



Proposed Wastewater Rates and Charges Increase Fact Sheet

1. Why is the Crescenta Valley Water District (CVWD) raising their rates?

- The sewer fees provide the funds needed to operate and maintain the District's sewer system and also to pay contract costs to the City of Los Angeles for wastewater treatment & disposal as well as capital improvement costs for their infrastructure. A rate increase is necessary to compensate for rising costs charged to CVWD by the City of Los Angeles due to stricter USEPA regulations requiring the City of Los Angeles to upgrade their wastewater treatment plants. This cost, along with the escalating Los Angeles' capital improvement costs over the past five years, necessitates an increase in CVWD's wastewater rates.
- CVWD has seen increases in maintenance and infrastructure costs as its collection system has aged and new state and federal regulations have become stricter.
- CVWD has maintained its current wastewater rates since July, 2002, which has caused a decline in the District's reserve fund. The proposed increase, recommended by District Staff, will allow CVWD to continue to provide safe, reliable treatment and disposal of wastewater.

2. If the proposed rate increases are approved, how much will my sewer bill increase?

- CVWD charges each single family residence and multi-family unit a flat monthly rate. Commercial and institutions are charged by the volume of water used during a monthly period. Schools are charged based on the average daily attendance of students.
- If the Board approves Staff's recommendation, rates for residential dwelling units will increase **\$10.00** (from **\$17.50** to **\$27.50**) per month to provide for the environmentally safe removal of sewage from their residence.
- CVWD does offer a 10% rebate on the monthly wastewater charge if a single family residence uses 12 units of water or less during a bi-monthly billing period (1 unit = 1,000 gallons).

3. If the proposed rate increases fail, how will it impact the District's ability in providing wastewater services?

If the wastewater service rate increase fails, it will hamper the District's ability to provide reliable, safe, and environmentally conscious wastewater services. It is possible that the District's current funds will not be sufficient to cover the increased City of Los Angeles treatment and disposal costs.

4. When will the new wastewater rate go into effect?

If approved, the new wastewater rates will go into effect on February 15, 2008 and will be effective on bills mailed after February 15, 2008.

5. Are any accommodations made for seniors?

CVWD offers a low income senior discount for elderly people that live on fixed incomes. A 20% reduction on all combined bills for water and sewer service will be given to qualified applicants, age 65 or older. Visit CVWD's website for more information on the senior low-income discount or contact our office at (818) 248-3925.

6. Why is the District sending a notice of public hearing for utility rate increases?

In a decision by the California Supreme Court in August 2006 (referred to as the ‘Bighorn’ decision”), it was determined that water, sewer, and refuse services provided by public agencies are to be considered “property related fees” and therefore CVWD must abide by the provisions set forth in Proposition 218.

Proposition 218 regulates local finance structures by limiting the ability of special districts to increase or enact new taxes, assessments, and fees. Proposition 218 also mandates that prior to any fee increase a public notice should be mailed to property owners with information regarding the proposed fee. The Community has 45 days after notification to comment on the proposed wastewater rate increase.

7. How can I obtain more information about the proposed rate change or give comments to the District?

More information regarding this rate increase is available at CVWD’s office located at 2700 Foothill Blvd. If you have questions or need additional information, please contact CVWD at (818) 248-3925. Information can be found on CVWD’s webpage at www.cvwd.com.

The public is invited to send any written comments prior to the January 22nd public hearing to CVWD's main office (address above) or e-mail their comments to wastewater@cvwd.com.

8. Can the proposed capital improvement projects in the 5-year budget be reviewed and reduced to minimize the rate increase?

Staff reviewed the approved CIP budget for 07/08 and the projected budget for the next 4 years and removed or reduced the cost of various CIP projects. Staff reduced the 07/08 CIP budget by \$408K or 33% and by at least 25% for the next four years.

9. Why is there an increase in CIP programs in 07/08, than in previous years?

Each year staff prepares the budget based on sewer projects that are necessary to be completed during that fiscal year. Also, potential projects are placed in the budget with preliminary costs in anticipation of future work needed on the sewer system.

Prior to 2005, CVWD was contracting out the sewer cleaning services and the Engineering Department did not have the staff available to complete certain wastewater projects.

However, the District has added a sewer maintenance crew and an Assistant Engineer to increase CVWD's ability to meet its needs. It is anticipated that the CIP projects intended for FY 07/08 will be completed and that future projects will be identified and corrected over the next five (5) years.

10. What will be a range of rate increases that could be considered by the Board?

Staff reviewed the Board's comment to determine a range of wastewater rates over the next five (5) years. Staff is recommending Scenario 3 for FY 2007/08 to the Board. The Board is only deciding on the FY 2007/08 rate increase and future years are not being considered.

The tables below show the effects different rate options of rate structures over the next five years.

Scenario 1 – Raising rate by \$6.50 per month in 07/08; \$7 per month in 08/09 & \$4 per month the following years. The table shows that by FY 09/10, the wastewater system will have a negative cash ending balance.

