



IT'S ALL ABOUT THE WATER

DISTRICT WATER RATE INCREASE EFFECTIVE 02/2015



The mission of CVWD is to provide a safe, clean and continuous supply of water that meets or exceeds local, state and federal standards for public health and environmental quality and to provide courteous, responsive and efficient service in the most cost-effective manner to our customers. CVWD now faces several challenges, which include aging infrastructure, increasing costs, heavy debt-load, and limited community growth.

Before even considering this water rate increase, the Board of Commissioners has been working with staff over the past few years to minimize rate increases by reducing operational costs, deferring maintenance and improvement projects, and minimizing increases in labor & benefit costs. But day-to-day operational costs continue to rise, especially in the areas of electricity, materials and supplies, treatment supplies, and lab fees for water testing.

Because of these challenges a change to the water rate was unavoidable and a new rate is scheduled to become effective February 1, 2015. Also, in an effort to encourage conservation as well as provide customers the ability to lower their water bill, the District will bill for usage based on a 3-tier usage rate schedule. A rate chart and examples of how your bill may look is provided on the next page.

ANSWERS TO COMMON QUESTIONS ABOUT RATES

What do water rates pay for?

Your monthly water payment is the main source of income that funds the water system. The District does not receive funding from taxes or other governmental agencies. We, the community members, pay for the costs to maintain and run the water system that we all are connected to. Water rates are established to pay for ongoing operations, maintenance, debt payments, and the repair and improvements of the existing system. Costs involved in operating the water distribution system include operation and maintenance of 3 wells, water mains, fire hydrants, water reservoirs, valves, meters, pumps and other components of the system. The rates also pay for staff salaries, operating materials and supplies, and projects that are included in the Capital Improvement Plan (CIP).

Why do the water rates need to be increased?

Water rates need to be sufficient to cover the total cost of service while at the same time, maintaining an adequate operating reserve. The water utility is self-funded meaning that revenues must equal expenditures. The rate increase is necessary so that the utility is financially sustainable and does not fall into deficit spending. The cost to supply the water, store it, and distribute it continues to increase each year. There are also required maintenance of and improvements to the water system to ensure that we have stable and safe drinking water. Even with the ongoing improvements and efficiencies in operations, the costs to provide water to the community will continue to increase and require increase in water rates.

What will happen if the rates are not increased?

Without this rate increase, we will be unable to financially meet the future repair and replacement demands to our water system which is now over 40 years old. This will lead to increasing infrastructure failures, water interruptions, water loss, roadway damage, and violation of State health and safety regulations. The result will be higher operating costs, thereby depleting the funds that the District has in reserves for major emergencies and for planned infrastructure improvements. While the District currently has adequate operating revenue, if the rates are not increased in small amounts each year, the water system will become financially unstable and require much larger increases in the future.

News for: January 2015

Inside this issue:

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Did you know.....

That the last time the District raised the rates was in 2011. Before that, they were not raised since 2003.

Have you seen the new website?

Go to www.cv-wd.com, to pay your bill, sign up for paperless billing, and discover a variety of water information.

WHAT ARE THE 2015 CAPITAL IMPROVEMENT PLAN (CIP) PROJECTS?

The improvement projects the District anticipates completing in 2015 and the approximate costs are:

1. Santa Fe Pressure Loss - Project #WS-011b **Projected Costs: \$92,000**



The issue: Lower pressures, but still within the required 30 psi, during normal operations and fire flow tests have been observed in the upper end of Santa Fe Trail. If there is a demand for more than 1 fire hydrant to be opened at one time during a fire, the system pressure may drop below the required 30 psi,

Solution: By installing a booster station to serve the critical area at the northeast end of Santa Fe Trail, this would improve normal operating pressures, fire flow conditions pressure, and fully eliminate initial pressure drops to critical levels during fire flow conditions. In addition the overall pressure level within the lower divisions could be lowered, thereby reducing system leakage and power consumption.

2. Residential Meter Replacement - Project #WS-003 **Projected Costs: \$293,050**

In 2004 & 2005, the District installed residential meters on every lot within the water system to satisfy the WA State DOH, Water Use Efficiency requirements and also use as an aid in determining the system's unaccounted for water (water loss). The meters at the time of install had an approximate life span of 10 years.

The issue: It has been 10 years since the meters were installed and the District has discovered that the transmitters have begun to show signs of failure.

