



Special Districts Department
Water and Sanitation Division

Rate Study

CSA 79 Green Valley Lake – Sewer - UPDATED

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- Background
- Finances – *updated*
- Rates & Rate Impacts –*updated*
- Proposition 218
- Next Steps

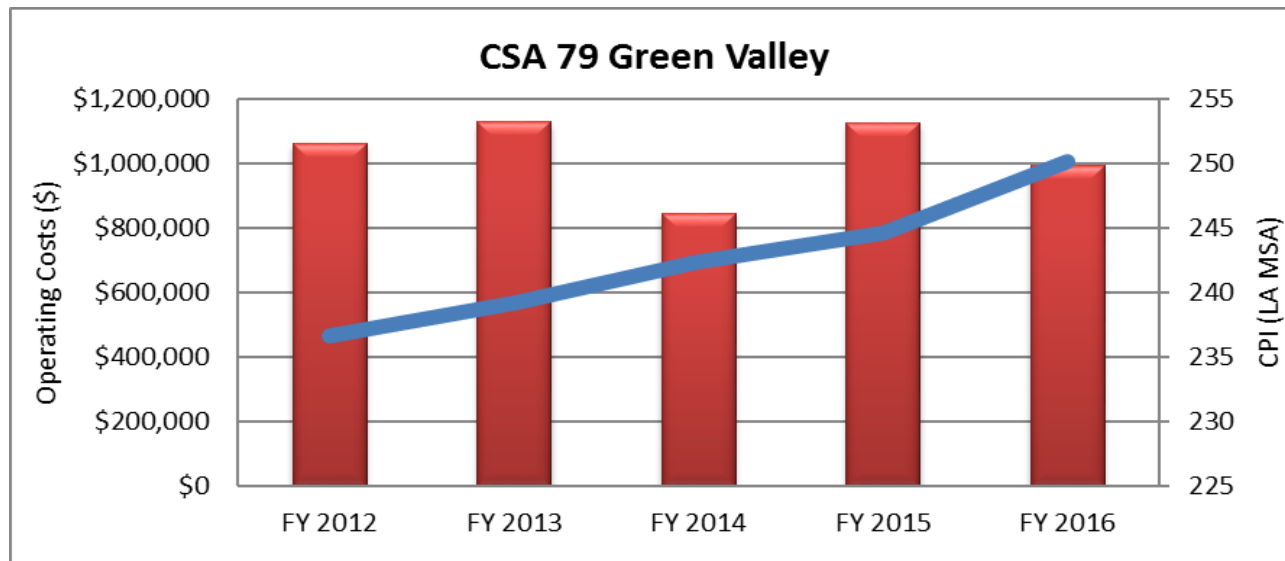
Why Are We Reviewing Rates?

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

- CSA 79 serves the area of Green Valley Lake by providing sewer services.
 - Green Valley has approximately 1,064 sewer connections, which equates to a population of roughly 3,937
- 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.

- At the last presentation on February 1st, we included an estimate for the Running Springs contract of \$250k. After discussions with Running Springs today, we were provided an updated number to \$217k.
- In addition, we had an estimate for our staffing costs as of mid 2016. We revised these based on current estimates and last years actuals and this resulted in an \$80k reduction in costs.
- We consider our 5-year CIP plan an ongoing plan with review occurring each year. We will show the cost for each project on an upcoming slide with more detail.
- There will be a comparison slide for all CSA sewer districts coming up.

