



BOARD OF DIRECTORS
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Alan E. Clanin

To: Board of Directors
From: Alan Clanin, General Manager
Date: March 13, 2020
Subject: Water Rate Study

Crestline Village Water District was formed in 1954 to serve potable water to the Crestline area. In 1979, the Lake Gregory area was annexed into the District. Over the years, several smaller areas served by mutual water companies or homeowner associations around the Crestline – Lake Gregory area have been annexed into the District at the request of the property owners. The District currently has 4,952 active services.

In 1991, the District adopted its current rate structure and began billing customers on a monthly billing cycle in response to the drought that was occurring at that time and concerns about the supplemental water supply available from the State Water Project. While there have been adjustments to the rates and the basic water allocations over the years, the basic structure remains the same as was established in 1991. The rate structure includes a “Monthly Minimum Charge” and a two-tiered consumption rate table consisting of the “Basic Allocation Rate” and the “Excess Consumption Rate”.

The “Monthly Minimum Charge” is a monthly charge based on the water service meter size and is designed to help share the District’s “fixed” costs across the whole customer base. We have a large number of part-time residences (40-45%) and if the total charges were based on usage only, these part-time residences would not be sharing in the ongoing operating cost of the District that is necessary to keeping the system operational and ready to provide water to their property. The Quantity or Consumption Rate is designed to cover the “variable” of producing or purchasing the water that the customer uses. Pumping cost and purchased water cost are the main components of the variable costs. The “Basic Allocation Rate” is the rate that is charged for the “Basic Allocation” water used and the “Excess Consumption Rate” is the rate charged for water consumed in excess of the Basic Allocation. The Basic Allocation is set at 1,300 cubic feet for a 30-day period for a family size of 6 persons or less. When we performed an analysis a number of years ago, 1,300 cubic feet per month per service was the level where we would run out of local well water and would need to start using CLAWA water. There are provisions to adjust the Basic Allocation for individual water services based on larger family sizes, medical reasons and number of units.

The District’s Water Conservation Program established in 1991 determines the Basic Allocation amount and the Excess Consumption Rate. As the District determines that stricter water conservation is necessary and enters a different phase of water conservation, the Basic Allocation is decreased and the Excess Consumption Allocation is increased based on the provisions of the Program. The Board of Directors sets the Monthly Minimum Charge, the Basic

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Allocation Rate and the Excess Consumption Rate. The Excess Consumption Allocation is determined by the provisions of the Water Conservation Program.

Consumption Analysis (See Exhibit A)

For comparison the month ending November 2018 was used. Precipitation for 2018 was normal with a dry Summer season evolving to average rainfall in the Fall. This analysis (Exhibit A) shows the number of services and how much water was used at various water usage levels over the past 12 months. The report used for comparison breaks down the consumption usage by Commercial, Industrial and Institutional (CII) accounts and Residential accounts. The CII accounts are basically the business and public agency accounts. The Residential accounts includes single family and multi-unit residential accounts. The analysis in (Option Six) is the compilation of all accounts.

Overall, 96% of our customers stayed within the Basic Allocation of 1,300 cubic feet for a 30-day period. 87.5% used 800 cubic feet or less, and 22.3% used no water during a billing period. The average monthly water consumption per water service is 492 cubic feet for all services and 547 cubic feet for all local services.

96% of the total water accounts are Residential accounts and they use 80% of the total water sold. 56% of the total accounts are local full-time Residential accounts. These local Residential accounts use 61% of the total water sold.

Operating Income/(Losses) (See Exhibit B)

The District is a single purpose district in that it provides only water service to its service area. The Operating Income/(Losses) is an accounting of the actual revenues and expenses related to providing water service to our water users. The District does have some Non-Operating Revenues that are used for debt service and to supplement the District's Capital Improvement/Replacement Program. Currently, the District is debt free, as it has no outstanding loans or bonds.

In July 2004 the Board adopted the first increase since 1993. The Monthly Minimum Charge was increased \$2.00 for both divisions. The Monthly Minimum Charge for a water service with a 5/8" x 3/4" meter was \$17.50 for Crestline Village and \$22.00 for the Lake Gregory Division. The Basic Allocation Rate is \$4.20 per ccf and the Excess Consumption Rate is \$6.30 per ccf for both divisions.

In 2008-09, the District began experiencing Net Operating Losses and began discussing increases to the District's water rates. Due to the economic decline that had begun and which was affecting many of the District's property owners and water users, the decision was made to not increase the water rates, but to make do with the existing revenues and reduce infrastructure maintenance and equipment replacement. During the ensuing years, the District has experienced a decrease in the number of full-time residents, decreased water usage and increased expenses.

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In 1979, the Board of Directors had added \$4.50 to the Monthly Minimum Charge for the water services in the Lake Gregory area to pay for the required capital improvements in that area. By May 2013 all the improvements were completed and all associated debt was paid off eliminating the need for a rate differential. In May 2013, the District decreased the Monthly Minimum Charge for the Lake Gregory customers by \$4.50.

