

WALNUT VALLEY WATER DISTRICT
271 South Brea Canyon Road
Walnut, California 91789

SPECIAL BOARD MEETING
THURSDAY, AUGUST 21, 2014 – 4:00 P.M.
AGENDA

NOTE: To comply with the Americans with Disabilities Act, if you need special assistance to participate in any Board meeting, please contact the General Manager's office at least 48 hours prior to a Board meeting to inform the District of your needs and to determine if accommodation is feasible.

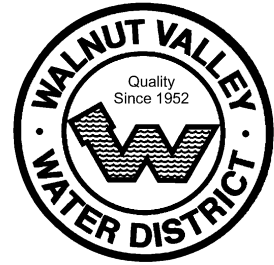
Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance, to take action on any item.

Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at 271 S. Brea Canyon Road, Walnut, California.

1. Flag Salute
2. Roll Call: Ms. Carrera_____ Mr. Ebenkamp_____ Mr. Hilden_____ Ms. Kwong_____ Dr. Wu_____
3. Public Comment_____Mrs. Carrera
The Presiding Officer may impose reasonable limitations on public comments to assure an orderly and timely meeting.
 - A. **Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.
 - B. **Non-Agenda Items** - At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.
4. Review of Proposed Drought Rate Surcharges
 - A. Discussion
 - B. Action Taken
5. Review of Proposition 218 Process
 - A. Review of the Draft Proposition 218 Notice
 - i. Discussion
 - ii. Action Taken
 - B. Review of Proposed Internet "Micro-Site"
 - i. Discussion
 - ii. Action Taken
 - C. Consider Scheduling of Public Meeting(s) for Proposition 218 Public Hearing
 - i. Discussion
 - ii. Action Taken

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: August 21, 2014
SUBJECT: Proposed Drought Rate Surcharges

Action/Discussion
 Fiscal Impact
 Resolution
 Information Only

Recommendation

Request that the Board:

1. Include the drought rate surcharges as an appendix in the rate study, and
2. Direct staff to incorporate drought rate surcharges in the Proposition 218 Notice.

Background

In conjunction with the District’s rate study, staff has developed drought rate surcharges in response to the drought conditions currently impacting the state. In January 2014, a statewide drought emergency was declared by Governor Brown, asking Californians to reduce water use by 20 percent. In addition, on July 15, 2014, the State Water Resources Control Board approved an emergency regulation to ensure water agencies, their customers, and state residents increase water conservation or face possible fines or other enforcement. To ensure the District complies with these measures and any potential scenarios related to the ongoing drought, while still collecting sufficient revenues to operate, staff has developed Drought Rate Surcharges which are based on the stages of the District’s Water Conservation Ordinance. These rates are proposed to become an appendix to the rate study and to be included in the Prop 218 notice.

Water Conservation Ordinance

In 2009, in response to a mandate from the Metropolitan Water District (MWD), the Board approved Ordinance 06-09-07, “An Ordinance of Walnut Valley Water District to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages.” This ordinance established permanent water prohibitions and established four stages of water supply shortage response actions.

These four water shortage stages were used as the basis for developing the drought rate surcharges:

Stage 1	Water Supply Shortage	10%-15% Reduction of Water Use
Stage 2	Water Supply Shortage	15-25% Reduction of Water Use
Emergency Condition Stages		
Stage 3	Water Supply Shortage	25%-35% Reduction of Water Use
Stage 4	Water Supply Shortage	35%-50% Reduction of Water Use

Why Drought Rates are Necessary

During a water supply shortage, drought rates imposed by a water utility have two main objectives: (1) to reduce the amount of water customers use, and (2) to maintain an adequate amount of revenue to continue operations. Unfortunately, the two objectives work against each other because as less water is sold, it becomes increasingly difficult for the District to cover its operating costs. Drought rates are designed to recover revenue shortfalls as well as to affect a targeted reduction in water consumption. One of the goals of the drought rates is to be cost neutral to the customer. In other words, if a customer conserves the required amount of water they should not see an increase in their overall water bill.

The District, like many other water agencies, has expenses (delivery costs) that it must continue to pay regardless of the amount of water it sells (i.e. revenues it collects). The drought rate surcharges are necessary to cover these expenses that the District, at least in the short term, cannot avoid. As the District sells less water as a drought progresses, its revenues decline and the drought rate surcharges help offset this lost revenue. Because the District is 100% dependent on imported water a large percentage of the District's expenses are related to the cost of purchased water. These costs are variable and are reduced as less water is sold.

