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GENERAL MANAGER
Alan E. Clanin

To: Board of Directors
From: Alan E. Clanin, General Manager
Date: October 18, 2019
Subject: CLAWA Proposed Rate Increase

Crestline-Lake Arrowhead Water Agency has proposed a water rate increase for all Water Purveyors effective January 01, 2020. This increase is the first water rate adjustment since 1993. During this 26-year period the cost of living has increased 80%. The Consumer Price Index for Water, Sewer and Trash has increased 131% since 1998.

The proposed incremental annual increase for the volumetric consumption will begin with 9.1% for the 2020 year, followed by an additional 8% in 2021, 7% in 2022 and 6% for 2023 and 2024 for a total of 41% over a 5-year period.

The proposed annual fixed rate which is determined by meter size will increase 189-194% beginning 2020 and will remain until 2024.

The combined fixed rate and volumetric rate increase after the first five years is 46.5% which will cost the district an additional \$181,000 annually over what is paid currently.

With the proposed rate increase slated to go into effect January 01, 2020, the District will incur an additional unbudgeted cost of \$4,855 per month beginning in February. The 2020 Fiscal Year Budget will be adjusted accordingly to accommodate for the increase.

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

CRESTLINE-LAKE ARROWHEAD WATER AGENCY

A Public Agency
P.O. BOX 3880 PHONE (909) 338-1779
24116 CREST FOREST DRIVE
CRESTLINE, CALIFORNIA 92325

Directors

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September 19, 2019

General Manager

ROXANNE M. HOLMES

Assistant General Manager/Board Secretary


JENNIFER A. SPINDLER

Dear Wholesale Water Purveyors:

After going many years without a water rate adjustment, the Crestline-Lake Arrowhead Water Agency has engaged a professional rate consultant to examine the Agency's sources of revenue and expenses, and to help ensure that the Agency has a prudent and coherent rate structure that fits existing needs.

The Agency will conduct a Board workshop for wholesale water purveyors on Monday, September 30, 2019, at 10:00 a.m. at the Agency's Board room to discuss the proposed adjustments to the Agency's rate structure. You are cordially invited to attend.

Yours very truly,



Roxanne M. Holmes,
General Manager

NOTICE OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF CRESTLINE-LAKE ARROWHEAD WATER AGENCY

NOTICE is hereby given of a special meeting of the Board of Directors of Crestline-Lake Arrowhead Water Agency on Monday, September 30, 2019, at 10:00 a.m. at the Agency's Board room located at 24116 Crest Forest Drive, Crestline, California, to discuss proposed adjustments to the rates for wholesale water service from the Agency. The meeting will be in the nature of a workshop. Action to adjust the rates will not be taken until a subsequent meeting, following completion of a noticed public hearing on the proposed adjustments.

Jennifer Spindler
Secretary, Board of Directors

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CRESTLINE-LAKE ARROWHEAD WATER AGENCY **WATER RATES FACT SHEET**

2019 WATER RATE STUDY

Objectives

To adopt a fair water rate structure so that CLAWA can recover its costs, remain financially sound and continue to provide water service and invest in facilities.

Proposed Changes

For the first time since 1993, CLAWA must adjust rates to meet the rising costs of providing water service. CLAWA is proposing a revised rate structure that reflects its current costs and contribution of tax revenue from customer classes.

KEY FACTS



Year CLAWA last adjusted rates:

1993
(26 years)



Cost of living
(Consumer Price Index)
since 1993:

+80%



Water, Sewer and Trash
Consumer Price Index
since 1998:

+131%

*CPI data courtesy U.S. Bureau of Labor Statistics – www.data.bls.gov

PROPOSED RATE CHANGES FOR PURVEYORS

Customer	Meter Size	Annual Use (hcf)	Current			Proposed			Annual	Monthly
			Annual Charge	Volumetric	Total Annual Bill	Annual Charge	Volumetric	Total Annual Bill	Dollar Difference (\$)	Dollar Difference (\$)
Alpine Water	2T	12,050	\$310	\$31,812	\$32,122	\$910	\$34,704	\$35,614	\$3,492	\$291
Alpine Water	4T	15,396	\$1,950	\$40,645	\$42,595	\$5,634	\$44,340	\$49,974	\$7,379	\$615
									\$10,871	\$906
Arrowbear Park	3T	1	\$695	\$3	\$698	\$2,010	\$3	\$2,013	\$1,315	\$110
Arrowhead Villas	2T	15,075	\$310	\$39,798	\$40,108	\$910	\$43,416	\$44,326	\$4,218	\$352
Cedarpines Park	2T	16,143	\$310	\$42,618	\$42,928	\$910	\$46,492	\$47,402	\$4,474	\$373
Crestline Village - Lake Drive	2T	1,399	\$310	\$3,693	\$4,003	\$910	\$4,029	\$4,939	\$936	\$78
Crestline Village - Mile High Park	2T	15,597	\$310	\$41,176	\$41,486	\$910	\$44,919	\$45,829	\$4,343	\$362
Crestline Village - Pinecrest	2T	5,984	\$310	\$15,798	\$16,108	\$910	\$17,234	\$18,144	\$2,036	\$170
Crestline Village - Camp Seely	4T	4,177	\$1,950	\$11,026	\$12,976	\$5,634	\$12,029	\$17,663	\$4,686	\$391
Crestline Village - Lake Drive	4T	2,731	\$1,950	\$7,211	\$9,161	\$5,634	\$7,866	\$13,500	\$4,340	\$362
Crestline Village - Mile High Park	4T	10,824	\$1,950	\$28,575	\$30,525	\$5,634	\$31,173	\$36,807	\$6,282	\$523
Crestline Village - Pinecrest	4T	65,459	\$1,950	\$172,812	\$174,762	\$5,634	\$188,522	\$194,156	\$19,394	\$1,616
Crestline Village - Crest Forest	6T	36,918	\$3,880	\$97,465	\$101,345	\$11,258	\$106,325	\$117,583	\$16,238	\$1,353
									\$58,255	\$4,855
CSA 70	2T	7,190	\$310	\$18,982	\$19,292	\$910	\$20,707	\$21,617	\$2,326	\$194
Green Valley	2T	1	\$310	\$3	\$313	\$910	\$3	\$913	\$600	\$50
Green Valley	6C	0	\$1,295	\$0	\$1,295	\$3,760	\$0	\$3,760	\$2,465	\$205
									\$3,065	\$255
Lake Arrowhead CSD - Rimforest	2T	17,298	\$310	\$45,667	\$45,977	\$910	\$49,818	\$50,728	\$4,752	\$396
Lake Arrowhead CSD - Deer Lodge Park	2T	9,271	\$310	\$24,475	\$24,785	\$910	\$26,700	\$27,610	\$2,825	\$235
Lake Arrowhead CSD - Brentwood	2T	5,339	\$310	\$14,094	\$14,404	\$910	\$15,376	\$16,286	\$1,881	\$157
Lake Arrowhead CSD - Deer Lodge Park	4T	1,270	\$1,950	\$3,353	\$5,303	\$5,634	\$3,658	\$9,292	\$3,989	\$332
Lake Arrowhead CSD - Brentwood	4T	32,249	\$1,950	\$85,136	\$87,086	\$5,634	\$92,876	\$98,510	\$11,424	\$952
									\$24,870	\$2,073
Running Springs - Forest 2"	2T	5,446	\$310	\$14,377	\$14,687	\$910	\$15,684	\$16,594	\$1,907	\$159
Running Springs - Avian	3T	9,161	\$695	\$24,186	\$24,881	\$2,010	\$26,385	\$28,395	\$3,514	\$293
Running Springs - Forest	4T	779	\$1,950	\$2,058	\$4,008	\$5,634	\$2,245	\$7,879	\$3,871	\$323
Running Springs - Nob Hill	6T	38,891	\$3,880	\$102,671	\$106,551	\$11,258	\$112,005	\$123,263	\$16,712	\$1,393
									\$26,004	\$2,167
Skyforest	2T	6,224	\$310	\$16,431	\$16,741	\$910	\$17,925	\$18,835	\$2,094	\$174
Strawberry Lodge	2T	1,158	\$310	\$3,057	\$3,367	\$910	\$3,335	\$4,245	\$878	\$73
Upper Little Bear	2T	69	\$310	\$182	\$492	\$910	\$199	\$1,109	\$617	\$51
Valley of Enchantment	2T	9,216	\$310	\$24,330	\$24,640	\$910	\$26,542	\$27,452	\$2,812	\$234
Valley of Enchantment	4T	49,308	\$1,950	\$130,173	\$132,123	\$5,634	\$142,007	\$147,641	\$15,518	\$1,293
									\$18,330	\$1,527
Valley View Park	2T	20,514	\$310	\$54,157	\$54,467	\$910	\$59,080	\$59,990	\$5,523	\$460

1700
2024

NOTICE OF PUBLIC HEARING

CONCERNING PROPOSED RATE INCREASES AND ADJUSTMENTS FOR CRESTLINE-LAKE ARROWHEAD WATER AGENCY



Crestline-Lake Arrowhead Water Agency (the “Agency”) will conduct a public hearing on December 5, 2019 at 2 PM, at 24116 Crest Forest Drive, Crestline, CA 92325 to consider adopting changes and increases to its water rates effective January 1, 2020.

