

Groveland CSD



Wastewater Rate Discussion Preliminary Rate Alternatives

November 18, 2017



BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors

Douglas R. Dove
Principal



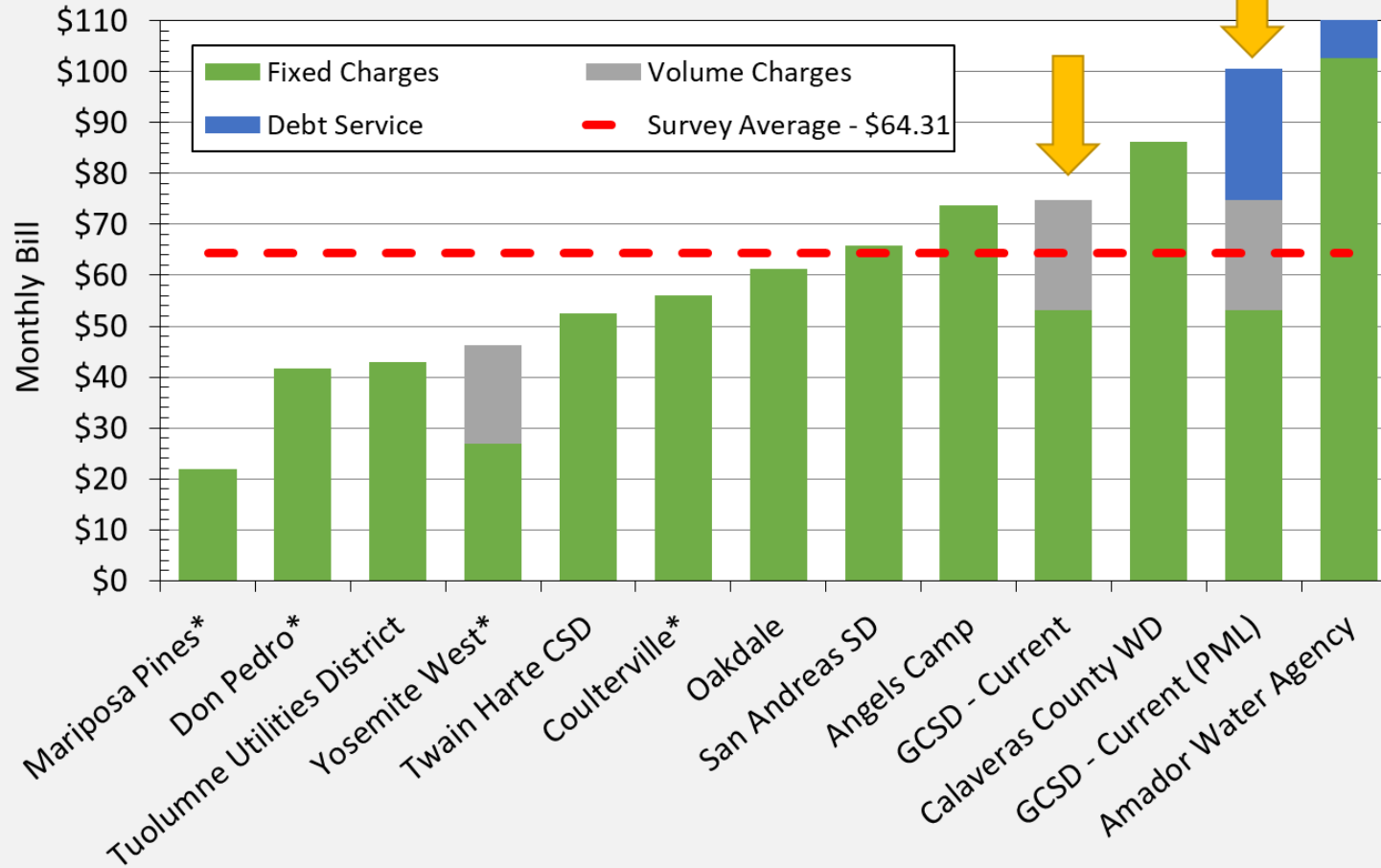
Current Wastewater Rates

Rate Category	FY2017 Current Rates
Monthly Minimum Charge	\$53.10
2014 Wastewater Debt Service Charge - PML Only	\$25.75
Volume Usage Charge (\$/gallon metered water use)	
Residential	\$0.00698
Commercial	\$0.01121



