

RESOLUTION NO. 24-04
OF THE BOARD OF DIRECTORS OF THE CHRISTIAN VALLEY
PARK COMMUNITY SERVICE DISTRICT AMENDING THE
DISTRICT'S WATER RATES

WHEREAS, the Board of Directors of the Christian Valley Park Community Service District completed the Christian Valley Water Rate Study, a copy of which is attached hereto as Exhibit A, which determined that incremental water rate increases are necessary to maintain the water treatment facility and increased operating costs; and

WHEREAS, the District last raised quarterly water rates in 2019; and

WHEREAS, the District water treatment facility and transmission lines are nearly 60 years old and transmission lines are in need of major maintenance and using technology to prioritize replacement of water distribution pipelines; and

WHEREAS, the District does not have the financial reserves to make the necessary repairs to maintain, assess and replace water distribution pipelines; and

WHEREAS, the District proposes to incrementally increase the quarterly water rates over the next five years to cover the increased costs of maintenance, repairs and continued operation and stay on par with inflation; and

WHEREAS, the District duly notified all property owners in the Christian Valley Park Community Services District of the proposed rate increase by letter mailed on April 26, 2024, a copy of which is attached hereto as Exhibit B and of their rights under Proposition 218 to protest that rate increase: and

WHEREAS, the District held a duly noticed public hearing on the proposed rate increase on June 11, 2024, at 7:00 pm and heard from district homeowners and tenants with respect to the increase and accepted written protests up to the close of the hearing: and

WHEREAS, the Secretary of the Board and/or Rate Consultant counted the written protests received and determined that they did not exceed 50% of the number of properties subject to the rate increase;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the Christian Valley Park Community Services District hereby adopts the following schedule of water rates:

Resolution 24-04
 Christian Valley Park Community Service District
 Amending District Water Rates

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
3/4"	\$179.37	\$217.52	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
1"	\$298.98	\$355.85				
2"	\$956.73	\$1,116.66				
USAGE CHARGE (metered water use)						
\$ per ccf	\$1.28	\$1.63	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82

*The Base Fixed Charge per Quarter applies to customers and is based on meter size

**One Unit of water is equal to 748 gallons

***For more details, see the Water Rate Study, Exhibit A

This Resolution shall go into force and effect immediately and apply to water services from July 1, 2024.

The foregoing Resolution was duly passed at an official meeting of the Christian Valley Park Community Service District held on June 11, 2024 by the following vote:.

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

 Chairman of the Board of Directors
 Christian Valley Park Community Services District

ATTEST:

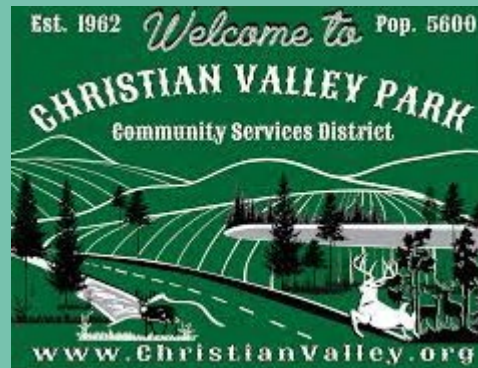
Resolution 24-04
Christian Valley Park Community Service District
Amending District Water Rates

Secretary to the Board

CHRISTIAN VALLEY PARK COMMUNITY SERVICES DISTRICT

Exhibit A

Water Rate Study Recommendations



Board Meeting
April 9, 2024



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Background

- Water service is self-supported by water rates
 - Other revenues include hookup fees, standby fees, and interest
 - Gayle Loop property taxes pay off the Gayle Loop debt
- Rate study will cover a 5-year period
 - First rate increase effective July 1, 2024
 - Subsequent increases will go into effect on July 1 of 2025, 2026, 2027, 2028
- Provides water service to 632 customers
- District purchases raw water from the Placer County Water Agency (PCWA) and receives water from the Bowman canal system



