

Kingsbury General Improvement District, Nevada



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Customer since 2019 | Population: 3,000-6,000 (seasonal)

CHALLENGES

- Ageing infrastructure leading to inefficiencies in the system
- Mountain terrain requiring significant pumping and pressure reduction
- Location in the heart of the Lake Tahoe recreational area means two peak seasons, summer and winter

RESULTS AND BENEFITS

- Verified accuracy of the previous five-year plan
- Long-range planning shows they're on track to complete necessary capital projects
- Meeting reserve policies
- Cost savings and an easily alterable in-house financial model, compared to outsourcing to engineers.

BACKGROUND

The Kingsbury General Improvement District (KGID) is a rural water district in the Lake Tahoe region of Nevada. KGID provides water service to a population of between 3000 to 6000 residents, depending on the season. A community that consists of approximately 40% vacation homes, KGID has two peak water seasons: one during the summer and the other during winter ski season. The District uses 6 pump stations to move water up the mountain from an elevation of 6,230 to 7,760 feet. Because of this, KGID has a larger amount of assets to maintain than a typical utility of its size and most infrastructure is reaching the end of its service life.

ADDRESSING AGEING INFRASTRUCTURE

Established in 1964, KGID is facing the same challenges with ageing infrastructure as many other rural water systems. In 2014, the District was faced with the need to borrow \$17 million to finance the replacement of a water treatment plant, (on top of an existing \$15 million debt they were already servicing). In order to service that level of debt, KGID developed a schedule of water rate increases spread over five years. The final increase of that schedule took effect on July 1, 2019.



Prior to switching to Waterworth, KGID General Manager Cameron McKay, who also serves as the current president of the Nevada Rural Water Association, was using the American Water Works Association (AWWA) rate-setting guide in combination with an Excel spreadsheet of his own design. He found the whole thing “very cumbersome” but with a lot of time and effort, he came up with a plan to implement rate increases over five years, in order to be able to fund replacement of the treatment plant and continue to service the existing debt.



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They’re now at the end of that five-year timeframe and McKay began using Waterworth in early 2019, to both assess whether previous rate increases had met his original objectives, as well as to determine what rate increases would need to look like going forward. KGID’s main objectives were to make sure rates are designed in a way to meet the goals of establishing full cost recovery, to ensure sufficient revenue and financial sustainability, while establishing cost of service pricing and equity, to make sure rates are fair and defensible in order to garner public acceptance.

“It’s simple. I mean it is *so* simple.”

- Cameron McKay, General Manager

LONG RANGE PLANNING MADE EASY

With Waterworth’s help, McKay found that the previous rate increases had been slightly on the high side because he’d allowed for a 3% inflation rate and the actual inflation rate was lower. With the last rate increase from the previous five-year plan taking effect earlier this year, McKay says KGID is in a good position to maintain rates as they are, “... until the Capital Improvement Plan starts to affect [our cash position] too much”.

KGID now has a 25-year plan in place, one that includes operating and capital expenses, debt servicing, revenue forecasting, and a solid cash reserves policy. They’ve built Waterworth into their fiscal cycle, as a tool to make annual rate reviews more about small course corrections and adjustments as situations change, checking assumptions as data is updated. McKay says, “As you see what you spent in the last year, you can go back in and tweak it very easily with all your expenses, or if you had an emergency you can drop those numbers in there very simply on your expenses side and you can see where you are instantly.”



“By putting this in Waterworth and sitting down with somebody like the USDA [...], you can show them at a glance how it’s going to work.”

- Cameron McKay, General Manager



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Compared to McKay’s old spreadsheets, he remarks that Waterworth is, “so easy to use”, adding that particularly for small systems, Waterworth makes a daunting exercise “completely manageable”. “When JP, (Director of Customer Success at Waterworth), talks you through it, it’s simple. I mean it is so simple. And when you go back to look at it you could fall right into where you are. You don’t have to go back for three days and bring yourself back up to speed. You’re up to speed nearly immediately... The formulas are already in place instead of you having to make your own up.”

The alternative, McKay points out, is doing a major rate study every five years or so, at considerable effort and expense. He says, “A lot of the smaller systems don’t have engineers on staff, which we don’t. So you have to hire an engineer... and they’ll come in for thousands of dollars and do a rate study. Then you’ve got a one-time snapshot of what your rates are right now, what they should be. And I don’t want to spend thirty thousand dollars on a rate study.”

A BOON FOR RURAL SYSTEMS

McKay has found Waterworth to be much more efficient and affordable than hiring an engineer, so much so that he’s excited to spread the word. He’s planning to present Waterworth to representatives of both the Nevada Drinking Water State Revolving Fund and the USDA Rural Development Water Programs, to make the case that it can be a long-range planning template for small systems seeking funding, an affordable tool that will also make the agencies’ review of those funding applications more efficient. He points out that these are agencies who, “want to see your rates and... your revenue coming in... and [that] you’ve made sure that your rates are set at a level where you can pay for this loan. By putting this in [Waterworth] and sitting down with somebody like the USDA or the State Revolving Fund, you can show them at a glance how it’s going to work.”



KINGSBURY
GENERAL IMPROVEMENT DISTRICT