

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

SPECIAL BOARD MEETING  
THURSDAY, OCTOBER 22, 2020 – 4:00 P.M.  
AGENDA

Pursuant to the provisions of Executive Order N-25-20 Issued by Governor Gavin Newsom on March 12, 2020, any Board member and any member of the public who desires to participate in the open session items of this meeting may do so by accessing the Webex link below without otherwise complying with the Brown Act's teleconference requirements:

<https://walnutvalley.webex.com/join/bmeeting>

(Computer and Telephone Audio Accessible)

Any member of the public wishing to make any comments to the Board may do so by accessing the above-referenced link where they may select the option to join via webcam or teleconference. The meeting Chair will acknowledge such individual(s) at the appropriate time in the meeting prior to making his or her comment. Members of the public will be disconnected from the meeting prior to a Closed Session being held.

***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. Hilden\_\_\_\_ Ms. Kwong\_\_\_\_ Ms. Lee\_\_\_\_ Mr. Sinclair \_\_\_\_ Mr. Tang \_\_\_\_
3. Public Comment President Lee  
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, 2021, with all Proposed Adjustments within the Parameters of the Previously Approved Rate Structure
  - A. Discussion
  - B. Board Action
5. Other

Adjournment

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** October 22, 2020  
**SUBJECT:** Discussion, Consideration and Action on Possible Water Rate Adjustment, Effective January 1, 2021, 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 an increase in the water rates, of approximately 3%, and an increase in the recycled commodity rate of approximately 5%, as shown in the attached Water Rate Sheet, to be effective January 1, 2021.

## Background Information

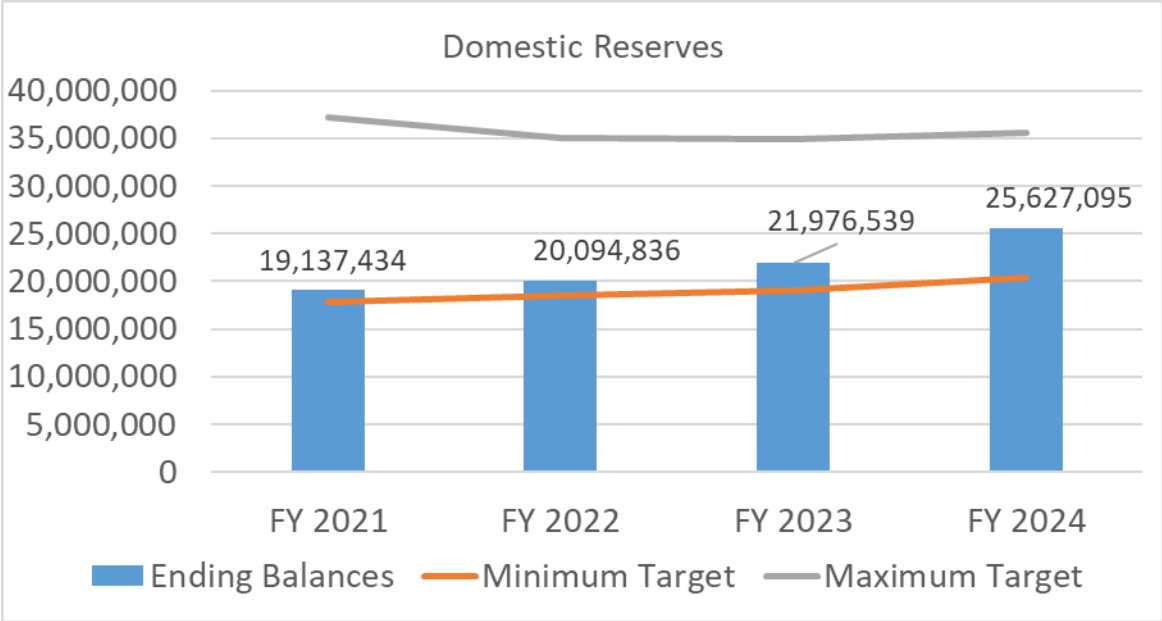
The underlying methodology for the District’s rate structure is based on the cost-to-serve each of the District’s user classes. This approach recognizes that the cost-to-serve each user class not only depends on the amount of water demanded but also the manner in which it is demanded, also known as ‘peaking’ or ‘capacity’ needs. In January 2020, the Board approved the Comprehensive Rate Study, and the schedule of projected rates for a 5-year period, commencing with fiscal year 19-20.