Previously staff had presented to the Board drought rates that were designed to recover 100% of the lost revenue as a result of conservation. Recognizing that this may unfairly burden our customers, staff has revised the drought rates to reflect a reduction in the overall revenue requirement. Internally, this revenue reduction can be accomplished by utilizing rate stabilization, reducing expenses and/or consideration of unspent expenditures, suspension of new capital projects, and/or reductions in other reserve funding.

As mentioned above, the drought rates serve two main purposes; (1) To ensure sufficient revenues are collected to fund the District's core operations; (2) Through price signaling, provide the necessary incentive for our customers to conserve. The drought rates proposed recognize that the financial burden should be shared by both the District and its customers while still providing the necessary pricing signals to accomplish the desired conservation.

Drought Rate Assumptions

The table below shows the assumed conservation percentage for each user class. As shown in the chart below, the consumption reduction for the residential user class varies among the three tiers. As you may recall, Tier I (12 CCF) was established based on average winter consumption. It is assumed that during the winter months, little outdoor usage occurs, therefore Tier I represents essential indoor water usage. Tier II (13-39 CCF) was based upon average summer usage, when irrigation consumption is at its highest level. Tier III (40+ CCF) represents all consumption above that level. Based on these consumption patterns, the District believes that Tier III for residential users has the greatest potential to conserve. For both the multi-family and non-residential user class, a uniform reduction in consumption was assumed for each stage.

TABLE 1				
REDUCED CONSUMPTION PERCENTAGES				
	15%	25%	35%	50%
<u>Customer Class</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>
Single Family				
Tier I	5.0%	10.0%	15.0%	25.0%
Tier II	18.0%	32.5%	49.6%	72.6%
Tier III	<u>50.0%</u>	<u>67.0%</u>	<u>75.0%</u>	<u>85.0%</u>
Total	15.0%	25.0%	35.0%	50.0%
Multi-Family	15.0%	25.0%	35.0%	50.0%
Non-Residential (Com, Ind., Gov, Irr.)	<u>15.0%</u>	<u>25.0%</u>	<u>35.0%</u>	<u>50.0%</u>
Total	15.0%	25.0%	35.0%	50%

TABLE 2					
REDUCED CONSUMPTION CCF					
		15%	25%	35%	50%
<u>Customer Class</u>	<u>Normal</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>
Single Family					
Tier I	3,152,164	2,994,556	2,836,948	2,679,339	2,364,123
Tier II	2,411,941	1,978,924	1,628,920	1,216,175	661,920
Tier III	<u>697,116</u>	<u>348,558</u>	<u>230,048</u>	<u>174,279</u>	<u>104,567</u>
Sub-Total Residential	6,261,221	5,322,038	4,695,916	4,069,793	3,130,610
Multi-Family	797,389	677,781	598,042	518,303	398,695
Non-Residential (Com, Ind., Gov, Irr.)	<u>1,317,373</u>	<u>1,119,767</u>	<u>988,030</u>	<u>856,292</u>	<u>658,687</u>
Total Consumption	8,375,983	7,119,586	6,281,988	5,444,388	4,187,992
Reduced Consumption %		-15%	-25%	-35%	-50%

Drought Rate Calculation

The drought rates were calculated in the following manner:

1. Under each stage the District assumed the required consumption reductions for each of the user classes.
2. The total revenue requirement for the delivery costs is reduced for each stage to reflect the District's internal cost reductions. The following cost reductions have been incorporated into each of the stages.
 - a. Stage 1 - \$500,000 reduction
 - b. Stage 2 - \$750,000 reduction
 - c. Stage 3 - \$1,250,000 reduction
 - d. Stage 4 - \$2,250,000 reduction

3. The adjusted revenue requirement is calculated for each of the user classes.
4. The drought rate surcharge is calculated by dividing the adjusted revenue requirement by the adjusted consumption for each stage and subtracting the delivery costs component collected from the commodity rate.

Drought Rate Surcharge

Similar to the rates developed in the rate study, the drought rate surcharges were calculated conservatively to ensure the District collects sufficient revenues to meet its revenue requirement. In the event the Board declares a Water Supply Shortage, the actual drought rate surcharges will be based on the overall actual revenue needs of the District.

