



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 \$50.96 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 2<sup>nd</sup> 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 6<sup>th</sup> 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 6<sup>th</sup> 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 8<sup>th</sup> 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 the 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 June 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 June 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

**Exhibit A**

11/14/2019

<b>All Accounts</b>				<b>With 92325 Zip Code</b>								
<b>Consumption Level</b>	<b>12 Month Average</b>		<b>% of Total</b>		<b>% of All Accounts</b>		<b>12 Month Average</b>		<b>% of Total</b>		<b>% of All Accounts</b>	
	<b>In Cubic Feet</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>
0	1,101	54	22.3%	0.0%			169	54	5.9%	0.0%		
1-200	1,124	161,421	22.7%	6.6%			567	88,352	19.8%	5.6%		
201-400	961	333,597	19.4%	13.7%			737	254,064	25.7%	16.2%		
401-600	724	393,692	14.6%	16.2%			589	320,230	20.5%	20.4%		
601-700	245	170,920	4.9%	7.0%			197	137,572	6.9%	8.8%		
701-800	174	138,933	3.5%	5.7%			143	114,368	5.0%	7.3%		
			87.5%									
801-900	135	121,530	2.7%	5.0%			110	98,626	3.8%	6.3%		
901-1000	102	101,820	2.1%	4.2%			82	82,676	2.9%	5.3%		
1001-1100	76	83,212	1.5%	3.4%			61	66,921	2.1%	4.3%		
1101-1200	57	68,298	1.1%	2.8%			46	54,523	1.6%	3.5%		
1201-1300	42	252,592	0.8%	10.4%			32	41,868	1.1%	2.7%		
1301+	211	607,808	4.3%	25.0%			141	311,863	4.9%	19.9%		
<b>Total</b>	<b>4,949</b>	<b>2,433,876</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2,870</b>	<b>1,571,114</b>	<b>100.0%</b>	<b>100.0%</b>	<b>58.0%</b>	<b>64.6%</b>

<b>CII Accounts (Commercial, Industrial and Institutional)</b>				<b>With 92325 Zip Code</b>								
<b>Consumption Level</b>	<b>12 Month Average</b>		<b>% of Total</b>		<b>% of All Accounts</b>		<b>12 Month Average</b>		<b>% of Total</b>		<b>% of All Accounts</b>	
	<b>In Cubic Feet</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>	<b>Consumption</b>	<b>Services</b>
0	40	-	22.8%	0.0%			16	-	18.0%	0.0%		
1-200	42	5,931	24.3%	2.0%			25	3,596	27.5%	4.0%		
201-400	20	6,826	11.3%	2.3%			11	3,677	11.8%	4.1%		
401-600	13	7,233	7.2%	2.5%			8	4,800	9.0%	5.3%		
601-700	6	4,593	3.5%	1.6%			4	2,436	3.9%	2.7%		
701-800	4	3,733	2.3%	1.3%			3	2,200	2.8%	2.4%		
801-900	4	3,675	2.0%	1.3%			2	1,875	2.3%	2.1%		
901-1000	3	3,583	1.7%	1.2%			2	1,417	1.7%	1.6%		
1001-1100	2	3,293	1.2%	1.1%			2	1,466	1.7%	1.6%		
1101-1200	3	4,092	1.5%	1.4%			2	2,400	2.3%	2.6%		
1201-1300	2	2,816	0.9%	1.0%			1	1,300	1.1%	1.4%		
1301+	37	247,416	21.4%	84.4%			16	65,675	18.0%	72.3%		
<b>Total</b>	<b>173</b>	<b>293,189</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.5%</b>	<b>12.1%</b>	<b>89</b>	<b>90,838</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.8%</b>	<b>3.7%</b>

**Crestline Village Water District**

Consumption Analysis  
For Period Ending 11/30/18

**Exhibit A**

11/14/2019

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



**Crestline Village Water District**

Background Information  
11/14/19

**Exhibit B**

**Recent Rate Change History**

		<u>Change</u>		
		Monthly	Usage per	
		Charge	100 cf	
Last District Wide Rate Increase	12/1/2016	\$ 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 Monthly Minimum Charge</u>	<u>Number of Water Services</u>	<u>% of Water 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**

