GDPUD Board Mtg of 12/12/2017
AGENDA ITEM 6A
Attachment 1

Georgetown Divide PUD Water Financial Analysis

Requested by: California State Water Resources Control Board

Prepared by: John Van den Bergh

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October 2017

This document was prepared using funds under Agreement 15-017-550 with the California State Water Resources Control Board; the total Agreement is for $3,971,379 and will produce multiple documents.

November 12, 2017

Elvira Reyes
State Water Resources Control City Council - Division of Financial Assistance

1001 I St. 16th Floor
PO Box 944212
Sacramento, CA 95814

Subject: Georgetown Divide Water Rate Study
SRF TA 4418

Dear Elvira:

Enclosed please find the printed final report of the Georgetown Divide Public Utility District. It was one of the more difficult studies as it involved almost 4,000 connections, $160 million in assets, and two customer classes.

The report was presented and approved by the GDPUD Board on October 24, 2017. RCAC will now assist the PUD with the Prop 218 process, which will be completed on December 12, 2017.

If you have any additional questions, feel free to contact me at 916/447-9832, Ext 1032 or John Van den Bergh at 916/917-4284.

Sincerely,

Ari Neumann

Ari Neumann
RCAC, Assistant Director
Community & Environmental Services

Enclosure: Georgetown Divide PUD 2017 Wastewater Rate Study

CC: Steve Palmer, General Manager, GDPUD, 6425 Main St., Georgetown, CA 95634

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1. Georgetown Divide PUD

Community

Georgetown is an unincorporated community in El Dorado County, CA. It is the northeastern-most town in the California Mother Lode. The population was 2,367 at the 2010 census, up from 1962 in 2000. The town is registered as California Historical Landmark #484.

The official Median Household Income (MHI) for Georgetown is estimated by the American Community Survey (2014) to be $46,136, +/- $17,670 variance. The MHI for the service area is estimated at $66,359.

Georgetown is about 20 miles and 30 minutes east of Auburn, CA.

The Georgetown Divide is located between the Middle and South Forks of the American River, nestled in the heart of the Sierra Nevada Foothills and Northern California's Gold Country. Access is through Hwy 50 and Hwy 80, making it in close proximity to either metropolitan cities or recreational activities of Lake Tahoe.

District

The Georgetown Divide Public Utility District, as we know it today, was formed on June 4, 1946. However, the origins of District facilities can be traced back to 1852 and the El Dorado, Pilot and Rock Creek Canal Companies, one of the first established water purveyors in the State of California – a not inconsequential result of James Marshall's discovery of gold in nearby Coloma. Following the decline in gold production, agriculture and lumbering became the staple industries on the Divide for many years.

In recent decades, several vineyards have increased the demand for irrigation water.

The focus of the District water supply system is the Stumpy Meadows Reservoir, a 20,000 acre - foot impoundment on Pilot Creek, at the eastern edge of the District.

The District provides treated water, irrigation water and sewer services to the community. Not all three services are provided in all areas.

Services extend as far west as Cool and as far south as Pilot Hill. (See map.)

This District has an elected five-member Board, which sets policy and oversees a General Manager (GM). Board members do not, and should not, actively participate in the management of the District.

The Board meets monthly.

The District last reviewed and updated its treated water and irrigation rates in 2008. As a result, operational costs and replacement costs for capital facilities are exceeding annual revenue, and additional capital improvement needs are being deferred. It is considered best practice to evaluate water rates every three to five years.

Customers

The District has 3,774 treated water customers who are billed bi-monthly.

Meter Size	Number of Meters
A	C
5/8"	3117
3/4"	421
1"	198
1.5"	28
2"	10
3"	0
4"	4
6"	0
Total	3774

In addition, there are 408 irrigation customers.

Current Rates

Base Rate for treated water is the same for all meter sizes, with the exception of the four 4" meters.