The District's last rate increase was adopted in December 2016, with an effective date of January 2017. With this rate increase, the Monthly Minimum Charge was increased \$8.00 across the board. The current Monthly Minimum Charge for a water service with a 5/8" x 3/4" meter is set at \$25.50. The Basic Allocation Rate is \$4.20 per ccf and the Excess Consumption Rate is \$6.30 per ccf. This was a \$96 per year increase for each active water service and generated revenues to eliminate 81% of the Net Operating Loss.

Total operating expenses which include wages, retirement and post-employment benefits have increased 28.4% or \$795,676 between 2008 and 2018. This is an average increase of \$79,567 annually. Total operating income has increased 0.3% during this same period. During this same period, the District retirement plan California Public Employee System (CalPERS) has increased 32.5% or 3.6% per year. This is an annual average increase of \$73,607. Total wages between 2008 and 2019 have increased 25.7% or \$206,270. This is an average increase of 2.3% or \$18,751 Annually.

Due to the anticipated January 01, 2020 increase in the cost of purchased water, the calendar year ending December 31, 2018 supplied by Crestline Lake Arrowhead Water Agency (CLAWA) was used for purchased water usage comparison. For cost analysis comparison, the fiscal year ending April 30, 2018 was used.

Fixed Expenses/Variable Expenses (See Exhibit C):

This analysis compares the variable and fixed operating costs for the fiscal year ending April 30, 2018. Fixed costs are those costs that are associated with the cost of the District maintaining the water system and keeping it ready to supply water to all active water services. Variable costs are those costs associated with producing the necessary amount of water which is used in the water system.

The data used for this analysis is from the audit report for the year ending April 30, 2018. The identified variable costs are \$771,469 and the fixed costs are \$3,028,497, with a total operating cost of \$3,600,911.

Monthly fixed costs are calculated to be \$50.32 per active water service and variable costs are \$2.12 per 100 cubic feet (CCF). If the 25.7% increase in wages since 2008 are applied to the Basic Allocation Rate of \$4.20 per ccf, the Basic Allocation Rate would need to be increased to \$5.28 per ccf.

Water Rate Comparison (See Exhibit D):

The Water Rate Comparison was updated in 2019. It compares the water rates of various water districts and mutual water companies across the San Bernardino Mountains. While this data is not used in determining water rates, it does indicate how the District's rate compare to other water utilities in the same geographical area. When looking at monthly water consumption at 500 cubic feet or less, the District's water rates generate the 2nd to the lowest bills for a 5/8" x 3/4" meter size. At 800 cubic feet to 1,300 cubic feet of monthly water consumption, the District ranks 6th out of the 11 service areas surveyed.

Following the proposed increase, when looking at monthly water consumption at 500 cubic feet or less, the District's water rates generate the 6th lowest bill for a 5/8" x 3/4" meter size. At 800 cubic feet to 1,300 cubic feet of monthly water consumption, the District ranks 8th out of the 11 service areas surveyed.

Findings

- The 2017 rate increase generated income to only eliminate 81% of the Net Operating Loss.
- Rate increases should focus on increasing the Monthly Minimum Charge and the Basic Allocation Rate.
- A minimum increase of \$11.76 per year per service (\$0.98 per month) is required to eliminate the wholesale water rate increase.
- An increase of \$3,043,683 over a five-year period is required to eliminate the Net Operating Loss.
- The District is currently not funding future reserves that will be used for future Capital Improvement Projects or to cover depreciation.

Recommendations

While the committee has discussed several options, overcoming such a large deficit is not an easy or pleasant task. The following option is fair to all ratepayers regardless of consumption or income.

1. Adopt an increase over a five-year period of \$5.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning July 01, 2020. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2021. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2022. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2023. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2024.

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2. Establish the Tier 1 Basic Allocation Rate at \$5.10 per one hundred cubic foot (CCF) of water for the 0-1300 CF and establish the Tier 2 Excess Consumption Rate at \$7.65 for 1301 CF or greater consumption range July 01, 2020.

This format of increase is common practice and consistent with previous increases raising the fixed rate along with charging a higher consumption rate.

Pros:

- It is fair in practice as it increases rates for a given service equally for all accounts.
- If consumption remains at the current level it is estimated the District expenses will be fully covered annually.
- It is relatively easy to implement and adjust on an annual basis.
- The increases to the consumption rate are based on the rising cost of labor by percentage and therefore justifiable.

Cons:

- In order to balance income and expenses in a five-year period, it may create a hardship for low income customers.
- Increasing the Monthly Fixed Rate may be considered unfair to customers who use a minimum amount of water.
- Increasing the consumption rate may influence customers to conserve water leaving an unprojected shortfall in income.

This is a 29.2% increase over a 5-year period for a customer with a 5/8" X 3/4" meter and 400 CF consumption.

The District should review its water rates annually and establish a long-term plan to build the necessary reserves for required capital improvements.