The following tables propose a conservative approach to drought rate surcharges under the various Water Supply Shortage Stages, while allowing flexibility to respond to the various scenarios. A detailed schedule for all fiscal years proposed to be included in the Prop 218 Notice has been included as an attachment to this report.

Stage 1- Under a Stage 1 Water Supply Shortage, total consumption is reduced by 15%. As shown in the table below, consumption is reduced from 8,375,983 ccf to 7,119,586 ccf. The revenue requirement has been reduced by \$500,000 to reflect the District’s internal cost reductions.

TABLE 3			
STAGE 1 - DROUGHT RATE SURCHARGES (15%)/REVENUE REDUCTION \$500K			
FISCAL YEAR 2015-16			
<u>Customer Class</u>	<u>Consumption</u>	Adjusted Revenue Requirement \$500K	<u>Surcharge</u>
Single Family			
Tier I	3,152,164	\$ 1,994,923	\$ -
Tier II	1,821,316	\$ 2,413,863	\$ 0.15
Tier III	348,558	\$ 697,672	\$ 0.93
Total	5,322,038	\$ 5,106,458	
Multi-Family	677,781	\$ 656,728	\$ 0.09
Non-Residential (Com,Ind., Gov, IRR.)	1,119,767	\$ 1,158,702	\$ 0.09
Total	7,119,586	\$ 6,921,888	

Stage 2- Under a Stage 2 Water Supply Shortage, total consumption is reduced by 25%. As shown in the table below, consumption is reduced from 8,375,983 ccf to 6,281,988 ccf. The revenue requirement has been reduced by \$750,000 to reflect the District's internal cost reductions.

TABLE 4			
STAGE 2 - DROUGHT RATE SURCHARGES (25%)/REVENUE REDUCTION \$750K			
FISCAL YEAR 2015-16			
<u>Customer Class</u>	<u>Consumption</u>	Adjusted Revenue Requirement <u>\$750K</u>	<u>Surcharge</u>
Single Family			
Tier I	2,994,556	\$ 1,922,871	\$ -
Tier II	1,471,312	\$ 2,326,681	\$ 0.36
Tier III	<u>230,048</u>	<u>\$ 672,474</u>	\$ 1.85
Total	4,695,916	\$ 4,922,026	
Multi-Family	598,042	\$ 633,009	\$ 0.18
Non-Residential (Com,Ind., Gov, IRR.)	<u>988,030</u>	<u>\$ 1,116,853</u>	\$ 0.19
Total	6,281,988	\$ 6,671,888	

Stage 3- Under a Stage 3 Water Supply Shortage total, consumption is reduced by 35%. As shown in the table below, consumption is reduced from 8,375,983 ccf to 5,444,389 ccf. The revenue requirement has been reduced by \$1,250,000 to reflect the District's internal cost reductions.

TABLE 5			
STAGE 3 - DROUGHT RATE SURCHARGES (35%)/REVENUE REDUCTION \$1.25M			
FISCAL YEAR 2015-16			
<u>Customer Class</u>	<u>Consumption</u>	Adjusted Revenue Requirement <u>\$1.25M</u>	<u>Surcharge</u>
Single Family			
Tier I	2,679,339	\$ 1,778,769	\$ -
Tier II	1,216,175	\$ 2,152,316	\$ 0.70
Tier III	<u>174,279</u>	<u>\$ 622,078</u>	\$ 2.50
Total	4,069,793	\$ 4,553,163	
Multi-Family	518,303	\$ 585,570	\$ 0.25
Non-Residential (Com,Ind., Gov, IRR.)	<u>856,292</u>	<u>\$ 1,033,154</u>	\$ 0.27
Total	5,444,388	\$ 6,171,887	

Stage 4- Under a Stage 4 Water Supply Shortage total, consumption is reduced by 50%. As shown in the table below, consumption is reduced from 8,375,983 ccf to 4,187,992 ccf. The revenue requirement has been reduced by \$2,250,000 to reflect the District's internal cost reductions.

