

# KELSEYVILLE COUNTY WATERWORKS DISTRICT No. 3

## Water and Sewer Rate Study 2024



Proposition 218 Hearing  
September 10, 2024



**LECHOWICZ + TSENG**  
MUNICIPAL CONSULTANTS

Alison Lechowicz  
Project Manager



# Rate Study Overview

- **District has historically implemented annual CPI rate increases**
  - Last CPI rate increase was January 1, 2024 (+3.7%)
- **Despite inflationary increases, utility rates have fallen behind the cost of service**
  - Water rate increases are needed to keep up with inflationary operating cost increases, rebuild prudent reserves, and fund system upgrades (utility truck and well generators)
  - Sewer rate increases are needed to overcome the operating deficit and balance the budget as well as accumulate operating reserves; capital improvement fee is proposed to be reduced
- **Each rate structure is also proposed to be adjusted to better reflect current water consumption and sewer flow patterns**



# Proposed Water Rate Structure Adjustments

- **Proposed rates better reflect current consumption patterns, actual costs, industry standard practice and comply with legal rulings**
- **Fixed charges will be based on meter size instead of number of dwelling units, motel rooms, or RV spaces**
- **Adjust the tiered rate structure for Volume Rates**
  - Eliminate the tiers for all customers except for single family residential
  - Single Family Tier 1 will be expanded to include the first 18 ccf of water usage
  - Single Family Tier 2 will include any use over 18 ccf (i.e. use above the average level of bimonthly demand)
  - All other customers will pay uniform volume rates (i.e. same \$/ccf charge for all levels of use)



# Proposed Bimonthly Water Rates

CURRENT			PROPOSED	Nov 15, 2024
<b>FIXED CHARGES</b>			<b>FIXED CHARGES</b>	
<u>Code</u>	<u>Customer Class</u>		<u>Meter Size</u>	
WA	Residential	\$37.95	5/8"	\$53.52
WC	Extra Unit	\$21.72	3/4"	\$53.52
WD	Out of District	\$75.90	1"	\$53.52
WF	Motel - per room	\$10.86	1-1/2"	\$90.49
WG	RV - per space	\$7.23	2"	\$134.86
CN	Fire Protection, 4-in. Pipe	\$33.26	3"	\$253.18
CL	Fire Protection, 8-in. Pipe	\$66.60	4" - Fire protection	\$46.12
			6" - Fire protection	\$75.70
			8" - Fire protection	\$111.20
LK	Loan Fee – all customers	\$15.32	Loan Fee – all customers	\$15.32
<b>VOLUME RATES (per ccf)</b>			<b>VOLUME RATES (per ccf)</b>	
<u>Code</u>	<u>All Customers</u>		<u>Single Family Residential Customers</u>	
WB/C Tier 1	Tier 1: 0 - 15 ccf	\$1.10	Tier 1: 0 - 18 ccf	\$1.41
WB Tier 2	Tier 2: Over 15 ccf	\$1.48	Tier 2: Over 18 ccf	\$1.96
WE Tier 1	Out of District Tier 1: 0 - 15 ccf	\$2.20		
WE Tier 2	Out of District Tier 2: Over 15 ccf	\$2.96	<u>All Other Customers</u>	
			All Use	\$1.75



# Proposed Water Rates Continued

	PROPOSED				
	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date	Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
<b>FIXED CHARGES – meter size</b>		+15%	+3%	+3%	+3%
5/8"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
3/4"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
1"	\$53.52	\$61.51	\$63.37	\$65.24	\$67.20
1-1/2"	\$90.49	\$104.02	\$107.17	\$110.33	\$113.64
2"	\$134.86	\$155.02	\$159.72	\$164.42	\$169.36
3"	\$253.18	\$291.03	\$299.85	\$308.69	\$317.95
4" - Fire protection	\$46.12	\$53.01	\$54.61	\$56.23	\$57.92
6" - Fire protection	\$75.70	\$87.01	\$89.65	\$92.29	\$95.06
8" - Fire protection	\$111.20	\$127.82	\$131.69	\$135.57	\$139.64
Loan Fee – all customers	\$15.32	\$15.32	\$15.32	\$15.32	\$15.32
<b>VOLUME RATES (per ccf)</b>					
<u>Single Family Residential Customers</u>					
Tier 1: 0 - 18 ccf	\$1.41	\$1.62	\$1.67	\$1.72	\$1.77
Tier 2: Over 18 ccf	\$1.96	\$2.25	\$2.32	\$2.39	\$2.46
<u>All Other Customers</u>					
All Use	\$1.75	\$2.01	\$2.07	\$2.13	\$2.19



