



PUBLIC NOTICE OF PROPOSED INCREASE IN WATER AND WASTEWATER RATES AND CHARGES

**Public Hearing to be held on Tuesday, September 21, 2021, at 6:00 p.m.
This meeting will be by Teleconference Only – Details on last page**

Crescenta Valley Water District (CVWD) is considering a 3-year (multi-year) water and wastewater rate increase

Let's talk about Water Rates and Long-Term Infrastructure Reliability

The CVWD Board of Directors and the community have discussed the Long-Term Infrastructure and Funding Roadmap since early 2020. Through the Roadmap process, participants became acutely aware of a significant issue the District is facing and the estimated cost to address it. With much of our infrastructure built in the 1950s, a considerable portion of it is approaching or has exceeded its life expectancy. The CVWD Board is committed to a long-term plan to address the problem of deferred work on pipelines, wells, reservoirs, and other infrastructure in order to continue providing safe and reliable water to our customers.

Pipelines are the backbone of our infrastructure as they convey water to customers, and pipelines represent the most significant replacement costs. Based on this, the District is implementing a replacement program over the next 20 years that will replace the oldest pipelines as they exceed their life expectancy. This plan needs funding, and the Board has elected to present a three-year rate increase to support a commitment to long-term planning and infrastructure reliability.

Some Quick Water Facts

- 45% of our water pipelines are between 50-80 years old.
- The average age of our pipelines is 46 years old.
- Our oldest pipe in operation was installed in 1933.
- The 20-year Pipeline Replacement program will start at 1.2 miles of pipe replacement and then “ramp-up” each year by a ¼ mile for the next 10 years. After 10 years the rate of replacement will decrease each year until the 20-year program is complete. This approach allows the District to build reserves and use these funds to pay for pipeline replacement rather than using more expensive bond financing.
- If the District kept pipeline replacement at a rate of ½ mile per year, there would be pipes in the ground nearly 200 years, which increases the risk of failure. Emergency pipeline replacement is much more expensive.
- Much of the District’s infrastructure is reaching the end of its useful life—about 80 years—and must be replaced.

A Focus on Long-Term Infrastructure and Financial Planning

Since last year, the District has continued to update and add critical information on this topic, including:

- An analysis of escalation for pipeline replacement costs over the past 20 years
- An analysis of pipeline age
- Future non-pipeline Capital Improvement Projects (CIP) needs such as wells
- The financial cost of bonds and the various risks and benefits of issuing them
- 10-year financial planning scenarios
 - A “level” plan that replaces 2.1 miles of pipe each year for the next 20 years
 - A “ramp-up” plan that begins at 1.2 miles and gradually increases to 2.9 miles over 10 years and then reduces to 1.5 miles at the end of 20 years, then continues at 1.2 miles per year
- Funding CIP through PayGo (pay as you go) or bonds (financing)

Following considerable discussion, the Board elected to present a long-term PayGo plan with the “ramp-up” option for infrastructure replacement and minimize the long-term costs to the District, and the proposed multi-year rate increase supports this long-term plan.

The District has commissioned an independent cost-of-service study completed this fiscal year. A cost-of-service study ensures that costs are recovered equitably by distributing costs among customer classes according to the costs they impose on the water and wastewater systems. A cost-of-service study is completed periodically as a best practice, because cost drivers for each customer class change over time e.g. water usage, sources of water supply, treatment.

**As a public agency, the District cannot earn a profit
from the services it provides.**

**The District must charge no more than the actual costs
associated with providing services to its customers.**

Let's talk about Wastewater and the Cost of Treatment

The wastewater system's primary expense is the cost paid to the City of Los Angeles for treating the wastewater that is collected in the District's service area and sent to Los Angeles' treatment plant. This comprises almost half of all operating costs. The City of Los Angeles' fees have increased by over 60% over the last 2 years. Other major cost drivers include the maintenance of the wastewater collection system and the sewer interceptor line that transports all CVWD's wastewater to the City of Los Angeles' treatment plant in Glendale, California.

Some Quick Wastewater Facts

- 1.5 million gallons per day of wastewater
- 71 miles of sewer pipe
- 1 lift station
- \$1.9 million paid to the City of Los Angeles for wastewater treatment for the 2020/2021 fiscal year

CVWD Regularly Reduces Costs

The District is committed to efficient operations and evaluates every opportunity to reduce expenses. CVWD has significantly reduced operational expenses through savings programs such as implementing cross-training of personnel to meet operational needs. CVWD also regularly renegotiates long-term contracts. CVWD is moving toward a long-term planning horizon, and one of the benefits will be the ability to secure better terms on infrastructure construction contracts which are associated with addressing deferred aging infrastructure. Additionally, the following represent several significant savings efforts:

- Elimination of 6 full-time positions from 33 to 27 representing more than \$800K net savings every year going forward.
- Refinancing of debt represents \$63K savings annually for the next 15 years.