Meter Size	Existing Base Rate
5/8"	$47.14
3/4"	$47.14
1"	$47.14
1.5"	$47.14
2"	$47.14
3"	$47.14
4"	$50.32
6"	$50.32

Usage Charges are currently tiered and vary from $1.28 to $2.21 per 100 CF. 2000 CF is included in the Base Rate.

Irrigation customers pay $363.70 per miner's inch, per season.

The District's rate schedule includes connection fees, transfer fees, late charges, etc. This rate study does not include an analysis of these charges.

Funding of this report

This rate study covers both the treated water and the irrigation water services and is made available at no charge to the District. This report was prepared using funds under Agreement 13-409-550 between RCAC and the California State Water Resources Control Board.

Disclaimer

The recommendations contained in this rate study are based on financial information provided to RCAC by the District. Although every effort was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein.

Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of the California State Water Resources Control Board.

For accounting advice, a CPA should be consulted. For legal advice, the District should seek the advice of an attorney.

2. Guiding Principles of this Rate Study

RCAC's rate studies comply with AWWA guidelines, unless California regulations, mainly Prop 218, require a deviation from national standards.

Sustainability

Rates should cover the costs to the system to allow it to provide services now, and in the foreseeable future. It is the responsibility of the Board to set rates to a level where the system is sustainable.

Fair

Rates should be fair to all rate payers. No single rate payer or group of rate payers should be singled out for different rates. Therefore, the proposed treated water rates do not make any distinction between domestic, commercial, industrial or agricultural users. The rates are the same for all types of customers.

The District should not charge more for treated water than the cost to provide the service. However, the costs should include: operations, repairs, interest, loan principal, and all other costs related to the collection, treatment and distribution, now and in the foreseeable future.

Unreasonably low rates for current customers will require unreasonably high rates for future customers, which should be avoided.

To avoid any possibility of treated water customers subsidizing irrigation customers, or vice versa, RCAC has split the assets, budgets, reserves and debts between treated water and irrigation customers.

Justifiable

Water rates must be based on actual needs of the District. Revenue generated from treated water rates can't be used for anything else but to pay for the costs of collecting, treating and distribution of water within its service area, plus administrative costs.

Similarly, revenue generated from irrigation water rates can't be used for anything else, but to pay for the cost associated with that service.

However, subsidies to either, treated or irrigation water, not funded by rate payers, but from outside sources (i.e. property taxes, hydro revenue, etc.), can be allocated to either class of service at the discretion of the board.

Prop 218[1] requires the justification of the tier level and the amount charged for each tier. This rate study does not provide the cost justification for any tiered Usage Charges, and proposes the elimination of a tiered Usage Rate. As a result, volumetric charges per cubic foot of treated water will be the same per cubic foot, regardless of usage.

[1] Article XIII D, Section 6 of the California Constitution

Purpose of this study

The purposes of this study are:

- Ensure the financial strength of the district well into the future
- Expose the need to set reserves aside for future replacement of failing components
- Allocate shared costs between treated water and irrigation water customers
- Identify any other financial deficiencies of the district

The Model

RCAC uses an Excel rate setting model developed over many years of practice. It has been used in more than 60 rate studies throughout the western United States. It is geared towards RCAC's clients, which are communities of less than 10,000 people.

The origins lay in CIP and Budget forms published by the California State Water Resources Control Board, Office of Financial Assistance. The forms were integrated and enhanced to comply with AWWA standards, regulation and recent legal cases.