Wastewater Rate Survey

2017 Single Family Residential Monthly Sewer Bill Survey (3,100 gallons per month)



* Mariposa County Service Areas



5-Yr Capital Improvement Plan (Updated)

Table 3 : "Updated CIP" Base Case
Groveland Community Services District
Sewer Rate Study

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	5 Year Total
Force Main Inspection	-	22,969	22,969	22,969	22,969	-	\$91,876
A. LS 7 to Treatment Plant	-	85,963	85,963	85,963	85,963	-	343,850
B. LS 13	-	137,750	137,750	137,750	137,750	-	551,000
C. LS 2	-	20,500	20,500	20,500	20,500	-	82,000
D. LS 1	-	6,165	6,165	6,165	6,165	-	24,660
E. LS 14	-	36,990	36,990	36,990	36,990	-	147,960
F. LS 15	-	10,275	10,275	10,275	10,275	-	41,100
G. LS 8	-	30,825	30,825	30,825	30,825	-	123,300
H. LS10	-	104,805	104,805	104,805	104,805	-	419,220
I. LS 11	-	123,300	123,300	123,300	123,300	-	493,200
J. LS 3	-	18,495	18,495	18,495	18,495	-	73,980
K. LS 4	-	4,110	4,110	4,110	4,110	-	16,440
L. LS 9	-	26,715	26,715	26,715	26,715	-	106,860
M. LS 12	-	18,495	18,495	18,495	18,495	-	73,980
N. LS 5	-	69,870	69,870	69,870	69,870	-	279,480
O. LS 6	-	49,320	49,320	49,320	49,320	-	197,280
P. LS 16	-	-	-	-	-	-	-
Flume 1400'	-	-	-	-	-	-	-
WWTP Headworks	-	-	250,000	-	-	-	250,000
WWTP Repair	-	-	-	225,000	225,000	180,000	630,000
Gravity Sewer Line Rehab	-	-	-	-	344,531	344,531	689,062
Satellite lift station rehab	-	-	-	-	-	100,000	100,000
Admin Building	-	25,000	-	-	-	-	25,000
HUB Lift Station 6	-	-	-	-	-	-	-
TOTAL	-	\$791,547	\$1,016,547	\$991,547	\$1,336,078	\$624,531	\$4,760,248



Reasons for Wastewater Increase

- **Groveland CSD has an aging wastewater collection and treatment system and needs to invest more in system replacement.**
 - A significant amount of equipment is at or beyond its useful life
 - Projects, including 16 force main rehabs, gravity sewer line rehabs, treatment plant upgrades and lift station rehabs
- **The wastewater enterprise is currently operating at an annual deficit**
- **Rates have not been increased since 2010***

***excluding drought period**



Wastewater Expense Assumptions

- All capital projects are fully funded with debt, grants and Pay-as-You Go
- Customer base remains relatively constant based on existing conditions; significant future growth is not anticipated
- Personnel, supplies, and services expenses are projected to increase 3% annually



Debt Surcharge Reduction

Rate Category	FY2017	
	Current Rates	Restructured
Monthly Minimum Charge	\$53.10	
2014 Wastewater Debt Service Charge - PML Only	\$25.75	\$20.42
Volume Usage Charge (\$/gallon metered water use)		Per KGAL
Residential	\$0.00698	\$6.98
Commercial	\$0.01121	\$11.21

- 2014 Bond debt service surcharge is currently generating \$410,000 in Revenue while the annual debt service cost is around \$325,000.
- The debt service surcharge is planned to be lowered to \$20.42/month from the original \$25.75 for the remainder of the bond.



Wastewater Rate Scenarios

1. 0% Grant Funding Scenario:

- Option A: Bond issuance of \$ 2.8 million in FY 19
- Option B: 100% Pay-As-You-Go Funding

2. 50% Grant Funding Scenario:

- Option A: Bond issuance of \$ 1.4 million in FY 19
- Option B: 100% Pay-As-You-Go Funding

3. 75% Grant Funding Scenario:

- Option A: Bond issuance of \$700,000 in FY 19
- Option B: 100% Pay-As-You-Go Funding



