



# South Feather Water & Power Agency

## Water Rate Study Rate Workshop

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April 23, 2024



# Presentation Overview



**Current Rates**



**Methodology**



**Proposed Rates**



**Bill Impacts and Rate Surveys**



**Capacity Fee Study**



# Current Water Rates

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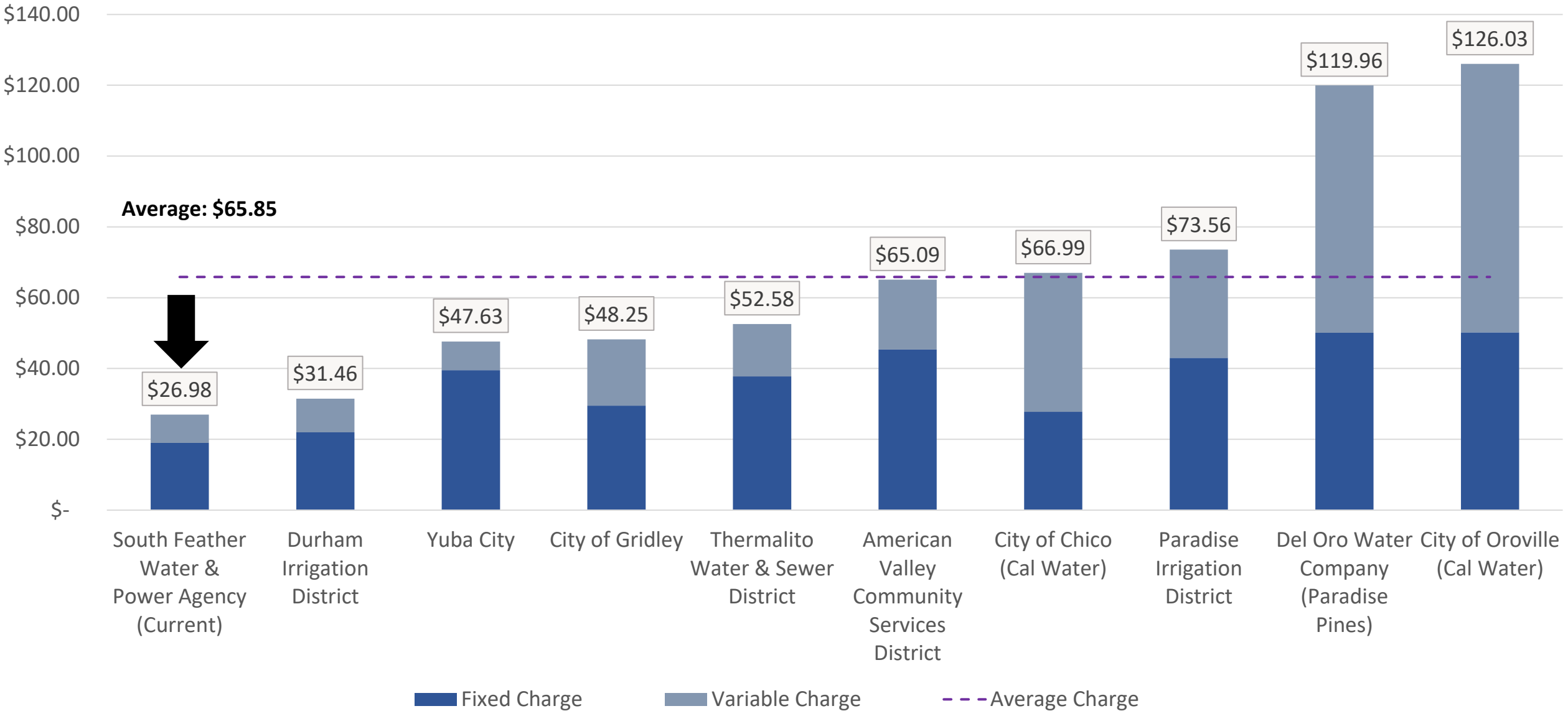
# Current Rates

| <u>Potable Water Rates</u>             |  | <b>Current</b> |
|--|--|----------------|
| Monthly Fixed Rate                     |  |                |
| Single Family                          |  | \$19.00        |
| Multi-Family (per occupied unit)       |  | \$7.90         |
| Volumetric Rate per CCF                |  |                |
| 0 to 100 CCF                           |  | \$0.42         |
| 100+ CCF                               |  | \$0.31         |
| Oversized Meter Charge*                |  |                |
| Monthly Fixed Rate                     |  |                |
| 1"                                     |  | \$6.00         |
| 1 1/2"                                 |  | \$16.00        |
| 2"                                     |  | \$20.50        |
| 3"                                     |  | \$50.00        |
| 4"                                     |  | \$72.50        |
| 6"                                     |  | \$105.00       |
| <u>Non-Potable Water Rates</u>         |  |                |
| Monthly Fixed Rate                     |  |                |
| Service Charge                         |  | \$21.50        |
| Miners Inch Accounts (per miners inch) |  | \$1.95         |
| Flat Rate Accounts                     |  | \$60.50        |
| Rates-of-Use                           |  |                |
| Metered Volumetric Rate per CCF        |  | \$0.0867       |