TABLE 6			
STAGE 4 - DROUGHT RATE SURCHARGES (50%)/REVENUE REDUCTION \$2.25M			
FISCAL YEAR 2015-16			
<u>Customer Class</u>	<u>Consumption</u>	Adjusted Revenue Requirement <u>\$2.25M</u>	<u>Surcharge</u>
Single Family			
Tier I	2,364,123	\$ 1,490,564	\$ -
Tier II	661,920	\$ 1,803,587	\$ 1.65
Tier III	104,567	\$ 521,286	\$ 3.92
Total	3,130,610	\$ 3,815,437	
Multi-Family	398,695	\$ 490,693	\$ 0.35
Non-Residential (Com,Ind., Gov, IRR.)	658,687	\$ 865,757	\$ 0.37
Total	4,187,992	\$ 5,171,887	

Customer Impact

As mentioned earlier, one of the goals of the drought rate surcharges is to be cost-neutral to the customer. In other words, if a customer conserves the required amount of water they should not see an increase in their overall water bill. The table below shows the impact of the drought rate surcharge, for the average residential customer at each of the stages. As shown in the table, the average residential customer will see an overall decrease in their monthly bill if they are able to reduce consumption in accordance with established percentages for each of the stages.

TABLE 7					
CUSTOMER IMPACTS					
		15%	25%	35%	50%
<u>Fiscal Year 2015-16</u>	<u>Normal</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Stage 4</u>
Consumption	24	21	18	16	12
Commodity	\$ 73.20	\$ 63.45	\$ 53.70	\$ 47.20	\$ 34.20
Pump Zone Charge	\$ 4.56	\$ 3.99	\$ 3.42	\$ 3.04	\$ 2.28
Base Charge	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87	\$ 18.87
Drought Surcharge	\$ -	\$ 1.35	\$ 2.16	\$ 2.80	\$ -
Total	\$ 96.63	\$ 87.66	\$ 78.15	\$ 71.91	\$ 55.35

SUMMARY

Drought rates are not anticipated to be utilized unless necessary to make reductions in water usage. This effort is to ensure the District is well prepared for any potential drought scenario. Therefore, staff recommends including District drought rates in the Proposition 218 Notice.

Walnut Valley Water District
Drought Rate Surcharges with Revenue Requirement Reduction

Fiscal Year 2014-15				Stage 1				Stage 2				Stage 3				Stage 4				
Percentage Reduction				15%				25%				35%				50%				
Customer Class	Delivery (\$)	Usage (CCF)	Revenue (\$)	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	
<i>Single Family</i>																				
Tier I	\$ 0.53	1,418,474	\$ 751,834	1,347,550	\$ 689,126	12	\$ -	1,276,627	\$ 657,772	12	\$ -	1,205,703	\$ 595,064	12	\$ -	1,063,856	\$ 469,648	12	\$ -	
Tier II	\$ 1.05	1,085,373	\$ 1,135,876	890,515	\$ 1,041,136	39	\$ 0.12	733,013	\$ 993,766	39	\$ 0.31	547,278	\$ 899,027	39	\$ 0.60	297,864	\$ 709,547	39	\$ 1.34	
Tier III	\$ 1.05	313,702	\$ 328,299	156,851	\$ 300,917	> 39	\$ 0.86	103,522	\$ 287,225	> 39	\$ 1.73	78,426	\$ 259,843	> 39	\$ 2.27	47,055	\$ 205,078	> 39	\$ 3.31	
Total	\$ 0.79	2,817,549	\$ 2,216,009	2,394,917	\$ 2,031,179		\$ 0.06	2,113,162	\$ 1,938,764		\$ 0.13	1,831,407	\$ 1,753,934		\$ 0.17	1,408,775	\$ 1,384,274		\$ 0.20	
<i>Multi Family</i>																				
	\$ 0.79	358,825	\$ 283,662	305,001	\$ 260,003		\$ 0.06	269,119	\$ 248,173		\$ 0.13	233,236	\$ 224,514		\$ 0.17	179,413	\$ 177,195		\$ 0.20	
<i>CII</i>																				
	\$ 0.84	592,818	\$ 497,689	503,895	\$ 456,178		\$ 0.07	444,614	\$ 435,423		\$ 0.14	385,332	\$ 393,912		\$ 0.18	296,409	\$ 310,891		\$ 0.21	
Total		3,769,192	2,997,360	3,203,813	\$ 2,747,360			2,826,895	\$ 2,622,360			2,449,974	\$ 2,372,360			1,884,596	\$ 1,872,360			

