



# RUNNING SPRINGS WATER DISTRICT

## Water, Wastewater, Fire, and Ambulance Draft Financial Plans and Rate Studies

Board Update  
July 21, 2010



**BARTLE WELLS ASSOCIATES**  
Independent Public Finance Advisors





# Study Objectives

- **Independent review of the District's water, wastewater, fire and ambulance rates & finances**
- **Develop 20-year cash flow projections & long-term financial plans**
- **Determine future annual revenue requirements**
- **Meet debt service ratio requirements and maintain good credit rating**
- **Recommend rate adjustments needed to fund long-term operating & capital needs**
- **Assist with Proposition 218 compliance**


***Goal: Phase-in rate increases to minimize impact on customers***

# WATER RATES





# Overview of Water Rates

- **Last rate increase was in 2008 – 4.6% increase based on COLA adjustment**
- **District provides water service to approximately 2,935 customers (Residential accounts = 98%)**
- **Full-time residents = 51%**  
**Part-time residents = 49%**
- **Water Sales Revenues**
  - **2009/10 Budget = \$1.52M**
  - **2010/11 Budget = \$1.42M**





# Overview of Water Rates (cont'd)

- **Total Projected Water Use in 2010/11** = **231,000 ccf**
  - **Single Family Residential** = **208,000 ccf**
  - **Commercial and Schools** = **23,100 ccf**
  
- **Average SFR monthly water consumption = 9 ccf**  
**1 ccf = 100 cubic feet = 748 gallons**
  
- **% of Base vs Usage Charge (Based on 3-yr avg FY 2009-2011)**
  - **Fixed Service Charge** = **44.6%**
  - **Quantity Charge** = **55.4%**





# Current Water Rates

## MONTHLY WATER RATES (EFFECTIVE JULY 1, 2008)

### Fixed Service Charge

<u>Meter Size</u>	<u>Rate</u>	<u>Demand Ratio</u>
3/4-inch	\$18.15	1.0
1-inch	45.40	2.5
1 1/2-inch	90.78	5.0
2-inch	145.26	8.0
3-inch	317.73	17.5
4-inch	907.83	50.0

### Quantity Charge

Per CF \$0.0326 (= \$3.26/ccf)

### DWR Repayment

Safe Water Drinking Water Loan \$3.90



# Water Fund Reserves

## WATER RESERVE FUND BALANCES AS OF JULY 1, 2009

<b>Water Capital</b>	
Zone III Reservoir	\$4,298
<b>Reserved for Ayers Acres Project</b>	
Sale of District Property	134,363
Water Treatment	277,492
Facility Capacity Charge	<u>236,963</u>
Subtotal Capital Reserves	653,116
San Bernardino County Lease Payments	84,467
<b>Water Bond</b>	
Assessment District #10	88,542
Safe Drinking Water Loan	<u>(54,447)</u>
Subtotal Bond Reserves	34,095
<b>Total Water Fund Reserves</b>	<b>\$771,678</b>

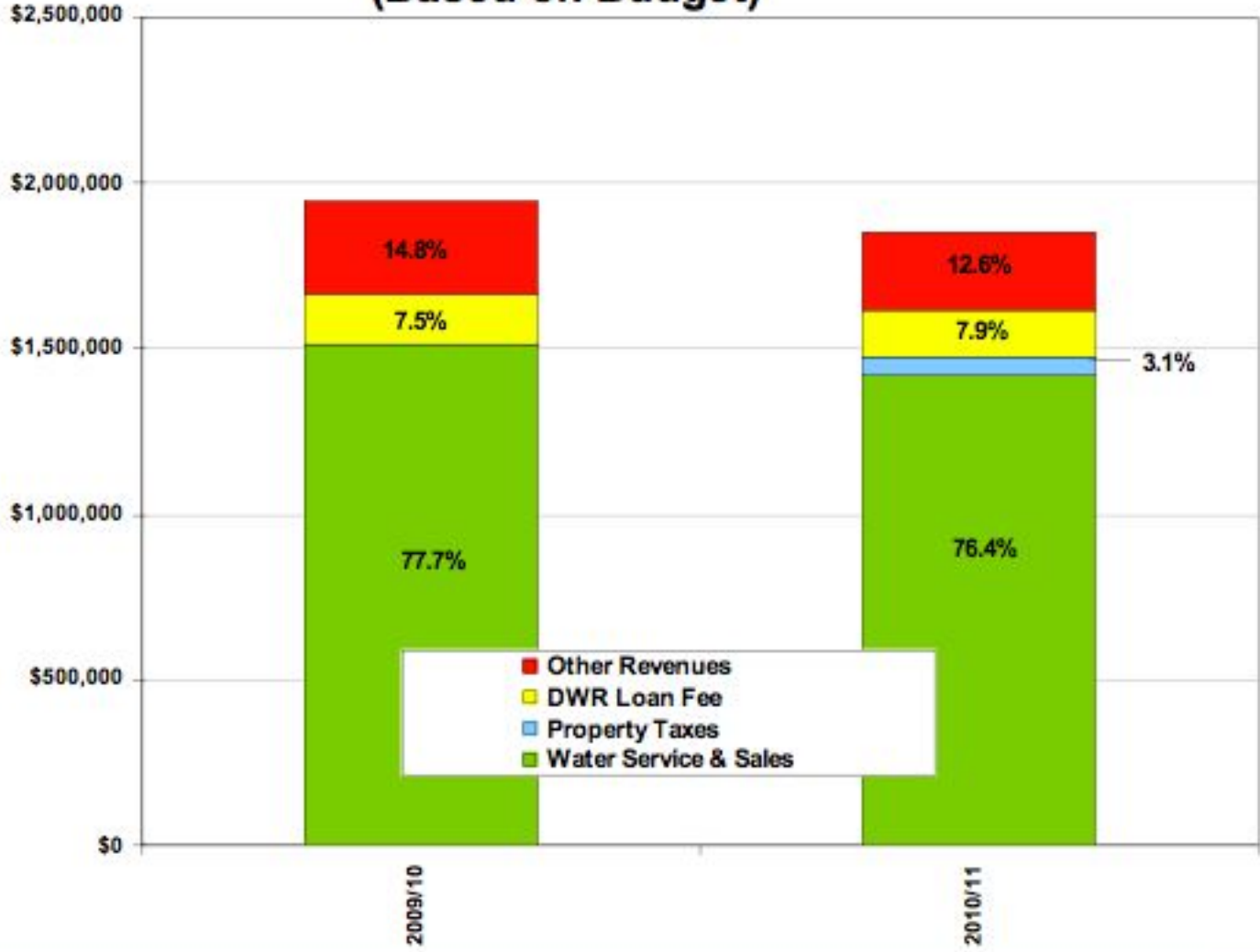
**BWA recommends a minimum fund reserve target equal to 30% (or 4 months) of annual operating expenses.**

**2010/11 Fund Target = \$485,495**



# Total Water Revenue Breakdown

## % Breakdown of Total Annual Revenue (Based on Budget)



- \* Other Revenues incl:
- delinquent fees
  - interdepartmental reimbursements
  - availability charges
  - interest
  - facility capacity charges
  - meter unlocking & reconnecting charges
  - cost of sales
  - other misc. revenues





# Water Revenue Needs

- **2010/11 Operations Expenses = \$1,618,300**
  - Includes Salaries, Utilities, Professional Services, Purchased Water, and Other Services & Supplies
  
- **2010/11 Capital Repairs & Replacements = \$82,200**
  - Future repairs include replacement of backhoes and concrete repavement for main office
  
- **Transfer from Operating Fund to Capital Fund**
  - Beginning in 2011/12, operating fund will make an annual transfer to fund capital R&R, Water Master Plan projects, and debt service



