



VALLEY COUNTY WATER DISTRICT
14521 RAMONA BOULEVARD
BALDWIN PARK, CA 91706
OFFICE: (626) 338-7301 / FAX (626) 814-2973
<http://www.vcwd.org>

CAPITAL IMPROVEMENTS & RATES COMMITTEE MEETING

The Capital Improvements & Rates Committee is responsible for discussing the Valley County Water District long term financial planning relative to infrastructure, capital improvements, and water service rates.

DATE & LOCATION:

Thursday, March 30, 2017 at
8:00AM Valley County Water District
14521 Ramona Boulevard
Baldwin Park, Ca 91706

COMMITTEE MEMBERS:

Paul C. Hernandez, Chairperson
Lenet Pacheco, Co-Chairperson
David L. Muse, Alternate Member

A. CALL TO ORDER

❖ Pledge of Allegiance

B. PUBLIC COMMENT

C. DISCUSSION/INFORMATION ITEMS

1. Update on Water Rate Study
2. Other Business

D. ADJOURNMENT

Next Meeting Scheduled: To Be Determined.



VALLEY COUNTY WATER DISTRICT
Capital Improvements & Rates Committee
Thursday, March 30, 2017

AGENDA ITEM: A **CALL TO ORDER**

Meeting Called to Order At: _____

Meeting Chaired By: _____

Others Present:

- _____
- _____
- _____
- _____
- _____



VALLEY COUNTY WATER DISTRICT
Capital Improvements & Rates Committee
Thursday, March 30, 2017

AGENDA ITEM:

B

PUBLIC COMMENT

❖ Anyone wishing to discuss items on and not on the agenda may do so at this time. A three-minute time limit on remarks is requested.

MEMBERS OF THE PUBLIC:

COMMENTS:

❖ _____

❖ _____

❖ _____



VALLEY COUNTY WATER DISTRICT
Capital Improvements & Rates Committee
Thursday, March 30, 2017

AGENDA ITEM:

C1

DISCUSSION/INFORMATION ITEM

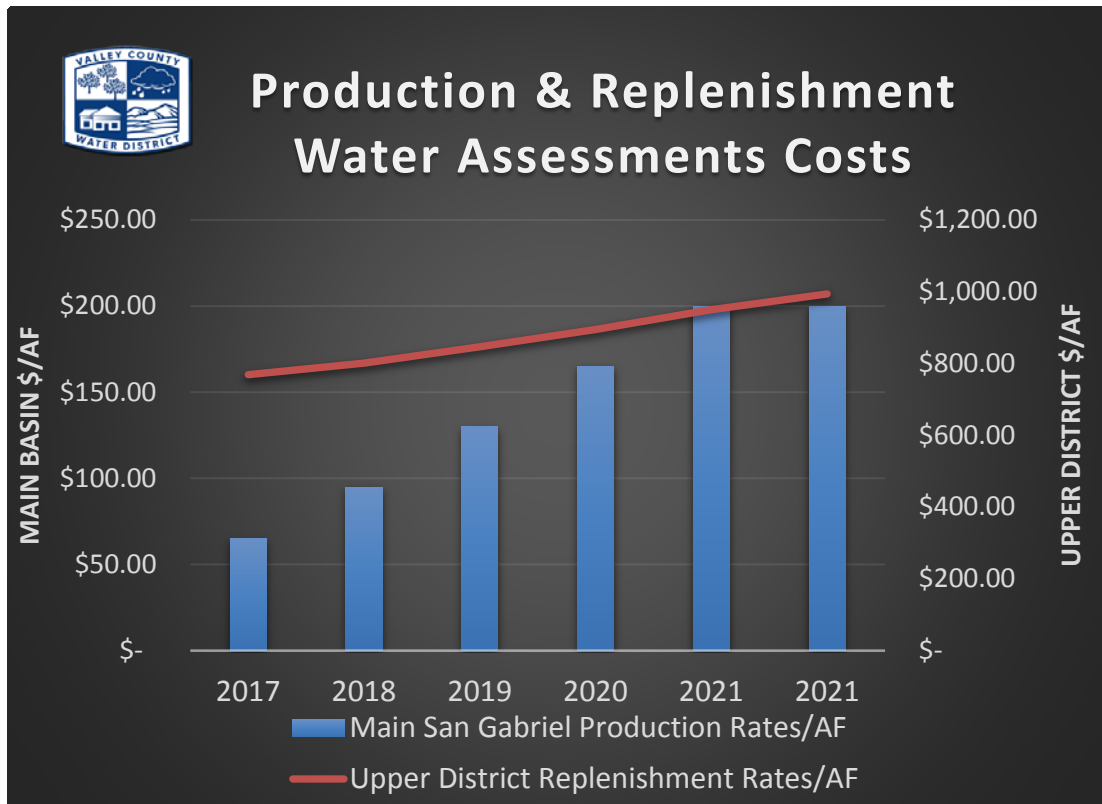
Update on Water Rate Study

❖ REPORT TO THE COMMITTEE

Valley County Water District (District) transitioned into the final year of a five-year water service rate structure and schedule adjustments back in September 2016, establishing Water Service Rates, Customer Service Fees, and Service Deposits. Since the adoption of the current water service rate structure and schedule, water supply conditions within the Main San Gabriel Basin (Main Basin) have been impacted by drought conditions across the State of California. With this, the Operating Safe Yield for the Main Basin was set at 150,000 Acre-feet (AF) this past year, and the District's allocation (production rights) to this amount is $3.01517\% = 4,522.75\text{AF}$.

Nearly 100% of the District's potable water source is groundwater from the Main Basin produced by four active wells. Although there is no limit to the amount of water that can be pumped out of the Main Basin by the agencies with pumping rights, withdraws in excess of their production rights of the Basin's Operation Safe Yield, requires the agency to purchase replenishment through Upper San Gabriel Valley Municipal Water District (Upper District). It is anticipated that the District will produce nearly 6,500 AF this fiscal year resulting in the need to replenish approximately 2,000 AF.

With this understanding, the District selected Raftelis Financial Consultants (RFC) to conduct a Water Rate Study that would include a financial plan reviewing all operating and capital revenue requirements over a five-year forecast, and determine the revenue increases necessary to sustain operations, fund reserves, and meet debt coverage requirements in the future. This forecast includes increases in cost associated with water production out of the Main Basin and purchasing replenishment water from Upper District. The graph below summaries the proposed cost increases:



As noted in the graph, there will be considerable increases in costs for the District to produce water out of the Main Basin and purchase replenishment water over the next five years. The main factor associated with the increase from the Main San Gabriel Basin Watermaster (Watermaster) is an adjustment to their Water Resource Development Assessment (RDA). Increases in the RDA will allow Watermaster to collect funds to purchase available replenishment water supplies as a regional effort to improve the overall health of the Main Basin. Increases in replenishment cost reflect anticipated increases in Full Service Untreated Tier 1 water supplies rates from Upper District’s wholesaler provider Metropolitan Water District (MWD) and a 3% annual increase in their surcharge per AF.

In order to incorporate these proposed increases into District’s five-year forecast, staff has meet with Raftelis to review and discuss the Financial Plan & Water Rate Model they created in effort to conduct a cost of service analysis and develop proposed rate increases to cover expenses over the next five years.

Staff will provide a brief overview of the Financial Plan & Water Rate Model to the Committee and will review and discuss anticipated revenue adjustments to sustain operations, fund reserves, and meet debt coverage requirements in the future.

❖ **SUPPORTING DOCUMENTS:**

- i. None



VALLEY COUNTY WATER DISTRICT
Capital Improvements & Rates Committee
Thursday, March 30, 2017

AGENDA ITEM:

C2

DISCUSSION/INFORMATION ITEM

Other Business
