



Crestline Sanitation District Rate Study Results

May 23, 2024



Presentation Overview



District Overview



Study Objectives



Proposition 218



Financial Challenges



Rate Study Results



Rate Survey



Schedule

District Overview



- The District provides sewer service to 4,702 accounts
 - 5,281 equivalent dwelling units (EDUs)
- The District is self-supporting and rates are the main source of revenues
- Rates for need to be set at levels adequate to fund the cost of providing service
- Current rate for sewer service is \$52.82 per EDU per month implemented in 2020

Rate Study Objectives



Financial Sufficiency



Legal Compliance (Prop. 218)



Rates Aligned with District Objectives



Customer Focus

Proposition 218



Voter-approved constitutional amendment 1996

- Added Articles 13C & 13D to the California Constitution

Substantive requirements for property-related charges

- Rates cannot exceed cost of providing service
- Proportionate cost recovery (fair and equitable)

Procedural requirements for rate increases

- Mail notice of rate increases to all property owners/customers
- Hold public hearing at least 45 days after the mailing
- Rates are subject to “majority protest”

Financial Challenges

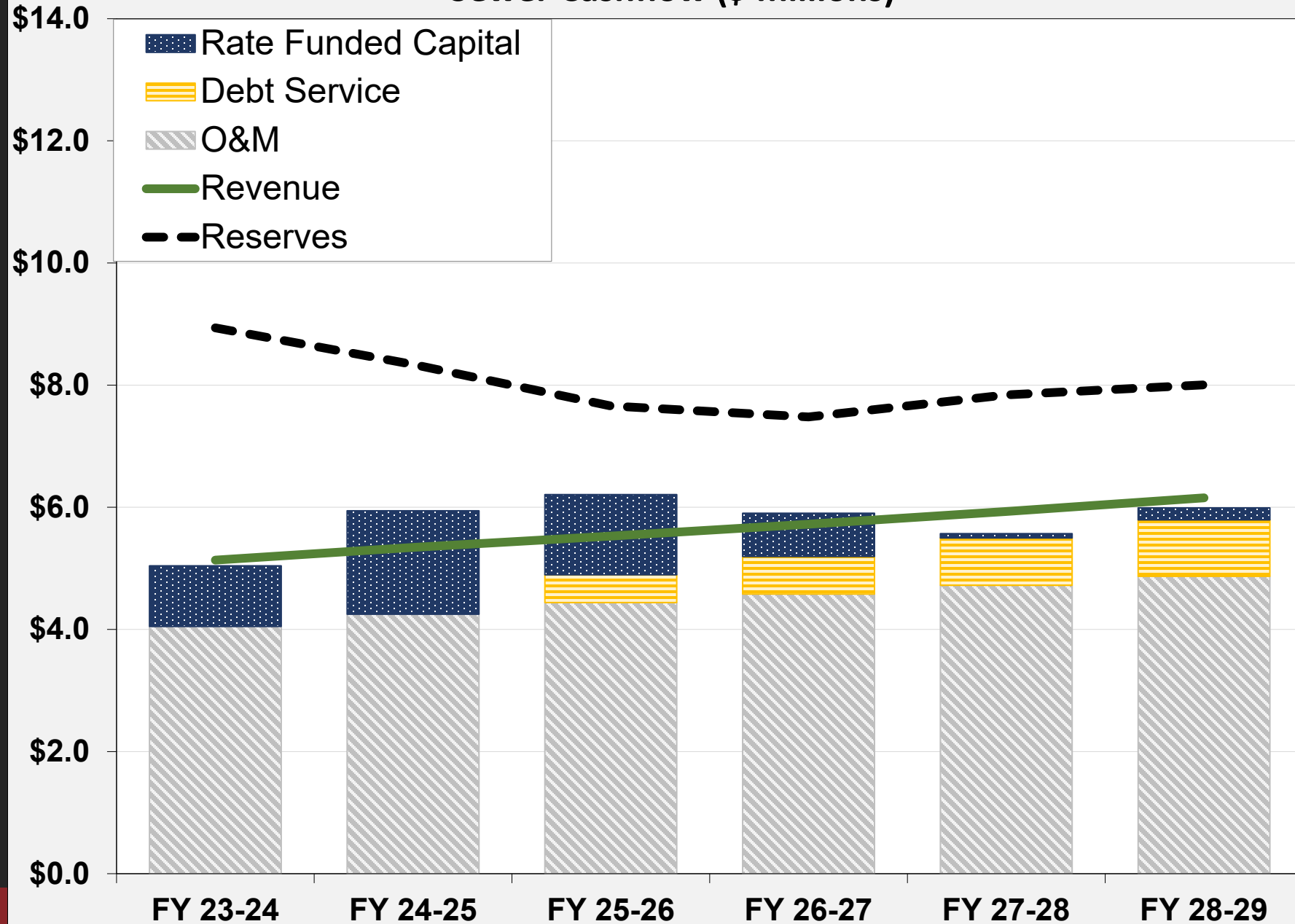


- Aging infrastructure & capital improvement needs
 - Sewer system upgrades, repairs & replacements needed maintain safe & reliable operations
 - \$12.0 million in projected capital spending over the next 5 years
 - \$9.5 million Dudek master plan, \$2.5 million collection system CIP
 - \$25.4 million in projected capital spending over the next 10 years
- Debt Service
 - \$11.9 million SRF Loan for the Huston Creek Plant project
 - Estimated annual payments \$454,554
- Operating cost inflation
 - Overall inflation projected 3% to 5% per year over next 5 years
 - New labor MOU contract as of 7/1/2023
 - Consumer Price Index (CPI) has increased 19% since 2020 (last rate increase)
 - Annual rate adjustments needed to keep rates in line with escalating costs (electricity, staffing, materials, insurance, etc.)
- Maintain prudent reserves
 - Emergencies, demand fluctuation, cash funding capital, etc.
 - Recommended minimum is one year of operating costs, \$4.5 million
 - Board reserve target, \$14.4 million

10-Year Water Financial Plan

Rate revenue increases of 6% in 24/25 and then 5% annually

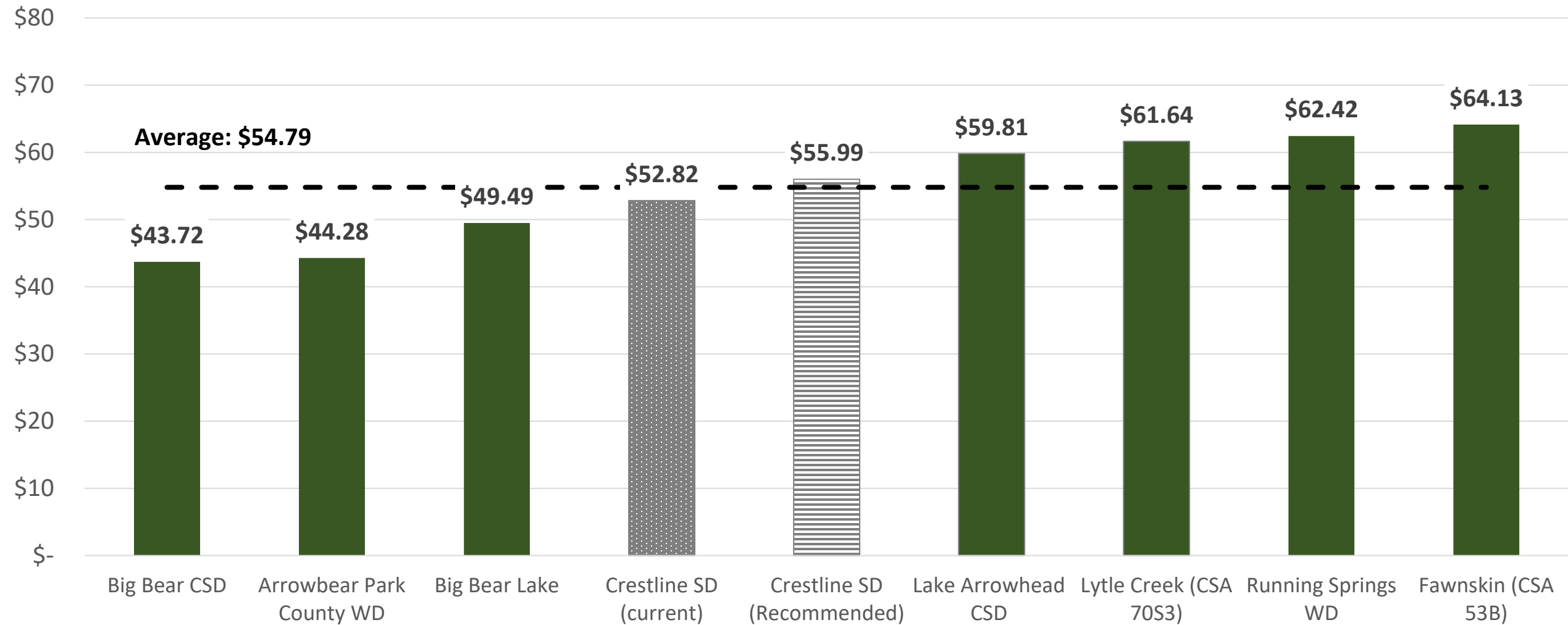
Crestline Sanitary District Sewer Cashflow (\$ millions)



