

## Summary of Proposed Rate Increase

Proposed Rate Increase Options		Current Bi-Monthly Rate	Increase to Current Rate	% Increase	New Bi-Monthly Rate	New Bi-Monthly Bill <sup>1</sup>	Average Bi-Monthly Increase <sup>2</sup>
<b>3-Yr Phased Rate Increase with equal increases</b>							<b>2019</b>
2019	Minimum Charge	\$69.74	\$10.56	33.3%	\$80.30	\$119.90	\$16.06
	Usage Charge	\$3.10	\$0.50	33.3%	\$3.60		
							<b>2020</b>
2020	Minimum Charge	\$80.30	\$10.56	33.3%	\$90.86	\$135.96	\$16.06
	Usage Charge	\$3.60	\$0.50	33.3%	\$4.10		
							<b>2021</b>
2021	Minimum Charge	\$90.86	\$10.56	33.3%	\$101.41	\$152.01	\$16.05
	Usage Charge	\$4.10	\$0.50	33.3%	\$4.60		

<sup>1</sup>Bi-Monthly charges for customer using 11 CCF. Approximately 50% of customers (252 out of 503) used 11 CCF on average during 2018.

<sup>2</sup>Average bi-monthly increase is the difference between new charges and current charges for a customer using 11 CCF during a billing period (2 months). Current charges for a customer using 11 CCF is \$103.84.

Year 1 - First increase will provide ~ \$51,700 that will address 75% of immediate Operations and Maintenance Needs

Year 2 - Second increase will provide additional ~\$51,700 that will address all of the immediate O&M needs and put ~\$20,000 towards reserves and implement \$8000 of capital projects

Year 3 - Third increase will provide additional ~\$51,700 that will address O&M, Reserves, and future capital projects

***This rate option is anticipated to provide \$155,000 per year in additional revenue to fund CSA 23 needs (based on 500 service connections and annual water use of 40,000 CCF).***

**WHAT WILL ADDITIONAL \$16 BI-MONTHLY INCREASE PAY FOR?**

*At the end of 3 years, the water system will have an additional \$155,000/year to pay for the following:*

***Increasing operation and maintenance needs/cost on aging infrastructure (\$75,000 annually)***

- More time for operators to perform system checks (+2 hours per week) to address changing regulations and catch problems before they become bigger problems.
- Perform annual exercising of valves to keep them operational and system flushing to maintain safe drinking water quality
- Implement increasing number of emergency line repairs due to aging pipelines
- Increasing cost of qualified staff to maintain safe drinking water requires on-going training and certification

***Capital Maintenance Projects (\$60,000 annually)***

Capital Maintenance Projects	Timing	Estimated Annual Cost
Meter replacements to improve water accounting and reduce water/revenue losses	Every year	\$10,000
Customer service line replacements to reduce leaks and reduce service interruptions	Every year	\$10,000
Tank inspections and repair to maintain system assets	Every 3 years	\$10,000
Water system improvements to upgrade undersized lines, install new isolation valves, abandon obsolete equipment, etc. to comply with current drinking water standards, improve system performance and reliability	Every year	\$30,000
<b>Total Annual Cost</b>		<b>\$60,000</b>

***Build Reserves (\$20,000 annually)***

- CSA 23’s goal is to build and maintain a reasonable operating reserve of approximately \$250,000, equal to minimum standard of 50% of the annual operating budget.
- Current reserve level is projected to be approximately \$30,000 at end of the fiscal year.
- Building of reserves to target level of \$250,000 is estimated to take approximately 11 years.

## CSA 23 Water System

### Operation and Maintenance Needs

Operation and Maintenance	Current	Needed	Additional Cost Per Year	Description of Need/Benefit
Routine system checks	8 hours per week	10 hours per week	~\$8,600	Operators need more time to survey system and perform routine system monitoring and sampling to ensure drinking water standards are met.
Annual exercising of valves and system flushing	Not performed	100 hours to perform full system exercise and flushing	~\$8,400	System is aging and should have components regularly exercised and flushed to continue to provide safe, reliable drinking water.
Emergency line repairs	2-3 per year	6-7 per year and increasing	~\$32,000	The original system was installed in the mid-1960s and over time these lines can leak or break. Emergency repairs, when failures detected, are necessary to reduce interruptions to service and water losses.
Meter Reads	6 times per year	6 times per year	No change except for incremental increase in staff costs	Meter reading is performed bi-monthly and is an important factor in monitoring overall system performance / water losses.
Increases in labor rates	As needed	Increases due to inflation	~\$26,000	There are unavoidable increases in cost of doing business. Labor rates of County employees have increased 27% since 2008; 15% since 2015. Increase to weighted labor rate, which includes employee overhead/benefits cost to the County, is approximately \$29/hour more in 2019 as compared to 2008; This equates to approximately \$26,000/year for a Water Service Worker III utilized in the CSA 23 system for 900 hours/year.
<b>Estimated increase in O&amp;M costs</b>			<b>~\$75,000</b>	<b>Annual amount needed to perform needed O&amp;M</b>