



Special Districts Department
Water and Sanitation Division

Rate Study

CSA 70 GH (Glen Helen) – Sewer

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January 19, 2017

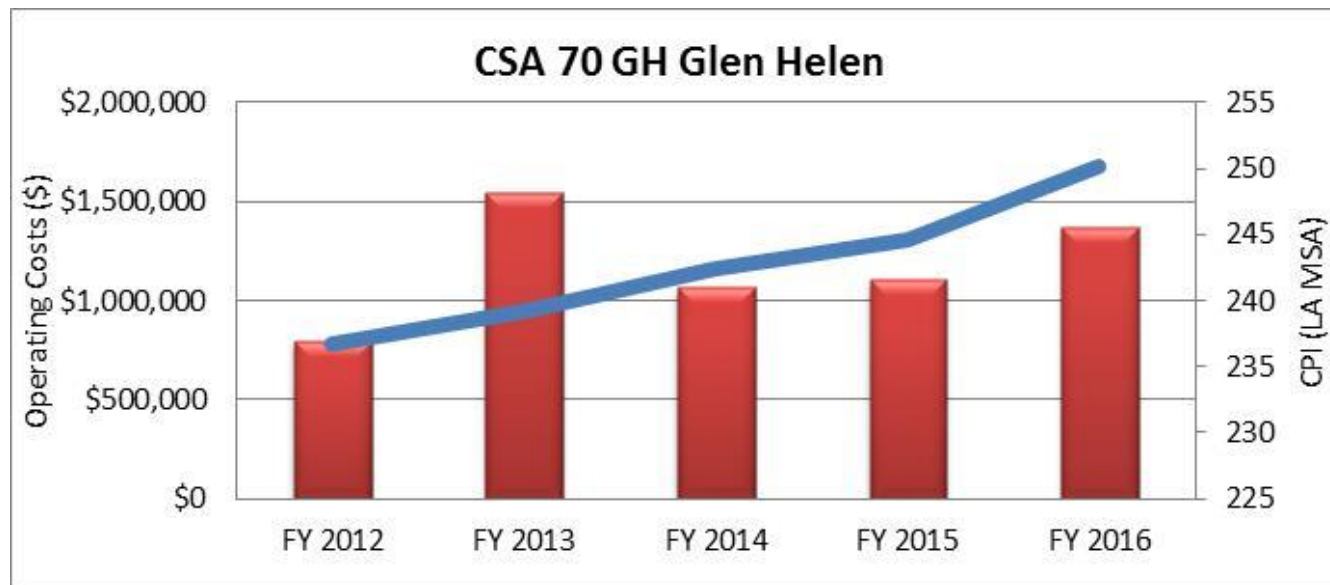
- Background
- Finances
- Rates & Rate Impacts
- Proposition 218
- Next Steps

Why Are We Reviewing Rates?

- Regulatory Changes
- Capital Improvements/Aging Infrastructure
- Financial Stability of the District

- CSA 70 GH serves the area of Glen Helen by providing sewer services
 - Glen Helen has approximately 1,452 sewer connections, which equates to a population of roughly 5,372
- In December 2015, the Department received approval from the County Administrative Office to conduct a rate study for all of the water and sanitation districts.
 - Black and Veatch was the consultant awarded the contract and has been working with staff over the last year to determine the revenue requirements in order to keep each water and sanitation district fiscally solvent.