Current Quarterly Water Rates

Meter Size	Quarterly Service Charge
3/4"	\$179.37
1"	\$298.98
1-1/2"	\$597.96
2"	\$956.73
3"	\$1,793.85
4"	\$2,989.74
Usage Charge (\$/ccf)	\$1.28

1 ccf = 1 hundred cubic feet = 748 gallons



Example Bills – 3/4” Single Family

- Fixed fee of \$179.37 per quarter
- Plus water usage: \$1.28 X ccf of use

Quarter		Average Water Use (ccf)	Quarterly Bill
1	Jan through Mar	25	\$211.37
2	Apr through Jun	64	\$261.29
3	Jul through Sep	109	\$318.89
4	Oct through Dec	39	\$229.29
	Average	59	\$254.89



Water Fund Financial Overview

Projected 2023/24 Financials

	FY2023/24
BEGINNING FUND BALANCE	\$1,007,000
REVENUES	
Water Sales	\$650,600
Other Revenues	<u>\$67,000</u>
Total Revenues	\$717,600
EXPENSES	
Operating Expenses	\$514,000
Debt Service	\$179,000
CIP	\$25,000
Water Line Repairs	<u>\$80,000</u>
Total Expenses	\$798,000
NET INCOME	(\$80,400)
ENDING FUND BALANCE	\$926,600

- Strong estimated reserves at end of FY2024 of about \$927,000 of nonrestricted funds
- Upcoming Cost of Service Increases
 - Inflationary cost increases for most operating expenses
 - Increase in water plant maintenance from \$19,000 to \$25,000
 - \$80,000 + inflation for annual water line repairs
 - +\$14,000/year set aside for the loan reserve requirement
 - Up to +\$45,000/year in high priority capital projects (media replacements, valve replacements, and professional services)
 - Target a debt coverage ratio of 1.25x on existing debt obligations to maintain a strong credit rating
- Potential additional needed funding of \$1M of pipe replacements: Steel portion of the 8" Allen replacement and 6" Witt Road



Rate Plan

- 23% increase July 1, 2024 to “course correct” the utility’s financials
 - Meet operating and debt service costs
 - Fund high priority valve replacements, media filters, pipeline breaks, and associated professional services costs over the next five years
 - Increases to the fixed meter fees and usage rate
 - No growth assumed
- July 1, 2025 (i.e. year 2 of the rate plan)
 - Add a fixed capital improvement fee
 - Introducing the capital fee in year 2 helps phase-in rate design changes over two years and mitigate rate impacts
 - The capital fee is intended to recover \$125,000 per year over four years
 - Total capital fee revenue of \$500,000 through FY2029 is equal to half of the \$1M of estimated pipeline replacement costs
 - Absent these capital improvements, the District would likely face costly emergency repairs and service interruptions



Rate Plan Continued

- July 1 of years 2025 to 2028
 - The fixed and usage charges will be increased by the annual change in the Consumer Price Index (CPI), a common measure of inflation
 - Minimum increase of 3% annually and a maximum increase of 10% (recommended for Prop 218 compliance so ratepayers know the potential high end of future charges)
 - As inflation changes from year to year, the District's cost of providing water service also increases such as the cost of chemicals, electricity, materials, and supplies
 - The CPI increase is not intended to generate excess funds but instead keep up with actual costs to avoid future deficits



Quarterly Water Rates

		PROPOSED				
Meter Size	Current	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
3/4"	\$179.37	\$217.52	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
1"	\$298.98	\$355.85				
2"	\$956.73	\$1,116.66				
USAGE CHARGE (metered water use)						
\$ per ccf	\$1.28	\$1.63	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82

