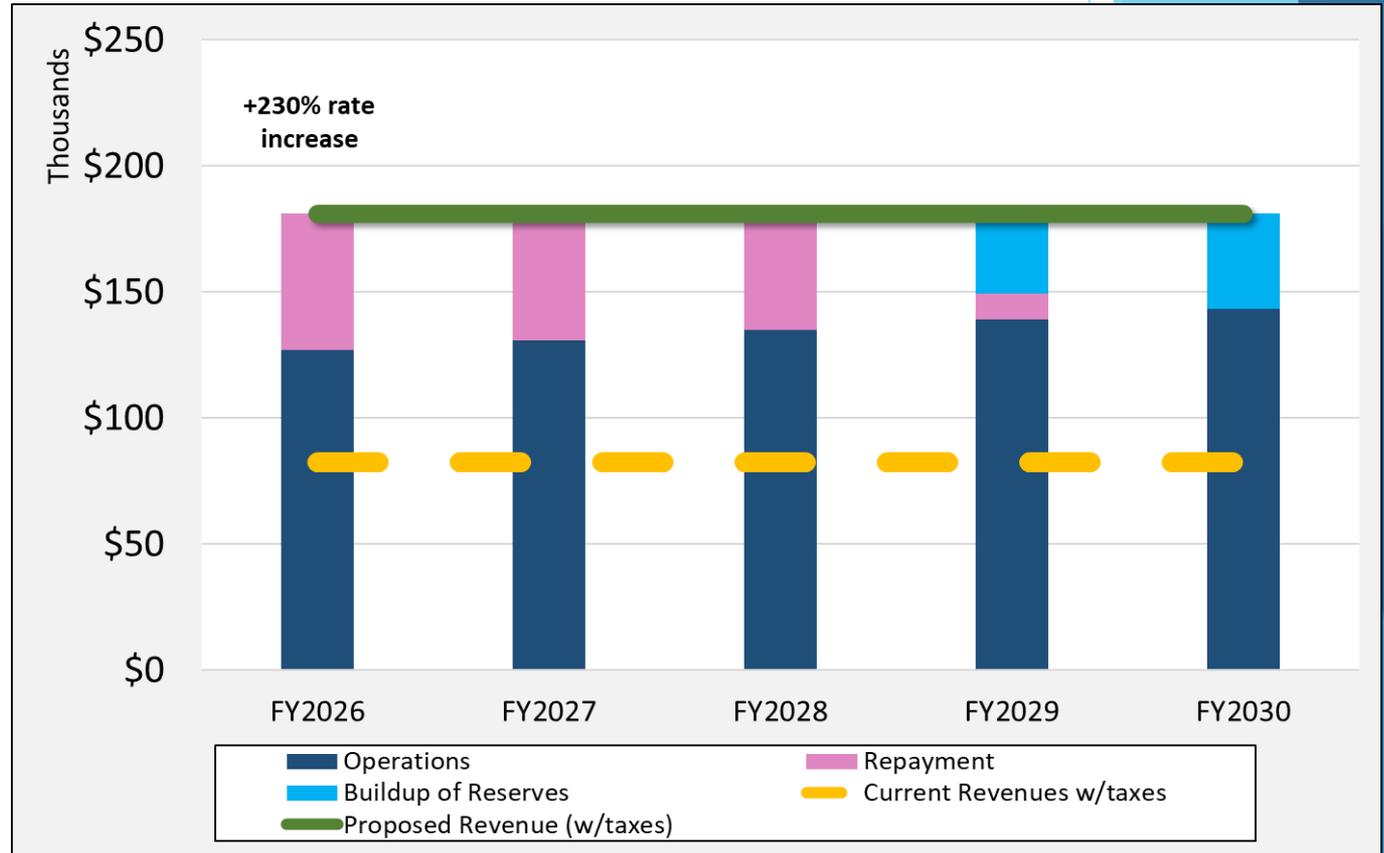
Water Utility Financial Standing

- Current revenues total about **\$82,000**:
 - About \$39,000 in tax revenue
 - About \$43,000 in water rate revenue
- Annual operating costs are about **\$127,000**
- The water utility owes the County about **\$152,000** (i.e. this is a negative balance that must be repaid)
- Proposed accumulation of about \$70,000 in reserves over the next five years
- Tax revenues are expected to remain the same
- Water rate revenues are proposed to increase from about **\$43,000** to **\$141,600**