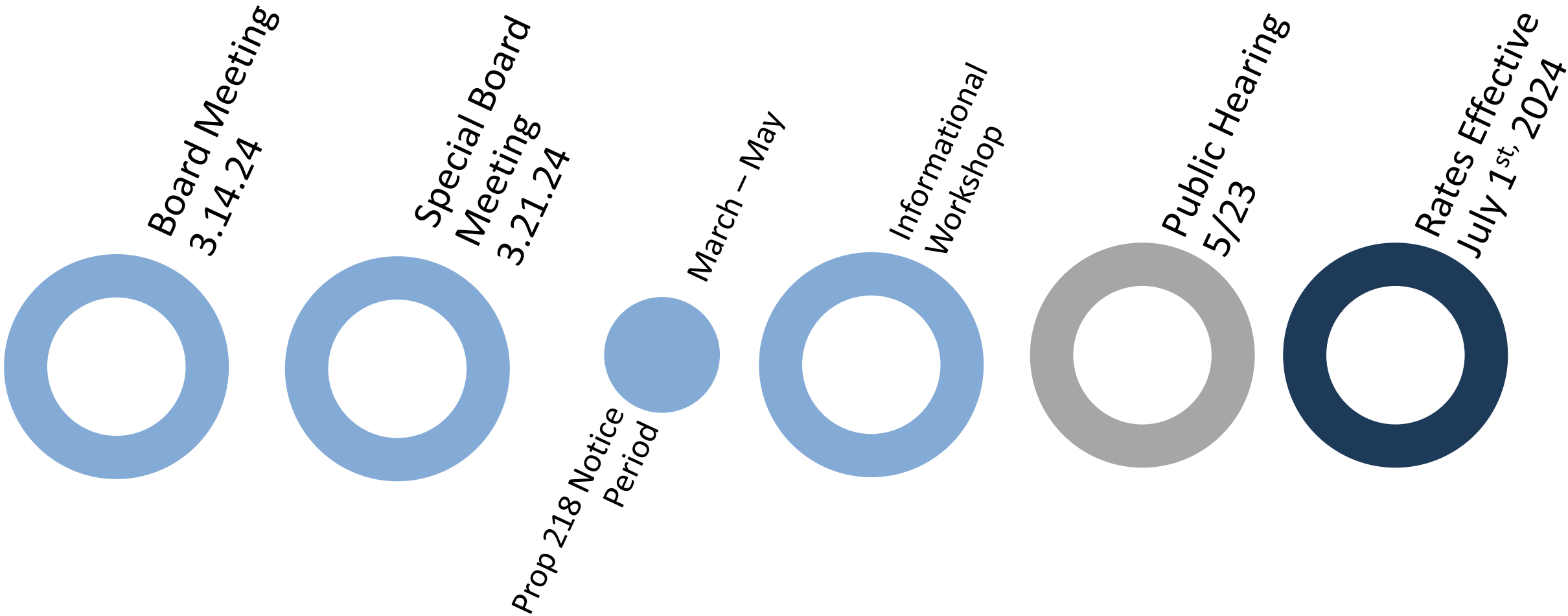
Proposed Rates

Monthly Wastewater Rates	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
	<i>Existing</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>	<i>Proposed</i>
Fixed Charge Per EDU	\$52.82	\$55.99	\$58.79	\$61.73	\$64.82	\$68.06

Monthly Residential Sewer Rate Survey



Rate Study Schedule





BARTLE WELLS
ASSOCIATES