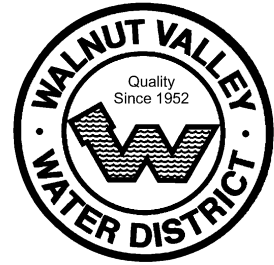
Fiscal Year 2015-16				Stage 1				Stage 2				Stage 3				Stage 4				
Percentage Reduction				15%				25%				35%				50%				
Customer Class	Delivery (\$)	Usage (CCF)	Revenue (\$)	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	
<i>Single Family</i>																				
Tier I	\$ 0.68	3,152,164	\$ 2,139,025	2,994,556	\$ 1,994,923	12	\$ -	2,836,948	\$ 1,922,871	12	\$ -	2,679,339	\$ 1,778,769	12	\$ -	2,364,123	\$ 1,490,564	12	\$ -	
Tier II	\$ 1.07	2,411,941	\$ 2,588,228	1,978,924	\$ 2,413,863	39	\$ 0.15	1,628,920	\$ 2,326,681	39	\$ 0.36	1,216,175	\$ 2,152,316	39	\$ 0.70	661,920	\$ 1,803,587	39	\$ 1.65	
Tier III	\$ 1.07	697,116	\$ 748,068	348,558	\$ 697,672	> 39	\$ 0.93	230,048	\$ 672,474	> 39	\$ 1.85	174,279	\$ 622,078	> 39	\$ 2.50	104,567	\$ 521,286	> 39	\$ 3.92	
Total	\$ 0.87	6,261,221	\$ 5,475,321	5,322,038	\$ 5,106,458		\$ 0.09	4,695,916	\$ 4,922,026		\$ 0.18	4,069,794	\$ 4,553,163		\$ 0.25	3,130,611	\$ 3,815,437		\$ 0.35	
<i>Multi Family</i>																				
	\$ 0.88	797,389	\$ 704,166	677,781	\$ 656,728		\$ 0.09	598,042	\$ 633,009		\$ 0.18	518,303	\$ 585,570		\$ 0.25	398,695	\$ 490,693		\$ 0.35	
<i>CII</i>																				
	\$ 0.94	1,317,373	\$ 1,242,400	1,119,767	\$ 1,158,702		\$ 0.09	988,030	\$ 1,116,853		\$ 0.19	856,292	\$ 1,033,154		\$ 0.27	658,687	\$ 865,757		\$ 0.37	
Total		8,375,983	7,421,887	7,119,586	\$ 6,921,888			6,281,988	\$ 6,671,888			5,444,388	\$ 6,171,887			4,187,992	\$ 5,171,887			

Fiscal Year 2016-17				Stage 1				Stage 2				Stage 3				Stage 4				
Percentage Reduction				15%				25%				35%				50%				
Customer Class	Delivery (\$)	Usage (CCF)	Revenue (\$)	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	
<i>Single Family</i>																				
Tier I	\$ 0.76	3,152,164	\$ 2,410,140	2,994,556	\$ 2,263,333	12	\$ -	2,836,948	\$ 2,189,930	12	\$ -	2,679,339	\$ 2,043,123	12	\$ -	2,364,123	\$ 1,749,509	12	\$ -	
Tier II	\$ 1.17	2,411,941	\$ 2,830,650	1,978,924	\$ 2,658,228	39	\$ 0.17	1,628,920	\$ 2,572,018	39	\$ 0.41	1,216,175	\$ 2,399,597	39	\$ 0.80	661,920	\$ 2,054,754	39	\$ 1.93	
Tier III	\$ 1.17	697,116	\$ 818,135	348,558	\$ 768,300	> 39	\$ 1.03	230,048	\$ 743,383	> 39	\$ 2.06	174,279	\$ 693,549	> 39	\$ 2.81	104,567	\$ 593,880	> 39	\$ 4.51	
Total	\$ 0.97	6,261,221	\$ 6,058,925	5,322,038	\$ 5,689,862		\$ 0.10	4,695,916	\$ 5,505,331		\$ 0.20	4,069,794	\$ 5,136,268		\$ 0.29	3,130,611	\$ 4,398,142		\$ 0.43	
<i>Multi Family</i>																				
	\$ 0.98	797,389	\$ 780,723	677,781	\$ 733,167		\$ 0.10	598,042	\$ 709,389		\$ 0.21	518,303	\$ 661,834		\$ 0.30	398,695	\$ 566,723		\$ 0.44	
<i>CII</i>																				
	\$ 1.04	1,317,373	\$ 1,368,881	1,119,767	\$ 1,285,500		\$ 0.11	988,030	\$ 1,243,809		\$ 0.22	856,292	\$ 1,160,427		\$ 0.32	658,687	\$ 993,664		\$ 0.47	
Total		8,375,983	8,208,529	7,119,586	\$ 7,708,529			6,281,988	\$ 7,458,529			5,444,388	\$ 6,958,529			4,187,992	\$ 5,958,529			