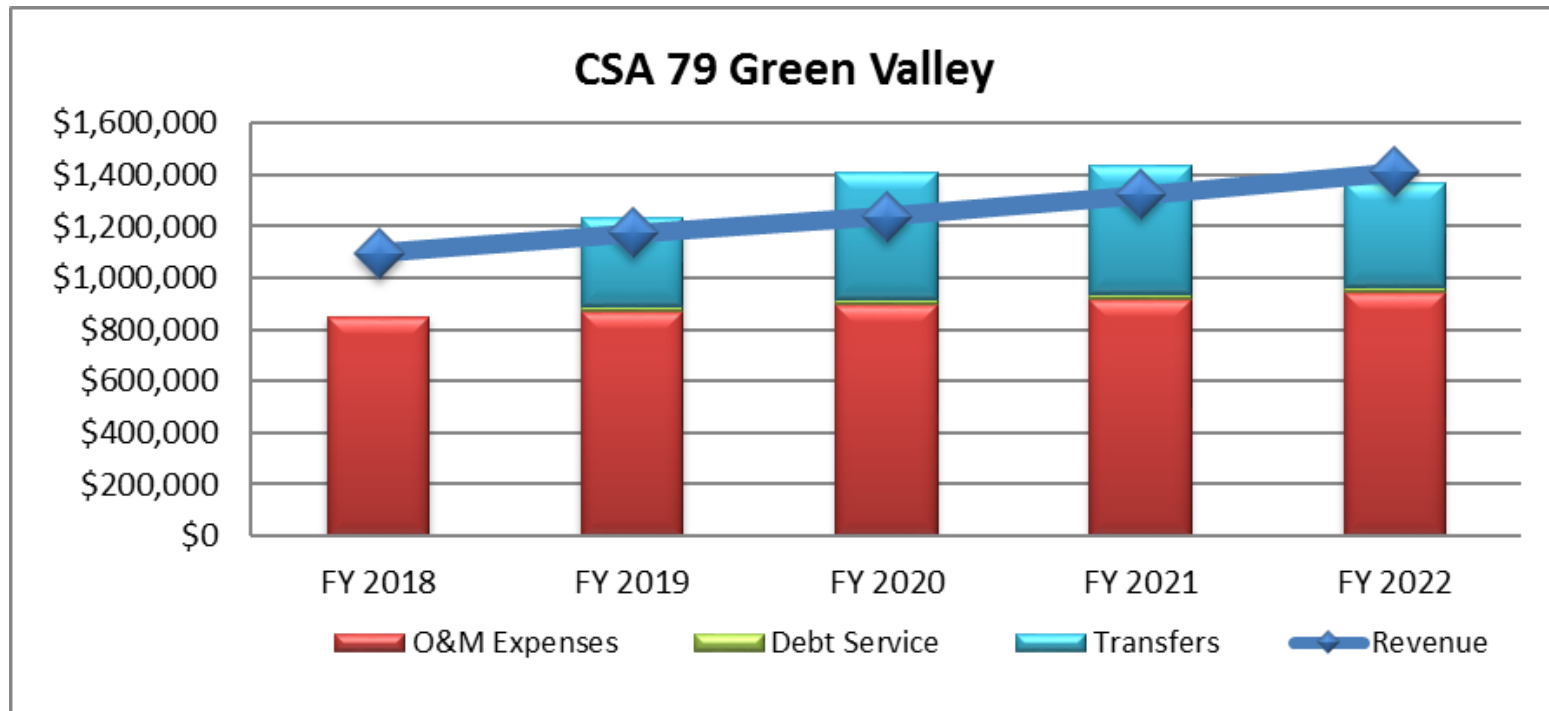
- The last implemented rate adjustments occurred in 2013-14.



- Capital improvements have occurred driven by the 5 year plan with many high-cost, high-priority projects continuing 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 \$150k in debt-financing for critical capital needs
 - \$378k per year for annual maintenance, repairs, rehab
 - Operating cost inflation projected at 2-4%

- Sewer operating fund projections with rate increases.

