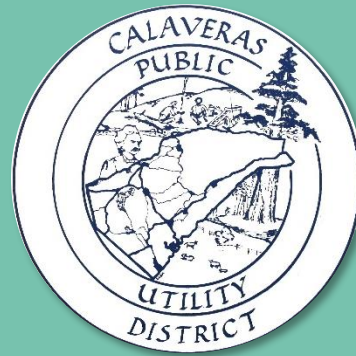


# CALAVERAS PUD

## Water Rate Study Town Hall



Public Workshop  
March 8, 2023



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# Background

- The Calaveras Public Utility District (District or CPUD) is a special district providing water service to about 2,000 connections in San Andreas, Mokelumne Hill, Paloma, Railroad Flat and Glencoe
- As a public agency, the District's financial information is public and the District does not generate profits – all revenues are used for the benefit of ratepayers
- Water rates are the primary revenue source to fund operating and capital expenses for:
  - Water supply
  - Treatment
  - Pumping and distribution
  - Infrastructure renewal and improvements
  - Debt
  - Customer service



# Background Continued

- Previous water rate study was in 2019 that projected rates through June 2024. However, an update (one year early is needed).
- The 2019 Study predicted
  - \$2.1M in operating expenses and no debt
  - \$500,000 to \$600,000 each year to be drawn from reserves for capital projects
  - Did not include the Clearwell Replacement Project
- Actual operations are different than predicted
  - About \$3.1M in operating expenses
  - About \$133,000 in debt payments for the Clearwell Project
  - Reserves not available for ongoing capital; these costs must be rate funded each year
- 2023 rate study will cover a 5-year period
  - July 1 of 2023, 2024, 2025, 2026, 2027



# Proposition 218

- Proposition 218 governs how water service charges can be calculated and adopted
- Rates must be based on the reasonable cost of service and proportionally recover costs based on how customers take service
- Rates cannot be arbitrary or subsidize one group for the benefit of another
- 5-year rate plans can be adopted via a single rate study
- To adopt rate adjustments:
  - The District must analyze its cost of service
  - Notify ratepayers of a public hearing to consider the rates via written notice
  - Allow ratepayers to submit written protest
  - Hold a public hearing at least 45 days after mailing the notices
  - Count the protests – if more than 50% of parcels subject to the rates submit written protests, the rates cannot be adopted



# Cost of Service Analysis FY2022/23

- Total estimated revenues: \$2.61M
  - Current rate revenues \$2.32M
  - County taxes \$120,000
  - Remainder (hydro revenue, cell tower leases, miscellaneous fees, etc.) \$174,000
- Total estimated operating expenses: \$3.07M
  - Reflects inflationary cost increases, staff MOU, and known electrical cost increases
  - **Operating deficit of about \$453,000**
- Plus annual debt service cost of \$133,000
- About \$2.9M in capital spending: Clearwell project, vehicles, software, building improvements, and distribution system
- End of year, reserves of \$4.8M projected to be spent down to \$1.3M



# 5-Year Financials

## Proposed rate revenue increases

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28
Rate Revenue Increase	33.0%	14.0%	5.0%	5.0%	5.0%

- Not all customers will receive the % increases shown above due to rate structure changes; %s shown are system averages
- Increases needed to
  - Reverse the deficit
  - Fund \$100,000 in working capital in FY2023/24 and \$350,000/year thereafter (major projects to be grant funded)
  - Rebuild reserves from \$1.30M in FY2022/23
  - About 8% of the rate increase is for the Clearwell Project funding (debt service + \$500,000 in cash funded costs)



# Review of Current Rates

<u>Meter Size</u>	Base Fee	<u>Usage Covered by Minimum (Gallons)</u>	Tier 1 (3,000 to 5,000)	Tier 2 (5,000 to 20,000)	Tier 3 (use over 20,000)
5/8" x 3/4"	\$64.75	5,000	NA	\$2.47	\$2.21
1"	\$103.75	20,000	NA	NA	\$2.21
1-1/2"	\$188.46	40,000	NA	NA	\$2.21
2"	\$357.83	80,000	NA	NA	\$2.21
4"	\$654.24	150,000	NA	NA	\$2.21
6"	\$865.97	200,000	NA	NA	\$2.21
8"	\$1,077.70	250,000	NA	NA	\$2.21
Multiple Units	\$38.68	3,000	\$1.24	\$2.47	\$2.21
(per unit)			\$/100 gal	\$/1,000 gal	\$/1,000 gal
Agricultural	\$273.14	60,000	NA	NA	\$1.70
Industrial	\$865.97	200,000	NA	NA	\$2.21



