CRESCENTA VALLEY WATER DISTRICT
TO CONSIDER ISSUING WATER BONDS FOR CRITICAL INFRASTRUCTURE PROJECTS

CVWD

CUSTOMER INPUT REQUESTED

Due to CVWD's long- standing practice of maintaining 6% annual rate increases and using District reserve funds to pay for minimal critical infrastructure replacement and maintenance of pipelines, wells, pumps, and reservoirs, CVWD is asking for your feedback on issuing Water Bonds in order to fund critical infrastructure replacement and maintenance programs as soon as possible.

BACKGROUND

- The District has raised rates an average of 6% per year for the past 10 years. (California state water districts' average annual rate increase is 6%).
- The average age of our water pipelines is between 45 and 70 years. The average pipeline lifespan is 75 years.
- By continuing the 6% annual rate increase, and current rate of pipeline replacement, many of the pipes in the ground will become over 200 years old.

FACTS

- The District has implemented strong cost and efficiency controls.
- Construction, materials, employee and water purchasing costs will continue to rise.
- Inflation: a $1 million infrastructure investment today will cost $1.5 million in 10 years.
- Risks: Aging infrastructure leads to higher failure rates.
- Emergency repairs versus planned replacement can cost up to 150% more and cause unplanned water service interruptions (as illustrated in this case study - CLICK HERE)

NEED AND OPTIONS:

CVWD has used more than $8 million from our financial reserves over the last five years to shield rate payers from even higher rate increases, inflation and rising operational and maintenance costs. It is imperative that we take a proactive approach to plan now for our future. By making a community investment for critical infrastructure improvements, we can protect our water system and continue to provide you the level of service you've come to expect from your water district. As we prepare our "Roadmap for the Future", we've identified the following options:

Option 1. Maintain Current Status of Operations:

- Annual rate increase remains approximately 6%, with reserve funds used for remaining needs.
- Diminishing reserves.
- 200-year pipeline replacement program (average pipeline life is 75 years).
- No funding available for other critical infrastructure improvements (wells, pumps, stormwater capture, etc.).

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Option 2. Pay As You Go – No Bonds

- Annual rate increase of 15%, with no reserve funds used with a 10-15 year commitment.
- 85-year pipeline replacement program.
- No funding available for other critical infrastructure improvements (wells, pumps, stormwater capture, etc.)
- Even with continual 6% rate increases, the current rate of pipeline replacement will leave to pipes in the ground averaging 200 years, due to the level of deferred replacement.

Option 3. Issuance of Bonds

- Planned average water rate increases of 6.1% per year, with a 10-15 year commitment.
- A 75 to 85-year pipeline replacement program.
- Funding available for other critical infrastructure improvement programs, including
  - Well development and maintenance
  - Stormwater capture
  - Automatic meter reading and smart meters
  - Development of reserves to fund future projects

BOND IMPACTS TO CUSTOMER WATER RATES

WATER RATE INCREASES WITHOUT WATER BONDS:

- Water rates will continue to increase by approximately **6% per year**.
- Puts reserves at risk.
- 200-year pipeline replacement.
- No funding available for other infrastructure improvements.

WATER RATE INCREASES WITH WATER BONDS:

- **6.1%** rate increase would be required every year for the next 10-15 years.
- For the average residential user, this would be about $10 per 2-month billing cycle (approximately the same amount as the yearly increase without water bonds.).
- 75-year pipeline replacement.
- Funding available for multiple infrastructure programs.
- Ability to develop reserves to fund future projects, emergencies and unanticipated needs.

PLEASE PROVIDE US YOUR INPUT ON ISSUING WATER BONDS

TAKE OUR ONE-MINUTE SURVEY HERE