



**NORTH TAHOE PUBLIC UTILITY DISTRICT  
Board of Directors Special Meeting Agenda  
North Tahoe Event Center  
8318 North Lake Boulevard, Kings Beach, CA**

**Attendance by Teleconference:  
46-3907 Kapuna Rd., Honokaa, HI 96727**

**Tuesday, October 10, 2023, at 12:00 P.M.**

**Welcome to a meeting of the North Tahoe Public Utility District Board of Directors**

The District welcomes you to its meetings. Your opinions and suggestions are encouraged. With a few exceptions, all meetings are recorded and available online after the meeting has concluded. The meeting is accessible to people with disabilities. In compliance with Section 202 of the Americans with Disabilities Act of 1990 and in compliance with the Ralph M. Brown Act, anyone requiring reasonable accommodation to participate in the meeting should contact the North Tahoe Public Utility District office at (530) 546-4212, at least two days prior to the meeting.

In addition, all written public comments received by 11:00 a.m. on October 10, 2023 will be distributed to the District Board Members for their consideration, and all written comments will be included in the minutes. Pictures, graphics, or other non-written comments may be included in the minutes at the discretion of the Board of Directors. Written comments may be emailed to [mmoga@ntpud.org](mailto:mmoga@ntpud.org), mailed or dropped-off at NTPUD's Administrative Offices located at 875 National Ave., Tahoe Vista, CA. 96148.

The Board of Directors may take action upon any item listed on the agenda at any time during the meeting. Scheduled items will be heard at or after the time noted, but the Directors may interrupt or defer discussion in order to deal with other matters. No action will be taken at the meeting on any business not appearing on the posted agenda except as permitted by Government Code Section 54954.2.

**TIMED ITEMS ON THIS AGENDA**

*12:00 P.M. Public Comment and Questions*

- A. CALL TO ORDER/OPEN SESSION/PLEDGE OF ALLEGIANCE**
- B. REVIEW AGENDA** - *Agenda Items may be taken off the agenda or taken out of order.*
- C. PUBLIC COMMENT AND QUESTIONS (12:00 P.M.):** *Any person wishing to address the Board of Directors on items on the agenda or matters of interest to the District not listed elsewhere on the agenda may do so at this time. Please limit comments and questions to three (3) minutes since no action can be taken on items presented under Public Comment.*
- D. Water and Wastewater Utilities Cost-of-Service Study Workshop** - *Presentation by Shawn Koorn of HDR (Pages 2-47)*
- E. PUBLIC COMMENT AND QUESTIONS:** *See protocol established under Agenda Item C, Public Comment and Questions.*
- F. ADJOURNMENT**



**NORTH TAHOE  
PUBLIC UTILITY DISTRICT**

**DATE:** October 10, 2023

**ITEM:** D

**FROM:** Office of the General Manager

**SUBJECT:** Water and Wastewater Utilities Cost-of-Service Study Workshop

**RECOMMENDATION:**

Receive a presentation from Shawn Koorn of HDR Engineering and provide discussion and feedback on the District's Cost-of-Service Study. No action by the Board of Directors is agendized for this item.

**DISCUSSION:**

The District is nearing the end of the current five-year rate period and has undertaken a new Cost-of-Service Study to assess the District's utility rates relative to its projected costs over the next five-year period. This next step in the District's ongoing "rate maintenance" effort is consistent with industry best practices, Board discussion during the previous Cost-of-Service Study, and the priorities established for the Fiscal Year 23/24 Operating Budget and the District's new five-year Strategic Plan. Further, the priorities established by the Board of Directors in the District's five-year Capital Improvement Plan are dependent on the ability of utility rate revenue to fund them.

At the September 13, 2022 meeting, the Board of Directors authorized a contract with HDR to execute the Cost-of-Service Study for the next five-year period. Since that time, staff and the Board of Directors have been working diligently with HDR on the project.

At the March 14, 2023 meeting, the Board of Directors received a presentation from Shawn Koorn of HDR Engineering, providing feedback and initiating the Cost-of-Service Study.

At the June 13, 2023 meeting, the Board of Directors received a presentation focusing on the proposed escalation factors utilized by the cost-of-service model over the five-year study period as well as potentially transitioning the State/Federal Mandate Fee into the System Replacement Fee within the rates.

At the July 19, 2023 special meeting, the Board of Directors received a presentation focusing on reviewing key Wastewater assumptions, including capital funding and the allocation of General & Administrative costs to fully reflect the operational and maintenance costs associated with each of the enterprises.

At the August 8, 2023 regular meeting, the Board of Directors received a presentation focusing on reviewing the key Water assumptions, including capital funding and allocation of General & Administrative costs to fully reflect the operational and maintenance costs associated with each of the enterprises.

At the September 12, 2023 special meeting, the Board of Directors received a presentation reviewing proposed rate adjustments to both the Water and Wastewater utilities developed from feedback received from the Board of Directors regarding capital funding and allocation of General & Administrative costs.

This workshop will focus on reviewing a narrowed range of rate adjustments to both the Water and Wastewater utilities developed from feedback received to date from the Board of Directors regarding capital funding and allocation of General & Administrative costs. Additionally, the Board will review findings from HDR and staff's efforts to analyze the identified study opportunities regarding meter size basis billing for wastewater and the establishment of a flat water rate for future use.

**STRATEGIC PLAN ALIGNMENT:**

Goal 3: Enhance District governance and partnerships – Objective B: Ensure financial sustainability of the District – Tactic 2: Complete and implement new Five-year Rate Structure – Activity a: Engage a consultant to conduct a cost-of-service study; and – Activity b: Assemble internal support team with an identified sponsor; and – Activity c: Staff recommendation presented to Board for consideration and adoption in compliance with California Proposition 218 requirements.

**ATTACHMENTS:** Cost-of-Service Study PowerPoint Presentation

**REVIEW TRACKING:**

Approved By:   
Bradley A. Johnson, P.E.  
General Manager/CEO



# North Tahoe Public Utility District Water and Wastewater Rate Study Results

October 10, 2023

# Overview of the Presentation

- Overview of Setting Cost Based Rates
- Summary of Prior Key Assumption Discussions
- Summary of the Rate Study
  - Revenue Requirement, and Preliminary Cost of Service and Rate Design
  - Gain feedback and direction for final study recommendations and rate designs
- Next Steps



