

Gold Mountain CSD

November 15th 2021 Board Meeting Utility Rates & Fees Study

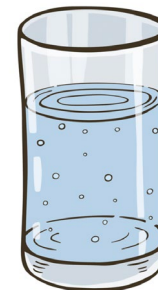
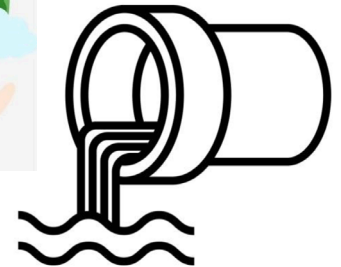
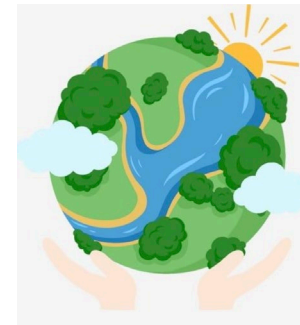
**All Figures and Numbers shown are Subject to Change while the Study
is being conducted**

Section I

Background

District Commitment to the Community

- Provide quality, reliable water and wastewater services
- Support public safety by providing fire protection and medical assistance
- Protect and preserve the environment while planning future growth and development
- Anticipate future infrastructure and operational needs to support future development
- Communicate with customers in a transparent, proactive manner
- ***Ensure fiscal responsibility and financial health of the District***



GMCS D Types of Charges

Standby Fees --- “Assessments”

- Uniform Standby Charges Act (CA Code 54984); subject to Proposition 218; requires ballot and majority approval

Property-related Fees --- “Rates”

- Adopted pursuant to Proposition 218; Board has authority to adopt unless majority protest

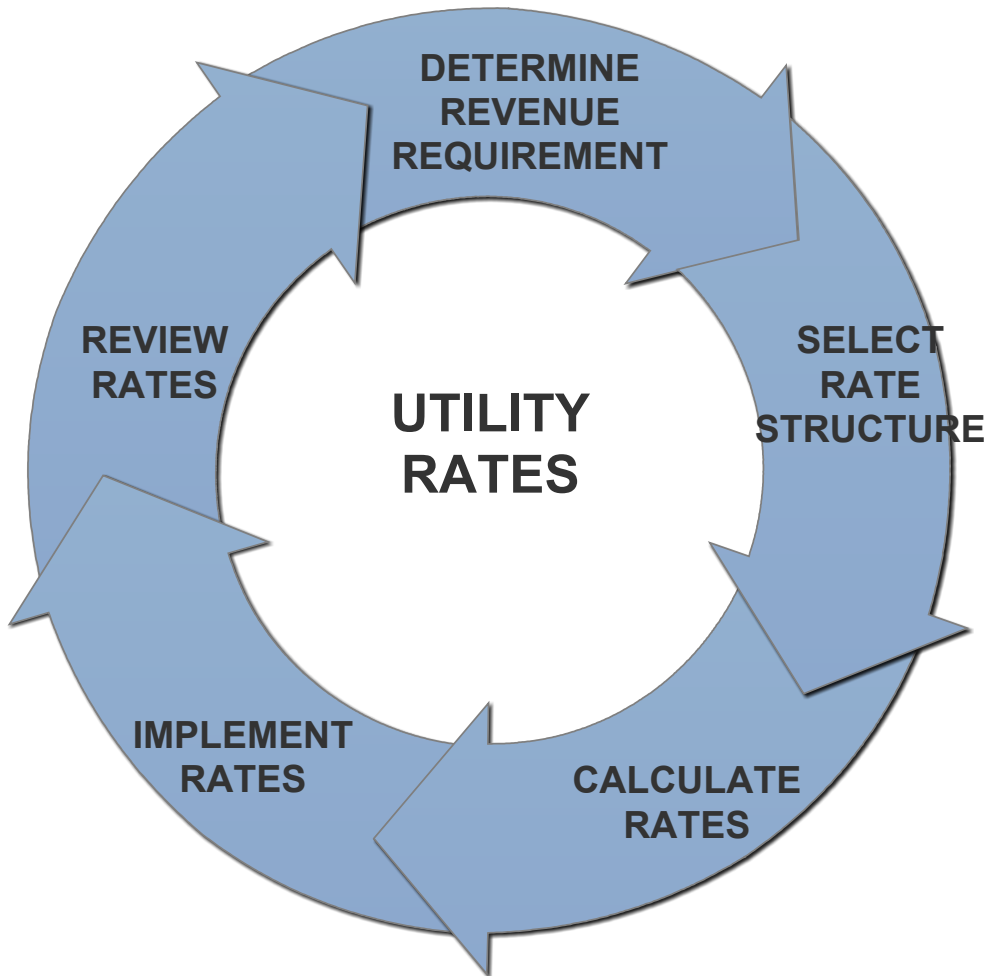
Development Fees --- “Capacity and Connection Fees”

- Adopted pursuant to the Mitigation Fee Act (CA Code 66013)

User (Regulatory) Fees --- “Administrative Fees”

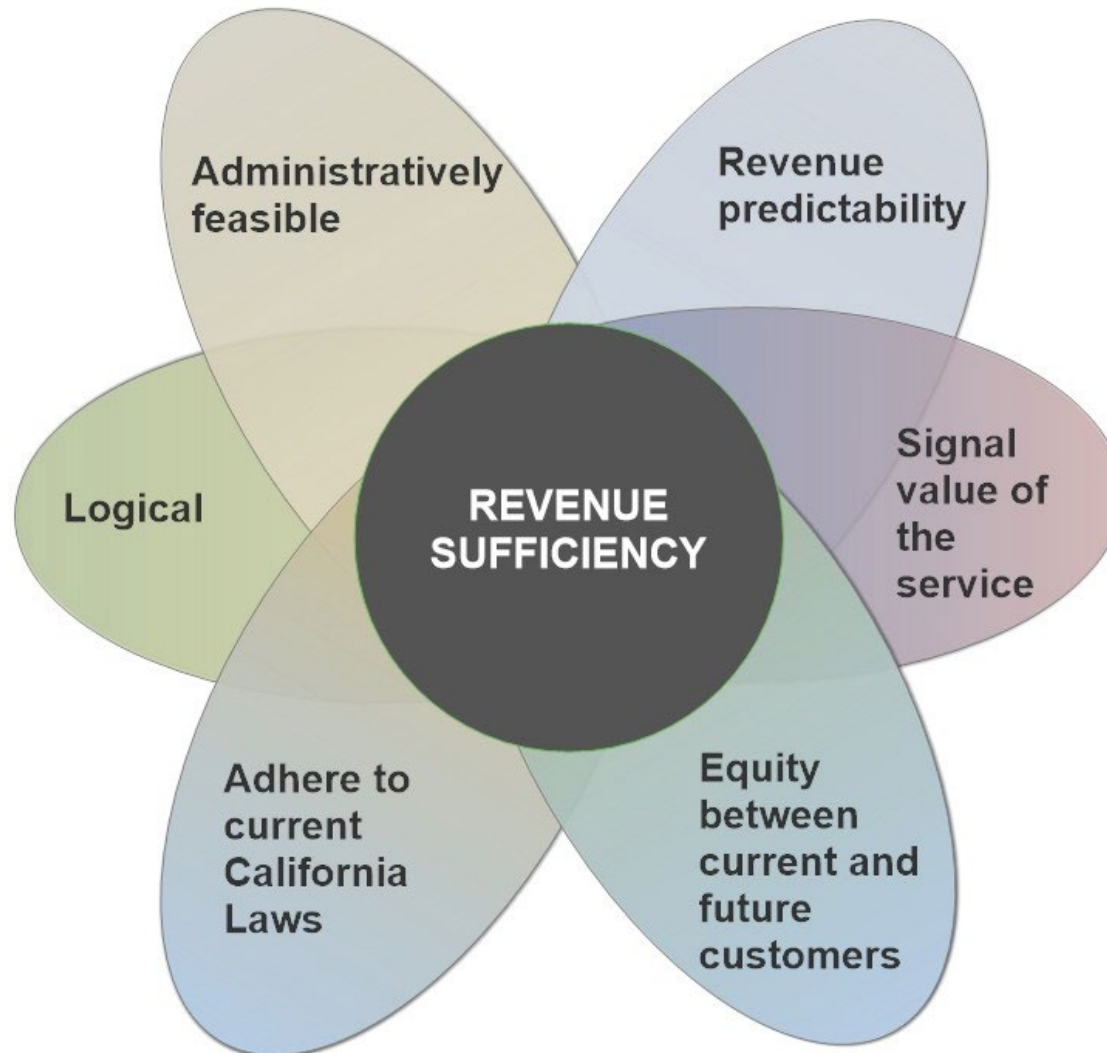
- Adopted pursuant to Proposition 26 Sections 1(e)(2) and (3) for providing a government service directly to the payor, and for issuing licenses and permits, performing investigations, inspections, and audits

