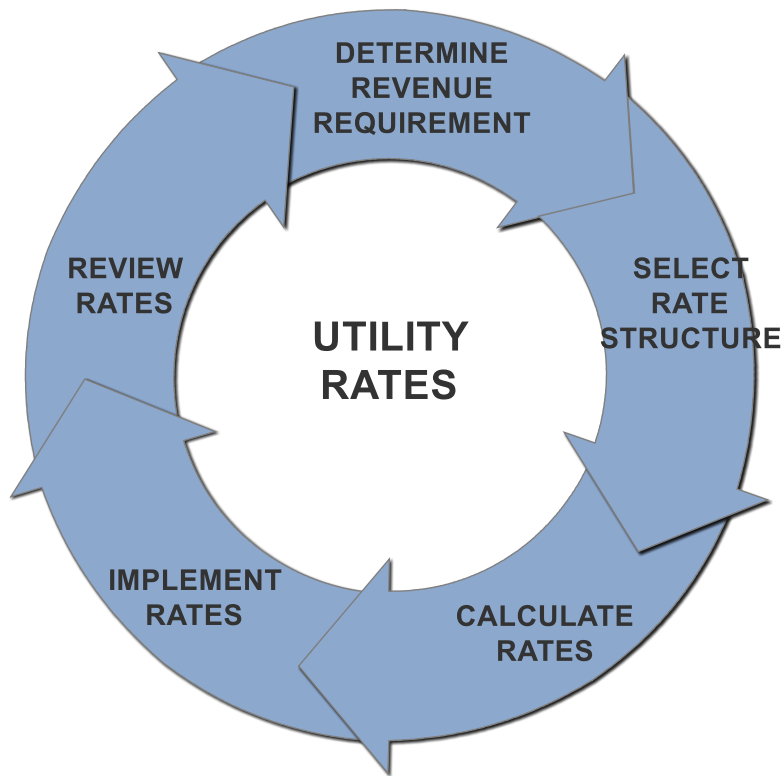


# Gold Mountain CSD **Utility Rates**

Public Hearing  
June 15, 2022

# Rate-Setting Process

Cost of service and rate design are major components of this Study

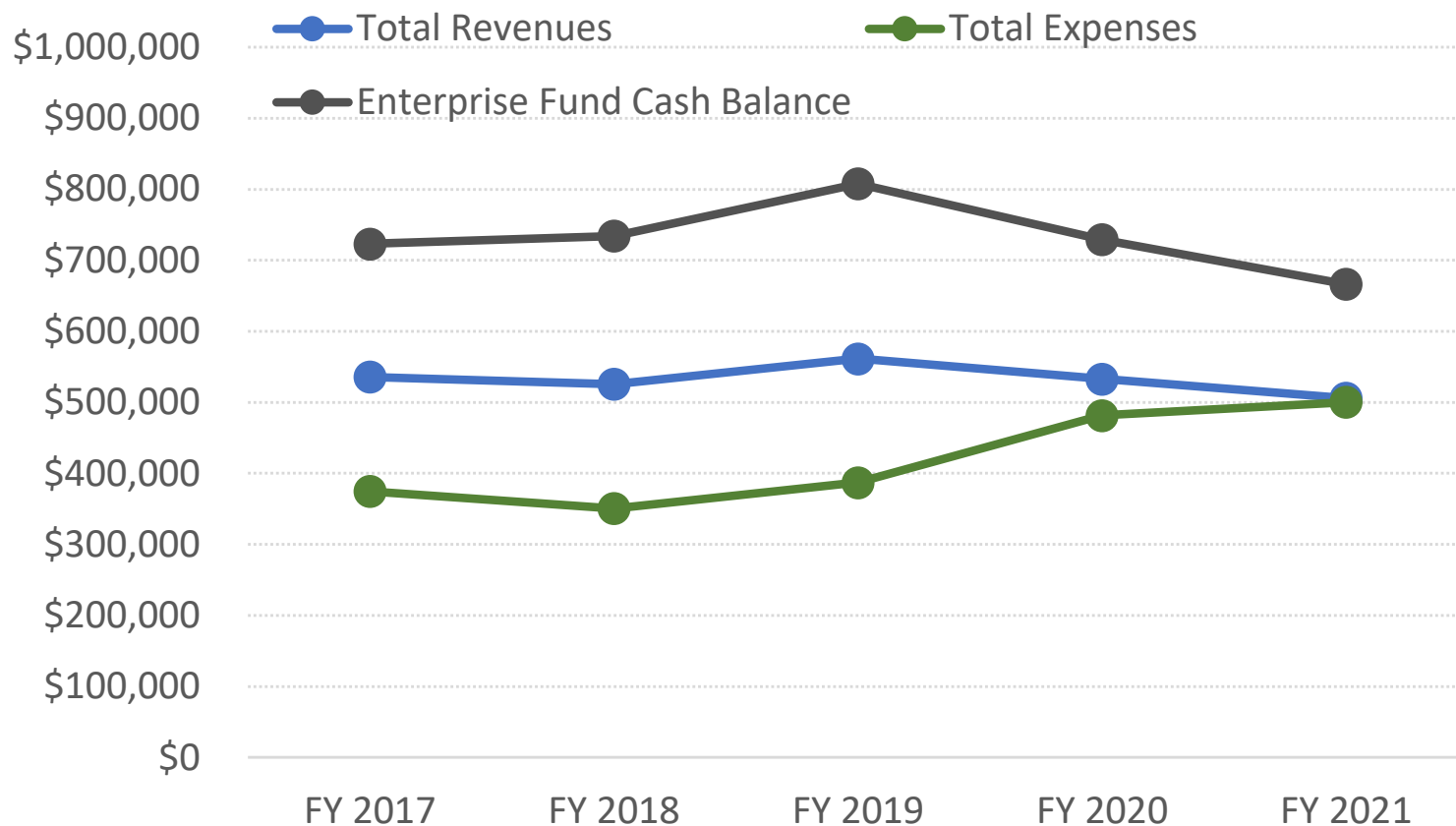


Rates usually updated about every 5 years

Last GMCSO rate study in 2006  
– 15 Years ago

# District Financial Health

Financially healthy but drawing on reserves and several cost increases anticipated in next 5 years



# California's Law for RATES

- Revenues from the fee shall not exceed funds required to provide the service.
- Revenues from the fee shall not be used for any purpose other than that for which it was imposed.