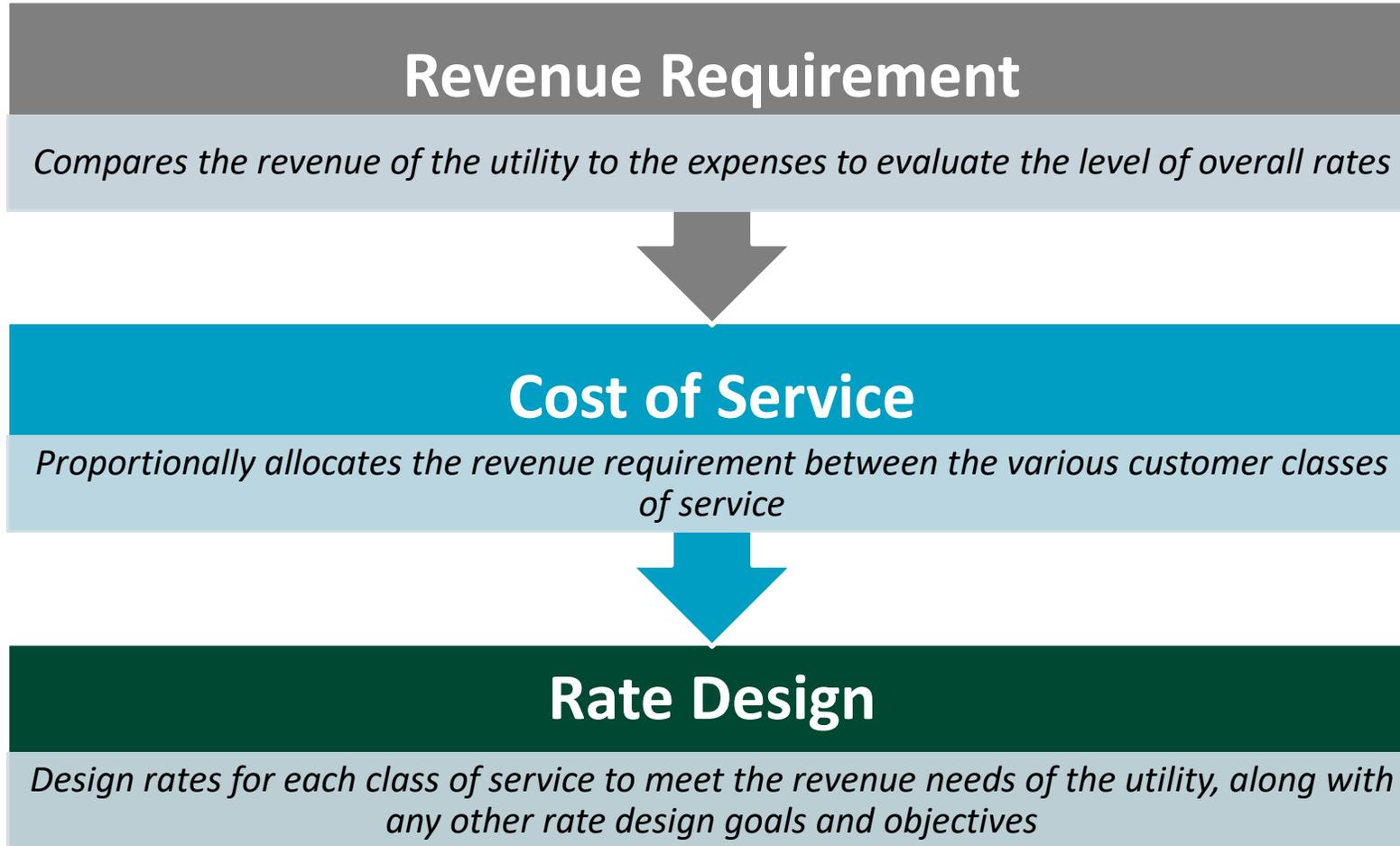
# Purpose of the Study

- Develop an analysis to financially sustain the District's water and wastewater infrastructure
  - Proposed rates for the next five-year rate setting period
- Reflect prudent financial planning criteria
  - Maintain target debt service coverage (DSC) ratio
  - Adequate rate funding of capital infrastructure
  - Meet target reserve balances
- Develop the analyses using generally accepted methodologies and the District's system and customer characteristics
- Meet the intent of the requirements laid of Proposition 218
  - Develop proportional and cost-based rates
  - Provide administrative record

# Proposition 218 – Setting Cost-Based Rates

- Proposition 218 is a California constitutional amendment designed to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent
- Proposition 218 is not prescriptive in defining a “cost-based” rate
- In part, Proposition 218 requires
  - Fees shall not exceed the **reasonable cost** of providing the service
  - Fees shall not exceed the **proportional cost** of providing the service
- Cost of service analysis results (unit costs) are the foundation of the proposed rates
  - Nexus between cost to provide service (expenses) and rates (fixed and variable) charged to customers (revenues)

# Developing Cost-Based Rates



# Prior Key Assumption Discussion

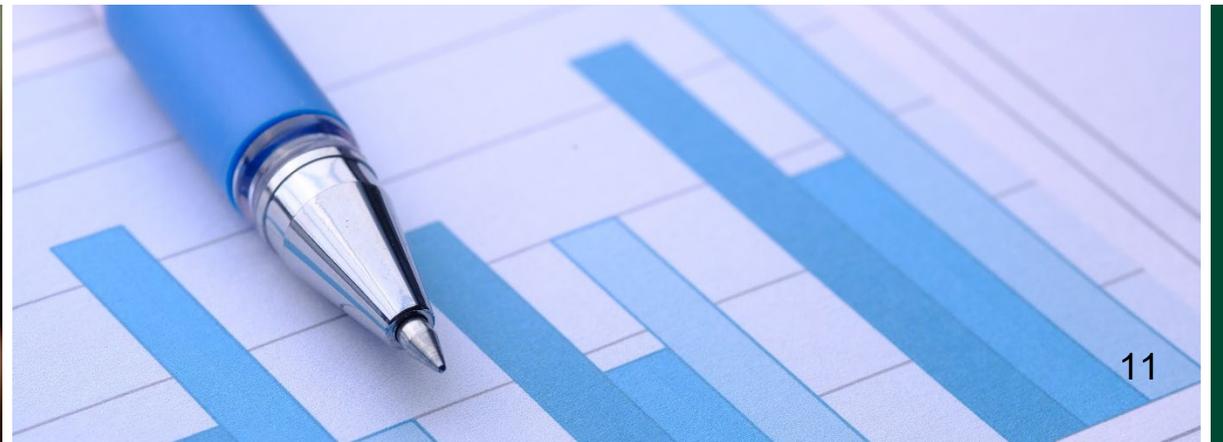
- June 13, 2023 Board Discussion
  - State/Federal Mandate Fee combined with capital charge for proposed rates
  - Review and discussion of proposed escalation factors for Water and Wastewater
  - Annual O&M annual impact ranges from 6.5% in FY 2024-25 declining to 5% in FY 2028-29
- July 19, 2023 Board Discussion
  - Wastewater key assumptions
    - Capital funding approach
    - G&A funding scenarios
      - » Continued funding through property tax revenues
      - » Wastewater allocated G&A funded through wastewater revenues (rates)

# Prior Key Assumption Discussion (Cont'd)

- August 8, 2023 Board Discussion
  - Water key assumptions
    - Capital funding approach – 10-year phased vs. 5-year plan
    - G&A funding scenarios
      - » Continued funding through property tax revenues
      - » Water allocated G&A funded through water revenues (rates)
- September 12, 2023 Board Discussion
  - Review of Other Enterprise Fund financial plan
  - Determination of overall system revenue adjustment

# Summary of the Rate Study

- Summary of the Revenue Requirement
  - Overall system revenue adjustment
- Review the Preliminary Cost of Service Analysis
  - Proportional distribution of costs to the customers of each utility
- Review Preliminary Water and Wastewater rate designs



# Overview of the Revenue Requirement

Compares utility revenues to expenses

- Determines if revenue (rate) adjustments are necessary

Uses prudent financial planning criteria

- Adequate funding of renewal and replacements
- Maintaining sufficient ending reserve balances

Reviews a specific time period

- Typically a five-to-ten-year period
- Rates are established for a five-year period

Utility is analyzed on a “stand-alone basis”

- No transfer of funds from other District funds
- Rates need to support operations and capital

Utilizes the “cash basis” methodology

- Generally accepted method for municipal utilities

# Revenue Requirement Goals and Objectives

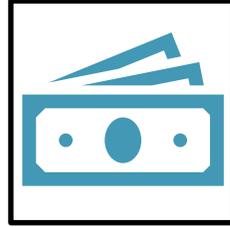


## Adequately fund annual operating costs

Costs continue to increase since the last rate study

District has also been impacted by recent inflationary trends

Balance the impacts of funding General and Administrative (G&A) costs supporting each utility (balancing use of property tax revenues)

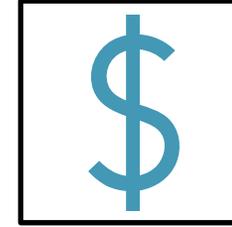


## Providing sufficient capital funding for

Necessary system improvements

Annual renewal and replacements

Use of property tax revenues



## Cost-Based Rates

Balance the impacts to rates to adequately fund annual O&M and capital improvement needs