Fiscal Year 2017-18				Stage 1				Stage 2				Stage 3				Stage 4			
Percentage Reduction				15%				25%				35%				50%			
Customer Class	Delivery (\$)	Usage (CCF)	Revenue (\$)	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$
<i>Single Family</i>																			
Tier I	\$ 0.85	3,152,164	\$ 2,679,616	2,994,556	\$ 2,530,257	12	\$ -	2,836,948	\$ 2,455,578	12	\$ -	2,679,339	\$ 2,306,219	12	\$ -	2,364,123	\$ 2,007,502	12	\$ -
Tier II	\$ 1.27	2,411,941	\$ 3,063,377	1,978,924	\$ 2,892,628	39	\$ 0.19	1,628,920	\$ 2,807,253	39	\$ 0.45	1,216,175	\$ 2,636,504	39	\$ 0.90	661,920	\$ 2,295,006	39	\$ 2.20
Tier III	\$ 1.27	697,116	\$ 885,398	348,558	\$ 836,047	> 39	\$ 1.13	230,048	\$ 811,371	> 39	\$ 2.26	174,279	\$ 762,020	> 39	\$ 3.10	104,567	\$ 663,318	> 39	\$ 5.07
Total	\$ 1.06	6,261,221	\$ 6,628,390	5,322,038	\$ 6,258,931		\$ 0.12	4,695,916	\$ 6,074,202		\$ 0.23	4,069,794	\$ 5,704,744		\$ 0.34	3,130,611	\$ 4,965,827		\$ 0.53
<i>Multi Family</i>																			
	\$ 1.07	797,389	\$ 853,276	677,781	\$ 805,716		\$ 0.12	598,042	\$ 781,936		\$ 0.24	518,303	\$ 734,375		\$ 0.35	398,695	\$ 639,254		\$ 0.53
<i>CII</i>																			
	\$ 1.13	1,317,373	\$ 1,488,747	1,119,767	\$ 1,405,766		\$ 0.13	988,030	\$ 1,364,276		\$ 0.25	856,292	\$ 1,281,295		\$ 0.37	658,687	\$ 1,115,333		\$ 0.56
Total		8,375,983	8,970,414	7,119,586	\$ 8,470,414			6,281,988	\$ 8,220,414			5,444,388	\$ 7,720,414			4,187,992	\$ 6,720,414		

Fiscal Year 2018-19				Stage 1				Stage 2				Stage 3				Stage 4			
Percentage Reduction				15%				25%				35%				50%			
Customer Class	Delivery (\$)	Usage (CCF)	Revenue (\$)	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$	Reduced Usage (CCF)	Revenue Requirement (\$)	CCF	Surcharge \$
<i>Single Family</i>																			
Tier I	\$ 0.94	3,152,164	\$ 2,970,403	2,994,556	\$ 2,817,967	12	\$ -	2,836,948	\$ 2,741,749	12	\$ -	2,679,339	\$ 2,589,312	12	\$ -	2,364,123	\$ 2,284,440	12	\$ -
Tier II	\$ 1.36	2,411,941	\$ 3,285,877	1,978,924	\$ 3,117,251	39	\$ 0.22	1,628,920	\$ 3,032,938	39	\$ 0.50	1,216,175	\$ 2,864,312	39	\$ 1.00	661,920	\$ 2,527,060	39	\$ 2.46
Tier III	\$ 1.36	697,116	\$ 949,707	348,558	\$ 900,970	> 39	\$ 1.22	230,048	\$ 876,601	> 39	\$ 2.45	174,279	\$ 827,863	> 39	\$ 3.39	104,567	\$ 730,389	> 39	\$ 5.62
Total	\$ 1.15	6,261,221	\$ 7,205,987	5,322,038	\$ 6,836,187		\$ 0.13	4,695,916	\$ 6,651,288		\$ 0.27	4,069,794	\$ 6,281,488		\$ 0.39	3,130,611	\$ 5,541,889		\$ 0.62
<i>Multi Family</i>																			
	\$ 1.16	797,389	\$ 926,835	677,781	\$ 879,271		\$ 0.14	598,042	\$ 855,489		\$ 0.27	518,303	\$ 807,926		\$ 0.40	398,695	\$ 712,798		\$ 0.63
<i>CII</i>																			
	\$ 1.22	1,317,373	\$ 1,610,275	1,119,767	\$ 1,527,638		\$ 0.14	988,030	\$ 1,486,320		\$ 0.28	856,292	\$ 1,403,683		\$ 0.42	658,687	\$ 1,238,410		\$ 0.66
Total		8,375,983	9,743,097	7,119,586	\$ 9,243,097			6,281,988	\$ 8,993,097			5,444,388	\$ 8,493,097			4,187,992	\$ 7,493,097		