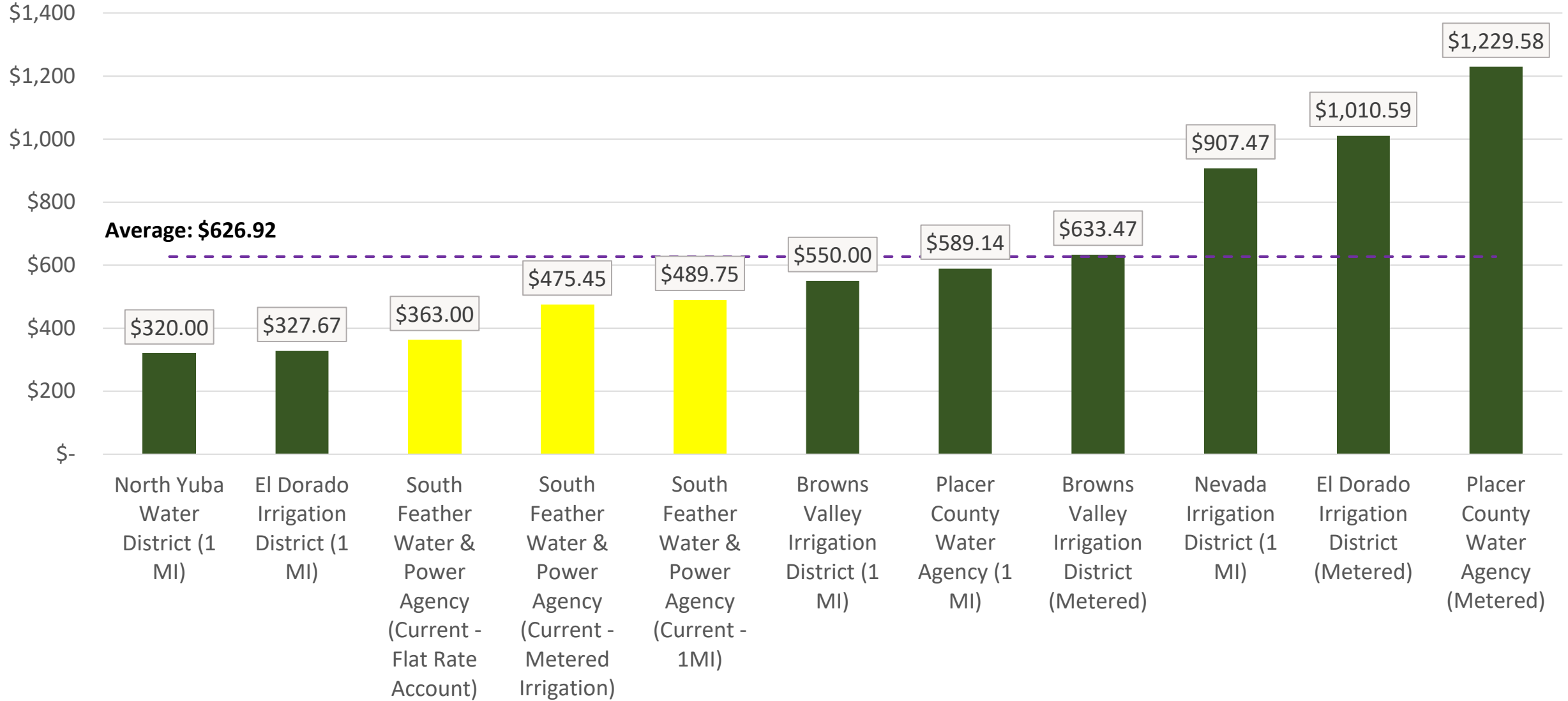
*\*In addition to Service Charge; not applicable to mobile home parks, apartment complexes, duplexes, multiple commercial units, etc.*



**Monthly Single Family Residential Water Bills (19 HCF, 3/4" Meter)  
Conducted January 2024**



**Summer (185 Days) Irrigation Water Bills (1 MI Continuous, 9.07 AF)  
Conducted January 2024**



Rate Survey Assumptions: 1 Miner's Inch (MI) = 11.22 gallons per minute (GPM)

--- Average Charge



# SFWPA Rate Revenue Increases

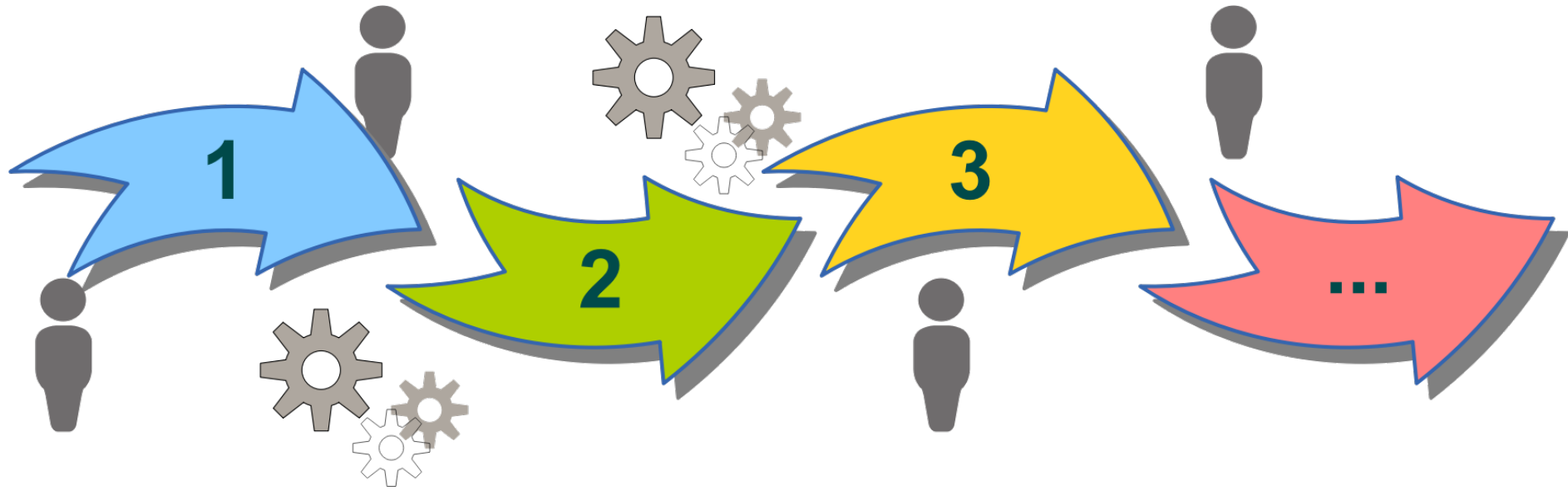
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## **Historical Water Rate Increases**

- The District last increased its rates in 2020:
  - Domestic Treated Water Service Fee: \$15 to \$19 (\$4/month)
  - Irrigation Water Service Fee: \$17.50 to \$21.50 (\$4/month)
- The District previously increased its rates in 1993.

