

VID Water Rates and Tiered Water Rate Structure

January 19, 2022

Presentation Outline

- Water Rate Study Methodology
- Capital Improvement Reserve Fund
- Proposed New Tiered Allotment with New Water Rates
- Comparison to other Water Agencies

Water Rate Study Methodology

Five-Year Projection – Current Water Rates

	Budget	Projected	Projected	Projected	Projected	Projected	Total
Financial	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
Revenue Water Sales/Emergency Storage Fee	\$ 34,121,000	\$ 34,121,000	\$ 34,121,000	\$ 34,121,000	\$ 34,121,000	\$ 34,121,000	
Revenue Service Fee	17,500,000	17,957,533	18,491,583	19,107,992	19,744,948	20,403,137	
Revenue All Others	3,241,900	3,473,430	3,548,193	3,635,110	3,724,309	3,815,850	
Revenue Total	54,862,900	55,551,962	56,160,776	56,864,101	57,590,257	58,339,987	
Expenses less Depreciation	44,682,700	45,186,674	45,783,333	46,466,237	47,098,503	47,740,734	
Net	10,180,200	10,365,288	10,377,443	10,397,865	10,491,754	10,599,253	
Capital Projects	15,429,000	25,258,275	8,331,880	9,281,674	10,017,727	10,356,065	
Contribution to or (Use of) Capital Improvement Reserves	(5,248,800)	(14,892,987)	2,045,563	1,116,191	474,027	243,188	(16,262,819)

Projected Reserve Balance as of 06/30/27

Cash Balance Actual 06/30/2021	Amount
Emergency and Contingency Reserve	\$ 10,000,000
Working Capital Reserve	10,000,000
Surplus Supplemental Water	4,595,222
Water Rebate	1,571,006
Capital Improvement Reserve	20,346,496
Total Cash Balance	46,512,724
Capital Improvement Reserve 06/30/2021	\$ 20,346,496
Contribution to or (Use of) Capital Improvement Reserves through Fiscal Year 2027	(16,262,819)
Projected Capital Improvement Reserve Balance as of 06/30/2027	4,083,678

- Projection is based on FY 2022 Budget.
- Uses average San Diego Consumer Price Index (CPI) adjustments to project forward.
- Purchased water expense and water rates held constant since Water Authority increases/decreases are passed through to customers.
- Assumes San Diego CPI (inflationary adjustment) to service fees annually.

Capital Improvement Reserve Fund

- Currently no required Capital Improvement Reserve Funding level.
- To calculate an annual minimum Capital Improvement Reserve Fund, current asset values were adjusted by Engineering News Record inflation to 2021 year values and divided by each assets life to determine each assets annual value.
- Analysis shows a minimum of \$13.2 million should be maintained in the Capital Improvement Reserve Fund.

Capital Assets Current Value	
Type	Annual Cost
Bldg	970,972
Canals	380,262
Const	356,268
Copiers	7,026
Dam	1,067,362
Filt Plant	819,423
IT	118,860
Land	
Misc	116,708
Pipe	3,886,379
Pipe Contr	1,905,077
Pump Sta	109,779

Reg Sta	100,534	
Res	671,692	
SCADA	57,526	
Trt Plant	60,974	
Trucks	565,722	
Valves	13,088	
Vehicles	37,522	
Wells	621,449	Potential Tier 2
Flume	1,064,160	Potential Tier 2
Pechstein II New	300,000	Potential Tier 2
Total	13,230,783	

Proposed New Tiered Allotment with New Water Rates

Tiers updated using 2009 methodology-

- 50% average usage for a 3/4-inch meter is the basis for the Tier 1 allotment; used FY 2019 actual water consumption.
- Hydraulic capacity of other meter sizes used to determine their respective Tier 1 allotments.
- Keep Tier 2 maximum and Tier 3 at current allotments.

Meter Size	Current Tier 1 Allotment	Proposed Tier 1 Allotment	Difference
5/8	7	4	3
3/4	10	6	4
1	25	15	10
1 1/2	50	30	20
2	80	48	32
3	160	96	64
4	250	150	100
6	500	300	200
8	800	480	320
10	1150	690	460

Proposed New Tiered Allotment with New Water Rates (continued)

- Allow the automatic pass-through of all San Diego County Water Authority fees and charges for wholesale water and water related services.
- Allow an inflationary adjustment (based on San Diego Consumer Price Index) to District water rates (service charge) annually on July 1; forgo the increase on 07/01/22.
- Effective on bills mailed after 04/01/22, increase the Tier 1 water rate to \$4.76; Tier 2 water rate to \$5.23; Tier 3 water rate to \$5.23.

Service Charges		
Meter Size	Currently Monthly Charge	Proposed Monthly Charge
5/8	\$ 31.75	\$ 32.82
3/4 & 3/4 1	41.88	43.30
1	61.89	63.98
1.5	112.34	116.14
2	172.66	178.50
3	333.57	344.85
4	514.49	531.89
6	1,218.45	1,259.65
8	1,620.90	1,675.71
10	2,425.46	2,507.47

Proposed New Tiered Allotment with New Water Rates (continued)

Average 2 month Bill Example							2 Month Bill					
3/4" METER - CURRENT CHARGE												
Tier	Usage	Rate	Charge	Tier	Usage	Rate	VID Increase	Rate pass-through	Rebate	Final Rate	Charge	
1	20	\$4.44	\$ 88.80	1	12	\$4.44	\$0.16	\$0.20	-\$0.08	\$4.72	\$ 56.64	
2	4	\$4.98	19.92	2	12	\$4.98	\$0.09	\$0.20	-\$0.08	\$5.19	62.28	
	24		\$ 108.72	Total	24						\$ 118.92	
Service Charge			83.76	Service Charge							86.60	
IAC			8.48	IAC							8.48	
Total Bi-Monthly Cost			\$ 200.96	Total Bi-Monthly Cost							\$ 214.00	
										Bi-Monthly Dollar Change		\$ 13.04
										Percentage Change		6.49%

New Rates	
Capital Improvement Reserve 06/30/2021	\$ 20,346,496
Contribution to or (Use of) Reserves through Fiscal Year 2027	(6,803,070)
Projected Capital Improvement Reserve Balance as of 06/30/2027	\$ 13,543,427

Monthly Cost Comparison – Typical Residential Customer