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Crestline Village Water District

Consumption Analysis

For Period Ending 11/30/18

11/14/2019

Exhibit A

All Accounts		With 92325 Zip Code				% of All Accounts		With 92325 Zip Code				% of All Accounts	
		12 Month Average		% of Total				12 Month Average		% of Total			
Consumption Level	In Cubic Feet	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption
0	1,101	54	0.0%	22.3%	0.0%	169	54	5.9%	0.0%	169	54	5.9%	0.0%
1-200	1,124	161,421	6.6%	22.7%	6.6%	567	88,352	19.8%	5.6%	567	88,352	19.8%	5.6%
201-400	961	333,597	13.7%	19.4%	13.7%	737	254,064	25.7%	16.2%	737	254,064	25.7%	16.2%
401-600	724	393,692	16.2%	14.6%	16.2%	589	320,230	20.5%	20.4%	589	320,230	20.5%	20.4%
601-700	245	170,920	7.0%	4.9%	7.0%	197	137,572	6.9%	8.8%	197	137,572	6.9%	8.8%
701-800	174	138,933	5.7%	3.5%	5.7%	143	114,368	5.0%	7.3%	143	114,368	5.0%	7.3%
801-900	135	121,530	5.0%	2.7%	5.0%	110	98,626	3.8%	6.3%	110	98,626	3.8%	6.3%
901-1000	102	101,820	4.2%	2.1%	4.2%	82	82,676	2.9%	5.3%	82	82,676	2.9%	5.3%
1001-1100	76	83,212	3.4%	1.5%	3.4%	61	66,921	2.1%	4.3%	61	66,921	2.1%	4.3%
1101-1200	57	68,298	2.8%	1.1%	2.8%	46	54,523	1.6%	3.5%	46	54,523	1.6%	3.5%
1201-1300	42	252,592	10.4%	0.8%	10.4%	32	41,868	1.1%	2.7%	32	41,868	1.1%	2.7%
1301+	211	607,808	25.0%	4.3%	25.0%	141	311,863	4.9%	19.9%	141	311,863	4.9%	19.9%
Total	4,949	2,433,876	100.0%	100.0%	100.0%	2,870	1,571,114	100.0%	100.0%	2,870	1,571,114	100.0%	64.6%

CII Accounts (Commercial, Industrial and Institutional)		With 92325 Zip Code				% of All Accounts		With 92325 Zip Code				% of All Accounts	
		12 Month Average		% of Total				12 Month Average		% of Total			
Consumption Level	In Cubic Feet	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption
0	40	-	0.0%	22.8%	0.0%	16	-	18.0%	0.0%	16	-	18.0%	0.0%
1-200	42	5,931	2.0%	24.3%	2.0%	25	3,596	27.5%	4.0%	25	3,596	27.5%	4.0%
201-400	20	6,826	2.3%	11.3%	2.3%	11	3,677	11.8%	4.1%	11	3,677	11.8%	4.1%
401-600	13	7,233	2.5%	7.2%	2.5%	8	4,800	9.0%	5.3%	8	4,800	9.0%	5.3%
601-700	6	4,593	1.6%	3.5%	1.6%	4	2,436	3.9%	2.7%	4	2,436	3.9%	2.7%
701-800	4	3,733	1.3%	2.3%	1.3%	3	2,200	2.8%	2.4%	3	2,200	2.8%	2.4%
801-900	4	3,675	1.3%	2.0%	1.3%	2	1,875	2.3%	2.1%	2	1,875	2.3%	2.1%
901-1000	3	3,583	1.2%	1.7%	1.2%	2	1,417	1.7%	1.6%	2	1,417	1.7%	1.6%
1001-1100	2	3,293	1.1%	1.2%	1.1%	2	1,466	1.7%	1.6%	2	1,466	1.7%	1.6%
1101-1200	3	4,092	1.4%	1.5%	1.4%	2	2,400	2.3%	2.6%	2	2,400	2.3%	2.6%
1201-1300	2	2,816	1.0%	0.9%	1.0%	1	1,300	1.1%	1.4%	1	1,300	1.1%	1.4%
1301+	37	247,416	84.4%	21.4%	84.4%	16	65,675	18.0%	72.3%	16	65,675	18.0%	72.3%
Total	173	293,189	100.0%	100.0%	100.0%	89	90,838	100.0%	100.0%	89	90,838	100.0%	3.7%

Crestline Village Water District

Consumption Analysis

For Period Ending 11/30/18

11/14/2019

Exhibit A

Consumption Level In Cubic Feet		All Residential Accounts				With 92325 Zip Code				% of All Accounts	
		12 Month Average		% of Total		12 Month Average		% of Total		Services	Consumption
		Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption	Services	Consumption
0	1,061	54	0.0%	22.3%	0.0%	154	54	5.5%	0.0%		
1-200	1,081	155,490	8.0%	22.7%	8.0%	543	84,941	19.6%	5.7%		
201-400	941	326,771	16.8%	19.7%	16.8%	715	249,672	25.8%	16.9%		
401-600	711	386,459	19.9%	14.9%	19.9%	582	316,680	21.0%	21.4%		
601-700	238	166,326	8.6%	5.0%	8.6%	192	134,728	6.9%	9.1%		
701-800	169	135,200	7.0%	3.6%	7.0%	140	112,102	5.0%	7.6%		
801-900	131	117,855	6.1%	2.8%	6.1%	108	96,826	3.9%	6.6%		
901-1000	98	98,236	5.1%	2.1%	5.1%	81	81,259	2.9%	5.5%		
1001-1100	73	79,920	4.1%	1.5%	4.1%	59	65,553	2.1%	4.4%		
1101-1200	53	64,207	3.3%	1.1%	3.3%	43	52,023	1.6%	3.5%		
1201-1300	39	51,276	2.6%	0.8%	2.6%	31	40,459	1.1%	2.7%		
1301+	173	360,391	18.6%	3.6%	18.6%	124	244,722	4.5%	16.6%		
Total	4,766	1,942,182	100.0%	100.0%	100.0%	2,770	1,479,015	100.0%	100.0%	56.0%	60.8%
										96.3%	79.8%