# Water Revenue Needs (continued)

- **20-Year Water Master Plan CIP (FY 2011 – 2031)**
  - **Total Projected Cost = \$6 million**
  - **Projects include water main upgrades and pavement repair**

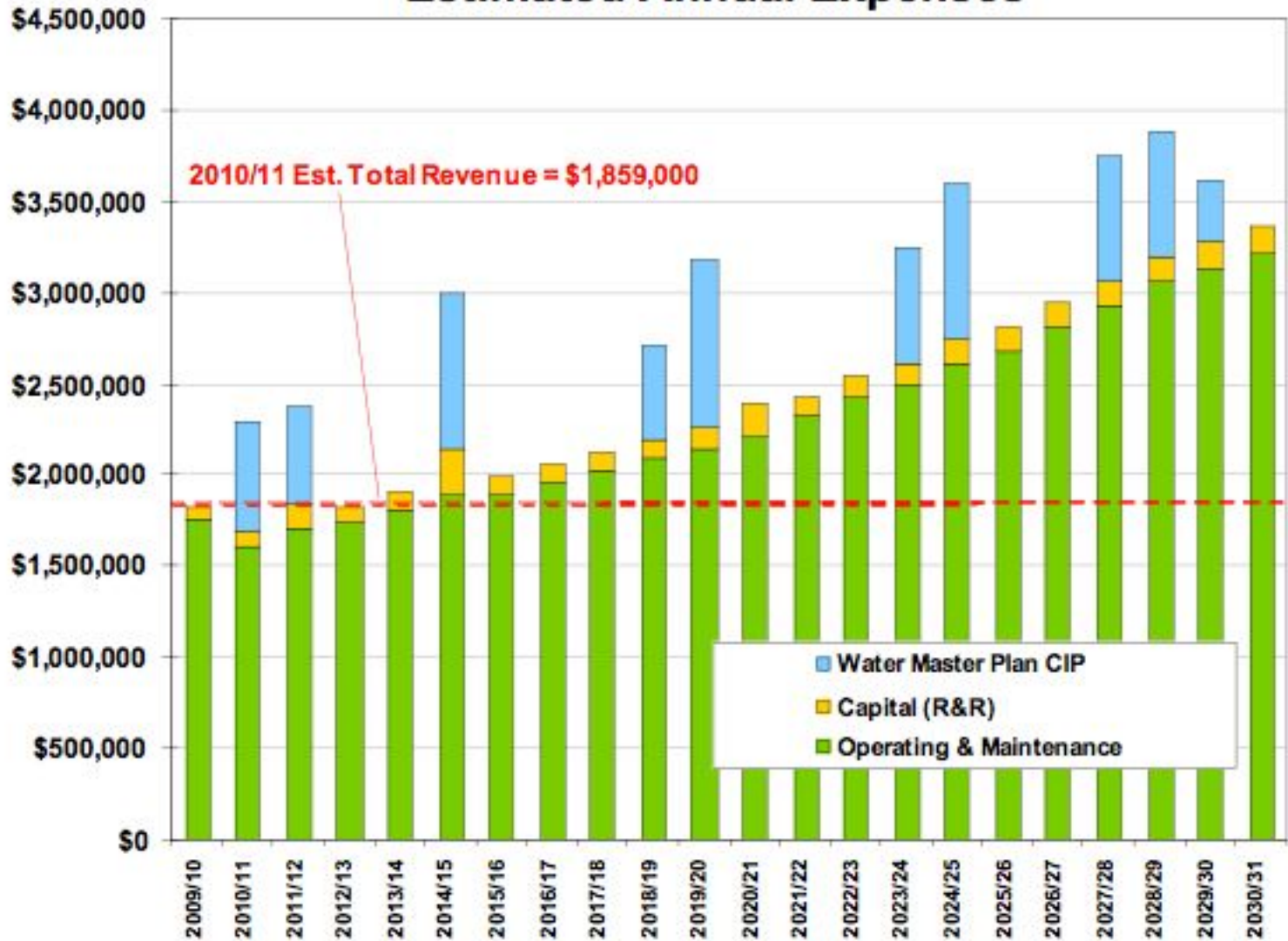
Project	FY 2011 - 2015	FY 2016 - 2020	FY 2021 - 2025	FY 2025 - 2031	Total
Water Main Upgrade	\$1,133,217	\$1,215,469	\$1,105,873	\$1,319,620	\$4,774,179
Pavement Repair	<u>267,008</u>	<u>219,801</u>	<u>379,156</u>	<u>382,935</u>	<u>\$1,248,900</u>
Total	1,400,225	1,435,270	1,485,029	1,702,555	\$6,023,079

- **Water Debt Service**
  - **Current debt: \$1.3M DWR Loan matures in 2013/14**
  - **District anticipates borrowing roughly \$6M over the next 20 years to fund Water Master Plan projects**
  - **During FY 2011 through FY 2015, District will have two borrowings for \$670,000 in FY 2012 and \$1.1M in FY 2015**



# Water Revenues vs. Expenses

## Estimated Annual Expenses







# Water Financial Projections

- **BWA developed 20-year cash flow projections to determine rate adjustments and the overall impact on revenues and fund balances**
- **Based on best information currently available & reasonable assumptions:**
  - **Rate increases effective July-1 of each year, beginning in 2011/12**
  - **All operating expenses except for Purchased Water escalated 3.0% annually**
  - **Assumes no growth**
  - **DWR Loan Fee does not change**
  - **All other operating revenues escalated 3.0% annually**
  - **Includes approx. \$50,000 in property tax revenues beginning in 2010/11**
  - **Includes \$670,000 loan in 2011/12, \$1.1M loan in 2014/15, \$1.5M loan in 2018/19, \$1.3 loan in 2023/24, and \$1.5M loan in 2027/28**
  - **Includes operating transfer to capital fund beginning in 2011/12**
  - **Rates are designed to meet debt service coverage requirements**





# Water Cash Flow Projection

	Budget		Projected				
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Rate Adjustment - %</b>		<b>0.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<b>Ending Fund Balance</b>							
Operating Fund	4,441	25,452	18,352	34,752	49,752	65,552	139,352
Capital Fund	<u>733,142</u>	<u>120,711</u>	<u>193,053</u>	<u>153,463</u>	<u>197,612</u>	<u>360,357</u>	<u>437,257</u>
Total Fund Balance	737,583	146,163	211,405	188,215	247,364	425,909	576,609
Debt Service Coverage (Min. 1.15x)	1.52	1.95	1.46	1.32	2.13	2.61	2.51
Target Met	yes	yes	yes	yes	yes	yes	yes
Fund Reserve Target - 30% of Oper. Exp.	529,186	485,495	513,000	525,600	546,300	567,300	571,800
Target Met	yes	no	no	no	no	no	yes