Ensure adequate debt service coverage ratios

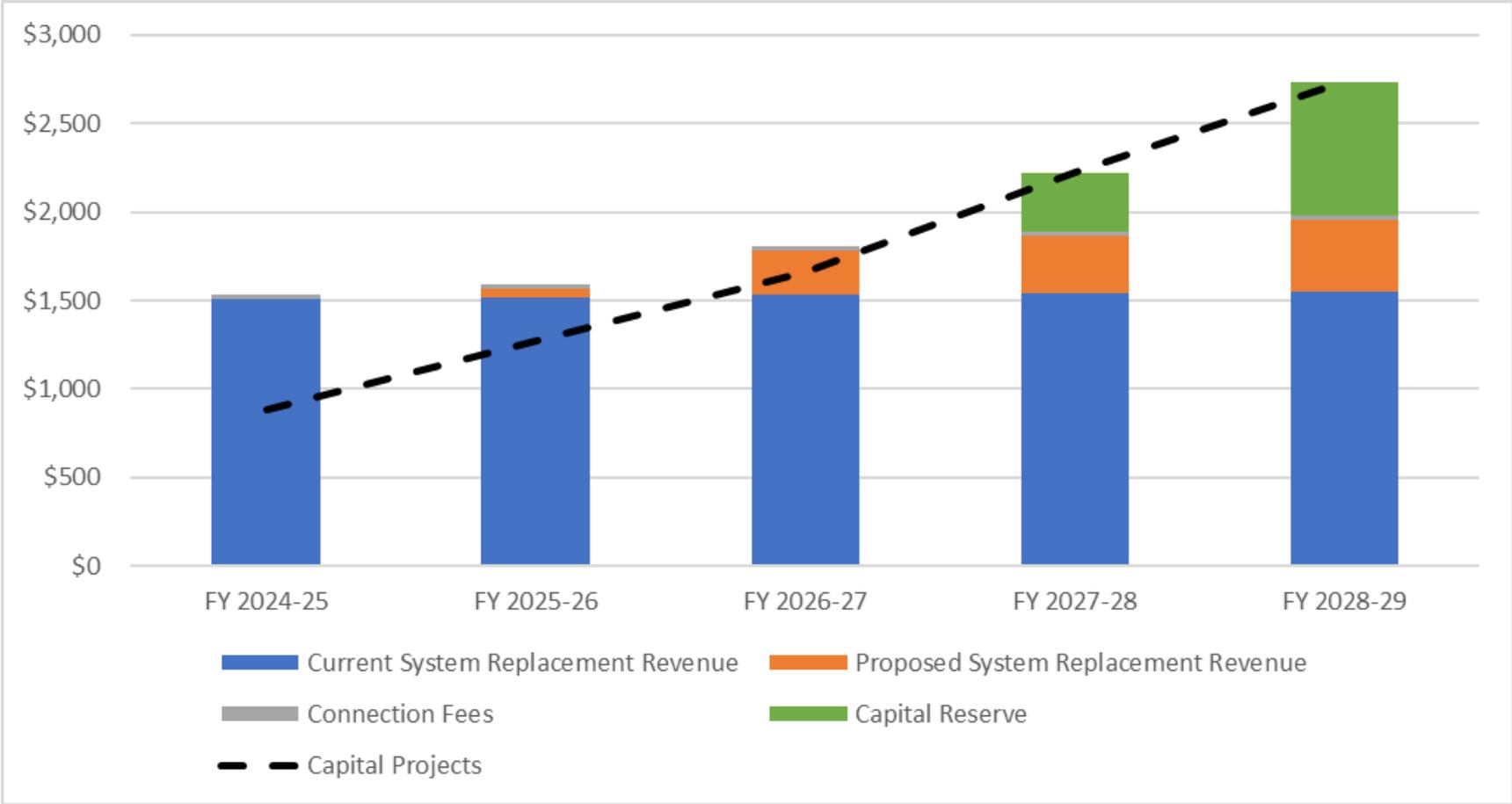
Maintain prudent reserve levels

Develop proposed rates for next five years (FY 24/25 – FY 28/29)

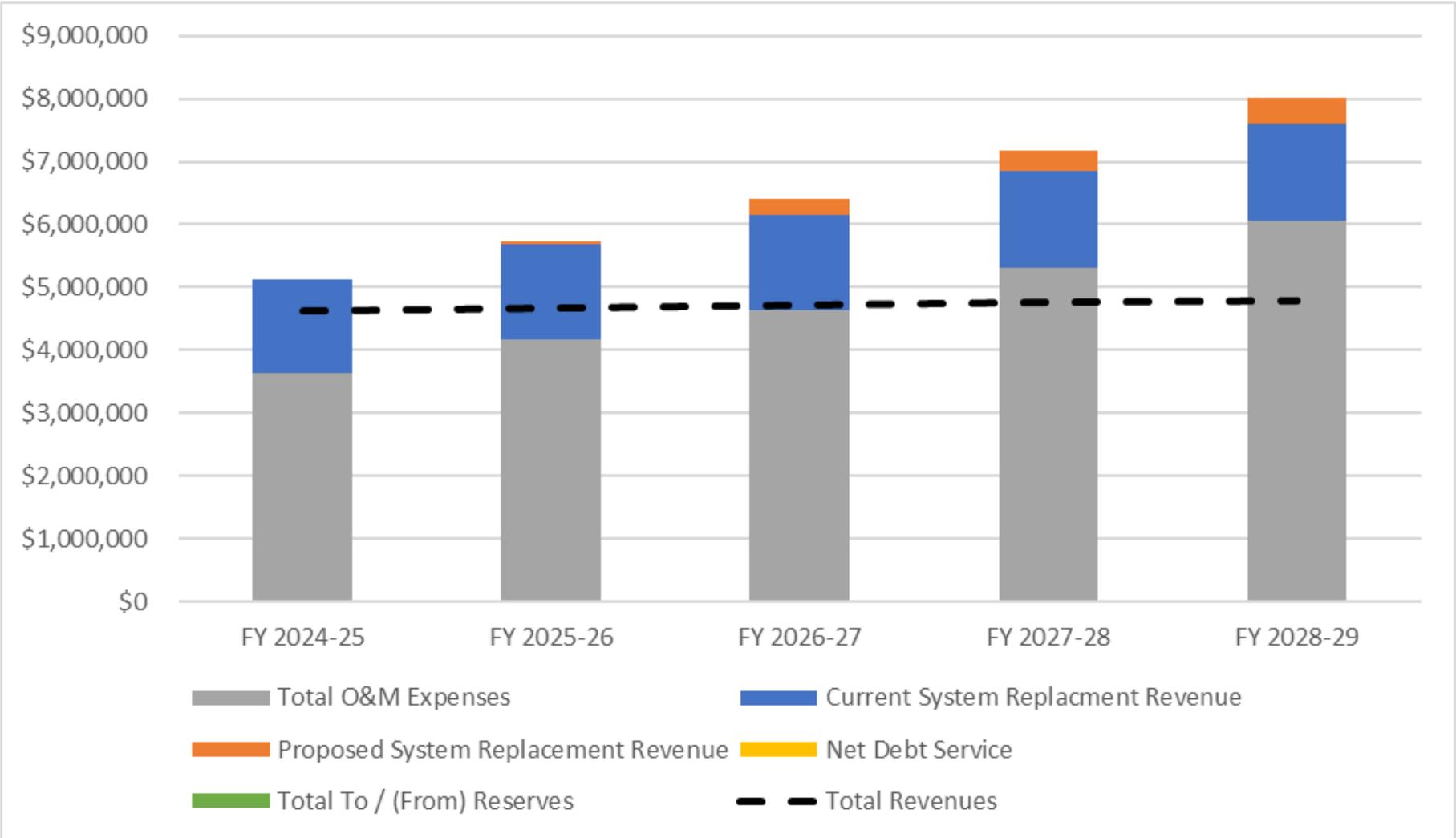
# Summary of Board Revenue Requirement Input

- Allocate G&A to Water and Wastewater with a phasing out of property tax funding support over time
- Capital improvement plan
  - Sewer as initially projected
  - Water phased in over a ten-year period
    - Shifts ~\$7 million out of five-year rate setting period
- Overall system revenue adjustment of targeted at ~10.0% to ~11.0% annually
  - Annual difference in year 5 is approximately ~\$370,000 for water and ~\$350,000 for wastewater
  - Provides available property tax revenue for current and future Board priorities

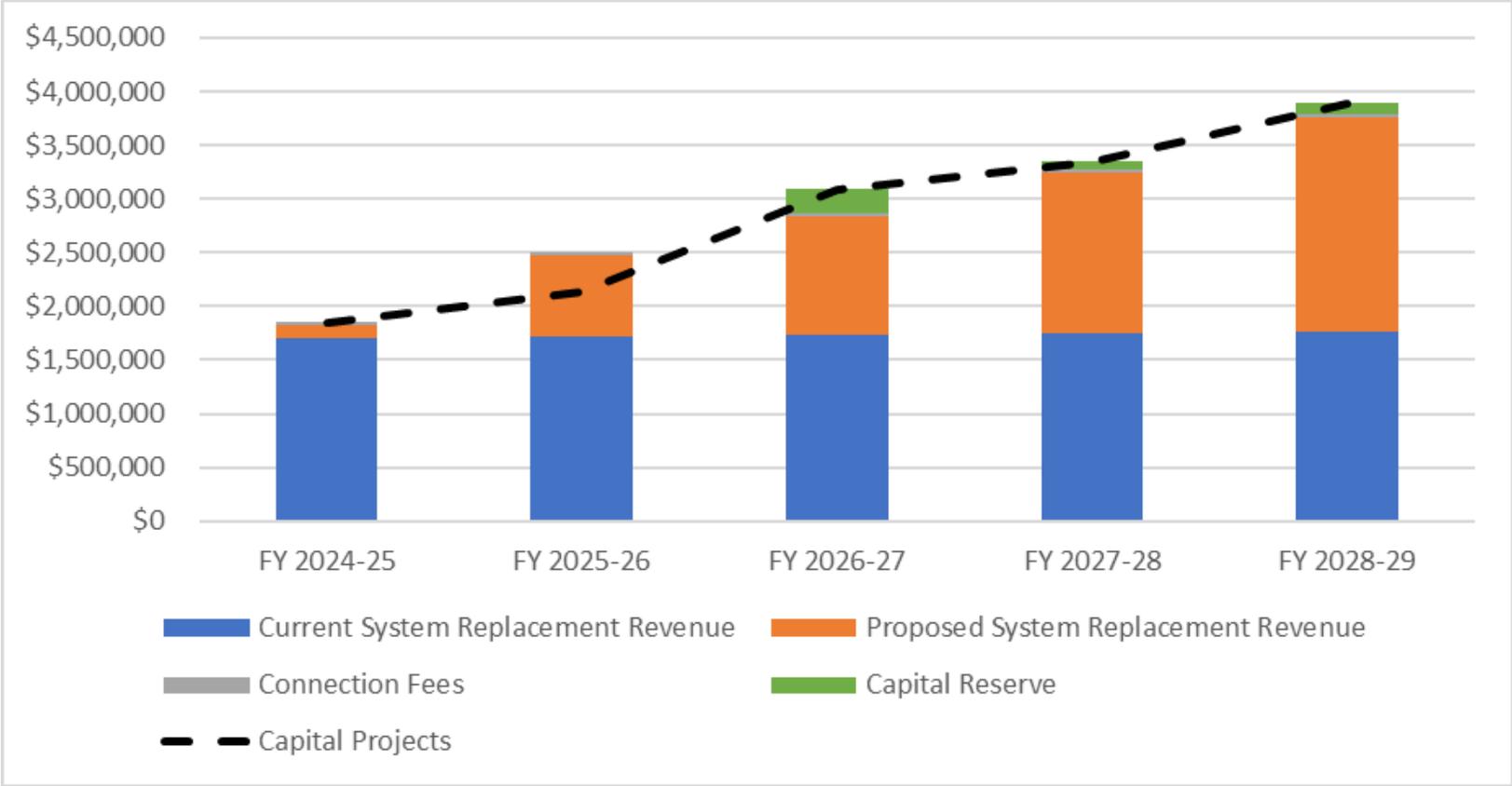
# Wastewater Capital Improvement Funding Plan



