



## Crescenta Valley Water District

### Responses to Questions & Comments for the

### Public Hearing held on June 10, 2025

### Regarding the Proposed Changes to the Water and Wastewater Rate Structure and Associated Rates

Posted June 20, 2025

*Note: The responses below are as collated from the public hearing. Some questions or comments were posed more than once.*

*Additional responses to questions from two recent town halls can be found on the District's website at [www.cvwd.com/rates](http://www.cvwd.com/rates).*

1. How do budget-based rates affect me?

The combined water and wastewater bill for our average customer will be 9%. Since budget-based rates are tailored to each household, some households will have a smaller increase while others will have a larger one. Since this is individualized, a “rate calculator” has been made available on the District’s website at [www.cvwd.com/rates](http://www.cvwd.com/rates) to help you estimate your future bill under the proposed changes. Additionally, since the District recognizes that this is new, additional temporary customer service staff have been hired. They will be available to assist you in person or over the phone if you have questions or would like help reviewing your individual factors. Customer Service can be reached by phone at (818) 248-3925, by email at [customerservice@cvwd.com](mailto:customerservice@cvwd.com), or in person at 2700 Foothill Blvd, La Crescenta, CA 91214.

2. What are the benefits of budget-based billing other than conservation?

Budget-based billing offers several benefits. It allocates cost of service even more precisely than required by law by allocating these costs on a person-by-person basis. As incidental benefits, budget-based rate billing promotes equity among customers by allocating water budgets based on household size and irrigable landscape area, ensuring that similar households receive similar allowances and that customers have the water they need to maintain their landscape and for essential indoor needs. As a secondary benefit, this approach also supports fair access to water by discouraging excessive use and helping preserve supplies for the entire community. Although rates are not designed to promote conservation, budget-based billing helps the District align with the State’s water-use efficiency regulations. Staying in compliance helps avoid fines and penalties from the State, which would result in higher rates.

3. Why does the number of people in a household matter?

Household size will be used to calculate your indoor water needs; larger households need more water and will get a larger Tier 1 budget. In other words, a larger household size with an associated larger water budget can use more water before moving into Tier 2 or Tier 3.

4. Why don’t you just charge for the amount of water that was used?

Budget-based rates continue to charge you for only the water that is used. What is changing is your allotment at each tier level. The District relies on a diverse mix of water sources, each with its own cost. Groundwater is the most affordable source, and budget-based rates help ensure that this resource is allocated equitably based on the most precise data we have for each parcel.

5. I've drought-scaped my yard, why does the size of a yard matter?

Lot size plays a key role in determining the outdoor water budget, based on the needs of an average landscape.

6. How do the rates promote conservation for multi-family residents?

While the District understands that conservation is an important priority, California law does not allow rates to be designed for the purpose of promoting conservation. Thus, while rates are not necessarily designed to promote conservation, they are designed based on the costs to provide services to each property. Typically, multi-family dwellings don't have outdoor needs, which is why there is no separate tier for outdoor use.

7. How does this rate structure make water "significantly more affordable in the long term?"

In the short term, rates go up. In the long term, the availability of sufficient and stable revenue means that larger projects can be planned. Larger projects such as recycled water plants, stormwater projects, and well development mean less dependence on imported water and less dependence on the City of LA treating wastewater, both of which are some of the District's primary cost drivers. Sufficient and stable revenue also means being able to sustain newer initiatives, such as the in-house pipeline initiative which is seeing 200%-250% savings compared to contracting work out as is done throughout most of the State. This, in turn, leads to proactive infrastructure maintenance (e.g., the in-house pipeline program), which is typically 3-5x less costly than reactive maintenance (an unplanned water main break). Financial resiliency also leads to higher credit ratings, which decrease the cost of bond issuances (borrowing over a 30-year term). These types of projects and initiatives will drive down the cost of water and wastewater service in the long run.

8. The rate structure has a bias against single-family residents.

The rate study ensures that no customer class pays more than its proportional share of the cost of service. In other words, the rate study goes to great lengths to demonstrate and ensure that single-family residential customers do not subsidize multi-family residential customers, or vice versa. The rate structure within each customer class reflects how those customers use water and the demands they place on the system. More information about the cost-of-service analysis and rate study can be found at [www.cvwd.com/rates](http://www.cvwd.com/rates).

9. How does this billing structure account for pool evaporation?

Research shows that refilling a swimming pool due to evaporation typically uses about the same amount of water as irrigating a lawn of comparable footprint. This analysis is incorporated in the rates.

10. Why are rates always going up?

The cost of doing business continues to rise, and to maintain the same level of service and ensure a reliable water system, the District must pass on these increased costs to our customers. For example, most of the District's primary expenses are increasing by 10%, 20%, 30%, or more. However, the District's ongoing cost-saving measures and non-rate revenues help minimize these increases. Water rates are proposed at an 8% increase, and there have been no rate increases for 2 of the last 5 years.

11. What is the rate increase each year for the average customer?

The average customer (a household of 4 using 8,000 gallons per month) will see a 9% increase in their combined water and wastewater bill in the first year, followed by 10% increases in each of the next two years.

