



Special Districts Department
Water and Sanitation Division

Rate Study

CSA 70 S-3 Lytle Creek – Sewer

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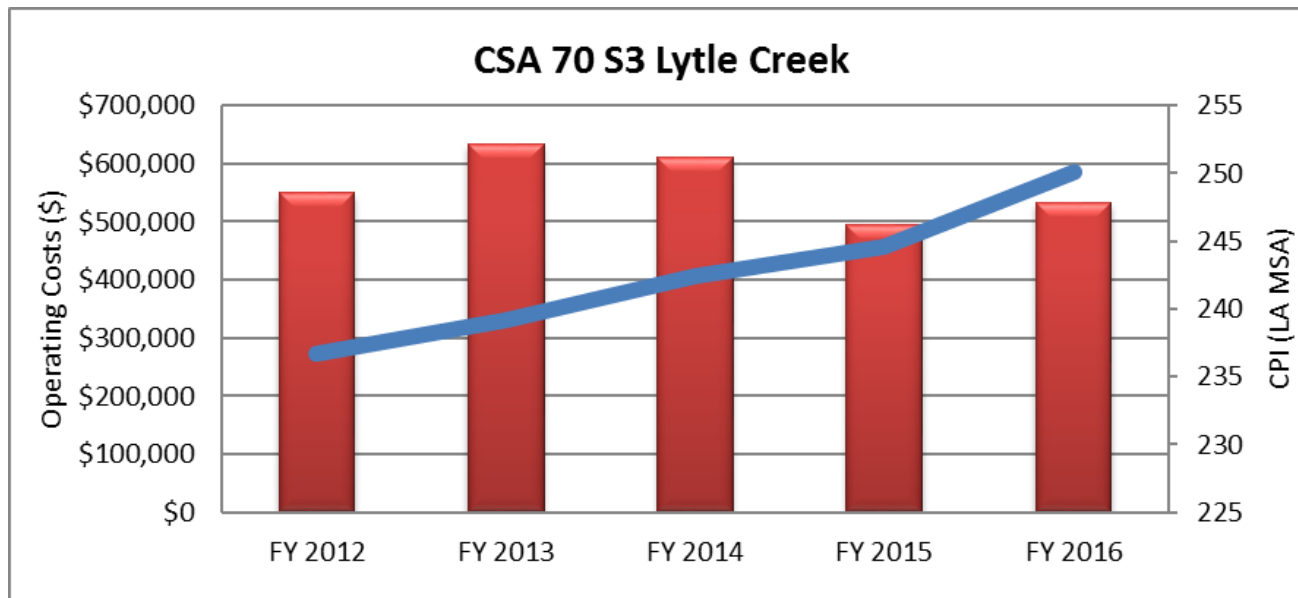
- Background
- Finances
- Rates & Rate Impacts
- Proposition 218
- Next Steps

Why Are We Reviewing Rates?

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

- CSA 70 S-3 serves the area of Lytle Creek by providing sewer services.
 - Lytle Creek has approximately 798 sewer connections, which equates to a population of roughly 2,953
- 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.