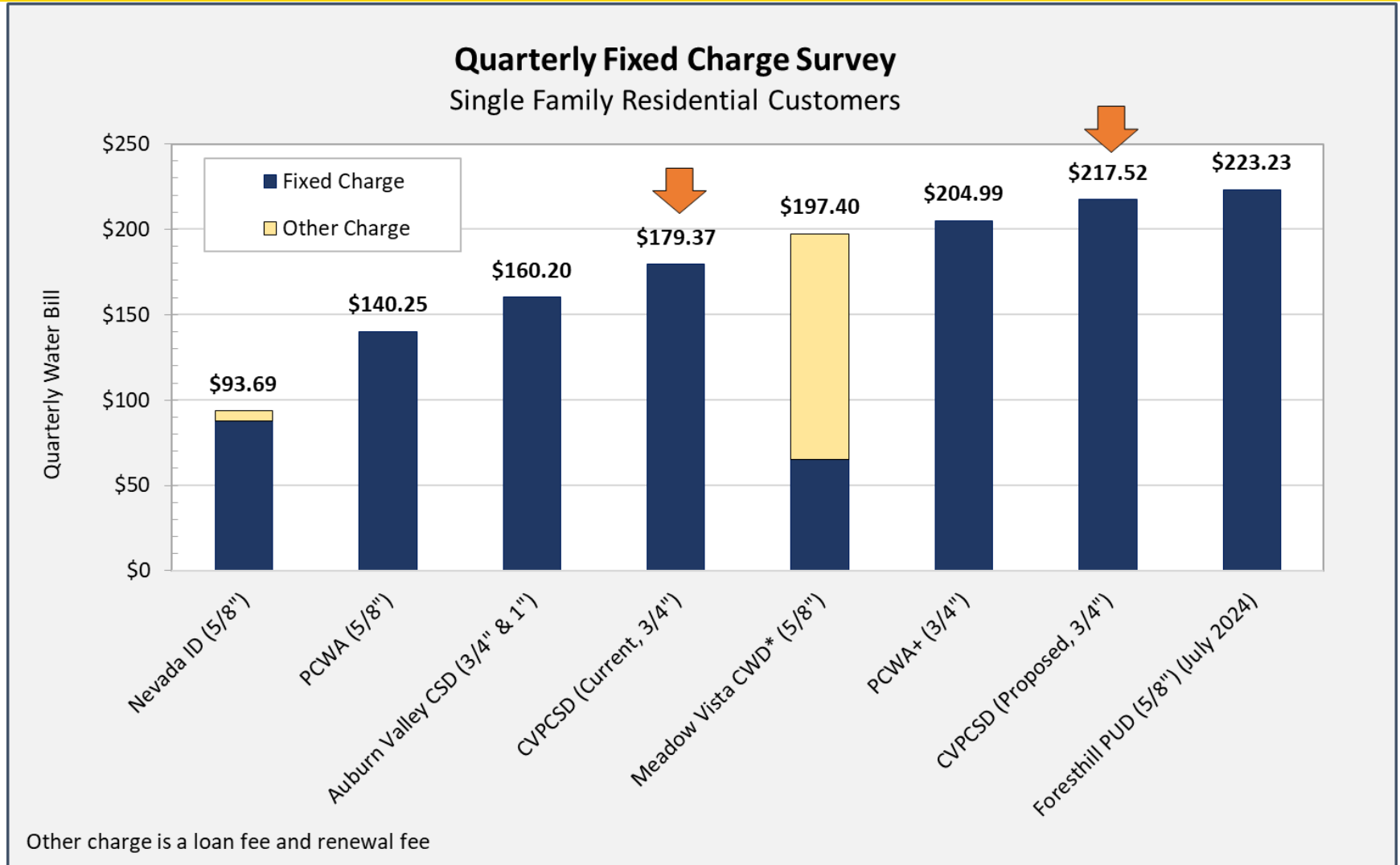


Quarterly Water Rates – 3% CPI

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
			Examples rates based on +3% CPI			
3/4"	\$179.37	\$217.52	\$224.05	\$230.77	\$237.69	\$244.82
1"	\$298.98	\$355.85	\$366.53	\$377.53	\$388.86	\$400.53
2"	\$956.73	\$1,116.66	\$1,150.16	\$1,184.66	\$1,220.20	\$1,256.81
USAGE CHARGE (metered water use)						
			Examples rates based on +3% CPI			
\$ per ccf	\$1.28	\$1.63	\$1.68	\$1.73	\$1.78	\$1.83
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82