Water System Proposed Cash Flow

Note: not every customer will receive a rate increase exactly equal to the % shown here due to proposed rate design and individual water usage





Proposed Water Rates

Fee Description	Current January 9, 2007	Fee Description	Proposed July 1, 2025
Base Fee	\$49.53	Base Fee	\$85.54
	<u>Charge per</u>		<u>Charge per</u>
<u>Overuse Rate</u>	<u>1,000 gal</u>	<u>Usage Rate</u>	<u>1,000 gal</u>
0 - 8,000 gallons	\$0.00	All Usage	\$23.67
8,001 - 16,000 gallons	\$2.60		
Above 16,000 gallons	\$3.64		

Rates are billed bi-monthly; equivalent monthly rates are shown throughout this presentation



Example Water Bill Impact

TYPICAL MONTHLY BILL (4,000 gallons)

Fee Description	Current		# of Units	Total Charges	Fee Description	Proposed		# of Units	Total Charges
<u>Base Fee</u>	\$49.53	X	1	\$49.53	<u>Base Fee</u>	\$85.54	X	1	\$85.54
<u>Overuse Rate</u>			<u>\$/1,000 gal</u>		<u>Usage Rate</u>			<u>\$/1,000 gal</u>	
0 - 8,000 gal	\$0.00	X	4	\$0.00	All Usage	\$23.67	X	4	\$94.68
8,001 - 16,000 gal	\$2.60	X	0	\$0.00					
Above 16,000 gal	\$3.64	X	<u>0</u>	<u>\$0.00</u>					
			4	\$0.00					
Monthly Equivalent				\$49.53					\$180.22
									Increase \$130.69 264%



SEWER RATES



Current Sewer Rates

Current January 9, 2007	
Total Monthly Fee per dwelling	\$25.53

Rates are billed bi-monthly; equivalent monthly rates are shown throughout this presentation