The Board and staff are conscious of the impact increasing water rates has on our customers, and the District remains committed to minimizing these impacts while still ensuring that appropriate funding is available to operate, maintain, and refurbish the water system. Although the approved rate schedule included a rate adjustment of approximately 5%, the Board requested that staff evaluate other alternatives in an effort to minimize the financial impact, while still funding reserves at appropriate levels. Based on that direction, staff has evaluated the following alternatives:

### DOMESTIC WATER RATE ADJUSTMENT

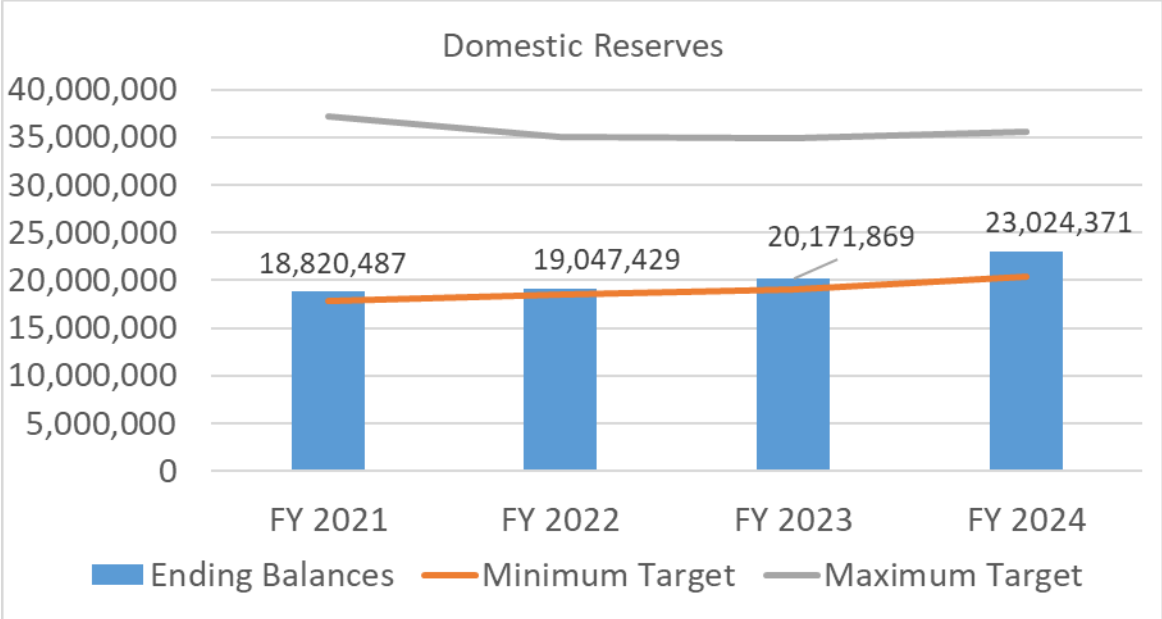
#### 5% Rate adjustment for FY 20-21, assumes 5% thereafter.

RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
RATE ADJUSTMENT	5%	Projected 5%	Projected 5%	Projected 5%
Ending Balances	19,137,434	20,094,836	21,976,539	25,627,095
Minimum Target	17,813,204	18,475,679	19,085,742	20,334,229
Maximum Target	37,225,804	35,003,104	34,926,704	35,608,404