Fee Setting Process: Every 3-5 Years



- Last GMCSO rate study in 2006 – 15 Years ago
- Cost of service analysis also required with the rate study

Balance of Multiple Objectives



California Prop. 218 Requirements for RATES

1. Revenues from the fee shall not exceed funds required to provide the service.
2. Revenues from the fee shall not be used for any purpose other than that for which it was imposed.
3. The amount of the fee imposed as an incident of property ownership shall not exceed the proportional cost of service to the parcel.
4. No fee may be imposed for service unless the service is used OR is immediately available to the parcel.
5. No fee may be imposed for general governmental services (such as police, fire, library) where the service is available to the public at large in much the same manner as to the parcels charged the fee.

Purpose of the Study

- **Review of Financial Health & Practices** – The CSD has never had a comprehensive review of its overall fiscal health and revenue collection policies and practices. The last rate study was conducted in 2006.
- **Revenue Sufficiency** - Make sure sufficient money to operate the utilities for the next 5+ years to provide customers with adequate, clean, safe potable water and reliable wastewater disposal that meets State and Federal regulatory standards
- **CIP** - Create adequate revenue for funding of capital improvement projects (CIP) for the water and wastewater systems
- **Meet Debt Covenants** – There is no current debt; however, the rate study accounts for potential future debt and covenants it would carry

Industry Standards and Principles

- American Water Works Manual M1 – “Principles of Water Rates, Fees, and Charges”
- Water Environment Federation Manual M27 – “Financing and Charges for Wastewater Systems”

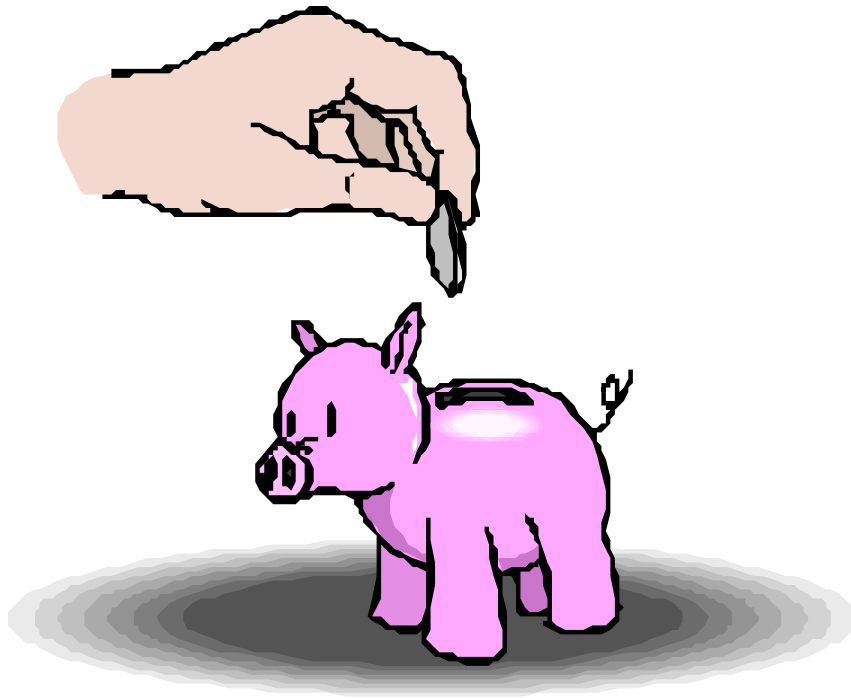
Revenue Requirement



Determine funding needed to meet financial needs:

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

Rate Structure



How to collect the necessary revenue requirement

➤ Service and Use Charges

Section II

Customer Base and Financial Health

Customers

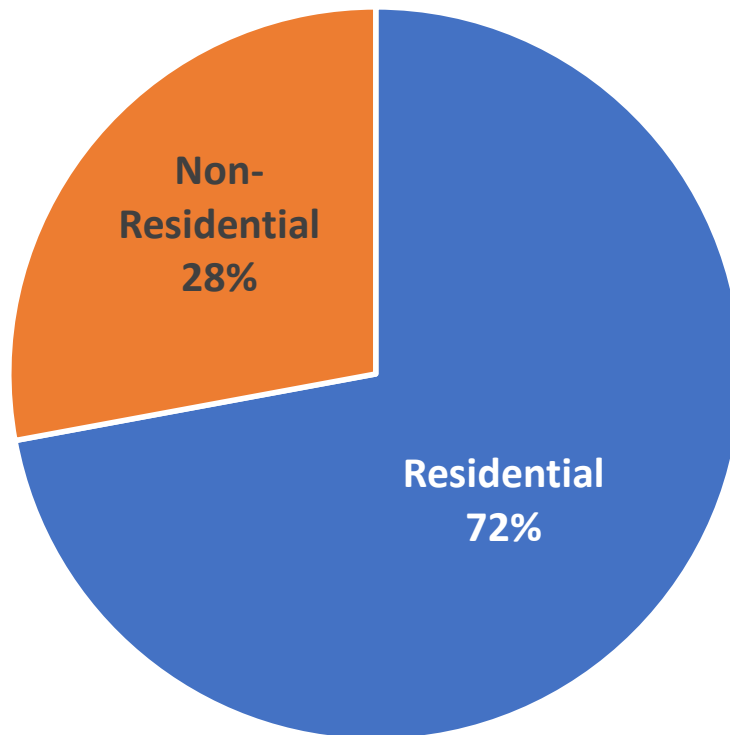
Customer Type	Connected	Undeveloped [1]	Total
Residential	<i>Residential Units</i>		
Single Unit on a Lot	86	310	396
Multiple Units on a Lot	7	28	35
Fractional Ownership	8	0	8
Est. Total Residential Units	101	338	439
Percent of Buildout	23%		
Non-Residential	<i>Non-Residential Accounts</i>		
Nakoma Lodge	1		1
Altitude Recreation Center	1		1
Golf Course	1		1
Nakoma Market		1	1
Est. Total Non-Residential Accounts	3	1	4

[1] Estimate of future number of residential units and non-residential accounts.

