
crestline village



WATER DISTRICT

Memo

To: Board of Directors
From: Karl B. Drew
Date: November 4, 2016
Subject: Notice of Public Hearing for Proposed Water Rate Increase

Attached is a copy of the Notice that is scheduled to be mailed on Friday, November 4, 2016. The notices must be mailed by Saturday, November 5, to meet the 45-day requirement to have a public hearing on December 20, 2016.



777 Cottonwood Drive
 PO Box 3347
 Crestline, CA 92325-3347
 Telephone: (909) 338-1727

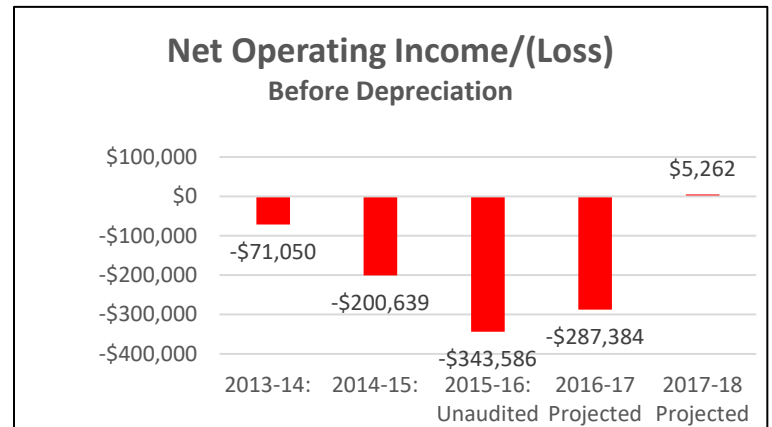
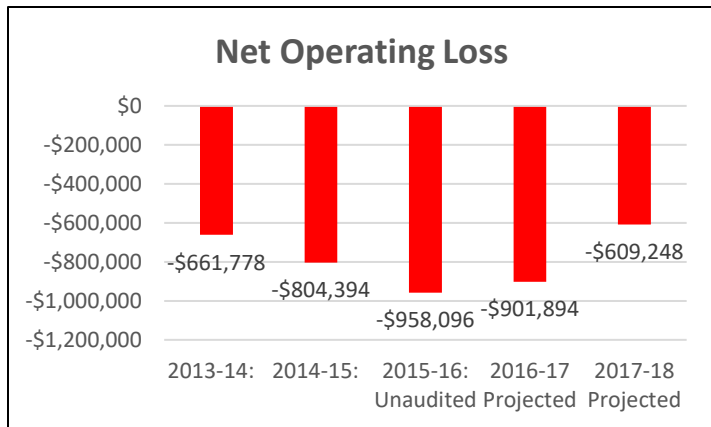
NOTICE OF PUBLIC HEARING FOR PROPOSED WATER RATE INCREASE

Article XIII D of the California Constitution requires the Crestline Village Water District (CVWD) to send notification of a proposed rate increase at least forty-five (45) days prior to a public hearing, to all owners and tenants of real property within CVWD's service area who would be directly liable to pay for water service for the property at which adoption of the proposed increase will be considered. In accordance with those requirements, please be advised that CVWD is proposing an increase in its water service charges. This Notice identifies the amount of the proposed rate increase; the basis upon which the proposed increase was calculated; the reason for the proposed rate increase; the date, time, and location of a public hearing on the proposed rate increases; and the manner in which all persons opposed to the proposed rate increases may object and/or file a written protest thereto. Consequently, please be advised that this document shall serve as a formal notification to you that the CVWD's Board of Directors will hold a Public Hearing on the proposed rate increases described herein on December 20, 2016 at 3:00 p.m. in the CVWD Board Room located at 777 Cottonwood Drive, Crestline, CA 92325.

SUMMARY OF FINDINGS

Crestline Village Water District (CVWD) produces, treats and delivers potable (drinking) water to the properties within its service area. Despite our best efforts to keep costs down, CVWD's operational expenses are tied to factors beyond our control.

CVWD has not increased its water rates since July 2004, but has taken measures to keep costs down. The Board of Directors considered raising rates in 2008 to offset increasing operating costs, but due to the economic recession that was impacting our customers at that time, the Board instructed staff to make any necessary adjustments to its operations to continue operating within its existing rate structure. Over the past twelve (12) years since the last increase, CVWD's basic operational costs have seen increases including increased maintenance and infrastructure costs and other labor related costs. As a result, CVWD has had a Net Operating Loss for the past nine (9) years and a Net Operating Loss before Depreciation for the past three (3) years.



Depreciation is the annual expensing of a portion of previous infrastructure (capital) improvements. The depreciation expense is used to fund CVWD's capital improvement and replacement program.

The District does not have any long-term debt related to infrastructure improvements. The final portion of this debt was retired in 2011.

The proposed rates outlined in this notice are designed to collect the revenues needed to cover our basic operating expenses before depreciation. It does not provide the necessary revenues to fund the capital improvement and replacement program.