Board Decision

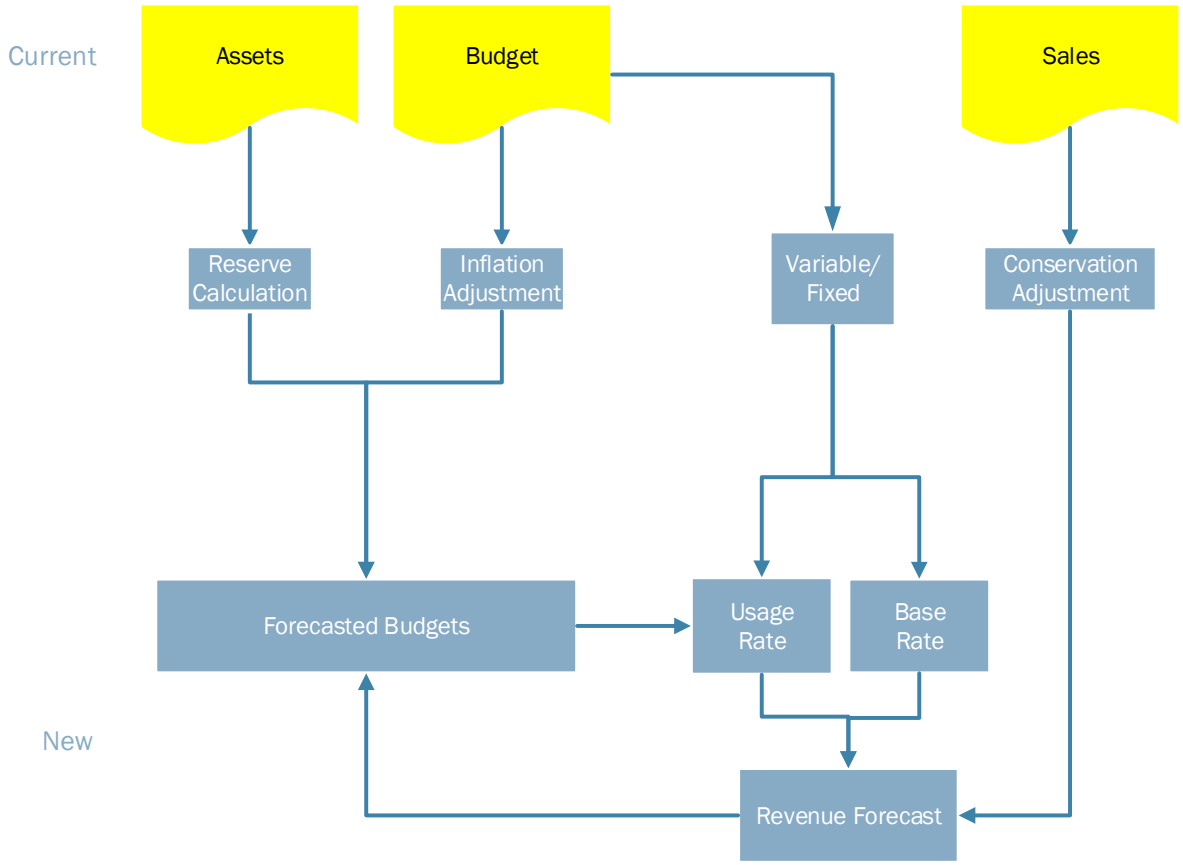
While this document recommends certain rates, the ultimate decision rests with the district's Board. However, the Board has a fiduciary responsibility to set the rates at such a level that the District will be able to continue to operate in the future, including providing funds to replace all parts of the system as they wear out.

At a special board meeting on October 18, 2017, the board reviewed and adjusted the proposed rates, to arrive at the rates presented in this report. The final rates may only be adopted after a 45-day notice of the proposed rate increase is provided, in accordance with Prop 218, and a successful Prop 218 public hearing is conducted, as provided in the notice.

3. Rate Study Process

The figure[2] below explains the process of setting rates. This process is based on AWWA standards as described in *"Principles of Water Rates, Fees and Charges (M1), AWWA, Sixth Edition, 2012"*. In *Griffith v. Pajaro Valley Water Management Agency*, the court clarified that the AWWA standards, described in their M1 manual comply with the proportionality requirements of Article XIII D, Section 6(b) of the California Constitution (referred to on the previous page of this report).

We begin with the list of all capitalized assets, the budget and the current number of customers, as provided by the GM.



From the list of assets, the required reserves are calculated (Section 4 of this report) and fed into a 5-year Budget projection (Section 5)

The Budget is adjusted for 2.0% inflation.

