



PUBLIC NOTICE OF PROPOSED INCREASE IN WATER RATES AND CHARGES

**Public Hearing to be held on Tuesday, June 12, 2018, at 6:00 p.m.
2700 Foothill Blvd., La Crescenta, CA 91214**

The Crescenta Valley Water District (CVWD) is considering a water rate and charge increase for water services. **If approved, a water bill for a typical residence with a 3/4-inch meter using 17 units of water (17,000 gallons) during a two-month billing period, will increase by about \$10.00, (a monthly increase of \$5.00). This will result in a two-month bill increase from \$144.19 to \$154.20.**

Effective Date: If approved, the increased rates will become effective on all rates and charges on any bill where the billing period ends after July 1, 2018.

DID YOU KNOW?

As a public agency, the District cannot earn a profit from the services it provides and must charge no more than the actual costs associated with providing services to its customers.

CVWD is committed to providing safe, reliable, and high-quality water service for our customers. To meet this commitment, the District develops long-term financial and capital improvement programs that are designed to ensure there are adequate funds available to make the necessary infrastructure investments to maintain safe and reliable water service.

While the District continually strives for cost reductions and efficient utilization of the public's assets entrusted to us, we still must align rates, fees and charges with the costs to deliver water service.

CVWD INFRASTRUCTURE

- 95 miles of Pipelines
- 12 Wells
- 17 Reservoirs
- 34 Booster Pumps
- Emergency Water Supply Connections and Generators

FACILITIES ARE AGING

Over half of District pipelines are over 50 years old, and some facilities are over 70 years old

COSTS FOR WATER DELIVERY

- The cost to purchase and treat water supply
- Electricity for operations to pump and deliver water
- Compliance with regulations governing the distribution and treatment of water
- Construction of capital infrastructure needed to repair, replace, and update aging water systems and
- Ongoing Maintenance of vital infrastructure

YOUR WATER BILL

Two components that make up the water portion of the CVWD bill that you receive **every two months**.

- Water Service Charge:** A portion of CVWD's overall fixed costs, which is not affected by water use, such as: infrastructure, well rehabilitation, system maintenance, and administration
- Water Quantity Rate:** The cost per unit of water is based on a tiered rate structure. *A unit of water is 1,000 gallons*

WHY IS THERE A NEED FOR A RATE INCREASE?

The driving factors for rate increases are the ongoing effects of the drought and the need to repair and replace aging infrastructure.

Drought and Water Conservation: Customers have done a great job of conserving water over the last five years of this historic drought. However, both drought and water conservation affect finances. The hidden cost of drought is lost revenues from decreased water sales and

DUE TO CONSERVATION

The District sells 30% less water than 10 years ago

increased costs from purchasing more imported water. The District has been using reserve funds for the past 9 years to mitigate the impact to rates from the drought. Since the 2009/2010 fiscal year, the District has used over \$10.2 million from its reserve funds to lessen the impact of previous rate increases.

DUE TO THE DROUGHT

The District has 40% less groundwater available than 5 years ago

Aging Infrastructure: CVWD is committed to providing the highest quality of service at the lowest possible cost for our customers. Some portions of CVWD's water distribution system are over 70 years old and are approaching, or have already reached, the end of their useful lives. Delaying maintenance and necessary improvements can greatly increase costs due to emergency repairs and replacement of infrastructure and equipment, water loss, interruption in water service and property damage. Proactive maintenance and strategic system replacement increase the lifespan of the District's costliest assets.

CVWD evaluates the infrastructure needs, programs, and operations and maintenance costs of the water services for the next five years. CVWD has identified certain facilities requiring rehabilitation or replacement, the cost of which is estimated to be \$2.3 million for FY 2018/19.

What is CVWD doing to help reduce costs?

CVWD is committed to efficient and economic operations and continuously evaluates every opportunity for expense reductions. CVWD has reduced operational expenses by cross-training to limit staffing levels, renegotiating long-term contracts with vendors, reducing benefits costs, deferring maintenance for the District's facilities office and plant for multiple years. Additionally, CVWD refinanced its bond debt last year for \$1.2 million in savings over the life of the loan.

Where Your Water Comes From:

CVWD serves its customers water from two water supply sources: (1) Water supplied from a local resource which is pumped from the ground (produced) by CVWD through a series of groundwater wells located within the Verdugo Basin; (2) and water purchased from Foothill Municipal Water District. Purchased water consists of a combination of water from the California State Water Project in Northern California and from the Colorado River. The distance water must travel greatly increases the cost of supplying the water. CVWD's water supply purchased from FMWD is nearly three times more expensive than local groundwater.

WHAT HAPPENS IF CVWD DOES NOT RAISE RATES?