# Proposed Water Rates

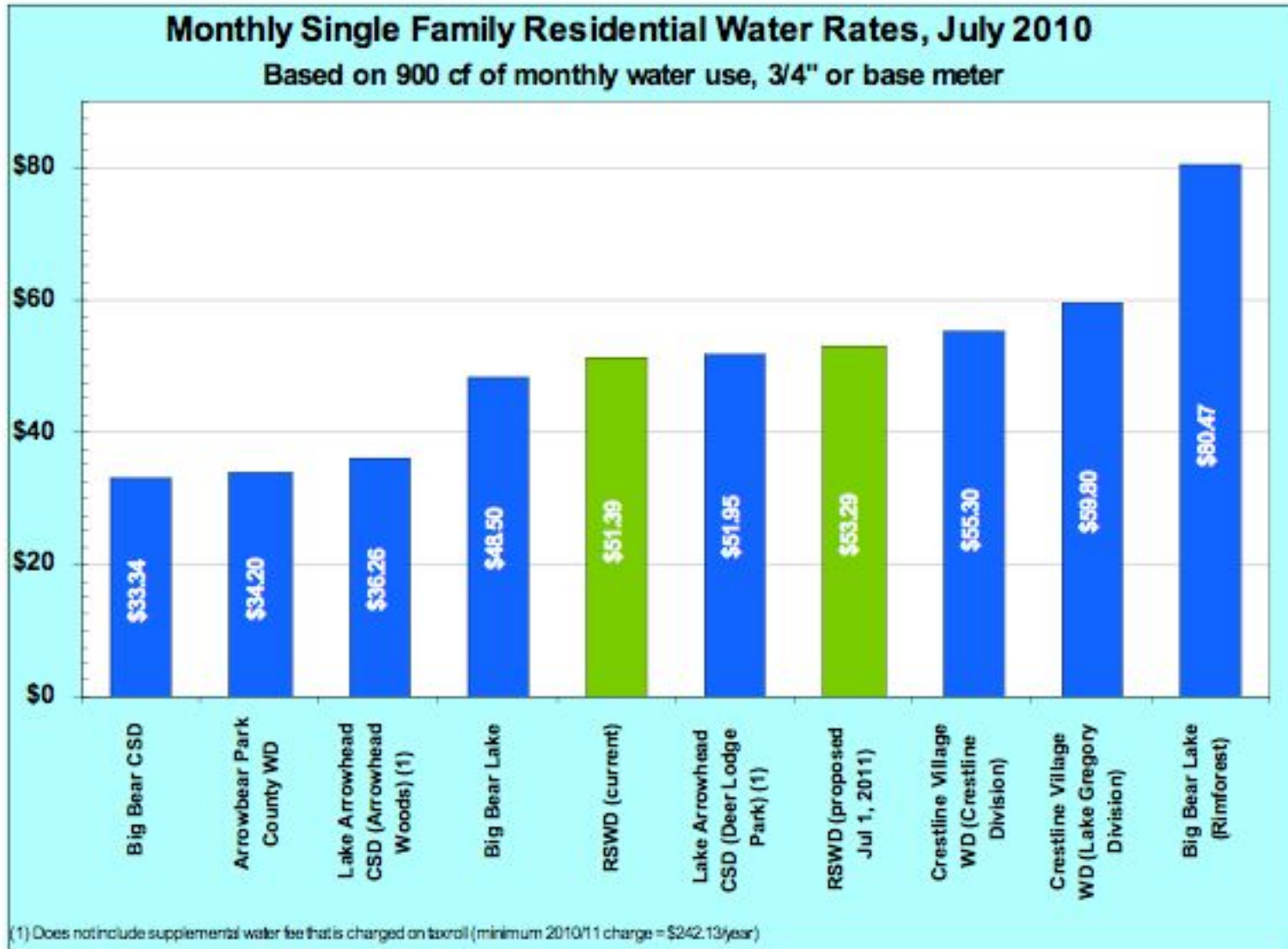
		Current	Proposed				
		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>% Rate Adjustment</b>			4.0%	4.0%	4.0%	4.0%	4.0%
<b>Fixed Service Charge</b>							
Meter Size	<u>Meter Ratio</u>						
3/4-inch	1.0	\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
1-inch	2.5	\$45.40	\$47.22	\$49.11	\$51.07	\$53.11	\$55.23
1 1/2-inch	5.0	\$90.78	\$94.41	\$98.19	\$102.12	\$106.20	\$110.45
2-inch	8.0	\$145.26	\$151.07	\$157.11	\$163.39	\$169.93	\$176.73
3-inch	17.5	\$317.73	\$330.44	\$343.66	\$357.41	\$371.71	\$386.58
4-inch	50.0	\$907.83	\$944.14	\$981.91	\$1,021.19	\$1,062.04	\$1,104.52
<b>Quantity Charge</b>							
<u>Monthly Use</u>							
Per CF		\$0.0326	\$0.0339	\$0.0353	\$0.0367	\$0.0382	\$0.0397
<b>DWR Repayment</b>							
Safe Water Drinking Water Loan		\$3.90	\$3.90	\$3.90	\$3.90	\$3.90	\$3.90

# Projected Rate Impacts

Customer	Monthly Use (cf)	Current	Projected Monthly Bills				
			2011/12	2012/13	2013/14	2014/15	2015/16
<b>Low Use</b>							
Service Charge		\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Quantity Charge	300	\$9.78	\$10.17	\$10.59	\$11.01	\$11.46	\$11.91
<u>DWR Loan Charge</u>		<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Service Charge		\$31.83	\$32.95	\$34.13	\$35.34	\$36.61	\$37.91
Increase \$			\$1.12	\$1.18	\$1.21	\$1.27	\$1.30
Increase %			3.5%	3.6%	3.5%	3.6%	3.6%
<b>Average Use</b>							
Service Charge		\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Quantity Charge	900	\$29.34	\$30.51	\$31.77	\$33.03	\$34.38	\$35.73
<u>DWR Loan Charge</u>		<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Service Charge		\$51.39	\$53.29	\$55.31	\$57.36	\$59.53	\$61.73
Increase \$			\$1.90	\$2.02	\$2.05	\$2.17	\$2.20
Increase %			3.7%	3.8%	3.7%	3.8%	3.7%
<b>High Use</b>							
Service Charge		\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Quantity Charge	2,500	\$81.50	\$84.75	\$88.25	\$91.75	\$95.50	\$99.25
<u>DWR Loan Charge</u>		<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Service Charge		\$103.55	\$107.53	\$111.79	\$116.08	\$120.65	\$125.25
Increase \$			\$3.98	\$4.26	\$4.29	\$4.57	\$4.60
Increase %			3.8%	4.0%	3.8%	3.9%	3.8%
<b>Very High Use</b>							
Service Charge		\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Quantity Charge	4,000	\$130.40	\$135.60	\$141.20	\$146.80	\$152.80	\$158.80
<u>DWR Loan Charge</u>		<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Service Charge		\$152.45	\$158.38	\$164.74	\$171.13	\$177.95	\$184.80
Increase \$			\$5.93	\$6.36	\$6.39	\$6.82	\$6.85
Increase %			3.9%	4.0%	3.9%	4.0%	3.8%



# Regional Water Rate Survey







# Water Key Recommendations

- **Separately account for water enterprise revenues in a water operating fund**
- **Aim to achieve a minimum water fund (operating & capital) balance target equal to 30% of annual operating expenses (equivalent to approx. 4 months of O&M)**
- **Make annual operating fund transfer to capital fund to pay for capital projects and debt service**
- **Proposed Borrowings for Water Master Plan CIP:**
  - 2011/12: \$670,000
  - 2014/15: \$1.1M
  - 2018/19: \$1.5M
  - 2023/24: \$1.3M
  - 2027/28: \$1.5M
  - Total = \$6.0M**

# WASTEWATER RATES





# Overview of Wastewater Rates

- **Last rate increase was in 2008 – 4.6% increase based on COLA adjustment**
- **District provides sewer service to approx. 2,879 customers (Residential accounts = 98%)**
- **Wastewater Sales Revenues**
  - 2009/10 Budget = \$1.03M
  - 2010/11 Budget = \$1.04M } 1.2% increase
- **% of Base vs. Usage Charge (Based on 3-yr avg FY 2009 - 2011)**
  - **Base Charge = 88.3%**
  - **Usage Charge = 11.7%**