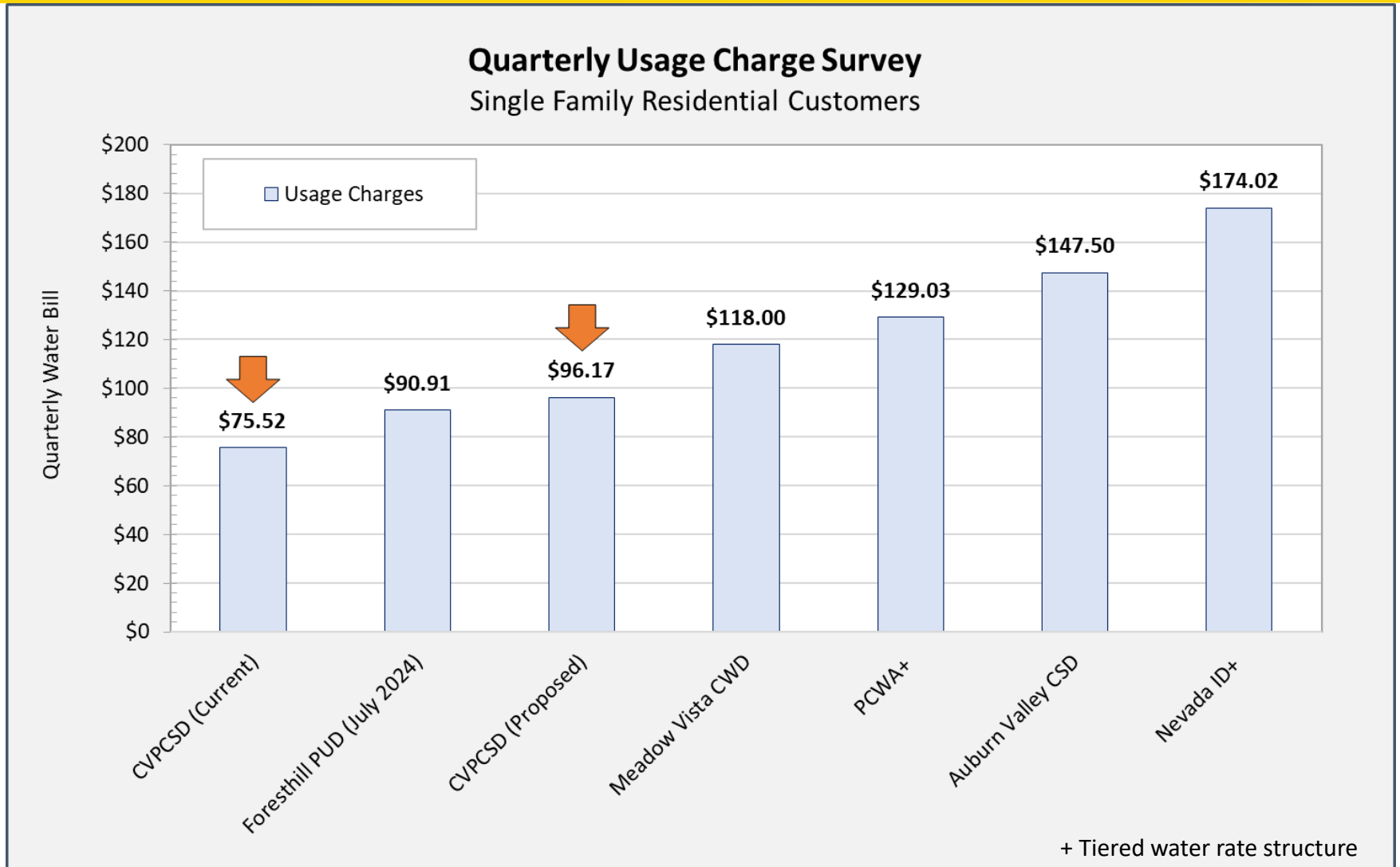


Fixed Charge Survey (current & FY25)