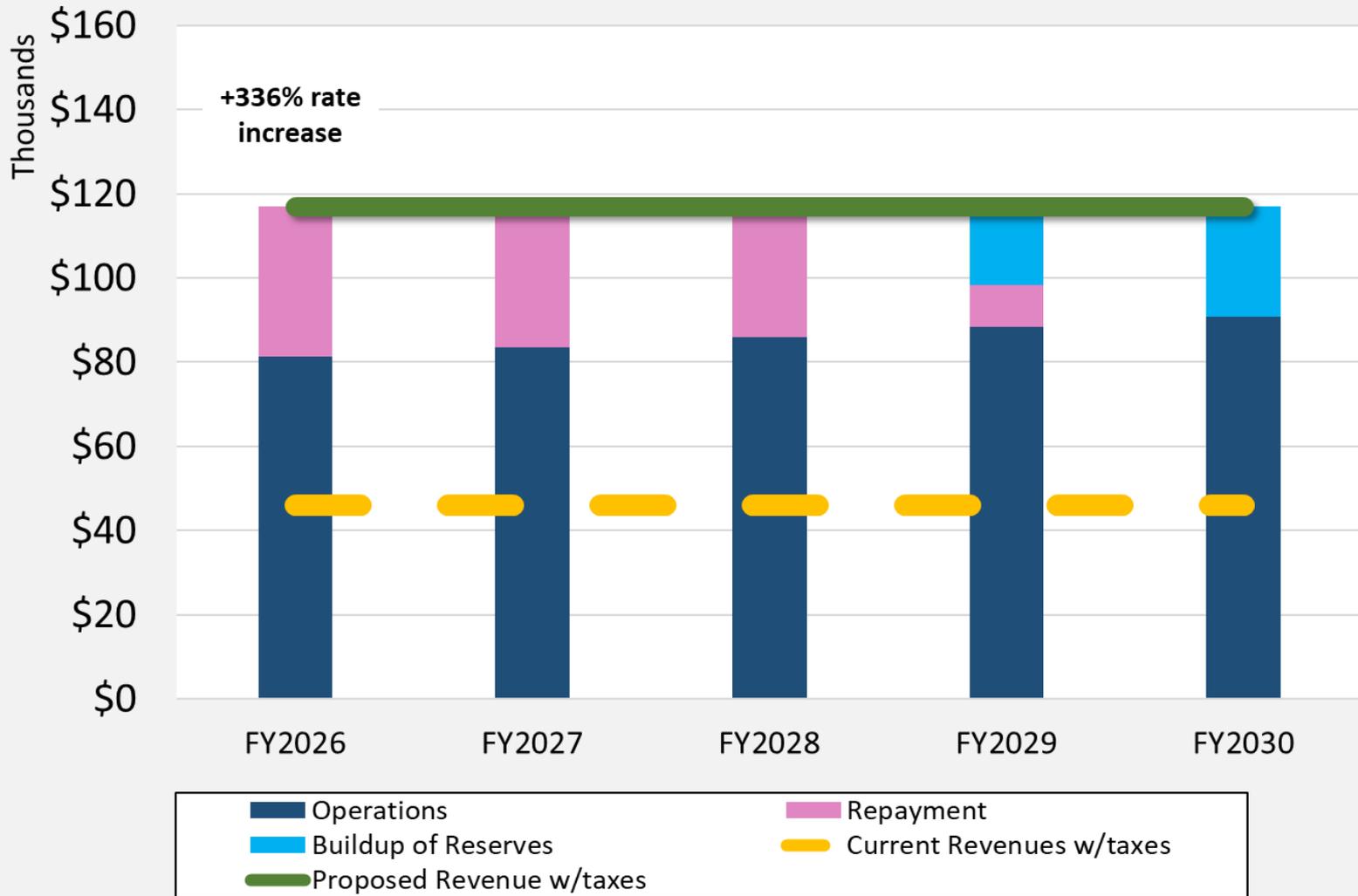


Sewer Utility Financial Standing

- Current revenues total about **\$46,000**:
 - About \$25,000 in tax revenue
 - About \$21,000 in sewer rate revenue
- Annual operating costs are about **\$81,200**
- The sewer utility owes the County about **\$104,000** (i.e. this is a negative balance that must be repaid)
- Proposed accumulation of about \$45,000 in reserves over the next five years
- Tax revenues are expected to remain the same
- Sewer rate revenues are proposed to increase from about **\$21,000** to **\$91,900**



Sewer System Proposed Cash Flow





Proposed Sewer Rate

Current January 9, 2007		Proposed July 1, 2025	
Monthly Fee	\$25.53	Monthly Fee	\$110.99



Combined Example Bill Impact

TYPICAL MONTHLY BILL (4,000 gallons)

Fee Description	Current		# of Units	Total Charges	Fee Description	Proposed		# of Units	Total Charges	
<u>Water Base Fee</u>	\$49.53	X	1	\$49.53	<u>Water Base Fee</u>	\$85.54	X	1	\$85.54	
<u>Overuse Rate</u>	<u>\$/1,000 gal</u>				<u>Usage Rate</u>	<u>\$/1,000 gal</u>				
0 - 8,000 gal	\$0.00	X	4	\$0.00	All Usage	\$23.67	X	4	\$94.68	
8,001 - 16,000 gal	\$2.60	X	0	\$0.00						
Above 16,000 gal	\$3.64	X	<u>0</u>	<u>\$0.00</u>						
			4	\$0.00						
<u>Sewer Service</u>	\$25.53	X	1	\$25.53	<u>Sewer Service</u>	\$110.99	X	1	\$110.99	Increase
Monthly Equivalent				\$75.06	Monthly Equivalent				\$291.21	\$216.15 288%



Next Steps

- Prop 218 notices mailed out
- May (TBD): Town Hall / Q&A
- June 10th: Proposition 218 public hearing at the County Board of Supervisors
- July 1st: Implementation of new rates absent a majority protest



Wrap Up