- The amount of the fee imposed as an incident of property ownership shall not exceed the proportional cost of service to the parcel.
- No fee may be imposed for service unless the service is used OR is immediately available to the parcel.

# Step 1: Revenue Requirement



Determine funding needed from rates to meet financial needs:

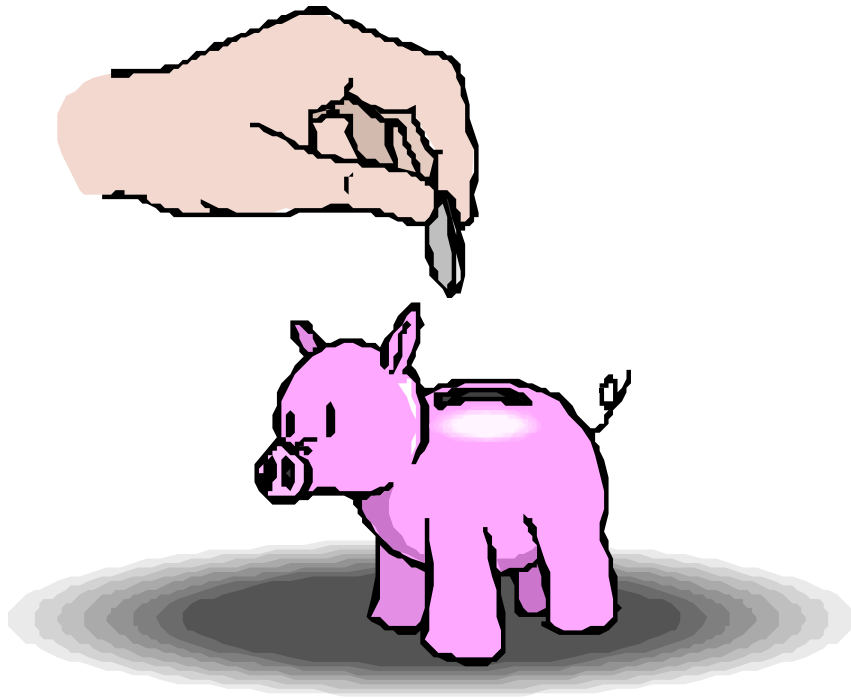
- Operations & Maintenance
- Debt Service
- System Rehabilitation
- Capital Improvements
- Prudent Reserves

## Step 2: Cost of Service

**Required** by California's Constitution; each customer class pays for its cost share based on customer count, potential use (capacity), and actual use of the water and wastewater systems



# Step 3: Rate Design



How to collect the necessary revenue requirement from customer groups

- Customer Charges
- Service Charges
- Use Charges

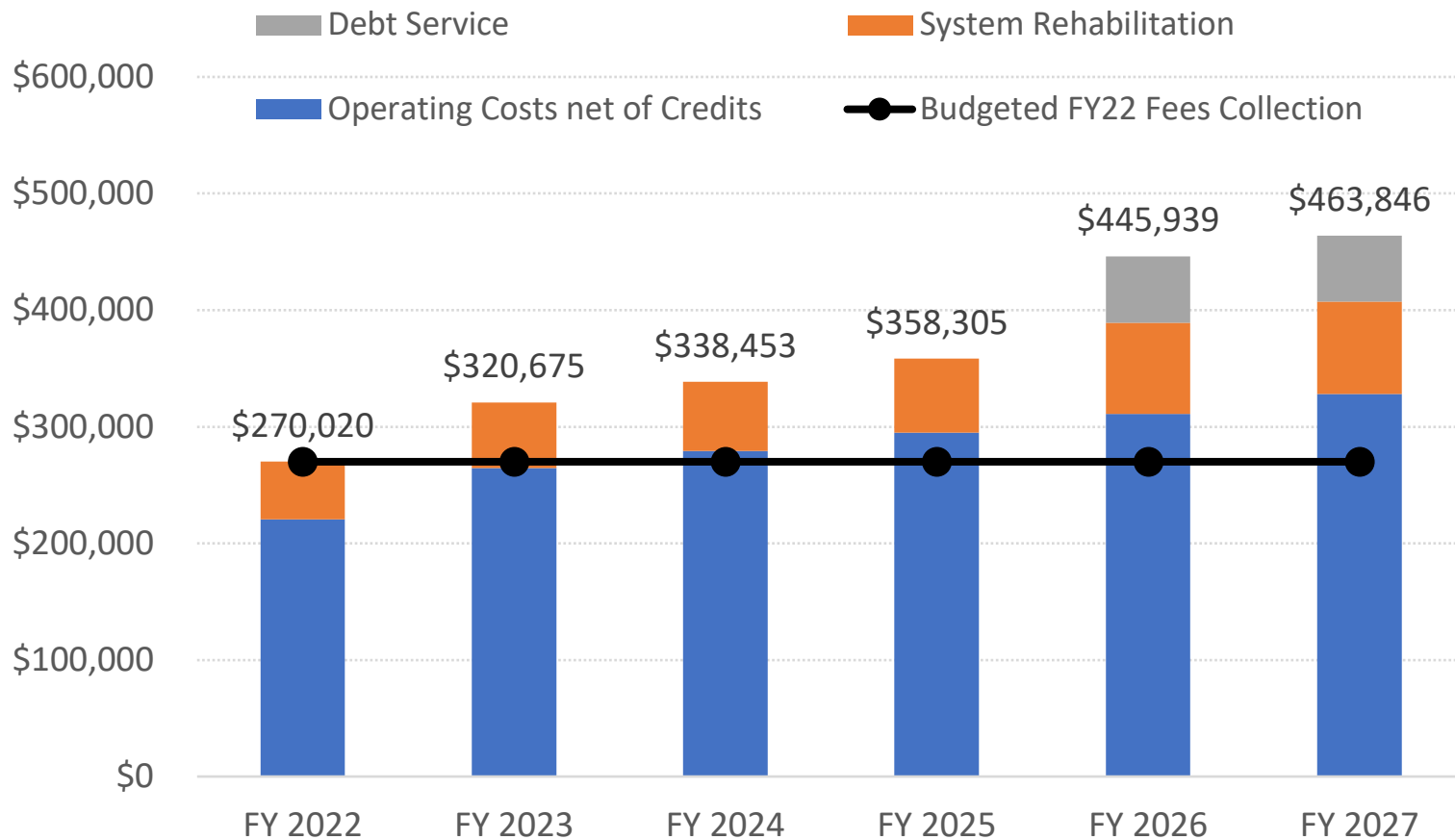
# **Section I**

## **Revenue Requirement**



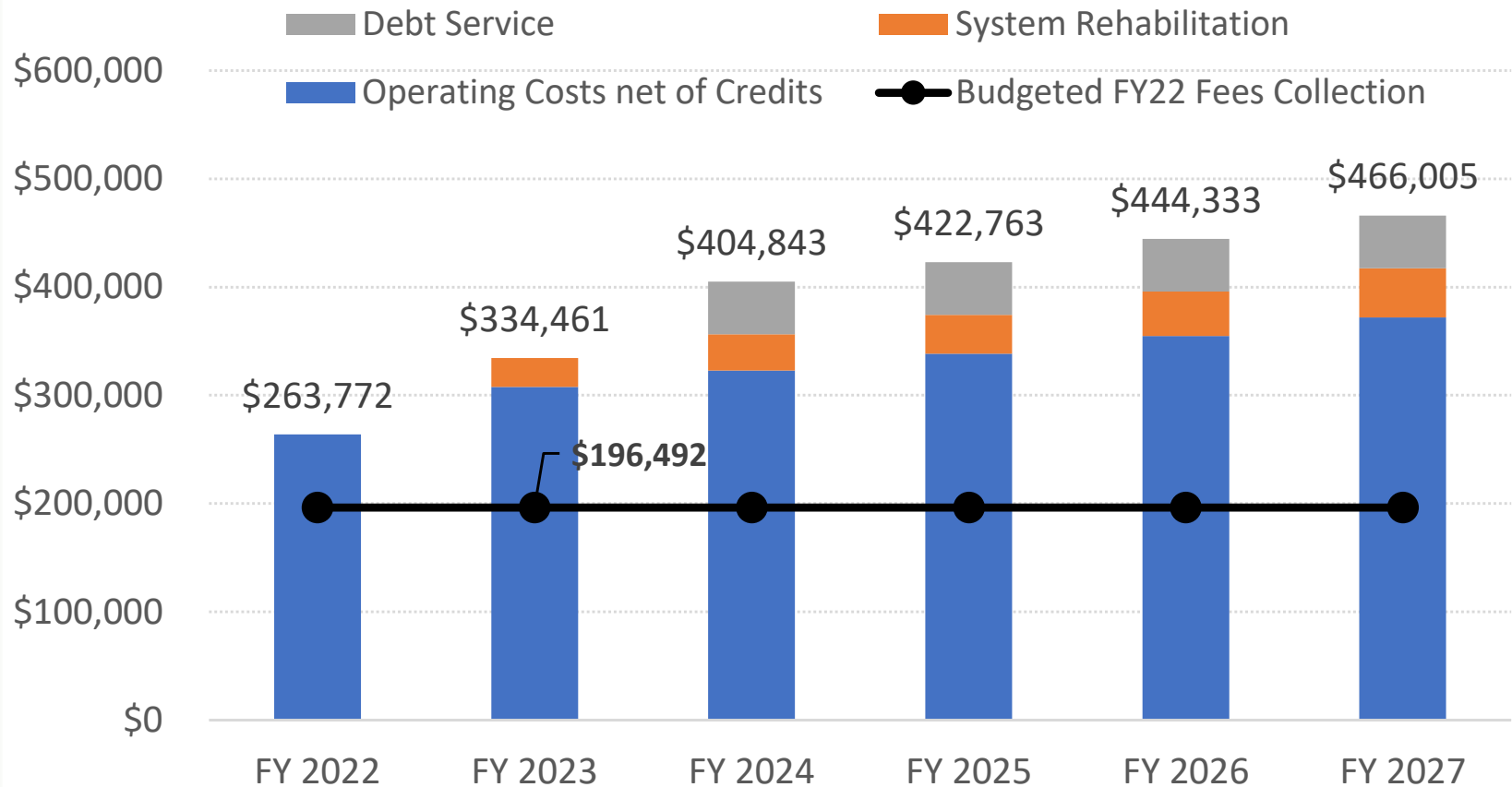
# Projected Revenue Requirement – WATER

Sufficient revenue collection this fiscal year



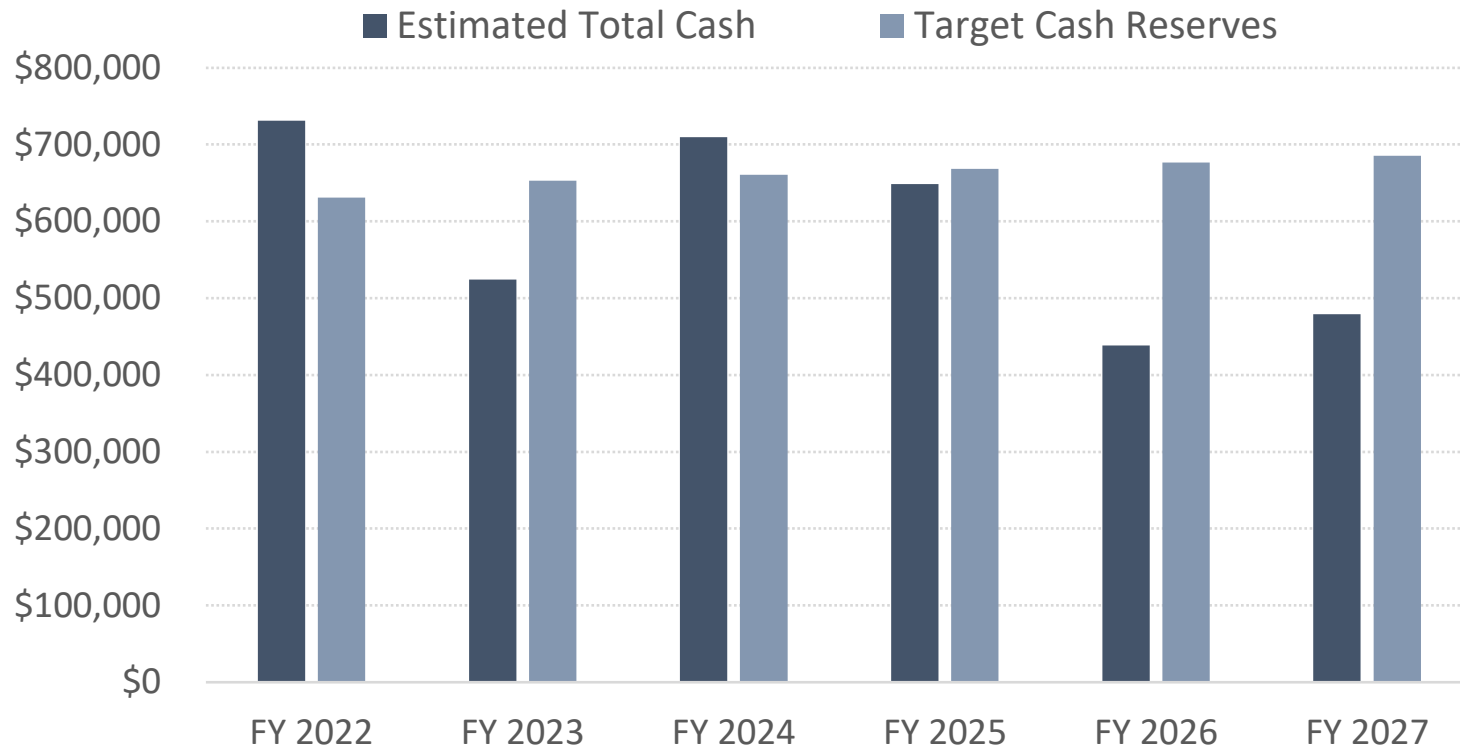
# Projected Revenue Requirement – SEWER

Insufficient revenue collection this fiscal year



# Projected District Cash Balances with Increased Rate Revenues

Per Prop. 218, only charging rates for revenue sufficiency



*Target cash reserves = 3 months operating costs water & sewer plus 50% accumulated depreciation of assets in both systems*

# **Section II**

## **Cost of Service**

# Cost of Service

Methodology ensures customer groups pay their proportional share of service costs

## Water Costs

### Customer, Capacity, Commodity

- Customer costs divided by # accounts
- Capacity costs divided by equivalent meter units
- Commodity costs divided by estimated demand (gallons) – *connected lots only*

