

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

SPECIAL BOARD MEETING
THURSDAY, November 18, 2021 – 4:00 P.M.
AGENDA

Pursuant to the provisions of Government Code Section 54953(e), as amended by AB 361, 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. Hayakawa ___ Mr. Hilden ___ Ms. Kwong ___ Ms. Lee ___ Mr. Tang ___
3. Public Comment President Kwong
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, Effective January 1, 2022, with all Proposed Adjustments Within the Parameters of the Previously Approved Rate Structure
 - A. Discussion
 - B. Action Taken
5. Other

Adjournment

WVWD – Staff Report



TO: Board of Directors
FROM: General Manager
SUBMITTED BY: Director of Finance
DATE: November 18, 2021
SUBJECT: Discussion, Consideration and Action on Possible Water Rate Adjustment, Effective January 1, 2022, 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 6%, and an increase in the recycled commodity rate of approximately 5%, as shown in the attached Water Rate Sheet, to be effective January 1, 2022.

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. Staff evaluated other alternatives in an effort to minimize the financial impact, while still funding reserves at appropriate levels.

District staff is aware of external forces that could cause adjustments in revenue. One such external force is the state of California seeking voluntary conservation due to drought conditions throughout the State. Currently, the state is asking for a 15% voluntary reduction in water use, which is voluntary. If the state seeks mandatory conservation, it will have a dramatic impact on revenues for the District. Another external force being placed on the District is compliance with AB 1668 and SB 606. By 2025, the District will be required to have customers reduce their indoor consumption from 55 gallons per person per day (gpd) to 52.5 gpd. Based on the direction given by the Board as well as external forces, staff has evaluated the following alternatives:

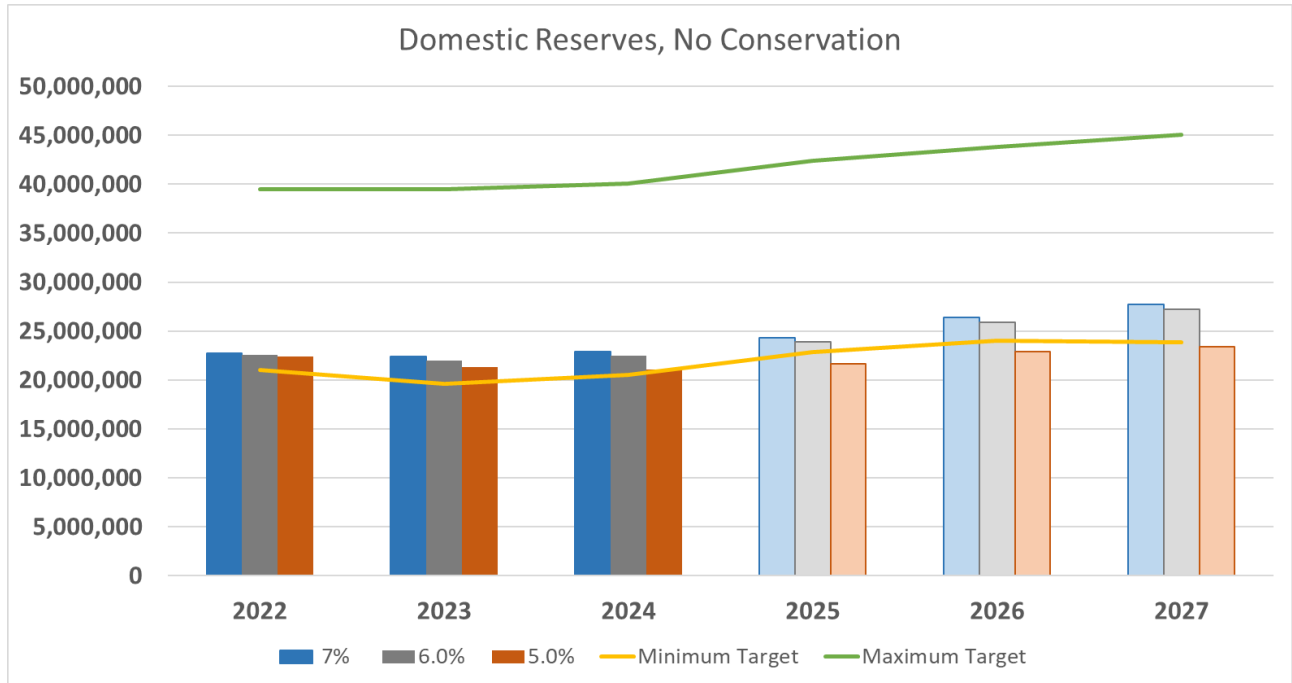
DOMESTIC WATER RATE ADJUSTMENT

No Sales reduction

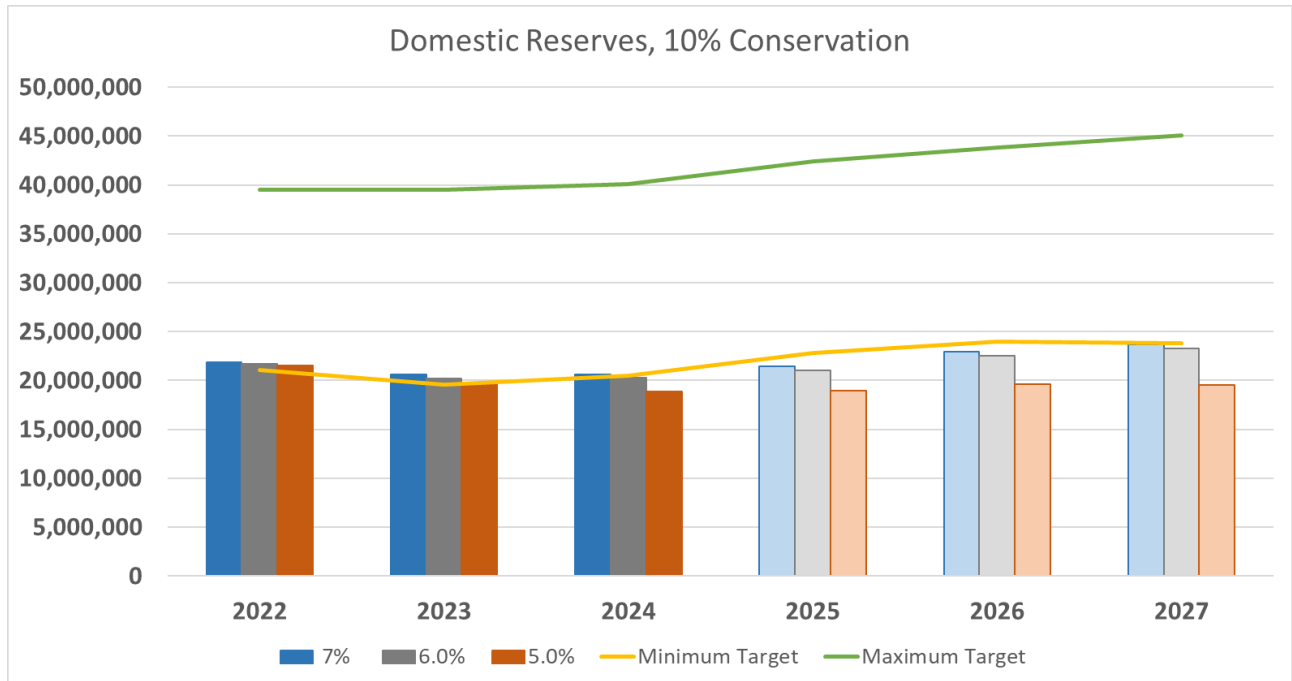
7% Rate adjustment for FY 21-22, assumes 5% thereafter.

6% Rate adjustment for FY 21-22, 6% for FY 22-23, assumes 5% thereafter.

5% Rate adjustment for FY 21-22, assumes 5% thereafter.



10% Sales reduction for FY 21-22 & FY 22-23, 5% Sales reduction thereafter
7% Rate adjustment for FY 21-22, assumes 5% thereafter.
6% Rate adjustment for FY 21-22, 6% for FY 22-23, assumes 5% thereafter.
5% Rate adjustment for FY 21-22, assumes 5% thereafter.