## **Reasons for Lack of Water Rate Increases**

- Agency has held the line on rate increases due to forecasted Power Revenue subsidizing the water enterprise.
  - Net power sale revenues go toward offsetting the costs of debt service for potable users. The debt service was incurred to fund Miners Ranch TP.
- Property taxes also goes toward reducing water rates.
- Fund balance being drawn down to subsidize water rates.



# Methodology

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# Cost Allocation



Costs are allocated between functional categories -

- Customer Service: Fixed costs related to billing customers and handling account specific issues.
- Readiness to Serve: Fixed costs associated with maintaining water system. Allocated based on capacity in the system.
- Supply: Costs allocated to each unit of water (untreated and treated).
- Treatment: Costs associated with treating water for potable customers.

# Rate Derivation



Costs are allocated between functional categories -

- Raw Water Rate: Source of supply costs / all units of usage
- Treated Water Rate: (Treatment costs / treated usage units) + Raw Water Rate
- Customer Service Charge: Customer service costs / annual bills
- Meter Charge: Readiness to serve cost / total 3/4" meter equivalents



# Proposed Water Rates

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# Rate Increase Requirements

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## **Financial Plan**

- BWA proposes 68% overall rate increase by August 1, 2024, 55% in 2025, 12% in 2026, and 11% in 2027 and 2028.
- 3% per year overall rate revenue increases are projected for the following 5 years (CY 2029 to CY 2033).
- Proposed rate structures are phased in over 5 years.

## **Reasons for Necessary Rate Increases**

- Without rate increases, the Agency is set to deplete its cash reserves by 2025.
- Needed to fund proposed CIP and the rising cost of O&M.

