



## RURAL NORTH VACAVILLE WATER DISTRICT

**Gordon Stankowski**  
General Manager

4-5-2015

**To:** District Customers

**From:** General Manager, Gordon Stankowski

**Regarding:** Explanation of Water Rate Increases

- **BASE RATE INCREASE:** The current Base District Rates are based on the prior operator, Cal Water, operations rate of approximately \$5,000 per month. Cal Water requested a rate increase to \$20,000 per month and their contract was terminated on 9-1-2014. SID proposed a budget of \$10,000 per month, two other proposals were received that were higher than the SID proposal. SID was hired on 9/1/2014 as the New District's Operator. The Operations and Maintenance agreement with SID is twice the amount that was included in the current rates which were approved by the Board 4 years ago on June 30, 2011 and effective August 2011. We have 393 customers each with a water right. Some of these customers have a combined total of 98 additional supplemental water rights associated with their property for future land subdivision. Each customer currently are charged \$58 and \$14 respectively each month as the base rate. Since SID District Operations is a Base Expense it is recommended that a Base increase of \$12 per month per customer and a Supplemental increase of \$3.00 per month for proposed monthly revised rates of \$70 Base Rate and \$17.00 Supplemental Base Rate. This is \$4,716 Base and \$294 Supplemental additional revenue per month for a total of \$5,010 to offset the \$5,000 monthly SID Operator contract increase which is currently being funded by District Reserves.
- **TIER QUANTITY LEVELS REVISED:** Due to customer conservation efforts the quantity of water produced and sold is projected to be less at year end June 2015

than was used year end June 2014. It is recommended that the Tier 1 qualifying level of usage to be changed from 0-25ccf to 0-15ccf, (1ccf=748 gallons) which is comparable to the adjoining cities. Solano County average household is about 2.5 people per house. Water for domestic use is estimated at 100 gallons per day per person. Based on a 31 day month this would generate 7,750 gallons per month or in hundred cubic feet it is 10.3ccf per month per average household. The proposed 15ccf Tier 1 level per household is 50% above this county average and allows for some additional domestic or non-domestic usage. 40% of the District Customers did not use any water in December 2015. The Tier 2 level is recommended to change from 26-50ccf to 16-35ccf. The Tier 3 level is recommended to change from over 50ccf to be amounts over 36ccf. Conservation, use of water from customer's private wells, and lack of anticipated new development, has caused water usage by District customers to be significantly less than originally estimated when the system was constructed.

- **TIER 1 (0-15ccf) RATE INCREASE:** It is recommended that the current rate of \$1.65/ccf be increased to \$2.00/ccf or approximately 4 gallons of water for one penny.
- **TIER 2 (16-35ccf) RATE INCREASE:** It is recommended that the current rate of \$3.10/ccf be increased to \$3.75/ccf or 2 gallons of water for one penny. Increased Tier 2 rate funds will be used to cover the cost of current and deferred maintenance expenses, leak repairs, and funding the Reserve for Operations that has been depleted due to prior year increased operating expenses.
- **TIER 3 (over 36ccf) RATE INCREASE:** It is recommended that the current rate of \$6.35/ccf be increased to \$7.50/ccf or 1 gallon of water for one penny. This will cover increased expenses for new source development, arsenic treatment and continued conservation efforts.

- **ARSENIC TREATMENT FACILITY:** It is estimated that Arsenic treatment for Well #2, will cost approximately \$650,000 more or less. The treatment facility will be located at the Well #1 site and be capable of treating water from Well #1 or Well #2. A second well fully operational in producing high quality water is essential to provide reliable water delivery as the District does not otherwise have a backup. At this time Well # 2 can only be used in an emergency as a “stand-by”, for up to 3 times a year at no more than 5 days at a time. Customers would be notified of a failure of Well #1 and customers would be notified that Well #2 is being used which produces water that is above the state and federal regulatory limits, and water delivered during this time should not be used for drinking, cooking or consumption. The Arsenic treatment facility would provide quality water that exceeds state and federal standards and reduce the arsenic content to less than 10 parts per billion. It is proposed that a Capital Replacement Charge, CRC, be established to fund and pay for this treatment facility. The CRC is proposed at \$20 per month per customer and this will produce monthly revenues to the District of approximately \$7,560 per month or \$90,720 per year. With board approval of this CRC, the District would be able to pay for a portion of the costs directly and obtain financing for the balance amount needed to complete the work by the end of fiscal year June 2016.

An average customer increase for these rate changes and charges is estimated to be approximately \$40 per month depending on tier level amount of water used and time of year.