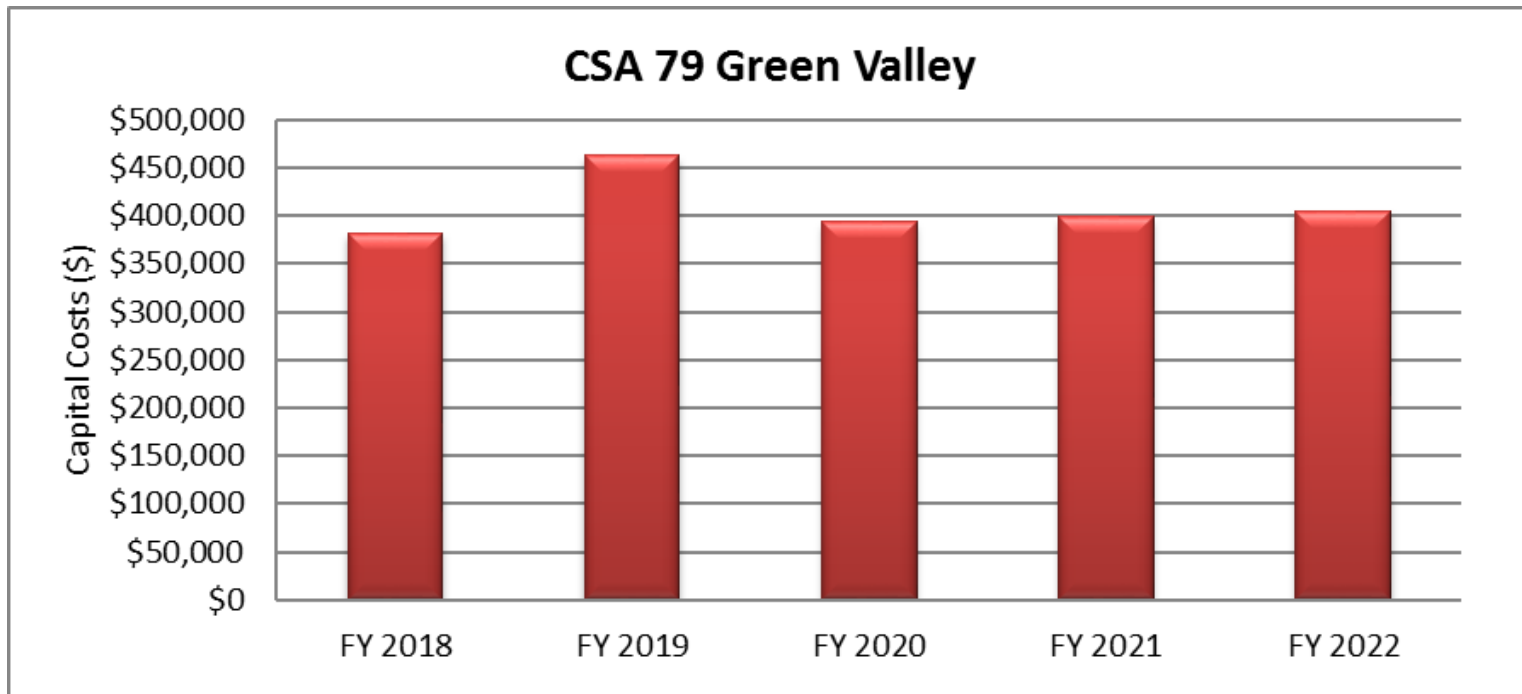


CIP/MAINTENANCE UPDATE

Project Description	Project #	2016-17				
		2014-15	2015-16	Budget	2016-17 YTD	Total
Ahwahnee Lift Station Rehab	1228	\$ 348,929	\$ 16,302	\$ -	\$ -	\$365,231
CCTV Inspection & Sewer Line Repairs	1614 & 4006	\$ 204,825	\$ 41,704	\$ 156,749	\$ 13,338	\$259,867
Manhole Raising and Rehabilitation	1615 & 3045	\$ 27,280	\$ 80,010	\$ 87,924	\$ 25,932	\$133,222
Easement Survey Inspection/GIS	1717	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Easement clearing, line inspection & Repair	1728	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Crab flats lift station pump repair	1729	\$ -	\$ -	\$ 30,000	\$ -	\$ -
Canyon lift statio pump repair	1730	\$ -	\$ -	\$ 30,000	\$ -	\$ -
Invert inspection & cleaning	1731	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Total		\$581,034	\$138,016	\$ 454,673	\$ 39,270	\$758,320



- 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



- Capital Improvement Projects

Project Name	Year 1	Year 2	Year 3	Year 4	Year 5	Total
CSA 79 Collection System Repairs (Future)	\$ 76,600	\$ -	\$ 127,200	\$ 102,600	\$ 377,900	\$ 684,300
CSA 79 Slip Line & Point Repairs (Yrs 1-5)	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ -	\$ 700,000
CSA 79 Easement Clearing, Line Inspection, & Repair	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ 100,000
CSA 79 Deerlick Lift Station Pump Replacement	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
CSA 79 Crab Flats Lift Station Pump Replacement	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
CSA 79 State Highway 18 Manhole Elevation Adjustment (Phase 2)	\$ 100,000	\$ -	\$ 50,000	\$ -	\$ -	\$ 150,000
CSA 79 Repave Asphalt Driveways (Crab Flats, Deerlick, Awahanee)	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Total	\$ 376,600	\$ 450,000	\$ 377,200	\$ 377,600	\$ 377,900	\$ 1,959,300