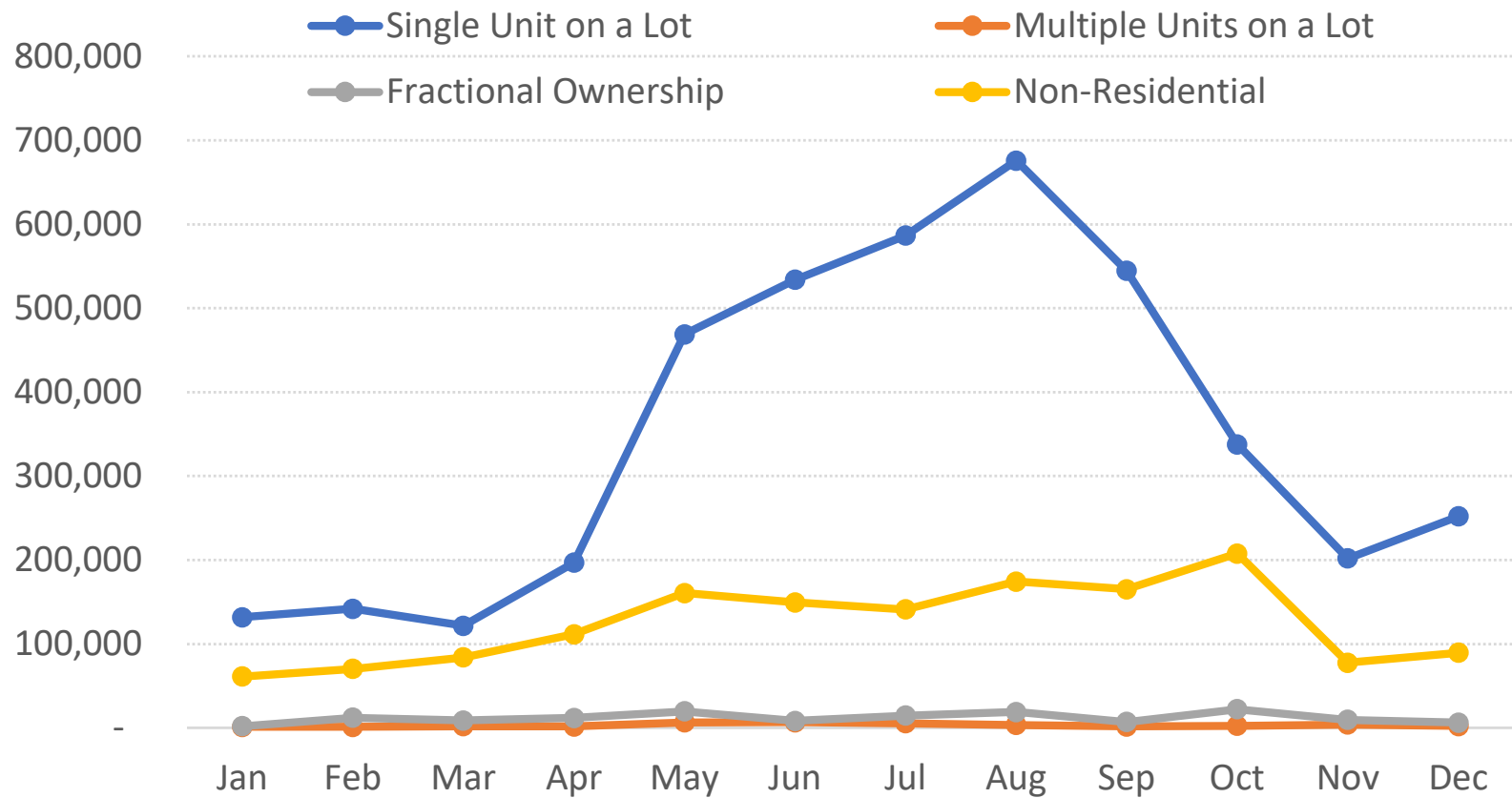
Assumed New Connections Next 5 Years

Customer Type	FY 2022	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
Accounts	Base	New Connected Accounts				
Single Unit on a Lot	86	1	1	1	1	1
Multiple Units on a Lot	3	1	1	1	2	2
Fractional Ownership	4	0	0	0	0	0
Non-Residential (Nakoma Market)	3	0	1	0	0	0
Total		2	3	2	3	3
Estimated Cumulative Accounts	96	98	101	103	106	109