Description	Actual FY 2006-07	Budget FY 2007-08	Forecast FY 2008-09	Forecast FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12
Typical Monthly Bill (\$/month-dwelling)	\$17.50	\$24.00	\$31.00	\$35.00	\$39.00	\$43.00
		\$6.50	\$7.00	\$4.00	\$4.00	\$4.00
LA Treatment and Disposal (in \$1,000)	\$1,810	\$2,076	\$2,336	\$2,647	\$2,785	\$3,150
Other O&M Expenses (in \$1,000)	\$1,166	\$1,105	\$1,138	\$1,218	\$1,252	\$1,339
Net Capital Costs (in \$1,000)	\$378	\$855	\$757	\$673	\$662	\$668
Annual Rate-based Revenues (in \$1,000)	\$1,782	\$2,019	\$3,055	\$3,471	\$3,892	\$4,318
Annual Increase (decrease) in cash (in \$1,000)	(\$1,273)	(\$1,761)	(\$985)	(\$911)	(\$685)	(\$718)
Utility Target Cash Balance (in \$1,000)	\$1,600	\$1,600	\$1,780	\$1,880	\$1,960	\$2,070
Utility Ending Cash Fund Balance (in \$1,000)	3,154	1,839	853	(58)	(743)	(1,462)

Scenario 2 – Raising rate by \$7 per month in 07/08 & \$7 per month the following years. The table shows that the wastewater system will have a positive cash ending balance, but the cash reserves will be below the target cash balance from FY 08/09.

Description	Actual FY 2006-07	Budget FY 2007-08	Forecast FY 2008-09	Forecast FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12
Typical Monthly Bill (\$/month-dwelling)	\$17.50	\$24.50	\$31.50	\$38.50	\$45.50	\$52.50
		\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
LA Treatment and Disposal (in \$1,000)	\$1,810	\$2,076	\$2,336	\$2,647	\$2,785	\$3,150
Other O&M Expenses (in \$1,000)	\$1,166	\$1,105	\$1,138	\$1,218	\$1,252	\$1,339
Net Capital Costs (in \$1,000)	\$378	\$855	\$757	\$673	\$662	\$668
Annual Rate-based Revenues (in \$1,000)	\$1,782	\$2,040	\$3,105	\$3,818	\$4,540	\$5,271
Annual Increase (decrease) in cash (in \$1,000)	(\$1,273)	(\$1,741)	(\$935)	(\$561)	(\$22)	\$249
Utility Target Cash Balance (in \$1,000)	\$1,600	\$1,610	\$1,790	\$1,930	\$2,060	\$2,210
Utility Ending Cash Fund Balance (in \$1,000)	3,154	1,859	924	363	340	589

Scenario 3 – Raising rate by \$10.00 per month in 07/08, 08/09 & 09/10; \$0 per month in 10/11 and \$2.5 per month in 11/12. The table shows that the wastewater system will have a positive cash ending balance and the cash reserves are above or near the target cash balance.

Description	Actual FY 2006-07	Budget FY 2007-08	Forecast FY 2008-09	Forecast FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12
Typical Monthly Bill (\$/month-dwelling)	\$17.50	\$27.50	\$37.50	\$47.50	\$47.50	\$50.00
		\$10.00	\$10.00	\$10.00	\$0.00	\$2.50
LA Treatment and Disposal (in \$1,000)	\$1,810	\$2,076	\$2,336	\$2,647	\$2,785	\$3,150
Other O&M Expenses (in \$1,000)	\$1,166	\$1,105	\$1,138	\$1,218	\$1,252	\$1,339
Net Capital Costs (in \$1,000)	\$378	\$855	\$757	\$673	\$662	\$668
Annual Rate-based Revenues (in \$1,000)	\$1,782	\$2,162	\$3,696	\$4,710	\$4,740	\$5,020
Annual Increase (decrease) in cash (in \$1,000)	(\$1,273)	(\$1,618)	(\$339)	\$360	\$242	\$74
Utility Target Cash Balance (in \$1,000)	\$1,600	\$1,620	\$1,870	\$2,070	\$2,090	\$2,170
Utility Ending Cash Fund Balance (in \$1,000)	3,154	1,982	1,643	2,003	2,245	2,319

11. What is the cost breakdown on the monthly charge between local CVWD costs and City of LA treatment costs?

A study by Brown & Caldwell looked at the cost of service between CVWD and LA. The study shows 58% of the monthly cost is attributed to Los Angeles and 42% of the cost is CVWD.

Monthly Cost Total	City of LA Cost	CVWD O & M Cost
\$27.50	\$15.47	\$11.63

12. Please provide a survey of wastewater rates from surrounding communities?

Survey of SFR Rates & Charges	Crescenta Valley Water District (Prop.)	Crescenta Valley Water District (Existing)	LACSD District 28A (La Canada Flintridge Area)	City of Glendale	City of Burbank	City of Los Angeles
Cost/Month	\$27.50	\$17.50	\$25.67	\$32.48	\$12.19	\$48.80
Cost/Year	\$330.00	\$210.00	\$308.00	\$389.76	\$146.28	\$585.60
Cost/HCF	\$1.72	\$1.09	\$1.60	\$2.03	\$0.76	\$3.05
Typ - HCF	16	16	16	16	16	16

Note: HCF = Hundred Cubic Feet
Typ - HCF = Average monthly water use

13. Have past rate increases been in response to the City of Los Angeles or Glendale's costs?

Yes – as shown on the graph below, past increases and decreases have been directly related to the cost of treatment and disposal of wastewater to the City of Los Angeles or Glendale.

