

SPRING VALLEY WATER UTILITY

Water Rate Study 2024



Proposition 218 Hearing
September 10, 2024



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Rate Study Overview

- **Last water rate increase was in 2011—over 13 years ago**
- **Conducted multiple meetings with the Advisory Committee to review options**
- **Rate increases are needed**
 - Increases are needed to overcome the operating deficit and rebuild reserves
 - Financial plan includes use of property tax revenues that are typically used for roads maintenance in the near-term to phase in water rate increases
- **Proposed rate structure changes**
 - Reduce the amount of water included in the base fee from 12 ccf to 4 ccf
 - New tier 1 and tier 2 breakpoints and rates based on actual water consumption data and costs to serve higher levels of use



Current Bimonthly Water Rates

FIXED METER CHARGE	
Residential	\$50.00
Outside District	\$100.00

CAPITAL IMPROVEMENT CHARGE	
All customers per billing period	\$14.40

VOLUME RATES (per ccf)*	
Tier 1 (0 to 12 ccf)	\$0.00
Tier 2 (12 to 20 ccf)	\$2.75
Tier 3 (20 to 40 ccf)	\$5.50
Tier 4 (40+ ccf)	\$8.00

**1 ccf = 1 hundred cubic feet = 748 gallons*

All water customers pay a separate Capital Improvement Charge of \$14.40 on their water bills.
The Capital Improvement Charge is not proposed to be adjusted at this time.



Proposed Bimonthly Rates

	CURRENT		PROPOSED				
			FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
		Effective Date	Nov 15, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
FIXED METER CHARGE		FIXED METER CHARGE		+18%	+15%	+15%	+15%
<u>Meter Sizes</u> 5/8", 3/4", 1" (includes 12 ccf)	\$50.00	<u>Meter Sizes</u> 5/8", 3/4", 1" (includes 4 ccf)	\$77.30	\$91.12	\$104.95	\$120.81	\$139.03
Capital Improvement Fee	\$14.40	Capital Improvement Fee	\$14.40	\$14.40	\$14.40	\$14.40	\$14.40
VOLUME RATES (per ccf)		VOLUME RATES (per ccf)					
<u>All Customers</u> Included 0-12 ccf		<u>All Customers</u> Included 0-4 ccf					
Tier 1: 12-20 ccf	\$2.75	Tier 1: 5-9 ccf	\$3.23	\$3.81	\$4.39	\$5.05	\$5.81
Tier 2: 20-40 ccf	\$5.50	Tier 2: 9+ ccf	\$4.12	\$4.86	\$5.60	\$6.44	\$7.41
Tier 3: 40+ ccf	\$8.00						

* One hundred cubic feet (ccf) = 748 gallons

FY – fiscal year



Bill Impacts – Average use (13 ccf)

CURRENT BILL			PROPOSED FY24-25 BILL		
<u>Fixed Charges</u>			<u>Fixed Charges</u>		
Fixed Meter Charge		\$50.00	Fixed Meter Charge		\$77.30
<u>Volume Rates</u>			<u>Volume Rates</u>		
Included: 0 - 12 ccf (\$0/ccf)	X 12	\$0.00	Included: 0 - 4 ccf (\$0/ccf)	X 4	\$0.00
Tier 1: 12 - 20 ccf (\$2.75/ccf)	X 1	\$2.75	Tier 1: 5 - 9 ccf (\$3.23/ccf)	X 5	\$16.15
Tier 2: 20 - 40 ccf (\$5.50/ccf)	X 0	\$0.00	<u>Tier 2: Over 9 ccf (\$4.12/ccf)</u>	X 4	<u>\$16.48</u>
<u>Tier 2: Over 40 ccf (\$8.00/ccf)</u>	X 0	<u>\$0.00</u>	Subtotal Volume		\$32.63
Subtotal Volume		\$2.75			
Water CIP Fee		\$14.40	Water CIP Fee		\$14.40
Total Bimonthly Water Bill		\$67.15	Total Bimonthly Water Bill		\$124.33
			<i>\$ Change</i>		<i>\$57.18</i>
			<i>% Change</i>		<i>85%</i>



Next Steps

- **If water 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 the water fund annually prior to implementing any future rate increases.