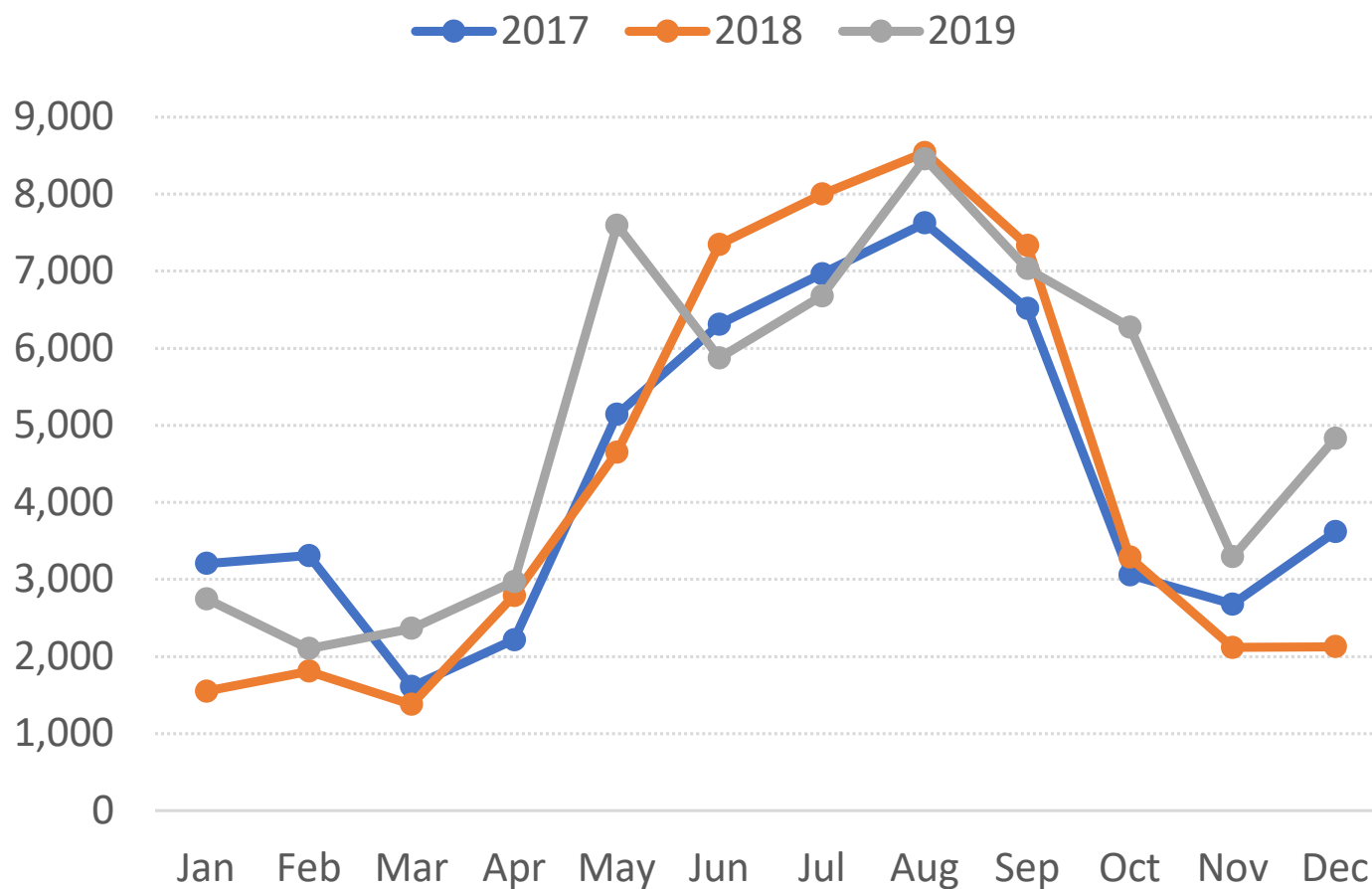
Water Consumption



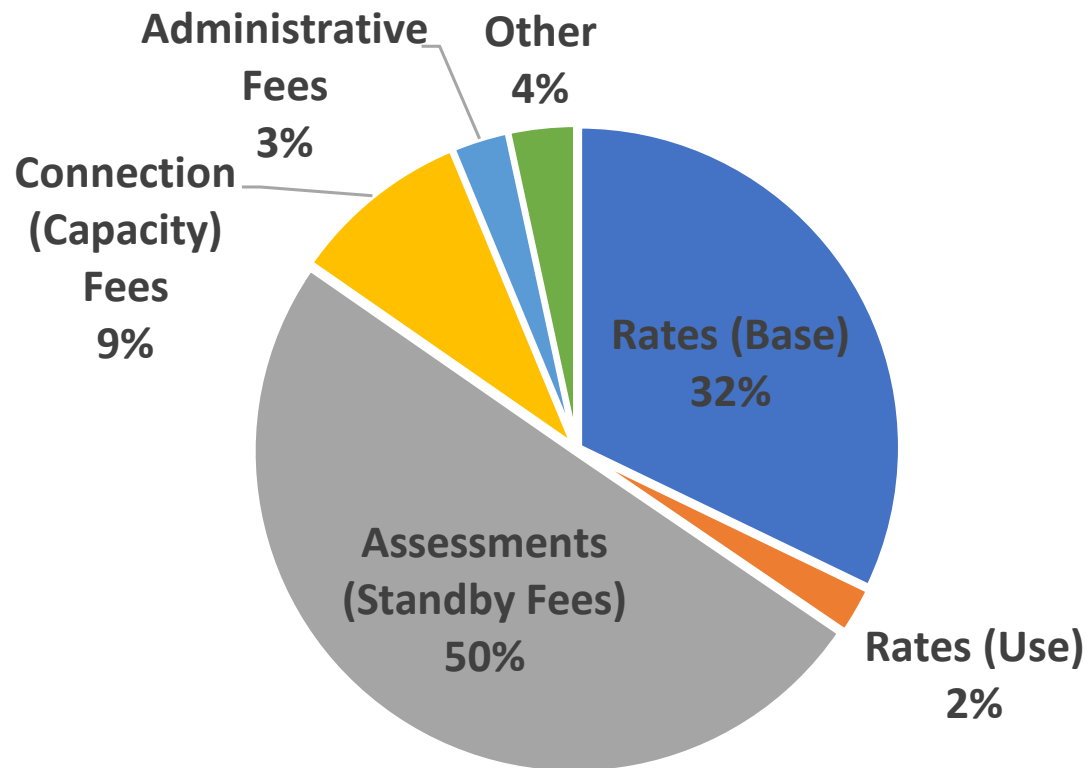
Water Use by Customer Type



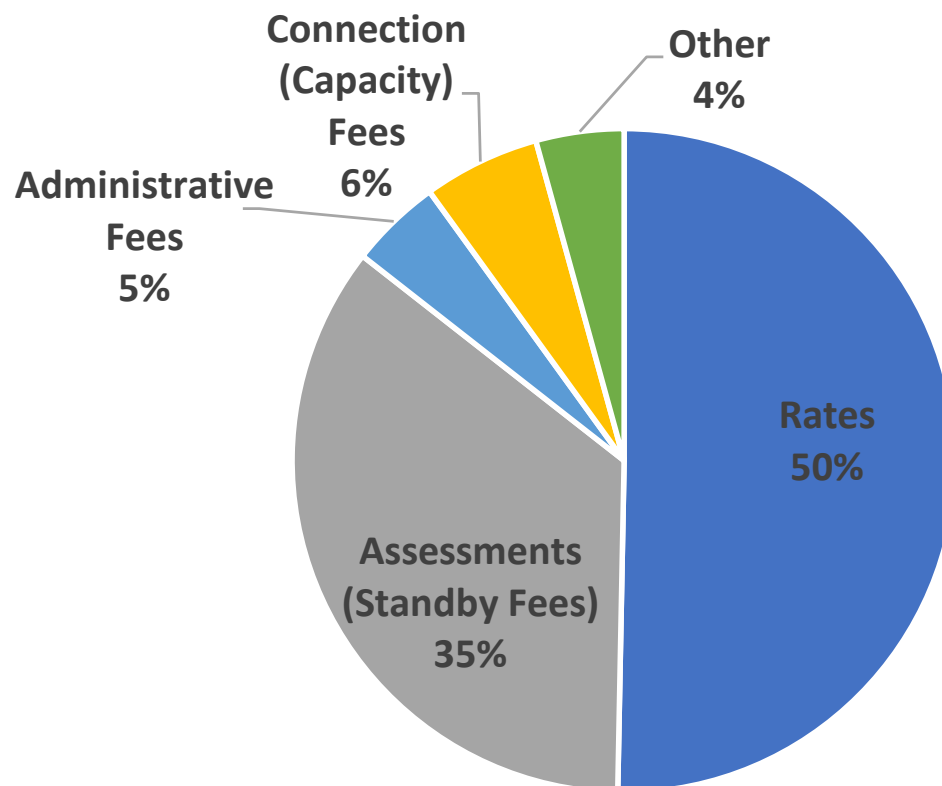
Single Family Monthly Use per Unit



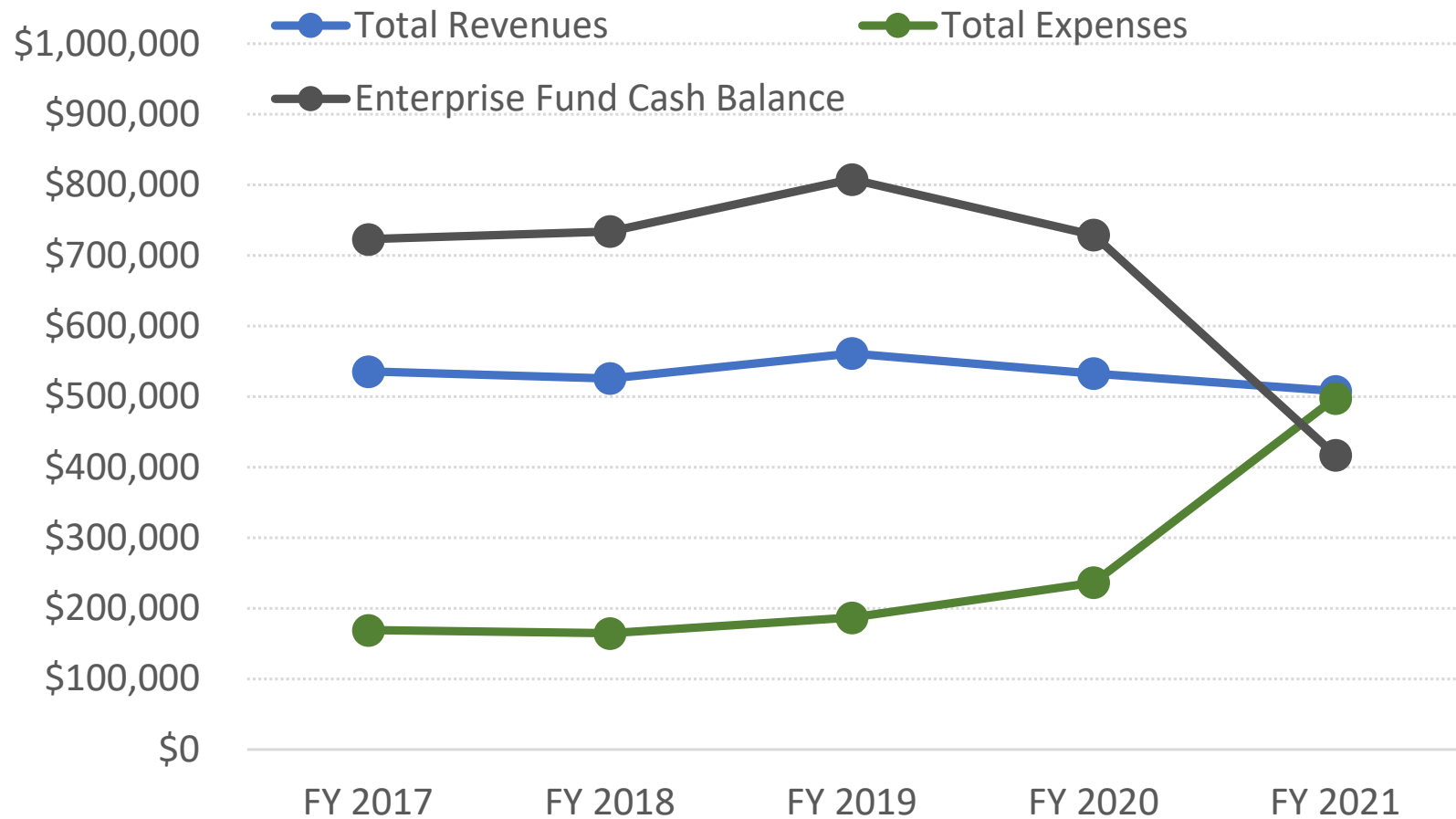
Water Fund Revenues



Wastewater Fund Revenues



District Financial Health



Financial Goals

Revenue Sufficiency

1. Operations - Revenues cover Expenses each year
 2. Capital – collect for Depreciation (system rehabilitation)
- Recommend 3 funds
(within each, track water & sewer separately)
 - Operating Fund
 - Capital Fund
 - Capacity Fees Fund (new)
 - Recommend adopting reserve policies for the operating and capital funds, for example:
 - Operating Fund – Three months of Operating Expenses
 - Capital Fund – 50% of Accumulated Depreciation

Section III

Capital Improvements Plan (CIP)