<b>Proposed Increase</b>		<b>Scenarios for Equal Increases Each Year</b>			
<b>Per Month</b>	<b>Per Year</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
		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
<b>Existing Rate for 5/8" x 3/4" Meter:</b>	<b>17.50 210.00</b>	<b>1,039,920</b>			

**Crestline Village Water District**

Background Information  
11/14/19

**Exhibit B**

**Review Of Operating Income/(Loss) - Audited**

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



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**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	
<b>Crestline Village Water District ***</b>	<b>34.50</b>	<b>35.50</b>	<b>36.50</b>	<b>38.75</b>	<b>40.50</b>	<b>45.50</b>	<b>51.50</b>

\*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)			
<b>DISTRICT</b>	<b>Average Monthly Water Bill - 5/8" Meter</b>			
	<b>0 Cubic Feet</b>	<b>500 CF</b>	<b>800 CF</b>	<b>1,300 CF</b>
Alpine Water Users Association	<b>22.50</b>	42.00	51.90	68.40
Arrowbear Park County Wtr Dist	30.50	<b>30.50</b>	<b>44.50</b>	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	<b>88.51</b>
Cedarpines Park Mutual Wtr Co	47.53	<b>69.28</b>	<b>83.93</b>	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	<b>49.73</b>	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	<b>183.50</b>
<b>Crestline Village Water District **</b>	<b>34.50</b>	<b>60.00</b>	<b>75.30</b>	<b>100.80</b>

\* Running Springs Water District's minimum meter size is a full 3/4" meter.

\*\* After Five Year Period

<b>DISTRICT</b>	<b>Annual Assessment</b>
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
<b>Crestline Village Water District</b>	<b>Improved (Less than 1 acre): \$15.00</b> <b>Unimproved (Less than 1 acre): \$30.00</b>

### OPTION SIX

**Recent Rate Change History**

		Change	
Monthly Charge	Usage per 100 cf		
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
	5.10					
0	1,104	54	22.3%	0.0%		\$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
<b>Total</b>	<b>4,741</b>	<b>1,826,068</b>	<b>95.7%</b>	<b>75.0%</b>	<b>Total</b>	<b>\$93,129.47</b>

					Tier 2	\$7.65
1301+	211	607,808	4.3%	25.0%	<b>Total</b>	\$46,497.27

						Monthly Consumption Total
<b>Total</b>	<b>4,952</b>	<b>2,433,876</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$139,627</b>	

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

Tier 1 Basic Allocation Rate	\$5.10	per 100 cubic feet
Excess Consumption Rate - 1301+ cubic feet	\$7.65	per 100 cubic feet

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

Meter Size	Monthly Minimum Charge:					
	Current		Number of Water Services	% of Water Services	Proposed	
	Monthly Minimum Charge	Fixed Rate			Monthly Fixed Rate Total	Annual Fixed Rate Total
5/8 x 3/4 inch meter *	25.50		4,775	96.4%	\$34.50	\$164,737.50
3/4 inch meter	26.50		59	1.2%	\$35.50	\$2,094.50
1 inch meter	27.50		33	0.7%	\$36.50	\$1,204.50
1 inch meter (Fire)	29.75		52	1.1%	\$38.75	\$2,015.00
1 1/2 inch meter	31.50		27	0.6%	\$40.50	\$1,093.50
2 inch meter	36.50		5	0.1%	\$45.50	\$227.50
3 inch meter	42.50		1	0.0%	\$51.50	\$51.50
						\$618.00
	<b>Current Monthly Fixed Meter Charge Total</b>					<b>Proposed Monthly Fixed Meter Charge Total</b>
						<b>Proposed Annual Fixed Meter Charge Total</b>
* The most common size of water meter.	\$126,856.00	4,952	100.0%		\$171,424	\$2,057,088.00
<b>Annual Fixed Rate Increase</b>	Year 1	Year 2	Year 3	Year 4	Year 5	<b>5-Year Monthly Increase</b>
	<b>\$5.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$9.00</b>