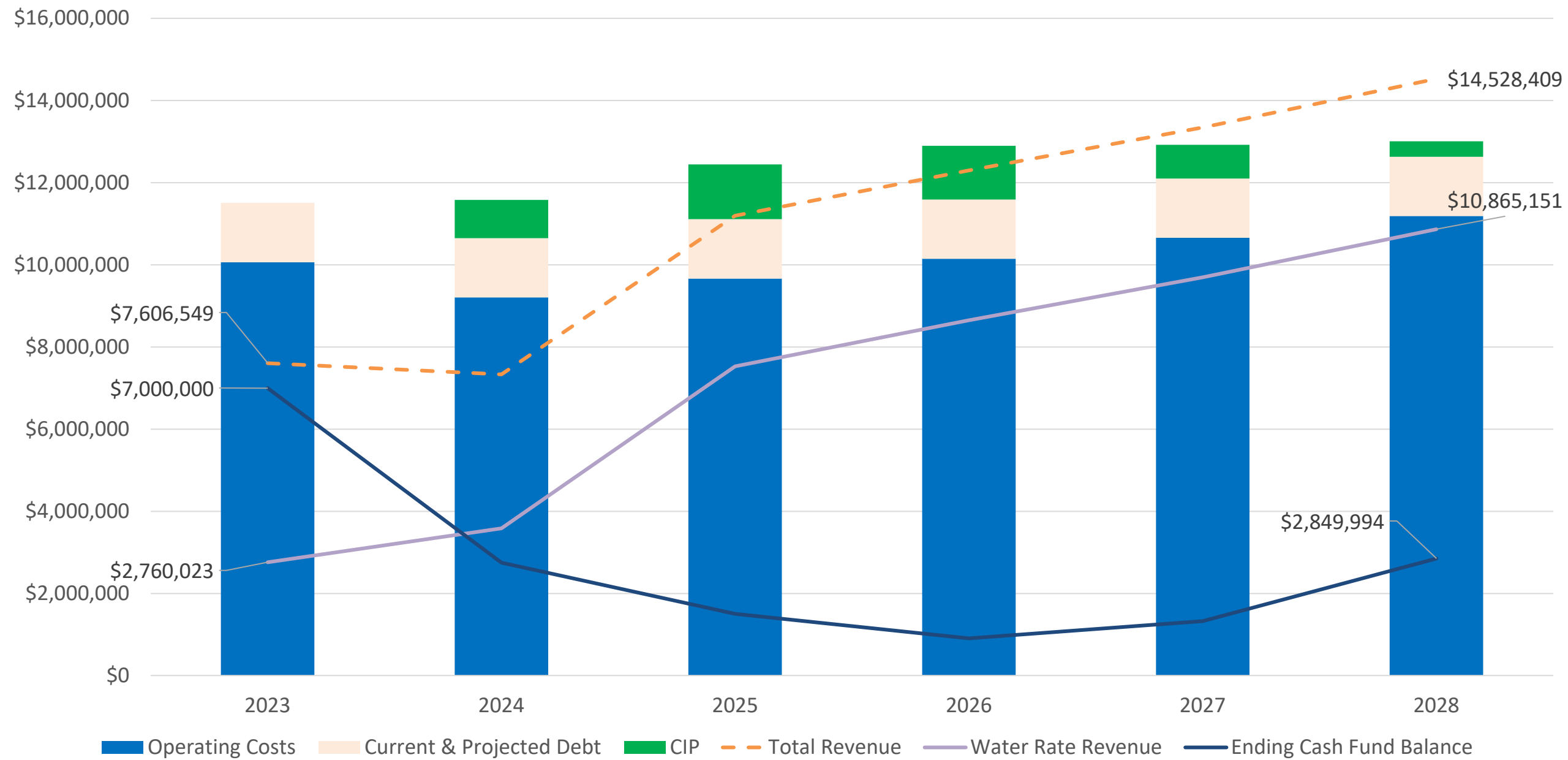
# 5-Year Capital Improvement Plan

| Description   | 2024             | 2025               | 2026               | 2027             | 2028             |
|---|------------------|--------------------|--------------------|------------------|------------------|
| Million Gallon Water Tank Interior Recoat                 | \$290,000        |                    |                    |                  |                  |
| Domestic - Oro Pond Service Line/Meter Replacements       | 10,000           |                    |                    |                  |                  |
| Domestic - Skyline Inline Valves                          | 10,000           |                    |                    |                  |                  |
| Domestic Sunset View Service Line                         | 10,000           |                    |                    |                  |                  |
| Domestic - Heritage/Oak Ridge Meter Relocate              | 10,000           |                    |                    |                  |                  |
| Domestic - Lincoln/Baldwin One way feed                   |                  | 15,000             |                    |                  |                  |
| Domestic - Coventry Interloop and Regulator Vault         |                  | 75,000             |                    |                  |                  |
| Domestic - Circle Drive Backbone Extension Pipeline       |                  | 422,000            |                    |                  |                  |
| Domestic - Lost Horizon Backbone Extension Pipeline       | 375,000          |                    |                    |                  |                  |
| Domestic - Remote Monitoring of Regulator Vaults          | 10,000           | 10,000             | 10,000             | 10,000           | 10,000           |
| Domestic - Pipe replacement                               | 10,000           | 25,000             | 50,000             | 50,000           | 50,000           |
| Domestic - Wyandotte/Foothill Backbone Extension Pipeline |                  |                    | 200,000            | 200,000          |                  |
| Irrigation - Bangor Canal Siphon                          | 10,000           |                    |                    |                  |                  |
| Irrigation - South Villa raw water line replacment, 500   | 35,000           |                    |                    |                  |                  |
| Irrigation - Ditch Shotcrete                              | 50,000           | 100,000            | 100,000            | 100,000          | 100,000          |
| Irrigation - Pipe replacement                             | 10,000           | 50,000             | 50,000             | 50,000           | 50,000           |
| Equipment - Replacement, Excavators                       |                  | 150,000            | 150,000            |                  |                  |
| Equipment - Replacement Field Vehicles (2 per year)       | 100,000          | 100,000            | 100,000            | 100,000          | 100,000          |
| Equipment - Replacment Dump                               |                  |                    |                    | 200,000          |                  |
| Equipment - Replacement Loader                            |                  |                    | 250,000            |                  |                  |
| Equipment - Replacement Flatbed                           |                  | 200,000            |                    |                  |                  |
| Equipment - Replacement Utility Trucks (2)                |                  | 125,000            | 125,000            |                  |                  |
| Equipment - Replacement Dith Witch (Trailerred)           |                  |                    | 150,000            |                  |                  |
| <b>Total</b>  | <b>\$930,000</b> | <b>\$1,272,000</b> | <b>\$1,185,000</b> | <b>\$710,000</b> | <b>\$310,000</b> |
| CIP (Inflated Dollars)                                    | 930,000          | 1,335,600          | 1,306,463          | 821,914          | 376,807          |
| <b>Total</b>  | <b>\$930,000</b> | <b>\$1,335,600</b> | <b>\$1,306,463</b> | <b>\$821,914</b> | <b>\$376,807</b> |