Scenario Comparison

Scenario A Debt Funding

Annual Percent Increase

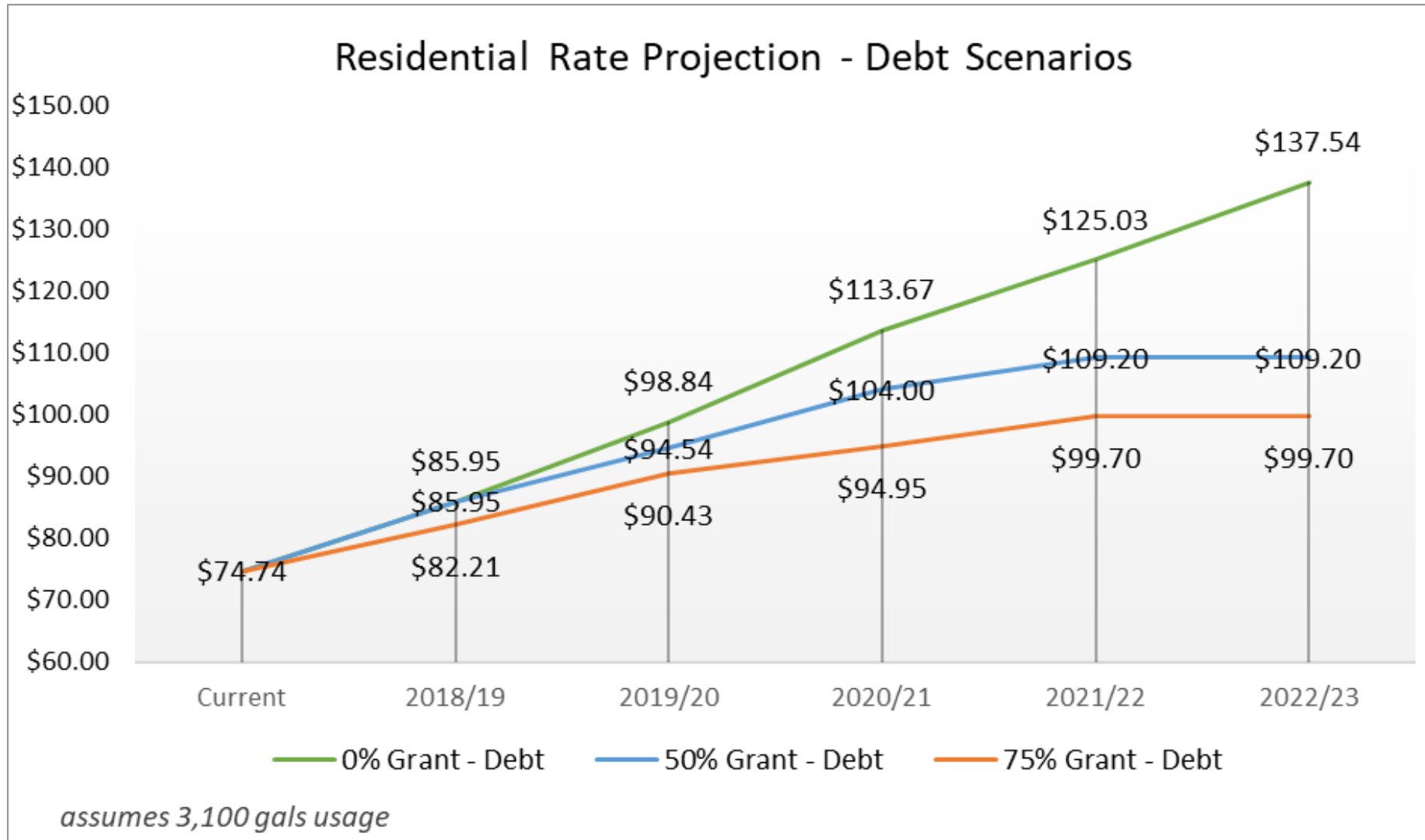
	2018/19	2019/20	2020/21	2021/22	2022/23
Scenario 1a: 0% Grant - Debt	15%	15%	15%	10%	10%
Scenario 2a: 50% Grant - Debt	15%	10%	10%	5%	0%
Scenario 3a: 75% Grant - Debt	10%	10%	5%	5%	0%

Scenario B Pay-Go Funding

	2018/19	2019/20	2020/21	2021/22	2022/23
Scenario 1b: 0% Grant - Pay-Go	40%	30%	10%	10%	0%
Scenario 2b: 50% Grant - Pay-Go	20%	15%	15%	5%	0%
Scenario 3b: 75% Grant - Pay-Go	15%	10%	10%	5%	0%

