



FERN VALLEY WATER DISTRICT

Newsletter

NUMBER 58

November 2017

NOTICE OF PUBLIC HEARING – PROPOSED WATER CHARGES

The Fern Valley Water District invites the public to attend a public hearing to be held on Friday, December 29, 2017, at 9:00 a.m., to consider the adoption of a 5-year schedule of water rates. The public hearing will be held at the District Office located at 55790 South Circle Drive, Idyllwild, CA 92549. The purpose of the public hearing is to consider all oral testimony and written protests to, and the adoption of, the proposed rates. If adopted, the new water rates will go into effect for service provided on and after January 1, 2018, and will be adjusted each January 1 thereafter through and including, January 1, 2022.

Written protests may be submitted by any record owner of parcel upon which water charges are proposed for imposition, or any tenant directly responsible for payment of water charges (i.e. a customer of record who is not a property owner.) In order to be counted, each written protest must include the address, parcel number, or service account number, and an original signature, and must be received by the District no later than December 28, 2017 if delivered by mail, or delivered in person by the end of the public comment portion of the public hearing. Only one protest per parcel will be applied and electronic protests will not be counted as valid protests.

The Board of Directors will consider all written protests timely submitted and hear and consider all public comments made at the public hearing. Oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest. At the conclusion of the public hearing, the Board of Directors will determine whether to adopt the proposed rate increases described in this notice. If, after the close of the public hearing, written protests against the proposed rate increases and as outlined above are not presented by a majority of the record owners or responsible tenants of the identified parcels upon which they are proposed to be imposed, the Board of Directors will be authorized to adopt the rate increases. If you have any questions regarding the information provided in this notice, or the rates applicable to your property, or you would like to review the Rate Study, please contact the District at (951) 659-2200.

Background

The Fern Valley Water District (District) is a California Special District (specifically, a California Water District) that provides water services based on the actual cost of construction, operation, and maintenance of water facilities. Each year the District Board of Directors adopts an annual budget which goes into effect on July 1. One of the District's critical business objectives is to keep costs and therefore rates, as low as possible for all customers.

Why the Proposed Rate Changes?

This rate increase is long overdue since costs of operations have increased without commensurate increases in water revenue, as water rates have not increased in nearly four years. Furthermore, the District has elected to, within five years, pay off and eliminate its retired employees' health benefits liability.

Operating Expenses increase annually and are projected to continue to increase. These expenses include the majority of the District's expenses, other than capital improvement expenses, and include supplies, utilities, services rendered and employee salaries.

Capital Improvement Expenses are those expenses associated with infrastructure and equipment replacement. The District has over \$5,000,000 of capital improvement projects scheduled over the next ten years to ensure a safe and reliable system.

The District has analyzed the past ten years of data relating to water delivered or used and all associated expenses, in addition to projecting expenses and necessary revenue for the next ten years. The District has done its best to develop a comprehensive rate increase that will ensure that the District will receive the necessary revenue to continue to produce and deliver the best water and service possible in a cost-effective manner.

Proposed Rates for Water Service Charges

The District bills customers bi-monthly for water service. The proposed rate structure comprises two components: (1) bi-monthly service charges (fixed charges), which are designed to recover 55% of the fixed portion of the annual operating costs of the District, and (2) bi-monthly commodity charges (variable charges), which are designed to recover 45% of the fixed portion of the annual operating costs, 100% of the variable portion of the annual operating costs, nominal portions of the capital improvement expenses and nominal contributions to the various reserve funds (operating reserve, capital improvement reserve, rate stabilization reserve and equipment and fleet reserve).

Bi-monthly service charges are determined based on the size of the meter serving a parcel. Bi-monthly commodity charges are divided into two tiers – Tier I and Tier II – which relate to the price of water provided at each tier. The District diverts surface water from Strawberry and Tahquitz Creeks and extracts groundwater from thirteen different groundwater wells. The difference in price between Tier I water and Tier II water is attributable to the cost incurred by the District in producing, treating, and storing the two distinct sources of water. The allocable quantity of water available under Tier I (10 CCF per billing period) is based on average surface water diversions historically delivered by the District; the allocable quantity of water available under Tier II (water in excess of 10 CCF per billing period) is based on groundwater needed to meet consumer demands.

* CCF = 100 Cubic Feet of Water or 748 Gallons, thus 10 CCF = 7,480 Gallons

The following charges, if adopted, shall become effective beginning January 1, 2018, and shall increase each January 1 thereafter through and including January 1, 2022, as set forth in the following charts.

Bi-Monthly Service Charges

These charges are based on meter capacity (meter size) and will vary depending on the size of meter serving the property.

The chart below depicts the proposed maximum rates for bi-monthly service charges.

Proposed Bi-Monthly Capacity Based Meter Service Charges					
	Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
3/4*	\$60.00	\$63.00	\$66.16	\$69.46	\$72.94
1"	\$100.20	\$105.22	\$110.48	\$116.00	\$121.80
1.5*	\$199.80	\$209.80	\$220.32	\$231.30	\$242.90
2"	\$319.80	\$335.80	\$352.64	\$370.22	\$388.78
3"	\$600.00	\$630.00	\$661.60	\$694.60	\$729.40
4"	\$1,000.20	\$1,050.22	\$1,102.88	\$1,157.90	\$1,215.90
6*	\$1,999.80	\$2,099.80	\$2,205.12	\$2,315.10	\$2,431.10

The above charges recover a portion of the costs incurred by the District in providing water service to its customers regardless of the quantity of water used.