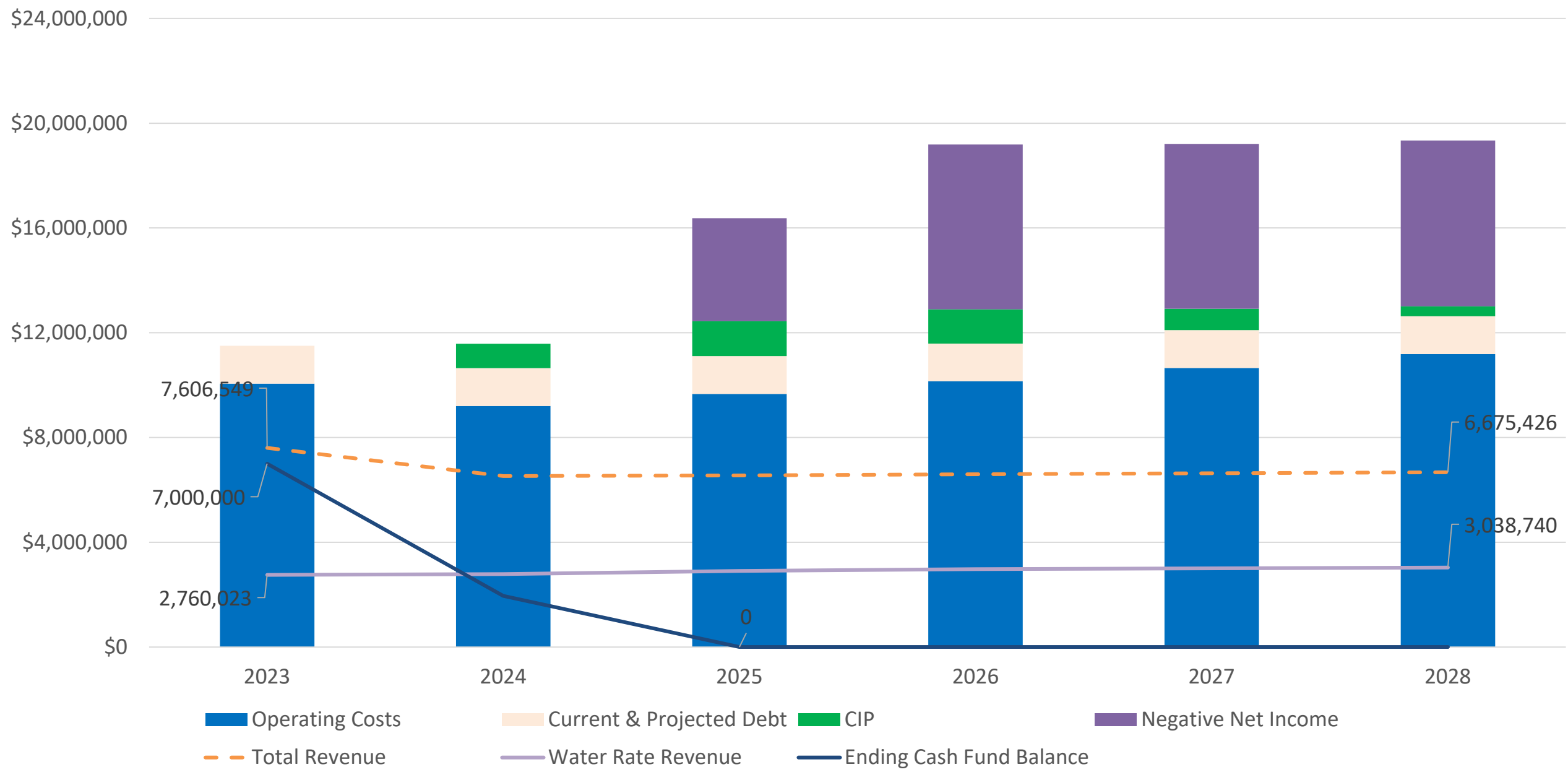
5-Year Total: **\$4,770,783**



### 5-Year Financial Plan



### 5-Year Financial Plan (No Rate Increases)



# Proposed Reallocated Rates

|  | <u>Current</u> | <u>CY 2023<br/>Reallocation<sup>1</sup></u> |
|--|----------------|---|
| <u>Water Rates</u>                       |                |   |
| Multi-Family (per unit)                  | \$7.90         | \$7.07                                      |
| 3/4" Meter and Below Charge <sup>2</sup> | \$19.00        | \$9.43                                      |
| Customer Service Charge <sup>3</sup>     | N/A            | \$7.91                                      |
| Volumetric Use (All Use, per ccf)        |                |   |
| Treated Water                            | \$0.42         | \$0.43                                      |
| Raw Water                                | \$0.0867       | \$0.0848                                    |
| Flat Rate Accounts                       |                |   |
| Miners Inch Accounts (per month)         | \$60.50        | \$40.89                                     |
| Miners Inch Accounts (per miners inch)   | \$21.50        | \$16.38                                     |
|  | \$1.95         | \$1.83                                      |

<sup>1</sup> Reallocated to eliminate oversize meter charge.

<sup>2</sup> Reallocated rate varies based on meter size.

<sup>3</sup> Does not apply per unit for Multi-Family. Only per monthly bill.



# Reallocated Rates Comparison

|                      | <u>Current</u> | <u>CY 2023</u><br><u>Reallocation</u> | <u>Current</u>   | <u>CY 2023</u><br><u>Reallocation</u> |
|----------------------|----------------|---------------------------------------|------------------|---------------------------------------|
| <u>Water Revenue</u> |                |                                       |                  |                                       |
|                      |                | <u>Revenue</u>                        | <u>Revenue %</u> |                                       |
| Potable:             | \$2,388,202    | \$2,328,622                           | 87.3%            | 85.0%                                 |
| Non-Potable:         |                |                                       |                  |                                       |
| Metered Irrigation   | \$142,809      | \$244,270                             | 5.2%             | 8.9%                                  |
| Flat Rate            | \$26,741       | \$18,074                              | 1.0%             | 0.7%                                  |
| Miners Inch          | \$177,974      | \$148,142                             | 6.5%             | 5.4%                                  |
|                      |                | Fixed:                                | 67.2%            | 66.8%                                 |
|                      |                | Volumetric:                           | 32.8%            | 33.2%                                 |

**Proposed Phase In Rates**

| <u>Meter Size</u>                           | <u>Current Rate</u>                   | <u>8/1/2024</u> | <u>1/1/2025</u> | <u>1/1/2026</u> | <u>1/1/2027</u> | <u>1/1/2028</u> |
|---|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>Potable</i>                              |                                       |                 |                 |                 |                 |                 |
| Multi-Family (per unit)                     | \$7.90                                | \$10.49         | \$15.84         | \$18.78         | \$21.95         | \$25.41         |
| 3/4" and below                              | \$19.00                               | \$22.42         | \$30.09         | \$31.71         | \$32.93         | \$33.88         |
| 1"  | \$25.00                               | \$32.08         | \$46.81         | \$53.64         | \$60.58         | \$67.76         |
| 1 1/2"                                      | \$35.00                               | \$48.23         | \$75.58         | \$93.01         | \$112.81        | \$135.52        |
| 2"  | \$39.50                               | \$58.37         | \$98.08         | \$129.43        | \$168.33        | \$216.83        |
| 3"  | \$69.00                               | \$103.41        | \$176.25        | \$235.90        | \$311.17        | \$406.55        |
| 4"  | \$91.50                               | \$143.55        | \$256.11        | \$358.81        | \$495.44        | \$677.59        |
| 6"  | \$124.00                              | \$210.29        | \$405.54        | \$614.16        | \$916.68        | \$1,355.18      |
| <i>Irrigation</i>                           |                                       |                 |                 |                 |                 |                 |
| 3/4" and below                              | \$21.50                               | \$24.75         | \$32.41         | \$33.32         | \$33.76         | \$33.88         |
| 1"  | \$21.50                               | \$28.43         | \$42.76         | \$50.50         | \$58.78         | \$67.76         |
| 1 1/2"                                      | \$21.50                               | \$32.66         | \$56.42         | \$76.54         | \$102.33        | \$135.52        |
| 2"  | \$21.50                               | \$35.88         | \$68.09         | \$101.48        | \$149.05        | \$216.83        |
| 3"  | \$21.50                               | \$40.69         | \$87.56         | \$147.97        | \$246.44        | \$406.55        |
| 4"  | \$21.50                               | \$45.06         | \$107.41        | \$201.03        | \$370.85        | \$677.59        |
| 6"  | \$21.50                               | \$51.76         | \$141.72        | \$304.71        | \$645.69        | \$1,355.18      |
| <b>Customer Service Charge<sup>1</sup>:</b> | N/A                                   | \$13.98         | \$25.90         | \$27.23         | \$27.96         | \$28.44         |
| Volumetric Use (All Use, per CCF)           | <b><u>Current Usage Rates</u></b>     |                 |                 |                 |                 |                 |
| Treated Water                               | \$0.42                                | \$0.57          | \$0.89          | \$1.08          | \$1.29          | \$1.53          |
| Raw Water                                   | \$0.0867                              | \$0.1172        | \$0.1801        | \$0.2173        | \$0.2585        | \$0.3046        |
|   | <b><u>Current Unmetered Rates</u></b> |                 |                 |                 |                 |                 |
| Flat Rate Accounts                          | \$60.50                               | \$75.95         | \$108.42        | \$121.53        | \$134.27        | \$146.94        |
| Miners Inch Account                         | \$21.50                               | \$27.64         | \$40.42         | \$46.40         | \$52.51         | \$58.85         |
| Per Miner's Inch:                           | \$1.95                                | \$2.61          | \$3.99          | \$4.77          | \$5.63          | \$6.58          |

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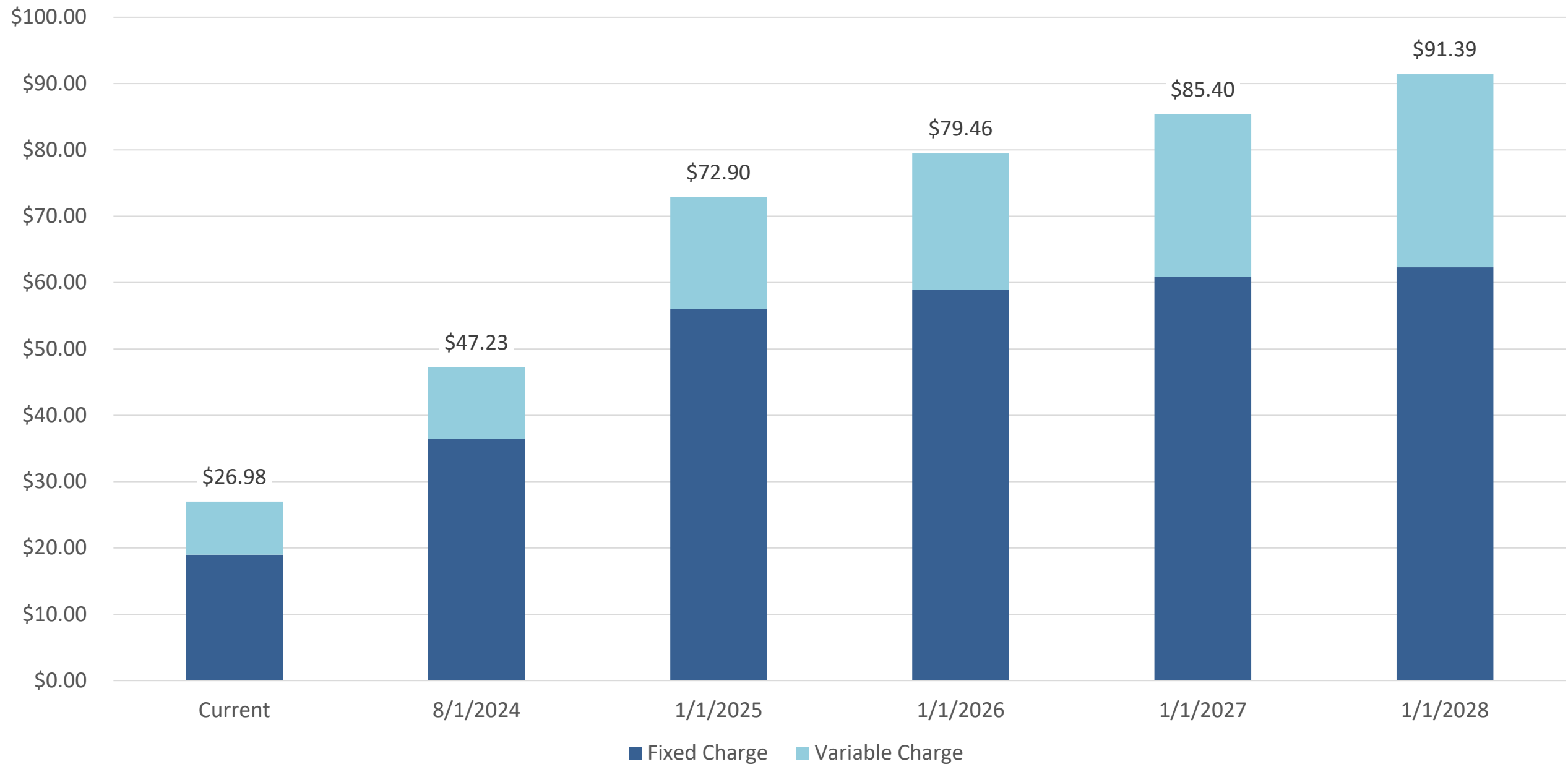
<sup>1</sup> Does not apply per unit for Multi-Family. Only per monthly bill.