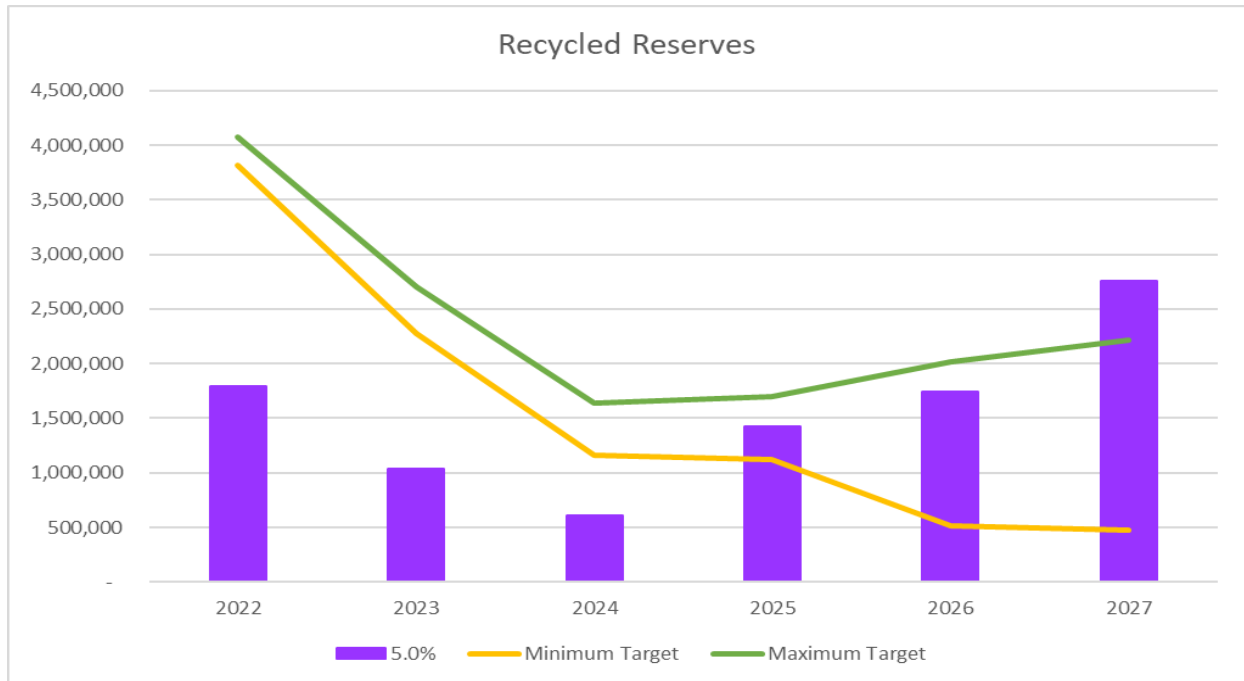


Summary of Analysis

RESERVES	No Conservation			Conservation		
	FY 2022	FY 2023	FY 2024	FY 2022	FY 2023	FY 2024
7% Rate Adj.	22,694,974	22,364,829	22,924,436	21,855,760	20,580,018	20,632,437
6% Rate Adj.	22,530,898	21,980,405	22,519,093	21,703,464	20,224,836	20,257,590
5% Rate Adj.	22,380,010	21,311,275	21,090,908	21,563,083	19,603,665	18,905,490
Minimum Target	21,047,889	19,570,242	20,533,030	21,047,889	19,570,242	20,533,030
Maximum Target	39,509,964	39,501,095	40,104,083	39,509,964	39,501,095	40,104,083

RECYCLED WATER RATE ADJUSTMENT

5% Commodity Rate adjustment, 6% Monthly Meter Charge adjustment for FY 21-22 & FY 22-23, assumes 5% thereafter.



RESERVES	FY 2022	FY 2023	FY 2024
5% Rate Adj.	1,793,815	1,036,592	610,680
Minimum Target	3,814,100	2,270,900	1,160,000
Maximum Target	4,076,300	2,704,900	1,642,400

After reviewing the analysis of the rate increase alternatives, staff believes that a rate increase of 6% on the potable rates and a 5% increase on the recycled rate provides stability in future rate increases 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 6% 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 6%, and an increase in the recycled commodity rate of approximately 5%, as shown in the attached Water Rate Sheet, to be effective January 1, 2022.

Walnut Valley Water District
Water Rates

Monthly Meter Charge				
Meter Size	Current	Alt . 1 (7%)	Alt. 2 (6%)	Alt. 3 (5%)
5/8" or 3/4"	21.30	22.80	22.58	22.37
1"	33.58	35.95	35.60	35.26
1 1/2"	64.30	68.83	68.16	67.52
2"	101.15	108.27	107.22	106.21
3"	199.45	213.50	211.42	209.43
4"	310.03	331.86	328.64	325.54
6"	617.20	660.65	654.24	648.06
8"	985.81	1,055.20	1,044.96	1,035.11
Commodity Rates				
	Current	Alt . 1 (7%)	Alt. 2 (6%)	Alt. 3 (5%)
Residential				
Tier I (0-9 units)	3.03	3.25	3.22	3.19
Tier II (10-40 units)	4.05	4.34	4.30	4.26
Tier III (41+ units)	4.66	4.99	4.94	4.90
Multi-Family	3.47	3.71	3.68	3.65
Non-Residential	3.67	3.93	3.90	3.86
Recycled Commodity Rates				
	Current	5%		
Recycled	1.97	2.07		
Pump Zone Charges				
	Current	Alt . 1 (7%)	Alt. 2 (6%)	Alt. 3 (5%)
Zone 1	-	-	-	-
Zone 2	0.25	0.28	0.27	0.26
Zone 3	0.46	0.50	0.49	0.48
Fire Protection Rates				
	Current	Alt . 1 (5%)	Alt. 2 (6%)	Alt. 3 (5%)
1"	9.37	10.03	9.94	9.84
1 1/2"	10.06	10.77	10.67	10.57
2"	11.25	12.05	11.93	11.82
4"	22.95	24.57	24.33	24.10
6"	49.52	53.01	52.50	52.00
8"	95.35	102.06	101.08	100.12
10"	164.29	175.86	174.15	172.51
Private Hydrant Rate	49.52	53.01	52.50	52.00