HVLCSD Water/Sewer Rate Informational Meeting

April 7, 2015

Tonight's Agenda

- What is being proposed?
- What are the challenges we face?
- How will they be met?

What is being proposed?

- Switch to monthly billing
- Change in rate structure
- Water and sewer rate increases

Rate Study Participants

- NBS consultants
- Coastland Civil Engineering
- NHA Financial Advisors
- District Board and staff

Switch to Monthly Billing

- Improve ability to monitor water use and detect leaks
- Comply with State directives
- Change bill due date

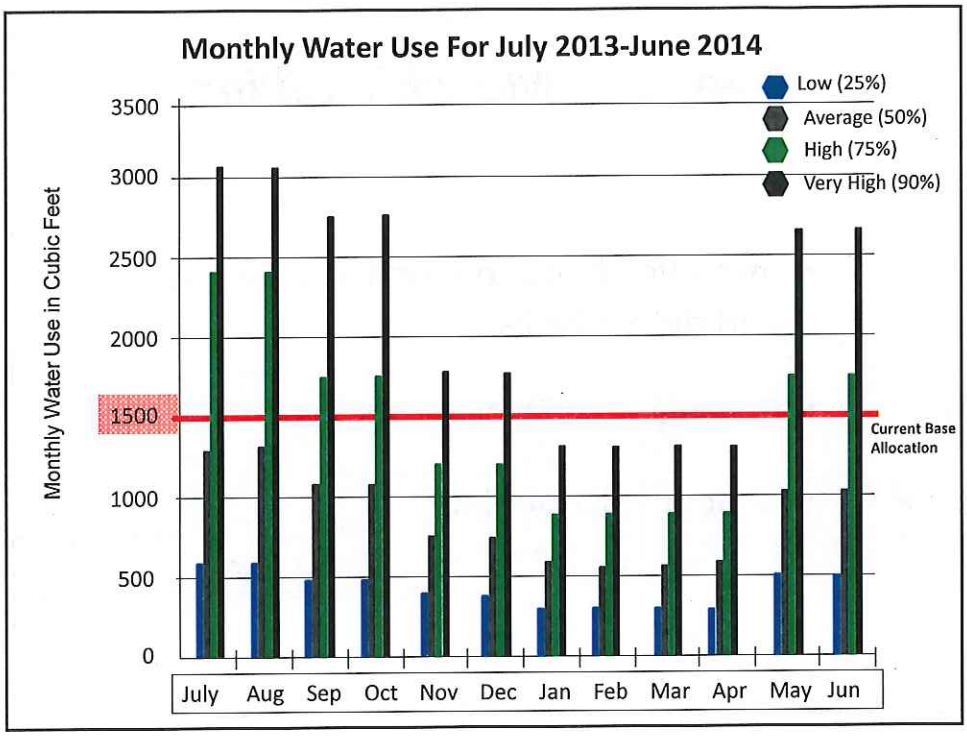
Change in Rate Structure

Current Water Rates

- Bi-monthly base rate of $74.26 for first 3,000 cubic feet of water used
- $2.48 charged for each 100 cubic feet of water used in excess of 3,000 cubic feet

