

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

SPECIAL BOARD MEETING
TUESDAY, OCTOBER 6, 2015 – 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 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: Ms. Carrera_____ Mr. Ebenkamp_____ Mr. Hilden_____ Ms. Kwong_____ Dr. Wu_____
3. Public Comment_____Mr. Ebenkamp
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, including resulting adjustment to Drought Rate Surcharge, Effective January 1, 2016, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure
 - A. Discussion
 - B. Action Taken

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
DATE: October 6, 2015
SUBJECT: Discussion, Consideration and Action on Possible Water Rate Adjustment, Including Resulting Adjustment to Drought Rate Surcharge, Effective January 1, 2016, 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 approve increases to the District's Water Rates, as shown in the tables below, to be effective January 1, 2016.

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 the Comprehensive Rate Study, and the underlying rates which were approved through the Prop 218 process.¹

- The rates proposed below were approved through the District's Prop 218 process. The proposed rates include increases to the commodity rate, meter charge, fire protection/private hydrant charges, and pump zone charges.
- The drought rate surcharge, which is based on a percentage of the commodity charge, would remain in effect and would increase as a result of the proposed increase in the commodity charge.
- The proposed rates were incorporated into the FY 2015-16 Budget which was previously approved by the Board.
- The proposed rate increase is based on cost-of-service, and includes Metropolitan Water District's increases in the cost of imported water (effective January 1, 2016) as well as modest internal cost increases.
- Based on the FY 2015-16 Budget, the amount of reserve funding is projected to be \$2.41 million--this amount, with this proposed rate increase included, is approximately \$1.24 million below the funding goal of \$3.65 million. The reserves provide the funding for the Districts 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 RATES (\$/CCF)		
<u>Customer Class</u>	<u>Current FY 14-15</u>	<u>Proposed FY 15-16</u>
Residential		
Tier I (0-12 Units)	\$ 2.69	\$ 2.85
Tier II (13-39 Units)	\$ 3.08	\$ 3.25
Tier III (40+ Units)	\$ 3.08	\$ 3.25
Multi-Family	\$ 2.89	\$ 3.06
Non-Residential (Com, Ind., Gov't, Irrigation)	\$ 2.95	\$ 3.12
Recycled	\$ 1.56	\$ 1.63

MONTHLY METER CHARGES		
<u>Meter Size</u>	<u>Current FY 14-15</u>	<u>Proposed FY 15-16</u>
5/8" or 3/4"	\$ 18.29	\$ 18.87
1"	\$ 23.04	\$ 23.77
1 1/2"	\$ 54.43	\$ 56.17
2"	\$ 71.07	\$ 73.34
3"	\$ 145.53	\$ 150.17
4"	\$ 229.30	\$ 236.63
6"	\$ 435.87	\$ 449.79
8"	\$ 671.11	\$ 692.54

MONTHLY PRIVATE FIRE PROTECTION/PRIVATE HYDRANT CHARGES		
<u>Size of Connection</u>	<u>Current FY 14-15</u>	<u>Proposed FY 15-16</u>
1"	\$ 17.11	\$ 17.65
1 1/2"	\$ 17.53	\$ 18.09
2"	\$ 17.95	\$ 18.53
4"	\$ 20.86	\$ 21.53
6"	\$ 23.86	\$ 24.62
8"	\$ 27.62	\$ 28.50
10"	\$ 31.36	\$ 32.37
Private Hydrant	\$ 23.86	\$ 24.62

PUMP ZONE SURCHARGES (\$/CCF)		
<u>Pump Zone</u>	<u>Current FY 14-15</u>	<u>Proposed FY 15-16</u>
Zone 1 (Gravity System)	No Charge	No Charge
Zone 2	\$ 0.19	\$ 0.19
Zone 3	\$ 0.36	\$ 0.37

DROUGHT RATE SURCHARGES				
<u>Customer Class</u>	<u>Current</u>		<u>Proposed</u>	
	<u>% of Rate</u>	<u>Rate</u>	<u>% of Rate</u>	<u>Rate</u>
Residential				
Tier I (0-12 Units)	0%	\$ -	0%	\$ -
Tier II (13-39 Units)	5%	\$ 0.15	5%	\$ 0.16
Tier III (40+ Units)	29%	\$ 0.89	29%	\$ 0.94
Multi-Family	3%	\$ 0.09	3%	\$ 0.09
Non-Residential	3%	\$ 0.09	3%	\$ 0.09

Residential Drought Surcharge Impact

Drought rate surcharges are based upon a percentage of the commodity rate. Based upon the increase in the commodity rate that are scheduled to take effect January 1, 2016, the table above shows the increase in the currently approved Stage 1 Drought Surcharge.

The table below shows the impact of the Stage 1 Drought Surcharge for residential customers at various consumption levels. The dark blue area shows that achieving conservation will in fact *lower a customer's bill*. A good majority of our customers will begin seeing lower bills at just a 10% level of conservation.

Customer Impact - Stage 1 Drought Surcharge (Sample)							
Conservation %	12 Units	24 Units	39 Units	65 Units	85 Units	110 Units	125 Units
Prior to Surcharge	\$ 53	\$ 92	\$ 141	\$ 225	\$ 290	\$ 372	\$ 420
0% Conservation	\$ 53	\$ 94	\$ 145	\$ 254	\$ 338	\$ 443	\$ 505
10% Conservation	\$ 50	\$ 87	\$ 132	\$ 229	\$ 304	\$ 397	\$ 455
15% Conservation	\$ 47	\$ 80	\$ 125	\$ 212	\$ 283	\$ 376	\$ 426
20% Conservation	\$ 47	\$ 77	\$ 118	\$ 200	\$ 267	\$ 350	\$ 401
25% Conservation	\$ 45	\$ 74	\$ 111	\$ 187	\$ 250	\$ 330	\$ 376

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%. 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.