# Current Wastewater Rates

## MONTHLY WASTEWATER RATES (EFFECTIVE JULY 1, 2008)

### Base Service Charge

Fixed Charge per EDU - Residential & Commercial \$27.02

### Quantity Charge

Consumption Charge per CF

Residential - 15% of Monthly Water Consumption \$0.0326

Commercial - 33 1/3% of Monthly Water Consumption \$0.0326

### WPCP Loan Repayment

Treatment Plant Pollution Control \$3.00





# Wastewater Fund Reserves

RESERVE FUND BALANCES AS OF JULY 1, 2009	
<b>Wastewater Capital</b>	
Leachate	\$334,886
Filtration Project	46,170
Arrowbear Filtration Project	33,414
CSA - 79 Filtration Project	50,240
Treatment Plant Expansion	(119,183)
Lift Stations	6,323
<b>Reserved for Filtration Expansion</b>	
Effluent Enhancement	310,567
Facility Capacity Charge	293,483
<b>Reserved for Outfall Line Replacement</b>	
Outfall Line Replacement	<u>323,072</u>
Subtotal Capital Reserves	1,278,971
<b>Wastewater Bond</b>	
Sewer Bond Fund	(597)
Assessment District #7	<u>94,764</u>
Subtotal Bond Reserves	94,166
<b>Total Wastewater Fund Reserves</b>	<b>\$1,373,138</b>

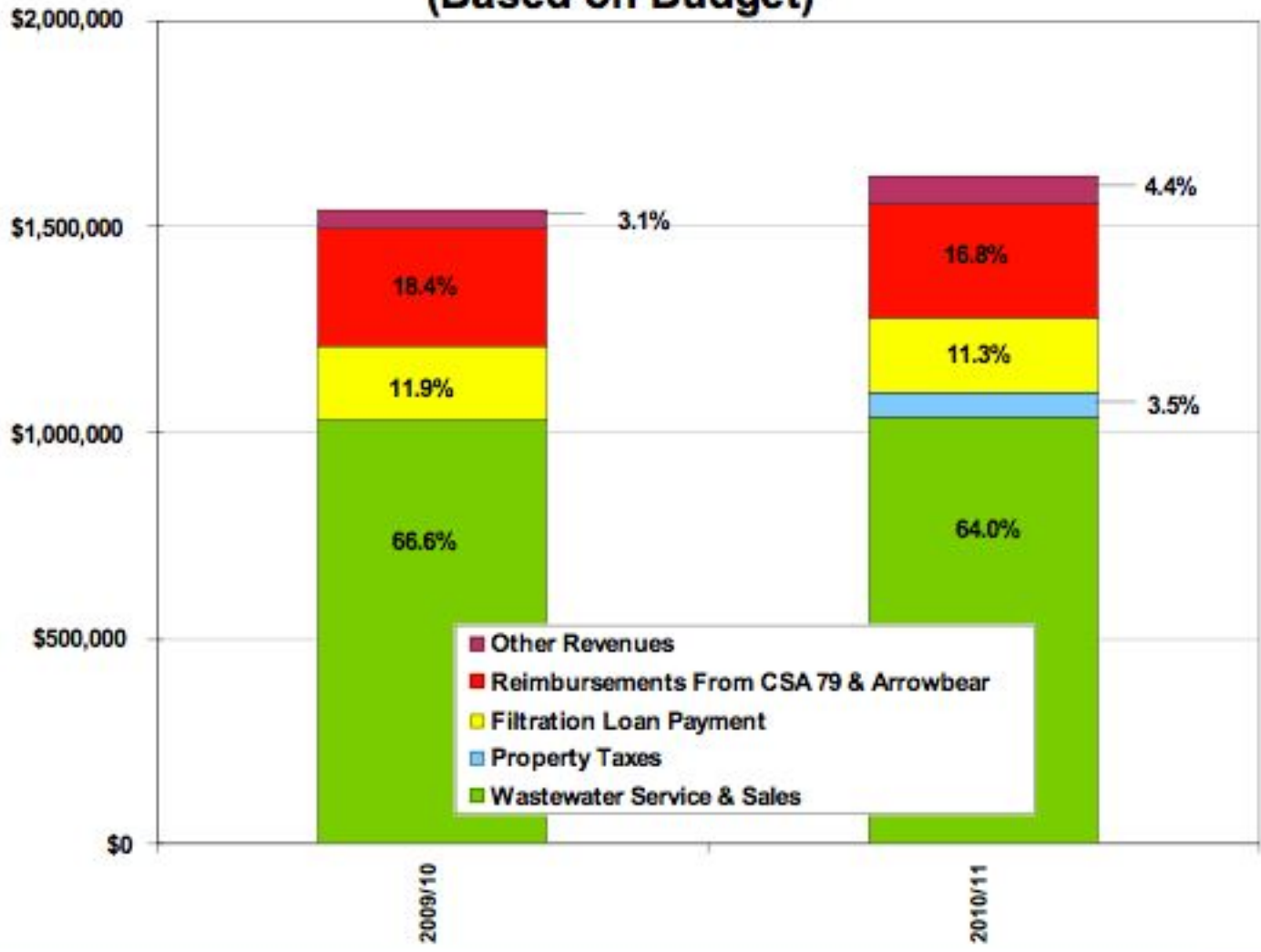
**BWA recommends a minimum fund reserve target equal to 30% (or 4 months) of annual operating expenses.**

**2010/11 Fund Target = \$399,888**



# Total Wastewater Revenue Breakdown

## % Breakdown of Total Annual Revenue (Based on Budget)



**\* Other Revenues incl:**

- availability charges
- Leachate Project
- CSA 70 & Arrowbear's proportionate share of capital projects



# Wastewater Revenue Needs

- **2010/11 Operations Expenses = \$1,333,000**
  - Includes Salaries, Utilities, Professional Services, Maintenance Solids Handling, and Other Services & Supplies
  
- **2010/11 Capital Repairs & Replacements = \$108,300**
  - Future repairs include replacement of John Deer Loader and roof replacement and road repavement for treatment plant
  
- **Transfer from Operating Fund to Capital Fund**
  - Beginning in 2011/12, operating fund will make an annual transfer to fund capital R&R, Wastewater Master Plan projects, and debt service





# Wastewater Revenue Needs (continued)

- **20-Year Wastewater Master Plan CIP (FY 2011 – 2031)**
  - Total Projected Cost = \$2.3 million
  - Currently no projects planned after FY 2020
  - Projects include Lift Station #2 rehabilitation, replacing generators, upsizing pipelines, and belt press replacement

Project	FY 2011 - 2015	FY 2016 - 2020	Total
Lift Station #1, #2 Rehabilitation Rotation/Standby Pump	\$1,080,000	\$0	\$1,080,000
Lift Station #3 Replacement	0	675,000	675,000
Lift Station #1, #2 & #7, Generators Replacement	202,500	0	202,500
Undersized Sewer Pipelines Replacement	0	42,363	42,363
Generator Replacement	110,000	0	110,000
Belt Press Replacement	<u>190,500</u>	<u>0</u>	<u>190,500</u>
Total	1,583,000	717,363	2,300,363