Crestline Village Water District

Background Information
11/14/19

Exhibit B

Recent Rate Change History

		<u>Change</u>		
		<u>Monthly</u>	<u>Usage per</u>	
		<u>Charge</u>	<u>100 cf</u>	
Last District Wide Rate Increase	1/1/2017	\$ 8.00	\$ 4.20	Adopted January 2017

WATER RATE SCHEDULE

[Water Conservation Program - Phase I.a water conservation measures in effect](#)

Monthly Minimum Charge:

<u>Meter Size</u>	<u>Current</u> <u>Monthly</u> <u>Minimum</u> <u>Charge</u>	<u>Number of</u> <u>Water</u> <u>Services</u>	<u>% of Water</u> <u>Services</u>
5/8 x 3/4 inch meter *	25.50	4,775	96.4%
3/4 inch meter	26.50	59	1.2%
1 inch meter	27.50	33	0.7%
1 inch meter (Residential Fire Service)	29.75	52	1.1%
1 1/2 inch meter	31.50	27	0.6%
2 inch meter	36.50	5	0.1%
3 inch meter	42.50	1	0.0%
		4,952	100.0%

* The most common size of water meter.

Quantity Rates:

Basic Allocation Rate - 0 to 1300 cubic feet	\$4.20 per 100 cubic feet
Excess Consumption Rate - 1301+ cubic feet	\$6.30 per 100 cubic feet

The quantity rates are based on a 30 day billing period.

Effect of Change to Monthly Charge

Number of Active Water Services

<u>Proposed Increase</u>		<u>Scenarios for Equal Increases Each Year</u>			
<u>Per Month</u>	<u>Per Year</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>
		4,952			
\$ 1.00	\$ 12.00	\$ 59,424	\$ 118,848	\$ 178,272	\$ 237,696
2.00	24.00	118,848	237,696	356,544	475,392
2.50	30.00	148,560	297,120	445,680	594,240
3.00	36.00	178,272	356,544	534,816	713,088
4.00	48.00	237,696	475,392	713,088	950,784
4.50	54.00	267,408	534,816	802,224	1,069,632
5.00	60.00	297,120	594,240	891,360	1,188,480
6.00	72.00	356,544	713,088	1,069,632	1,426,176
7.00	84.00	415,968	831,936	1,247,904	1,663,872
8.00	96.00	475,392	950,784	1,426,176	1,901,568
9.00	108.00	534,816	1,069,632	1,604,448	2,139,264
10.00	120.00	594,240	1,188,480	1,782,720	2,376,960
11.00	132.00	653,664	1,307,328	1,960,992	2,614,656
12.00	144.00	713,088	1,426,176	2,139,264	2,852,352
Existing Rate for 5/8" x 3/4" Meter:	25.50 306.00	1,515,312			

Crestline Village Water District

Background Information
11/14/19

Exhibit B

Review Of Operating Income/(Loss) - Audited

Fiscal Year	Operating Income	Operating Expenses	Net Income/(Loss)	Depreciation	Net Income/(Loss) Before Depreciation
2005-06:	2,766,016	2,250,783	515,233	572,369	1,087,602
2006-07:	2,931,152	2,488,604	442,548	574,874	1,017,422
2007-08:	2,834,837	3,371,635	(536,798)	554,457	17,659
2008-09:	2,748,034	2,805,235	(57,201)	574,005	516,804
2009-10:	2,669,472	2,910,921	(241,449)	562,884	321,435
2010-11:	2,571,854	2,776,312	(204,458)	562,896	358,438
2011-12:	2,497,385	2,799,237	(301,852)	575,220	273,368
2012-13:	2,581,852	2,889,764	(307,912)	596,176	288,264
2013-14:	2,418,899	3,080,677	(661,778)	590,728	(71,050)
2014-15:	2,313,895	3,118,289	(804,394)	603,755	(200,639)
2015-16:	2,167,027	3,132,298	(965,271)	614,510	(350,761)
2016-2017	2,399,982	3,072,884	(672,902)	621,549	(51,353)
2017-2018	2,754,231	3,600,911	(846,680)	619,478	(227,202)
Total from 2005 to 2018			(4,642,914)	7,622,901	2,979,988

Crestline Village Water District

Exhibit D

DISTRICT	Monthly Minimum Charge – By Meter Size						
	5/8"	¾"	1"	1" Fire	1 ½"	2"	3"
Alpine Water Users Association	22.50		28.50		34.50	34.50	46.50
Arrowbear Park County Wtr Dist*	30.50						
Big Bear City CSD	40.77	40.77	40.77		81.54	130.45	244.61
Big Bear Lake Water & Power**	46.50		82.75				
Cedarpines Park Mutual Wtr Co	47.53	47.53	47.53	47.53	47.53		
LACSD – Arrowhead Woods	44.51	44.51	109.04		218.10	348.51	697.43
LACSD – Deer Lodge Park	45.51	44.51	109.04		218.10	349.51	697.43
LACSD – Rimforest Wtr	49.73	49.73	90.70	59.69	114.27	146.60	242.46
Running Springs Wtr District		34.19	79.01	3.20	153.70	243.33	482.34
Valley of Enchant Mutual Wtr Co	26.00	28.00	30.00		33.00	36.00	
Crestline Village Water District ***	34.50	35.50	36.50	38.75	40.50	45.50	51.50