# Proposed Rate Structure Adjustments

- Eliminate water included in the base rate
  - Promotes efficient use
  - Fairer to lower water users
  - Eliminates “non-revenue” water (SB555)
- Eliminate the tiers
- Realign the base fee with max capacity of each meter size
- Proposed rates recover 40% of revenues from volume rates and 60% from fixed meter fees (existing is 20% volume and 80% fixed)





# Proposed Rates

Fiscal Year	2023/24	2024/25	2025/26	2026/27	2027/28
Effective Date	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
		+14%	+5%	+5%	+5%
<u>Meter Size - All customers; no water use is included in the base rate</u>					
<b>5/8" x 3/4"</b>	<b>\$66.30</b>	<b>\$75.58</b>	<b>\$79.36</b>	<b>\$83.33</b>	<b>\$87.50</b>
1"	\$110.50	\$125.97	\$132.27	\$138.88	\$145.82
1-1/2"	\$221.00	\$251.94	\$264.54	\$277.77	\$291.66
2"	\$353.60	\$403.10	\$423.26	\$444.42	\$466.64
4"	\$1,105.00	\$1,259.70	\$1,322.69	\$1,388.82	\$1,458.26
6"	\$2,210.00	\$2,519.40	\$2,645.37	\$2,777.64	\$2,916.52
8"	\$3,536.00	\$4,031.04	\$4,232.59	\$4,444.22	\$4,666.43
<u>Volume Rates (\$/thousand gallons charged to all usage)</u>					
<b>Treated water</b>	<b>\$4.32</b>	<b>\$4.92</b>	<b>\$5.17</b>	<b>\$5.43</b>	<b>\$5.70</b>
Untreated water	\$3.48	\$3.97	\$4.17	\$4.38	\$4.60



# Current and Proposed Base Rates

<u>Meter Size</u>	<u>Usage Covered by Minimum (Gallons)</u>	<u>Current Base Rate</u>	<u>Proposed July 1, 2023 No water included</u>
<b>5/8" x 3/4"</b>	<b>5,000</b>	<b>\$64.75</b>	<b>\$66.30</b>
<b>1"</b>	20,000	\$103.75	\$110.50
<b>1-1/2"</b>	40,000	\$188.46	\$221.00
<b>2"</b>	80,000	\$357.83	\$353.60
<b>4"</b>	150,000	\$654.24	\$1,105.00
<b>6"</b>	200,000	\$865.97	\$2,210.00
<b>8"</b>	250,000	\$1,077.70	\$3,536.00
<b>Multiple Units (per unit)</b>	3,000	\$38.68	NA
<b>Agricultural</b>	60,000	\$273.14	NA
<b>Industrial</b>	200,000	\$865.97	NA



# Current and Proposed Volume Rates

## Current Volume Rates

Treated Water	Use Over Minimum		Customer Class
3,001 to 5,000 gallons	\$1.24	\$/hundred gal.	Multiple unit
5,001 to 20,000 gallons	\$2.47	\$/thousand gal.	Multiple unit & 5/8"
> 20,000 gallons	\$2.21	\$/thousand gal.	All treated water customers
Agricultural			
> 60,000 gallons	\$1.70	\$/thousand gal.	All ag customers

## Proposed July 1, 2023 Volume Rates

	All Use		Customer Class
Treated Water	\$4.32	\$/thousand gal.	All treated water customers
Agricultural Water	\$3.48	\$/thousand gal.	All ag customers



# Bill Impacts – Avg Use 8,500 gallons

Current				
	Fee		# of Units	Total Charges
Base Fee	\$64.75	x	1	\$64.75
Usage				
0 to 5 kgal	\$0.00	x	5	\$0.00
5 to 20 kgal	\$2.47	x	3.5	<u>\$8.65</u>
Total Monthly Bill				\$73.40

Proposed – July 1, 2023				
	Fee		# of Units	Total Charges
Meter Fee	\$66.30	x	1	\$66.30
Usage (kgal)	\$4.32	x	8.5	<u>\$36.72</u>
Total Monthly Bill				\$103.02

Increase of \$29.62



# Bill Impacts – Winter Use 4,300 gallons

Current				
	Fee		# of Units	Total Charges
Base Fee	\$64.75	x	1	\$64.75
Usage				
0 to 5 kgal	\$0.00	x	4.3	\$0.00
5 to 20 kgal	\$2.47	x	0	<u>\$0.00</u>
<b>Total Monthly Bill</b>				<b>\$64.75</b>

Typical winter usage is under the base allotment of 5,000 gallons

Proposed – July 1, 2023				
	Fee		# of Units	Total Charges
Meter Fee	\$66.30	x	1	\$66.30
Usage (kgal)	\$4.32	x	4.3	<u>\$18.58</u>
<b>Total Monthly Bill</b>				<b>\$84.88</b>

