



# Proposed Water Rates and Charges Increase Fact Sheet

## 1. Why are water rates being increased?

There are two main reasons that CVWD is proposing a water rate increase:

- Foothill Municipal Water District, from which CVWD buys about 40% of its water, will increase its costs as of January 1, 2008 by 8%.
- CVWD has seen increases in maintenance and operations costs due to rising fuel costs, treatment and chemical costs, power costs, labor & benefit costs and overall maintenance costs of the water supply and distribution system.

## 2. How does this affect my water bill?

A typical water bill is made up of two components:

- A fixed charge based on the size of the meter used to maintain the water system.
- A usage charge based on the amount of water consumed used for purchase of water supply.

The Board is considering three (3) different options for the usage charge per bi-monthly period. Options 2 and 3 are designed to encourage water conservation.

**Option 1:** a proposed 5.4% increase from \$3.70/unit to \$3.90/unit (1 unit = 1,000 gallons)

**Option 2:** a proposed 5.4% increase with a water conservation rate structure

**0 - 8 units at \$3.70/unit**

**9 - 22 units at \$3.90/unit**

**Greater than 22 units at \$4.20/unit**

**Option 3:** a proposed 5.4% increase with a water conservation rate structure

**0 - 8 units at \$3.70/unit**

**9 - 32 units at \$3.90/unit**

**Greater than 33 units at \$4.20/unit**

Option 1, 2 & 3 are proposed to apply to all single family residences (SFR), and Option 1 is proposed for all multi-family residences, commercial and institution accounts. A separate rate structure will apply to all irrigation accounts (see below).

An average single-family residence uses 22 units per bi-monthly billing period.

- An average SFR will see an average increase of \$3.40 (from \$92.40 to \$95.80) which includes the fixed meter service charge.

## 3. Why is Staff proposing a water conservation rate structure?

Staff is recommending a water conservation rate structure to achieve a goal of reducing the overall total water system demand as the amount of water available (especially imported water) could be limited over the next 12 to 24 months.

The Community can also benefit from the implementation of water conservation rates by communicating an overall conservation consciousness throughout the Crescenta Valley, rewarding efficient users with a lower water rate and surcharging non-efficient water users.

**4. What are the different types of water use categories and if I have 2 houses on a lot, is it considered a Single Family Residence or Multi Family Residence?**

The District has identified each parcel into a category of water use, which is discussed below. Typically, a lot that has two units or houses and one meter for all is considered an MFR. However, if a lot has two or more units **and** a water meter for each unit, then it is considered an SFR.

**Type of Water Use per Parcel**

**Single Family Residence (SFR)** – A water meter that serves only one dwelling unit (i.e. single house or multiple dwelling units with separate meters).

**Multi Family Residence (MFR)** - A water meter that serves two or more dwelling units on one parcel, i.e. duplex, tri-plex, four-plex and apartment or condo buildings.

**Commercial (COM)** - A water meter that serves a business or commercial unit per parcel.

**Institutional (INST)** - A water meter that serves a church, convalescent/retirement facility, library or public facility on one parcel.

**Schools** - A water meter that serves a local public or private school.

**Fire Service (FS)** - A fire service connection for fire sprinklers for MFR, COM and INST.

**Irrigation (IRR)** - A landscape irrigation meter service for Parks, Caltrans, MFR, COM and INST.

**5. The proposed water conservation rate structure only affects single family residence (SFR) accounts. Why are multi-family residence (MFR), commercial, institutional, and irrigation accounts not included in the Water Conservation Rate Structure?**

Staff reviewed the various types of accounts and categories and found that the majority of the accounts that CVWD serves fall into the SFR category as shown in the table below. The table also shows that SFRs have a higher average daily use per dwelling unit than MFRs.

**Summary of Accounts**

Type of Use - Total Accounts	No. of Accounts	No. of Units	Annual Water Use 2006 (MG)	Percent of Water Use by Type	Avg. Daily Use per Dwelling Unit (gals)
SFR	7,066		1,094	69%	424
MFR	710	3,908	319	20%	223
COM	378		74	5%	538
INST	44		29	2%	1,814
SCHOOLS	15	7	19	1%	3,473
FS	79			0%	0
IRR	35		56	4%	4,422
<b>TOTAL</b>	<b>8,327</b>	<b>3,915</b>	<b>1,591</b>		

Staff also reviewed a number of MFRs and compared the rate alternative structure with the annual MFR billing and number of units per parcel. By applying tiered rates to MFRs, the bi-monthly cost was less than the 5.4% rate increase.

