

# WALNUT VALLEY WATER DISTRICT

271 South Brea Canyon Road • Walnut, CA 91789-3002  
(909) 595-7554 • (626) 964-6551  
www.walnutvalleywater.gov • Fax: (909) 444-5521



## SPECIAL BOARD MEETING THURSDAY, MARCH 23, 2023 4:00 P.M.

**Agenda materials are available for public review at <https://walnutvalleywater.gov/about-us/meetings-minutes-and-agendas/>.**

**Materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review during regular business hours at the District office, located at: 271 S. Brea Canyon Road, Walnut, CA.**

1. Flag Salute
2. Roll Call: Mr. Hilden \_\_\_\_\_ Ms. Kwong \_\_\_\_\_ Ms. Lee \_\_\_\_\_ Mr. Tang \_\_\_\_\_ Mr. Woo \_\_\_\_\_

3. Public Comment President Hilden

The Presiding Officer of the Board of Directors may impose reasonable limitations on public comments to assure an orderly and timely meeting.

**A. Agenda Items** - Any person desiring to address the Board of Directors on any Agenda item may do so at the time the item is considered on the Agenda by requesting the privilege of doing so at this time and stating the Agenda item to be addressed. At the time the item is discussed, those requesting to speak will be called to do so.

**B. Non-Agenda Items** - At this time, the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the District. Reasonable time limits on each topic and on each speaker are imposed in accordance with Board policy.

4. [Rate Guiding Principles Intro](#)
5. Discussion on Pension and OPEB Policy Alternatives
6. Other

### Adjournment

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation to participate in a meeting may request such modification or accommodation from the District's General Manager's Office at (909) 595-1268 Ext. 201. Notification forty-eight (48) hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

I, Lucie Cazares, CMC, Walnut Valley Water District, do hereby certify, under penalty of perjury under the laws of the State of California that a full and correct copy of this agenda was posted pursuant to Government Code Section 54950 et. seq., at 271 S. Brea Canyon Road, Walnut, CA., and uploaded to the Walnut Valley Water District website <https://walnutvalleywater.gov/about-us/meetings-minutes-and-agendas/>

Date Posted: March 22, 2023

Lucie Cazares, CMC, Executive Secretary

# WVWD – Staff Report



**TO:** Board of Directors  
**FROM:** General Manager  
**DATE:** March 23, 2023  
**SUBJECT:** Ranking of Pricing Objectives for Rate Design

---

Action/Discussion     Fiscal Impact     Resolution     Information Only

---

## **Recommendation**

Members of the Board provide direction to staff regarding rate-design policy objectives by reviewing and prioritizing various pricing objectives. The Board is asked to rank each Pricing Objectives, on a scale of 1 to 4, with 1 being the Most Important and 4 being Least Important.

## **Background**

Staff has prepared an evaluation sheet for purposes of obtaining Board member input related to various pricing objectives. Each objective has a brief description as well as a box to rate that objective as being most important, very important, important, or least important. The pricing objectives are a critical element of the rate design process, and will be incorporated into the District's "Policy Objectives for Guiding Rate Design" (Policy). This policy will formalize the priorities of the Board, and serves as the foundation in the development of the District's rate structure.

### Attachments:

- Pricing Objectives Ranking Sheet

# Pricing Objectives

Submitted By:

## INSTRUCTIONS

Please rate each of the following pricing objectives as either:

- 1 - MOST IMPORTANT
- 2 - VERY IMPORTANT
- 3 - IMPORTANT
- 4 - LEAST IMPORTANT

**You may use each rating (1,2,3, and 4) no more than four (4) times.**

CATEGORIES	Rating 1 - 4
<b>ADMINISTRATION</b>	
<b>Ease-of-Administration</b> <i>An easy-to-administer rate structure decreases the ongoing costs of administering the structure, made up predominantly of additional staffing costs.</i>	
<b>Ease-of-Implementation</b> <i>Implementing a new rate structure merits careful consideration, as rate structure implementation may require upfront (one-time) costs for data gathering or billing system changes.</i>	
<b>Customer Understanding</b> <i>The ability for the rate structure to be explained in a manner that can be understood by customers and other stakeholders can have important impacts on the ability to build acceptance of rate adjustments. The degree of customer understanding can be measured through their understanding between current and proposed new rate structure.</i>	
<b>EQUITY</b>	
<b>Equitable in Allocating CIP Cost</b> <i>This objective states that a rate structure achieves equity by allocating the cost of capital (infrastructure) to each customer class based on each class' consumption patterns and peaking characteristics.</i>	
<b>Equitable in Allocating Water Resource Cost</b> <i>This objective states that a rate structure achieves equity by reflecting the makeup of the demands on the District's water supply in terms of allocation to each customer and the price each customer pays for it.</i>	
<b>Fair to the Public</b> <i>This objective recognizes the relevance of the public's perception of how equitable a rate structure is and that managing that perception sometimes calls for informing/educating the public and other stakeholders.</i>	

Consistent Residential Rates - Small Family & Multi-Family

*This objective would strive to have similar rate structures for all residential customer types - both single-family (SF) and multi-family (MF), if administratively possible.*

**APPROPRIATE FUNDING MECHANISMS**

Enhance Revenue Stability

*The ability of the rate structure to generate stable and predictable revenues from year to year can be an important consideration, particularly with regard to maintaining a good credit rating for borrowing money to address infrastructure needs, when needed or desired. It should be recognized that certain types of rate structures are more effective at maintaining revenue stability than others.*

Provide Revenue Source for Recycling/Conservation

*The rate structure should provide a funding mechanism to expand the recycling program of the agency, and in so doing, also determine the allocation of the program's costs among customers.*

**RATE STABILITY & AFFORDABILITY**

Affordability for Essential Use

*This objective addresses the importance of maintaining the price of water for essential use - i.e. that which is used for health and safety - at the lowest cost possible while considering the needs of the utility, industry practice, and regulatory conditions.*

Mitigate Customer Impact

*Any new rate structure may result in different impacts to different customers. This objective recognizes these impacts and aim to minimize them.*

Rate Stability

*This objective aims to minimize rate increases. Careful capital and financial planning can help ensure rate stability and avoid erratic changes in rates and charges from one year to the next. Also, a steady or consistent program of smaller annual rate adjustments is generally recognized as more preferable when compared to significantly larger increase once every three or four years.*

**WATER-USE EFFICIENCY/CONSERVATION**

Consistent with Drought Management Action Plan

*This objective encourages the District remain consistent with the drought management plan that it has in place. Commitment to the plan allows a mechanism to allocate both water and drought penalty rates during drought conditions.*

Promotes Conservation

*The objective of water conservation aims to reduce total water use through a focus on reducing individual accounts that use above-average water use.*

Promotes Efficiency

*The objective of water efficiency includes development of benchmark standards associated with the appropriate amount of water usage for indoor and outdoor needs based on local characteristics of the District. Standards are set on an individual basis and on indoor and outdoor use parameters.*

Target Outdoor Water Use

*This objective targets outdoor water customers and their use by determining the appropriate amount of water to allocate for outdoor needs.*

THANK YOU