Increase of \$20.13



# Bill Impacts – Summer Use 14,500 gallons

Current				
	Fee		# of Units	Total Charges
Base Fee	\$64.75	x	1	\$64.75
Usage				
0 to 5 kgal	\$0.00	x	5	\$0.00
5 to 20 kgal	\$2.47	x	9.5	<u>\$23.47</u>
Total Monthly Bill				\$88.22

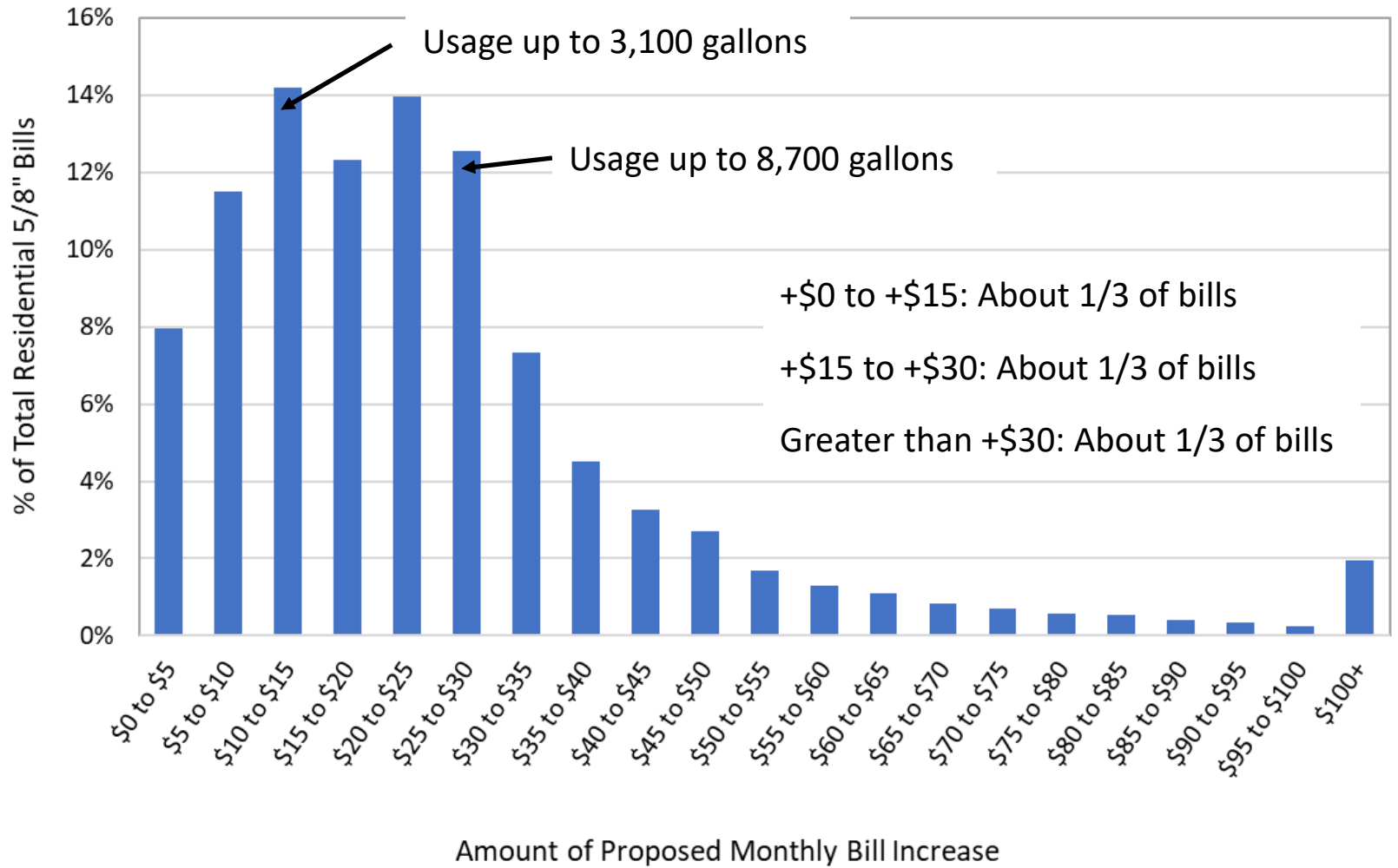
Proposed – July 1, 2023				
	Fee		# of Units	Total Charges
Meter Fee	\$66.30	x	1	\$66.30
Usage (kgal)	\$4.32	x	14.5	<u>\$62.64</u>
Total Monthly Bill				\$128.94