A Water Cost of Service Study is the basis for allocating costs and calculating the proposed adjustments and increases to the Agency’s water rates as shown and described in this notice. A copy of the Water Cost of Service Study Report can be found at www.clawa.org/waterrates or is available for inspection at the Agency’s office.

The Agency proposes to adopt a five-year water rate schedule effective January 1, 2020. Therefore, rate increases only apply to water use after January 1, 2020. All revenue generated from bills for water service are used to pay for purchased water, maintain and operate the water system, and fund needed capital repairs and improvements.

Why is the Agency Adjusting Water Rates?

The Agency has not increased water rates since 1993. During this time the Agency’s costs to operate and maintain the water system, including the capital investment needed in pipes, pumps, tanks and other infrastructure have increased. The Agency must increase rates to cover the cost of providing water service to its customers.

Proposed Water Rate Structure Changes

The Agency was originally formed to supply supplemental water from the State Water Project on a wholesale basis to other water purveyors located across the mountain, from Silverwood Lake to Green Valley, as needed to augment inadequate or unreliable production from local wells. Over the years, several small mutual water companies fell into disrepair or could not keep up with increasingly stringent regulatory requirements and asked to be taken over by the Agency to provide service directly to their customers. The Agency agreed, provided each retail system agreed to pay for the upgrades needed to bring each system up to current standards.

The Agency created “Improvement Districts” or retail areas to finance the infrastructure improvements needed in each area. In some Improvement Districts water rates were kept relatively low because an additional local tax was levied within the Improvement District to help cover debt service costs. In other Improvement Districts, water rates were higher because an additional local tax was not imposed, or was imposed in a lesser amount. In each Improvement District the local debt obligations have now been repaid. Last year the Agency’s Board of Directors decided to integrate the various Improvement Districts into a single retail service area. The Agency now proposes one rate for all retail areas that will treat all retail customers the same, regardless of area, will meet cost of service requirements, and will be easier to implement.

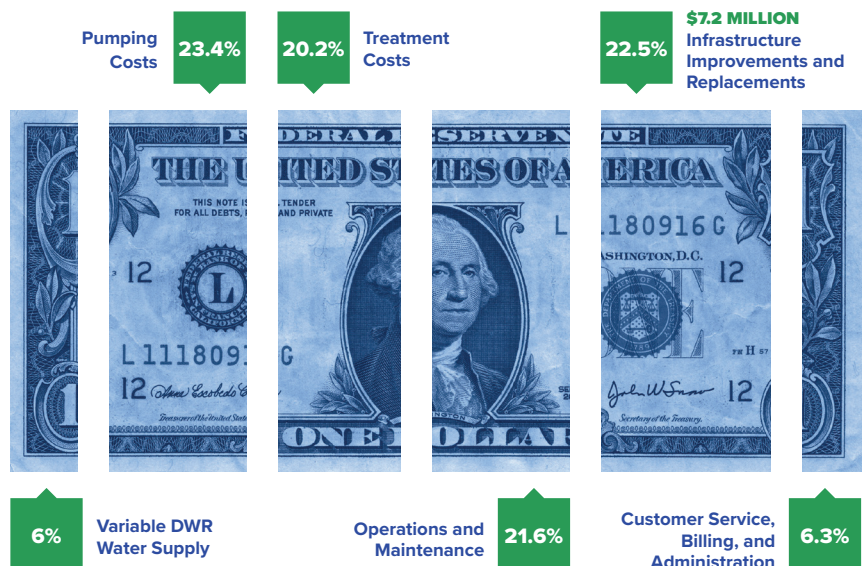
Since water rates are currently different in each Improvement District, the new proposed rates will affect retail customers differently, depending on where they are located and what their rates used to be. In several areas, the rates will be higher, but the additional local tax is no longer levied.

December 5, 2019
2 PM

24116 Crest Forest Dr
P.O. Box 3880
Crestline, CA 92325

(909) 338-1779
www.clawa.org

CRESTLINE-LAKE ARROWHEAD WATER AGENCY WATER RATES FUND MORE THAN JUST YOUR WATER



Proposed Water Rates

The Agency proposes a revised water rate schedule that will slowly increase water rates over the next five years. The proposed rate structure will include a fixed charge, either monthly or annually, which will recover certain fixed costs (such as meter reading, billing, collection, and customer service costs), plus a rate for each unit of water used. The fixed charge will not include an allotment of water; it will be charged in addition to the volumetric rate for water delivered. The volumetric rate for retail customers that pay taxes will be offset by unrestricted revenues of the Agency in an amount equal to the tax revenue received from such customers. The Agency also proposes to revise the monthly fixed charges for individual fire service connections, which also vary by size of connection, to help pay for the cost of capacity necessary to provide instantaneous fire protection as needed.

The tables shown in this notice show the proposed rates for the next five years.