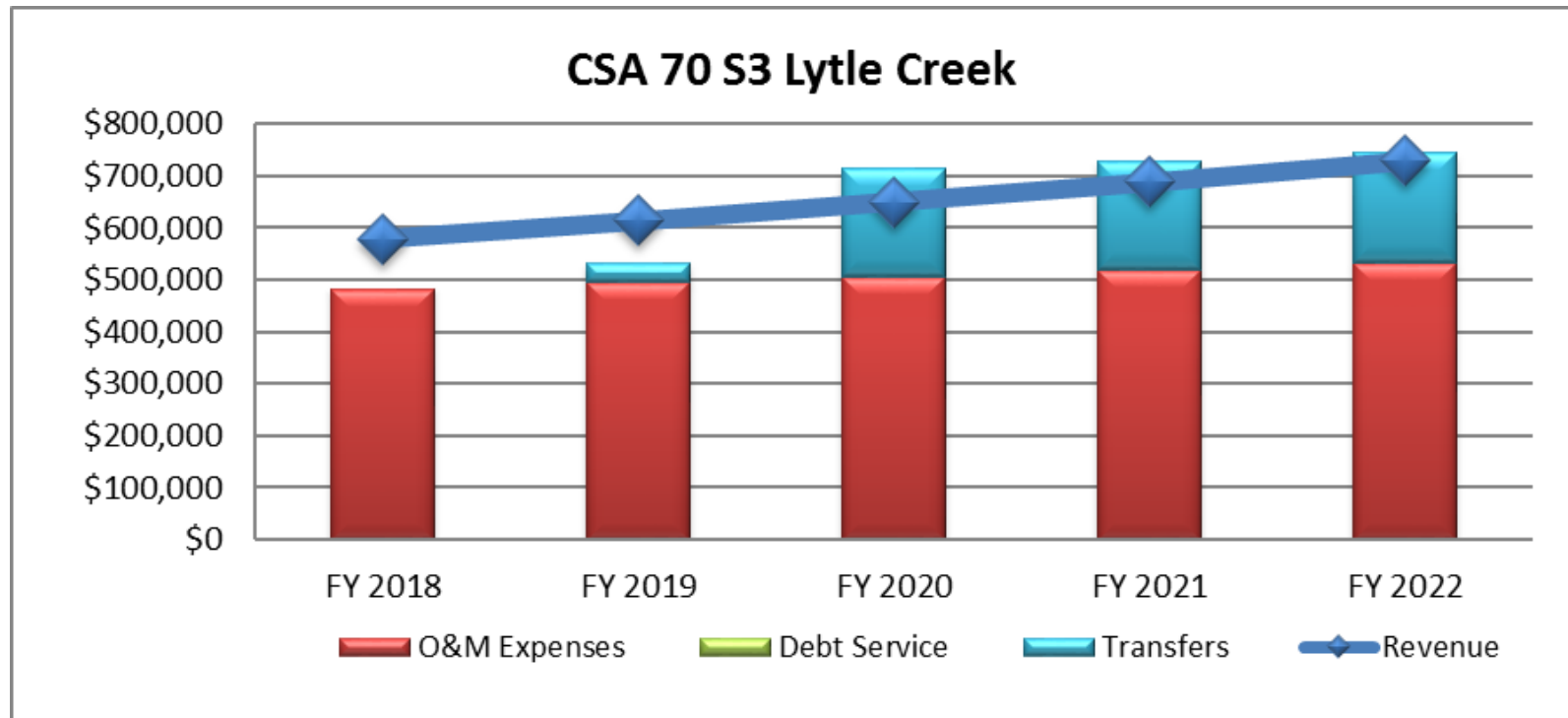
- The last implemented rate adjustments occurred in 2013-14.
- Sewer operating costs has started to rise, but the District was able to control costs by controlling capital expenditures over the past 3 years.



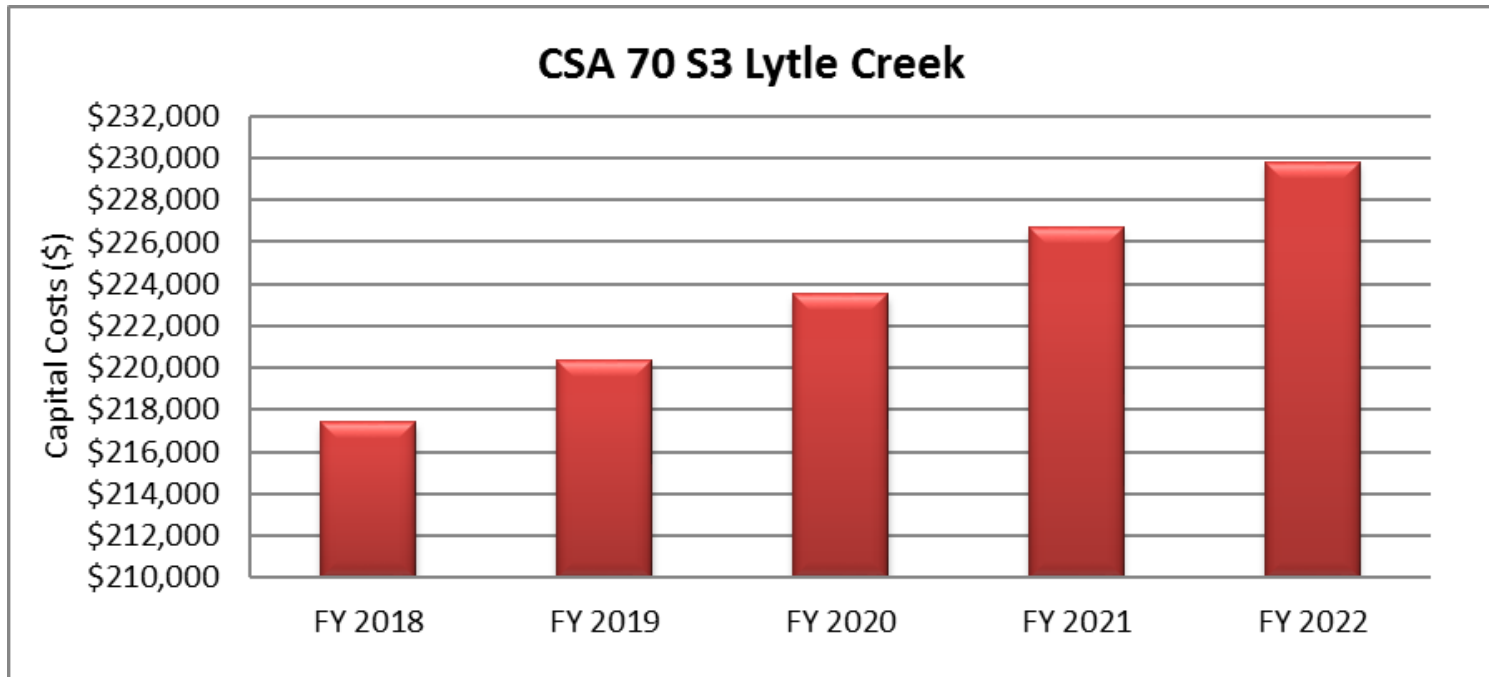
- Minor capital improvements have occurred, but there are anticipated high-cost, high-priority projects that need to be addressed.

