



**Indian Wells Valley Water District
2022 Rate Study**

Public Hearing to Adopt New Water Rates

February 27, 2022



Agenda

1. Financial Plan Findings
2. Proposed Rate Design
3. Customer Impacts
4. Public Comment and Board Deliberation

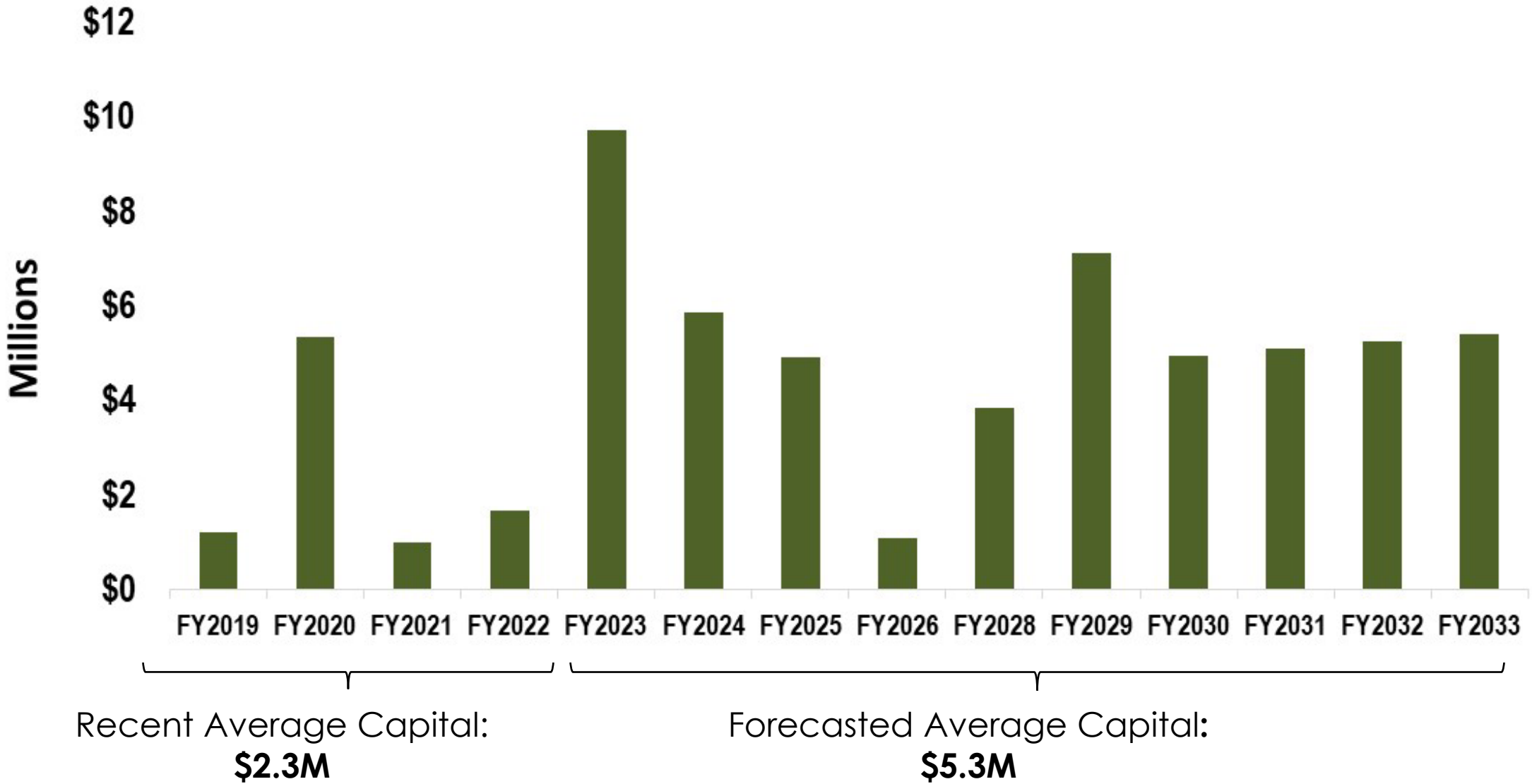
Legal Requirements for Setting Water Rates In California

Proposition 218 (Article XIID, Section 6 of California Constitution)