Capital Improvement Projects - WATER

Improvements	Current \$	Inflated \$
High Elevation Tank	\$700,000	\$802,000
Well 29 Rehabilitation	\$235,000	\$270,000
SCADA	\$75,000	\$81,000
Booster Station #8	\$120,000	\$134,000
Well 36 Connections	\$70,000	\$84,000
Various Upgrades	\$25,000	\$29,000
New Office Building (50%)	\$150,000	\$156,000
Total Estimated Costs	\$1,375,000	\$1,556,000

Capital Improvement Projects - SEWER

Improvements	Current \$	Inflated \$
Water Reclamation Plant	\$650,000	\$686,000
Leach Field Expansion	\$220,000	\$251,000
Pumping Trailer	\$50,000	\$52,000
SCADA	\$100,000	\$119,000
New Office Building (50%)	\$150,000	\$156,000
Total Estimated Costs	\$1,170,000	\$1,264,000

Estimated CIP Timing and Funding

Estimated Schedule in Inflated Dollars

Estimated Costs & Funding Sources	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water	\$156,000	\$81,000	\$241,000	\$994,000	\$84,000
Sewer	\$519,000	\$375,000	\$78,000	\$173,000	\$119,000
Est. Total Costs	\$675,000	\$456,000	\$319,000	\$1,167,000	\$203,000
Fire Fund Capital Reserves	\$260,000	\$0	\$0	\$0	\$0
Cash	\$104,000	\$81,000	\$235,000	\$449,000	\$203,000
Debt *	\$311,000	\$375,000	\$84,000	\$718,000	\$0

* Debt assumed for the sewer reclamation plant and the high elevation water tank.

Section IV

Rates Analysis

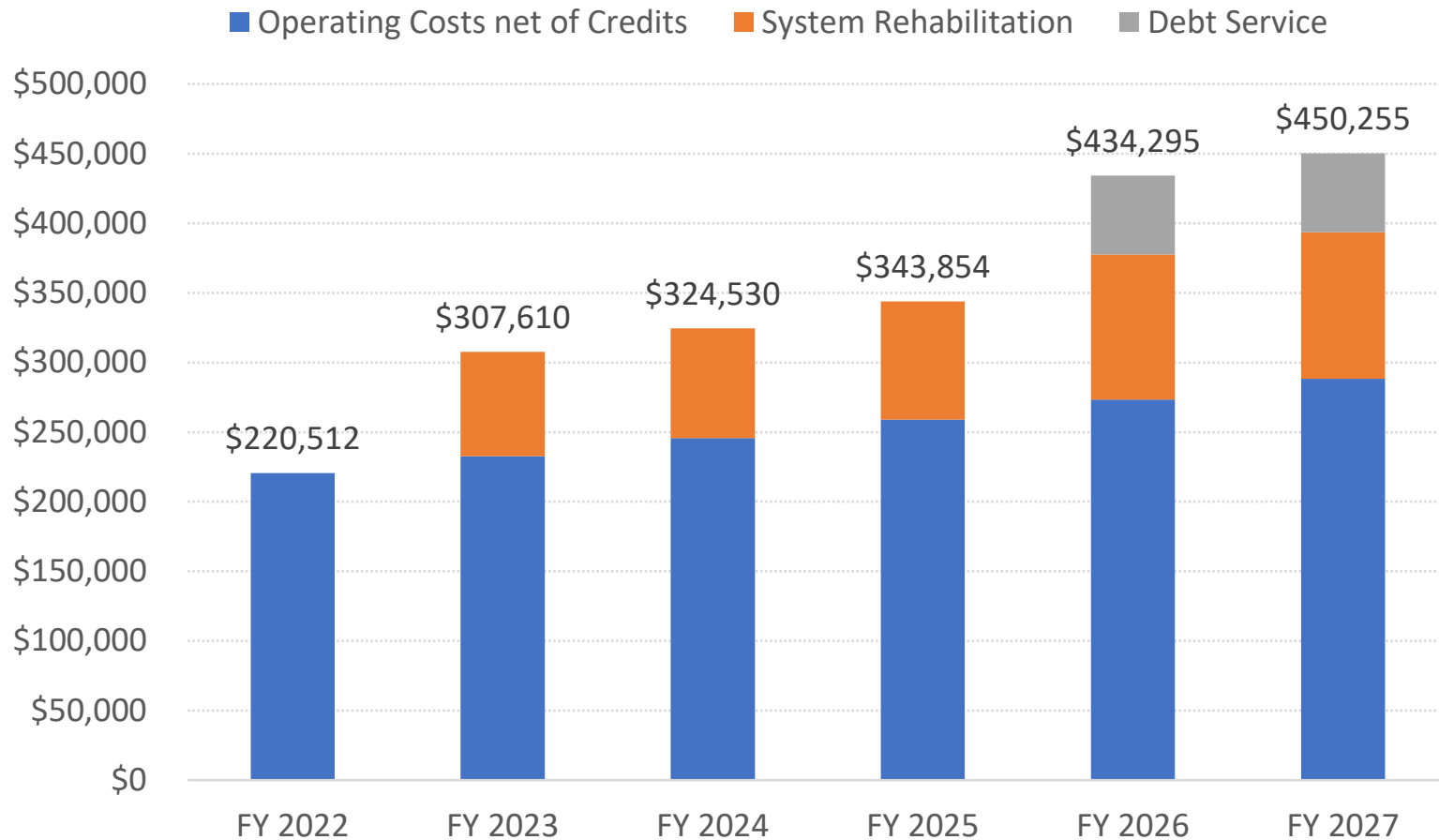
Projected Revenue Requirement

Determines amount to be collected in monthly fees

- Operating Costs
 - Increase 4.6%-4.7% per year
- Debt
 - Water Reclamation Plant (2023)
 - High Elevation Tank (2025)
- System Improvements
 - Collection for depreciation (replacement of existing assets) @ 100%
- Less Credits
 - Credits include connection fees, late charges, interest, and administrative fee revenues

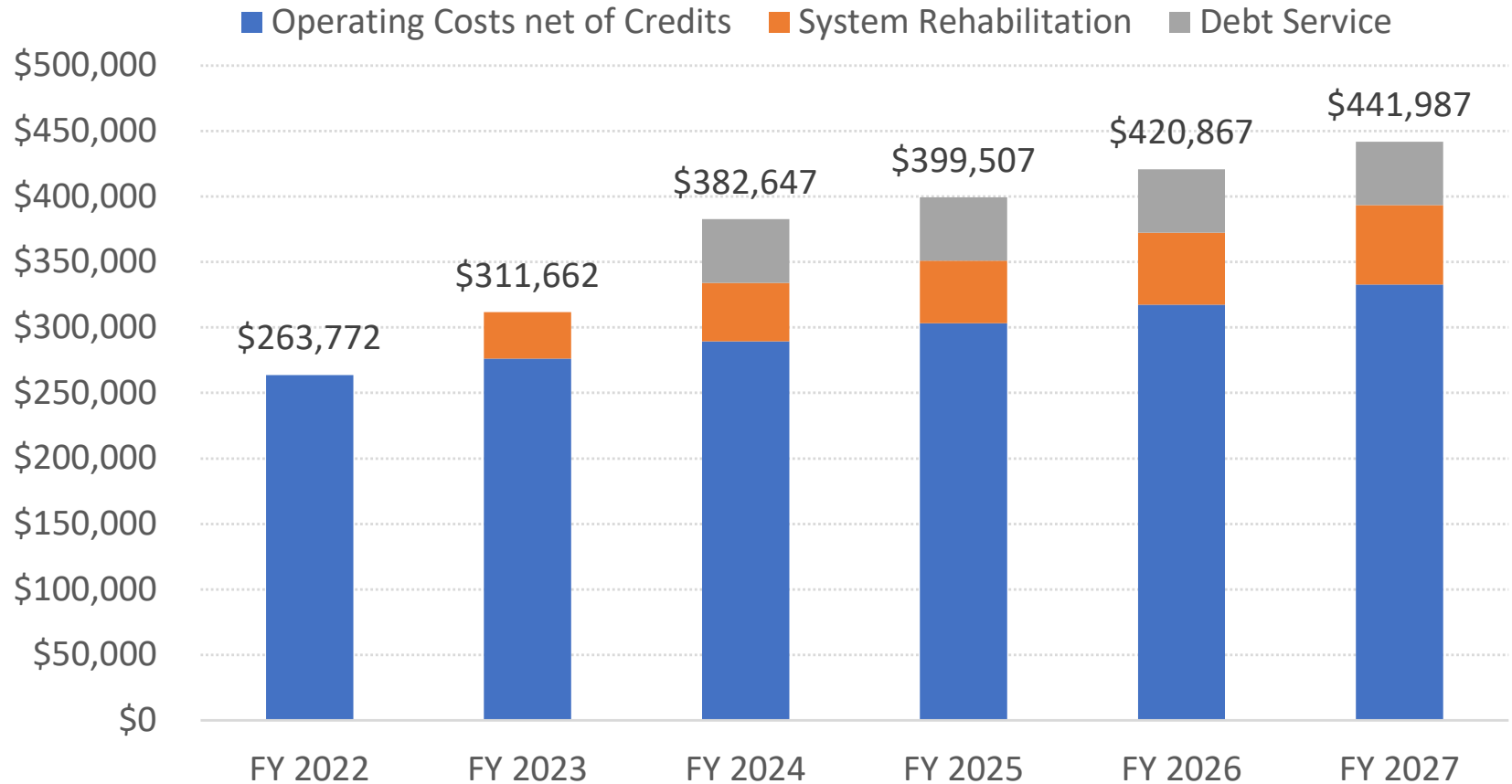
Projected Revenue Requirement – WATER

with collection of depreciation at 100%



Projected Revenue Requirement – SEWER

with collection of depreciation at 100%



Cost of Service

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*

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

Current Water Rate Structure

Fixed Charges billed Quarterly; Use Charges billed Annually

Fixed Charges	Use Charges
Connected Customers: Residential – Rate per Lot Non-Residential – Based on Meter Size	Inclining rates per thousand gallons used
Undeveloped Lots: Assessment (Standby Fee) per Lot	Different blocks for residential and non-residential
	Residential 11 tiers, non-residential 3 tiers

Developed Water Rate Structure

Fixed Charges AND Use Charges billed Quarterly;

Assessments (Standby Fees) repealed

Fixed Charges	Use Charges
Customer Charge per Account	All customers pay the same rate per thousand gallons consumed
Service Charge	
-- Residential Per Unit -- Non-Residential by Meter Size	

Calculated Water Rates

Charge Type	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
CONNECTED CUSTOMERS					
	<i>per Customer Account, per Quarter</i>				
Customer Charge	\$47.49	\$50.11	\$53.09	\$67.05	\$69.52
Service Charges	<i>Per Residential Unit & Non-Residential Meter, per Quarter</i>				
Per Residential Unit	\$82.09	\$84.23	\$89.06	\$112.02	\$115.66
Per Non-Residential Meter					
1"	\$82.09	\$84.23	\$89.06	\$112.02	\$115.66
1.5"	\$164.18	\$168.46	\$178.12	\$224.04	\$231.32
2"	\$262.69	\$269.54	\$284.99	\$358.46	\$370.11
3"	\$492.54	\$505.38	\$534.36	\$672.12	\$693.96
4"	\$820.90	\$842.30	\$890.60	\$1,120.20	\$1,156.60
6"	\$1,641.80	\$1,684.60	\$1,781.20	\$2,240.40	\$2,313.20
8"	\$2,626.88	\$2,695.36	\$2,849.92	\$3,584.64	\$3,701.12
	<i>Per Thousand Gallons</i>				
Use Charge	\$11.49	\$11.52	\$12.04	\$14.94	\$15.23
STANDBY CUSTOMERS					
	<i>Per Lot, per Quarter</i>				
Per Undeveloped Lot	\$129.58	\$134.34	\$142.15	\$179.07	\$185.18

Calculated Sewer Rates

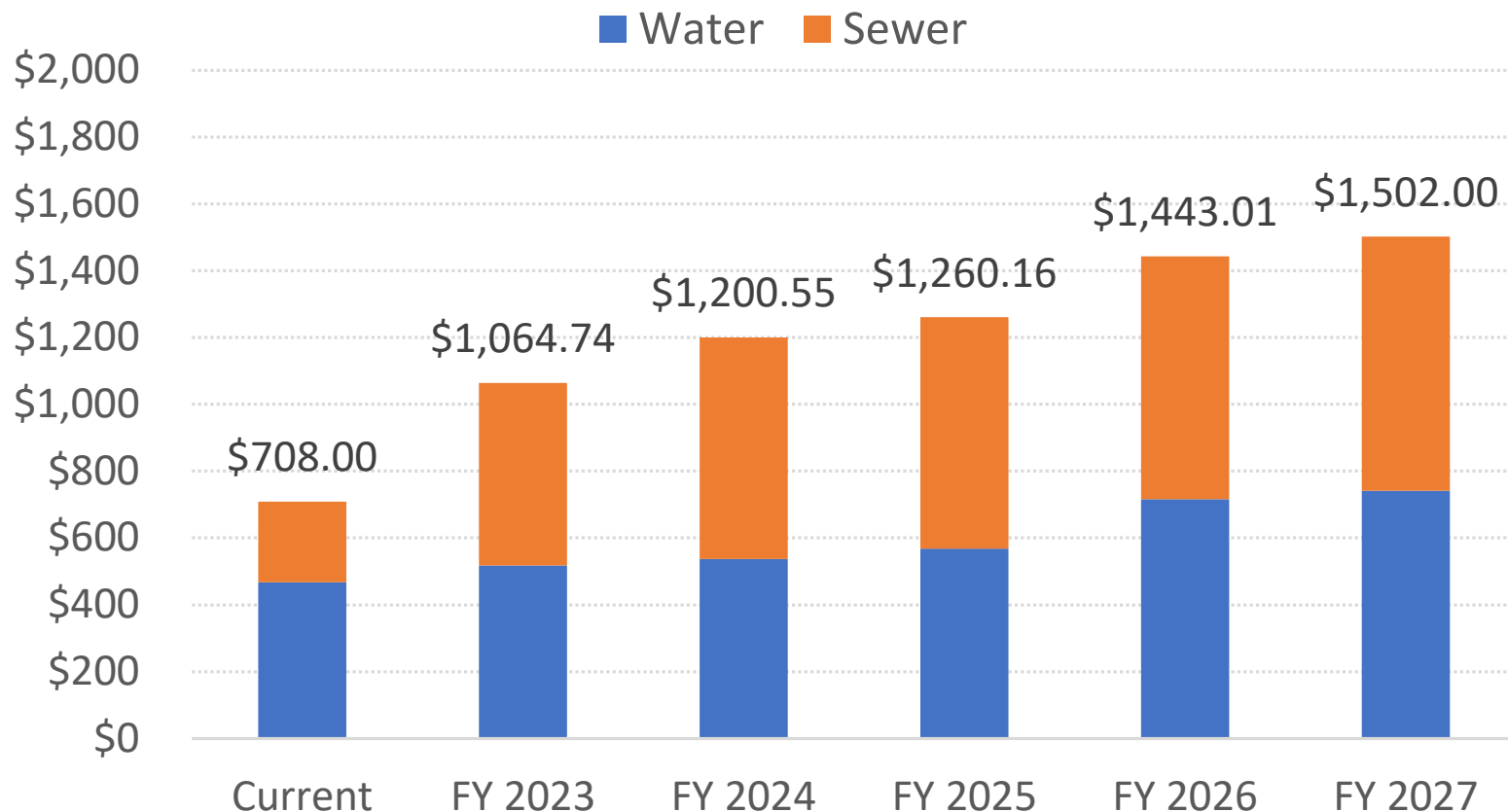
Customer Type	EDUs per Account	Year 1 FY 2023	Year 2 FY 2024	Year 3 FY 2025	Year 4 FY 2026	Year 5 FY 2027
Residential Connected		Quarterly Bill per Account				
Single Unit on a Lot (1 EDU)	1	\$256.38	\$301.33	\$311.67	\$323.33	\$334.61
Multiple Units on a Lot [1]	2	\$457.97	\$535.38	\$553.10	\$572.68	\$591.51
Fractional Ownership [1]	2	\$457.97	\$535.38	\$553.10	\$572.68	\$591.51
Non-Residential Connected						
Nakoma Lodge	16	\$3,280.20	\$3,812.19	\$3,933.15	\$4,063.52	\$4,188.17
Altitude Recreation Center	6	\$1,264.32	\$1,471.61	\$1,518.83	\$1,570.06	\$1,619.13
Golf Course	15	\$3,078.61	\$3,578.13	\$3,691.71	\$3,814.18	\$3,931.27
Nakoma Market	9	\$1,869.08	\$2,173.78	\$2,243.12	\$2,318.10	\$2,389.84
Undeveloped Lot						
Each Lot	1	\$136.60	\$165.80	\$172.89	\$181.68	\$190.32

Source: GMCSD Master Plan Update, July 2017, Shaw Engineering, and HEC 2021 rate study.