- 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
 - \$214k 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 condition and one-time additions/betterments



- Other planned Capital Improvement Projects
 - Ongoing collection system repairs
 - Replacement of Sewage Pump #2
 - CCTV Inspection, Point Repairs and Slip Line

- Rate increases needed to sustain financial stability and keep up with inflationary cost increases
 - Rate increase recommendations for sewer are 6.0% per year for each of the next 5 years.

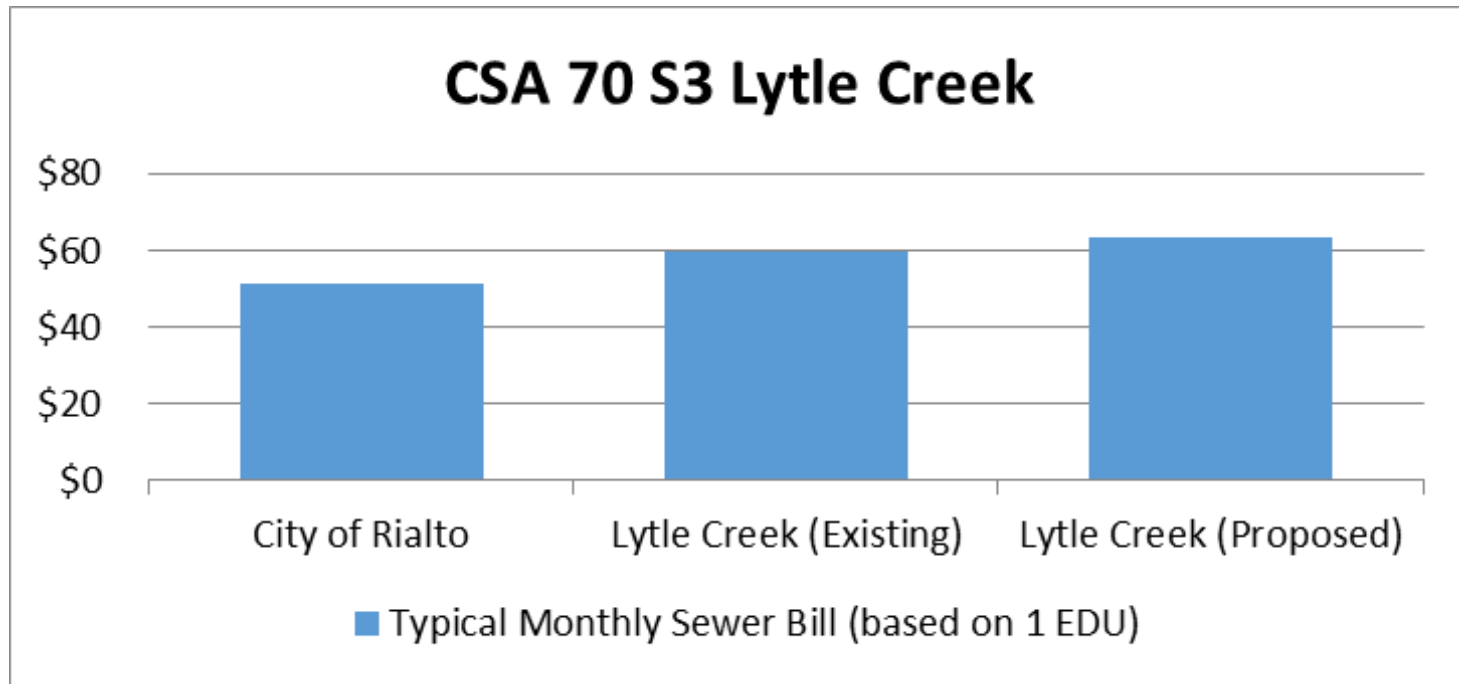
Existing Rate Structure

Sewer	
Customer	FY 2016
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	\$59.56

Proposed Rate Structure

Sewer	
Customer	
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	
FY 2018	\$63.13
FY 2019	\$66.92
FY 2020	\$70.94
FY 2021	\$75.19
FY 2022	\$79.70

- 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

- Any questions?