- Rate increases needed to sustain financial stability and keep up with inflationary cost increases
 - PRIOR PRESENTATION:
 - 11.5% per year for FY 2018 and FY 2019
 - 10% per year for FY 2020
 - 8% per year for FY 2021 and FY 2022
 - **UPDATED:**
 - **8% for FY 2018 and 2019**
 - **7.5% for FY 2020, 2021 and 2022**

Existing Rate Structure

Sewer	
Customer	FY 2016
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	\$65.77

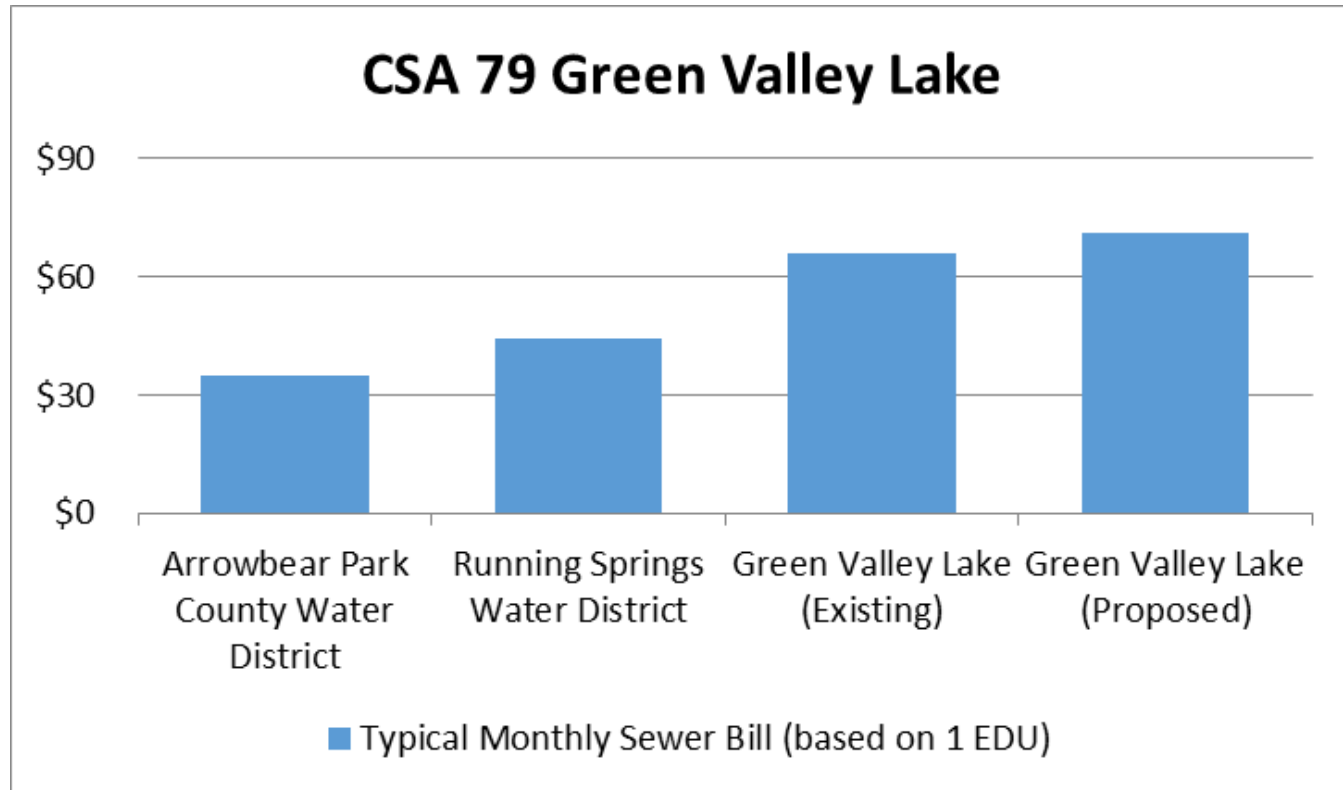
Proposed Rate Structure

Sewer	
Customer	
Flat Charge	(\$/monthly)
Equivalent Dwelling Unit	
FY 2018	\$71.03
FY 2019	\$76.72
FY 2020	\$82.47
FY 2021	\$88.65
FY 2022	\$95.30