**COM, INST & Schools** - Staff looked at the revenue generated from each account that served COM, INST and Schools units relative to the proposed water conservation rate structure and found that there was not information available at this time on number of units per commercial unit or amount of use by public facilities to compare the alternatives.

**IRR** - Staff reviewed the IRR accounts and found that these accounts deliver about 3.5% of the total water consumption; but CVWD's largest single users are Caltrans and CV County Park. To promote water conservation, staff is recommending a two-tier water conservation rate structure for IRR that charges a higher commodity charge. The proposed water conservation rate structure is:

<u>Current</u>		<u>Proposed</u>
<u>Unit Cost</u>	<u>Water Use Range</u>	<u>Unit Cost</u>
\$3.70/unit	0 – 70 units	\$3.90/unit
	>71 units	\$5.50/unit

As a result of this analysis, staff believes that the best way to achieve the District's goal of reducing the overall total water system demand and encourage water conservation would be to implement on the largest category of water uses.

**6. Can the 2007/08 budget be reviewed and reduced to minimize the water rate increase?**

The Board reviewed staff's recommendations on reducing the operations and maintenance portion of the budget to see if there were any cost cutting measures of controllable costs that could be achieved. Staff proposed the following cost saving measures to the Board:

- No new position projected – Hiring freeze
- New work schedule for District employees to reduce overtime
- Reduce amount of consultant services
- Reduced overall maintenance levels on wells, boosters, pipeline repair and water services

From the information provided by staff and the Board's direction, about a **10% reduction** in the budget was realized on controllable operations and maintenance expenditures.

However, CVWD's fixed costs for which the District does not have control, such as purchased imported water costs and electrical power costs, are anticipated to see a **5% increase** from the approved budget.

As a result, the District is looking at about a **5% net savings** of its overall O & M budget.

Staff reviewed the Capital Improvement Project (CIP) budget. This portion of the budget is being funded by a \$10M Water Construction Bond. The goal is to use this bond for the improvement to the District's infrastructure. CVWD is currently on-schedule with its CIP projects and does not anticipate reducing these costs.

**7. District is requesting a 10% reduction in SFR use. I don't know what I'm using so I don't know when I'm saving.**

The District includes on each bi-monthly bill a graph that shows the past 14 months of water usage and customers can use this information to find out if they are reducing their water usage. If a customer has more questions, they can stop by the District's office or contact us at (818) 248-3925.

**8. Does CVWD offer a senior low-income discount?**

Yes, CVWD offers a 20% senior low-income discount up to 24 units of water per bi-monthly billing. Visit CVWD's website for more information or contact our office at (818) 248-3925.

**9. What are the water rates for surrounding communities?**

CVWD water rates are comparable to area agencies that pump or move water up to higher elevations and have an advanced infrastructure replacement program.

In addition, many communities such as Glendale, Burbank, Pasadena and Los Angeles are either proposing or have implemented water rate increases within the past six months.

**10. Can we do anything to increase water storage in the groundwater basin by collecting storm water?**

When it does rain in the Crescenta Valley, a portion of that water does reach the underground water basin to recharge the basin.

However, a large portion does leave the area through the various flood control channels. The District currently does not have the ability to capture this water.

Staff has been working on obtaining grant funding for a project to capture stormwater in infiltration galleries at various open space or park areas.

**11. Will there be future water rate increases and what can be done to put off future rate increases?**

The District's goal for the next 5 years is to minimize potential rate increases by constantly reviewing and analyzing controllable costs such as infrastructure maintenance, labor, including insurance, fuel and equipment maintenance and other maintenance costs.

However there are costs that are out of the District's control such as the cost of imported water and the cost of electrical power.

There have been preliminary discussions that the cost of imported water will increase by 10% - 15% per year for the next 5 years and that this cost could increase further if drought conditions do not improve.

CVWD's Board and staff will be working hard over the next 5 years to minimize any future rate increases.