Solution: The District services 1,567 lots and since all of the meters were installed within a short period of time of each other, it is anticipated that the failed meters will begin to be discovered at a more rapid pace demanding a more aggressive meter replacement program until all meters have been replaced with the new 20-year meters.



Other Misc. Small Projects:

- | | | |
|--------------------------------------|------------------|---------------------------|
| 3. Leak Detection Survey | Project #WS-007 | Projected Costs: \$11,000 |
| 4. Fire Hydrant Replacement / Repair | Project #WS-005 | Projected Costs: \$15,000 |
| 5. Back Up Generator (Office) | Project #EQP-003 | Projected Costs: \$ 5,000 |
| 6. Emergency Fund – Annual Transfer | | \$11,000 |

WHAT ARE THE 2015 RATES AND HOW WILL YOUR BILL LOOK?

Old Rate Schedule:	
Basic Charge (includes 500 gallons)	\$35.00
Consumption Charges billed in 1,000 gal units	\$1.25 per unit

New Rate Schedule:		
Basic Charges (No gallons included)	\$37.50	Increase of \$2.50
Gallons used between 1-4,000 gallons	\$.014 per 10 gallons	Increase of \$.15 per thousand gallons
Gallons used between 4,001-10,000 gallons	\$.020 per 10 gallons	Increase of \$.75 per thousand gallons
Gallons used between 10,001-999,999 gallons	\$.030 per 10 gallons	Increase of \$1.75 per thousand gallons

Some examples of what your bill will look like with the new rate schedule (also add the \$2.00 street light charge):

If you used no water in a month	Basic Charges	\$37.50	Old Rate	\$35.00
If you used 1,000 gallons in a month	Basic Charges	\$37.50	Old Rate	\$35.00
	Consumption	<u>\$ 1.40</u>	Old Rate	<u>\$ 1.25</u>
	Total Water Portion	\$38.90	Total at Old Rate	\$36.25

WHAT ARE THE 2015 RATES AND HOW WILL YOUR BILL LOOK (continued)?

If you used 2,000 gallons in a month	Basic Charges	\$37.50	Old Rate	\$35.00
	Consumption	<u>\$ 2.80</u>	Old Rate	<u>\$ 2.50</u>
	Total Water Portion	\$40.30	Total at Old Rate	\$37.50
If you used 5,000 gallons in a month	Basic Charges	\$37.50	Old Rate	\$35.00
	4,000 Consumption (gal 1-4,000)	\$ 5.60	Old Rate	\$ 5.00
	1,000 Consumption (gal 4,001-10,000)	<u>\$ 2.00</u>	Old Rate	<u>\$ 1.25</u>
	Total Water Portion	\$45.10	Total at Old Rate	\$41.25
If you used 15,000 gallons in a month	Basic Charges	\$37.50	Old Rate	\$35.00
	4,000 Consumption (gal 1-4,000)	\$ 5.60	Old Rate	\$ 5.00
	6,000 Consumption (gal 4,001-10,000)	\$12.00	Old Rate	\$ 7.50
	5,000 Consumption (gal 10,000-on up)	<u>\$15.00</u>	Old Rate	<u>\$ 6.25</u>
	Total Water Portion	\$70.10	Total at Old Rate	\$53.75

With the 3-tier rate schedule and consumption billed in 10 gallon units compared to the 1-tier rate schedule and consumption billed in 1,000 gallon units, a customer will have more control over their monthly water bill and with the consumption charges increasing in each tier, those who use more will pay more, which also promotes water conservation.

CUSTOMER QUESTIONNAIRE OR COMMENTS



To better serve you, the Board of Commissioners would like to get your feedback. Please take the time to fill out the questionnaire below and submit it with your payment. If you pay online, you may also email it to manager@cv-wd.com.

Detach here and submit the below portion with your payment

Name: _____

Account # _____

Questions:

1. Right now the bills are due on or around the 25th of the month. If there was a change to the due date, what date would you like the bill to be due on? _____. Number of months in a billing cycle? _____.
2. What event or activities would you like to see the District participate in or conduct? _____.
3. What are some drinking water subjects that you are or would be interested in learning more about?
_____.
4. What is your overall experience when you contact the District (please rate 1-5, 5 being excellent)? _____.
5. Any other feedback? Please provide: _____
_____.

Thank you for your support, from all of us at Columbia Valley Water District.