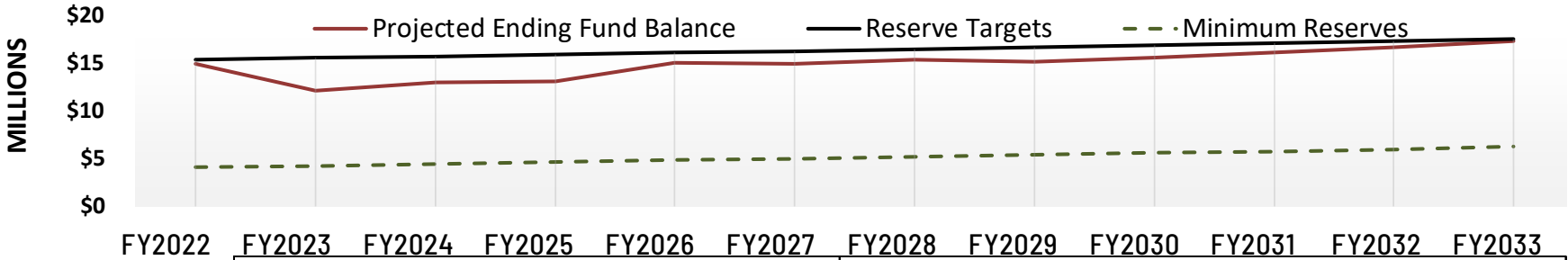
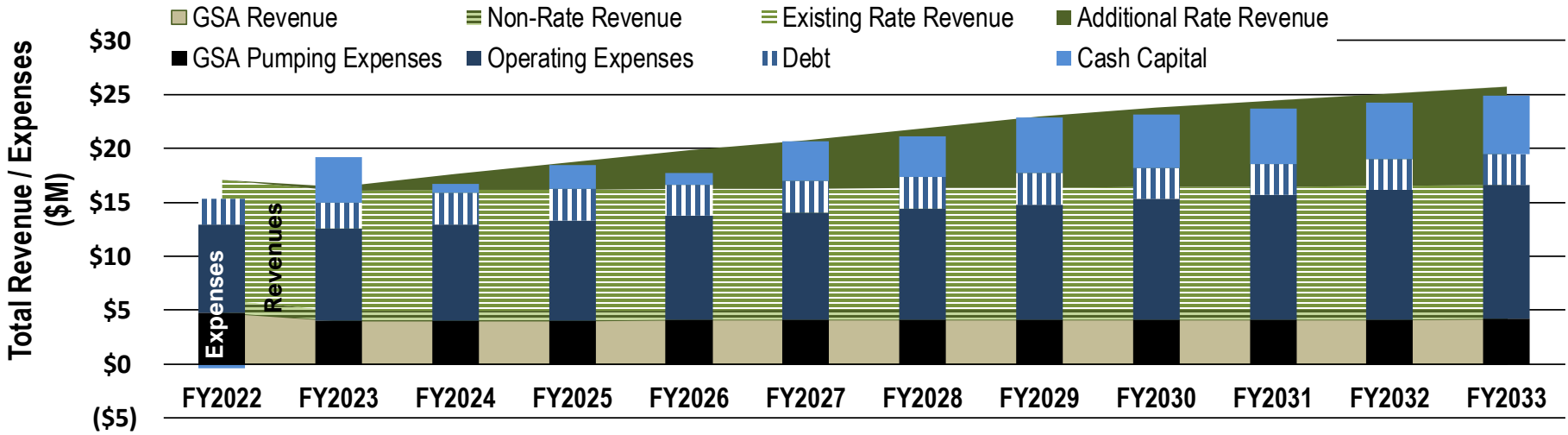
- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

