



## **Rate Restructuring FAQs**

### **Q: How did you decide a rate restructuring should be considered?**

A: In 2017 the District conducted a rate study, which resulted in the current proposal to produce additional revenue needed to be invested in ongoing capital improvement projects throughout the District service area (including replacement of pipelines, pumps and tanks), as well as to bolster the District's emergency reserve funds. In addition, the proposed restructuring empowers customers to have more control over their monthly bill through conservation. Further, the existing drought surcharge is recommended to be eliminated. Revenue generated from the proposed rate restructuring will not be used for District daily operations. The proposal was drafted following a six-month process that included discussions and presentations at numerous public meetings, as well as a cost of service study, a prioritization of capital improvement projects and a comprehensive rate study.

### **Q: Why are you calling it a “rate restructuring,” rather than a “rate increase?”**

A: While a rate increase is proposed for most customers, the proposal also includes a decrease for some customers and the District is proposing a major restructuring in how customers are charged. Today the District receives about 50% of its revenue through meter fees and 50% through water sales. The proposed rate structure would see District revenue shift to about 30% through meter fees and 70% through water sales.

### **Q: What percentage of SLVWD customers will see an increase and what percentage will see a decrease?**

A: In the first year about 10% of customers would see a modest decrease in their water bills. In subsequent years, those decreases will gradually evolve to modest increases.

### **Q: How will the rate restructuring affect my bill?**

A: The District has created a rate calculator to help customers determine exactly how the proposed changes would impact their bill. To use the calculator, customers should locate a current copy of their monthly water bill and visit <http://www.slvwd.com/ProposedRates.html>.

### **Q: When was the last increase and how big was it?**

A: Based on a 2013 rate study, a 10%~11% increase in rates occurred in January of 2014, 2015 and 2016. These increases were less than the 2013 rate study recommendations. Additionally, a \$1 per unit (748 gallons) drought surcharge was approved in fall of 2015. The current rate study proposes eliminating the drought surcharge.

**Q: Prior increases were said to be for capital improvement projects. Why is the District in need of more funding for capital improvement projects?**

A: Although past rate increases have assisted funding capital improvement projects, the majority of capital project expenditures relied on proceeds from the sale of District-owned property. Those property-sale funds have been depleted and are no longer available.

**Q: What capital improvements have been completed in recent years?**

A: Since 2014 the District has completed \$11.85M of capital replacement projects including a transmission line in Quail Hollow Road (Olympia Mutual Pipelines), treatment plant computer upgrades, Sunnycroft pipeline replacement, Pasatiempo well repairs, and emergency interties 2, 3, 4 and 6. In addition, the District has made major progress on tank replacements, including Swim Tanks (currently soliciting construction bids) and Probation Tank (environmental permitting completed and construction bids expected in early 2018). To review specific project progress and costs, please visit <http://slvwd.com/admin/CapitalImprovementProjectsProgress5.24.17.pdf>.

**Q: Is the District still planning to consolidate its headquarter offices by building a new “campus” facility?**

A: The ‘campus’ project that was proposed in 2013 is dead. However, the District must address space and safety issues with its current buildings. A relocation of all or some of the employees is possible if buildings are determined to be unfixable.

**Q: Will any funds from the proposed rate restructuring be spent on legal fees related to the Terry Vierra case?**

A: No, for two reasons: 1) the District is no longer funding legal costs in the Holloway/Vierra case; and 2) the proposed rate restructuring would support capital improvement projects and building the District’s emergency reserves. Legal costs are considered to be operational costs and therefore would not be funded through this proposal.

**Q: Will any funds from the proposed rate restructuring be spent on French Broom eradication?**

A: Watershed management costs are fully funded through current water rates. While the District does not anticipate that changing, a small portion of the proposed rate restructuring may fund any future increase in French Broom eradication efforts if the District’s broom eradication plan evolves to include a strategy that is considered a capital improvement. No such new strategy currently exists.

**Q: Will any funds from the proposed rate restructuring be spent on compensation for District employees?**

A: Current employee salaries are fully funded through current rates and would not be funded through the proposed rates. Should an additional position(s) be required to support future capital improvement projects, such a position could be funded through the new rates.

**Q: Does it benefit customers to restructure rate tiers? How so?**

A: Yes. The new rates would empower customers to exercise greater control of their monthly water bill through practicing conservation.

**Q: After Lompico residents voted to join SLVWD, there were to be several capital improvement projects initiated through an assessment district. What is the status of those projects and will Lompico projects be funded by the proposed new rates?**

A: Capital improvement projects listed in the Lompico Assessment District are funded through the assessment district that was approved directly by Lompico voters and Lompico Board prior to joining SLVWD. Those projects will continue to be funded through the existing assessment, not through the proposed water rates. Completed assessment district projects include installation of over 500 new meters and a new web-based system to monitor and analyze the water system. Pending projects include replacement of aging water tanks, among others. For a complete list of Lompico Assessment District Projects, please review the Assessment District Engineer's Report at, <http://www.slvwd.com/lompico/EngineersReport3-22-16.pdf>.