*Includes 600 cubic feet of water

**Includes 800 cubic feet of water

*** After Five Year Period

DISTRICT	Water Usage Rate (\$/100 CF)
Alpine Water Users Association	\$3.30 (1-15 CCF) \$6.60 (>15 CCF)
Arrowbear Park County Wtr Dist	Includes 6 CCF + \$.07/cu.ft over 6CCF
Big Bear City CSD	\$2.10 (0-12 CCF) \$2.25 (13-38 CCF) \$3.12 (>38 CCF)
Big Bear Lake Water & Power	\$3.37 (9-24 CCF) \$5.05 (25-40 CCF) \$6.64 (41-60 CCF) \$8.78 (61-100 CCF) \$15.62 (>100 CCF)
Cedarpines Park Mutual Wtr Co	\$8.70 (0-600 CF) \$10.30 (601-1400 CF) \$12.90 (>1401 CF)
LACSD – Arrowhead Woods	\$1.39 (0-4 CCF) \$2.64 (5-13 CCF) \$7.82 (14-30 CCF) \$16.30 (>31 CCF)
LACSD – Deer Lodge Park	\$3.45 (0-10 CCF) \$4.12 (>10 CCF)
LACSD – Rimforest Wtr	\$5.10 per CCF
Running Springs Wtr District	\$4.83 per CCF
Valley of Enchant Mutual Wtr Co	\$10.75 (1-600 CF) \$13.00 (601-1200 CF) \$15.00 (>1200 CF)

Crestline Village Water District	\$5.10 (0-13 CCF) \$7.65 (>13 CCF)			
DISTRICT	Average Monthly Water Bill - 5/8" Meter			
	0 Cubic Feet	500 CF	800 CF	1,300 CF
Alpine Water Users Association	22.50	42.00	51.90	68.40
Arrowbear Park County Wtr Dist	30.50	30.50	44.50	93.50
Big Bear City CSD	34.89	45.39	51.69	62.34
Big Bear Lake Water & Power	44.70	61.55	71.76	88.51
Cedarpines Park Mutual Wtr Co	47.53	69.28	83.93	109.62
LACSD – Arrowhead Woods	44.51	52.71	60.63	71.31
LACSD – Deer Lodge Park	44.51	61.76	72.11	87.25
LACSD – Rimforest Wtr	49.73	62.03	77.33	102.83
Running Springs Wtr District *	34.19	58.34	72.83	96.98
Valley of Enchant Mutual Wtr Co	26.00	79.75	106.50	183.50
Crestline Village Water District **	34.50	60.00	75.30	100.80

* Running Springs Water District's minimum meter size is a full ¾" meter.

** After Five Year Period

DISTRICT	Annual Assessment
Alpine Water Users Association	\$100 per parcel
Arrowbear Park County Wtr Dist	
Big Bear City CSD	Improved (Less than 1 acre): \$30.00 Unimproved: \$40.00
Big Bear Lake Water & Power	
Cedarpines Park Mutual Wtr Co	None
LACSD – Arrowhead Woods	None
LACSD – Deer Lodge Park	None
LACSD – Rimforest Wtr	None
Running Springs Wtr District	\$30.00
Valley of Enchant Mutual Wtr Co	None
Crestline Village Water District	Improved (Less than 1 acre): \$15.00 Unimproved (Less than 1 acre): \$30.00

OPTION SIX

Recent Rate Change History

Change	Monthly Charge	Usage per 100 cf
12/1/2016	\$ 8.00	\$ 4.20
Adopted January 2017		

Last District Wide Rate Increase: 12/1/2016 \$ 8.00 \$ 4.20 Adopted January 2017

Consumption Level In Cubic Feet	12 Month Average		% of Total		Rate and Revenue	
	Services	Consumption	Services	Consumption	Tier 1	Monthly
0	1,104	54	22.3%	0.0%	5.10	\$2.75
1-200	1,124	161,421	22.7%	6.6%		\$8,232.47
201-400	961	333,597	19.4%	13.7%		\$17,013.45
401-600	724	393,692	14.6%	16.2%		\$20,078.29
601-700	245	170,920	4.9%	7.0%		\$8,716.89
701-800	174	138,933	3.5%	5.7%		\$7,085.58
801-900	135	121,530	2.7%	5.0%		\$6,198.03
901-1000	102	101,820	2.1%	4.2%		\$5,192.79
1001-1100	76	83,212	1.5%	3.4%		\$4,243.81
1101-1200	57	68,298	1.1%	2.8%		\$3,483.20
1201-1300	42	252,592	0.8%	10.4%		\$12,882.19
Total	4,741	1,826,068	95.7%	75.0%	Total	\$93,129.47

	Tier 1	Tier 2	Total
1301+	211	607,808	4.3%
Total	4,952	2,433,876	100.0%

5-Year Rate Increase Usage Portion Target	Annual Usage Increase Needed	Current Annual Usage Total	Desired Annual Usage Total	Proposed Annual Usage Total	Proposed Annual Usage Increase
\$1,856,647	\$371,329	\$1,379,841	\$1,751,170	\$1,675,521	\$295,680

per 100 cubic feet
Excess Consumption Rate - 1301+ cubic feet

\$5.10
\$7.65

The quantity rates are based on a 30 day billing period.

