

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: January 25, 2022

TO: **BOARD OF DIRECTORS**
Lake Arrowhead Community Services District

FROM: **JOHN O'BRIEN, Finance Manager**
CATHERINE CERRI, General Manager

SUBJECT: **AUTHORIZE STAFF TO MAIL RATE NOTIFICATIONS CONCERNING PROPOSED RATE INCREASES AND SET PUBLIC HEARING IN ACCORDANCE WITH PROPOSITION 218**

A. RECOMMENDATION

Authorize staff to mail rate increase notifications and set the public hearing date for March 22, 2022.

B. REASON FOR RECOMMENDATION

A rate study has been performed to validate the District's property related charges and project the revenue requirements necessary for future operations and capital expenditures. To implement any rate increases, the District must send notice to all affected property owners and hold a public hearing in compliance with Proposition 218.

C. BACKGROUND INFORMATION

In May 2021, the Board approved a contract with Robert D. Niehaus, Inc. (RDN) to conduct a rate study for all four of the District's enterprises. The last rate study performed for the District was completed in 2016. The District periodically performs rate studies conducted by third party consultants to ensure that the District is charging rates that are sufficient and that costs are fairly allocated amongst our ratepayers.

Projections show that rate increases will be needed to meet District revenue requirements. The District plans to utilize Proposition 218 for any required rate increases over the next five years. Additionally, a reallocation of the District's Supplemental Water Fee reserves is being proposed.

A typical full-time resident (using a ¾ inch meter and 6 ccf of water per billing period) could expect to see the following impact:

	Current	Proposed
Water - Arrowhead Woods	\$ 55.35	\$ 58.73
Water - Deer Lodge Park	\$ 69.11	\$ 74.26
Water - Rimforest	\$ 80.33	\$ 87.35
Wastewater	\$ 55.40	\$ 55.72

D. FISCAL IMPACT

The proposed rate increases would generate the following revenue over the next five years:

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Water - Arrowhead Woods	\$ 186,771	\$ 611,829	\$ 1,026,913	\$ 1,480,744	\$ 1,951,719
Water - Deer Lodge Park	\$ 15,176	\$ 23,105	\$ 31,351	\$ 38,952	\$ 47,812
Water - Rimforest	\$ 57,693	\$ 121,215	\$ 140,799	\$ 161,391	\$ 182,997
Wastewater	\$ 69,642	\$ 118,467	\$ 416,466	\$ 726,162	\$ 1,057,759

The cost of printing and mailing the rate notifications is approximately \$15,000.

E. ENVIRONMENTAL IMPACT

None.

F. ATTACHMENTS

- Proposed rate schedule

Proposed Rates

Arrowhead Woods

Residential

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
5/8-in		\$ 47.03	\$ 49.39	\$ 51.87	\$ 54.47	\$ 57.20
3/4-in		\$ 47.03	\$ 49.39	\$ 51.87	\$ 54.47	\$ 57.20
1-in		\$ 94.00	\$ 98.72	\$ 103.68	\$ 108.88	\$ 114.35
1 1/2-in		\$ 182.33	\$ 191.48	\$ 201.09	\$ 211.18	\$ 221.78
2-in		\$ 288.31	\$ 302.78	\$ 317.98	\$ 333.94	\$ 350.70
3-in		\$ 535.61	\$ 562.50	\$ 590.74	\$ 620.40	\$ 651.54
4-in		\$ 888.90	\$ 933.52	\$ 980.38	\$ 1,029.60	\$ 1,081.29
6-in		\$ 1,772.11	\$ 1,861.07	\$ 1,954.50	\$ 2,052.62	\$ 2,155.66

Volumetric			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths						
Tier 1	0-4	\$	1.54	\$ 1.62	\$ 1.70	\$ 1.79	\$ 1.88
Tier 2	5-13	\$	2.77	\$ 2.91	\$ 3.06	\$ 3.21	\$ 3.37
Tier 3	14-30	\$	8.27	\$ 8.68	\$ 9.12	\$ 9.58	\$ 10.06
Tier 4	31+	\$	16.87	\$ 17.71	\$ 18.60	\$ 19.53	\$ 20.51