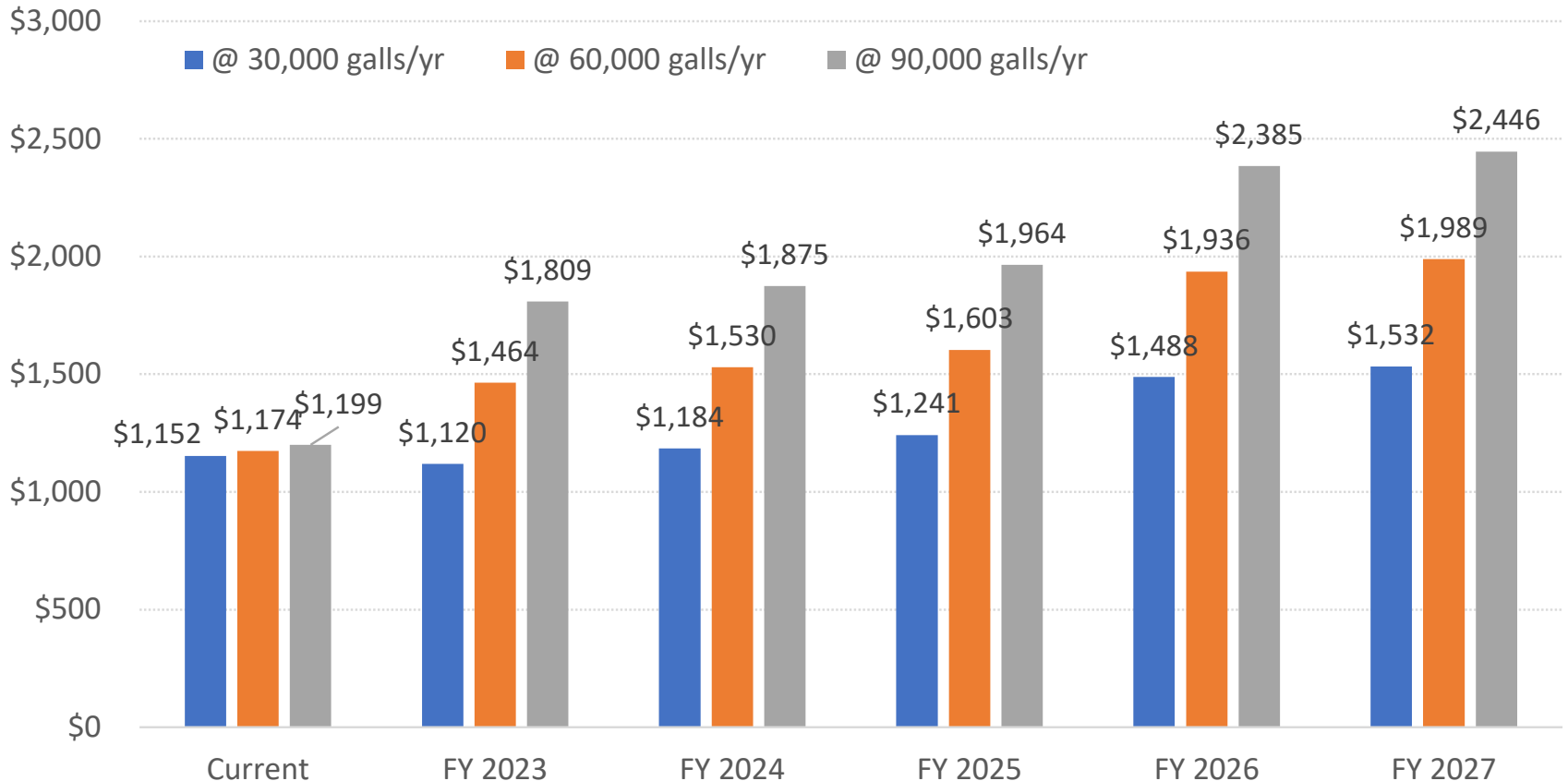
sewer

[1] For any lots or buildings that contain more than 2 units (EDUs), add the additional number of units multiplied by the cost per EDU. Currently, there is only one such account with three edus.

Annual Impact to Undeveloped Lot

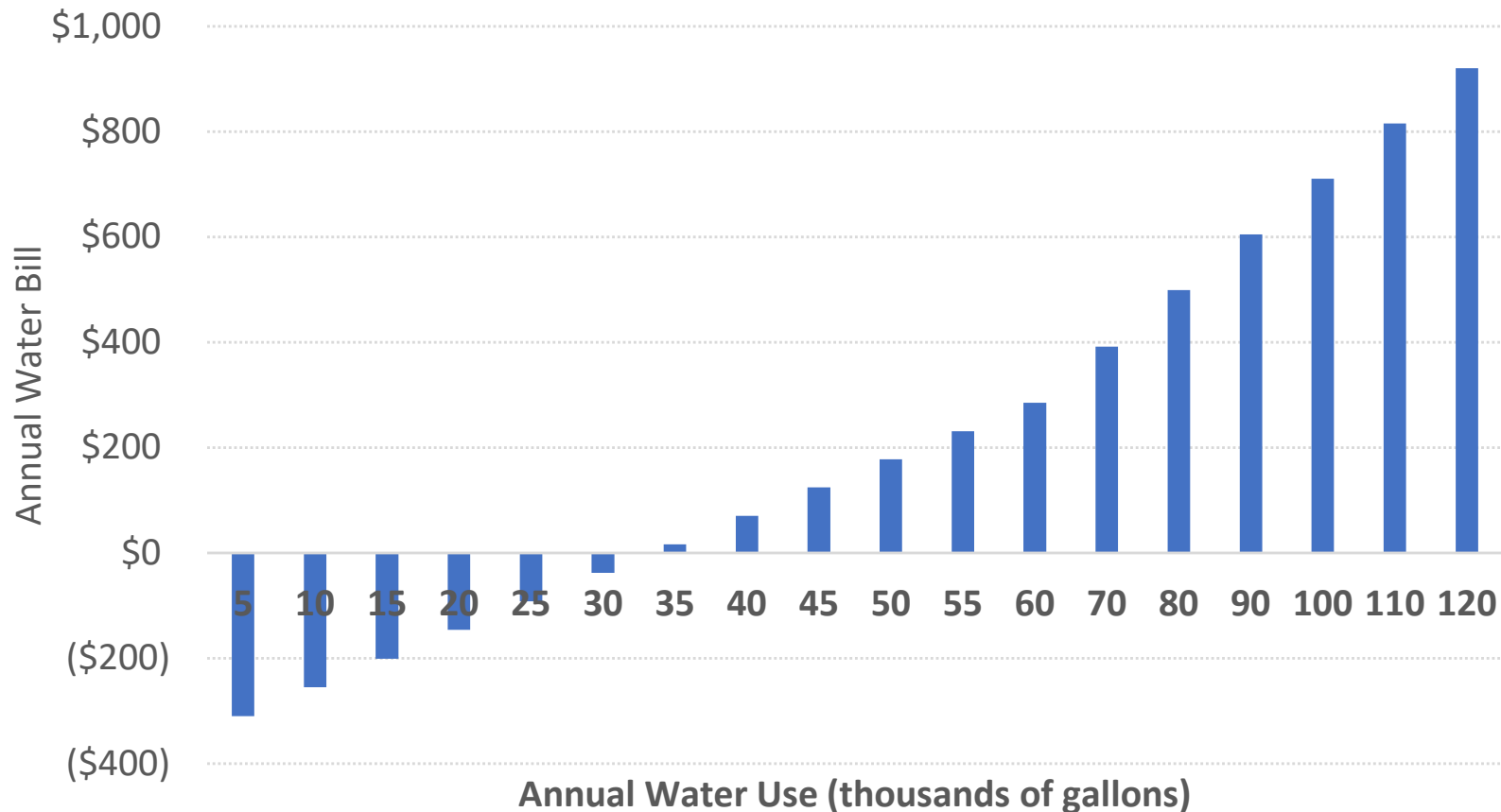


Annual Utilities Bill Impact to a Home at Different Water Use Levels (includes water & sewer)