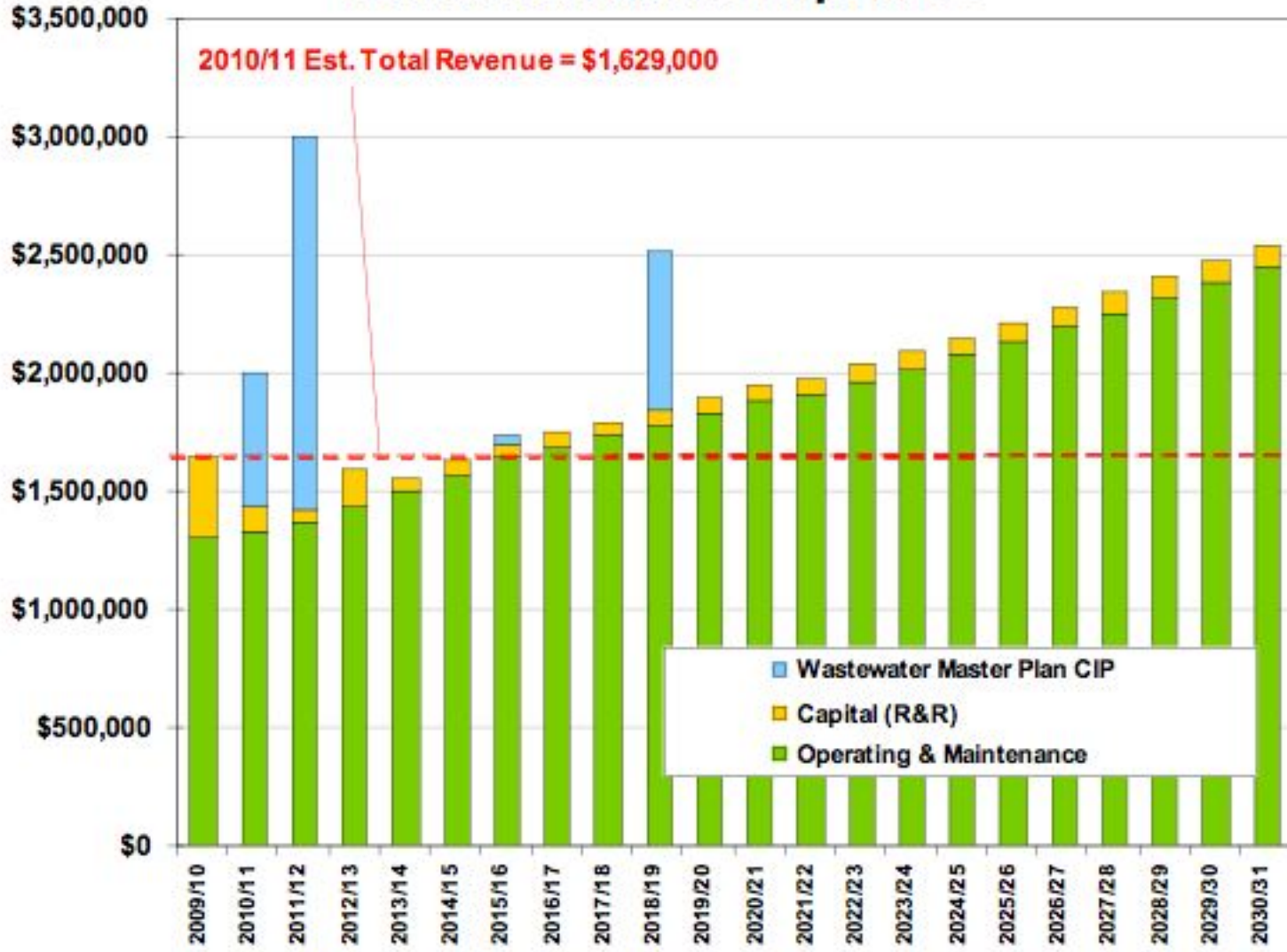
- **Debt Service**
  - Current debt: \$2.8M Filtration loan matures in 2016/17
  - Future debt: \$1.6M borrowing in 2011/12 for Wastewater Master Plan CIP





# Wastewater Revenues vs. Expenses

## Estimated Annual Expenses





# Wastewater Financial Projections

- **BWA developed 20-year cash flow projections to determine rate increases and the overall impact on revenues and fund balances**
  
- **Based on best information currently available & reasonable assumptions:**
  - **Rate increases effective July-1 of each year, beginning in 2011/12**
  - **All operating expenses escalated 3.0% annually**
  - **Assumes no growth**
  - **All other revenues escalated 3.0% annually**
  - **Includes operating transfer to capital fund beginning in 2011/12**
  - **Filtration loan payment does not change**
  - **Includes \$1.6M borrowing in 2011/12**
  - **Includes approx. \$50,000 in property tax revenues beginning in 2010/11**
  - **Rates are designed to meet debt service coverage requirements**



# Wastewater Cash Flow Projection

	Budget		Projected				
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Rate Increase - %</b>		<b>0.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<b>Ending Fund Balance</b>							
Operating Fund	29,172	34,621	54,021	70,921	76,621	72,321	57,321
Capital Fund	949,799	374,351	474,953	413,054	405,654	421,254	417,491
Total Fund Balance	978,971	408,972	528,974	483,975	482,275	493,575	474,812
Debt Service Coverage (Min. 1.15x)	1.27	1.58	1.81	1.42	1.16	1.21	1.25
Target Met	yes	yes	yes	yes	yes	yes	yes
Fund Reserve Target - 30% of Oper. Exp.	392,368	399,888	414,000	433,800	453,600	473,700	494,700
Target Met	yes	yes	yes	yes	yes	yes	no





# Wastewater Rates – Option #1

- **Maintain current rate structure**

	Current 2010/11	Proposed				
		2011/12	2012/13	2013/14	2014/15	2015/16
<i>% Rate Adjustment</i>		<i>5.0%</i>	<i>5.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
<b>Base Service Charge</b>						
Fixed Charge per EDU - Residential & Commercial	\$27.02	\$28.37	\$29.79	\$30.98	\$32.22	\$33.51
<b>Quantity Charge</b>						
Consumption Charge per CF	\$0.0326	\$0.0342	\$0.0359	\$0.0373	\$0.0388	\$0.0404
Residential - 15% of Monthly Water Consumption						
Commercial - 33 1/3% of Monthly Water Consumption						
<b>WPCP Loan Repayment</b>						
Treatment Plant Pollution Control	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00





# Option #1: Pros vs. Cons

- **PROS**

- No change to rate structure means less confusion for ratepayers
- No change to billing system

- **CONS**

- Complaints from high water users for high monthly bills
- Staff has to manually adjust bills in the Spring when there are leaks during the Winter
- Consumption rate based on 15% of monthly water consumption for residential users needs additional analysis



# Wastewater Rates – Option #2

- **Residential Customers: Base (fixed) charge only**
  - Rate based on 900 cf monthly consumption
- **Commercial Customers: No change in rate structure**

	Current	Proposed				
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<i>% Rate Adjustment</i>		<i>5.0%</i>	<i>5.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>4.0%</i>
<b>Base Service Charge</b>						
Residential	\$27.02	\$31.40	\$32.97	\$34.29	\$35.66	\$37.09
Commercial - Fixed Charge per EDU	\$27.02	\$28.37	\$29.79	\$30.98	\$32.22	\$33.51
<b>Quantity Charge - per CF</b>						
Commercial - 33 1/3% of Monthly Water Consumption	\$0.0326	\$0.0342	\$0.0359	\$0.0373	\$0.0388	\$0.0404
<b>WPCP Loan Repayment</b>						
Treatment Plant Pollution Control	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00



## Option #2: Pros vs. Cons

- **PROS**

- All residential customers pay the same monthly charge
- Charge is based on actual data (avg monthly use = 900 cf)
- Fixed-only charge lowers monthly bill for high water users

- **CONS**

- Part-time residents and low water users may complain
- Staff has to change billing system