Meter Size	Current		Proposed Monthly		Proposed Annual	
	Monthly Minimum Charge	Number of Water Services	Fixed Rate	% of Water Services	Fixed Rate Total	Fixed Rate Total
5/8 x 3/4 inch meter *	25.50	4,775	\$34.50	96.4%	\$164,737.50	\$1,976,850.00
3/4 inch meter	26.50	59	\$35.50	1.2%	\$2,094.50	\$25,134.00
1 inch meter	27.50	33	\$36.50	0.7%	\$1,204.50	\$14,454.00
1 inch meter (Fire)	29.75	52	\$38.75	1.1%	\$2,015.00	\$24,180.00
1 1/2 inch meter	31.50	27	\$40.50	0.6%	\$1,093.50	\$13,122.00
2 inch meter	36.50	5	\$45.50	0.1%	\$227.50	\$2,730.00
3 inch meter	42.50	1	\$51.50	0.0%	\$51.50	\$618.00

* The most common size of water meter.

Annual Fixed Rate Increase	Year 1	Year 2	Year 3	Year 4	Year 5	5-Year Monthly Increase
	\$5.00	\$1.00	\$1.00	\$1.00	\$1.00	\$9.00

Monthly Minimum Charge	Year 1	Year 2	Year 3	Year 4	Year 5
	\$30.50	\$31.50	\$32.50	\$33.50	\$34.50

5-Year Fixed Rate Target	Year 1	Year 2	Year 3	Year 4	Year 5
\$1,187,036	20%	20%	20%	20%	20%

Current Monthly Fixed Charge	Year 1	Year 2	Year 3	Year 4	Year 5
	\$126,856	\$126,856	\$126,856	\$126,856	\$126,856
Monthly Fixed Charge W/ Increase	\$151,616	\$156,568	\$161,520	\$166,472	\$171,424
Monthly Income Increase	\$24,760	\$29,712	\$34,664	\$39,616	\$44,568
Current Fixed Annual Charge	\$1,522,272	\$1,522,272	\$1,522,272	\$1,522,272	\$1,522,272
Proposed Fixed Annual W/ Increase	\$1,819,392	\$1,878,816	\$1,938,240	\$1,997,664	\$2,057,088
Desired Fixed Annual Target	\$1,759,679	\$1,759,679	\$1,759,679	\$1,759,679	\$1,759,679
Annual Increase Target	\$237,407	\$237,407	\$237,407	\$237,407	\$237,407
Fixed Annual Increase	\$297,120	\$356,544	\$415,968	\$475,392	\$534,816
Total 5-Year Increase	\$592,800.16	\$652,224.16	\$711,648.16	\$771,072.16	\$830,496.16

Current Monthly Bill With 5/8" X 3/4" Meter At 400 CCF \$42.30
Proposed Monthly Bill With 5/8" X 3/4" Meter At 400 CCF \$54.90

Total 5-Year Increase Target
\$3,043,683

Crestline Village Water District
3/11/2020

Rate Increase Analysis - Prop 218 Justification

Factors to Consider	Annualized					Total
	Year 1	Year 2	Year 3	Year 4	Year 5	
Operational Increase	Inflation 3.0%					
Plant Replacement	Depreciation	(428,400)				
Negative Net Position	(450,000)	(90,000)				
Emergency Reserves	(250,000)	(50,000)				
Fee Type (current allocation 18/19 financial statements)						
Fixed Portion	0.39					
Usage Portion	0.61					
Projected Costs						
Operating Costs	(2,930,838)	(2,988,437)	(3,047,764)	(3,108,871)	(3,171,811)	
Operating Increase - Inflation	(57,599)	(59,327)	(61,107)	(62,940)	(64,828)	
Operating Increase - CLAWA	(58,260)	(91,224)	(122,376)	(150,948)	(181,236)	
Plant Replacement	(428,400)	(428,400)	(428,400)	(428,400)	(428,400)	
Negative Net Position	(90,000)	(90,000)	(90,000)	(90,000)	(90,000)	
Emergency Reserve	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	
Projected Costs	(3,615,097)	(3,707,388)	(3,799,647)	(3,891,159)	(3,986,275)	(18,999,566)
Projected Water Sales Revenue	2,810,750	2,810,750	2,810,750	2,810,750	2,810,750	14,053,750
Unfunded Costs	(804,347)	(896,638)	(988,897)	(1,080,409)	(1,175,525)	(4,945,816)
Funding Source - Unfunded Costs						
Rate Increase - Fixed Portion	169,005.36	203,197.06	237,340.18	271,155.29	306,338.55	1,187,036
Rate Increase - Usage Portion	264,341.71	317,821.05	371,224.39	424,114.68	479,144.91	1,856,647
Non Operating - Availability	140,000.00	140,000.00	140,000.00	140,000.00	140,000.00	700,000
Non Operating - Property Tax	231,000.00	235,620.00	240,332.40	245,139.05	250,041.83	1,202,133
Unfunded Cost	-	-	-	-	-	-
Calculated Increase						
Fixed Portion						
Per Connection Allocation	4,952	41.03	47.93	54.76	61.86	
Annual Increase	34.13	6.90	6.90	6.83	7.10	
Usage Portion (per CCF)						
Basic Allocation (24,339)	75.0%	238,365.79	278,418.29	318,086.01	359,358.68	
Per CCF	18,261	10.86	13.05	17.42	19.68	
Annual Increase		10.86	2.20	2.17	2.26	
Excess Consumption	25.0%	66,013.64	92,705.28	105,913.49	119,656.10	
Per CCF	6,078	10.86	15.25	17.43	19.69	
Annual Increase		10.86	2.19	2.17	2.26	