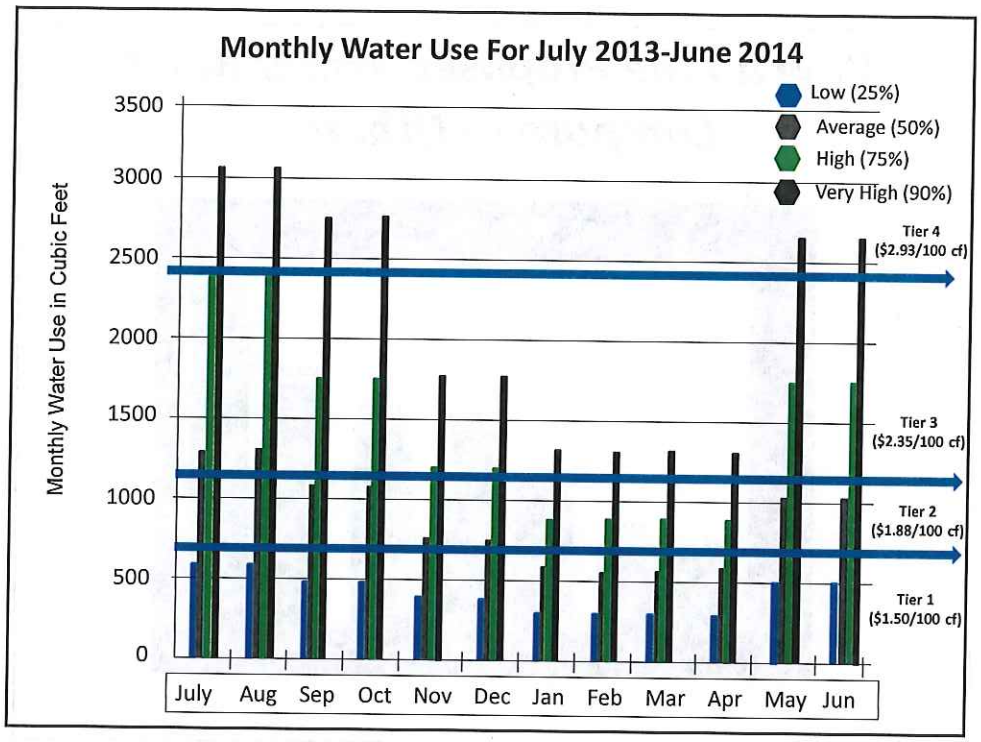
Common Complaints – Current Water Rates

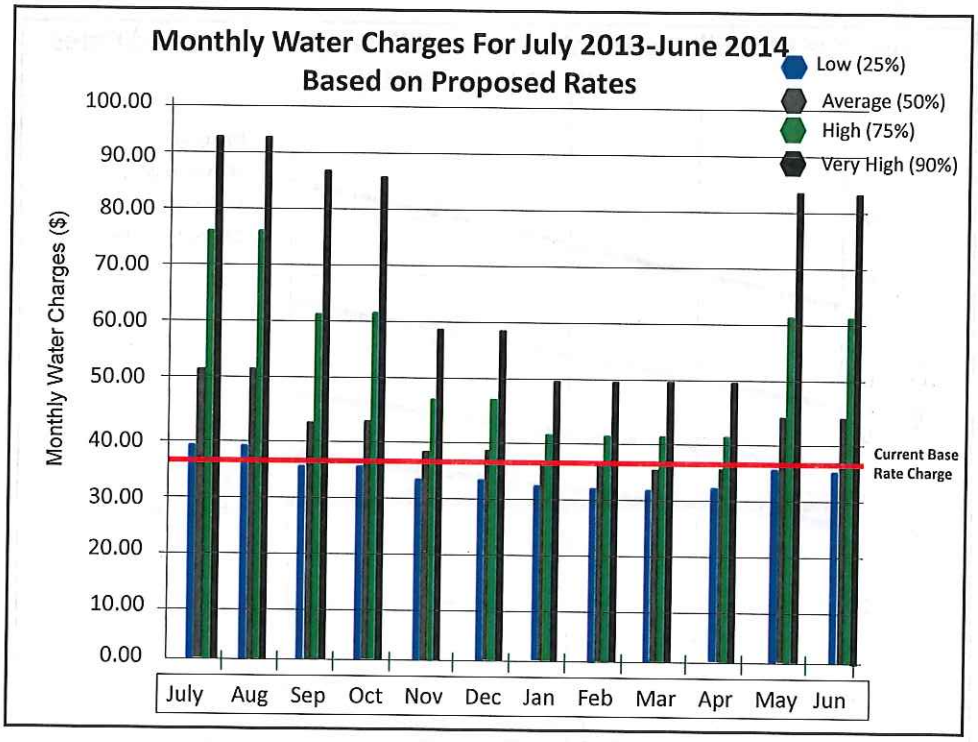
- "I'm paying for water I'm not using"
- "There is very little financial incentive to conserve water"



