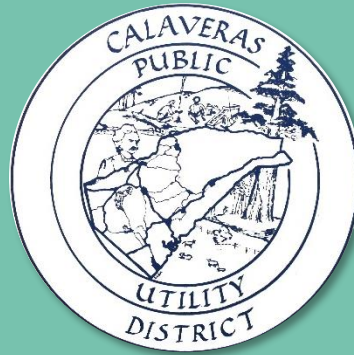


CALAVERAS PUD

Water Rate Study Town Hall



Public Workshop
March 16, 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
- 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).
- 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
- Total estimated operating expenses: \$3.07M
 - Reflects inflationary cost increases, staff MOU, and known electrical cost increases
 - **Potential 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



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)
- Add a debt service fee for the Clearwell debt obligation
- Eliminate the tiers
- Realign the base fee with max capacity of each meter size



Proposed Rates

Effective Date	July 1, 2023		July 1, 2024		July 1, 2025	
Meter Size - All customers; no water use is included in the base rate						
	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee
5/8" x 3/4"	\$61.57	\$4.73	\$70.85	\$4.73	\$74.63	\$4.73
1"	\$102.62	\$7.88	\$118.09	\$7.88	\$124.39	\$7.88
1-1/2"	\$205.23	\$15.77	\$236.17	\$15.77	\$248.77	\$15.77
2"	\$328.37	\$25.23	\$377.87	\$25.23	\$398.03	\$25.23
4"	\$1,026.17	\$78.83	\$1,180.87	\$78.83	\$1,243.86	\$78.83
6"	\$2,052.33	\$157.67	\$2,361.73	\$157.67	\$2,487.70	\$157.67
8"	\$3,283.73	\$252.27	\$3,778.77	\$252.27	\$3,980.32	\$252.27
Volume Rates (\$/thousand gallons charged to all usage)						
Treated	\$4.32		\$4.92		\$5.17	
Untreated	\$3.48		\$3.97		\$4.17	



Proposed Rates Continued

Effective Date	July 1, 2026		July 1, 2027	
Meter Size - All customers; no water use is included in the base rate				
	Meter Fee	+Debt Fee	Meter Fee	+Debt Fee
5/8" x 3/4"	\$78.60	\$4.73	\$82.77	\$4.73
1"	\$131.00	\$7.88	\$137.94	\$7.88
1-1/2"	\$262.00	\$15.77	\$275.89	\$15.77
2"	\$419.19	\$25.23	\$441.41	\$25.23
4"	\$1,309.99	\$78.83	\$1,379.43	\$78.83
6"	\$2,619.97	\$157.67	\$2,758.85	\$157.67
8"	\$4,191.95	\$252.27	\$4,414.16	\$252.27
Volume Rates (\$/thousand gallons charged to all usage)				
Treated	\$5.43		\$5.70	
Untreated	\$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 (meter fee + debt)</u>
5/8" x 3/4"	5,000	\$64.75	\$66.30
1"	20,000	\$103.75	\$110.50
1-1/2"	40,000	\$188.46	\$221.00
2"	80,000	\$357.83	\$353.60
4"	150,000	\$654.24	\$1,105.00
6"	200,000	\$865.97	\$2,210.00
8"	250,000	\$1,077.70	\$3,536.00
Multiple Units (per unit)	3,000	\$38.68	NA
Agricultural	60,000	\$273.14	NA
Industrial	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	\$61.57	x	1	\$61.57
Debt Fee	\$4.73	x	1	\$4.73
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>
Total Monthly Bill				\$64.75

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

Proposed – July 1, 2023				
	Fee		# of Units	Total Charges
Meter Fee	\$61.57	x	1	\$61.57
Debt Fee	\$4.73	x	1	\$4.73
Usage (kgal)	\$4.32	x	4.3	<u>\$18.58</u>
Total Monthly Bill				\$84.88

