

Rio Linda Elverta CWD

Rate Study / Cost of Service Study



August 16, 2021





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Rate Study Background

- Water rates are subject to Proposition 218
- Rates must be based on the reasonable cost of service
 - District budgets and audits
 - Inflationary cost increases
 - New licenses for operators and new proposed staff member
 - Capital projects

District cash flow and financial plan
- Rates must proportionally recover costs based on how customers take service

Rate design
- Covers rates over a maximum 5-year period
- Procedural requirements: conduct a rate study, mail a notice to customers, hold a hearing a minimum of 45 days later, subject to protest vote



Current Bimonthly Rates

Meter Size	Service Charge	Capital Surcharge	Surcharge	Total Fixed Charge
5/8"	\$59.86	\$19.00	\$15.80	\$94.66
3/4"	\$59.86	\$19.00	\$15.80	\$94.66
1"	\$99.77	\$19.00	\$15.80	\$134.57
1.5"	\$199.53	\$19.00	\$15.80	\$234.33
2"	\$319.25	\$19.00	\$15.80	\$354.05
3"	\$698.37	\$19.00	\$15.80	\$733.17
4"	\$1,257.06	\$19.00	\$15.80	\$1,291.86
Inactive	\$59.86	\$19.00	\$15.80	\$94.66

Tier	Use in Tier	Rate (\$/ccf)
Tier 1	0 to 6 ccf	\$0.00
Tier 2	Above 6 ccf	\$0.81

1 ccf = 100 cubic feet, equal to about 748 gallons



Current Fire and Backflow Rates

Standby Fire Protection	Service Charge
1.5"	\$4.12
4"	\$40.00
6"	\$60.00
8"	\$80.00

Backflow Prevention	Service Charge
Per device	\$8.33



Rate Design

- Review a tiered rate structure - not illegal but must be cost-justified per the San Juan Capistrano legal ruling
- SB 555 – water audits
 - Utilities must conduct water audits and report non-billed water
 - Eliminate the unbilled allotment of 6 ccf per bimonthly period
- SB 606, AB 1668 – target indoor water use of 52.5 gallons per capita per day by 2025
 - Single Family Tier 1: 0 to 17ccf per bimonthly period – 52.5 gallons per capita per day for a 4 person household
 - Single Family Tier 2: use above 17 ccf



Rate Design Proposal

- Single family
 - Tier 1 = recovers costs for base, average day use
 - Tier 2 = recovers costs for some base, average day use plus peak use
- Peaking costs include engineering, debt service, and capital costs associated with providing service at maximum demands on the system
- Commercial, industrial, and institutional (CII) and irrigation are proposed to each have a single rate that recovers costs for both base and peak use. Irrigation customers have high peaking costs.
- Fixed charges are reduced
- Inoperable meter charges = typical bill for the season (warm or cold weather)
- Rate study includes drought rates for periods of water cutbacks



Current and Proposed Rates

Meter Size	Current Fee	Sept 15 Proposed
5/8"	\$59.86	\$35.01
3/4"	\$59.86	\$35.01
1"	\$99.77	\$55.25
1.5"	\$199.53	\$105.87
2"	\$319.25	\$166.61
3"	\$698.37	\$358.95
4"	\$1,257.06	\$642.41
Inactive	\$59.86	\$35.01

Current Tier	\$/ccf
Tier 1: 0 to 6 ccf	\$0.00
Tier 2: above 6 ccf	\$0.81

Proposed SF Tier	\$/ccf
Tier 1: 0 to 17 ccf	\$1.72
Tier 2: above 17 ccf	\$2.18

Proposed Class	\$/ccf Sept 15
Commercial, industrial, institutional	\$1.94
Irrigation	\$2.22



Current and Proposed Sept 15 Rates

Fire and Backflow	Current	Sept 15 Proposed
Fire 1.5"	\$4.12	\$4.12
Fire 4"	\$40.00	\$54.38
Fire 6"	\$60.00	\$157.96
Fire 8"	\$80.00	\$157.96
Backflow Prevention	\$8.33	\$9.00

Inoperable Meter Fees	Sept 15 Proposed
5/8" - Cold Weather (19 ccf)	\$68.61
5/8" - Warm Weather (43 ccf)	\$120.93
3/4" - Cold Weather (19 ccf)	\$68.61
3/4" - Warm Weather (43 ccf)	\$120.93
1" - Cold Weather (19 ccf)	\$88.85
1" - Warm Weather (43 ccf)	\$141.17



5-Year Rate Plan

Meter Size	Current	Sept 15, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88



5-Year Rate Plan – Volume Rates

Current Tiers	\$/ccf
Tier 1: 0 to 6 ccf	\$0.00
Tier 2: above 6 ccf	\$0.81

Proposed Single Family Tiers	Sept 15, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Tier 1: 0 to 17 ccf	\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: above 17 ccf	\$2.18	\$2.22	\$2.28	\$2.38	\$2.49

Proposed Class (all use; \$/ccf)	Sept 15, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Commercial, industrial, institutional	\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation	\$2.22	\$2.27	\$2.33	\$2.43	\$2.54



Typical Single Family Bill

Typical bill – 29 ccf per bimonthly period

Current			
	Count	Rate	Fees
Fixed Fees			
5/8" Meter	1	\$59.86	\$59.86
Surcharge 1	1	\$19.00	\$19.00
Surcharge 2	1	\$15.80	<u>\$15.80</u>
Subtotal Fixed			\$94.66
Volume Fees			
Tier 1: 0-6 ccf	6	\$0.00	\$0.00
Tier 2: 6+ ccf	<u>23</u>	\$0.81	<u>\$18.63</u>
Subtotal Volume	29		\$18.63
Total Bimonthly			\$113.29