# Wastewater Revenue Requirement Summary

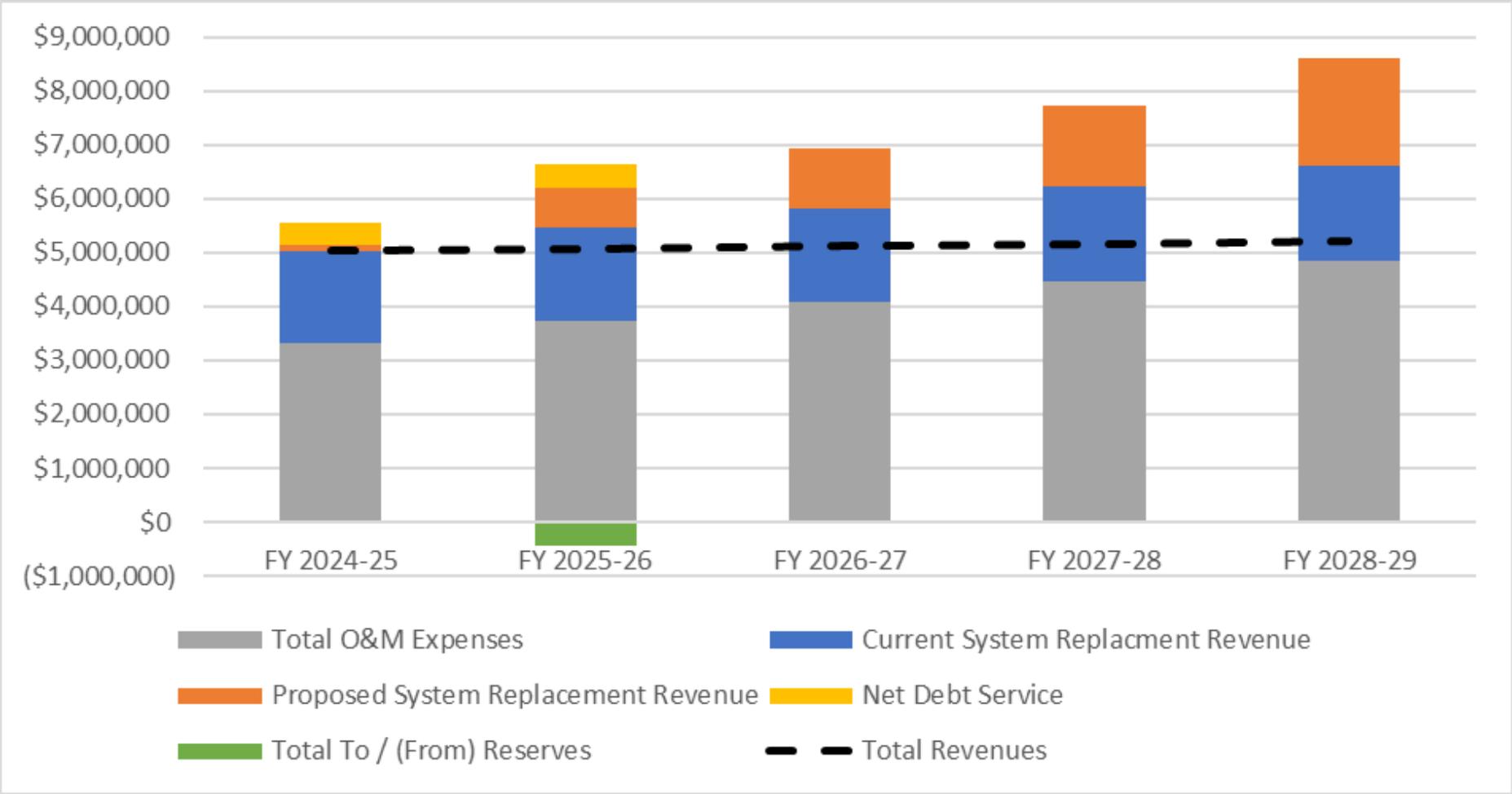


# Water Capital Improvement Funding Plan



**Shift to 10-year capital plan results in ~\$7 Mil in costs outside current five-year period**

# Water Revenue Requirement Summary



Use of reserves in FY 25-26 is the use of designated funds to pay the final year of debt service

# Water and Wastewater Overall System Revenue Adjustments and Available Property Tax

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	Total
1. 9% Annual Adjustment	(\$376,571)	\$14,721	\$306,213	(\$1,183,292)	(\$161,550)	(\$1,400,480)
2. 10% Annual Adjustment	(\$282,845)	\$221,562	\$648,569	(\$679,598)	\$533,205	\$440,893
3. 11% Annual Adjustment	(\$189,119)	\$430,292	\$997,206	(\$161,977)	\$1,253,689	\$2,330,091
4. 12% Annual Adjustment	(\$95,392)	\$640,912	\$1,352,181	\$369,824	\$2,000,609	\$4,268,133

# Range of Revenues at Overall System Adjustment Combined Water and Wastewater

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
10% Annual Adjustment	\$10,290,857	\$11,407,106	\$12,644,435	\$14,015,977	\$15,536,290
10.5% Annual Adjustment	\$10,337,633	\$11,511,043	\$12,817,644	\$14,272,555	\$15,892,612
11% Annual Adjustment	\$10,384,410	\$11,615,451	\$12,992,427	\$14,532,641	\$16,255,442

# Combined Water and Wastewater Average Monthly Residential Bill Comparison at Overall System Revenue Adjustments

	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
10% Annual Adjustment	\$150.69	\$165.76	\$182.33	\$200.57	\$220.62
10.5% Annual Adjustment	\$151.37	\$167.27	\$184.83	\$204.24	\$225.68
11% Annual Adjustment	\$152.06	\$168.79	\$187.35	\$207.96	\$230.84

- Overall rate adjustment is a Board directive based on the cost of providing service
- Requesting final recommendation to finalize cost of service and rate design

# Overview of the Cost of Service

## What is cost of service?

- Analysis to proportionally allocate the revenue requirement to the various customer classes of service

## Why cost of service

- Generally accepted as “fair and equitable”
- Avoids subsidies
- Revenues reflect costs
- Meets the intent of **Proposition 218**

## Objectives of Cost of Service

- Determine if subsidies exist
- Develop average *unit costs*

## Study Opportunities

- Evaluate alternatives for cluster meters (HOAs)
- **Revise current non-residential wastewater rate (EDU basis) to a meter size basis (like water)**
- Revise current non-residential wastewater connection fee (EDU basis) to a meter size basis (like water)
- Develop flat, unmetered, water rates for future potential use