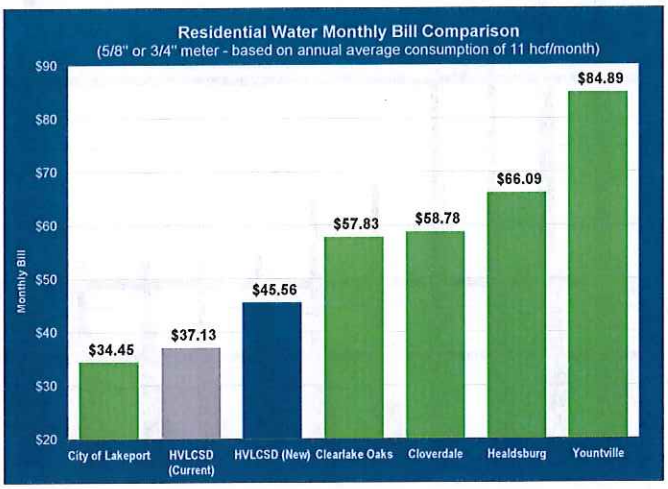
Proposed Water Rates

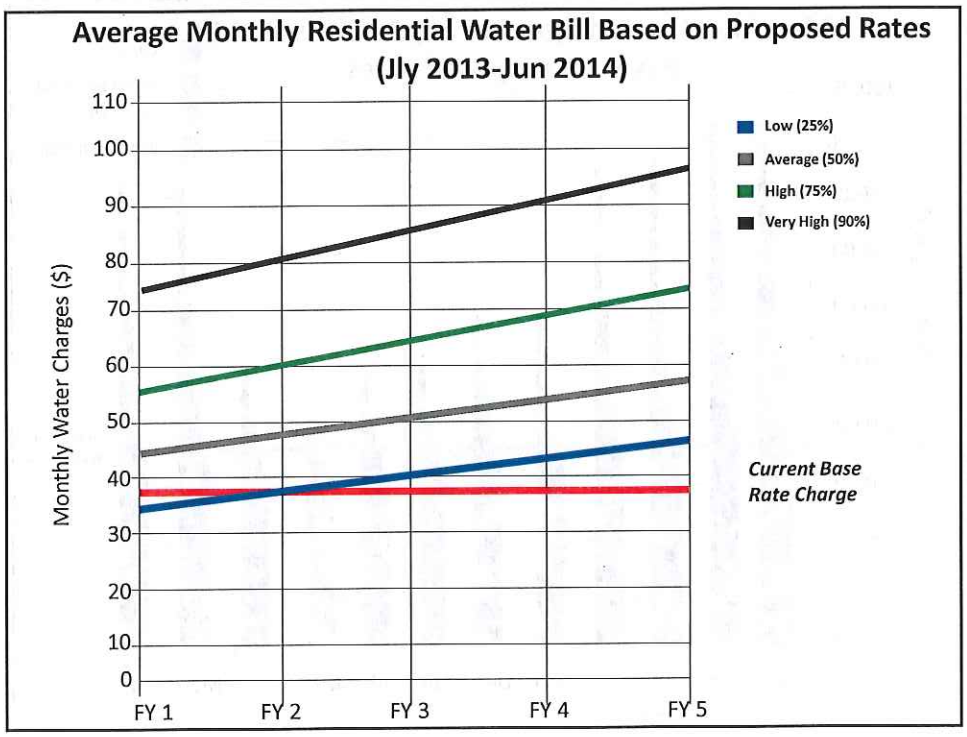
- Determined by projected revenue requirements
  - Operating costs
  - Rate-funded capital improvements
  - Reserve funds
- Consists of two components - a Fixed Charge and Variable (volumetric) Charge
  - "Fixed" Charge – everyone pays the same amount
  - Variable Charge – determined by actual water usage