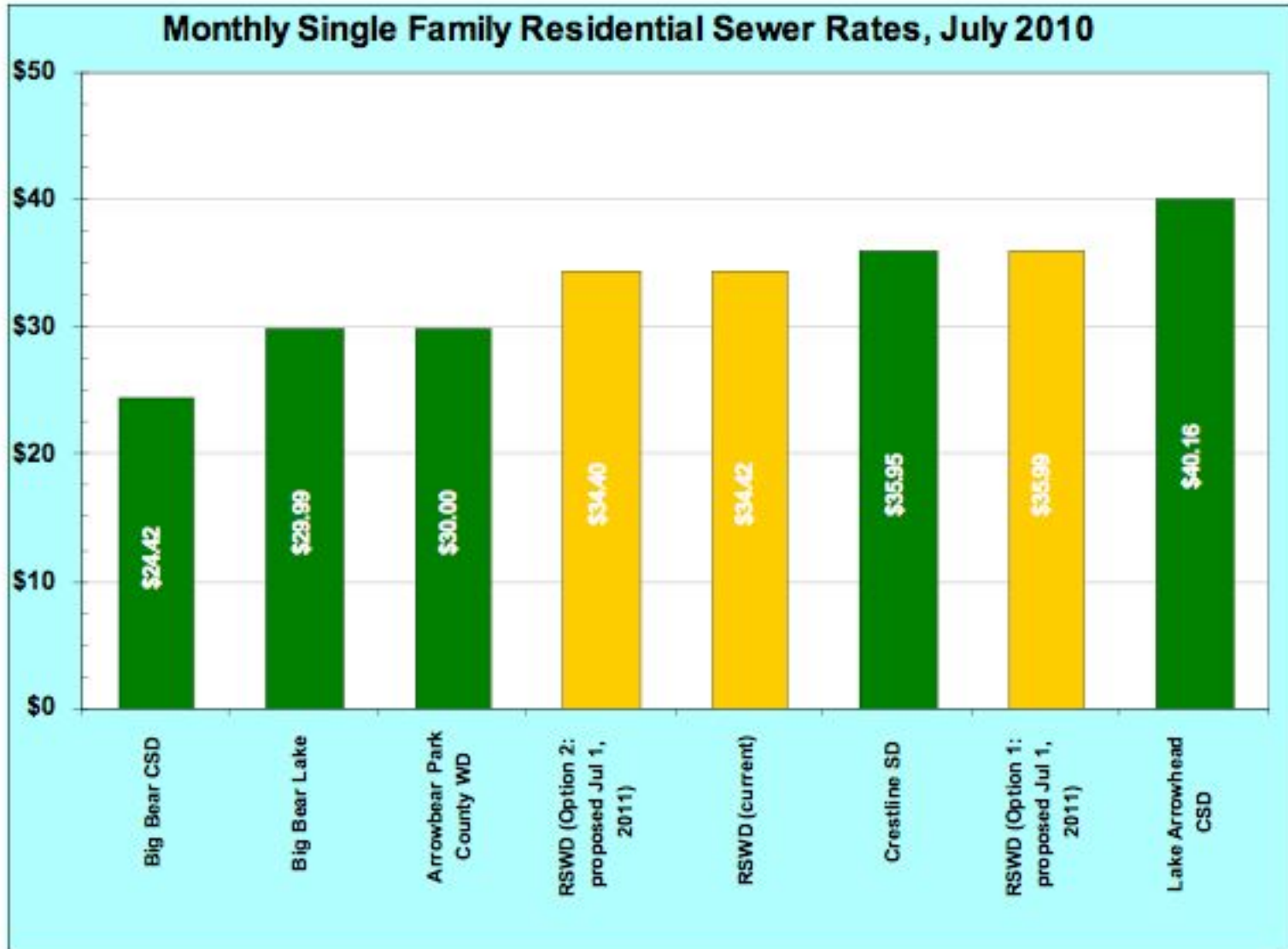
# Projected Wastewater Rate Impacts - Residential

Customer	Monthly Use (cf)	Current	Proposed - July 1, 2011	
			Rate Option #1	Rate Option #2
<b><u>Low Use</u></b>				
Service Charge		\$27.02	\$28.37	\$31.40
Quantity Charge	300	\$1.47	\$1.54	\$0.00
<u>DWR Loan Charge</u>		<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Water Service Charge		\$31.49	\$32.91	\$34.40
Increase \$			\$1.42	\$2.92
Increase %			4.5%	9.3%
<b><u>Average Use</u></b>				
Service Charge		\$27.02	\$28.37	\$31.40
Quantity Charge	900	\$4.40	\$4.62	\$0.00
<u>DWR Loan Charge</u>		<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Water Service Charge		\$34.42	\$35.99	\$34.40
Increase \$			\$1.57	(\$0.02)
Increase %			4.5%	-0.1%
<b><u>High Use</u></b>				
Service Charge		\$27.02	\$28.37	\$31.40
Quantity Charge	2,500	\$12.23	\$12.83	\$0.00
<u>DWR Loan Charge</u>		<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Water Service Charge		\$42.25	\$44.20	\$34.40
Increase \$			\$1.95	(\$7.84)
Increase %			4.6%	-18.6%
<b><u>Very High Use</u></b>				
Service Charge		\$27.02	\$28.37	\$31.40
Quantity Charge	4,000	\$19.56	\$20.52	\$0.00
<u>DWR Loan Charge</u>		<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Water Service Charge		\$49.58	\$51.89	\$34.40
Increase \$			\$2.31	(\$15.18)
Increase %			4.7%	-30.6%





# Regional Wastewater Rate Survey





# Wastewater Key Recommendations

- **Separately account for wastewater enterprise revenues in a wastewater operating fund**
- **Aim to achieve a minimum wastewater fund (operating & capital) balance target equal to 30% of annual operating expenses (equivalent to approx. 4 months of O&M)**
- **Make annual operating fund transfer to capital fund to pay for capital projects and debt service**
- **Proposed Borrowings for Wastewater Master Plan CIP:**
  - 2011/12: \$1.6M



# Typical Monthly Bill – SFR, 3/4” meter, 9 ccf

- No change in water or wastewater rate structure**

	Current	Proposed				
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>WATER</b>						
<i>% Rate Adjustment</i>		4.0%	4.0%	4.0%	4.0%	4.0%
Water Service (Fixed) Charge	\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Consumption Charge - 9 ccf	\$29.34	\$30.78	\$32.31	\$33.57	\$34.92	\$36.36
DWR Loan Charge	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Charge	\$51.39	\$53.56	\$55.85	\$57.90	\$60.07	\$62.36
<i>% Change</i>		4.2%	4.3%	3.7%	3.7%	3.8%
<b>SEWER</b>						
<i>% Rate Adjustment</i>		5.0%	5.0%	4.0%	4.0%	4.0%
Sewer Service Base Charge	\$27.02	\$28.37	\$29.79	\$30.98	\$32.22	\$33.51
Consumption Charge - 1.35 ccf (15% of 9 ccf)	\$4.40	\$4.62	\$4.85	\$5.04	\$5.24	\$5.45
WPCP Loan Charge	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Sewer Charge	\$34.42	\$35.99	\$37.64	\$39.02	\$40.46	\$41.96
<i>% Change</i>		4.5%	4.6%	3.7%	3.7%	3.7%
<b>TOTAL WATER &amp; SEWER BILL</b>						
	\$85.81	\$89.55	\$93.49	\$96.92	\$100.53	\$104.32
<i>% Change</i>		4.4%	4.4%	3.7%	3.7%	3.8%





# Typical Monthly Bill – SFR, 3/4” meter, 9 ccf

## Wastewater Residential - fixed charge only

	Current	Proposed				
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>WATER</b>						
<i>% Rate Adjustment</i>		4.0%	4.0%	4.0%	4.0%	4.0%
Water Service (Fixed) Charge	\$18.15	\$18.88	\$19.64	\$20.43	\$21.25	\$22.10
Consumption Charge - 9 ccf	\$29.34	\$30.78	\$32.31	\$33.57	\$34.92	\$36.36
DWR Loan Charge	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>	<u>\$3.90</u>
Total Water Charge	\$51.39	\$53.56	\$55.85	\$57.90	\$60.07	\$62.36
<i>% Change</i>		4.2%	4.3%	3.7%	3.7%	3.8%
<b>SEWER</b>						
<i>% Rate Adjustment</i>		5.0%	5.0%	4.0%	4.0%	4.0%
Sewer Service Base Charge	\$27.02	\$31.40	\$32.97	\$34.29	\$35.66	\$37.09
Consumption Charge - 1.35 ccf (15% of 9 ccf)	\$4.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
WPCP Loan Charge	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>	<u>\$3.00</u>
Total Sewer Charge	\$34.42	\$34.40	\$35.97	\$37.29	\$38.66	\$40.09
<i>% Change</i>		-0.1%	4.6%	3.7%	3.7%	3.7%
<b>TOTAL WATER &amp; SEWER BILL</b>						
	\$85.81	\$87.96	\$91.82	\$95.19	\$98.73	\$102.45
<i>% Change</i>		2.5%	4.4%	3.7%	3.7%	3.8%