<< Removes retirement, 3% water CPI
 << Historical increases

<< Presumed 2% increase
 << Targets \$0, should not be negative



777 Cottonwood Drive
 PO Box 3347
 Crestline, CA 92325-3347
 Telephone: (909) 338-1727

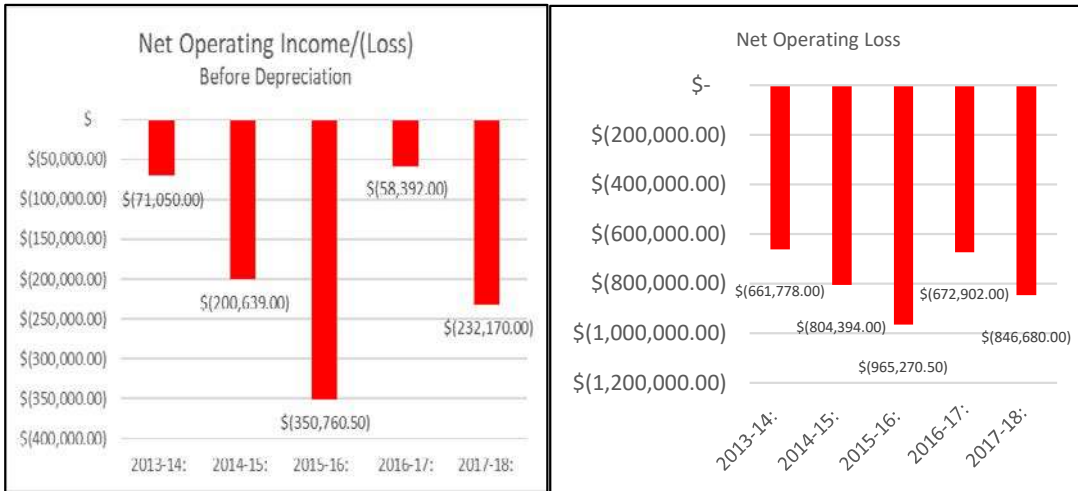
NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE INCREASE

Article XIID of the California Constitution requires the Crestline Village Water District (CVWD) to send notification of a proposed rate increase at least forty-five (45) days prior to a public hearing, to all owners and tenants of real property within CVWD's service area who would be directly liable to pay for water service for the property at which adoption of the proposed increase will be considered. In accordance with those requirements, please be advised that CVWD is proposing an increase in its water service charges. This Notice identifies the amount of the proposed rate increase; the basis upon which the proposed increase was calculated; the reason for the proposed rate increase; the date, time, and location of a public hearing on the proposed rate increases; and the manner in which all persons opposed to the proposed rate increases may object and/or file a written protest thereto. Consequently, please be advised that this document shall serve as a formal notification to you that the CVWD's Board of Directors will hold a Public Hearing on the proposed rate increases described herein on June 16, 2020 at 3:00 p.m. in the CVWD Board Room located at 777 Cottonwood Drive, Crestline, CA 92325.

SUMMARY OF FINDINGS

Crestline Village Water District (CVWD) produces, treats and delivers potable (drinking) water to the properties within its service area. Despite our best efforts to keep costs down, CVWD's operational expenses are tied to factors beyond our control.

In January 2017, the District raised its rates for the first time in twelve (12) years. This increase covered 81% of the District's operating cost. Due to this deficit, the Board of Directors instructed staff to make any necessary adjustments to its operations to continue operating within its existing rate structure. Over the past three (3) years since the last increase, CVWD's basic operational costs have seen increases including increased maintenance and infrastructure costs and other labor related costs. As a result, CVWD has had a Net Operating Loss for the past twelve (12) years and a Net Operating Loss before Depreciation for the past six (6) years.



Depreciation is the annual expensing of a portion of previous infrastructure (capital) improvements. The depreciation expense is used to fund CVWD's capital improvement and replacement program.

The District does not have any long-term debt related to infrastructure improvements. The final portion of this debt was retired in 2011.

The proposed rates outlined in this notice will be implemented over a five-year period and are designed to collect the revenues needed to cover our basic operating expenses before depreciation. It does not provide the necessary revenues to fund the capital improvement and replacement program.