Financial Plan

Projected Capital Spending



Financial Forecast & Proposed Rate Revenue Increases



Interest Expense
\$6.6 million

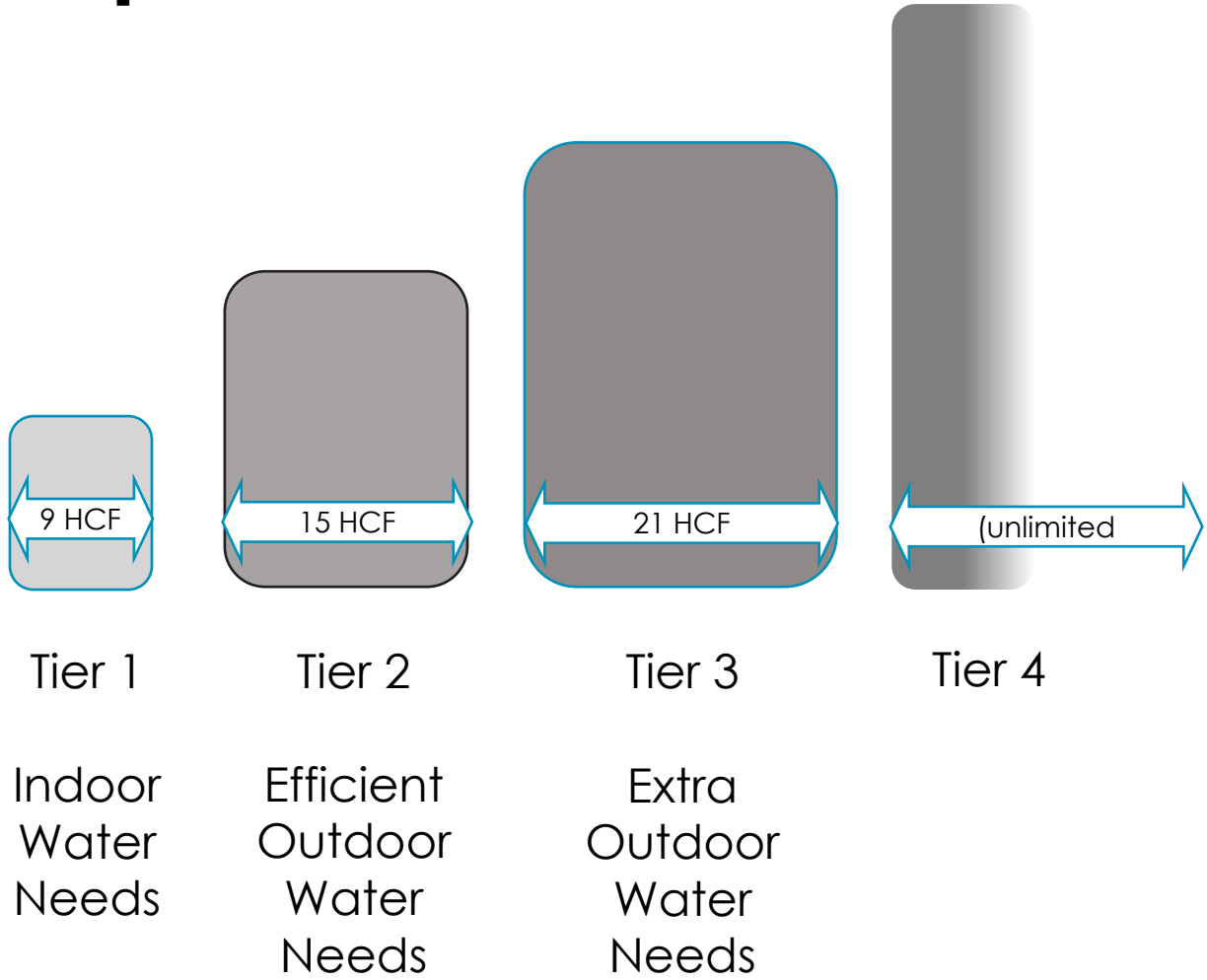
Cumulative
79%

	FY2022	Proposed*					Projected					
Rate Revenue Increase:		8.0%	8.0%	8.0%	6.0%	6.0%	6.0%	6.0%	3.0%	3.0%	3.0%	3.0%
Debt Coverage Ratio:	1.74	1.74	1.69	1.95	2.16	2.39	2.61	2.84	2.97	3.06	3.13	3.20
Net Debt Proceeds:			\$5.0M	\$2.7M								