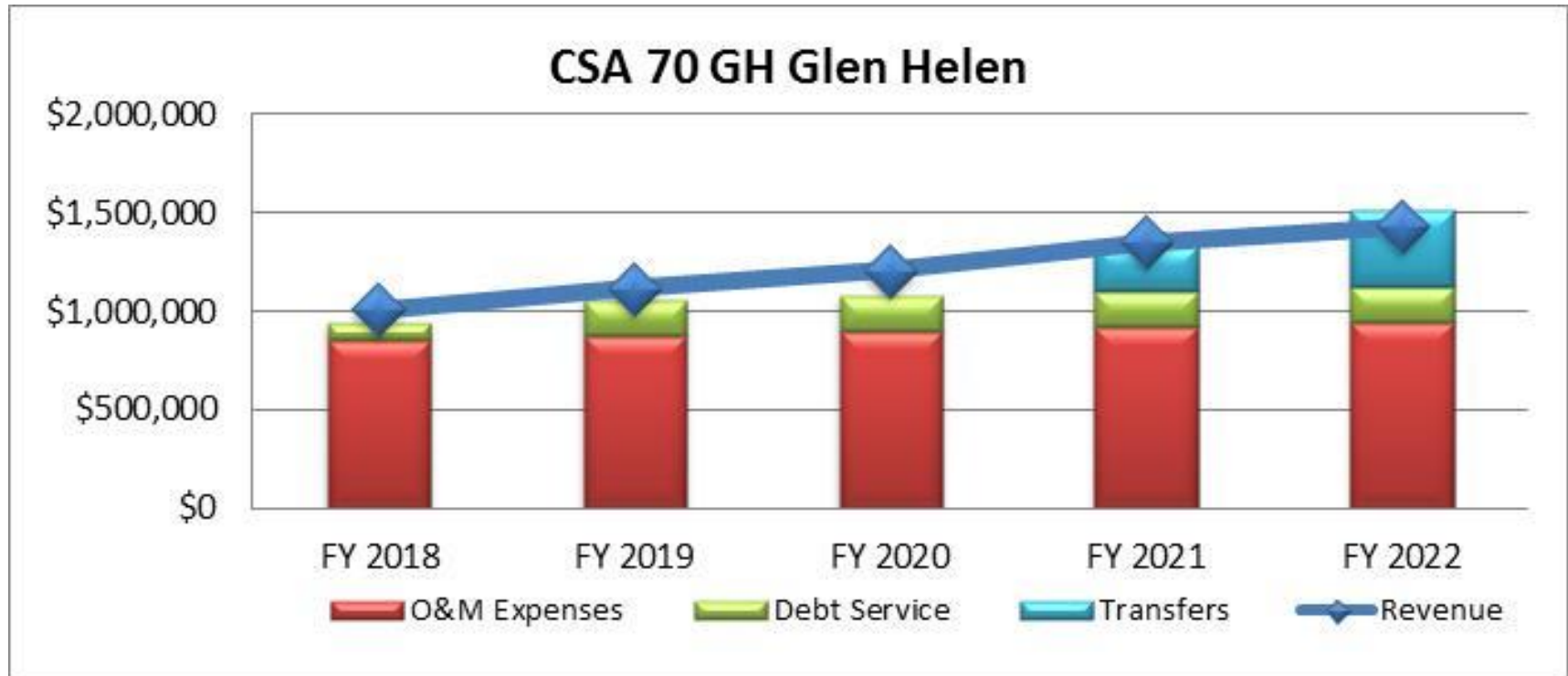
- The last implemented rate adjustments occurred in 2012-13.
- Sewer operating costs have started to rise, but the District was able to control costs by reducing capital expenditures over the past 3 years.