Monthly Minimum Charge For 5/8 x 3/4 inch meter *	\$30.50	\$31.50	\$32.50	\$33.50	\$34.50
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5-Year Fixed Rate Target	Year 1	Year 2	Year 3	Year 4	Year 5	
<b>\$1,187,036</b>						
% of 5-Year Total Increase	20%	20%	20%	20%	20%	100%

Current Monthly Fixed Charge	\$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

<b>Total 5-Year Increase</b>	Year 1	Year 2	Year 3	Year 4	Year 5	Total
	\$592,800.16	\$652,224.16	\$711,648.16	\$771,072.16	\$830,496.16	\$3,558,241

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

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

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**Crestline Village Water District**  
**3/11/2020**  
**Rate Increase Analysis - Prop 218 Justification**

Factors to Consider		Annualized	
Operational Increase	Inflation 3.0%		
Plant Replacement	Depreciation	(428,400)	<< Uses 2% of fixed assess excluding land, 50 year replacement
Negative Net Position		(450,000)	(90,000)
Emergency Reserves		(250,000)	(50,000) << Evaluated subsequently, amount represents reasonable minimum

Fee Type (current allocation 18/19 financial statements)	
Fixed Portion	0.39
Usage Portion	0.61

	Year 1	Year 2	Year 3	Year 4	Year 5	Total	
<b>Projected Costs</b>							
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)		<< Removes retirement, 3% water CPI
Operating Increase - CLAWA	(58,260)	(91,224)	(122,376)	(150,948)	(181,236)		<< Historical increases
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)	
<b>Projected Water Sales Revenue</b>	2,810,750	2,810,750	2,810,750	2,810,750	2,810,750	14,053,750	
<b>Unfunded Costs</b>	(804,347)	(896,638)	(988,897)	(1,080,409)	(1,175,525)	(4,945,816)	
<b>Funding Source - Unfunded Costs</b>							
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	<< Presumed 2% increase
Unfunded Cost	-	-	-	-	-	-	<< Targets \$0, should not be negative

Calculated Increase							
<b>Fixed Portion</b>							
Per Connection Allocation	4,952	34.13	41.03	47.93	54.76	61.86	
Annual Increase		34.13	6.90	6.90	6.83	7.10	
<b>Usage Portion (per CCF)</b>							
Basic Allocation (24,339)	75.0%	198,256.28	238,365.79	278,418.29	318,086.01	359,358.68	
Per CCF	18,261	10.86	13.05	15.25	17.42	19.68	
Annual Increase		10.86	2.20	2.19	2.17	2.26	
Excess Consumption	25.0%	66,013.64	79,368.95	92,705.28	105,913.49	119,656.10	
Per CCF	6,078	10.86	13.06	15.25	17.43	19.69	
Annual Increase		10.86	2.20	2.19	2.17	2.26	

**Crestline Village Water District**

Proposed Water Rate Increase

Proposed Calendar of Events

<u>Date</u>	<u>Event</u>	<u>Days</u> <u>Between</u>	<u>Cumulative</u> <u>Days</u>
		<u>Meetings</u>	
?	Ad-Hoc Committee Meeting		
03/17/20	Regular Board Meeting	-	-
04/21/20	Regular Board Meeting	35	35
5/19/2020	Regular Board Meeting	28	63

**Proposed Schedule 1**

03/17/20	Regular Board Meeting - Resolution of Intent		
04/21/20	Regular Board Meeting	35	35
05/01/20	45 day minimum for Public Hearing	10	45
05/19/20	Regular Board Meeting - Proposed Public Hearing	28	63

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RESOLUTION NO. 458

A RESOLUTION OF INTENTION OF THE BOARD OF DIRECTORS OF CRESTLINE VILLAGE WATER DISTRICT TO INCREASE WATER RATES, SETTING A PUBLIC HEARING DATE FOR MAY 19, 2020 AND DIRECTING STAFF TO PROCEED WITH MAILING NOTICES TO ALL PROPERTY OWNERS AND WATER CUSTOMERS IN THE DISTRICT

