

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD
LA CRESCENTA, CALIFORNIA

To be held on
April 19, 2021 at 2:00 PM

Agenda for the Meeting of the Finance Committee
of the Crescenta Valley Water District

Posted April 16, 2021 at 3:00 PM

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.

Any member of the public may participate using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833

(346) 248-7799

(929) 205-6099

(253) 215-8782

(301) 715-8592

(312) 626-6799

Then, enter Access Code: 891 1515 0483

[Pursuant to the above Executive Order, the public may not attend the meeting in person]

Those members of the public who are able to and would like to additionally participate with a computer through videoconference may access the Zoom videoconferencing tool available at the following link – <https://us02web.zoom.us/j/89115150483>

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 the District by phone 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.

Call to Order

Adoption of Agenda

Public Comment:

At this time, members of the public shall have an opportunity to address the Committee on items of interest that are within the subject matter jurisdiction of this Committee. This opportunity is non-transferable, and speakers are limited to three (3) minutes each. Under the provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda, except under certain circumstances.

Action Items(s)

The public shall have an opportunity to comment on any action item as each item is considered by the Committee. This opportunity is non-transferrable and speakers are limited to one two-minute (2) comment each.

1. Interactive discussion regarding CIP Rate Component

Committee Members' Request for Future Agenda Items

Adjournment

Crescenta Valley Water District

Finance Committee

CIP Rate Component

April 19, 2021

As discussed in committee and Board meetings, the District is determining the timing and funding for replacing the pipeline from the construction boom of the late 1940s through early 1960s that will soon pass their life expectancy of 75 years. Catching up on deferred pipelines and other infrastructure will require significant financial investment whether it be through PayGo, bonds, or a combination of both.

Creating a component of the rates specific to capital is becoming increasingly popular because a capital component increases community understanding of the importance of capital or specific projects. It also complements long-term capital and financial planning such as the 10-year plan the District is considering, beginning with a multi-year rate schedule (3 years) that was voted on at the last Board meeting.

The Board has directed staff to research the possibility of separating out a Capital component of rates. The purpose of this discussion is to consider the policy implications of various alternatives with respect to implementing a capital component to the rates.

As there are an increasing number of agencies adopting capital components, the District can leverage the efforts of other districts and cities as case studies to understand what methodology may work best for the District. Kevin Kostiuk of Raftelis, who is currently working on the District's cost-of-service study, has collected information from other districts and Cities. Each case study looks at a different mix of policy priorities. For instance, Marin MWD bases their charge on the customer's meter size, which impacts the service charge, or the fixed rate. The City of Santa Cruz currently bases their charge on usage, or the variable rate. San Antonio Water System uses a tiered rate based on consumption. Carpinteria Valley WD calculates their charge based on historical usage by account, much like the District currently calculates the wastewater charge based on historical water usage during the winter months.

The primary policy objectives to balance in this discussion are:

- *“Revenue Stability”* – Placing some or all of the capital charge on the fixed rate increases revenue stability. If the capital charge were placed on the variable rate, revenue would fluctuate according to climate and customer usage patterns, even though longer-term construction contracts or loan covenants have been made.
- *“Affordability for Essential Use”* – Placing some or all of the capital charge on the fixed rate increases revenue stability, but it also impacts affordability for essential use – in other words, those among the customer base with the least ability to afford a higher base service charge. This can be mitigated by placing some or all of the capital charge on the variable rate. One idea to mitigate the impact for such customers is to increase the income threshold (and the program budget) for the District’s Low-Income Program.
- *“Ease of Customer Understanding”* – There is balance between increasing customer understanding – one of the primary benefits of a capital component – and having too many components that may be even more confusing to the customer without proper outreach.

Each policy objective represents different benefits, and Mr. Kostiuk will walk through each of the alternatives with the Committee. The goal is to have an open discussion, with the Committee directing staff to provide more information or to present various alternatives for the capital component to the Board and Community Advisory Committee.