# Bill Impacts

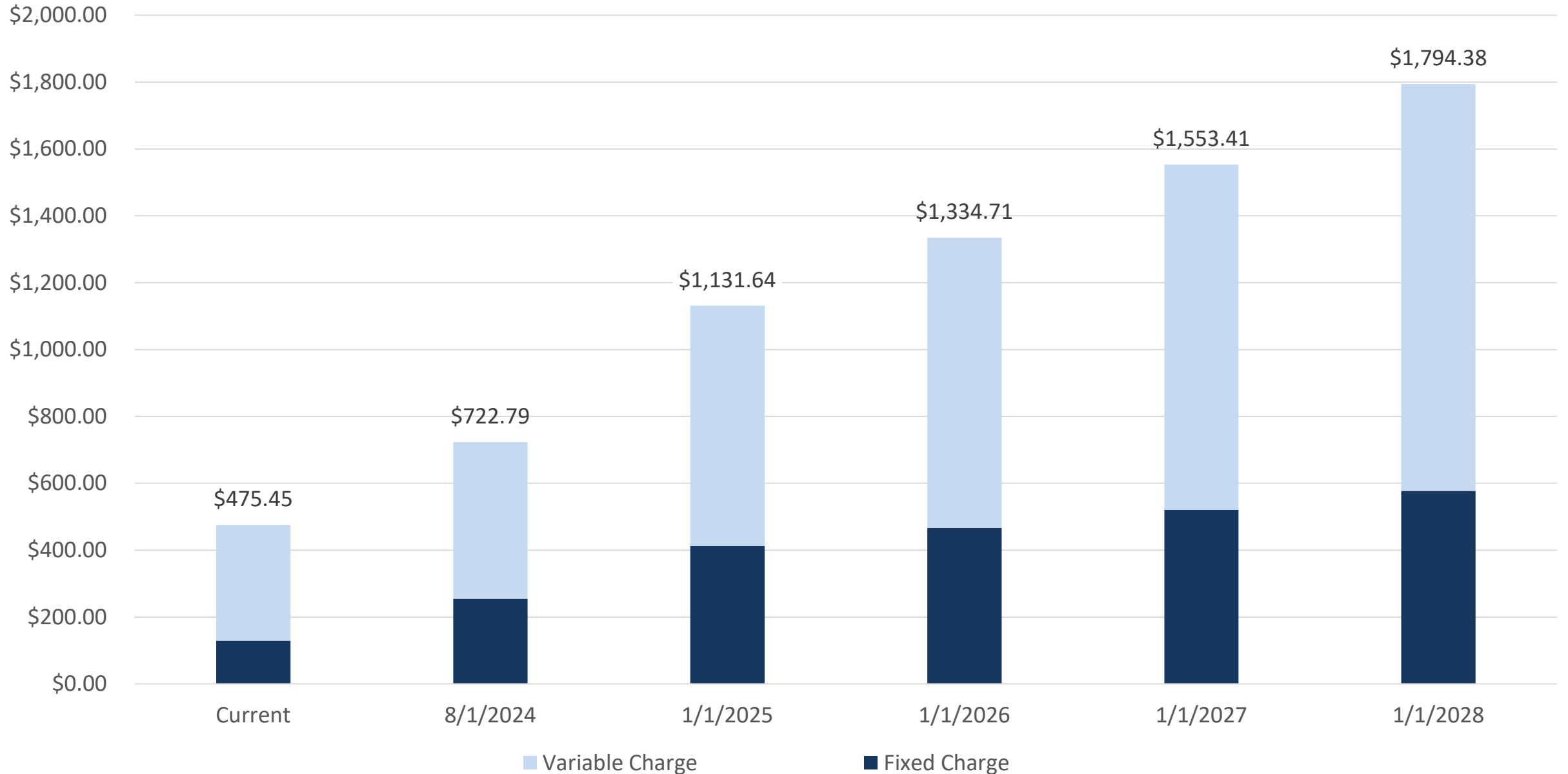
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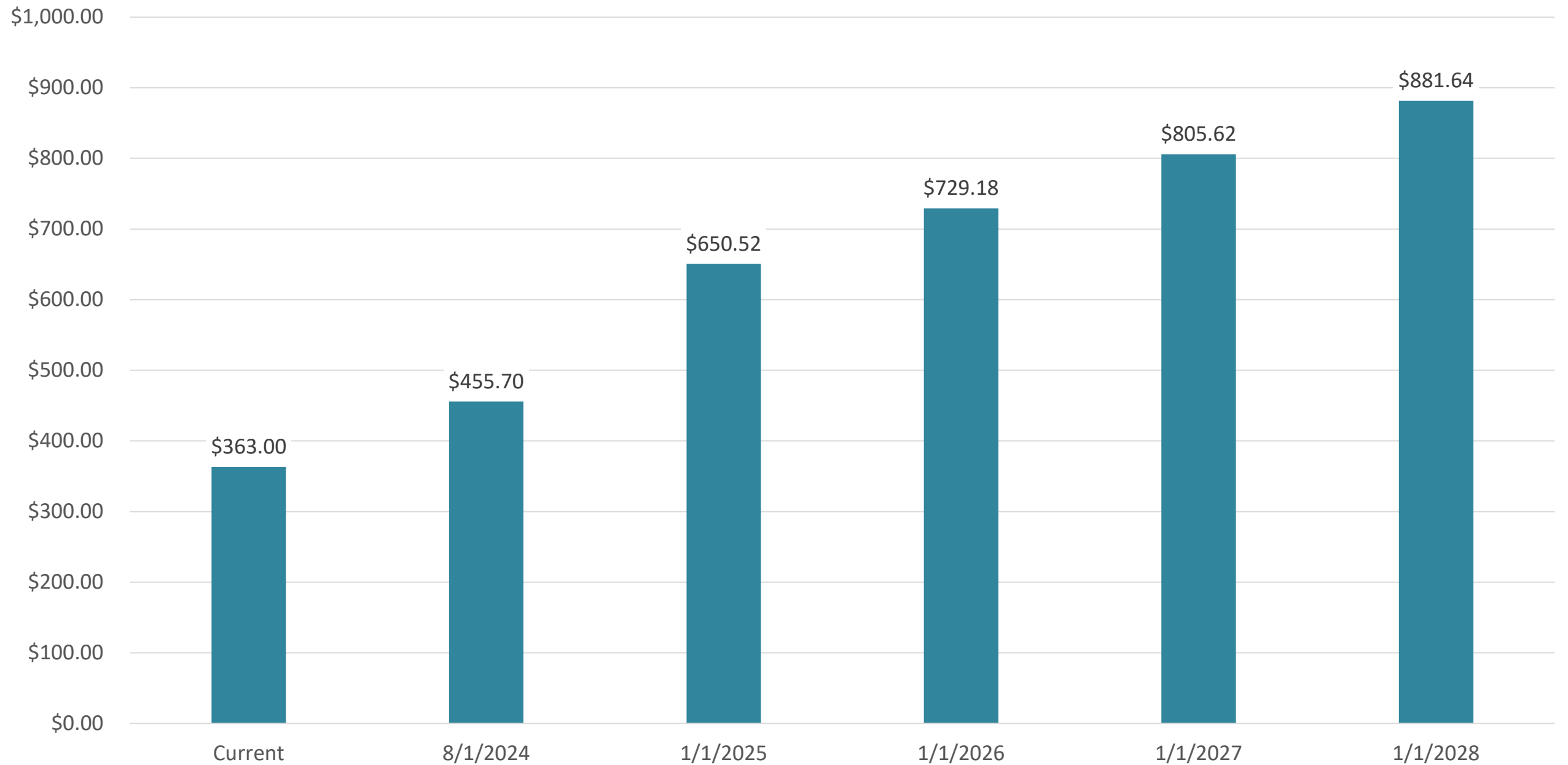
# Single Family Residential Monthly Bill Impacts - 3/4" Meter, 19 CCF



## Metered Irrigation User Bill Impact - 1" Meter, Irrigation Season



## Flat Rate Account Bill Impact, Irrigation Season



# Miners Inch Bill Impact, 1 MI Continuous, Irrigation Season





# Capacity Fee

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# What is a Capacity Fee?