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: August 21, 2014
SUBJECT: Review of the Draft Proposition 218 Notice and of the Proposed Internet “Micro-Site”, and Consider Scheduling of Public Meeting(s) for the Proposition 218 Public Hearing

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

Request that the Board:

1. Review the DRAFT Proposition 218 Notice;
2. Comment on the proposed internet “micro-site,” and;
3. Consider dates to hold the Public Rate Hearing.

Background

Proposition 218 was voter approved in 1996 (California Constitution Article III D § 6[a]) and requires, in part, that the District notify all customers and/or property owners of proposed rate increases. In addition, AB 3030 (Government Code Section 53756) which became effective January 1, 2009, authorizes a public:

agency providing water, sewer, or refuse collection services to adopt a schedule of fees or charges that authorize automatic adjustments that pass through increases for water, or adjustments for inflation, if prescribed conditions are met, including, but not limited to, that the schedule of fees or charges not exceed a period of five (5) years and that the schedule be adopted pursuant to existing law providing notice, protest, and hearing procedures for the levying of new or increased fees and charges by local government agencies.

The District’s current 5-year rate schedule has expired. Accordingly, a new rate study is underway and, in conjunction with that, a new Proposition 218 process must be conducted. Accordingly, staff requests that the Board: (1) review the DRAFT Prop. 218 Notice (to be provided at the workshop), (2) review the District’s internet “microsite,” that will provide background and details to our customers about the District’s water rates (a preview to also take place at the workshop), and, 3) indicate your availability for a Prop. 218 Hearing (see below) at which the Board will consider adoption of the new rates and schedule for rate adjustments in future years.

Proposition 218 DRAFT Notice

The requirements include that a detailed notice be provided to customers and/or property owners to explain the calculation of the proposed increases in rates and charges.

Review of the District’s Microsite

The microsite will be linked to the District’s main website at www.wvwd.com and will provide additional detail and background on the District’s proposed rate increases. This site will be updated as needed and also allow for customer comment and feedback.

Scheduling of a Hearing Date

Proposition 218 further requires that the notice for the required hearing be provided at least 45 days before the hearing at which the rate increase can be adopted, assuming there is not a majority protest to the increase (if a majority protest occurs, the rate increase cannot be adopted).

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					November 2014	1
2	3	4	5	6	7	8
9	10 (Committee?)	11 <i>Veterans Day</i>	12 (Committee?)	13	14	15
16	17 Board Mtg.	18	19 Prop 218 Meeting?	20 Prop 218 Meeting?	21	22
23	24 Prop 218 Meeting?	25 Prop 218 Meeting?	26	27 <i>Thanksgiving</i>	28 <i>Thanksgiving</i>	29
30						
December 2014	1	2	3 Prop 218 Meeting?	4 Prop 218 Meeting?	5	6
7	8	9	10	11	12	13
14	15 Board	16	17	18	19	20
21	22	23	24 <i>Christmas Eve</i>	25 <i>Christmas</i>	26	27

Key Dates

- **August 21, 2014** (Board Workshop)
 - 1) Review of the proposed Prop. 218 Notice and internet microsite
 - 2) Consider dates for a Prop. 218 hearing
- By the **Thursday, September 18, 2014**, Board Workshop:
 - 1) Preliminary approval of the rates and rate study
 - 2) Finalize the Prop 218 Notice, and,
 - 3) Set the date(s) for the Prop 218 hearing.
- By **Wednesday, October 1, 2014**, Prop 218 Notices mailed
- Prop 218 Hearing held after **Saturday, November 15, 2014** (presuming an Oct 1 mailing date)
 - 1) Receive public comment
 - 2) Approve the rate study
 - 3) Or, schedule a follow-up hearing after taking note of public comments

Summary

The District has been revising its rates in anticipation of a new five-year rate implementation. The Board's discussion at the workshop will determine the manner of public notification and the date(s) to conduct the hearing.