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

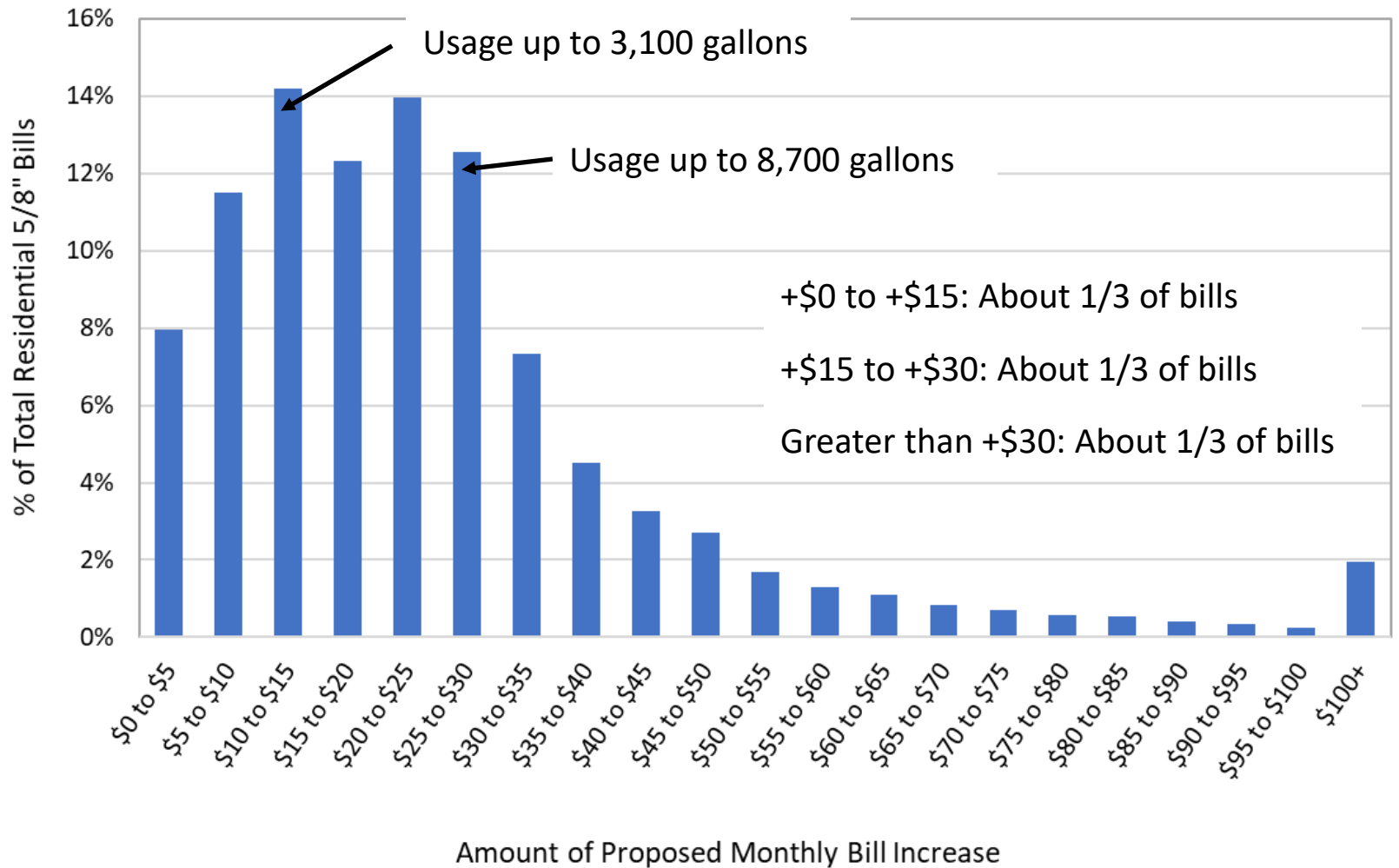
Proposed – July 1, 2023				
	Fee		# of Units	Total Charges
Meter Fee	\$61.57	x	1	\$61.57
Debt Fee	\$4.73	x	1	\$4.73
Usage (kgal)	\$4.32	x	14.5	<u>\$62.64</u>
Total Monthly Bill				\$128.94