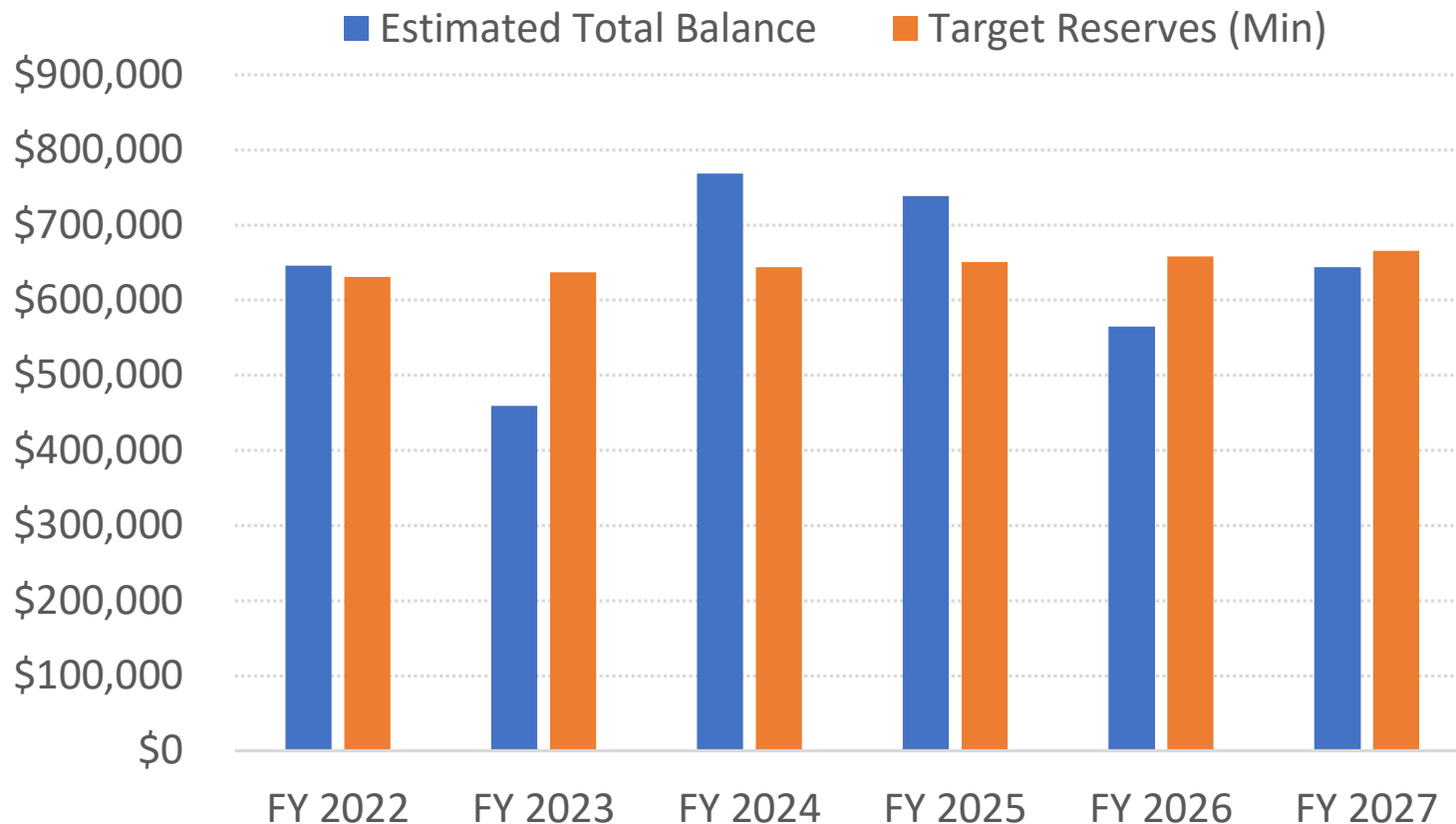
- Sewer bill for a single-family home increases from \$251.35 per quarter to \$256.38 per quarter in 2022.

Projected Difference in Water Bill – First Year



- A typical full-time residence uses 50,000 – 60,000 gallons per year.
- Impact to a full-time property owner is about \$240 per year.

Estimated Cash Balances with Fee Changes



Section V

New Development Fees

District Authority to Charge Fees to New Development

The Mitigation Fee Act (1987) gives the District the authority to charge TWO types of fees provided that the fees do not exceed the estimated reasonable cost of service for which they are imposed

- CONNECTION FEES: for the physical facilities necessary to make a water connection (meters, meter boxes, service lines and appurtenances)
- CAPACITY FEES: for facilities in existence at the time a charge is imposed AND/OR facilities that are to be acquired or built in the future that are of proportional benefit to the new development

Current and Proposed New Development Fees

Currently, the District charges “Connection Fees”

- Mislabeled – the District is really charging Capacity Fees
- The fees were last updated in 2008
- The fees are adjusted each January per the change in the ENR CCI prior December to December 12-month change
- Recommend a new resolution with updated Capacity Fees

The fee study recommends the District also charge Water Connection Fees

- New development does not currently pay for the costs associated with connection to the system (water meter, appurtenances, equipment and labor costs of installation)

Proposed Water Connection Fee

Includes 2 components:

- (1) Meter Fee: Covers the cost of the meter and appurtenances
- (2) Installation Fee: Covers the cost of District staff and equipment to install the new service

The fee is based on costs for typical installations of services with 1-inch meters and smaller.

For larger-sized services, and when the installation requires greater than typical resources, the fee will be the actual cost incurred by the District to install the service.

Capacity Fee Methodology

- Buy-In Fee for Existing Assets
- Expansion Fee for New Facilities
- Water Fee is collected:
 - Per Unit – Residential
 - By Meter Size – Non-Residential & Fire
- Sewer Fee is collected per Equivalent Dwelling Unit
(one EDU = 95 gallons per day wintertime water use)

Capacity Fee Changes

Water and Sewer	Current Fees	Calculated Fees
WATER		
1-inch	\$8,759	\$10,630
1.5-inch	\$17,521	\$21,260
2-inch	\$28,034	\$34,015
3-inch	\$52,572	\$63,779
4-inch	\$87,624	\$106,298
6-inch	\$175,255	\$212,595
8-inch	n.a.	\$340,153
Residential Unit	n.a.	\$10,630
SEWER		
1-inch	\$4,422	n.a.
1.5-inch	\$8,853	n.a.
2-inch	\$14,168	n.a.
3-inch	\$26,570	n.a.
4-inch	\$44,285	n.a.
6-inch	\$88,575	n.a.
Residential Unit	n.a.	\$5,972
Per Non-Res. EDU	n.a.	\$5,972

- Under the new fee schedule every residential unit pays the same fee regardless of meter size or unit size
- The Nakoma Market is 9 EDUs per the Master Plan
- For any other proposed new development, the project's engineer must submit estimated flow generation for the District to determine number of EDUs
- The GM has the discretion to determine number of EDUs for projects that vary substantially in nature

Section VI

Next Steps

Next Steps

- Update rates and capacity fees based on Board input
- Prepare Draft Report for Rates and Capacity Fees
- Administrative Fees and Connection Fees Separate Deliverable (can proceed on different timeline)

Timeline

	Track 1	Track 2
<i>New Rates Effective</i>	<i>Apr-22</i>	<i>Jul-22</i>
Draft Report ready	12/6/2021	3/7/2022
Draft Report Presentation to Board *	12/20/2021	3/21/2022
Draft Final Report ready	1/7/2022	4/8/2022
Draft Final Presentation *	1/17/2022	4/18/2022
Last Day to Mail Out Notices	2/2/2022	5/4/2022
Final Report Complete	3/10/2022	6/9/2022
Public Hearing and Resolutions *	3/21/2022	6/20/2022

* Board Meeting