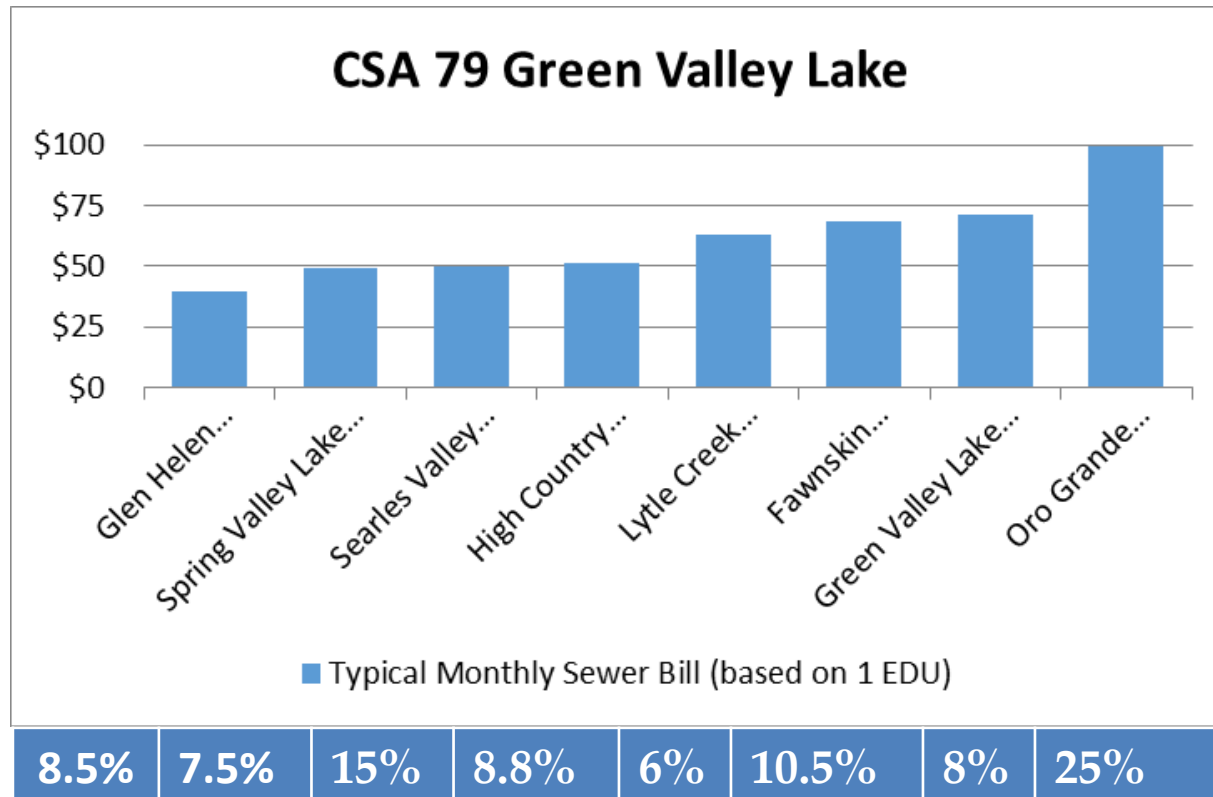
County Service Area 79 - Green Valley Lake

Description	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2017	2018	2019	2020	2021	2022
Sewer Monthly Charge						
Monthly Fee per EDU	\$ 65.77	\$ 71.03	\$ 76.72	\$ 82.47	\$ 88.65	\$ 95.30
Existing Rate Structure		\$ 65.77	\$ 71.03	\$ 76.72	\$ 82.47	\$ 88.65
Proposed Rate Structure		\$ 71.03	\$ 76.72	\$ 82.47	\$ 88.65	\$ 95.30
Increase (\$) per month		\$ 5.26	\$ 5.69	\$ 5.75	\$ 6.18	\$ 6.65
Increase (%) per month		8.0%	8.0%	7.5%	7.5%	7.5%

- Rate Impact and comparison to neighboring utilities



- Rate comparison with other sewer CSA's



- 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