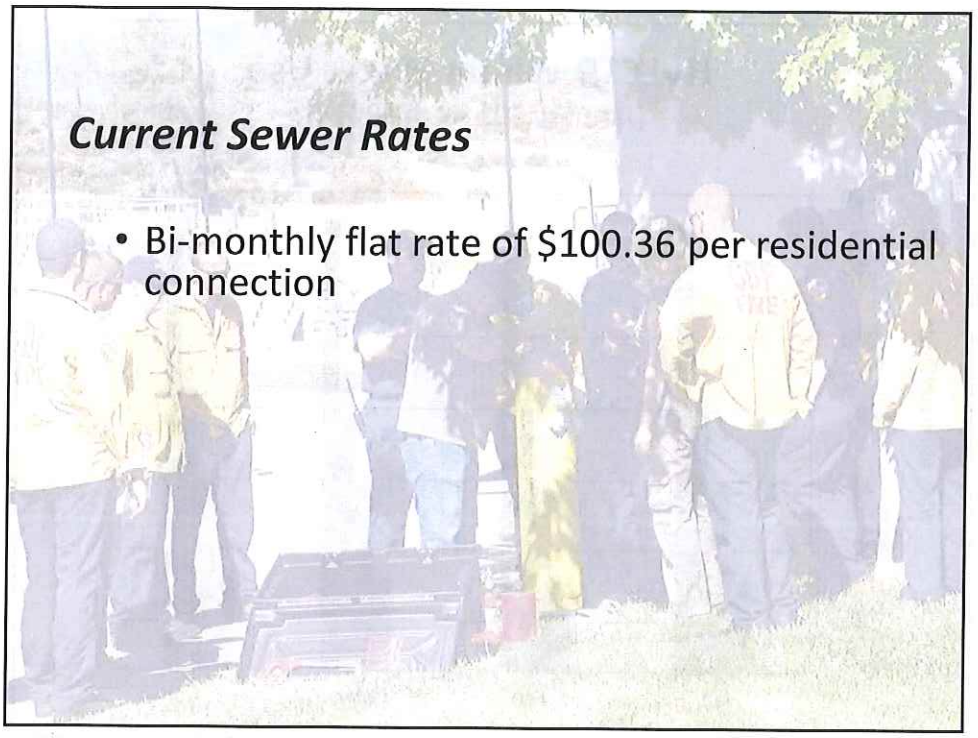

Monthly Water Use For July 2013-June 2014
Monthly Water Use in Cubic Feet
3500
3000
2500
2000
1500
1000
500
0
Low (25%)
Average (50%)
High (75%)
Very High (90%)
Tier 4 ($2.93/100 cf)
Tier 3 ($2.35/100 cf)
Tier 2 ($1.88/100 cf)
Tier 1 ($1.50/100 cf)
July Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun


Monthly Water Charges For July 2013-June 2014
Based on Proposed Rates
Monthly Water Charges ($)
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
Low (25%)
Average (50%)
High (75%)
Very High (90%)
Current Base Rate Charge
July Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

How do the Proposed Water Rates Compare to Others?