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- One-time fee paid by new customers as a condition of development.
- Levied to recover costs for capacity in facilities benefiting growth.
- Also collected for changes in property use that result in increased capacity needs.

The District's current and proposed capacity fees are for potable customers only.

# Current Fees

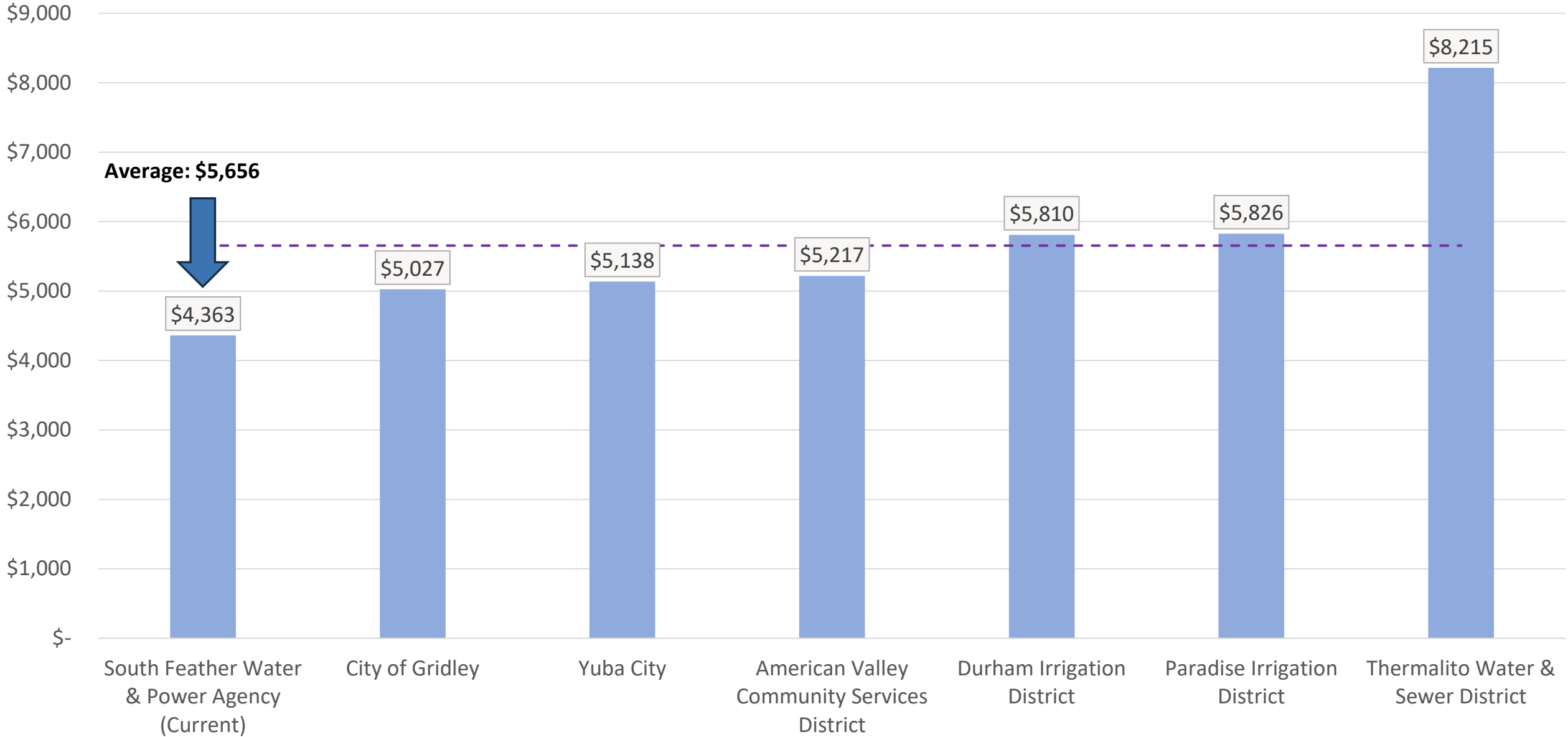
|                                | <u>Current</u> |
|--------------------------------|----------------|
| <u>System Capacity Charges</u> |                |
| Meter Size                     |                |
| 3/4"                           | \$4,363        |
| 1"                             | \$10,903       |
| 1 1/2"                         | \$21,808       |
| 2"                             | \$34,897       |
| 3"                             | \$69,781       |
| 4"                             | \$109,035      |
| 6"                             | \$218,071      |
| 8"                             | \$523,368      |
| 10"                            | \$828,665      |
| 12"                            | \$1,090,349    |

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# Proposed Fees

|                                | <u>Current</u> | <u>Proposed</u> |
|--------------------------------|----------------|-----------------|
| <u>System Capacity Charges</u> |                |                 |
| Meter Size                     |                |                 |
| 3/4"                           | \$4,363        | \$5,987         |
| 1"                             | \$10,903       | \$11,973        |
| 1 1/2"                         | \$21,808       | \$23,946        |
| 2"                             | \$34,897       | \$38,314        |
| 3"                             | \$69,781       | \$71,839        |
| 4"                             | \$109,035      | \$119,732       |
| 6"                             | \$218,071      | \$239,464       |
| 8"                             | \$523,368      | \$383,143       |
| 10"                            | \$828,665      | \$550,768       |
| 12"                            | \$1,090,349    | \$1,029,696     |

# Water Capacity Fee Survey (3/4" Meter) Conducted January 2024



# 218 Procedures & Public Outreach



Any change to rates can have a significant effect on customers. It is important to communicate why the change is necessary and how it is the best option for the Agency and its customers.

## **Proposition 218 Procedures**

- Create and send 218 Notice
- 45-day protest period
- Public hearing
  - Protest tabulation

# Project Schedule

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|                           |            |
|---------------------------|------------|
| Rates Workshop with Board | - April 23 |
| Public Workshop           | - TBD      |
| Board Meeting             | - TBD      |
| Mail Prop. 218 Notices    |            |
| Public Hearing            | - July     |
| Rates Implemented         | - August 1 |



BARTLE WELLS  
ASSOCIATES