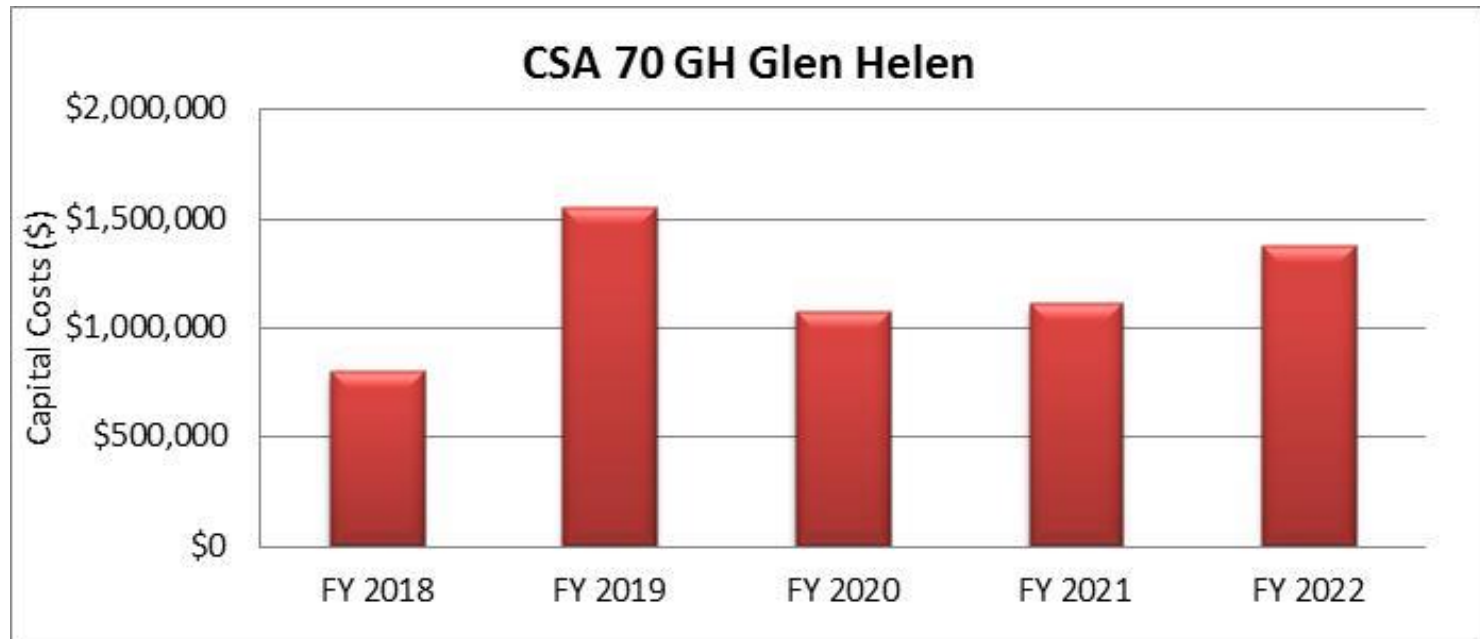
- Minor capital improvements have occurred, but there are anticipated high-cost, high-priority projects that need to be addressed.

- Developed financial projections to determine annual revenue requirements and any necessary rate adjustments.
 - Based on customer billing information
 - Analyzed FY 2012 to FY 2016 historical data and FY 2017 budget
 - Included future \$1.785M in debt-financing for critical capital needs
 - \$590k per year for annual maintenance, repairs, rehab
 - Operating cost inflation projected at 2-4%

- Sewer operating fund projections with rate increases.



- Capital Improvement Program expenditures over the five-years.
 - Capital expenditures include routine projects that keep the system in working conditions and one-time additions/betterments



- Other planned Capital Improvement Projects
 - Ongoing annual future pipeline replacement
 - Installation of a Screw Press for Sludge
 - Reach #1 and #2 Reclaimed Water Pipeline
 - Treatment Plant Upgrades

- Rate increases needed to sustain financial stability and keep up with inflationary cost increases
 - Rate increase recommendations for sewer are 8.5% per year for the period between FY 2018 to FY 2022