# FIRE & AMBULANCE





# Overview of Fire & Ambulance

- **Sources of revenue: property taxes, suppression charges, and ambulance charges**
- **2010/11 Total Budget Revenues = \$2.2M**
  - **Property Taxes = \$1.42M**
  - **Fire Suppression Charge = \$199,615**  
(\$65/year per unit x 2,925) 66 @ increased CEUs
  - **Ambulance Charges = \$400,000**
  - **Grant Revenue = \$144,433**
- **District is considering increasing suppression assessment to \$130/year in 2013/14 to fund an additional shift of firefighters**
  - **Projected revenue = \$383,500**
  - **District could possibly include an automatic annual COLA adjustment in the assessment**





# Fire & Ambulance Fund Reserves

RESERVE FUND BALANCES AS OF JULY 1, 2009	
<b>Fire &amp; Ambulance Capital</b>	
Reserve for Fire Capital Improvement Fund	<u>\$265,939</u>
<b>Total Fire &amp; Ambulance Reserves</b>	265,939

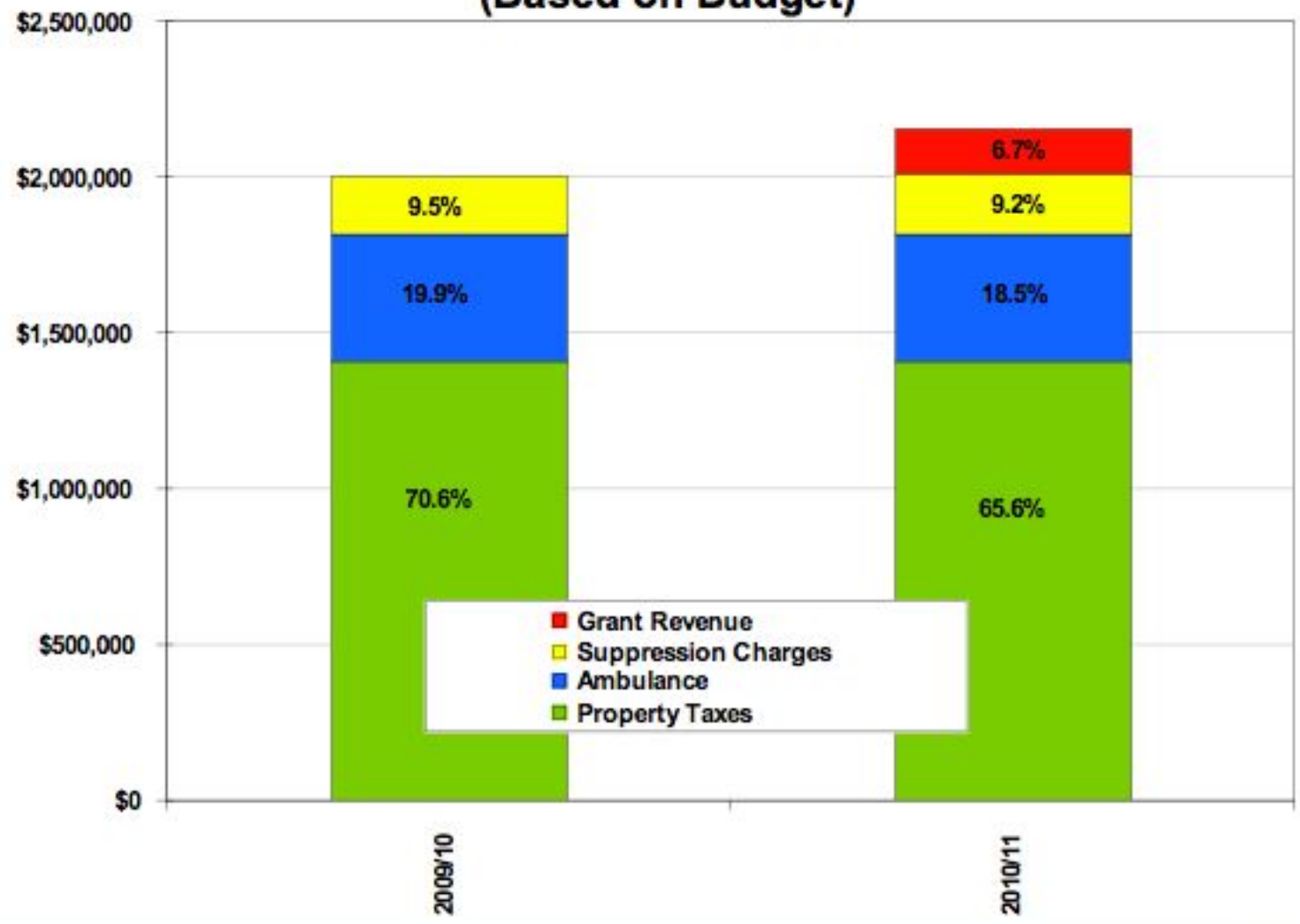
**BWA recommends a minimum fund reserve target equal to 50% (or 6 months) of annual operating expenses.**