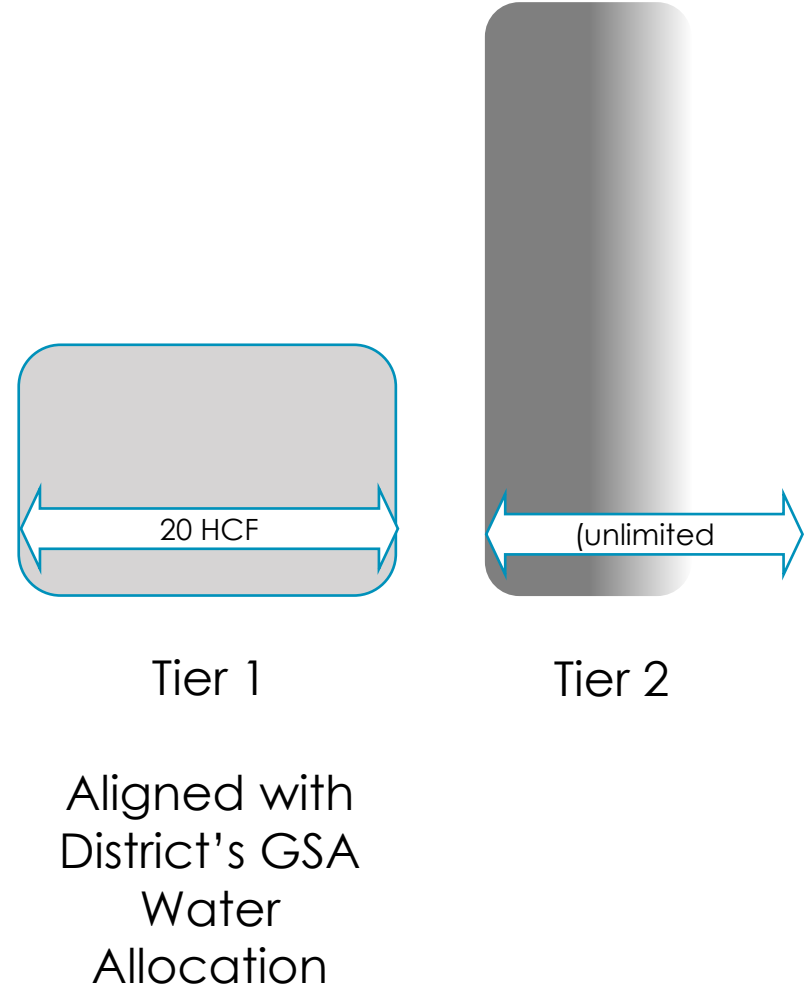
* Propose rate increases to be effective January 1 of the respective fiscal year