Bi- Monthly Commodity Charges

These charges are based on two tiers, rather than three, as in the past; the third tier will be eliminated. Tier I reflects the cost of providing surface water derived from Strawberry and Tahquitz Creeks, while Tier II reflects the cost of providing ground water derived from the Districts 13 groundwater wells.

The chart below depicts the proposed maximum rates for bi-monthly commodity charges.

Proposed Bi-Monthly Commodity Charges						
Tier	Quantity	Jan. 1, 2018	Jan. 1, 2019	Jan. 1, 2020	Jan. 1, 2021	Jan. 1, 2022
Tier I	0-10 CCF	\$4.00/CCF	\$4.20/CCF	\$4.41/CCF	\$4.63/CCF	\$4.86/CCF
Tier II	Over 10 CCF	\$11.30/CCF	\$11.87/CCF	\$12.46/CCF	\$13.08/CCF	\$13.73/CCF

*All customers will pay the above unit prices for the water used. *CCF = 100 cubic feet of water or 748 gallons.

For Tier I, the quantity of water per billing cycle will be reduced from 14 CCF to 10 CCF, limited by available surface water. The cost for that water will be reduced from \$4.35 per CCF to \$4.00 per CCF, since surface water is less costly than a mix of surface water and groundwater.

For Tier II, the quantity of water per billing cycle will be all water in excess of 10 CCF, the limited available surface water, and will be ground water. The cost for that water will be increased from \$10.68 per CCF to \$11.30 per CCF, since groundwater is more costly than a mix of surface water and groundwater.

Average Bill Comparison

The District has determined that the average bi-monthly bill is between 7.5 CCF and 10 CCF.

The chart below illustrates the difference between the current and proposed charges of bi-monthly bills.

Bi-Monthly Bill Comparison					
Quantity	Rate	Service Charge	Commodity Charge	Bill	Difference
7.5 CCF (5,610 Gallons)	Current	\$32.70	\$32.63	\$65.33	\$24.67
	Proposed	\$60.00	\$30.00	\$90.00	
10 CCF (7,480 Gallons)	Current	\$32.70	\$43.50	\$76.20	\$23.80
	Proposed	\$60.00	\$40.00	\$100.00	

Where Does the Revenue Go?

The District receives revenue from water sales which consists of the bi-monthly service charge and the bi-monthly commodity charge, as well as from property tax revenue which is distributed to the District through the County of Riverside. The District's expenses include operating expenses, capital improvement expenses, and reserve funding expenses.

Operating Expenses include expenses associated with the day to day operation and maintenance of the District.

Capital Improvement Expenses include expenses associated with infrastructure and equipment replacement.

Reserve Funding Expenses include the expenses associated with developing and maintaining adequate reserves to deal with unforeseen emergencies. The Board of Directors sets reserve policies in accordance with industry standards to always ensure that adequate capital is available to the District to deal with the unforeseen.

Upcoming Projects

The District has identified 39 hydrant upgrades and installations that it is in the process of completing to improve the District's firefighting resources.

The District is also in the process of replacing the District's water meters with state of the art smart meters with automatic meter reading capabilities to ensure accurate billing during all seasons, including heavy snow, and to reduce employee labor required to read the meters for billing.

The District has plans to replace and in some cases increase the size of over 15,000 linear feet of water mains over the next ten years. These projects will increase existing small diameter water mains with larger diameter water mains that will allow for the installation of larger 6" fire hydrants further enhancing firefighting resources.



FERN VALLEY WATER DISTRICT
55790 SOUTH CIRCLE DRIVE
P.O. BOX 3039
IDYLLWILD, CA 92549

FIRST CLASS MAIL
U S POSTAGE
PAID
Permit No. 17
Idyllwild, CA 92549

PUBLIC HEARING NOTIFICATION IMPORTANT RATE INFORMATION ENCLOSED

FERN VALLEY WATER DISTRICT

BOARD OF DIRECTORS

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TRISCHA CLARK, Vice President
RICHARD SCHNETZER, Secretary/Treasurer
ROBERT KRIEGER

STAFF

VICTOR JIMENEZ, General Manager
JESSICA PRIEFER, Office Manager
ADAM BAKER, Field Operator
JIM NUTTER, Field Operator

P O BOX 3039

55790 S. CIRCLE, IDYLLWILD CA 92549

PH: (951) 659-2200 - FAX: (951) 659-0350 - EMAIL fvwd@verizon.net - Website: www.fernvalleywater.com

It is our policy to be responsive to our customers' needs, and we are available for emergency assistance 24 hours a day. Our emergency phone number is (951) 659-2200. Our office hours are 8:30 a.m. - 4:00 p.m. Monday through Friday. Closed from 12:00 p.m. - 12:30 p.m. for lunch



FVWD