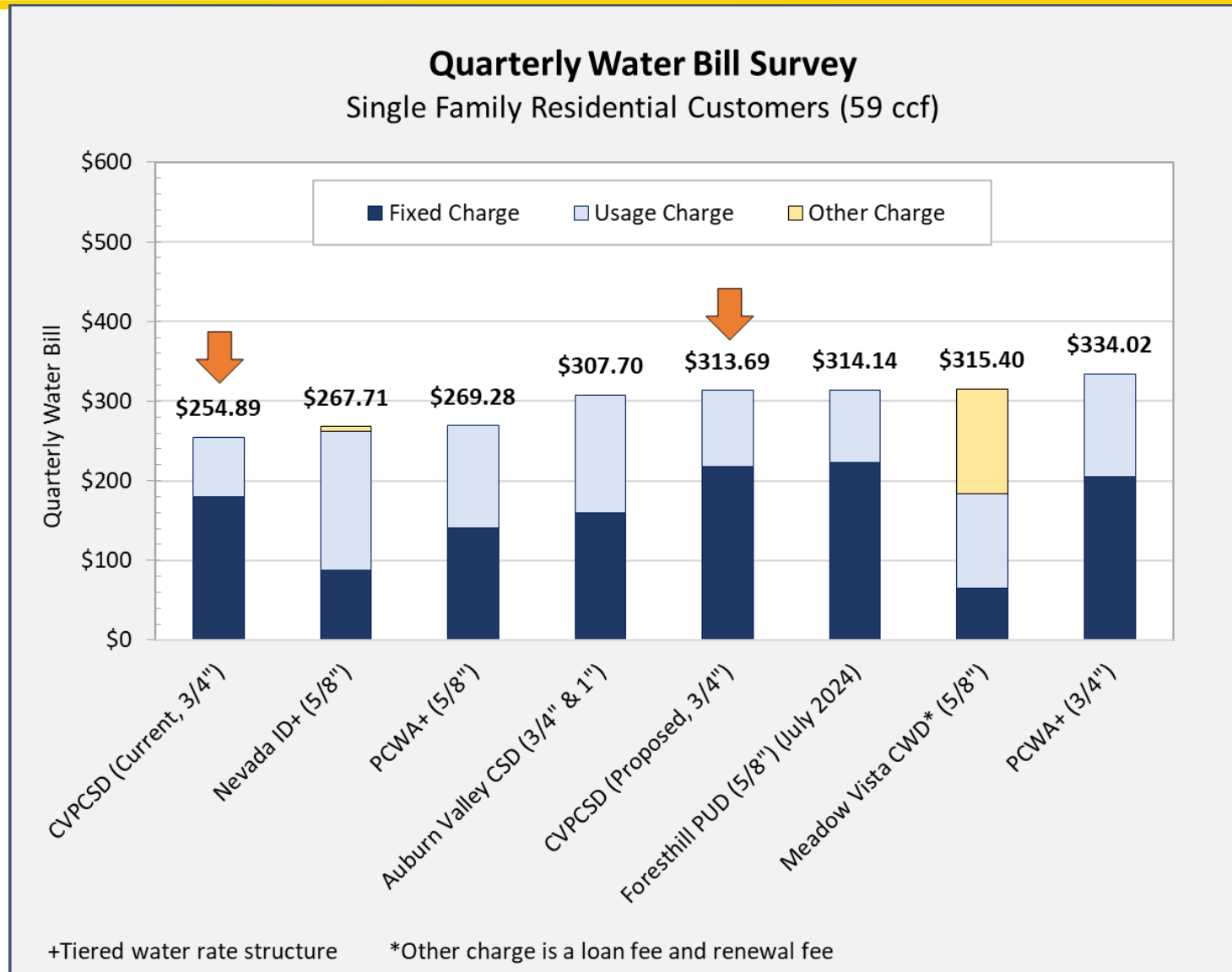


Usage Charge Survey (current & FY25)





Water Rate Survey (current & FY25)



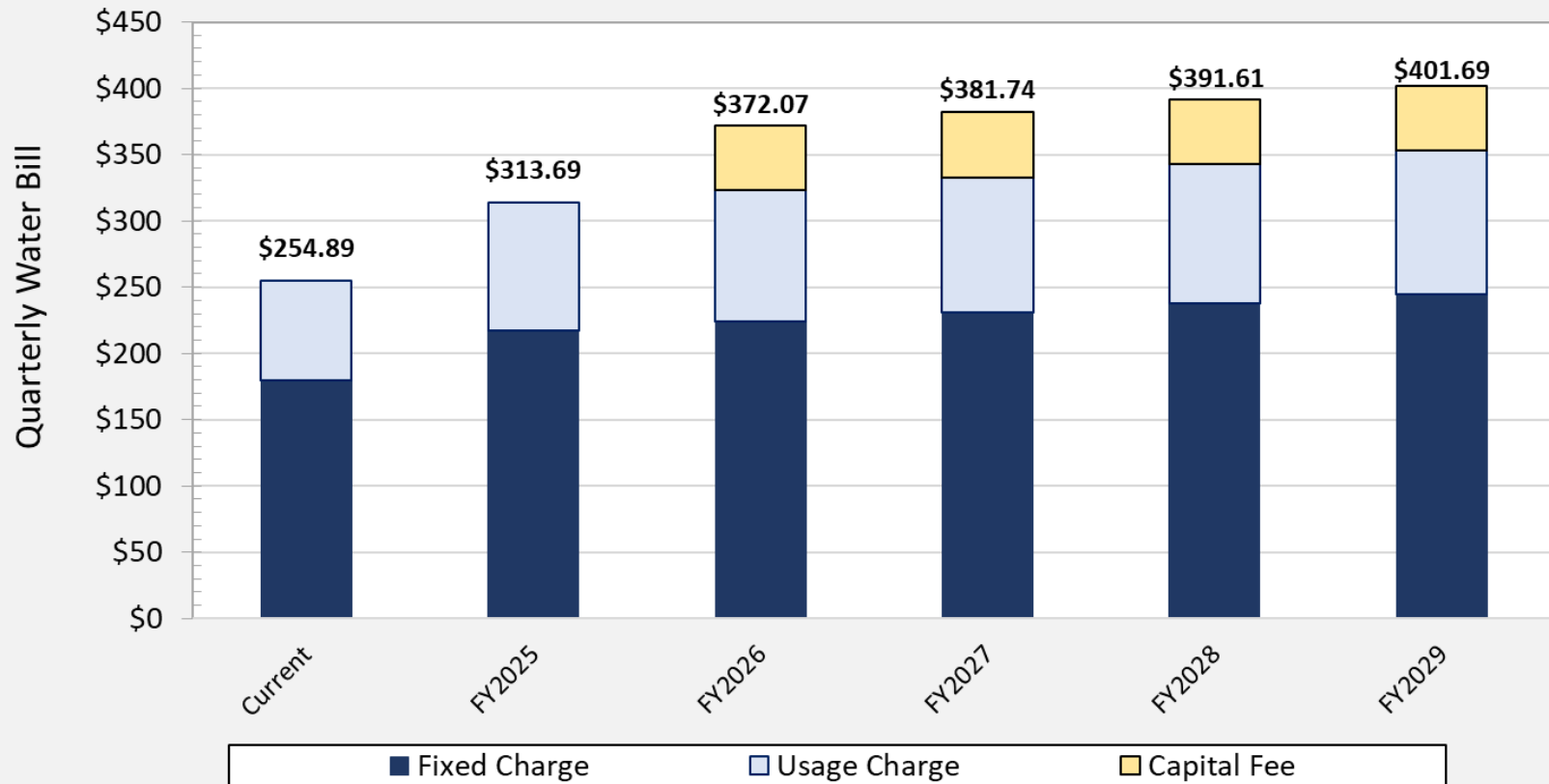


CVPCSD five year bill summary

Proposed Quarterly Water Bills

Single Family Residential Customer (3/4" meter and 59 ccf usage)

FY2026 to FY2029 Assumes +3% Increases in the Consumer Price Index





Rate Plan Continued

- July 1 of years 2025 to 2028
 - The fixed and usage charges will be increased by the annual change in the Consumer Price Index (CPI), a common measure of inflation
 - Minimum increase of 3% annually and a maximum increase of 10% (recommended for Prop 218 compliance so ratepayers know the potential high end of future charges)
 - As inflation changes from year to year, the District's cost of providing water service also increases such as the cost of chemicals, electricity, materials, and supplies
 - The CPI increase is not intended to generate excess funds but instead keep up with actual costs to avoid future deficits



Tentative Rate Study Schedule

- April 9: Present final report; Board votes to initiate Prop 218 process
- April 26: Mail notice of public hearing w/ ratepayer outreach meeting info
- Late April: internal meeting to plan for ratepayer outreach meeting
- May 7: Ratepayer outreach meeting
- June 11: Proposition 218 Public Hearing (47 days later)
- July 1, 2024: New rates go into effect



Discussion



Exhibit B



Christian Valley Park CSD
P.O. Box 6857
Auburn CA 95604



T5

~~11434 B AVENUE~~
~~AUBURN CA 95603~~

AUBURN CA 95602

**NOTICE OF PUBLIC HEARING REGARDING
PROPOSED WATER RATE INCREASE**
Tuesday, June 11, 2024 at 7 pm
at the

**Placer County Health and Human Services Building
Jeff Brown Training Rooms
11434 B Avenue
Auburn, CA 95603**

CUSTOMER INFORMATION SESSION
Tuesday, May 7, 2024 at 7pm
at the

**Placer County Health and Human Services Building
Jeff Brown Training Rooms
11434 B Avenue
Auburn, CA 95603**

The Christian Valley Park Community Services District (District) provides water service to approximately 630 residential customers as well as the California Conservation Corps. The District relies on water rates paid by customers to fund the costs of running the system, keep up with cost increases, and keep water infrastructure in good working condition. Water rates were last increased in 2019 – five years ago. Since that time, the cost to provide service has gone up. In addition, the District has identified pipeline repairs and replacements that are needed to prevent watermain breaks and service interruptions. The District will hold a public hearing on June 11, 2024 to consider water rate changes for the next five years. You are

receiving this notice because you are either a District utility customer or you own property receiving District water service.

The District will hold a customer information session on May 7th at 7pm at the Placer County Health and Human Services Building, Jeff Brown Training Rooms, 11434 B Avenue, Auburn, CA 95603 to discuss the financial needs of the water system, proposed rate increases, and answer questions from the public. The information session will also be simulcast via Zoom (please see the District's website: <https://www.christianvalley.org/> for login credentials). Following the information session, the District will hold its regularly scheduled Board of Directors meeting on May 14th. The public is invited to attend the Board of Directors meeting to further address any concerns.

Why is a water rate change needed?

The District engaged an independent rate consultant to review water service costs and determine recommended rate adjustments. The consultant's report is available at: <https://www.christianvalley.org/>. In recent years, the cost of providing water service has gone up due to the increasing costs of chemicals, electricity, water treatment plant maintenance, and repairs. This year, it is expected that the water utility will operate at a deficit meaning that revenues will not fully cover expenses. The District will draw upon its limited reserves to fund these costs.

Rates were last increased five years ago, and an adjustment is needed to bring revenues up to the current cost of providing water service. July 1, 2024, the District proposes to increase the base fixed charge as well as the usage charge. The fixed charge is billed to all customers based on meter size. The volume or usage charge is billed to each hundred cubic feet (ccf) of metered water usage.

Each July from July 1, 2025 to July 1, 2028, it is proposed that the District increase the fixed charge and usage charge based on the annual change in the Consumer Price Index (CPI). The CPI is an indicator of inflation. As inflation causes the District's expenses to increase (such as electricity, chemicals, labor, and supplies), the District will implement CPI rate increases to fund these costs. The annual change will be a maximum increase of 10% but not less than 3%. For example, if the annual change to the CPI is 2.7%, the District will implement a 3% increase. If the annual change to the CPI is 5%, the District will implement a 5% increase. If the annual change to the CPI is 12%, the District will implement a 10% maximum increase. The CPI adjustments are needed to help the District keep up with funding its costs.

The District also proposes to charge a new capital improvement fee beginning next year on July 1, 2025. The capital improvement fee is needed to fund pipeline improvements and system repairs. The District anticipates \$1 million of costs associated with replacing the steel portion of the 8" line on Allen Drive and the 6" line along Witt Road. The new capital improvement fee is intended to accumulate half of these costs (\$500,000) through fiscal year

2028/29. Absent these pipeline replacements, the District will likely face costly main breaks and service interruptions. The capital improvement fee is not proposed to be adjusted by the CPI and will remain the same from 2025 to 2028, if approved.

The schedule of proposed rate adjustments is provided below. The District bills customers quarterly such that each bill represents three months of water service.

Meter Size	Current	PROPOSED				
		July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
BASE FIXED CHARGE PER QUARTER						
3/4"	\$179.37	\$217.52	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
1"	\$298.98	\$355.85				
2"	\$956.73	\$1,116.66				
USAGE CHARGE (metered water use)						
\$ per ccf	\$1.28	\$1.63	To be increased annually based on the % increase in the Consumer Price Index (CPI) or 3% whichever is greater up to a maximum of 10%			
+ ADDITIONAL CAPITAL IMPROVEMENT FEE PER QUARTER (fixed charge)						
3/4"	NA	\$0.00	\$48.90	\$48.90	\$48.90	\$48.90
1"	NA	\$0.00	\$81.51	\$81.51	\$81.51	\$81.51
2"	NA	\$0.00	\$260.82	\$260.82	\$260.82	\$260.82

Ccf – hundred cubic feet; equal to 748 gallons of metered water usage

July 1, 2025 through 2028, the base fixed charge and the usage charge are proposed to be increased annually by the annual % change in the Consumer Price Index (CPI - an indicator of inflation) with a minimum annual increase of 3% and a maximum annual CPI increase of 10%.

The annual change in rates will be based on the increase in the CPI for All Urban Consumers (CPI-U): U.S. city average (all items) based on the un-adjusted 12 months prior ending in June of each year for 2025 to 2028 as published by the US Bureau of Labor Statistics. The mathematical formula is:

$$\text{then current rate} \times (1 + \text{the \% increase in CPI})$$

How do I file a protest or participate in the public hearing?

The provisions of Proposition 218 provide that certain types of "Property Related Fees" such as water rates are subject to a "majority protest" process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel. If protests are filed

on behalf of a majority of the parcels subject to the rates, the District cannot adopt the proposed rates.

Every written protest MUST include ALL of the following to be counted:

1. A statement against the proposed water rates
2. Name of the recorded owner or customer of record who is submitting the protest;
3. Identification of assessor's parcel number or street address of the parcel with respect to which the protest is made; and an
4. Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.

Protests must be submitted **in writing** by:

1. Mail to - Prop 218 Protest, P.O. Box 6857, Auburn CA 95604; or
2. In-person at the Public Hearing, prior to the conclusion of the Public Hearing; or
3. Call (530) 878-8050 to arrange in-person pickup/drop off

Regardless of how the written protest is submitted, it must be received by the District prior to the conclusion of the public comment portion of the Public Hearing on June 11, 2024. (Postmark dates will not be accepted.) Any protest submitted via e-mail or other electronic means will not be accepted. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest.

The District will hold the Public Hearing on June 11, 2024 at 7 pm. The District will review the amount of the rates as well as the methodology for calculating the proposed rates. At the conclusion of the hearing, protests will be counted and validated. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the Public Hearing, the District cannot adopt the proposed rates. If a majority of the parcels do not protest the proposed increase, the District has the authority to adopt the proposed water rates. The first rate change, if enacted, will go into effect on or after July 1, 2024.

Additionally, as of January 1, 2022, pursuant to California Government Code 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee, adopted, modified, or amended.