Cost of Service and Rate Design

Replace 4-Tiers with 2-Tiers



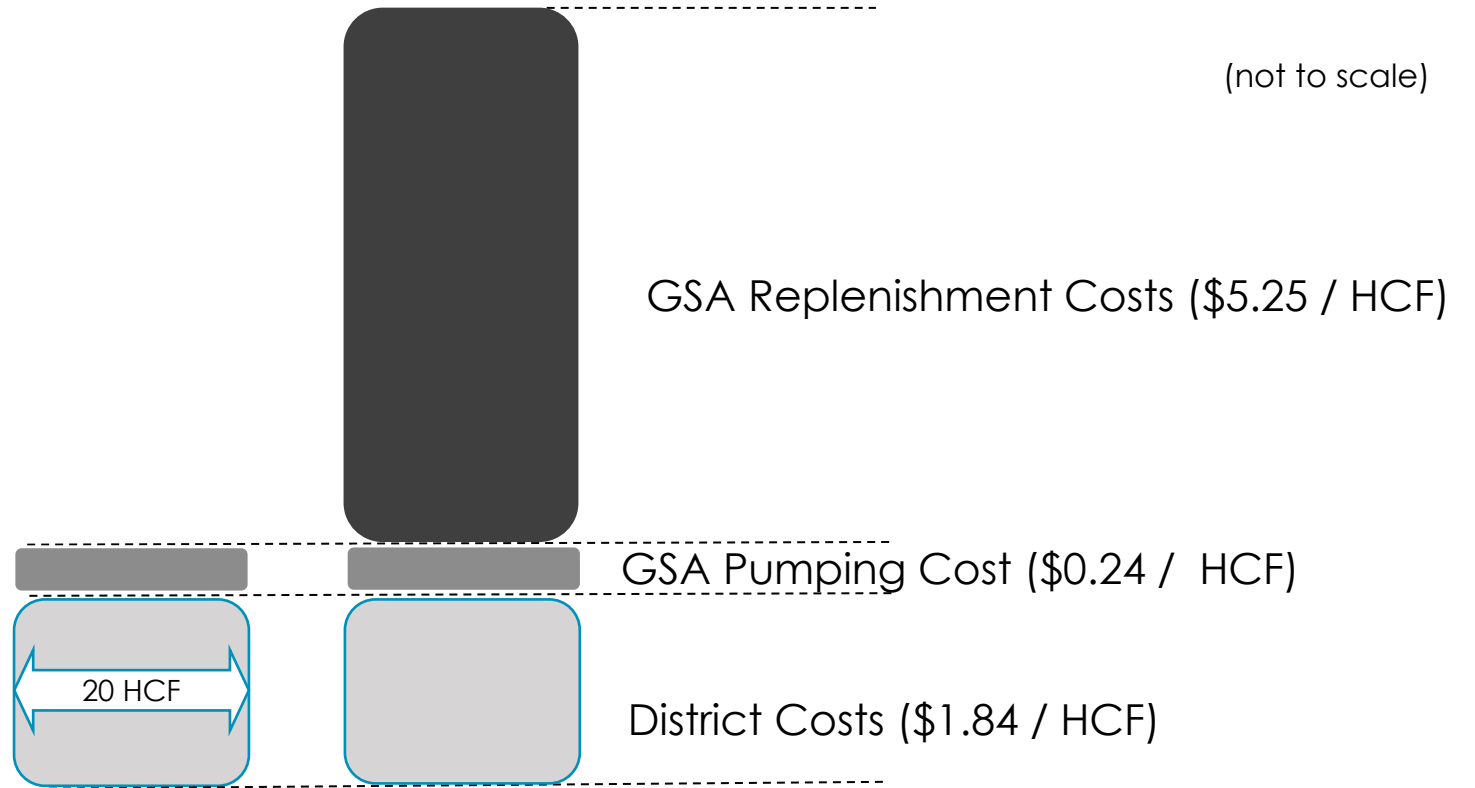
Current Four Tiers



Proposed Two Tiers

2-Tier Commodity Rates

(not to scale)



	Tier 1	Tier 2
Proposed:	\$2.06	\$7.31
Current:	\$2.71	\$7.43 (Tier 4 with GSA Fee)
Change:	(24%)	(2%)
Percent of water sales:	73%	27%

PROPOSED RATE SCHEDULE (1 of 3)

CURRENT

Commodity Charges (per HCF)

	District Rates	GSA Extraction Fee	GSA Replenishment	Total
Tier 1	\$0.82	\$0.24	\$1.65	\$2.71
Tier 2	\$1.40	\$0.24	\$1.65	\$3.29
Tier 3	\$2.69	\$0.24	\$1.65	\$4.58
Tier 4	\$5.54	\$0.24	\$1.65	\$7.43

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$31.17	\$11.69	\$42.86
1"	\$48.67	\$19.53	\$68.20
1 1/2"	\$92.05	\$38.94	\$130.99
2"	\$144.32	\$62.33	\$206.65
3"	\$283.89	\$124.78	\$408.67
4"	\$440.69	\$194.94	\$635.63
6"	\$876.08	\$389.76	\$1,265.84
8"	\$1,398.76	\$623.64	\$2,022.40
10"	\$2,008.61	\$896.51	\$2,905.12

CURRENT

Zone Charges

	Volumetric Charge
Zone B	\$0.25
Zone C	\$0.46
Zone D	\$0.71
Zone E	\$0.96

Private Fire Service

Meter Size	Monthly Charge
1"	\$1.75
2"	\$10.84
3"	\$31.47
4"	\$67.05
6"	\$194.77
8"	\$415.07
10"	\$746.44

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$206.65
Volumetric Unit Rate (per HCF):	\$7.50

* May be pro-rated for partial months.

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$32.29
Volumetric Charge (per HCF):	\$2.96

Effective March 1, 2023

Commodity Charges (per HCF)

	District Commodity Rate	GSA Extraction Fee	GSA Replenishment Fee	Total
Tier 1	\$1.84	\$0.24	\$0.00	\$2.08
Tier 2	\$1.84	\$0.24	\$5.25	\$7.33

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$35.36	\$10.28	\$45.64
1"	\$54.23	\$17.13	\$71.36
1 1/2"	\$101.39	\$34.27	\$135.66
2"	\$157.99	\$54.83	\$212.82
3"	\$308.93	\$109.65	\$418.58
4"	\$478.73	\$171.33	\$650.06
6"	\$950.39	\$342.67	\$1,293.06
8"	\$1,516.39	\$548.27	\$2,064.66
10"	\$2,176.73	\$788.13	\$2,964.86

Zone Charges

Zone	Volumetric Charge (per HCF)
Zone B	\$0.27
Zone C	\$0.50
Zone D	\$0.77
Zone E	\$1.04

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$223.18
Volumetric Unit Rate (per HCF):	\$7.33

* May be pro-rated for partial months.