WHEREAS, without additional revenue, the District will not have sufficient resources to sustain operations, perform preventative maintenance, and fund capital improvements necessary to ensure reliable, secure, and adequate water supply to its residents and businesses; and

WHEREAS, on March 17, 2020, the District staff presented to this Board of Directors a financial forecast and water rate study (“Study”) that shows the optimal funding needed for continued sustainable operation of the District, and recommends an increase to the Monthly Minimum Charge and Consumption Charge in the District’s water rate that is necessary to offset the increasing cost of imported water and eliminate the net operating loss before depreciation that the District has experienced over the last three years; and

WHEREAS, the increase to the Monthly Minimum Charge, Basic Allocation Rate and Excess Allocation Rate in the District’s water rate will help ensure the health and safety of the community, while protecting the District’s financial health; and

WHEREAS, following the procedures required by Proposition 218, Article XIII D, Section 6 of the California Constitution and Sections 53750 - 53758 of the Government Code, the District Board of Directors intends to adopt the increase to the Monthly Minimum Charge in the District’s water rate as proposed by the Study.

NOW, THEREFORE, the Board of Directors of the Crestline Village Water District does hereby resolve as follows:

1. The foregoing recitals are true and correct.
2. The District hereby initiates proceedings 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 June 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. Tier 1 Basic Allocation Rate is to be established at \$5.10 per one hundred cubic foot (CCF) of water for the 0-1300 CF consumption range May 01, 2020. Tier 2 Excess

Consumption Rate is to be established at \$7.65 for 1301 CF or greater as recommended by the Study.

3. This Board of Directors hereby fixes the 19th day of May, 2020 at 3:00 pm at the District Board Room, 777 Cottonwood Drive, Crestline, California, as the time and place for a public hearing (“Public Hearing”) on the proposed increase to the Monthly Minimum Charge in the District’s water rate.

4. The District General Manager and Secretary is hereby instructed to provide notice of the proposed increase to the Monthly Minimum Charge and Consumption Charge in the District’s water rate in conformity with Proposition 218, Article XIII D, Section 6 of the California Constitution and Sections 53750 - 53758 of the Government Code.

5. At the Public Hearing, the Board of Directors shall consider all objections or protests, if any, to the proposed increase to the Monthly Minimum Charge in the District’s water rate, and any person shall be permitted to present written or oral testimony. Although oral comments at the Public Hearing will not qualify as a formal written protest, the Board of Directors welcomes community input during the Public Hearing.

6. At the conclusion of the Public Hearing, all protests submitted will be tabulated by the District General Manager and Secretary. A protest shall only be deemed valid if it meets all of the following requirements.

- Owners of record of parcels with an active water service and/or registered water service customers may submit protests.
- All protests must BE IN WRITING and include a printed name, a parcel address or APN, a signature, and an indication that the document is a protest to the proposed increase to the Monthly Minimum Charge in the District’s water rate.
- All protests must be delivered to the District General Manager and Secretary by mail or personal delivery, but not by fax or email, PRIOR to the conclusion of the Public Hearing.
- All protests received prior to the start of the Public Hearing will be opened prior to the hearing; all protest received before the close of the Public Hearing will be opened after the close of the Public Hearing, but before action is taken by the Board of Directors.
- Any and all protests may be disclosed as public records once opened.
- Any and all protests may be withdrawn before the close of the Public Hearing.
- All protests will be considered valid if it is manifestly clear that there are insufficient protests to constitute a majority protest. However, the District reserves the right to validate any and all protests received.
- Only one written protest per parcel with an active water service, filed by an owner or registered water service customer/tenant of the parcel, shall be counted in calculating a majority protest.

7. A majority protest exists if written protests are submitted by property owners/water service customers in opposition to the proposed increase to the Monthly Minimum Charge in the District's water rate by a majority (50% plus 1) of parcels with an active water service.

8. If there is a majority protest against the adoption of the proposed increase to the Monthly Minimum Charge in the District's water rate, the Board of Directors shall not adopt the proposed increase.

PASSED AND ADOPTED at a Regular Meeting of the Board of Directors of Crestline Village Water District held the 17th day of March, 2020.

By: \_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors