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To: Chairman Randy Tobler & MVWD Board of Directors
From: Joseph Davis, General Manager
Date: October 5, 2022
Subject: Proposed Rate Adjustment Discussion

Background:

Staff has spent the past few months collecting historical data and incorporating Board direction in an effort to better identify and plan for the future revenue needs for the continued operation and maintenance of the District's culinary water system.

The data includes current revenues; operation & maintenance costs; depreciation requirements; identified critical capital replacement costs. This data has been on-boarded into the WaterWorth Program with a few estimated assumptions i.e. 3.5% inflation on expenses and .01% growth increase.

The District's FY23 Budget has an anticipated 4% rate increase for January 1st in the final estimated operating revenues. The Budget still shows an estimated ending cash decrease of (\$637,555)

The projected revenue needs of the District are estimated to require an 4% rate increase according to WaterWorth

With the addition of the proposed fourth tier, Staff is recommending:

- **The current monthly base rate and first 6,000 gallon tier rate to remain unchanged.**
- 4% increase on the second (12,000 gallon), third (52,000 gallon) and fourth (70,000 gallons and above) tier rates.
- 4% increase on all new service connections, payment in lieu of water rights and hydrant usage rates.

The proposed rate adjustments are anticipated to generate an increase to the District's revenue in the amount of \$200,000