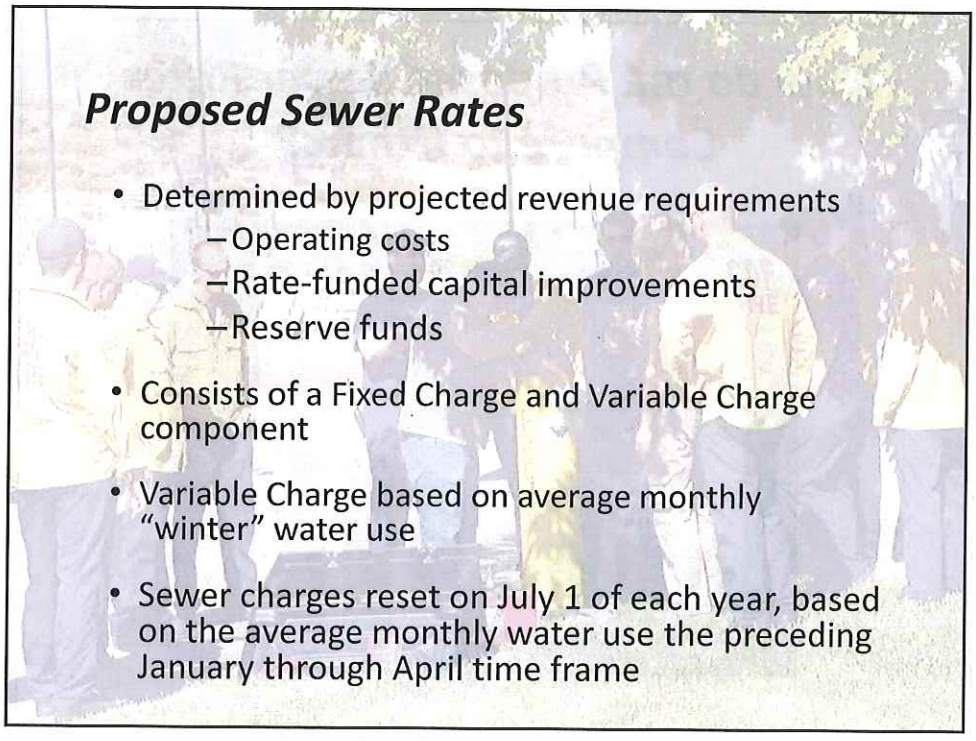






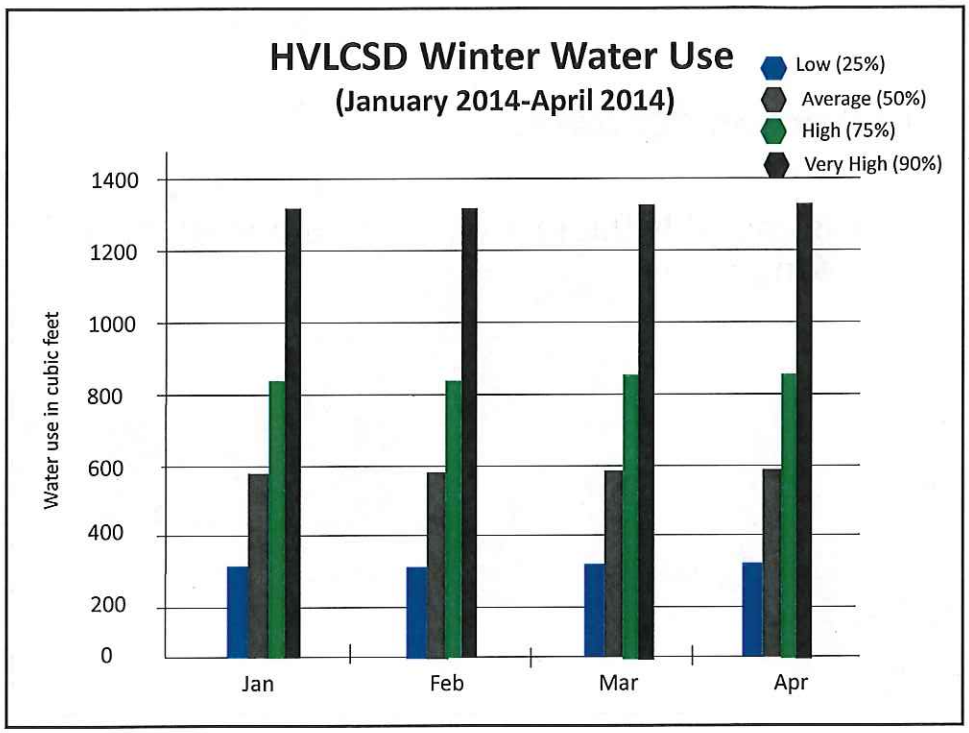
Current Sewer Rates

- Bi-monthly flat rate of $100.36 per residential connection

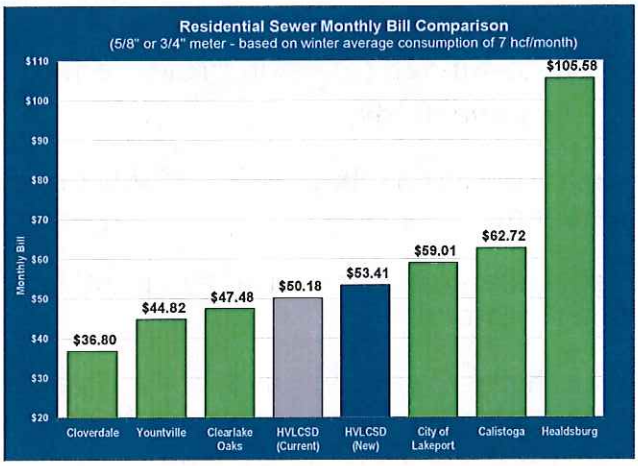


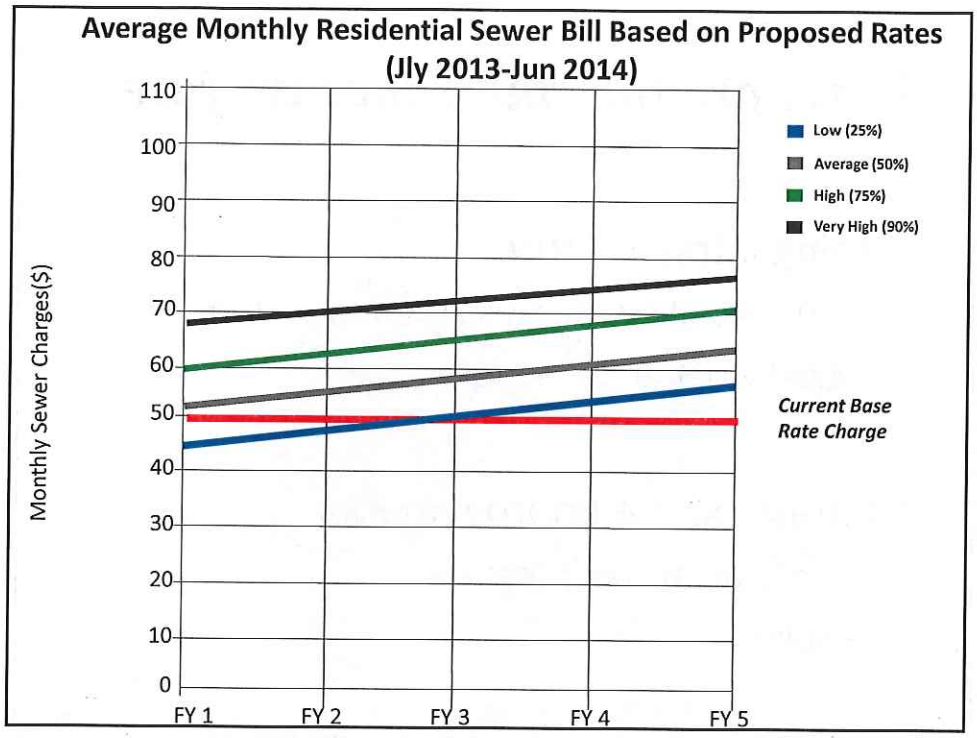
Proposed Sewer Rates

- Determined by projected revenue requirements
  - Operating costs
  - Rate-funded capital improvements
  - Reserve funds
- Consists of a Fixed Charge and Variable Charge component
- Variable Charge based on average monthly "winter" water use
- Sewer charges reset on July 1 of each year, based on the average monthly water use the preceding January through April time frame



How do the Proposed Sewer Rates Compare to Others?





What are the challenges we face?

- Aging infrastructure
- Infrastructure improvements
- Increasingly stringent regulatory environment
- Financial limitations

What are the challenges we face?

- Aging infrastructure
  - 50 year old water distribution system
  - Leaky sewer collection system
- Infrastructure improvements
  - Improve water pressure
  - Solar

Infrastructure Needs