## Sewer Costs

### Customer, Capacity, Flow

- Customer costs divided by # accounts
- Capacity costs divided by equivalent dwelling units
- Flow costs divided by equivalent dwelling units – *connected lots only*

*Unconnected Lots pay customer costs as well as capacity costs for 1 equivalent meter unit and 1 equivalent dwelling unit*

# **Section III**

## **Rate Design**

# New Fee Structures

Water	Sewer
Removal of water usage tiers	Residential and Commercial
Water use will be billed every quarter	Residential will pay by # Living Units (some exceptions apply)
Assessment (Standby Fee) per Lot is abandoned; Unconnected Lots added to property-related fees	Commercial will pay per EDU as measured by wintertime water use
	Assessment (Standby Fee) per Lot is abandoned; Unconnected Lots added to property-related fees

# Calculated Water Rates

Charge Type	Effective Date of Fees				
	1-Jul-22	1-Jul-23	1-Jul-24	1-Jul-25	1-Jul-26
<b>Connected Residential and Commercial Residential</b>					
	<i>per Customer Account, per Quarter</i>				
Customer Charge	\$49.51	\$52.26	\$55.32	\$68.85	\$71.62
	<i>Per Living Unit, per Quarter [1]</i>				
Service Charge Per Living Unit [2]	\$121.97	\$126.39	\$133.63	\$165.12	\$171.42
	<i>Per Thousand Gallons</i>				
Use Charge	\$7.33	\$7.34	\$7.67	\$9.38	\$9.59
<b>Connected Non-Residential [4]</b>					
	<i>per Customer Account, per Quarter</i>				
Customer Charge	\$37.13	\$48.07	\$55.32	\$73.67	\$82.36
Service Charge (per Meter)	<i>Per Non-Residential Meter, per Quarter [1], [3], [4]</i>				
1"	\$91.48	\$116.28	\$133.63	\$176.68	\$197.13
1.5"	\$182.96	\$232.56	\$267.26	\$353.36	\$394.27
2"	\$292.73	\$372.09	\$427.62	\$565.37	\$630.83
3"	\$548.87	\$697.67	\$801.78	\$1,060.07	\$1,182.80
4"	\$914.78	\$1,162.79	\$1,336.30	\$1,766.78	\$1,971.33
6"	\$1,829.55	\$2,325.58	\$2,672.60	\$3,533.57	\$3,942.66
8"	\$2,927.28	\$3,720.92	\$4,276.16	\$5,653.71	\$6,308.26
	<i>Per Thousand Gallons</i>				
Use Charge	\$7.33	\$7.34	\$7.67	\$9.38	\$9.59
<b>Unconnected Customers</b>					
	<i>Per Undeveloped Lot, per Quarter</i>				
Customer & Service Charge	\$140.99	\$147.05	\$155.54	\$192.69	\$200.18