- 💧 More frequent service disruptions caused by failing facilities
- 💧 Increased costs from emergency repairs and loss of water
- 💧 Increased risk of impact on water quality
- 💧 Revenues not covering expenses
- 💧 Lower reserve levels, impeding recovery from natural disasters, fires, or operational emergencies

Current and Proposed Water Rates and Charges Table:

Current			Proposed		
<u>Usage Charge for Single Family Residence</u>			<u>Usage Charge for Single Family Residence</u>		
	<u>Water Use Range</u>	<u>Cost per Unit⁽¹⁾</u>		<u>Water Use Range</u>	<u>Cost per Unit⁽¹⁾</u>
Tier 1	1 - 10 Units	\$ 4.58	Tier 1	1 - 10 Units	\$ 4.90
Tier 2	11 - 26 Units	\$ 7.21	Tier 2	11 - 26 Units	\$ 7.71
Tier 3	27 Units and above	\$ 10.89	Tier 3	27 Units and above	\$ 11.64
<u>Usage Charge for Multi-Family, Commercial, Institutional, & School</u>			<u>Usage Charge for Multi-Family, Commercial, Institutional, & School</u>		
		<u>Cost per Unit⁽¹⁾</u>			<u>Cost per Unit⁽¹⁾</u>
Base Rate		\$ 6.49	Base Rate		\$ 6.94
<u>Usage Charge for Irrigation</u>			<u>Usage Charge for Irrigation</u>		
	<u>Water Use Range</u>	<u>Cost per Unit⁽¹⁾</u>		<u>Water Use Range</u>	<u>Cost per Unit⁽¹⁾</u>
Tier 1	1 - 80 Units	\$ 5.01	Tier 1	1 - 80 Units	\$ 5.36
Tier 2	81 Units and above	\$ 9.60	Tier 2	81 Units and above	\$ 10.26
<u>Meter Service Charge (per bimonthly period)</u>			<u>Meter Service Charge (per bimonthly period)</u>		
<u>Meter Size</u>	<u>Within District</u>	<u>Outside District⁽²⁾</u>	<u>Meter Size</u>	<u>Within District</u>	<u>Outside District⁽²⁾</u>
3/4"	\$ 47.92	\$ 48.32	3/4"	\$ 51.23	\$ 51.63
1"	\$ 71.48	\$ 71.88	1"	\$ 76.41	\$ 76.81
1½"	\$ 130.39	\$ 130.79	1½"	\$ 139.39	\$ 139.79
2"	\$ 201.10	\$ 201.50	2"	\$ 214.98	\$ 215.38
3"	\$ 424.97	\$ 425.37	3"	\$ 454.29	\$ 454.69
4"	\$ 754.90	\$ 755.30	4"	\$ 806.99	\$ 807.39
<u>Private Fire Protection Service Charge (per bimonthly period)</u>			<u>Private Fire Protection Service Charge (per bimonthly period)</u>		
<u>Meter Size</u>	<u>Within District</u>	<u>Outside District⁽²⁾</u>	<u>Meter Size</u>	<u>Within District</u>	<u>Outside District⁽²⁾</u>
1"	\$ 14.04	\$ 14.44	1"	\$ 15.01	\$ 15.41
2"	\$ 21.67	\$ 22.07	2"	\$ 23.17	\$ 23.57
3"	\$ 39.02	\$ 39.42	3"	\$ 41.71	\$ 42.11
4"	\$ 68.95	\$ 69.35	4"	\$ 73.71	\$ 74.11
6"	\$ 176.33	\$ 176.73	6"	\$ 188.50	\$ 188.90
8"	\$ 361.56	\$ 361.96	8"	\$ 386.51	\$ 386.91
10"	\$ 640.18	\$ 640.58	10"	\$ 684.35	\$ 684.75

Notes: ⁽¹⁾A unit is 1,000 gallons ⁽²⁾ Service addresses within the Glendale Annex area

Crescenta Valley Water District
2700 Foothill Blvd.
La Crescenta, CA 91214

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Protest Letters:

Any CVWD customer or property owner within the CVWD water service area may file a written protest of the proposed rate changes by sending a letter to: CVWD, 2700 Foothill Boulevard, La Crescenta, CA 91214. A valid protest letter must include your name, your CVWD service address, a statement of protest, and an original signature, and must be received at the address above no later than **June 12, 2018 at 4:30 p.m.** Letters received prior to June 8, 2018 at noon will be included in the agenda package distributed to the Board of Directors and posted online at www.cvwd.com.

When will the CVWD Board of Directors consider adoption of new rates and charges?

The Board of Directors will meet on **Tuesday, June 26, 2018 at 7:00 p.m.** to consider the proposed changes. The Board may adopt, reject, or modify the proposed rate structure. The Board can't legally increase water rates and charges more than indicated in this notice.

Questions?

On the preceding page is a table showing the proposed water rates and charges. It is also available for inspection on the CVWD website, www.cvwd.com, or at the CVWD main office between 8:00 a.m. and 4:30 p.m., Monday through Friday. CVWD staff can assist in answering any questions about your bill. If you have questions or need additional information, please call CVWD at (818) 248-3925 or e-mail water@cvwd.com.