Why Is There a Need for Rate Increases?

A great deal of infrastructure and system operations is involved in delivering safe and reliable water to customers' homes. For example, groundwater is pumped from wells, and for the remaining demand, imported water is delivered through a vast system of infrastructure from Northern California or the Colorado River. This water is purchased at a premium. The water is treated to stringent State and Federal drinking water standards. Power from SoCal Edison and Glendale Water & Power is used to treat and pump the water to reservoirs that feed into a distribution system and into your homes. Maintenance and operations crews respond to service requests and emergencies whether leaks, sink holes, or main breaks. Fire hydrants are maintained to ensure fire protection.

These are the primary cost drivers, and as with any good or service subject to standard inflation, the cost for these drivers increases on average, 3%-5% annually.

As discussed earlier, aging pipes, reservoirs, pumps, wells and other District assets that are 80 years or older need replacement to avoid critical system failures. The District is committed to securing future service reliability and avoiding financial and safety risks associated with critical system failures. In addition to inflation, a component of the rates needs to be set aside to address long-deferred repair and replacement of infrastructure.

WATER BILL IMPACT (IF APPROVED)	WASTEWATER BILL IMPACT (IF APPROVED)
If new rates are approved, a water bill for a typical residence with a 3/4-inch water meter using 18 units of water (18,000 gallons) during a two-month billing period would increase by \$14.47, from \$170.92 to \$185.39.	If new rates are approved, a wastewater bill for a typical residence with a 3/4-inch meter using 10 units of water (10,000 gallons) during a two-month winter billing period would increase by \$4.44, from \$67.09 to \$71.53.

**TO ESTIMATE YOUR PROPOSED NEW WATER BILL, GO TO
WWW.CVWD.COM**

CVWD provides both Water and Wastewater services in the community.

Not all customers receive both services from the District.

**This notice applies to all customers who pay
their water and/or wastewater bills to CVWD.**

Effective Date: If approved, the increased rates will become effective on all rates and charges on any bill generated after October 1, 2021 for the first year , July 1, 2022 for the second year, and July 1, 2023 for the third year.

PROPOSED WATER RATE CHANGES

Water Meter Rates and Charges

Meter charges ensure that water is available for use at your tap whenever you need it, much like phone, cable, power or other utilities. Also known as fixed charges, they help pay for costs associated with operating and maintaining CVWD's water treatment and delivery system, and they are based on meter size.

<u>Meter Charges (per bi-monthly period) by size</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
¾"*	\$54.10	\$58.39	\$63.07	\$68.12
1"	\$80.69	\$86.37	\$93.28	\$100.75
1 ½"	\$147.19	\$156.32	\$168.83	\$182.34
2"	\$227.01	\$240.27	\$259.50	\$280.26
3"	\$479.92	\$506.09	\$546.58	\$590.31
4"	\$852.17	\$897.83	\$969.66	\$1,047.24

* Nearly all Single Family Homes have a ¾" meter.

Fire Protection Charges*

Fire protection charges are for private fire services and provide readiness for fire protection.

<u>Fire Protection Charges (per bi-monthly period) by size</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
1"	\$15.85	\$18.15	\$19.61	\$21.18
2"	\$24.46	\$27.16	\$29.34	\$31.69
3"	\$44.05	\$47.62	\$51.43	\$55.55
4"	\$77.83	\$82.93	\$89.57	\$96.74
6"	\$199.05	\$209.61	\$226.38	\$244.50
8"	\$408.15	\$428.13	\$462.39	\$499.39
10"	\$722.67	\$756.83	\$817.38	\$882.78

*Fire protection charges and irrigation rates typically do not apply to Single Family Homes.

Usage Rates And Charges

Usage rates cover costs that vary based on the amount of water delivered, such as imported water and electricity costs. These rates are separated into three tiers for single-family residential customers. The rates are uniform for multi-family, commercial and schools. The rates are separated into two tiers for irrigation customers. All rates are based on bi-monthly usage (1 unit = 1,000 gallons).

<u>Usage Charges (per bi-monthly Period)</u>	Current Rate (per unit)	Proposed Rate Effective		
		10/1/2021	7/1/2022	7/1/2023
Tier 1 (1 to 10 units)	\$5.17	\$5.10	\$5.51	\$5.96
Tier 2 (11 to 26 units)	\$8.14	\$9.50	\$10.26	\$11.09
Tier 3 (27 units and up)	\$12.29	\$13.39	\$14.47	\$15.63
<u>Multi-Family, Commercial and Schools</u>	\$7.33	\$8.10	\$8.75	\$9.45

<u>Irrigation*</u>	Current Rate (per unit)	Proposed Rate Effective		
		10/1/2021	7/1/2022	7/1/2023
Tier 1 (1 to 80 units)	\$5.66	\$5.39	\$5.83	\$6.30
Tier 2 (81 units and above)	\$10.89	\$10.18	\$11.00	\$11.88

Service addresses located within the Glendale annex area pay a \$0.40 tax per two-month bill, collected by CVWD and paid to the City of Glendale.