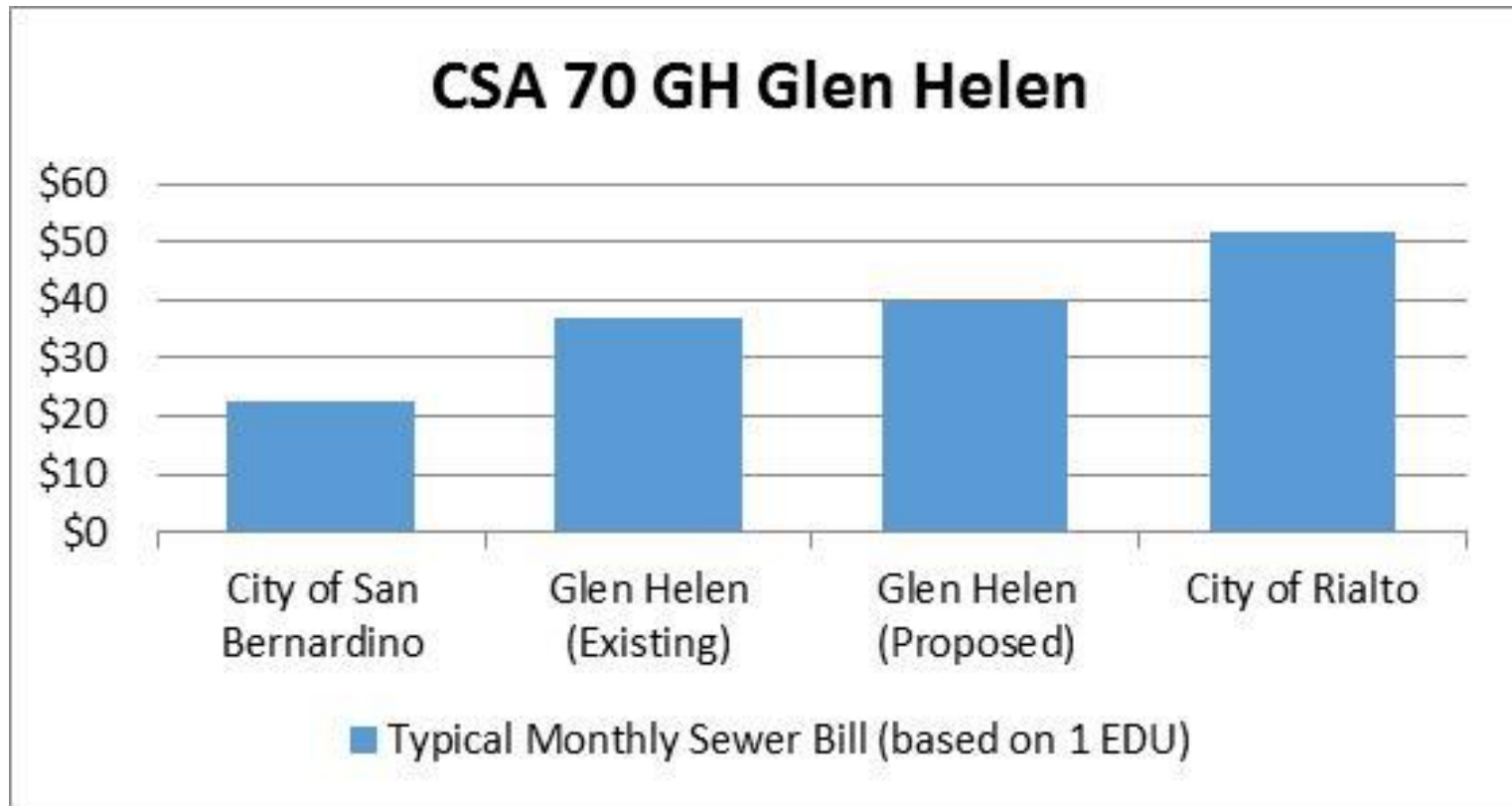
Existing Rate Structure

Sewer	
Customer	FY 2016
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	\$36.67

Proposed Rate Structure

Sewer	
Customer	
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	
FY 2018	\$39.79
FY 2019	\$43.17
FY 2020	\$46.84
FY 2021	\$50.82
FY 2022	\$55.14

- Rate Impact and comparison to neighboring utilities



- Mail out notice a minimum 45 days in advance of public hearing on the proposed rate increase.
- Property owners or tenants may submit written protests.
- Absent a majority protest, Board of Supervisors can adopt the 5-year rate plan.

- What if the proposed rates don't pass?
 - Regulatory issues which could result in fines to the district
 - Indefinite deferral of capital improvement projects
 - Decreased services
 - Financially insolvent

- Present this information at community meetings in January and February 2017
- Prop 218 Notices will be sent out mid February
- Fee hearing at the Board on April 4, 2017
- Fee adoption at the Board on April 18, 2017
- New Fees (if approved) in place July 1, 2017