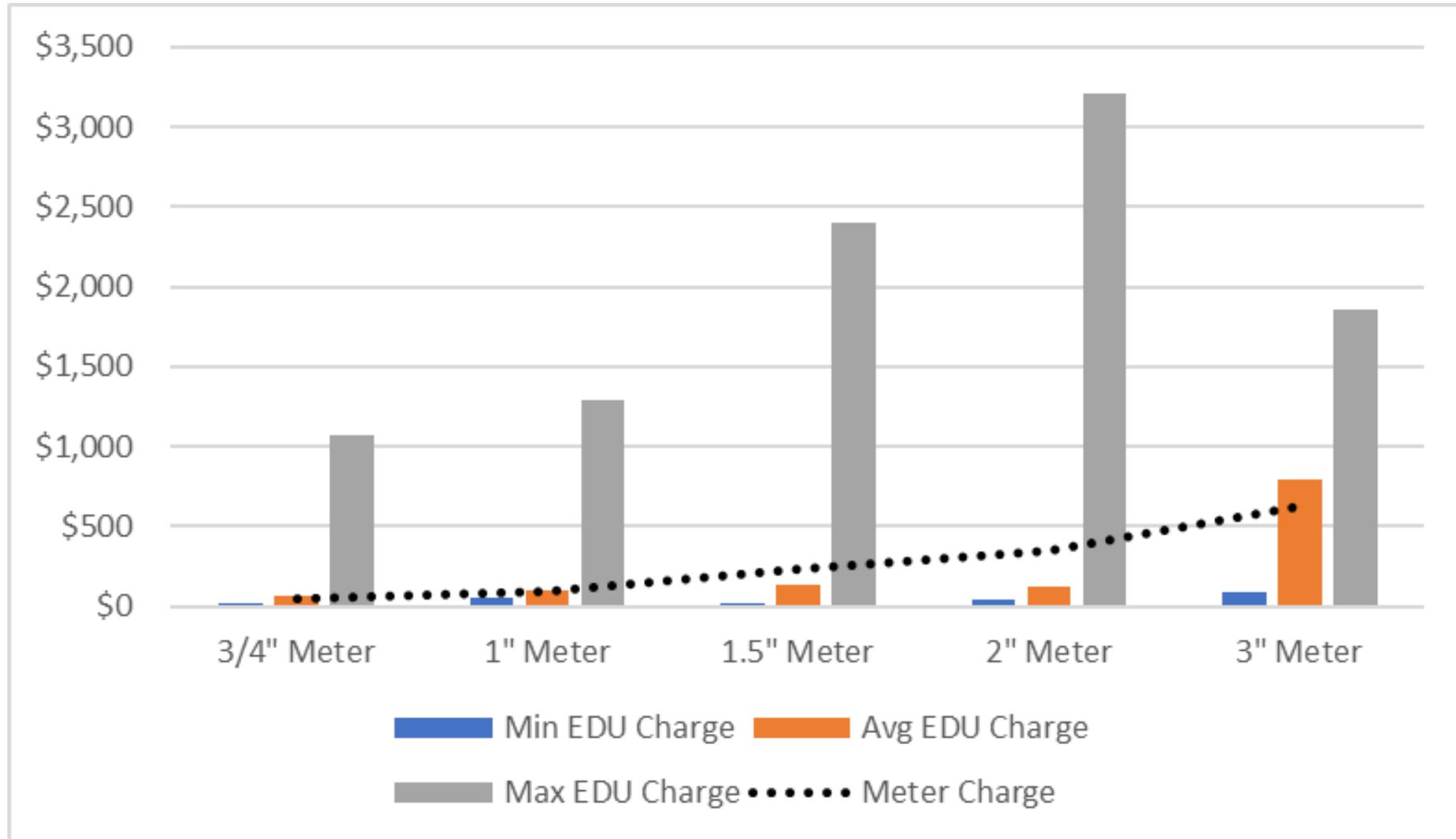
## Non-Residential EDU vs. Meter Size

- Evaluated the relationship of EDUs by meter size
  - Industry standard approach
- No clear relationship between EDUs and meter size was apparent

<u>Meter Size</u>	<u>Meter Ratio</u>	<u>Number of EDUs</u>		
		<u>Min</u>	<u>Avg</u>	<u>Max</u>
0.75	1.00	0.3	1.2	20.6
1.00	1.75	1.0	1.8	25.0
1.50	4.50	0.3	2.5	46.2
2.00	6.80	0.9	2.3	62.0
3.00	11.96	1.7	15.2	35.8

# Evaluation of Wastewater Meter Billing Approach

## Range of Bill Impacts at Current EDU Rate (Cont'd)



# Evaluation of Wastewater Meter Billing Approach

## Range of Bill Impacts at Current EDU Rate

- Transition wastewater billing approach to meter size results in significant swings in individual bills in a revenue neutral scenario
- Primarily the result of how the system has been developed
  - Wastewater EDUs are based on potential discharges of wastewater which does not necessarily reflect water meter size
  - Water meter may serve additional/other wastewater customers billed separately
  - There may be an imbalance between EDU counts and installed meter size
- **Recommend maintaining current EDU approach**
  - **Staff to continue to evaluate wastewater customer meter size and EDU calculation**
  - **Account audit and facility inspections will likely be required to allow for future transition to meter size billing**

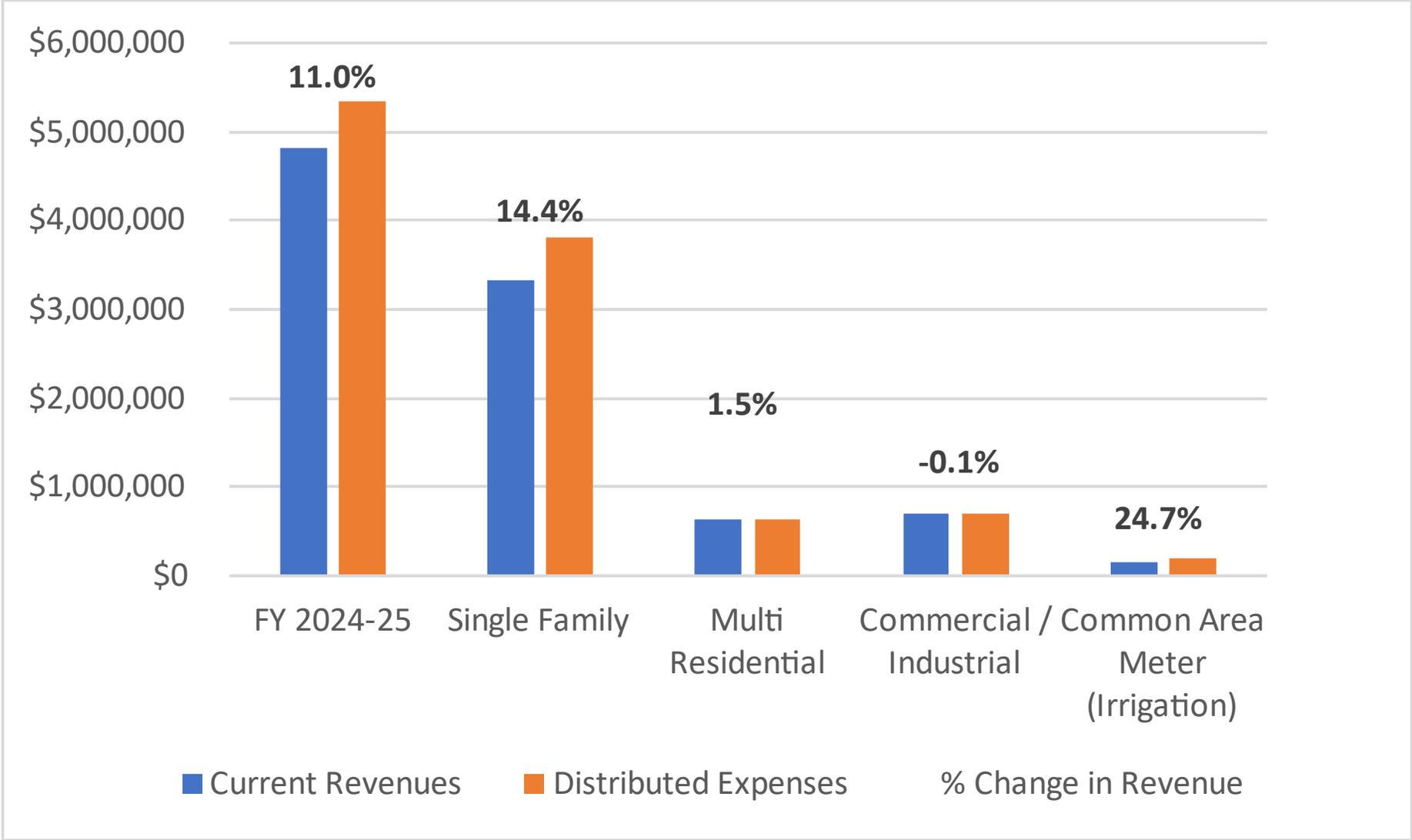
# Summary of the Wastewater Cost of Service

- Wastewater cost of service is based on industry standard approaches (i.e., WEF MOP #27)
- Cost of service allocates and distributes cost on a per EDU basis
- Approach simplifies the cost of service analysis
  - Total wastewater costs divided by total number of billable EDUs
- Cost per EDU is basis for proposed rates
- EDU is applied to different customer types based on industry standard metrics
  - Single family customer = 1 EDU
  - Non-residential based on:
    - Number of fixture units
    - Number of seats
    - etc.

# Water Cost of Service Impacts

- Water cost of service is based on industry standard approaches (i.e., AWWA M1 Manual)
- Reflects each customer class's proportional share of costs related to:
  - Average day
  - Peak day
  - Customer
- **Customer characteristics and District costs have changed since the last study**
  - Average and peak demands are based on recent customer and system data
  - District costs change over time
- Results in changes in the relationship (cost of service) between customer classes
- **These changes are expected even when completing studies routinely**

# Summary of the Water Cost of Service



# Summary of the Cost of Service Results

Minor cost differences exist for the water system

Reflects customer usage and facility requirements

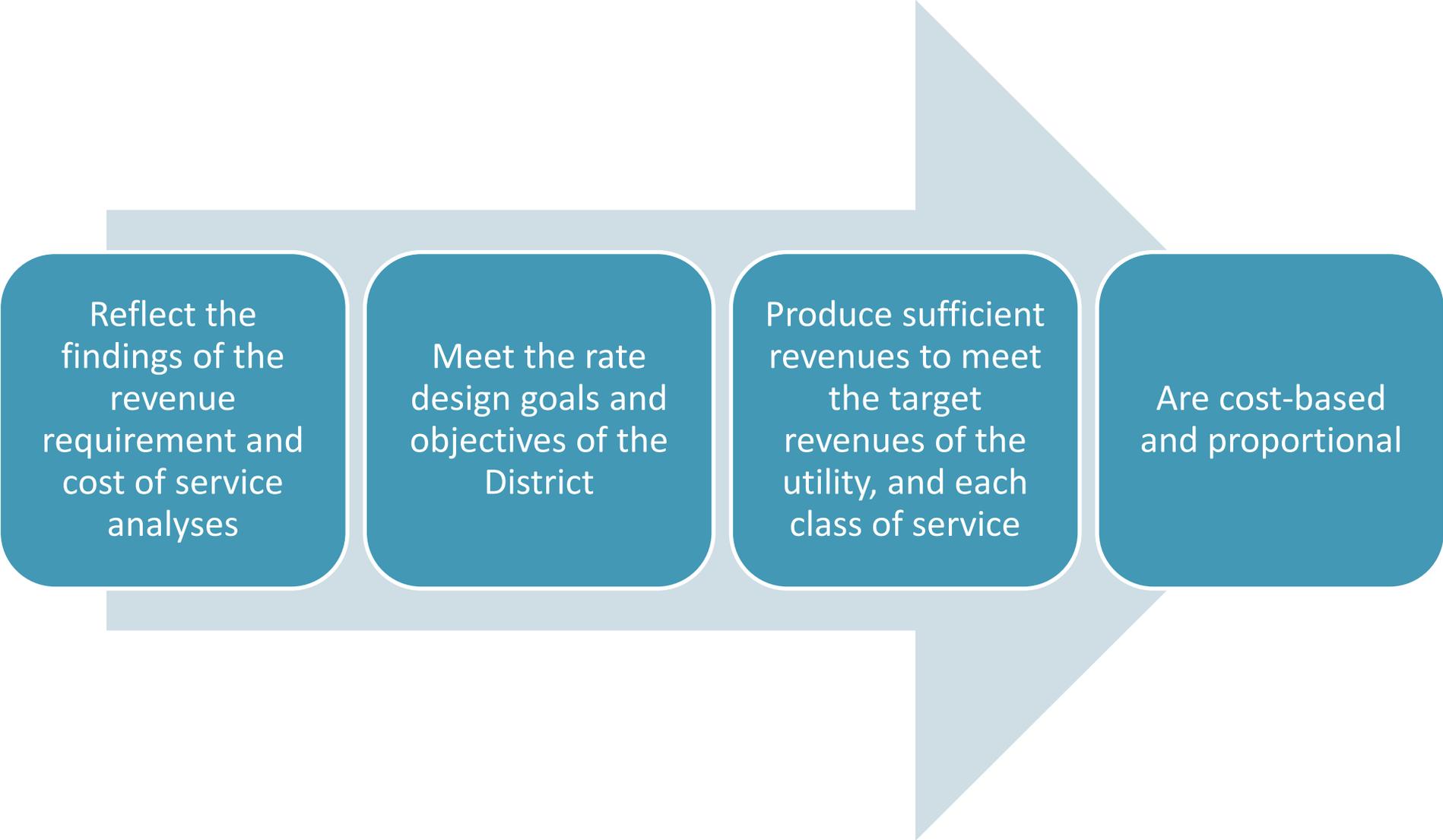
Cost of service analysis results in unit cost which are the basis for the proposed rates

Year 1 rate adjustment includes system revenue adjustments and rebalancing the proportionality between customer classes

Year 2 - 5 reflect annual overall system revenue adjustments

District reviews periodically to establish rate structure/cost relationships

# Overview of Rate Design



# Present and Proposed Wastewater Rates (11% Annually)

	Present Rates	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
<b>Residential</b>							
Base Rate	\$34.67	\$40.37	\$46.14	\$50.92	\$57.91	\$65.77	<i>Per EDU</i>
System Replacement Rate	\$15.81	\$17.18	\$17.75	\$19.99	\$20.80	\$21.60	<i>Per EDU</i>
State/Federal Mandate Fee	\$1.37	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	<i>Per EDU</i>
<b>Total Residential</b>	<u>\$51.85</u>	<u>\$57.55</u>	<u>\$63.88</u>	<u>\$70.91</u>	<u>\$78.71</u>	<u>\$87.37</u>	
<b>Non-Residential</b>							
Base Rate			See Non-Residential Table				<i>Per EDU</i>
System Replacement Rate			See Non-Residential Table				<i>Per EDU</i>
State/Federal Mandate Fee	1.37	0.00	0.00	0.00	0.00	0.00	<i>Per EDU</i>
<b>Total Non-Residential</b>	<u>\$1.37</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

# Present and Proposed Non-Residential Wastewater Rates (11% Annually)

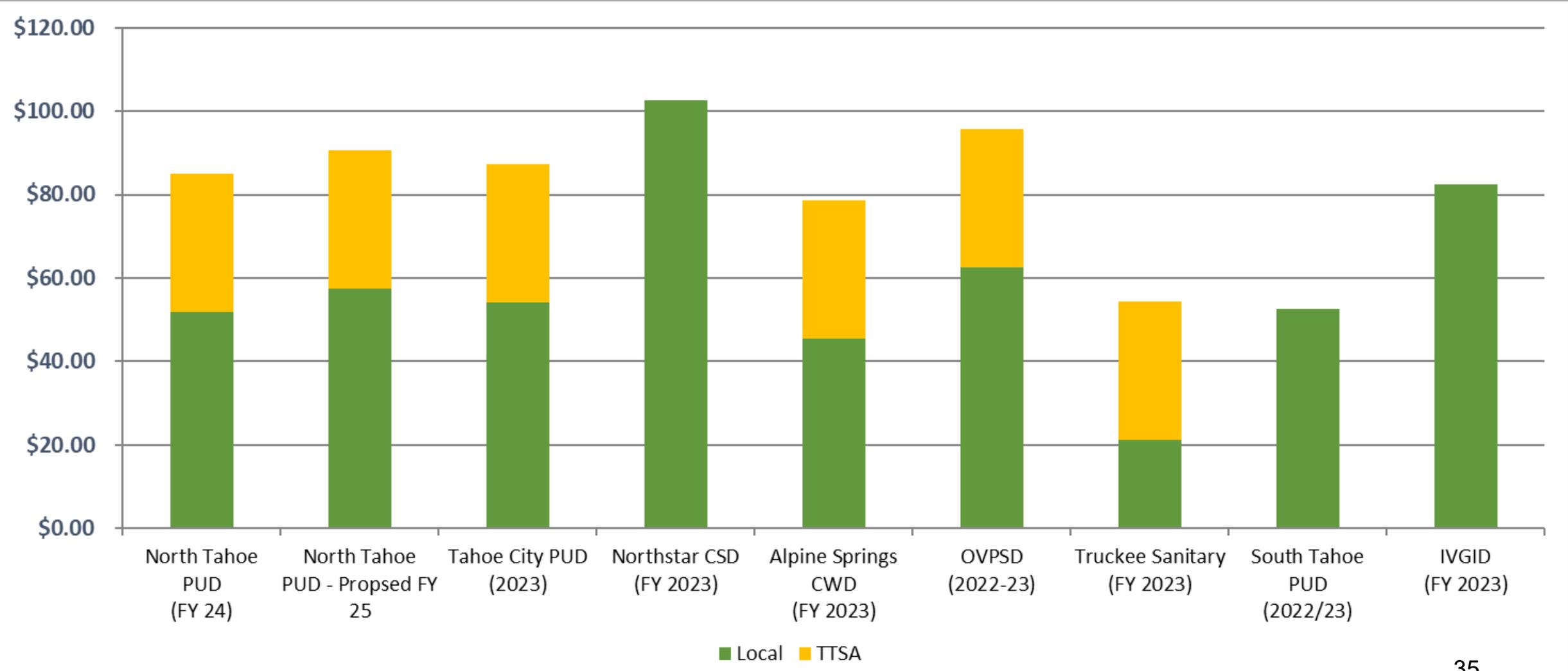
		BASE					
Unit		<i>Present Rates</i>	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Motel unit with kitc</b>	<i>Per Living Unit/month</i>	\$14.60	\$17.00	\$19.43	\$21.45	\$24.39	\$27.70
<b>Animal Shelter</b>	<i>Per Living Unit/month</i>	122.66	142.84	163.24	180.17	204.88	232.68
<b>Laundries</b>	<i># of Sites/month</i>	18.32	21.33	24.38	26.91	30.60	34.75
<b>Snack Bar</b>	<i># of Fixture Units/month</i>	3.43	3.99	4.56	5.04	5.73	6.51
<b>Other Business</b>	<i># of Fixture Units/month</i>	4.45	5.18	5.92	6.54	7.43	8.44
<b>Grocery/Market</b>	<i># of Fixture Units/month</i>	7.85	9.14	10.45	11.53	13.11	14.89
<b>Motel unit w/o kit</b>	<i># of 10 lb Machines/month</i>	11.20	13.04	14.90	16.45	18.71	21.25
<b>Inside Restaurant</b>							
Inside Seating	<i># of Seats/month</i>	3.43	3.99	4.56	5.04	5.73	6.51
Outside Seating	<i># of Seats/month</i>	1.13	1.32	1.50	1.66	1.89	2.14
<b>Theatres</b>	<i># of Seats/month</i>	0.44	0.51	0.59	0.65	0.73	0.83
<b>Churches</b>	<i># of Seats/month</i>	0.44	0.51	0.59	0.65	0.73	0.83
<b>Barber Shops</b>	<i># of Service Chairs/month</i>	11.79	13.73	15.69	17.32	19.69	22.37
<b>Beauty Shops</b>	<i># of Service Chairs/month</i>	19.56	22.78	26.03	28.73	32.67	37.10
<b>Schools</b>	<i># of seats/month</i>	0.07	0.08	0.09	0.10	0.12	0.13
<b>Swimming Pool</b>	<i>per pool</i>	8.91	10.38	11.86	13.09	14.88	16.90
<b>Campsite with sewer connection</b>	<i># of fixture units/month</i>	22.37	26.05	29.77	32.86	37.37	42.43
<b>Studio Living Unit</b>	<i>Living Units/month</i>	29.64	34.52	39.44	43.54	49.51	56.23
<b>Service Station</b>	<i>Per Account/month</i>	59.85	69.70	79.65	87.91	99.97	113.53
<b>Campsite without sewer connection</b>	<i># of service bays/month</i>	19.56	22.78	26.03	28.73	32.67	37.10