Commercial

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
5/8-in		\$ 50.37	\$ 52.90	\$ 55.56	\$ 58.35	\$ 61.28
3/4-in		\$ 50.37	\$ 52.90	\$ 55.56	\$ 58.35	\$ 61.28
1-in		\$ 96.72	\$ 101.57	\$ 106.67	\$ 112.02	\$ 117.64
1 1/2-in		\$ 187.75	\$ 197.18	\$ 207.08	\$ 217.48	\$ 228.40
2-in		\$ 296.99	\$ 311.90	\$ 327.56	\$ 344.00	\$ 361.27
3-in		\$ 551.89	\$ 579.60	\$ 608.70	\$ 639.26	\$ 671.35
4-in		\$ 916.03	\$ 962.02	\$ 1,010.31	\$ 1,061.03	\$ 1,114.29
6-in		\$ 1,826.39	\$ 1,918.07	\$ 2,014.36	\$ 2,115.48	\$ 2,221.68

Volumetric			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths						
Tier 1	0-40	\$	4.54	\$ 4.77	\$ 5.01	\$ 5.26	\$ 5.52
Tier 2	40+	\$	8.86	\$ 9.31	\$ 9.78	\$ 10.27	\$ 10.79

Irrigation

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
5/8-in		\$ 52.99	\$ 55.65	\$ 58.44	\$ 61.37	\$ 64.45
3/4-in		\$ 52.99	\$ 55.65	\$ 58.44	\$ 61.37	\$ 64.45
1-in		\$ 96.66	\$ 101.51	\$ 106.61	\$ 111.96	\$ 117.58
1 1/2-in		\$ 187.64	\$ 197.06	\$ 206.95	\$ 217.34	\$ 228.25
2-in		\$ 296.82	\$ 311.72	\$ 327.37	\$ 343.80	\$ 361.06
3-in		\$ 551.56	\$ 579.25	\$ 608.33	\$ 638.87	\$ 670.94
4-in		\$ 915.49	\$ 916.44	\$ 1,009.70	\$ 1,060.39	\$ 1,113.62
6-in		\$ 1,825.29	\$ 1,916.92	\$ 2,013.15	\$ 2,114.21	\$ 2,220.34

Volumetric			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths						
Tier 1	all use	\$	8.33	\$ 8.75	\$ 9.19	\$ 9.65	\$ 10.13

Arrowhead Woods (continued)**Fire Protection**

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1-in		\$ 14.34	\$ 15.06	\$ 15.82	\$ 16.61	\$ 17.44
1 1/2-in		\$ 23.01	\$ 24.16	\$ 25.37	\$ 26.64	\$ 27.98
2-in		\$ 33.40	\$ 35.08	\$ 36.84	\$ 38.69	\$ 40.63
3-in		\$ 57.66	\$ 60.55	\$ 63.59	\$ 66.78	\$ 70.13
4-in		\$ 92.31	\$ 96.94	\$ 101.81	\$ 106.92	\$ 112.29
6-in		\$ 178.93	\$ 187.91	\$ 197.34	\$ 207.25	\$ 217.65
Volumetric		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths					
Tier 1	0-4	\$ 1.54	\$ 1.62	\$ 1.70	\$ 1.79	\$ 1.88
Tier 2	5-13	\$ 2.77	\$ 2.91	\$ 3.06	\$ 3.21	\$ 3.37
Tier 3	14-30	\$ 8.27	\$ 8.68	\$ 9.12	\$ 9.58	\$ 10.06
Tier 4	31+	\$ 16.87	\$ 17.71	\$ 18.60	\$ 19.53	\$ 20.51

Deer Lodge Park**Residential**

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
5/8-in		\$ 45.04	\$ 46.61	\$ 48.24	\$ 49.93	\$ 51.68
3/4-in		\$ 45.04	\$ 46.61	\$ 48.24	\$ 49.93	\$ 51.68
1-in		\$ 105.76	\$ 109.46	\$ 113.29	\$ 117.26	\$ 121.36
1 1/2-in		\$ 206.96	\$ 214.20	\$ 221.70	\$ 229.46	\$ 237.49
2-in		\$ 328.40	\$ 339.89	\$ 351.79	\$ 364.10	\$ 376.84
Volumetric		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths					
Tier 1	0-10	\$ 4.87	\$ 5.04	\$ 5.22	\$ 5.40	\$ 5.59
Tier 2	10+	\$ 5.78	\$ 5.98	\$ 6.19	\$ 6.41	\$ 6.63