Bill Impacts

Bill impacts vary widely by Improvement District area. In most areas the monthly bills will be higher but an additional tax is no longer levied, or an additional charge is no longer added to the monthly bill, to pay debt service obligations that have been satisfied. Customers are encouraged to review the report available either at the Agency's office or online (www.clawa.org/waterrates).

How to Provide Comments or Protest the Rate Adjustment

Any property owner of a parcel upon which the water service charges are proposed or any tenant directly liable for the payment of water service charges (i.e., a water customer who is not a property owner) may submit a written protest. If valid written protests are submitted on behalf of a majority of the separate parcels subject to the proposed rate increase by the respective property owner or tenant directly liable for water rate payment, the Agency may not adopt the proposed water rates. Only one protest will be counted per identified parcel subject to the proposed water rate increase.

In order to be counted in determining whether there is a majority protest, each protest must: (1) be in writing; (2) state that the identified property owner or tenant is opposed to the proposed water rate adjustments; (3) provide the location of the identified parcel for which the protest is submitted (by assessor's parcel number and water service address); and (4) include the printed full name and signature of the property owner or tenant submitting the protest.

Written protests may be submitted to the Board Secretary by mail at P.O. Box 3880, Crestline, CA 92325 or in person to the Board Secretary at the Agency's office located at 24116 Crest Forest Drive, Crestline, CA 92325, or at the public hearing, as long as they are received by the Board Secretary prior to the close of the public hearing. Any protest submitted via e-mail or other electronic means will not be accepted.

Proposed Fixed Charges

The proposed fixed monthly charges, by meter size, over the next five years, are as shown below:

Monthly Fixed Charges					
Meter Size	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
5/8"	\$18.26	\$19.73	\$21.12	\$22.39	\$23.74
1"	\$30.76	\$33.23	\$35.56	\$37.70	\$39.97
1 1/2"	\$51.59	\$55.72	\$59.63	\$63.21	\$67.01
2"	\$76.58	\$82.71	\$88.50	\$93.81	\$99.44
3"	\$155.73	\$168.19	\$179.97	\$190.77	\$202.22
4"	\$272.37	\$294.16	\$314.76	\$333.65	\$353.67
6"	\$551.48	\$595.60	\$637.30	\$675.54	\$716.08
8"	\$1,176.36	\$1,270.47	\$1,359.41	\$1,440.98	\$1,527.44

The proposed annual fixed charges by meter size, over the next five years, for customers who currently pay a fixed annual charge are as follows:

Annual Fixed Charges for Customers Who Currently Have an Annual Charge					
Meter Size	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
2C"	\$610	\$659	\$706	\$749	\$794
2T"	\$910	\$983	\$1,052	\$1,116	\$1,183
3C"	\$1,210	\$1,307	\$1,399	\$1,483	\$1,572
3T"	\$2,010	\$2,171	\$2,323	\$2,463	\$2,611
4C"	\$1,885	\$2,036	\$2,179	\$2,310	\$2,449
4T"	\$5,634	\$6,085	\$6,511	\$6,902	\$7,317
6C"	\$3,760	\$4,061	\$4,346	\$4,607	\$4,884
6T"	\$11,258	\$12,159	\$13,011	\$13,792	\$14,620

The proposed monthly fixed charges, by meter size, for private fire service connections are as follows:

Monthly Fixed Charges - Private Fire					
Fire Line	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
1"	\$11.95	\$12.91	\$13.82	\$14.65	\$15.53
1 1/2"	\$15.80	\$17.07	\$18.27	\$19.37	\$20.54
2"	\$22.44	\$24.24	\$25.94	\$27.50	\$29.15
2.5"	\$32.42	\$35.02	\$37.48	\$39.73	\$42.12
3"	\$46.26	\$49.97	\$53.47	\$56.68	\$60.09
4"	\$87.36	\$94.35	\$100.96	\$107.02	\$113.45
6"	\$234.85	\$253.64	\$271.40	\$287.69	\$304.96
8"	\$489.23	\$528.37	\$565.36	\$599.29	\$635.25

Proposed Volumetric Rates

The proposed volumetric rates for each unit of water are uniform, meaning that the rate is applied to all water use (1 unit of water = one hundred cubic feet (hcf) = 748 gallons). The rate is less for taxpayers who pay the Agency's tax, which includes most residential and commercial retail customers, for the delivery of imported water from the State Water Project. Customers who do not pay this tax have a higher rate. The uniform volumetric rates are shown below:

Volumetric Rates (\$/hcf)					
Customer Class	1/1/2020	1/1/2021	1/1/2022	1/1/2023	1/1/2024
Retail Customers that Pay Taxes	\$2.88	\$3.12	\$3.34	\$3.55	\$3.77
Tax Exempt Retail Customers	\$4.29	\$4.64	\$4.97	\$5.27	\$5.59