



## Fee Study Frequently Asked Questions

### **Who does the Grizzly Flats Community Services District (GFCSD/District) serve?**

Grizzly Flats CSD is the sole water provider for the Grizzly Flats community and provides water service to approximately 620 connections. The District has the capacity to provide water service to 1,220 connections, which is the projected buildout of the community.

### **What financial challenges has the District faced over the last five years?**

The District first faced the impact of COVID-19, and due to state-mandated orders, could not charge late fees or disconnect water service for non-payment. From March 2020 to July 2020, the District lost significant revenue due to the pandemic. Normal water charges and late fees went back into effect in July 2020 in an effort to stabilize revenue to provide water operations.

The Caldor Fire in September 2021 then caused dire impacts to the entire Grizzly Flats Community. The District temporarily suspended all water billing to its customers while the District worked to restore water service to its customers. Meanwhile, District staff worked diligently to safely clear and inspect the water system and perform rehabilitation work to bring the water system back online.

Further, the water infrastructure suffered much damage from the fire and the District had to make costly repairs and replacement of pipes, equipment and similar to restore water service.

The pandemic and the Caldor Fire combined required the District to use reserve funds to sustain its ability to provide water services.

### **Did customers pay for water service after the Caldor Fire?**

The District suspended water charges to all its customers immediately following the fire. The District resumed charging customers once service was restored to their properties and had access to use water service.

In March 2022, the District Board of Directors directed staff to reinstate charging a uniform base rate to all water customers who had a potable water connection available to their property regardless if the property was using water. This is standard utility billing practice.

### **Why should properties that have not rebuilt pay for water service they are not using?**

Whether water is used or not, the District is fulfilling its role as a water district by providing water service. It is standard practice that water providers charge all properties that have paid their connection fees and have physically connected to the water system, or are ready to connect, at least some portion of rates.

A property with a service connection is valuable; water can be used at any time whether rebuilding or using in a temporary housing situation, makes the property sellable, and increases the overall financial health of the area. The County Health Department will not allow rebuilding on a property that does not have water service.

### **What projects will the District be completing?**

The District needs new infrastructure to replace infrastructure damaged during the Caldor Fire. The pump stations and booster pumps burned at the Tyler and Winding Way water tanks, rendering them useless. Many of the projects' costs will be funded through state grants and funds from the American Rescue Plan Act.

The water system also has aging infrastructure that must be replaced to ensure continued reliable water service at the cost of the District. The one active water tank needs to be replaced due to corrosion.

### **Why does the District need paid water operators?**

The State of California has stringent regulations for water providers, one of which requires a certified water operator to fulfill daily water operations. The District does use volunteers for some activities when practical such as meter-reading for example.

**What are the results of the current rate study?**

A rate study initiated in 2023 demonstrated that the District used a significant amount of its financial reserves during the time customers were not being charged. A rate increase is proposed to:

- Maintain required reserves – a requirement of current District bond issuance for debt service and for obtaining any future grants and loans
- Ensure adequate reserves beyond the required reserves that are in place to weather any future unexpected circumstances
- Fund system repairs and infrastructure NOT covered by grants; regular maintenance expenses
- Fund rising costs of doing business (chemicals, electricity, vehicles, fuel, etc.)

**What is the proposed water rate structure?**

All water service connections will be charged a uniform base fee determined by meter size. Customers actively using water will be charged a usage fee in addition to the base fee. The rate table below provides the proposed charges. NOTE: All residential customers have a 1-inch or smaller meter.

Charge Implementation -->	FY 2025 1-Jul-24	FY 2026 1-Jul-25	FY 2027 1-Jul-26	FY 2028 1-Jul-27	FY 2029 1-Jul-28
<b>Base Charge per Month</b>					
1-inch or smaller	\$87.53	\$89.42	\$91.52	\$94.27	\$97.11
1.5-inch	\$175.06	\$178.84	\$183.03	\$188.53	\$194.23
2-inch	\$280.09	\$286.14	\$292.85	\$301.65	\$310.76
3-inch	\$560.18	\$572.28	\$585.71	\$603.30	\$621.52
4-inch	\$875.28	\$894.19	\$915.17	\$942.66	\$971.13
6-inch	\$1,750.56	\$1,788.38	\$1,830.33	\$1,885.32	\$1,942.25
Use Charge, per HCF [1]	\$3.87	\$3.97	\$4.07	\$4.21	\$4.35

**How will the new rates impact water bills?**

The table below shows the rates and example bills. The monthly base rate will increase by \$18.56 the first year the new rates are implemented. The following years will have incremental increases ranging from \$1.89-\$2.50. The use rate will increase by \$2.67 the first year and see incremental increases less than \$1.00 each following year.

Charge Type Implementation ->	Current	FY 2025 1-Jul-24	FY 2026 1-Jul-25	FY 2027 1-Jul-26	FY 2028 1-Jul-27	FY 2029 1-Jul-28
<b>Rates</b>						
Base Rate, per Month	\$68.97	\$87.53	\$89.42	\$91.52	\$94.27	\$97.11
Use Rate, per HCF	\$1.20	\$3.87	\$3.97	\$4.07	\$4.21	\$4.35
<b>Example Bills</b>						
Home using 12 HCF	\$83.37	\$133.96	\$137.01	\$140.37	\$144.75	\$149.29
Home using 6 HCF	\$76.17	\$110.74	\$113.21	\$115.95	\$119.51	\$123.20
Home not using water	\$68.97	\$87.53	\$89.42	\$91.52	\$94.27	\$97.11

**Does the District have to implement increases each year?**

The proposed rate increases over a five-year period are the maximum allowable rates. The Board of Directors, with advisement of staff and at its discretion upon review of the budget needs of the District each year, may choose to implement a lower rate at any time during the 5-year period.