# Proposed Sewer Rate Structure Adjustments

- Proposed bimonthly fixed rates are based on updated sewer flows and pollutant loadings for each customer class
- Data from the wastewater treatment plant and actual water use from the past 3 years are used to estimate sewer flows
- Separate Multi-Family Residential rate category that reflects lower flows
- The Sewer Capital Improvement Fee is proposed to decrease from \$20.44 to \$3.00



# Proposed Bimonthly Sewer Rates

Fiscal Year		CURRENT	PROPOSED				
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
<i>Effective Date</i>			<i>Nov 15, 2024</i>	<i>Jul 1, 2025</i>	<i>Jul 1, 2026</i>	<i>Jul 1, 2027</i>	<i>Jul 1, 2028</i>
CODE	CATEGORY		varies	+20%	+3%	+3%	+3%
MM	Domestic Strength - SF Residential	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
MM	Domestic Strength - Multi-Fam	\$44.04	\$59.55	\$71.46	\$73.60	\$75.81	\$78.08
MM	Domestic Strength - Commercial	\$44.04	\$81.49	\$97.79	\$100.72	\$103.74	\$106.85
DM	Convalescent care per bed	\$17.60	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
DL	School w/caf per student	\$2.65	\$5.01	\$6.01	\$6.19	\$6.38	\$6.57
MC	Per restaurant seat over 33	\$2.65	\$5.25	\$6.30	\$6.49	\$6.68	\$6.88
ME	Motel add'tl unit w/o kitchen	\$12.35	\$22.37	\$26.84	\$27.65	\$28.48	\$29.33
MG	Motel add'tl unit w/kitchen	\$14.53	\$31.34	\$37.61	\$38.74	\$39.90	\$41.10
MD	Commercial	\$88.07	\$130.08	\$156.10	\$160.78	\$165.60	\$170.57



# Proposed Bimonthly Sewer Rates – cont'd

Fiscal Year		CURRENT	PROPOSED				
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
Effective Date			Nov 15, 2024	Jul 1, 2025	Jul 1, 2026	Jul 1, 2027	Jul 1, 2028
<b>CODE</b>	<b>CATEGORY</b>		varies	+20%	+3%	+3%	+3%
MO	School Basic Charge	\$88.07	\$137.15	\$164.58	\$169.52	\$174.61	\$179.85
MH	Professional Building	\$44.04	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MQ	School Add'tl Building	\$44.06	\$58.01	\$69.61	\$71.70	\$73.85	\$76.07
MS	Laundry per machine	\$31.69	\$36.92	\$44.30	\$45.63	\$47.00	\$48.41
MA	Travel trailer w/o hookup; campsite	\$4.41	\$5.27	\$6.32	\$6.51	\$6.71	\$6.91
MB	Travel trailer w/ hookup	\$8.80	\$12.54	\$15.05	\$15.50	\$15.97	\$16.45
<b>CODE</b>	<b>ADDITIONAL CHARGES – ALL CUSTOMERS</b>						
LL	Sewer Loan Fee	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00
MK	Capital Improvement Fee	\$20.44	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00





# Average Residential Bill Impacts

CURRENT BILL			PROPOSED FY24-25 BILL		
<b><u>Water Charges</u></b>		<b><u>Total Bill</u></b>	<b><u>Water Charges</u></b>		<b><u>Total Bill</u></b>
Base Fee		\$37.95	5/8" Meter Fee		\$53.52
Volume Rates			Volume Rates		
Tier 1: 0 - 15 ccf	15 ccf	\$16.50	Tier 1: 0 - 18 ccf	18 ccf	\$25.38
Tier 2: Over 15 ccf	3 ccf	\$4.44	Tier 2: Over 18 ccf	0 ccf	\$0.00
Water Loan Fee		<u>\$15.32</u>	Water Loan Fee		<u>\$15.32</u>
Subtotal Water		\$74.21	Subtotal Water		\$94.22
<b><u>Sewer Charges</u></b>			<b><u>Sewer Charges</u></b>		
Domestic Strength Fee		\$44.04	Domestic Strength Fee		\$81.49
Sewer Loan Fee		\$14.00	Sewer Loan Fee		\$14.00
Sewer Capital Improvement Fee		<u>\$20.44</u>	Sewer Capital Improvement Fee		<u>\$3.00</u>
Subtotal Sewer		\$78.48	Subtotal Sewer		\$98.49
<b>Total Bimonthly Bill</b>		<b>\$152.69</b>	<b>Total Bimonthly Bill</b>		<b>\$192.71</b>
			<i>% Increase</i>		<i>+26.2%</i>



# Next Steps

- **If water and sewer rates are approved:**
  - First increase will go into effect on November 15, 2024
  - Subsequent rate increases will be on July 1 of each year, beginning July 1, 2025 through July 1, 2028
  - District will review the financial standing of each fund annually prior to implementing any future rate increases.