CVWD's proposed water rate increase is consistent with the rate study prepared for the Board of Directors. The study took into account (1) the increased cost of purchased water, (2) fixed costs versus variable costs, and (3) net operating losses incurred over the past twelve (12) years. Based upon all of the factors, elements and calculations considered in that study, a rate increase in the amount set forth herein was recommended. Copies of the rate study may be viewed on CVWD's website www.cwwater.com or at the administrative office. As a public agency CVWD receives no profit from its water rates and is obligated to charge its customers no more than the actual cost incurred for furnishing the services that CVWD provides.

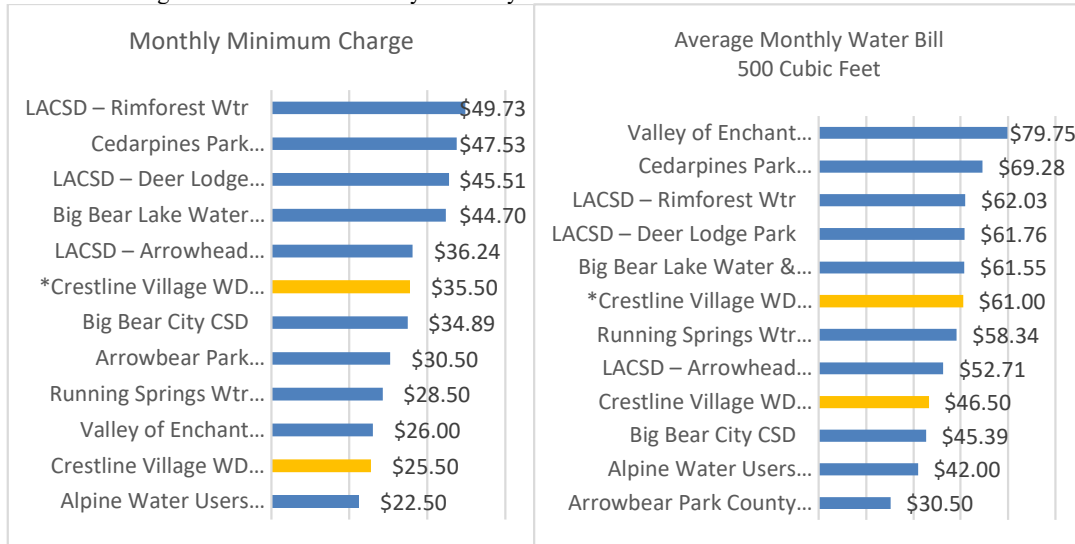
“Providing our community with a reliable water system that delivers high quality water for its health and safety needs.”

The District proposes to adopt an increase over a five-year period of \$5.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning July 01, 2020. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2021. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2022. An increase of \$1.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2023. An increase of \$2.00 per month for all meter sizes to the Monthly Minimum Charge in the District's water rate beginning May 01, 2024.

Meter Size	Current Monthly Minimum Charge	Proposed Monthly Minimum Charge *	% of Total Water Services
5/8 x 3/4 inch	\$ 25.50	\$ 35.50	96.4%
3/4 inch	\$ 26.50	\$ 36.50	1.2%
1 inch	\$ 27.50	\$ 37.50	0.7%
1 inch (Residential Fire Service)	\$ 29.75	\$ 39.75	1.1%
1 1/2 inch	\$ 31.50	\$ 41.50	0.6%
2 inch	\$ 36.50	\$ 46.50	0.1%
3 inch	\$ 42.50	\$ 52.50	0.0%

*Monthly Minimum Charge After Five Year Period

The Basic Allocation Rate will be increased to \$5.10 per one hundred cubic foot (CCF) of water for the 0-1300 CF consumption range July 01, 2020. Consequently, the Excess Consumption Rate becomes \$7.65 per 100 CF for 1301 CF or greater as recommended by the Study.



*Monthly Minimum Charge After Five Year Period

*After Five Year Period

HOW TO PARTICIPATE

If you have any questions or comments about the proposed rates or wish to protest you may:

Write - Written protests may be mailed to Crestline Village Water District, Attention: Secretary of the Board, P.O. Box 3347, Crestline, CA 92325-3347; or hand delivered to the administrative office at 777 Cottonwood Drive, Crestline, CA 92325. Written protests must include date, your name, service address, and signature. Emailed or Faxed protests will not be accepted.

Attend the Public Hearing - Written protests may also be submitted at the Public Hearing on June 16, 2020 at 3:00 p.m. in the Crestline Village Water District Board Room, 777 Cottonwood Drive, Crestline, CA 92325. Written protests must be received before the conclusion of the Public Hearing. You may address the Board; however, oral comments do not qualify as a formal protest unless accompanied by a written protest.

Information available to you - Copies of the rate study and further details concerning the reasons for the proposed rate increases and the basis upon which they were calculated are available for review at the CVWD office at 777 Cottonwood Drive, Crestline, CA 92325, or on our website: www.cvwwater.com

Public Hearing Process - At the time of the Public Hearing, the Board of Directors will hear and consider any protests and objections. After the Public Hearing, if a majority of the property owners and tenants of real property directly liable for paying the water fees for the affected parcels file written protests in opposition to the proposed rate increases, the increases will not be imposed. However, if a majority protest is not received, CVWD's Board of Directors may increase its water rates in the manner described in the Notice. If adopted, the proposed rates would become effective July 01, 2020.