# Present and Proposed Non-Residential Wastewater Rates (11% Annually) (Cont'd)

SYSTEM REPLACEMENT							
Unit		<i>Present Rates</i>	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Motel unit with kit</b>	<i>Per Living Unit/month</i>	\$6.66	\$7.23	\$7.47	\$8.42	\$8.76	\$9.10
<b>Animal Shelter</b>	<i>Per Living Unit/month</i>	55.94	60.78	62.78	70.71	73.59	76.43
<b>Laundries</b>	<i># of Sites/month</i>	8.36	9.08	9.38	10.56	10.99	11.42
<b>Snack Bar</b>	<i># of Fixture Units/month</i>	1.56	1.70	1.76	1.98	2.06	2.14
<b>Other Business</b>	<i># of Fixture Units/month</i>	2.03	2.21	2.28	2.57	2.67	2.77
<b>Grocery/Market</b>	<i># of Fixture Units/month</i>	3.58	3.89	4.02	4.53	4.71	4.89
<b>Motel unit w/o kit</b>	<i># of 10 lb Machines/month</i>	5.11	5.55	5.73	6.46	6.72	6.98
<b>Inside Restaurant</b>							
Inside Seating	<i># of Seats/month</i>	1.56	1.70	1.76	1.98	2.06	2.14
Outside Seating	<i># of Seats/month</i>	0.52	0.56	0.58	0.65	0.68	0.70
<b>Theatres</b>	<i># of Seats/month</i>	0.20	0.22	0.23	0.25	0.26	0.27
<b>Churches</b>	<i># of Seats/month</i>	0.20	0.22	0.23	0.25	0.26	0.27
<b>Barber Shops</b>	<i># of Service Chairs/month</i>	5.38	5.84	6.03	6.80	7.07	7.35
<b>Beauty Shops</b>	<i># of Service Chairs/month</i>	8.92	9.69	10.01	11.28	11.74	12.19
<b>Schools</b>	<i># of seats/month</i>	0.03	0.03	0.04	0.04	0.04	0.04
<b>Swimming Pool</b>	<i>per pool</i>	4.06	4.42	4.56	5.14	5.35	5.55
<b>Campsite with sewer connection</b>	<i># of fixture units/month</i>	10.20	11.08	11.45	12.90	13.42	13.94
<b>Studio Living Unit</b>	<i>Living Units/month</i>	13.51	14.69	15.17	17.09	17.78	18.47
<b>Service Station</b>	<i>Per Account/month</i>	27.30	29.66	30.63	34.50	35.91	37.29
<b>Campsite without sewer connection</b>	<i># of service bays/month</i>	8.92	9.69	10.01	11.28	11.74	12.19

# Wastewater Utility

## Local Residential Bill Comparison

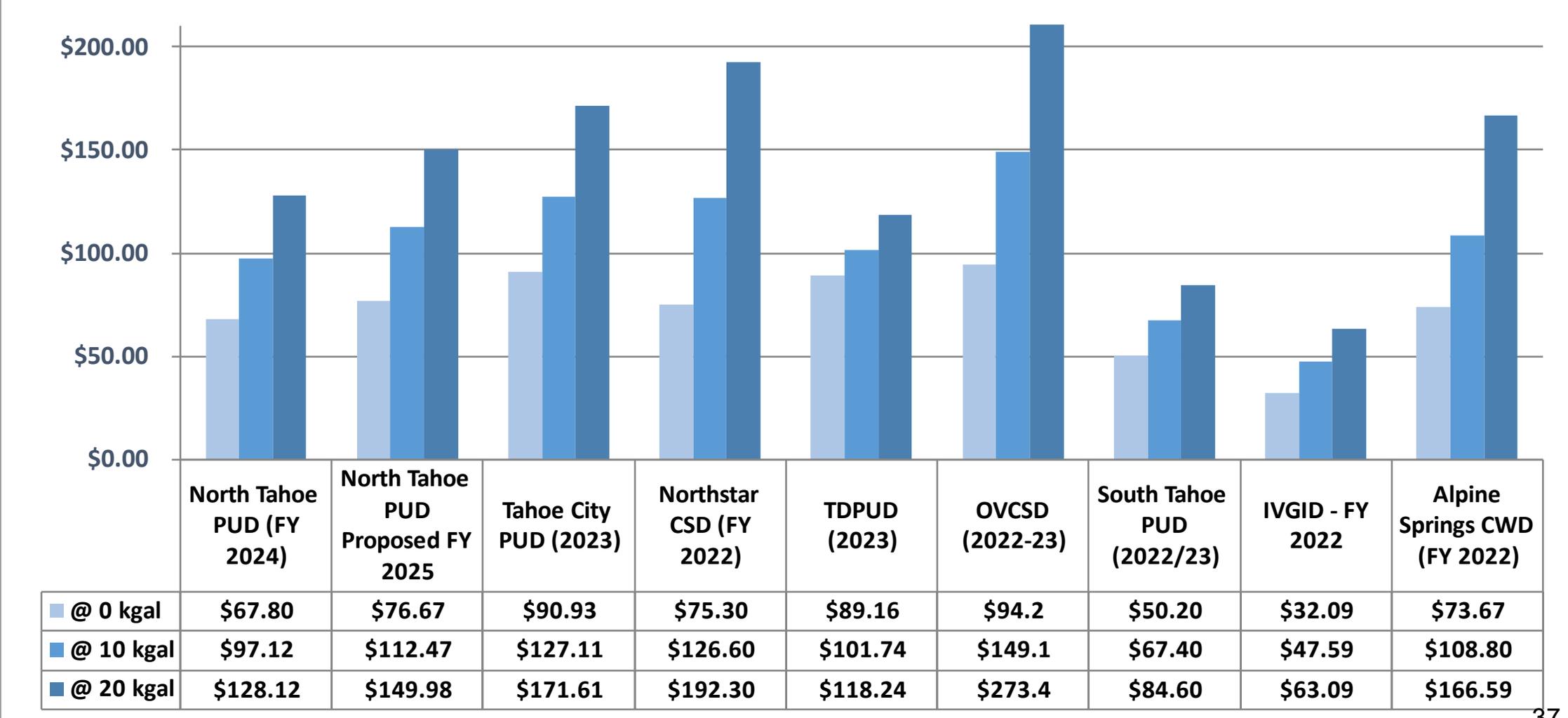


# Present and Proposed Single Family Water Rates

	Current Rates	Proposed Rates				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Fixed (\$/Month)</b>						
Base	\$35.55	\$44.56	\$49.36	\$55.64	\$62.81	\$67.07
System Replacement	30.58	32.11	35.78	38.90	42.17	45.34
State/Federal Mandate	1.67	0.00	0.00	0.00	0.00	0.00
<b>Variable (\$/1,000 gal)</b>						
0 -8,000	\$2.89	\$3.54	\$3.93	\$4.36	\$4.84	\$5.18
< 8,000 - 20,000	3.10	3.75	4.16	4.62	5.13	5.49
< 20,000	3.39	3.99	4.43	4.92	5.46	5.84