Fire Protection

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1-in		\$ 14.38	\$ 14.89	\$ 15.41	\$ 15.95	\$ 16.51
1 1/2-in		\$ 24.21	\$ 25.06	\$ 25.94	\$ 26.85	\$ 27.79
2-in		\$ 36.00	\$ 37.26	\$ 38.56	\$ 39.91	\$ 41.31
3-in		\$ 63.51	\$ 65.74	\$ 68.04	\$ 70.42	\$ 72.88
4-in		\$ 102.82	\$ 106.41	\$ 110.13	\$ 113.98	\$ 117.97
6-in		\$ 201.07	\$ 208.11	\$ 215.39	\$ 222.93	\$ 230.73
Volumetric		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Charges	Widths					
Tier 1	0-10	\$ 4.87	\$ 5.04	\$ 5.22	\$ 5.40	\$ 5.59
Tier 2	10+	\$ 5.78	\$ 5.98	\$ 6.19	\$ 6.41	\$ 6.63

Rimforest

Residential

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
3/4-in		\$ 54.95	\$ 65.67	\$ 68.95	\$ 72.40	\$ 76.02
1-in w/fire		\$ 88.13	\$ 105.31	\$ 110.58	\$ 116.11	\$ 121.92
1-in		\$ 88.13	\$ 105.31	\$ 110.58	\$ 116.11	\$ 121.92
1 1/2-in		\$ 171.08	\$ 204.44	\$ 214.66	\$ 225.39	\$ 236.66
2-in		\$ 270.61	\$ 323.38	\$ 339.55	\$ 356.53	\$ 374.36
3-in		\$ 502.86	\$ 600.92	\$ 630.97	\$ 662.52	\$ 695.65
4-in		\$ 834.65	\$ 997.41	\$ 1,047.28	\$ 1,099.64	\$ 1,154.62
6-in		\$ 1,664.12	\$ 1,988.62	\$ 2,088.05	\$ 2,192.45	\$ 2,302.07

Volumetric

Charges	Widths	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Tier 1	0-5	\$ 5.40	\$ 6.45	\$ 6.77	\$ 7.11	\$ 7.47
Tier 2	5+	\$ 8.30	\$ 9.92	\$ 10.42	\$ 10.94	\$ 11.49

Commercial

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
3/4-in		\$ 63.02	\$ 75.31	\$ 79.08	\$ 83.03	\$ 87.18
1-in w/fire		\$ 101.58	\$ 121.39	\$ 127.46	\$ 133.83	\$ 140.52
1-in		\$ 101.58	\$ 121.39	\$ 127.46	\$ 133.83	\$ 140.52
1 1/2-in		\$ 197.98	\$ 236.58	\$ 248.41	\$ 260.83	\$ 273.87
2-in		\$ 313.66	\$ 374.82	\$ 393.56	\$ 413.24	\$ 433.90
3-in		\$ 583.57	\$ 697.37	\$ 732.24	\$ 768.85	\$ 807.29
4-in		\$ 969.16	\$ 1,158.15	\$ 1,216.06	\$ 1,276.86	\$ 1,340.70
6-in		\$ 1,933.14	\$ 2,310.10	\$ 2,425.61	\$ 2,546.89	\$ 2,674.23

Volumetric

Charges	Widths	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Tier 1	0-18	\$ 8.28	\$ 9.90	\$ 10.40	\$ 10.92	\$ 11.47
Tier 2	18+	\$ 11.22	\$ 13.40	\$ 14.07	\$ 14.77	\$ 15.51

Fire Protection

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
4-in		\$ 113.64	\$ 135.81	\$ 142.60	\$ 149.73	\$ 157.22
6-in		\$ 222.11	\$ 265.42	\$ 278.69	\$ 292.62	\$ 307.25
8-in		\$ 352.26	\$ 420.95	\$ 442.00	\$ 464.10	\$ 487.31

Volumetric

Charges	Widths	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Tier 1	0-5	\$ 5.40	\$ 6.45	\$ 6.77	\$ 7.11	\$ 7.47
Tier 2	5+	\$ 8.30	\$ 9.92	\$ 10.42	\$ 10.94	\$ 11.49

Wastewater

Fixed Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Residential		\$ 55.72	\$ 57.73	\$ 59.81	\$ 61.96	\$ 64.19
Commercial		\$ 55.72	\$ 57.73	\$ 59.81	\$ 61.96	\$ 64.19
Volumetric Charges		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Commercial	>5CCF	\$ 8.34	\$ 8.64	\$ 8.96	\$ 9.28	\$ 9.61