Total identified need over next 10 to 15 years
- $ 16,000,000 sewer
- $ 20,000,000 water

Total identified need over next 5 years
- $ 3,600,000 sewer
- $ 6,900,000 water

What proposed rate increases will fund over the next 5 years
- $ 1,800,000 sewer
- $ 1,500,000 water

What are the challenges we face?

- Increasingly stringent regulatory environment
  - New hexavalent chromium standard
  - State imposed water use restrictions
  - Protection of water rights

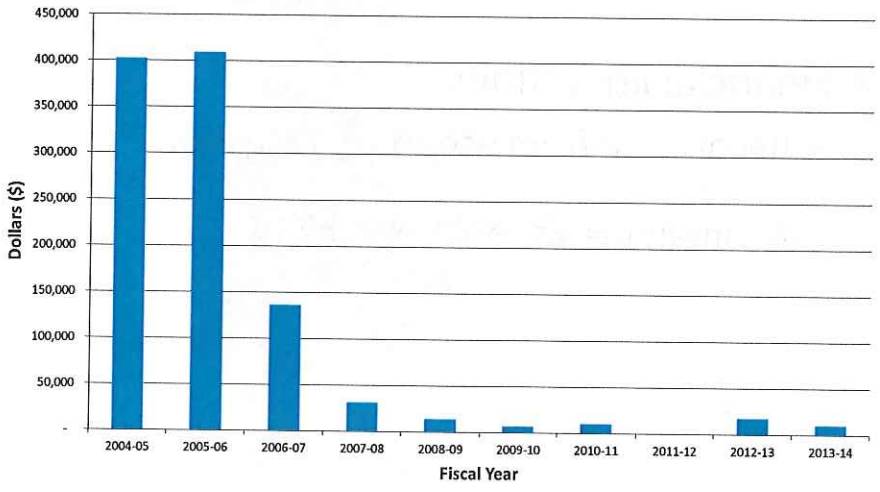
What are the challenges we face?

- Financial limitations
  - Recovering from economic recession
  - Maintaining water affordability

Impact of 2008 Recession

- Loss of "new service connection fees" revenue
- No significant interest income
- Delayed rate increases
- Depleted operating and capital reserves

Revenue From New Water Service Connections



How will they be met?

- Adopted 2013-2018 Strategic Plan
- Seeking alternative sources of revenue
- New technology to improve operating efficiency
- Strengthen District financial position to maximize borrowing capacity