

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

SPECIAL BOARD WORKSHOP
THURSDAY, OCTOBER 19, 2017 – 4:30 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 4 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: Mr. Ebenkamp ____ Mr. Hilden ____ Ms. Kwong ____ Ms. Lee ____ Dr. Wu ____
3. Public Comment President Wu
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. Discussion, Consideration and Action on Possible Water Rate Adjustment to be Effective January 1, 2018, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure.
 - A. Discussion
 - B. Action Taken
5. Ranking of Pricing Objectives for Rate Design (verbal)
 - A. Discussion
 - B. Action Taken

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: October 19, 2017
SUBJECT: Discussion, Consideration and Action on Possible Water Rate Adjustment to be Effective January 1, 2018, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure

Action/Discussion Fiscal Impact Resolution Information Only

Recommendation

That the Board of Directors consider approval of the water rates, as shown in the following tables, to be effective January 1, 2018.

Background Information

The underlying methodology for the District’s rate structure is based on the cost-to-serve each of the District’s user classes. This approach recognizes that the cost-to-serve each user class not only depends on the amount of water demanded but also the manner in which it is demanded, also known as ‘peaking’ or ‘capacity’ needs. In November 2014, the Board approved a Comprehensive Rate Study, and the underlying rates that were approved through the Prop 218 process.¹

- The rates proposed below were approved through the District’s Proposition 218 process. The proposed rates include increases to the commodity rate, meter charge, fire protection/private hydrant charges, and pump zone charges.
- The proposed rates were incorporated into the FY 2017-18 Budget that was previously approved by the Board.
- The proposed rate increase is based on the cost-of-service, and includes Metropolitan Water District’s increases in the cost of imported water (effective January 1, 2018) as well as modest internal cost increases.
- Based on the FY 2017-18 Budget, the amount of reserve funding is projected to be \$3.67 million. This annual funding, with this proposed rate increase, is approximately \$930k below the funding goal of \$4.6 million. The reserves provide the funding for the District’s capital improvement projects, replacement projects, and other long-term liabilities.

¹ See Resolution No. 11-14-612, *Adopting Revised Rates and Charges for Water Service*, approved at the November 19, 2014, Public Hearing.

Proposed Rates:

COMMODITY CHARGES (\$/CCF)		
<u>Customer Rate Class</u>	<u>2017</u>	<u>2018</u>
Residential		
Tier 1 (0-12 Units)	\$ 2.97	\$ 3.16
Tier 2 (13-39 Units)	\$ 3.39	\$ 3.58
Tier 3 (40 + Units)	\$ 3.39	\$ 3.58
Multi-Family	\$ 3.19	\$ 3.38
Non-Residential (Com., Ind., Gov't., Irrigation)	\$ 3.25	\$ 3.44
Recycled	\$ 1.71	\$ 1.79
MONTHLY METER CHARGES		
<u>Meter Size</u>	<u>2017</u>	<u>2018</u>
5/8" or 3/4"	\$ 19.43	\$ 20.00
1"	\$ 24.47	\$ 25.20
1-1/2"	\$ 57.82	\$ 59.53
2"	\$ 75.51	\$ 77.73
3"	\$ 154.60	\$ 159.17
4"	\$ 243.61	\$ 250.80
6"	\$ 463.07	\$ 476.74
8"	\$ 712.98	\$ 734.02
MONTHLY FIRE PROTECTION/PRIVATE HYDRANT CHARGES		
<u>Line Size</u>	<u>2017</u>	<u>2018</u>
1"	\$ 18.17	\$ 18.71
1-1/2"	\$ 18.63	\$ 19.18
2"	\$ 19.07	\$ 19.64
4"	\$ 22.16	\$ 22.82
6"	\$ 25.35	\$ 26.10
8"	\$ 29.34	\$ 30.21
10"	\$ 33.32	\$ 34.30
Private Hydrant	\$ 25.35	\$ 26.10
PUMP ZONE SURCHARGES		
<u>Zone</u>	<u>2017</u>	<u>2018</u>
Zone 1 (Gravity System)	\$ 0.00	\$ 0.00
Zone 2	\$ 0.20	\$ 0.21
Zone 3	\$ 0.39	\$ 0.40

Customer Impacts

The table below shows the impact of the proposed rate increase for an average residential customer using 24 units of water per month.

Customer Impact				
<u>Customer Class</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>% Increase</u>
Residential - Pump Zone 1	\$ 95.75	\$ 100.88	\$ 5.13	5.36%
Residential - Pump Zone 2	\$ 100.55	\$ 105.92	\$ 5.37	5.34%
Residential - Pump Zone 3	\$ 105.11	\$ 110.48	\$ 5.37	5.11%

Staff recommends that the Board adopt the proposed rate increases (as noted in the tables on page 2). The projected rate increase for our average residential customer is approximately 5.3%. This percentage is consistent with increases approved over the past several years and staff believes balances the funding needs of the District with rates that are affordable and manageable for our customers.