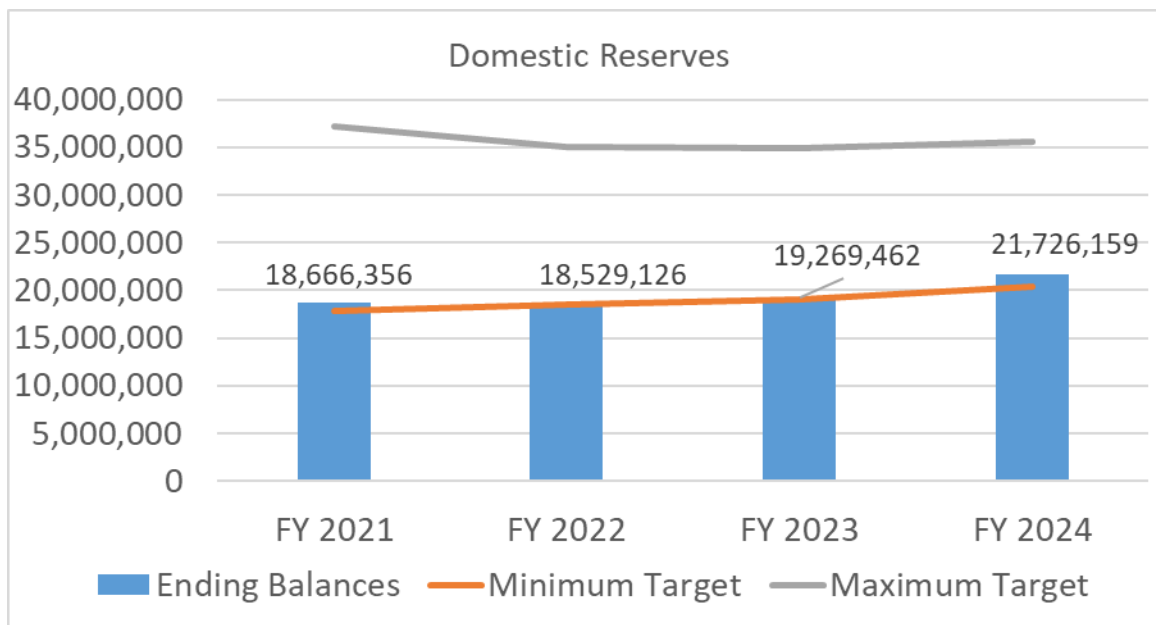
**3% Rate adjustment for FY 20-21, assumes 5% thereafter.**

RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
RATE ADJUSTMENT	3%	Projected 5%	Projected 5%	Projected 5%
Ending Balances	18,820,487	19,047,429	20,171,869	23,024,371
Minimum Target	17,813,204	18,475,679	19,085,742	20,334,229
Maximum Target	37,225,804	35,003,104	34,926,704	35,608,404



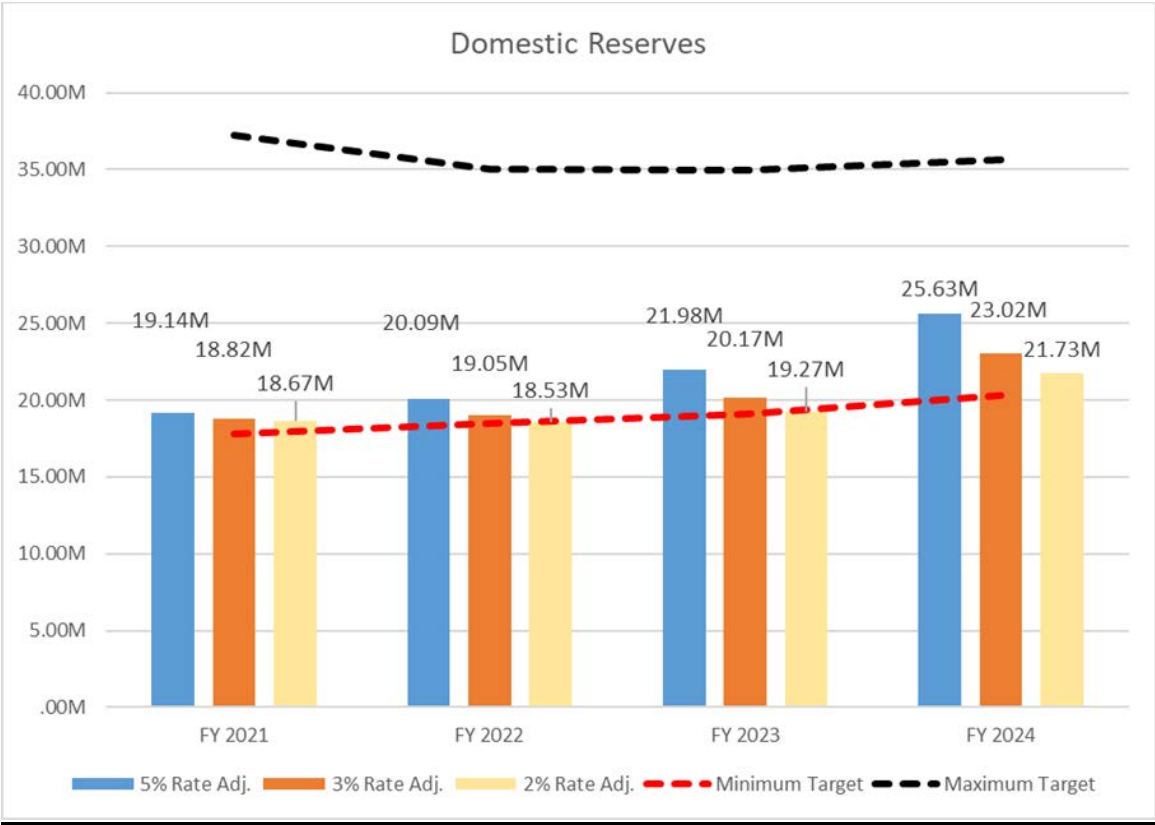
**2% Rate adjustment for FY 20-21, assumes 5% thereafter.**

RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
RATE ADJUSTMENT	2%	Projected 5%	Projected 5%	Projected 5%
Ending Balances	18,666,356	18,529,126	19,269,462	21,726,159
Minimum Target	17,813,204	18,475,679	19,085,742	20,334,229
Maximum Target	37,225,804	35,003,104	34,926,704	35,608,404



**Summary of Analyses**

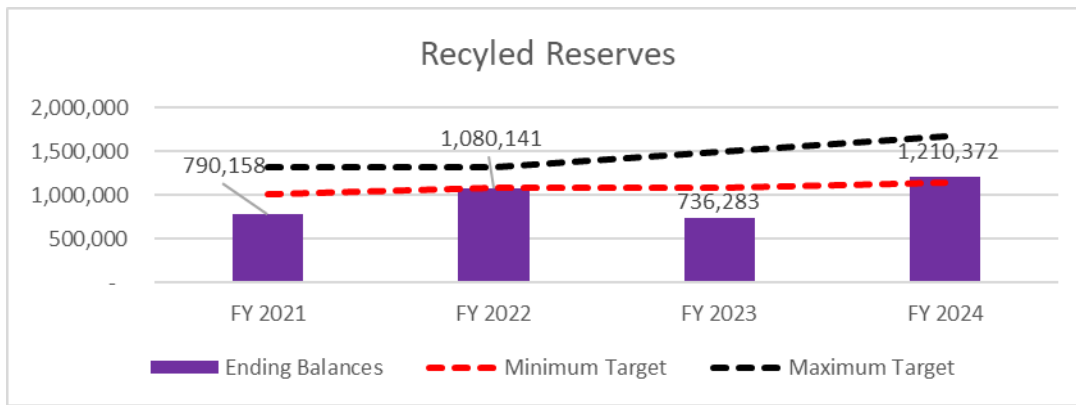
RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
5% Rate Adj.	19.14M	20.09M	21.98M	25.63M
3% Rate Adj.	18.82M	19.05M	20.17M	23.02M
2% Rate Adj.	18.67M	18.53M	19.27M	21.73M
Minimum Target	17.81M	18.48M	19.09M	20.33M
Maximum Target	37.23M	35.00M	34.93M	35.61M



**RECYCLED WATER RATE ADJUSTMENT**

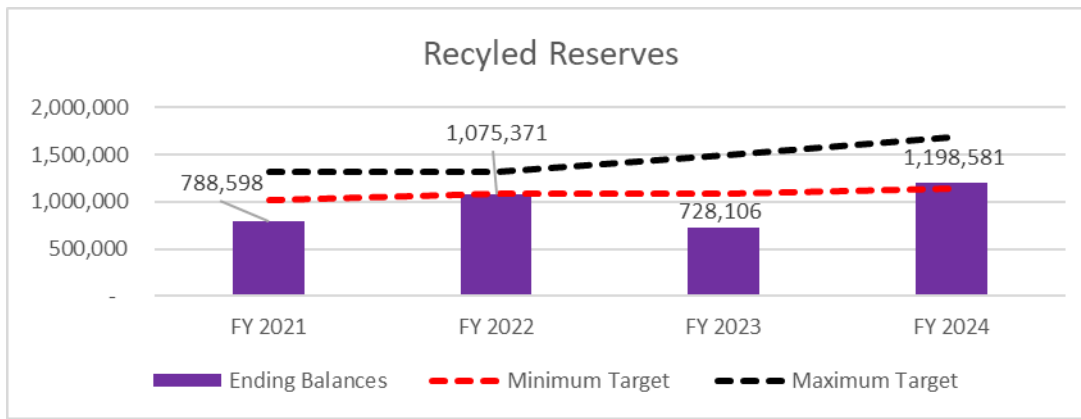
**5% Commodity Rate adjustment, 3% Monthly Meter Charge adjustment for FY 20-21, assumes 5% thereafter.** The monthly meter charges vary by the size of the meter, but the rates are the same for all user classes, including Recycled customers.

RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
<b>RATE ADJUSTMENT</b>	<b>5% Commodity 3% Meter</b>	<b>Projected 5%</b>	<b>Projected 5%</b>	<b>Projected 5%</b>
Ending Balances	790,158	1,080,141	736,283	1,210,372
Minimum Target	1,011,100	1,086,925	1,088,056	1,143,392
Maximum Target	1,322,500	1,323,625	1,496,556	1,677,992



**Analysis No. 2 – 5% Commodity Rate adjustment, 2% Monthly Meter Charge adjustment for FY 20-21, assumes 5% thereafter.**

RESERVES	FY 2021	FY 2022	FY 2023	FY 2024
<b>RATE ADJUSTMENT</b>	<b>5% Commodity 2% Meter</b>	<b>Projected 5%</b>	<b>Projected 5%</b>	<b>Projected 5%</b>
Ending Balances	788,598	1,075,371	728,106	1,198,581
Minimum Target	1,011,100	1,086,925	1,088,056	1,143,392
Maximum Target	1,322,500	1,323,625	1,496,556	1,677,992



After reviewing the analysis of the rate increase alternatives, staff believes that a rate increase of 3% on the potable rates and a 5% increase on the recycled rate does provide some rate increase relief to our customers and allows the District to continue to plan for and fund future system rehabilitation programs. In addition, given the uncertainties surrounding the pandemic and what actions the state may take relative to accumulated water bill debt by customers, the 3% increase alternative provides for potential future flexibility depending on future conditions.

Staff recommends that the Board of Directors approve an increase in the water rates, of approximately 3%, and an increase in the recycled commodity rate of approximately 5%, as shown in the attached Water Rate Sheet, to be effective January 1, 2021.

Walnut Valley Water District  
Water Rates

Monthly Meter Charge				
Meter Size	Current	5%	3%	2%
5/8" or 3/4"	20.67	21.71	21.30	21.09
1"	32.60	34.23	33.58	33.26
1 1/2"	62.42	65.55	64.30	63.67
2"	98.20	103.11	101.15	100.17
3"	193.64	203.33	199.45	197.52
4"	301.00	316.05	310.03	307.02
6"	599.22	629.19	617.20	611.21
8"	957.09	1,004.95	985.81	976.24
Commodity Rates				
	Current	5%	3%	2%
Residential				
Tier I (0-9 units)	2.94	3.09	3.03	3.00
Tier II (10-40 units)	3.93	4.13	4.05	4.01
Tier III (41+ units)	4.52	4.75	4.66	4.62
Multi-Family	3.36	3.53	3.47	3.43
Non-Residential	3.56	3.74	3.67	3.64
Recycled Commodity Rates				
	Current	5%		
Recycled	1.87	1.97		
Pump Zone Charges				
	Current	5%	3%	2%
Zone 1	-	-	-	-
Zone 2	0.24	0.26	0.25	0.25
Zone 3	0.44	0.47	0.46	0.45
Fire Protection Rates				
	Current	5%	3%	2%
1"	9.09	9.55	9.37	9.28
1 1/2"	9.76	10.25	10.06	9.96
2"	10.92	11.47	11.25	11.14
4"	22.28	23.40	22.95	22.73
6"	48.07	50.48	49.52	49.04
8"	92.57	97.20	95.35	94.43
10"	159.50	167.48	164.29	162.69
Private Hydrant	48.07	50.48	49.52	49.04