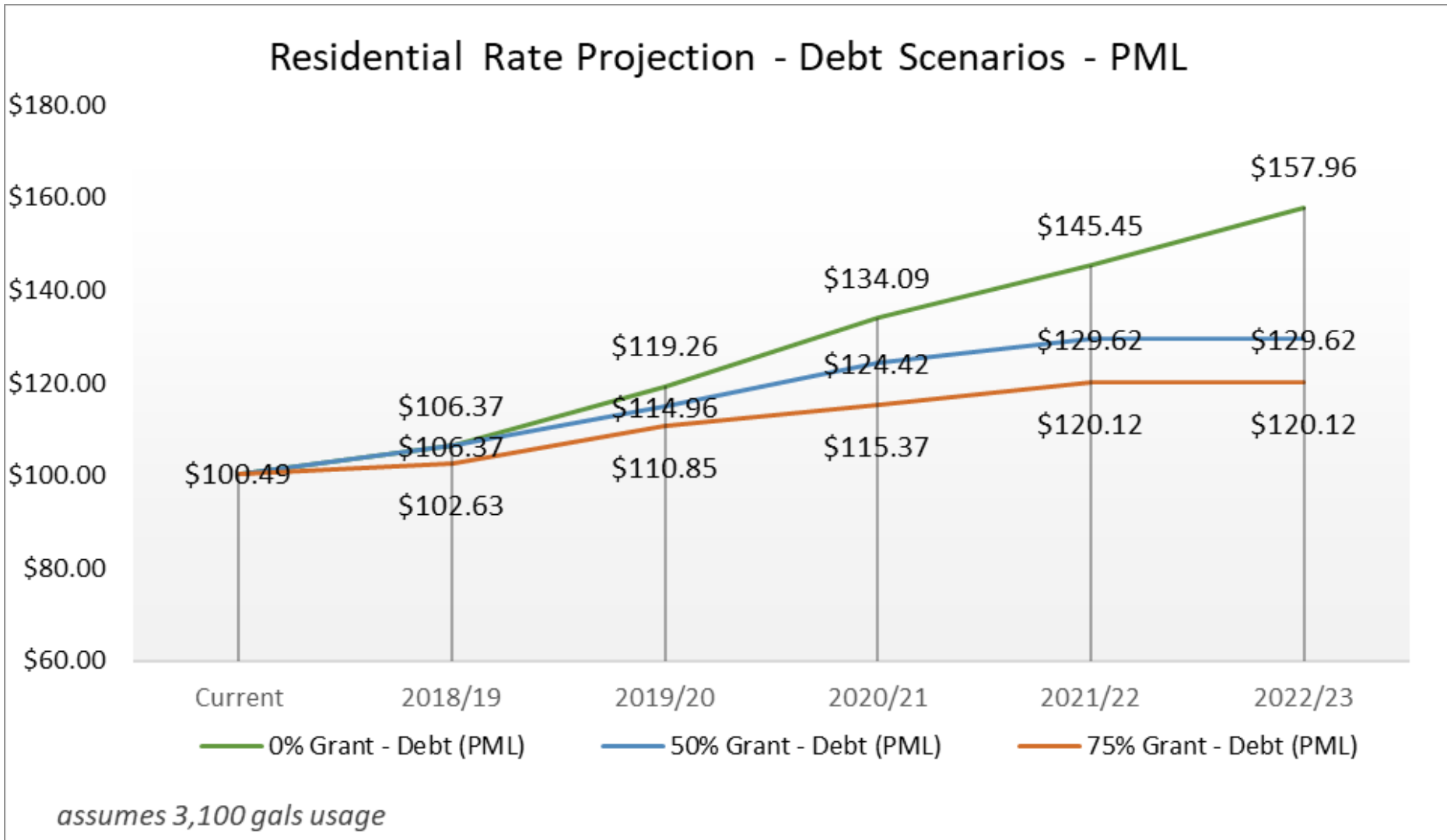


Preliminary Scenario Comparison



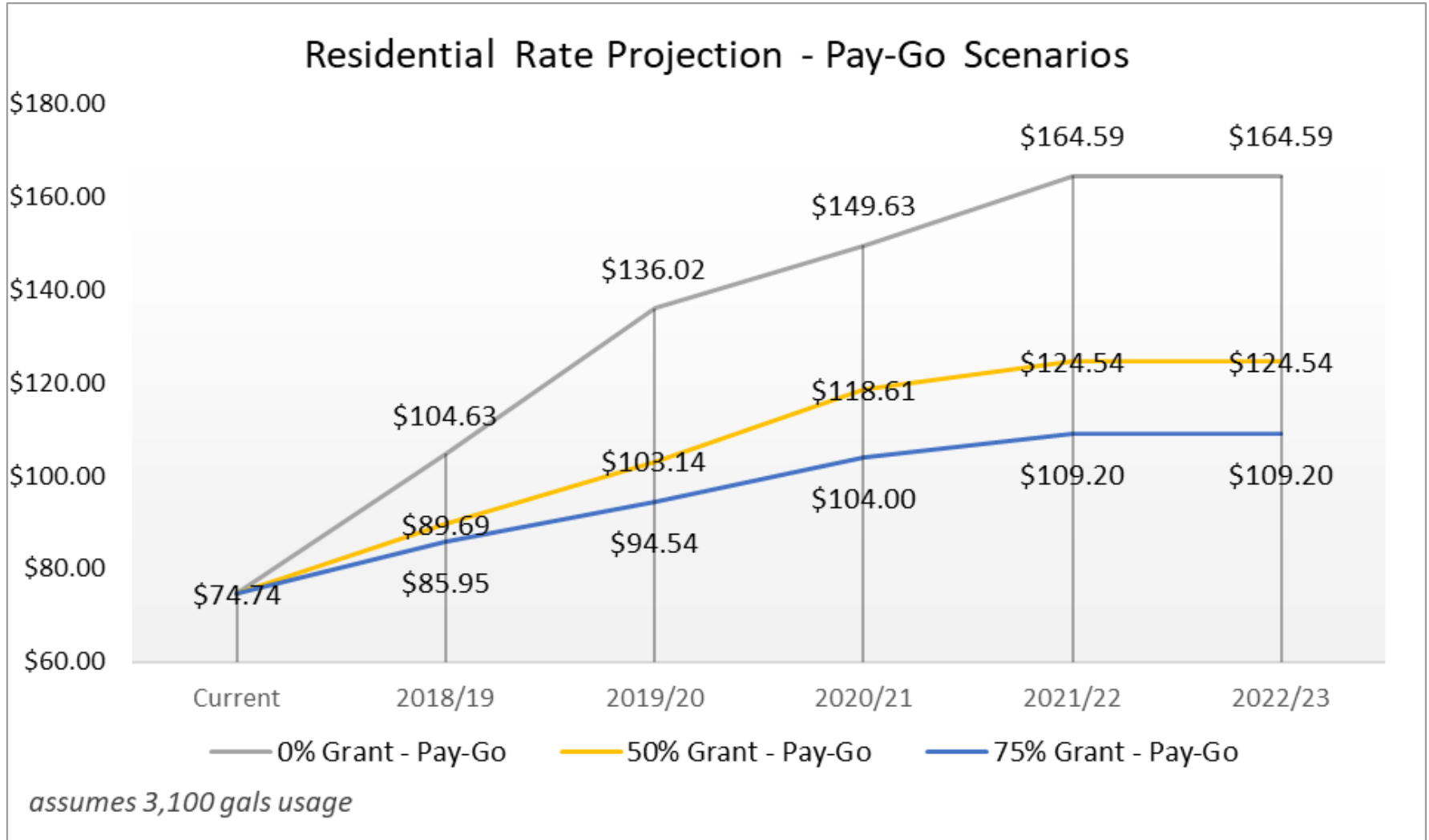


Preliminary Scenario Comparison



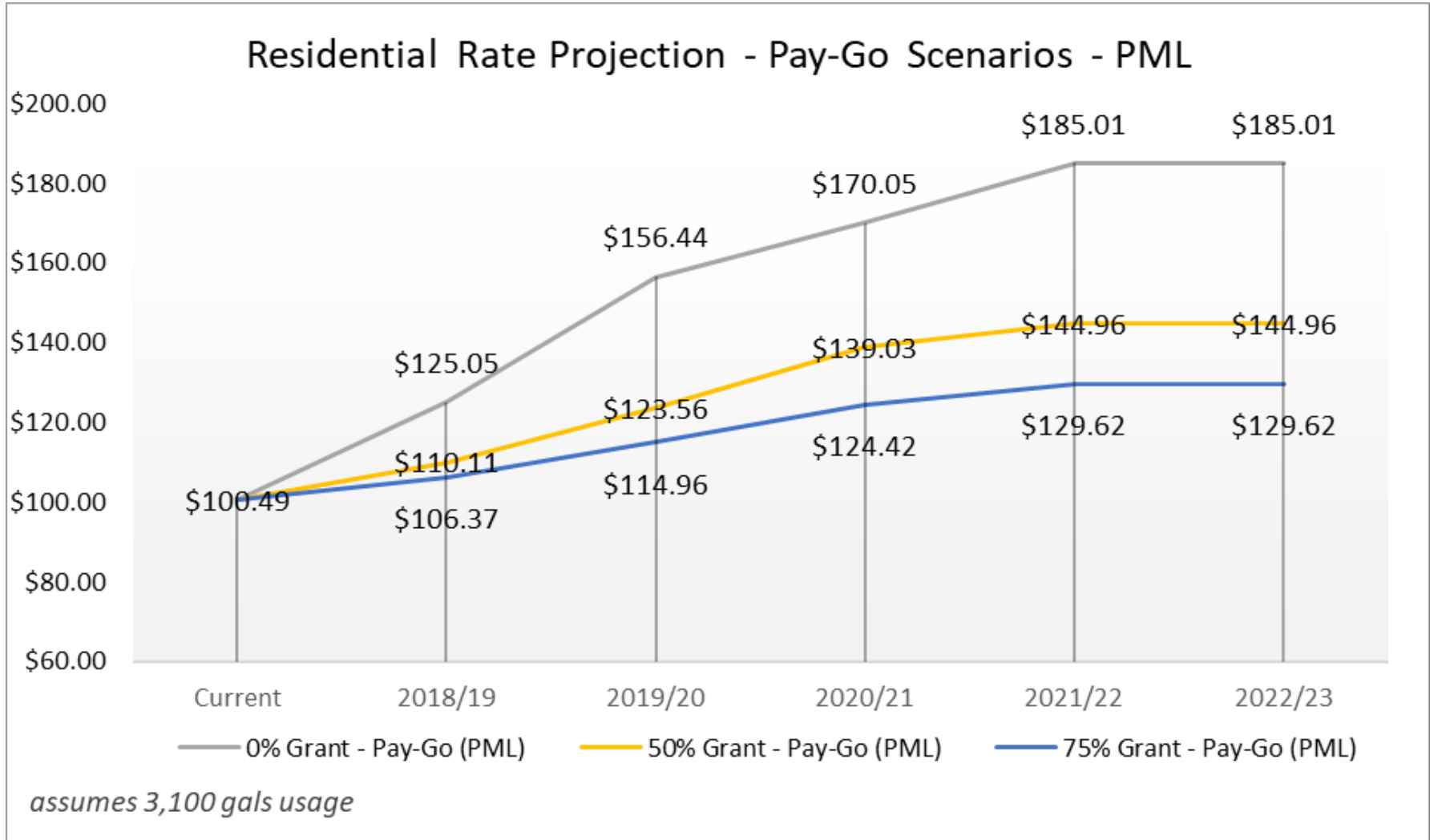


Preliminary Scenario Comparison





Preliminary Scenario Comparison





Summary

- No decisions being made at this time
- Scenarios will be reviewed at a future public meeting
- Most significant assumption: grant funding amount



Preliminary Schedule

November 2017	Community Workshop
January 2018	Select Rate Alternative Authorize Mailing of 218 Notices Mail Notices
March 2018	Public Hearing on Rates
July 1, 2018	Proposed Rates Effective – Step 1
July 1, 2019	Proposed Rates Effective – Step 2
July 1, 2020	Proposed Rates Effective – Step 3
July 1, 2021	Proposed Rates Effective – Step 4
July 1, 2022	Proposed Rates Effective – Step 5



Proposition 218

- Establishes a procedure for rate payers to protest a proposed rate increase before the rate can be adopted.
- The process includes:
 - Development of a rate study which sets forth the proposed rates
 - Mailed notification of rate payers at least 45 days before the public hearing
 - A public rate hearing to consider the proposed rates and count written protests
- The Prop 218 notice must:
 - Identify the proposed rate increase
 - Explain the reason for the increase and how it is calculated
 - Explain how to submit a written protest against the proposed rate increase
 - Specify the date, location and time for the Prop 218 public hearing



Rate Adoption

- To consider the proposed rates, Board must:
 - Hold a public hearing
 - Invite public comments
 - Tally written protests
- If more than 50% of affected parcels submit written protests, the proposed rates cannot be adopted.
- If 50% or less of affected parcels submit written protests, the proposed rates can be adopted by the Board.



Questions/Comments