[1] All water accounts with more than one Living Unit as of 6/1/2022 will only pay for one Living Unit until the property sells or is transferred to new ownership.

[2] Residential Lots with Additional Quarters pay for a maximum of two Living Units (Dwelling Unit plus Guest House). Commercial Residential Lots pay for every Living Unit.

[3] Per Board direction, non-residential rates will be lower than cost-of-service in years 1 and 2 but greater in years 4 and 5 so that total cost of service is paid.

[4] Includes dedicated fire services, which are charged the 1" meter regardless of fire service size.



# Calculated Sewer Rates

Customer Type	Effective Date of Fees					
	1-Jul-22	1-Jul-23	1-Jul-24	1-Jul-25	1-Jul-26	
Connected Residential and Commercial Residential (A) + (B)						
Per Account	(A)	\$58.80	\$71.17	\$74.32	\$78.11	\$81.92
Per EDU [1], [2]	(B)	\$231.91	\$265.76	\$274.24	\$282.65	\$290.88
Connected Non-Residential (A) + (B) [3]						
Per Account	(A)	\$44.10	\$60.50	\$74.32	\$89.83	\$98.31
Per EDU [1], [4]	(B)	\$173.93	\$225.89	\$274.24	\$325.05	\$349.06
Unconnected Customers						
Each Lot		\$123.30	\$146.89	\$153.02	\$160.12	\$167.20

[1] Each Living Unit counts as one EDU. All sewer accounts with more than one Living Unit as of 6/1/2022 will only pay for one Living Unit until the property sells or is transferred to new ownership.

[2] Residential Lots with Additional Quarters pay for a maximum of two Living Units (Dwelling Unit plus Guest House). Commercial Residential Lots pay for every Living Unit.

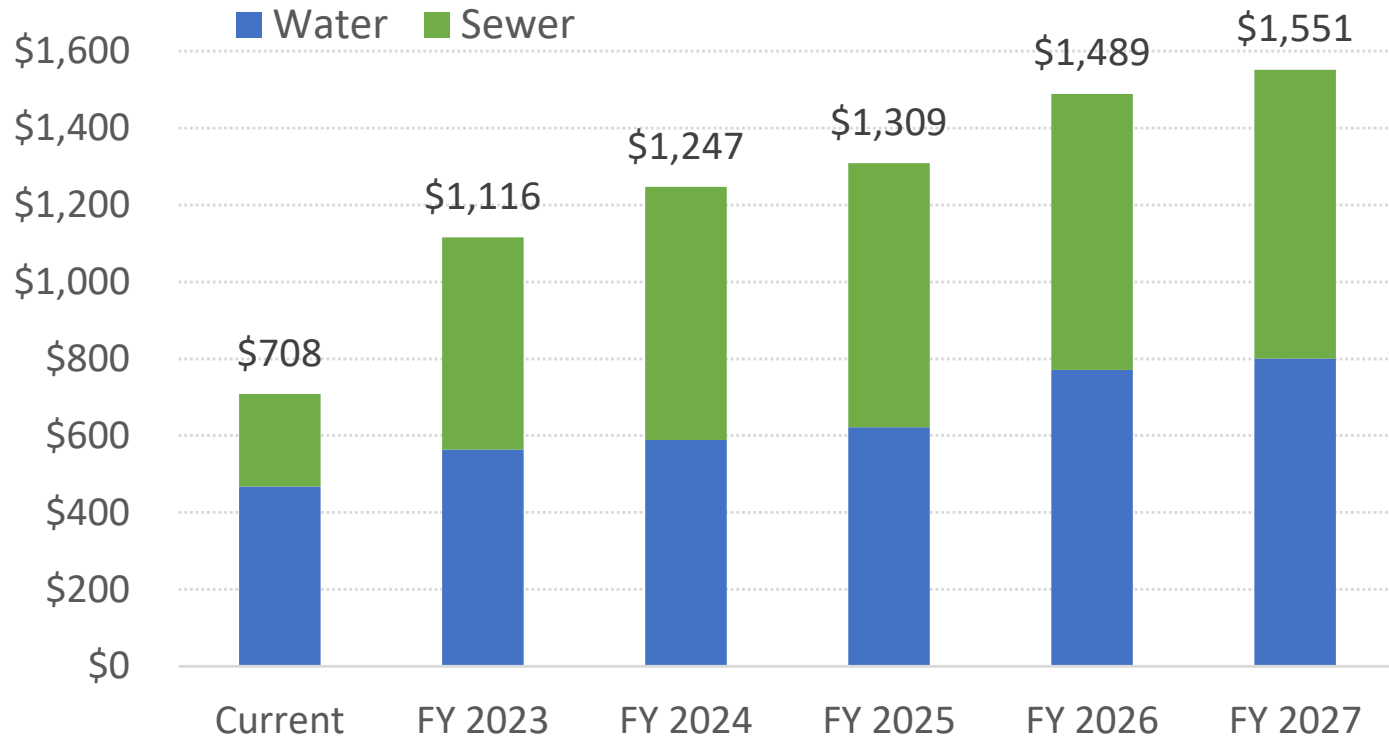
[3] Per Board direction, non-residential rates will be lower than cost-of-service in years 1 and 2 but greater in years 4 and 5 so that total cost of service is paid.