PROPOSED WASTEWATER RATE CHANGES

SEWER: HOW IS MY WASTEWATER BILL DETERMINED?

The amount of wastewater put into the District’s collection system is estimated based on the prior year’s winter water usage, when outdoor water is used less. This usage — up to a two-month maximum of 20 units (20,000 gallons) for a single-family residence — is used to determine the bill for the next 12 months. Winter Water Usage consists of the 2-month billing period that falls in the range of January through March, depending on the billing cycle.

<u>Single-Family Residence (per bi-monthly period)</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
Service Charge	\$47.79	\$50.23	\$54.25	\$58.59
Usage Rate - maximum of 20 units based on prior-year average winter water use. (New Single Family Residence accounts are assessed based on 8 units until winter water use can be established.)	\$1.93 (Per Unit)	\$2.13 (Per Unit)	\$2.31 (Per Unit)	\$2.50 (Per Unit)
<u>Multi-Family Residence (per bi-monthly period)</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
Service Charge per Equivalent Dwelling Unit (EDU)	\$31.25	\$29.58	\$31.95	\$34.51
Usage Rate - maximum of 15 units per EDU based on prior-year average winter water use	\$2.15 (Per Unit)	\$2.37 (Per Unit)	\$2.56 (Per Unit)	\$2.77 (Per Unit)
<u>Commercial / Institutional (per bi-monthly period)</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
Minimum Charge per Account	\$31.25	\$29.58	\$31.95	\$34.51
Usage Rate - maximum of 15 units per EDU based on prior-year average water use	\$5.10 (Per Unit)	\$5.48 (Per Unit)	\$5.92 (Per Unit)	\$6.40 (Per Unit)
<u>All Schools (per bi-monthly period)</u> <u>ADA (Average Daily Attendance)</u>	Current Rate	Proposed Rates		
		10/1/2021	7/1/2022	7/1/2023
Elementary School – Usage Rate per 100 ADA	\$84.86	\$91.21	\$98.51	\$106.40
Middle School – Usage Rate per 100 ADA	\$169.73	\$182.42	\$197.02	\$212.79
High School – Usage Rate per 100 ADA	\$254.59	\$273.62	\$295.51	\$319.16

Effective Date: If approved, the increased rates will become effective on all rates and charges on any bill generated after each effective date.

PROTEST LETTERS:

Any CVWD customer or property owner within the CVWD water or wastewater service area may file a written protest of the proposed rate changes by sending a letter or dropping off a letter to: CVWD's main office, 2700 Foothill Boulevard, La Crescenta, CA 91214. A valid protest letter must include your name, a CVWD service address, a statement of protest, and an original signature. Only one written protest per parcel, filed by an owner or tenant, will be counted. For your convenience, there is a protest form available at www.cvwd.com. You may email a copy of your signed protest letter to customerservice@cvwd.com. All protests must be received by September 21, 2021 at 6:00 p.m. Protest letters received prior to September 16, 2021 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 Public Hearing will be held on Tuesday, September 21, 2021, at 6:00 p.m. The hearing will be held through teleconference. The District will post this information for the Public Hearing on the website, www.cvwd.com. You may also call CVWD at (818) 248-3925 to obtain more information.

Join the Zoom meeting <https://us02web.zoom.us/j/88187441421>, **Meeting ID: 881 8744 1421** or call (669) 900-6833

The Board of Directors will meet on September 28, 2021, at 7:00 p.m. to consider the proposed rate changes through teleconference. The Board may adopt, reject, or modify the proposed rate structure. The Board cannot legally increase rates and charges more than indicated in this notice.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting Christy Colby by phone at (818) 248-3925 or in writing at customerservice@cvwd.com. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

QUESTIONS?

This notice and the cost-of-service study are available on the CVWD website, www.cvwd.com, or at the CVWD main office. CVWD staff can assist in answering any questions about your bill between 7:30 a.m. and 4:00 p.m., Monday through Friday. If you have questions or need additional information, please call CVWD at (818) 248-3925 or e-mail customerservice@cvwd.com.

**IMPORTANT PROPOSED RATE
INFORMATION ENCLOSED**

Crescenta Valley Water District
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La Crescenta, CA 91214