**2009/10 fund target = \$866,600**



# Total Fire & Ambulance Revenue Breakdown

## % Breakdown of Total Annual Revenue (Based on Budget)





## Fire & Ambulance Revenue Needs

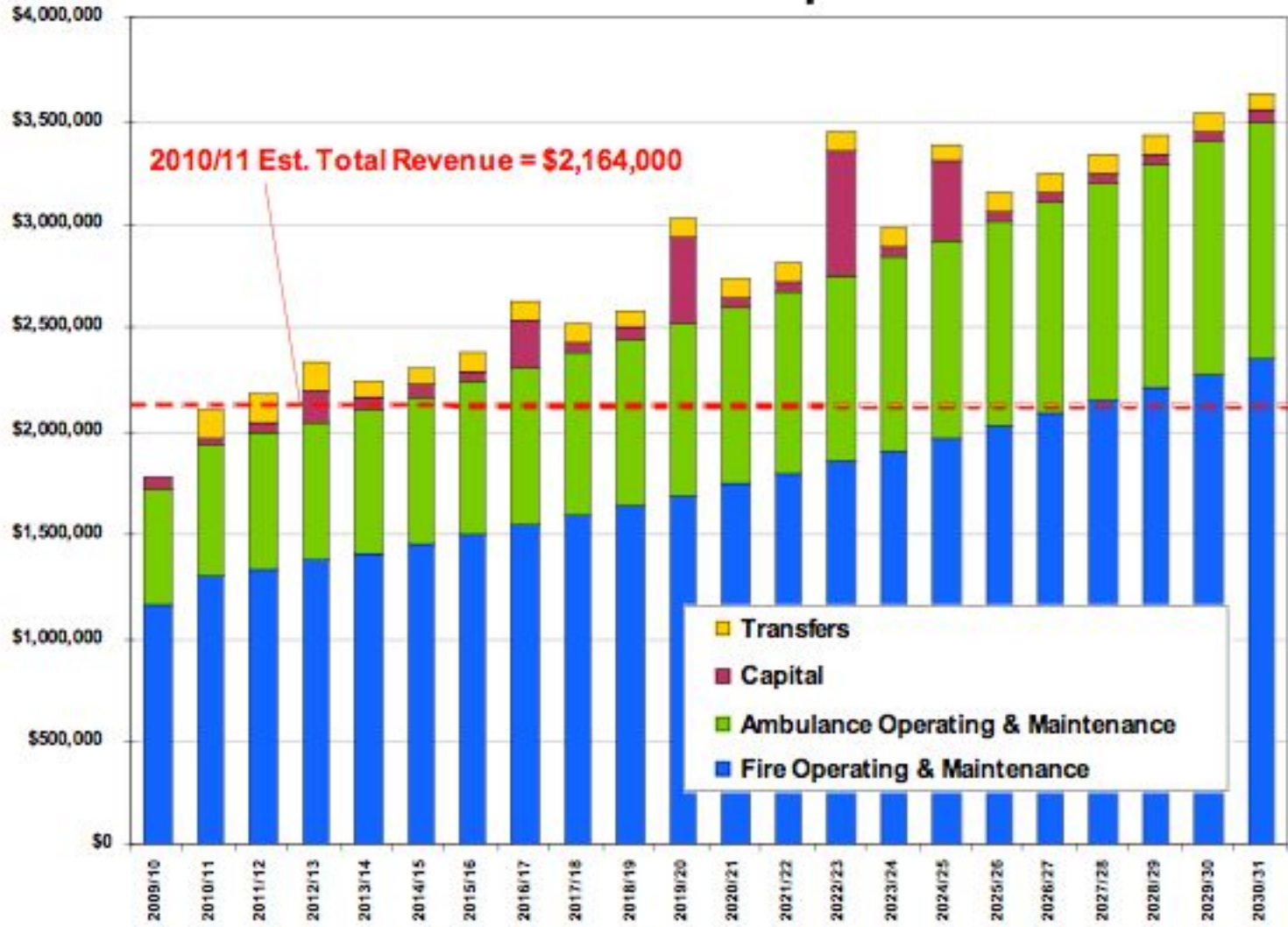
- **2010/11 Fire Operations Expenses = \$1,312,000**
  - Includes Salaries, Dispatching, Workers Comp Insurance, Professional Services, and Other Services & Supplies
- **2010/11 Ambulance Operations Expenses = \$634,000**
  - Includes Salaries, Professional Services, and Other Services & Supplies
- **2010/11 Capital Repairs & Replacements = \$25,000**
  - Future capital R&R projects include replacement of trucks, pumpers, and ambulances





# Fire & Ambulance Revenues vs. Expenses

## Estimated Annual Expenses





## Fire & Ambulance Financial Projections

- **BWA developed 20-year cash flow projections to determine rate increases and the impact on revenues and fund balances**
  
- **Based on best information currently available & reasonable assumptions:**
  - **All operating expenses escalated 3.0% annually**
  - **Assumes no growth**
  - **Assumes no increase in ambulance charges**
  - **Assumes 2% annual increase in property taxes beginning in 2012/13**
  - **Includes \$50,000 annual transfer to capital fund and \$38,000 annual transfer for breathing apparatus equipment**



# Fire & Ambulance Cash Flow Projection

- **Includes increased suppression charges in 2013/14 and additional shift of firefighters**

	Budget		Projected				
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Net Revenues - Operating Fund	254,358	24,658	8,130	(26,113)	57,140	38,933	52,891
<b>Ending Fund Balance</b>							
Operating Fund	254,358	279,016	287,147	261,034	318,174	357,106	409,998
Capital / Future General Equipment Fund	216,471	249,099	249,099	149,099	149,099	187,099	225,099
Breathing Apparatus Equipment Replacement Fund	0	38,000	76,000	114,000	0	0	0
Limited Term Firefighters Fund	0	48,144	96,288	0	0	0	0
<b>Total Ending Fund Balance</b>	<b>470,829</b>	<b>614,260</b>	<b>708,534</b>	<b>524,133</b>	<b>467,273</b>	<b>544,206</b>	<b>635,097</b>
Fund Reserve Target - 50% of Operating Expenses	866,655	973,229	1,000,217	1,027,717	1,059,000	1,090,500	1,124,000
<i>Target Met</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>





# Fire & Ambulance Cash Flow Projection

- **Does not include increased suppression charges and additional shift of firefighters**

	Budget		Projected				
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Net Revenues - Operating Fund	254,358	24,658	8,130	(26,113)	22,640	(3,067)	3,891
<b>Ending Fund Balance</b>							
Operating Fund	254,358	279,016	287,147	261,034	283,674	280,606	284,498
Capital / Future General Equipment Fund	216,471	249,099	249,099	149,099	149,099	187,099	225,099
Breathing Apparatus Equipment Replacement Fund	0	38,000	76,000	114,000	0	0	0
Limited Term Firefighters Fund	0	<u>48,144</u>	<u>96,288</u>	0	0	0	0
<b>Total Ending Fund Balance</b>	<b>470,829</b>	<b>614,260</b>	<b>708,534</b>	<b>524,133</b>	<b>432,773</b>	<b>467,706</b>	<b>509,597</b>
Fund Reserve Target - 50% of Oper. Exp.	866,655	973,229	1,000,217	1,027,717	984,500	1,014,000	1,045,000
<i>Target Met</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>



## Fire & Ambulance Key Recommendations

- **Separately account for fire and ambulance revenues in a fire fund and ambulance fund**
  
- **Aim to achieve a minimum fund balance (operating & capital) target equal to 50% of annual operating expenses (equivalent to approx. 6 months of O&M)**
  
- **Increase fire suppression assessment to \$130 per unit in 2013/14 and include an annual CPI inflator**
  
- **Community outreach strategies to obtain voter approval of increased assessment**
  - **Meet with rotary, chamber of commerce**
  - **Meet with key community figures to solicit endorsements**
  - **Prepare and send an educational mailer**
  - **Discuss in newsletter**
  - **Have a booth at community fairs, events**

# FACILITY CAPACITY CHARGES







# Facility Capacity Charges (FCCs)

- **One-time, up-front fee charged to new development to connect to the water and wastewater system**
- **Fee recovers new customers' share of the facilities required to provide service**
- **Government Code 66013: "fees and charges shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed"**
- **Not subject to Prop. 218 noticing and majority protest requirements**



# District's FCCs

- **Last review of FCCs was in 2005/06; since then, FCCs have been increased annually by COLA**
- **Fee is charged per EDU**
- **District is near build-out with less than 400 buildable lots within District boundaries (Master Plan)**
  - 2009/10 – 3 new homes built
- **Updated FCC calculated using the “Buy-in” methodology:**
  - Fixed Assets**
  - Existing + Future Customers**
  - **Present value of the investment made in the infrastructure based on the cost of existing facilities**
  - **Without these facilities, new development could not connect**



# Proposed Facility Capacity Charges

## **WATER:**

- **2010/11 Budget for FCCs = \$16,068 (4 new connections)**
- **Current Fee = \$4,017 per EDU**
- **Proposed Fee = \$6,222 per EDU (54.9% increase)**

## **SEWER:**

- **2010/11 Budget for FCCs = \$20,988 (4 new connections)**
- **Current Fee = \$5,247 per EDU**
- **Proposed Fee = \$6,415 per EDU (22.3% increase)**





# Options for Investing District Funds

<b>Investment</b>	<b>Current Yield</b>
- Local Agency Investment Fund (LAIF)	52 basis points
- Other investment funds like CAMP	31 basis points
- CD's (\$250,000 limit per bank for FDIC)	Up to 1.55% (1 year CD)
- Federal Securities	varies



## Next Steps / Schedule

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- **Dec 2010/Jan 2011: Board Workshop to finalize rate and FCC recommendations**
- **April 2011: Mail out Prop. 218 notices and information on public hearing to property owners**
- **June 2011: District holds public rate hearing to consider adoption of new rates**
- **New rates effective July 1, 2011**

# QUESTIONS/COMMENTS