Increase of \$40.72



# Bills Distribution Analysis

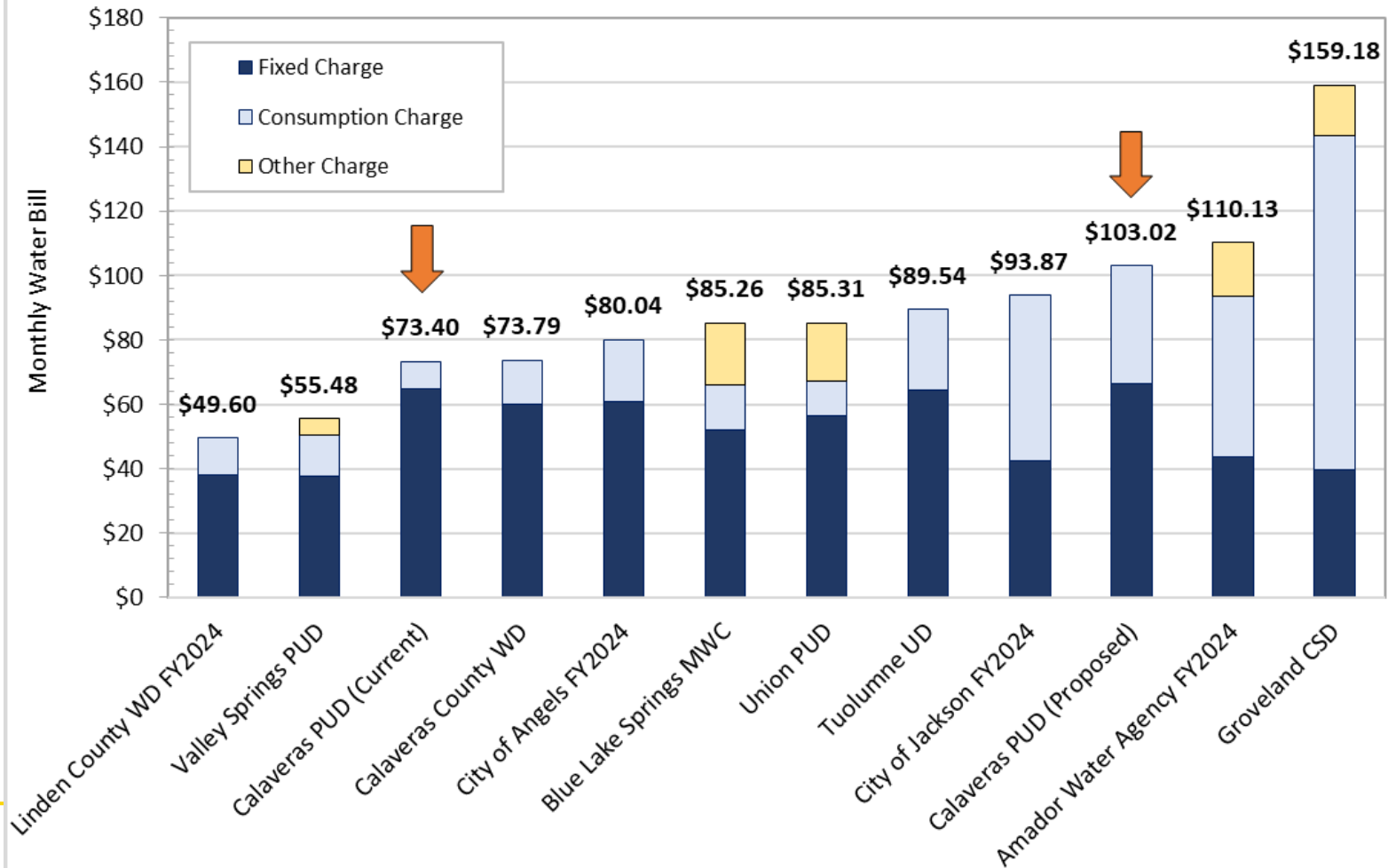
## Bill Impacts Analysis for Single Family Customers with 5/8" Meters





# Rate Survey

## Monthly Water Bill Survey - January 2023 Single Family Residential (5/8" or 3/4" meter, 8,500 gallons)







# Rate Study Schedule

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- March 16, 2023: Mokelumne Hill Town Hall
- End of March (TBD): Special Board of Directors Meeting - Approve final report & authorize mailing of Prop 218 notices
- April 3, 2023: Mail out Prop 218 notices
- Proposition 218 required 45 day waiting period
- May 18, 2023: Public hearing to consider the rate adjustment
- July 1, 2023: First rate increase goes into effect absent a majority protest



# Questions?

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