



OVERVIEW

Virgin Valley Water District

Customer Since 2016
Population: 18,000

Challenges

Virgin Valley Water District (VVWD) needed a way to stop unpredictable water rate increases. After being stuck on the “rates roller coaster” they chose to give WaterWorth a try.

Results

Since starting with WaterWorth, rate increases have become smaller and steadier. VVWD is now setting rates out four years in advance and the public is on board with a more predictable and sustainable revenue model.

Benefits

- Multi-year rate structuring
- Consumers and community are able to plan ahead
- Less expensive than consultants
- Confidence in ability to communicate with the Board of Directors
- Ability to spot looming financial challenges in advance

“WaterWorth allows us to show what we need to do to be a sustainable water system.”

- Wes Smith
Chief Financial Officer

How The Virgin Valley Water District Got Off The Rates Roller Coaster

Background ■■■■

Virgin Valley Water District (VVWD) in Nevada provides water services to residents in the City of Mesquite and Town of Bunkerville. Wanting to keep services affordable, the District Board of Directors hesitated to raise rates. This caused a seemingly endless “rates roller coaster”, where prices remained stable for years, interspersed by steep increases to catch up.

In 2010, to stay compliant with bond covenants, the District was forced to implement an across-the-board 36% rate increase. Staff knew they needed a better way to manage rate changes. Outsourcing to consultants was a cost prohibitive solution, with typical quotes coming in between \$60,000 and \$90,000.

VVWD needed a solution that would keep rates analysis in-house while letting staff explore different financing scenarios. They wanted tools that would convey long-term revenue needs and allow elected officials to see the big picture. Most of all, they wanted a way to anticipate their needs to avoid massive one-time rate increases that only upset customers.

How WaterWorth Helped ■■■■

VVWD was one of WaterWorth’s intrepid first users, signing up when it was still new to the water financing world. Staff saw the WaterWorth vision right away, however their enthusiasm was tempered with a bit of skepticism at first, and initially they found they were relying heavily on support from the Econics team.

Then everything clicked. They played around with the tools and discovered they could easily upload data into WaterWorth. As a team, they were able to model about 10 different robust scenarios in just a couple of days. After meeting with a couple of Board members, outside of the regular meeting cycle, the WaterWorth vision came into focus for them as well.



They were able to see the effects of rate changes instantaneously, which helped them understand what needed to happen to meet revenue requirements. Ultimately the entire Board and even some members of the community got excited about WaterWorth and supported its use.

VVWD's first rate change using WaterWorth was still big. This was necessary to help catch up financially, but was approved with little opposition. A year later, the Board has agreed to a series of small-but-steady increases and has a goal of maintaining a four-year rate schedule. They plan to continue their use of WaterWorth annually to look at small course corrections and integrity checks. The goal is to keep rate increases under 2% in any given year, with a target of 1% or less.

How Econics' Support Made the Difference ■■■■

Extensive support from Econics has provided huge value to VVWD. The staff keeps in regular contact with us, using tools such as live-chat, sometimes even after hours. During Board meetings where rates were discussed, Econics was on standby via phone, giving staff confidence that support was there if needed.

They also appreciated our willingness to customize the software when needed. To date, Virgin Valley staff have identified about 10 areas WaterWorth could give them better functionality, and Econics was able to accommodate these requests quickly.

“It’s amazing how quickly our Board members are beginning to understand the issues related to this process.”

- Wes Smith
Chief Financial Officer

Conclusion ■■■■

VVWD staff knew something needed to change. For them, expensive consultants or laborious Microsoft Excel spreadsheets were not appealing anymore. Luckily, WaterWorth came along at just the right time.

Developing a multi-year rate schedule is allowing residents to prepare, because they now know what future rates will be. Public meetings are less contentious with only two people showing up at the last rate hearing. As staff puts it, "WaterWorth has just taken the heat out of it". It has allowed Virgin Valley to have non-emotional conversations about rate increases and take the right steps towards sustainable service delivery.