Proposed Sept 15, 2021			
	Count	Rate	Fees
Fixed Fees			
5/8" Meter	1	\$35.01	\$35.01
Surcharge 1	1	\$19.00	\$19.00
Surcharge 2	1	\$15.80	<u>\$15.80</u>
Subtotal Fixed			\$69.81
Volume Fees			
Tier 1: 0-17 ccf	17	\$1.72	\$29.24
Tier 2: 17+ ccf	<u>12</u>	\$2.18	<u>\$26.16</u>
Subtotal Volume	29		\$55.40
Total Bimonthly Bill			\$125.21
% Change from Current			10.5%

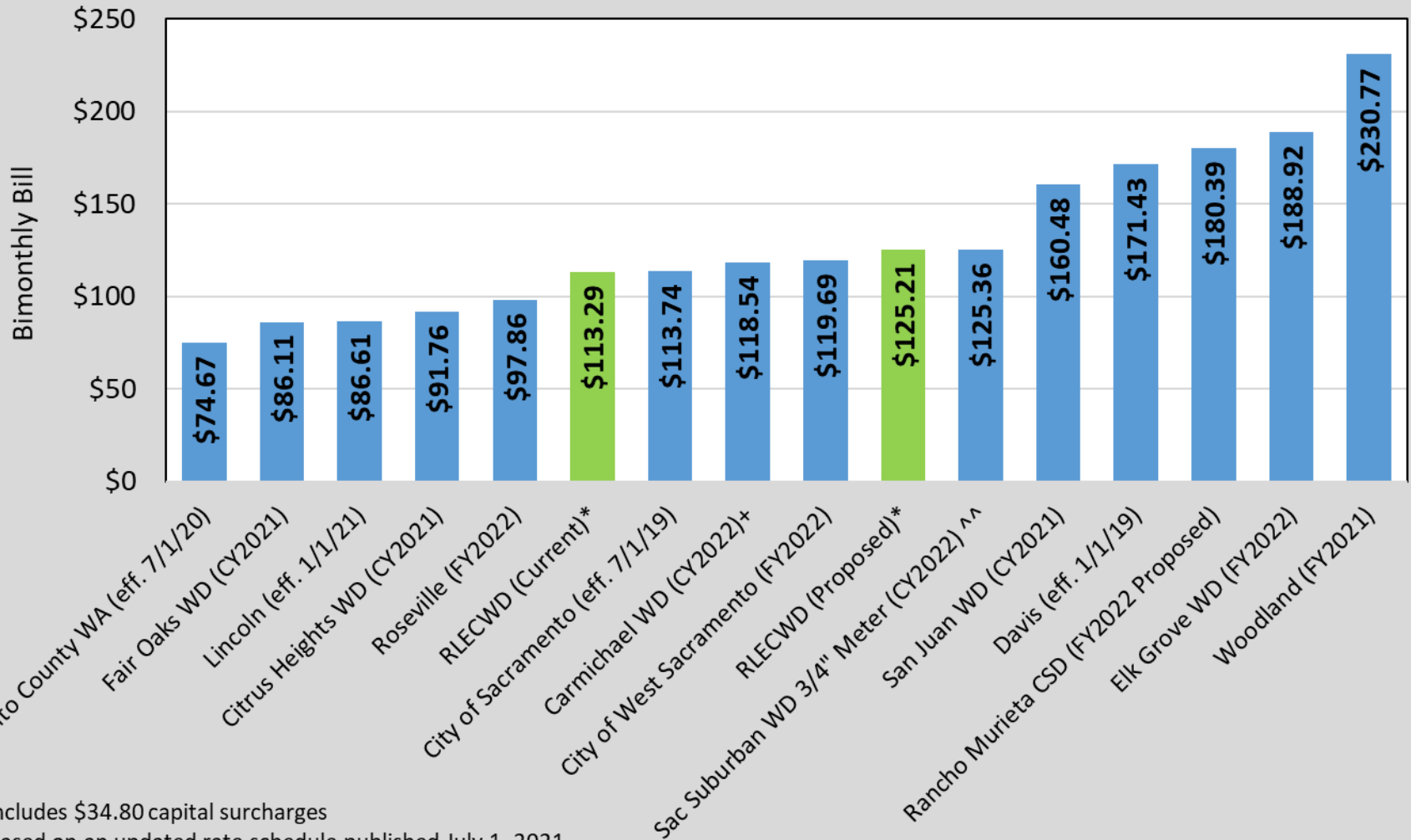
“Break even” bill is about 20 ccf per bimonthly period

About 53% of residential customer bills are proposed to decrease

About 47% of residential customer bills are proposed to increase

Bimonthly Residential Water Rate Survey (conducted June 23, 2021)

Based on 29 ccf of bimonthly water use and a 5/8" meter (or smallest meter)



*includes \$34.80 capital surcharges

+Based on an updated rate schedule published July 1, 2021

^^ 3/4" is the most common residential meter size and is used here for comparison purposes



Process

- Proposition 218 notices mailed to customers
 - Customers have the right to protest the water rates
 - Protests must be in writing and be received by the end of the public hearing
 - If more than 50% of parcels protest, rates cannot be implemented
- If approved, rates will go into effect September 15
- Each year, Board will review the budget and rates (if approved). Board has the option to adopt lower rates without additional hearings.