# Water Utility

## Local Residential Bill Comparison



# Present and Proposed Multi-Family and Commercial Water Rates

Tiers For Multi-Residential and Commercial Classes			
Meter Size	Tier 1	Tier 2	Tier 3
3/4"	0 - 6,000 Gal	6,000 - 41,000 Gal	41,000 Gal & Greater
1"	0 - 11,000 Gal	11,000 - 46,000 Gal	46,000 Gal & Greater
1 1/2"	0 - 27,000 Gal	27,000 - 116,000 Gal	116,000 Gal & Greater
2"	0 - 41,000 Gal	41,000 - 134,000 Gal	134,000 Gal & Greater
3"	0 - 72,000 Gal	72,000 - 161,000 Gal	161,000 Gal & Greater
4"	0 - 112,000 Gal	112,000 - 261,000 Gal	261,000 Gal & Greater
6"	0 - 200,000 Gal	200,000 - 460,000 Gal	460,000 Gal & Greater
8"	0 - 560,000 Gal	560,000 - 1,288,000 Gal	1,288,000 Gal & Greater

# Present and Proposed Multi-Family Water Rates

	Current	Proposed Rates				
	Rates	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Fixed (\$/Month)</b>						
<b>Base</b>						
3/4"	\$69.06	\$54.97	\$60.88	\$68.63	\$77.48	\$82.73
1"	120.90	100.77	111.62	125.82	142.05	151.68
1 1/2"	310.92	247.36	273.98	308.82	348.66	372.29
2"	469.79	375.61	416.05	468.95	529.44	565.33
3"	826.08	659.62	730.62	823.52	929.75	992.78
4"	1,292.04	1,026.07	1,136.51	1,281.03	1,446.28	1,544.33
6"	2,302.14	1,832.38	2,029.61	2,287.70	2,582.80	2,757.90
Cluster (1.5")	310.92	247.36	273.98	308.82	348.66	372.29
<b>System Replacement</b>						
3/4"	\$30.58	\$39.60	\$44.13	\$47.99	\$52.01	\$55.92
1"	48.05	72.60	80.91	87.98	95.36	102.53
1 1/2"	123.58	178.21	198.59	215.94	234.07	251.66
2"	186.71	270.61	301.56	327.91	355.44	382.15
3"	329.49	475.22	529.57	575.85	624.18	671.09
4"	513.49	739.24	823.77	895.76	970.95	1,043.93
6"	1,019.36	1,320.15	1,471.11	1,599.68	1,733.94	1,864.27
Cluster (1.5")	123.58	178.21	198.59	215.94	234.07	251.66
State/Federal Mandate	\$1.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Variable (\$/1,000 gal)</b>						
Tier 1	\$2.84	\$3.54	\$3.93	\$4.36	\$4.84	\$5.18
Tier 2	2.96	3.75	4.16	4.62	5.13	5.49
Tier 3	3.23	3.99	4.43	4.92	5.46	5.84

# Present and Proposed Commercial Water Rates

	Current	Proposed Rates				
	Rates	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Fixed (\$/Month)</b>						
<b>Base</b>						
3/4"	\$52.45	\$43.04	\$47.68	\$53.74	\$60.67	\$64.79
1"	91.82	78.92	87.41	98.52	111.23	118.77
1 1/2"	236.12	193.70	214.55	241.83	273.03	291.54
2"	356.78	294.14	325.80	367.23	414.60	442.71
3"	629.64	516.54	572.13	644.89	728.07	777.43
4"	981.22	803.50	889.99	1,003.16	1,132.56	1,209.34
<b>System Replacement</b>						
3/4"	\$30.58	\$31.01	\$34.56	\$37.58	\$40.73	\$43.79
1"	48.05	56.85	63.36	68.89	74.68	80.29
1 1/2"	123.57	139.55	155.51	169.10	183.29	197.07
2"	186.71	211.91	236.15	256.78	278.34	299.26
3"	329.49	372.14	414.70	450.94	488.79	525.52
4"	513.49	578.89	645.08	701.46	760.33	817.48
State/Federal Mandate	\$1.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Variable (\$/1,000 gal)</b>						
Tier 1	\$2.85	\$3.54	\$3.93	\$4.36	\$4.84	\$5.18
Tier 2	3.05	3.75	4.16	4.62	5.13	5.49
Tier 3	3.19	3.99	4.43	4.92	5.46	5.84

# Present and Proposed Irrigation Rates

	Current Rates	Proposed Rates				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
<b>Fixed (\$/Month)</b>						
<b>Base</b>						
3/4"	\$18.91	\$36.70	\$40.65	\$45.81	\$51.72	\$55.55
1"	33.11	67.28	74.52	83.99	94.83	101.84
1 1/2"	85.15	165.13	182.91	206.16	232.76	249.96
2"	128.66	250.76	277.75	313.07	353.45	379.57
3"	227.05	440.35	487.75	549.77	620.69	666.56
4"	356.84	684.99	758.72	855.20	965.52	1,036.87
6"	630.47	1,223.20	1,354.86	1,527.15	1,724.14	1,851.56
Cluster Meter (.75")	18.91	36.70	40.65	45.81	51.72	55.55
<b>System Replecement</b>						
3/4"	\$31.22	\$26.44	\$29.46	\$32.04	\$34.72	\$37.55
1"	54.65	48.47	54.01	58.73	63.66	68.84
1 1/2"	140.54	118.97	132.57	144.16	156.26	168.97
2"	212.35	180.66	201.32	218.91	237.28	256.58
3"	374.76	317.25	353.53	384.43	416.69	450.58
4"	584.02	493.51	549.94	598.00	648.19	700.90
6"	1,040.60	881.26	982.03	1,067.86	1,157.49	1,251.60
Cluster Meter (.75")	31.22	26.44	29.46	32.04	34.72	37.55
<b>State/Federal Mandate</b>	\$1.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Variable (\$/1,000 gal)</b>						
Tier 1	\$3.32	4.00	\$4.44	\$4.93	\$5.47	\$5.85
Tier 2	3.69	4.49	4.99	5.54	6.15	6.58

## Study Opportunities

- Evaluate alternatives for cluster meters (HOAs)
- Revise current non-residential wastewater rate (EDU basis) to a meter size basis (like water)
- Revise current non-residential wastewater connection fee (EDU basis) to a meter size basis (like water)
- Develop flat, unmetered, water rates for future potential use
- **Based on proposed water rate structure**
- **Assumes monthly annual average consumption of 8,000 gallons**

	Current Rates	Proposed Rates				
		FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Flat Un-Metered Rate	N/A	\$104.97	\$116.58	\$129.42	\$143.70	\$153.85

## Study Opportunities

- Evaluate alternatives for cluster meters (HOAs)
- Revise current non-residential wastewater rate (EDU basis) to a meter size basis (like water)
- Revise current non-residential wastewater connection fee (EDU basis) to a meter size basis (like water)
- Develop flat, unmetered, water rates for future potential use
- **No change in approach at this time**
  - **Need to evaluate further impacts due to water and wastewater billing**

## Study Opportunities

- Evaluate alternatives for cluster meters (HOAs)
- Revise current non-residential wastewater rate (EDU basis) to a meter size basis (like water)
- Revise current non-residential wastewater connection fee (EDU basis) to a meter size basis (like water)
- Develop flat, unmetered, water rates for future potential use
- **Recommend maintaining EDU wastewater billing and no proposed change in connection fee approach**

## Today

Review final revenue requirement analysis – based on policy discussion



Review cost of service and rate design analysis



Develop Final Study Recommendations



## Tentative Project Schedule

- October 2023 review cost of service, rate design, and connection fee alternatives
- November 2023 present study recommendations and set public hearing date
- November/December 2023 develop public notice materials and information
- January/February 2024 public hearing

# Board Discussion and Direction



# Prior Rate Study Goals and Outcomes (Cont'd)

- Resulted in a rate transition plan that was adopted by the Board through a Proposition 218 process

	<b>FY 18/19</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>	<b>FY 22/23</b>	<b>FY 23/24</b>
Water Avg. Bill @ 6,000 gal.	\$65.30	\$78.23	\$80.10	\$81.71	\$83.41	\$85.14
Water % System Adjustment	--	0.0%	2.5%	2.0%	2.0%	2.0%
Wastewater Avg. Bill	\$19.14	\$32.96	\$41.19	\$44.17	\$47.95	\$51.86
Wastewater % System Adjustment	--	90.0%	22.0%	9.0%	9.0%	9.0%