12. What happens to water rates after 3 years?

The current proposed rate adjustment covers a three-year period. At the end of that period, staff will conduct a comprehensive analysis to determine the revenue required to support operating costs, debt obligations, and capital improvement projects (CIP). If any adjustment is needed, a new notice, public hearing, and vote would be required.

13. Is the cost of Metropolitan Water District (Met) water increases included in the rates, or will this show up as a pass-through rate increase?

The rate study incorporates all currently available information on Met cost increases, and those projections are included in the proposed rates. Only increases beyond these projections that haven't been announced by Met to date would result in a pass-through rate adjustment in the future.

14. Why are there no penalties for water wasters?

A water waster penalty is a policy decision and does not need to be addressed as part of the formal rate-setting process. This feedback is appreciated and can be included for future consideration.

15. How will wastewater be charged in the Sagebrush area?

It will be a flat charge based on the number of people in the household, with a default of 4. This is how wastewater will be charged for single-family residential wastewater customers. If you have more or fewer people in your household, you can request a variance by contacting the District (contact information listed above).

16. Why do we pay a sewer charge?

There is a cost associated with providing wastewater service, which is covered by customer fees. These fees support the operation and maintenance of the District's wastewater system, including the infrastructure designed to capture and transport wastewater for treatment. For example, the sewer lines must be inspected and cleaned continuously. The wastewater itself is sent for treatment to the City of Los Angeles, and approximately 50% of the wastewater rates go directly to Los Angeles.

17. What tariffs have been imposed on the District?

The District must acquire a broad range of materials from countries that the US has imposed tariffs on. Vendors pass those tariffs on through increased costs or as pass-throughs. Examples of such items include steel pipe, fittings, water meters, and communication equipment, to name a few.

18. Provide a historical account of income versus expenses.

The District publishes its audited financial statements annually. Records dating back to 2014 can be found on the District's website at [www.cvwd.com/audited-financial-statements](http://www.cvwd.com/audited-financial-statements). When reviewing these statements, it's important to consider the District's increased investment in maintenance and capital improvement projects, as well as the ongoing impacts of inflation. Additionally, rate increases do not always result in equivalent revenue increases. A sharp decline in water consumption, leading to demand hardening, has reduced water sales, making it difficult to reach the District's revenue requirement. Additionally, the District produced its inaugural Annual Report last year. This was based on customer input requesting an accounting of District activity, including expenses, in a more accessible format than the District's audited financial statement. The Annual Report and budgets for over 10 years are also available on the District's website.

19. What quantifiable savings has the District produced since 2019, included in the budget?

As mentioned above, the District's first Annual Report was published last year, and it is available on the District's website at [www.cvwd.com/fiscal-year-23-24-annual-report](http://www.cvwd.com/fiscal-year-23-24-annual-report). General Manager James Lee discussed additional cost-saving measures at the beginning of the public hearing. A few of the District's cost-saving measures over the last year include:

1. Ongoing in-house pipeline (IHP) replacement program - \$940,000 saved
2. Completion of the Advanced Metering Infrastructure (AMI) program, which allows immediate leak detection for customers, with in-house resources - \$1.3 million saved
3. Completion of the Ramsdell Mixing Station infrastructure project, using in-house resources - \$900,000 saved
4. Pre-purchase of Metropolitan water (imported water source) several years in advance, which is anticipated to result in up to \$1.2 million saved

The combined savings of the above-mentioned projects only – there are numerous other examples – totals approximately \$4.3 million. This translates to about 30% of all revenue collected for a year.

20. What about all these huge % increases in operating expenses?

The proposed budget is based on the District's operational needs and goals for the upcoming fiscal year. Some increases reflect increased activity, such as enhanced asset maintenance or additional capital projects, that require increased spending. Other increases appear larger due to unusually low spending in the current fiscal year, which can distort year-over-year comparisons. For example, the 66% increase in Director fees is not due to higher compensation. The proposed FY26 budget for Director fees remains the same as the FY25 budget. The apparent increase results from comparing the proposed amount to the current year's actual expenses, which are lower because Directors have attended fewer conferences and meetings.

21. How does the GM salary compare to other like agencies?

All employees' salary ranges are on the website and other various places every year. The GM's compensation in terms of salary is moderately below market, and compensation in terms of benefits is significantly below other similar agencies.

22. What was the budget for Water Resources Economics?

The budget for Water Resources Economics was \$123,706 to produce a water budget analysis, water and wastewater cost of service study, water and wastewater rate design, lead community and staff workshops, and provide community outreach support and Proposition 218 compliance support.

23. What was the purpose/function of \$800,000 consultant fees?

This refers to the FY25 Administrative Consultant fees, which covered several key initiatives, including the rate study, completion of the wastewater master plan, GIS support, and grant support. Actual spending for FY25 is projected to be approximately \$525,000, meaning the District was able to come in \$300,000 under budget.

*Additional responses to questions at recent town halls were published on the District's website and distributed via email to the community on May 28, 2025, and ahead of the Public Hearing. They can be found on the District's website at [www.cvwd.com/rates](http://www.cvwd.com/rates), along with the above responses.*