Private Fire Service

Meter Size	Monthly Charge
1"	\$1.89
2"	\$11.71
3"	\$33.99
4"	\$72.41
6"	\$210.35
8"	\$448.28
10"	\$806.16

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$34.87
Volumetric Charge (per HCF):	\$6.95

PROPOSED RATE SCHEDULE (2 of 3)

Effective January 1, 2024

Commodity Charges (per HCF)

	District Commodity Rate	GSA Extraction Fee	GSA Replenishment Fee	Total
Tier 1	\$1.99	\$0.24	\$0.00	\$2.23
Tier 2	\$1.99	\$0.24	\$5.25	\$7.48

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$38.19	\$11.10	\$49.29
1"	\$58.57	\$18.50	\$77.07
1 1/2"	\$109.50	\$37.01	\$146.51
2"	\$170.63	\$59.22	\$229.85
3"	\$333.64	\$118.42	\$452.06
4"	\$517.03	\$185.04	\$702.07
6"	\$1,026.42	\$370.08	\$1,396.50
8"	\$1,637.70	\$592.13	\$2,229.83
10"	\$2,350.87	\$851.18	\$3,202.05

Zone Charges

Zone	Volumetric Charge (per HCF)
Zone B	\$0.29
Zone C	\$0.54
Zone D	\$0.83
Zone E	\$1.12

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$241.03
Volumetric Unit Rate (per HCF):	\$7.48

* May be pro-rated for partial months.

Private Fire Service

Meter Size	Monthly Charge
1"	\$2.04
2"	\$12.65
3"	\$36.71
4"	\$78.20
6"	\$227.18
8"	\$484.14
10"	\$870.65

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$37.66
Volumetric Charge (per HCF):	\$7.51

Effective January 1, 2025

Commodity Charges (per HCF)

	District Commodity Rate	GSA Extraction Fee	GSA Replenishment Fee	Total
Tier 1	\$2.15	\$0.24	\$0.00	\$2.39
Tier 2	\$2.15	\$0.24	\$5.25	\$7.64

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$41.25	\$11.99	\$53.24
1"	\$63.26	\$19.98	\$83.24
1 1/2"	\$118.26	\$39.97	\$158.23
2"	\$184.28	\$63.96	\$248.24
3"	\$360.33	\$127.89	\$488.22
4"	\$558.39	\$199.84	\$758.23
6"	\$1,108.53	\$399.69	\$1,508.22
8"	\$1,768.72	\$639.50	\$2,408.22
10"	\$2,538.94	\$919.27	\$3,458.21

Zone Charges

Zone	Volumetric Charge (per HCF)
Zone B	\$0.31
Zone C	\$0.58
Zone D	\$0.90
Zone E	\$1.21

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$260.31
Volumetric Unit Rate (per HCF):	\$7.64

* May be pro-rated for partial months.

Private Fire Service

Meter Size	Monthly Charge
1"	\$2.20
2"	\$13.66
3"	\$39.65
4"	\$84.46
6"	\$245.35
8"	\$522.87
10"	\$940.30

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$40.67
Volumetric Charge (per HCF):	\$8.11

PROPOSED RATE SCHEDULE (3 of 3)

Effective January 1, 2026

Commodity Charges (per HCF)

	District Commodity Rate	GSA Extraction Fee	GSA Replenishment Fee	Total
Tier 1	\$2.28	\$0.24	\$0.00	\$2.52
Tier 2	\$2.28	\$0.24	\$5.25	\$7.77

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$43.73	\$12.71	\$56.44
1"	\$67.06	\$21.18	\$88.24
1 1/2"	\$125.36	\$42.37	\$167.73
2"	\$195.34	\$67.80	\$263.14
3"	\$381.95	\$135.56	\$517.51
4"	\$591.89	\$211.83	\$803.72
6"	\$1,175.04	\$423.67	\$1,598.71
8"	\$1,874.84	\$677.87	\$2,552.71
10"	\$2,691.28	\$974.43	\$3,665.71

Zone Charges

Zone	Volumetric Charge (per HCF)
Zone B	\$0.33
Zone C	\$0.61
Zone D	\$0.95
Zone E	\$1.28

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$275.93
Volumetric Unit Rate (per HCF):	\$7.77

* May be pro-rated for partial months.