Increase of \$40.72



Bills Distribution Analysis

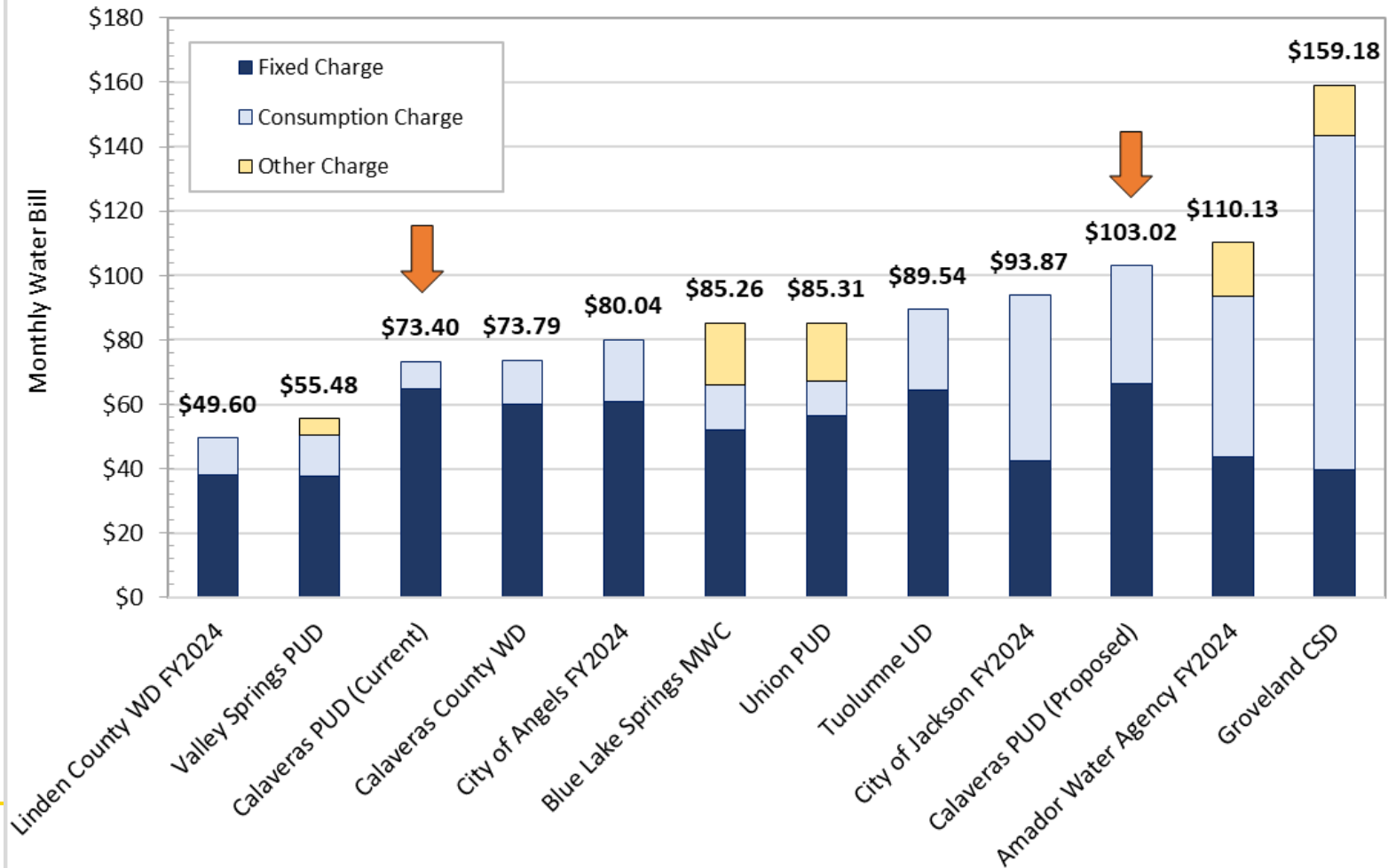
Bill Impacts Analysis for Single Family Customers with 5/8" Meters





Rate Survey

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





Rate Study Schedule

- 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 (separate from monthly bills)
- 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?

