

Grizzly Flats CSD Newsletter

April 2016



UPDATE ON THE COST OF SERVICES STUDY & NEW RATE STRUCTURE

On Monday, March 28, 2016, the District held a public workshop to present four different rate structure scenarios that we are considering. We want to thank those that came out and joined us. If you missed it, a copy of the “Public Workshop Presentation” document is available on our website. Otherwise, here is a summary:

We currently have a basic rate of \$60.37 that provides each household an allotment of 300 gallons of water per day. Usage over that falls into a 24 tiered structure. When the 300 gallons per day allotment was adopted in the 1990’s that was the average household use in Grizzly Flats. In comparison, in 2014/2015, less than 1% of water statements sent out went over the 300 gallon allotment and about 24% of the bills had zero water usage.

Our last rate increase was in 2011, when the water rates went from \$56.95 to \$60.37 per month. We were able to sustain the District without a rate increase since then due to many things including: restructuring our employees and their job duties, and reducing expenses by finding creative solutions. We’re lucky to have employees with a variety of skills and backgrounds, and have used in-house labor to tackle many projects. We have fantastic volunteers who do things like monthly meter reading, billing and staffing our front desk when we need an extra hand. Our Board of Directors and District Treasurer are also all volunteers! That is very rare these days.

However, no matter what reductions we make or creative savings we find, there comes a time that prices for goods and services go up, regulations increase and we have to look at our revenue.

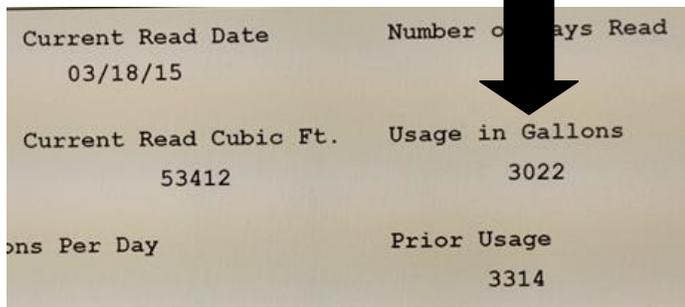
District Staff worked to obtain 50% cost sharing from the El Dorado County Water Agency to complete a Cost of Services Study. Our consultant, Bartle Wells Associates (BWA), was selected by the Board and has been working closely with our District’s staff and our Prop 218 Ad-hoc Committee to develop financial projections that were used to develop the rate structures.

We are considering four different scenarios that all include a different water allotment under a basic rate, and then a volumetric rate that would charge customers for their actual water usage over the allotment.

The basic rate is based on fixed expenses and the volumetric rate is based on variable expenses. Fixed expenses are those expenses the District has no matter how much water we produce. Variable expenses are those expenses that change based on water demand (for example, when we need to produce more water in the summer, our power bill goes up because our treatment plants are running longer hours.) Our fixed expenses are about 96% and our variable expenses are about 4%.

Based on the results of the Rate Study, the basic rate and volumetric rate will need to increase 4% - 5% per year to keep up with the District’s projected revenue requirements. These are projections, so this is something the District will watch carefully and adjust as needed. We worked to base these projections on the best information we had available. We performed a Salary Survey to ensure our wages for our employees fit their job descriptions. We looked at past spending, future spending and what’s realistic for our agency. If you like numbers and want to see the financial details, the “Public Workshop Tables” document is posted on our website. A copy can also be obtained from our office. Just give us a call!

You can look at your water statements to find your actual usage. The scenarios change our billing to “hundred cubic feet” (HCF). You can calculate your monthly usage in HCF by taking the number under “Usage in Gallons” and divide that by 748. If you need any help with this, you’re welcome to contact our office for assistance.



Current Read Date	Number of Days Read
03/18/15	
Current Read Cubic Ft.	Usage in Gallons
53412	3022
Gallons Per Day	Prior Usage
	3314

In this example, the customer used about 4 HCF. This was a March bill for a household of 4 conserving water.

Our expenses have been increasing, so whether we restructured the tiered rates or not, we would be discussing an increase for the current basic rate of \$60.37. By having a smaller allotment or eliminating the allotment, a portion of our revenue can come from actual water usage.

WE WANT YOUR FEEDBACK!

We want to encourage all of you to give us feedback, whether it is a simple, “I want Scenario 2” or a letter explaining your justification for wanting a certain allotment. Some water users may benefit more than others in different scenarios, so that is why it is important to hear from you! Written comments can be dropped off at our office, mailed back with your water payment or emailed!

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Grizzly Flats, CA 95636-0250

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Grizzly Flats, CA 95636
(1/2 mile north of the Post Office)

Email Address: gfwater@sbcglobal.net

We strongly encourage you to be part of the process with us! **We are asking that we receive your comments by April 18th!**

Once a rate structure has been selected by the Board of Directors, we will proceed with the Proposition 218 process. That process includes:

- Adoption of a Rate Study setting forth the proposed rate and methodology.
- Set a Public Hearing date.
- Mail a Notice to all rate payers.
 - At least 45 days before the public hearing.
 - Identifies the proposed rate increase.
 - Explains reason for increase and how the rate is calculated.
 - Explains how to submit a written protest against the proposed rate increase.

Our goal is to adopt a new rate structure by July 2016. Our District has to meet certain financial obligations, pay our expenses and fund reserves that support our water system infrastructure. We rely on our customers so that we can operate a financially solid water system and continue to provide you the highest quality water service.

We also want to thank the Prop 218 Ad-Hoc Committee members for all of their hard work. We are thrilled to have two members of the public, as well as two board members and our General Manager working hard on this!

CONSERVATION & WATER SUPPLY

Our water supply is doing well. The springs and creeks that feed our diversions are full of water this time of year. Our reservoir is full and spilling and we hope to keep it that way for a while. Snow packs and precipitation are above average, but we didn’t receive as much as the forecasts heading into winter predicted. We appreciate your conservation efforts which helped us to reach a total conservation of 23% this year.

Many Districts in our area are urging the State Water Resources Control Board to rescind its conservation mandates. We hope to see them take action soon! Our Board will be discussing this more at our next Board meeting April 8th! If there are changes to conservation requirements, we will send out emails, post on our website and have flyers at the Grizzly Flats Post Office!