Private Fire Service

Meter Size	Monthly Charge
1"	\$2.33
2"	\$14.48
3"	\$42.03
4"	\$89.53
6"	\$260.07
8"	\$554.24
10"	\$996.72

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$43.11
Volumetric Charge (per HCF):	\$8.60

Effective January 1, 2027

Commodity Charges

	District Commodity Rate	GSA Extraction Fee	GSA Replenishment Fee	Total
Tier 1	\$2.42	\$0.24	\$0.00	\$2.66
Tier 2	\$2.42	\$0.24	\$5.25	\$7.91

Fixed Monthly Charges

Meter Size	Ready-to-Serve	Arsenic Charge	Total
3/4"	\$46.35	\$13.47	\$59.82
1"	\$71.08	\$22.45	\$93.53
1 1/2"	\$132.88	\$44.91	\$177.79
2"	\$207.06	\$71.87	\$278.93
3"	\$404.87	\$143.69	\$548.56
4"	\$627.40	\$224.54	\$851.94
6"	\$1,245.54	\$449.09	\$1,694.63
8"	\$1,987.33	\$718.54	\$2,705.87
10"	\$2,852.76	\$1,032.90	\$3,885.66

Zone Charges

Zone	Volumetric Charge (per HCF)
Zone B	\$0.35
Zone C	\$0.65
Zone D	\$1.01
Zone E	\$1.36

Construction Meter Charges

	Rates
Monthly Meter Charge:*	\$292.49
Volumetric Unit Rate (per HCF):	\$7.91

* May be pro-rated for partial months.

Private Fire Service

Meter Size	Monthly Charge
1"	\$2.47
2"	\$15.35
3"	\$44.55
4"	\$94.90
6"	\$275.67
8"	\$587.49
10"	\$1,056.52

Bulk Water Rates

	Rates
Monthly Fixed Charge:	\$45.70
Volumetric Charge (per HCF):	\$9.12

Bill Impacts

	Meter Size	Water Use (HCF)	Existing		Proposed (2023)		Change (total)	
			Fixed	Consumption	Fixed	Consumption	\$	%
SINGLE FAMILY								
Low Use	3/4"	5	\$42.86	\$13.55	\$45.64	\$10.40	-\$0.37	-0.7%
Median Use	3/4"	10	\$42.86	\$27.68	\$45.64	\$20.80	-\$4.10	-5.8%
Average Use	3/4"	14	\$42.86	\$40.84	\$45.64	\$29.12	-\$8.94	-10.7%
High Use	3/4"	45	\$42.86	\$169.92	\$45.64	\$224.73	\$57.59	27.1%
Very High Use	3/4"	80	\$42.86	\$429.97	\$45.64	\$481.11	\$53.92	11.4%
Master Meter								
Duplex, average use	3/4"	16	\$42.86	\$47.42	\$45.64	\$33.28	-\$11.36	-12.6%
Small Apartment, average use	1"	26	\$68.20	\$76.84	\$71.36	\$54.08	-\$19.60	-13.5%
Medium Apartment, average use	2"	148	\$206.65	\$484.88	\$212.82	\$538.63	\$59.92	8.7%
Large Apartment, average use	6"	614	\$1,265.84	\$1,846.06	\$1,293.06	\$1,277.12	-\$541.72	-17.4%
Commercial								
Commercial (small)	3/4"	13	\$42.86	\$37.55	\$45.64	\$27.04	-\$7.73	-9.6%
Commercial (medium)	1"	34	\$68.20	\$103.16	\$71.36	\$75.97	-\$24.03	-14.0%
Commercial (medium)	1.5"	69	\$130.99	\$209.61	\$135.66	\$164.50	-\$40.44	-11.9%
Commercial (medium / large)	2"	128	\$206.65	\$393.28	\$212.82	\$392.12	\$5.01	0.8%
Commercial (large)	3"	188	\$408.67	\$562.84	\$418.58	\$391.04	-\$161.89	-16.7%
Public								
Public (small)	1"	35	\$68.20	\$106.45	\$71.36	\$83.29	-\$20.00	-11.5%
Public (medium)	2"	161	\$206.65	\$544.42	\$212.82	\$633.85	\$95.60	12.7%
Public (medium / large)	4"	654	\$635.63	\$2,392.32	\$650.06	\$3,085.97	\$708.08	23.4%
Public (large)	6"	263	\$1,265.84	\$712.73	\$1,293.06	\$547.04	-\$138.47	-7.0%

Next Steps

- Receive public comment
- Board deliberation
- Vote to approve proposed rates
- Implement rates on March 1, 2023