[4] The number of sewer EDUs per non-residential account, based on actual water use: Inn at Nakoma (14.5), Altitude (9.0), and the Clubhouse (24.0).

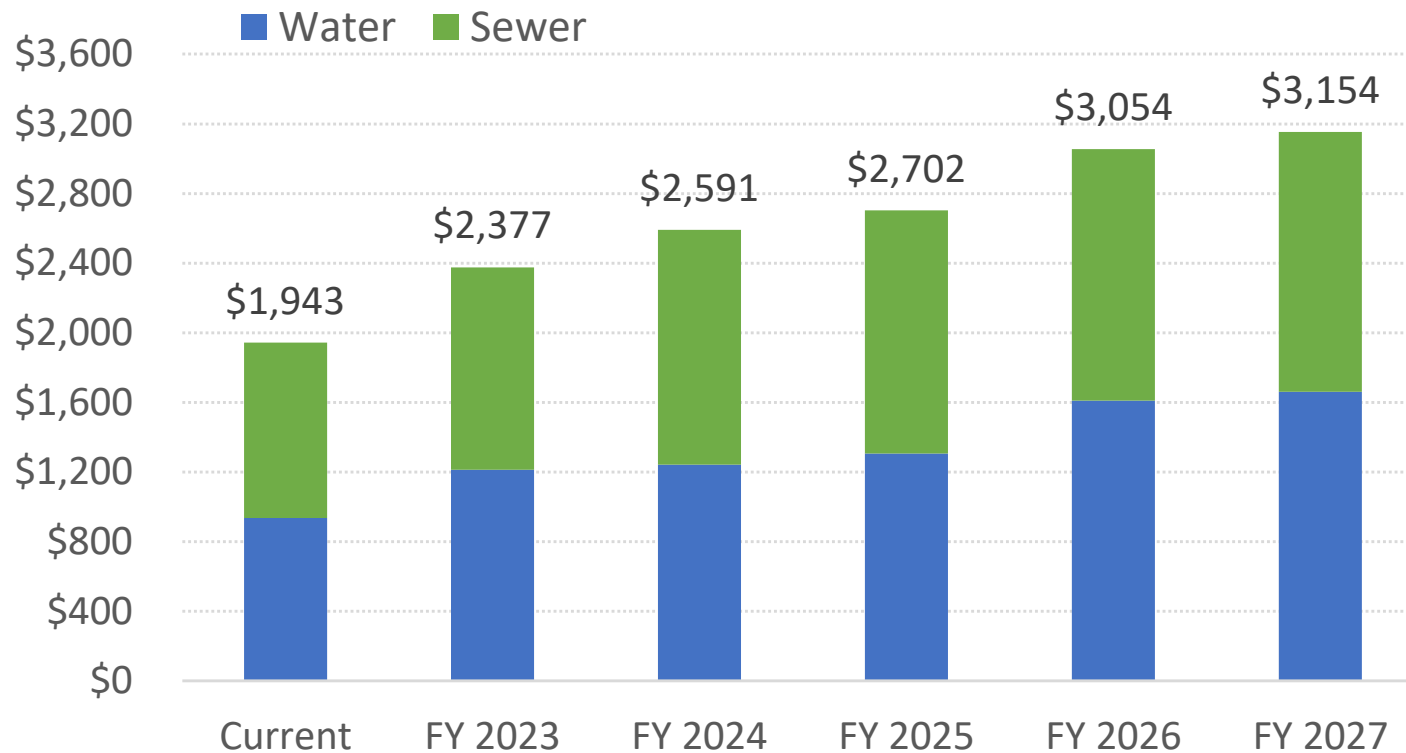
# **Section IV**

## **Customer Bill Impacts with Cost of Service Rates**

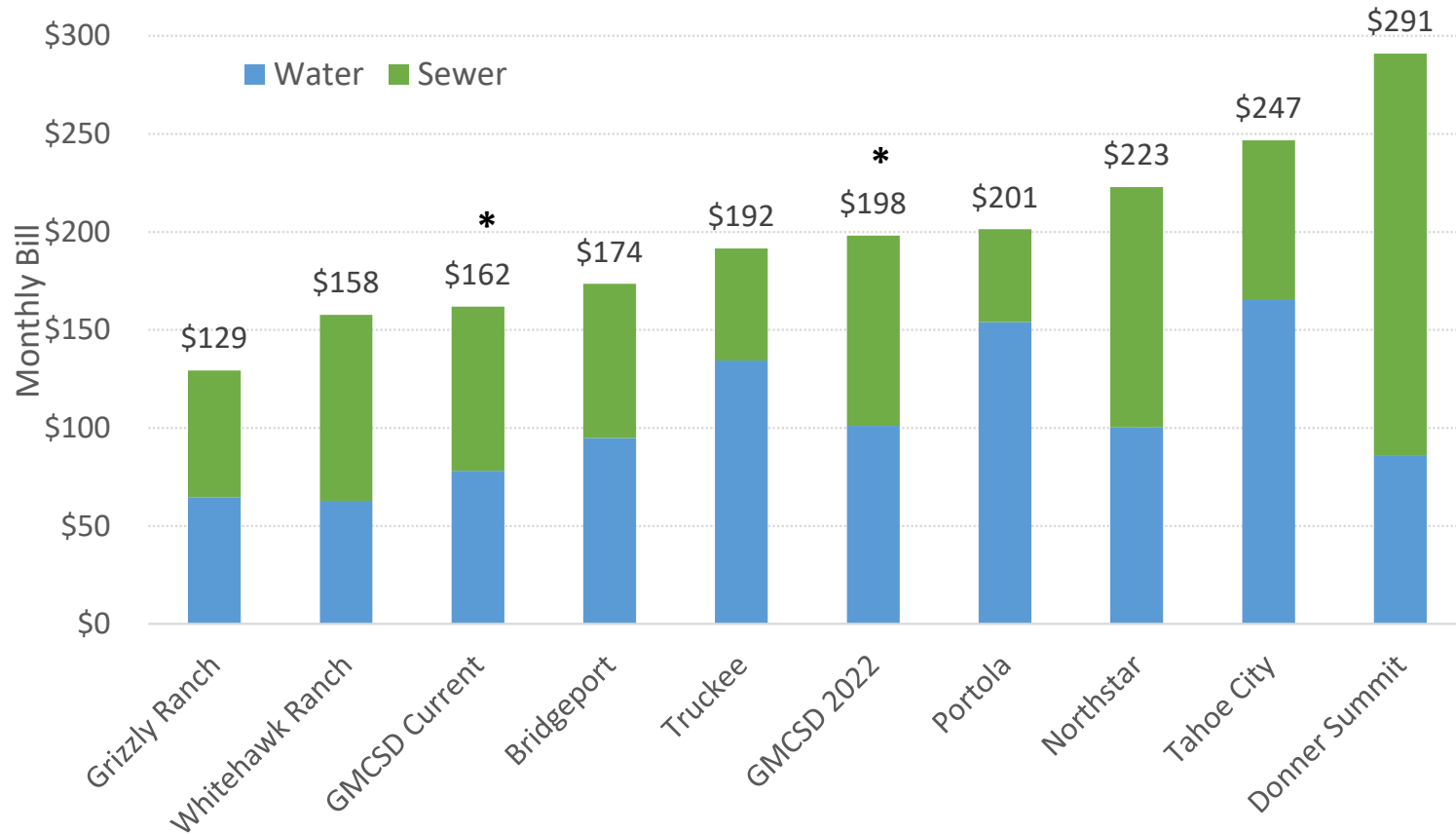
# Annual Impact to an Unconnected Lot



# Annual Utilities Bill Projection for a Typical Residence using 72,000 Gallons



# Comparison Utility Bills for Typical Home using 72,000 Gallons per Year *on a monthly basis*



# Nonresidential Accounts Annual Bill Impact in First Year - *based on fiscal year 2021 water use*

