

Executive Summary

Background

Grizzly Ranch Community Services District (the District) is located in Plumas County. The District serves a small community of 56 homes, a golf course and a fire station. The district has infrastructure to serve up to 302 connections. The District owns and operates water and wastewater systems. The water and wastewater utilities are operated as a self-supporting enterprise. The revenues are derived exclusively from standby service charges which are charged equally on both connected and non-connected parcels.

The District is unable to fund Replacement Reserves and needed maintenance due in part by non-payment of charges by non-connected parcels. It is anticipated this situation will not improve until 2026. The District is planning to implement usage charges to help offset this.

Other than the initial rate study done when the District was formed in 2003, no additional rate studies have been done. The District has raised the standby charge at various times as statutorily allowed since its formation based on a formula using the CPI. The major objectives of this study include:

- Developing a five-year financial plan to insure continued financial health and stability of the District.
- Developing a projection of operating costs and replacement reserves requirements.
- Maintaining equity among all users of the system and ensuring compliance with all legal requirements such as Proposition 218.

Proposition 218

Utility rates are subject to the requirements of Proposition 218 adopted by California voters in 1996 and the added Articles 13C and 13d to the California Constitution. They state that:

1. A property-related charge (such as water rates) imposed by a public agency on a parcel shall not exceed the funds required to provide the property related service.
2. Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing, when the agency considers all written protests against the charge.

Proposition 218 ensures that water rates cannot be “arbitrary and capricious”, meaning that the rate setting methodology must be sound and that there must be a relationship between costs and the rate charge.

Proposed System Rates

The District is proposing, in addition to the current Standby Fee, a fixed and variable charge for connected lots. This will be used to offset the actual cost of maintaining a connection and the production costs of water and wastewater treatment.

The additional fees would be effective September 1, 2021 and then July 1st of each of the following years.

Proposed Usage Rates

	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Annual Base Usage Rate (Includes 3000 gallons per quarter)	\$684	\$778	\$933	\$986	\$1089
Volume Rate (per 1000 gal)	\$18.88	\$22.80	\$25.20	\$28.20	\$29.40
Est. Average per User	\$2,203	\$2,583	\$2,915	\$3,202	\$3,385

Charges will be billed quarterly and the Base Usage Rate will include the first 3000 gallons each quarter at no charge.

Water System Findings

Financial Overview

The Water System projected 5-year expenses for the district are:

5-Year Water System Expenses

Expense	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Personnel	\$103,161	\$110,600	\$112,402	\$116,626	\$116,800
Overhead (excl. personnel)	\$109,184	\$107,473	\$133,132	\$106,767	\$105,073
Operations/Maintenance	\$142,390	\$148,620	\$147,861	\$147,161	\$140,821
Replacement Reserves	\$179,312	\$179,312	\$179,312	\$179,312	\$179,312
Total Expenses	\$534,046	\$546,004	\$572,807	\$549,865	\$542,005

Notes:

- **Overhead** includes "Bad Debt"
- **Operations/Maintenance** includes "Depreciation"

7.0 COMBINED QUARTERLY RATES

The combined quarterly rates are summarized in Table 28. Due to the implementation of higher sewer rates and the reconfiguration of water rates, the base charge saw an increase, while the volumetric charge decreased.

Table 28: Combined Sewer and Water Rate Schedule

	Existing		FY 2024	
Annual Standby Assessment		\$1,612.00		\$1,703.73
Quarterly Rates	Base	Volume Rate per kgal	Base	Volume Rate per kgal
Residential	\$194.50	\$22.80	\$371.60	\$9.30
Commercial	\$194.50	\$22.80	\$266.94	\$9.94
	FY 2025		FY 2026	
Annual Standby Assessment		\$1,833.73		\$1,978.70
Quarterly Rates	Base	Volume Rate per kgal	Base	Volume Rate per kgal
Residential	\$412.41	\$9.57	\$458.58	\$9.85
Commercial	\$299.31	\$10.23	\$336.05	\$10.53
	FY 2027		FY 2028	
Annual Standby Assessment		\$2,140.64		\$2,202.72
Quarterly Rates	Base	Volume Rate per kgal	Base	Volume Rate per kgal
Residential	\$510.84	\$10.14	\$525.66	\$10.43
Commercial	\$377.76	\$10.83	\$388.71	\$11.15