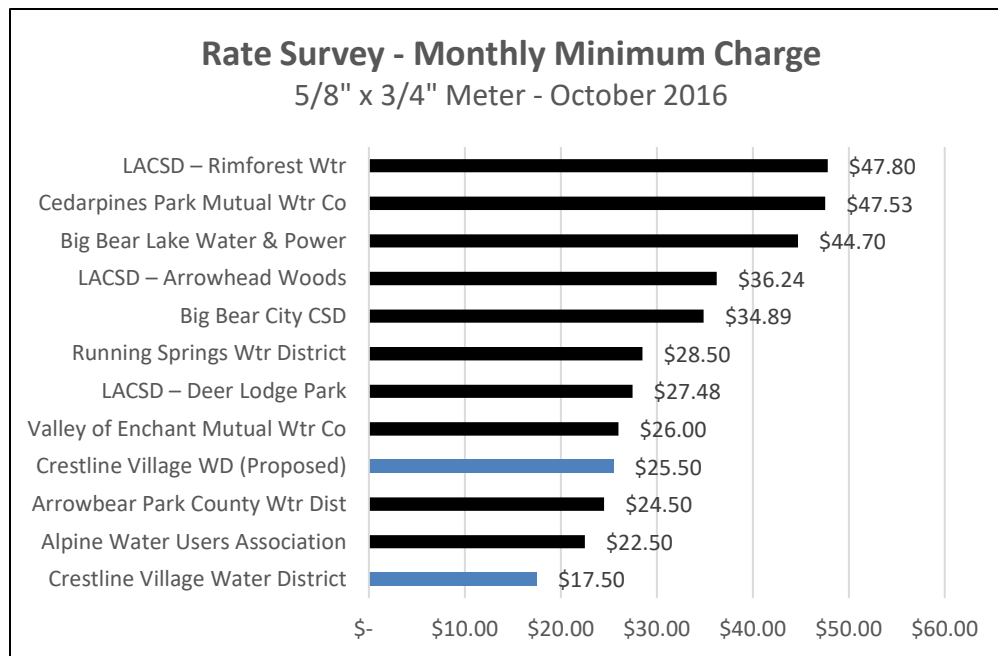
CVWD's proposed water rate increase is consistent with the rate study prepared for the Board of Directors. The study took into account (1) fixed costs versus variable costs, and (2) net operating losses incurred over the past nine (9) years. Based upon all of the factors, elements and calculations considered in that study, a rate increase in the amount set forth herein was recommended. Copies of the rate study may be viewed on CVWD's website www.cvwater.com or at the administrative office. As a public agency CVWD receives no profit from its water rates and is obligated to charge its customers no more than the actual cost incurred for furnishing the services that CVWD provides.

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

The proposed increase of \$8 to the Monthly Minimum Charge would result in an increase of \$96 per year for all customers.

The Basic Allocation Rate for water consumption will not change.

Meter Size	Current Monthly Minimum Charge	Proposed Monthly Minimum Charge	% of Total Water Services
5/8 x 3/4 inch	\$ 17.50	\$ 25.50	96.4%
3/4 inch	\$ 18.50	\$ 26.50	1.2%
1 inch	\$ 19.50	\$ 27.50	0.7%
1 inch (Residential Fire Service)	\$ 21.75	\$ 29.75	1.1%
1 1/2 inch	\$ 23.50	\$ 31.50	0.6%
2 inch	\$ 28.50	\$ 36.50	0.1%
3 inch	\$ 34.50	\$ 42.50	0.0%



HOW TO PARTICIPATE

If you have any questions or comments about the proposed rates or wish to protest you may:

Write - Written protests may be mailed to Crestline Village Water District, Attention: Secretary of the Board, P.O. Box 3347, Crestline, CA 92325-3347; or hand delivered to the administrative office at 777 Cottonwood Drive, Crestline, CA 92325. Written protests must include date, your name, service address, and signature. Emailed or Faxed protests will not be accepted.

Attend the Public Hearing - Written protests may also be submitted at the Public Hearing on December 20, 2016 at 3:00 p.m. in the Crestline Village Water District Board Room, 777 Cottonwood Drive, Crestline, CA 92325. Written protests must be received before the conclusion of the Public Hearing. You may address the Board; however, oral comments do not qualify as a formal protest unless accompanied by a written protest.

Information available to you - Copies of the rate study and further details concerning the reasons for the proposed rate increases and the basis upon which they were calculated are available for review at the CVWD office at 777 Cottonwood Drive, Crestline, CA 92325, or on our website: www.cvwwater.com

Public Hearing Process - At the time of the Public Hearing, the Board of Directors will hear and consider any protests and objections. After the Public Hearing, if a majority of the property owners and tenants of real property directly liable for paying the water fees for the affected parcels file written protests in opposition to the proposed rate increases, the increases will not be imposed. However, if a majority protest is not received, CVWD's Board of Directors may increase its water rates in the manner described in the Notice. If adopted, the proposed rates would become effective January 1, 2017.