The expenses are then split between fixed and variable expenses.

[2] In this report all yellow cells contain data obtained outside the model. All blue cells are calculated.

The fixed expenses are then allocated among the different customers according to their hydrological potential, as determined by their meter size, and gives us a recommended Base Rate.

The Usage Charge is calculated based on the variable expenses.

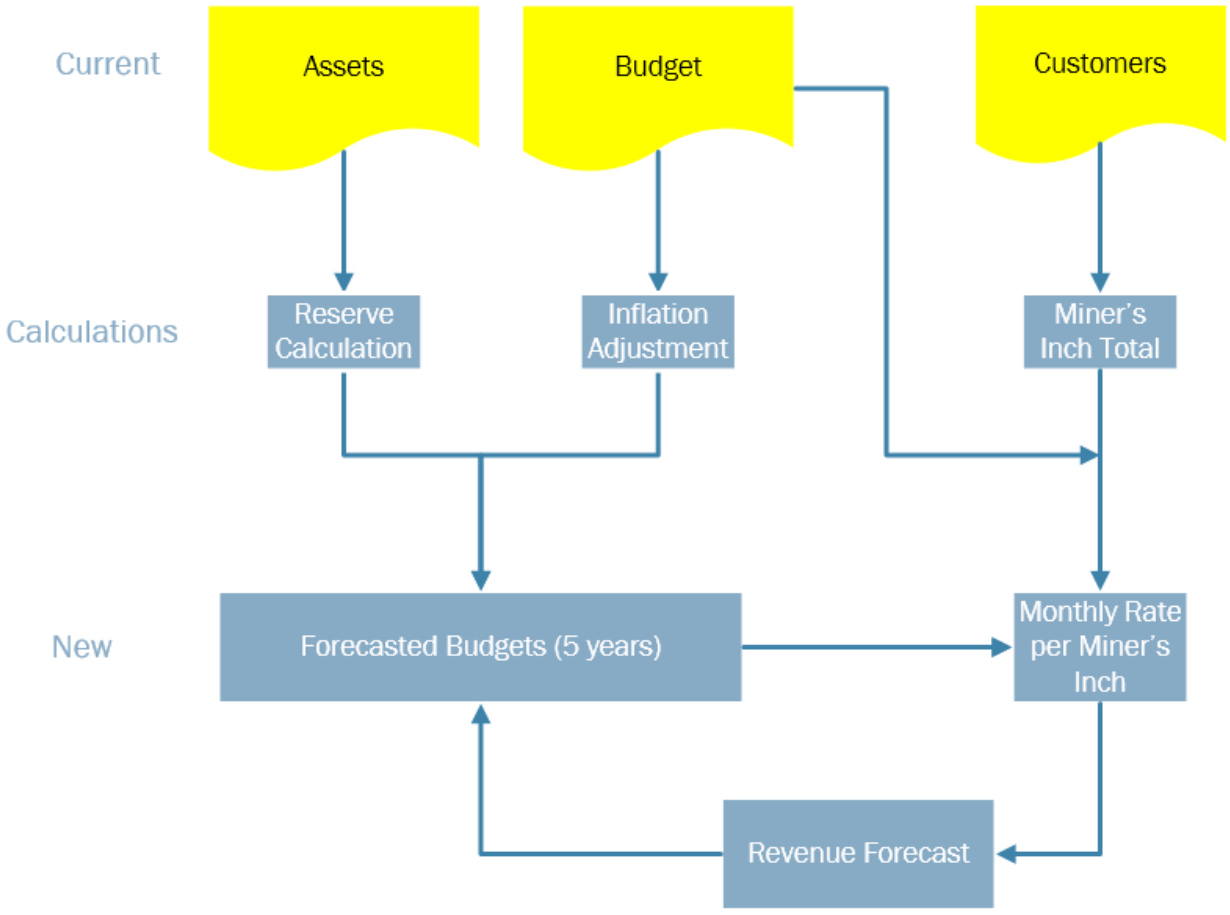
The Sales Forecast (in CF or gallons) is adjusted for future growth and water conservation, and is then applied against the Base Rate and Usage Charge, to arrive at a Revenue Forecast.

This Revenue Forecast is then inserted in the forecasted Budget.

If the Budget does not balance with the selected Base Rate and Usage Charge, they are adjusted until they balance the Budget.

To lessen the impact on District customers, rate increases could be spread over five years.

The same principle works for the irrigation rates, except that the rate, per miner's inch, is calculated by dividing the total expenses by the total miner's inches.



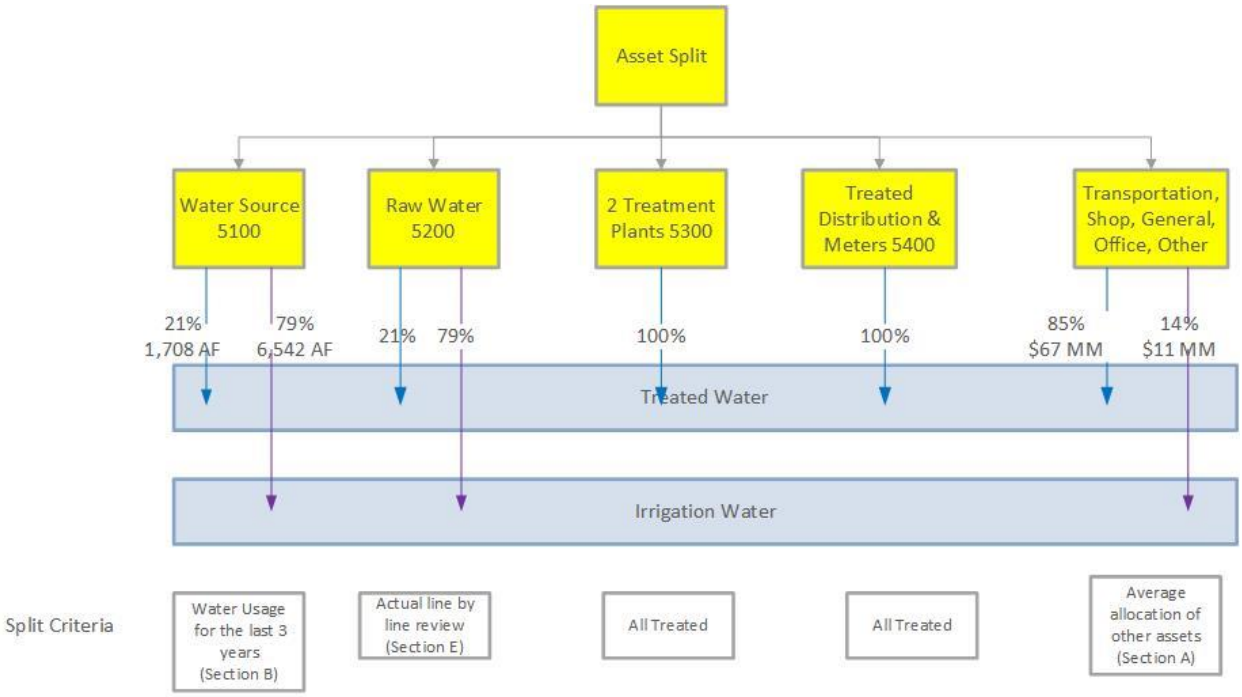
4. Capital Replacement Program

Source of the Data

The data in the Capital Replacement Program (CRP) comes from the data supplied by the District's General Manager and AWWA standards. It is attached as Exhibit 1T[3] and Exhibit 1I.

The list of the components, their installation date and their original costs were all supplied by the General Manager (GM) and thoroughly reviewed by the operations manager.

Since this list contained assets used for Treated Water, Irrigation Water and some assets were used by both, the assets needed to be split between the two classes of service. The graphic below shows how the assets were split between Treated Water, Irrigation Water and Waste Water.

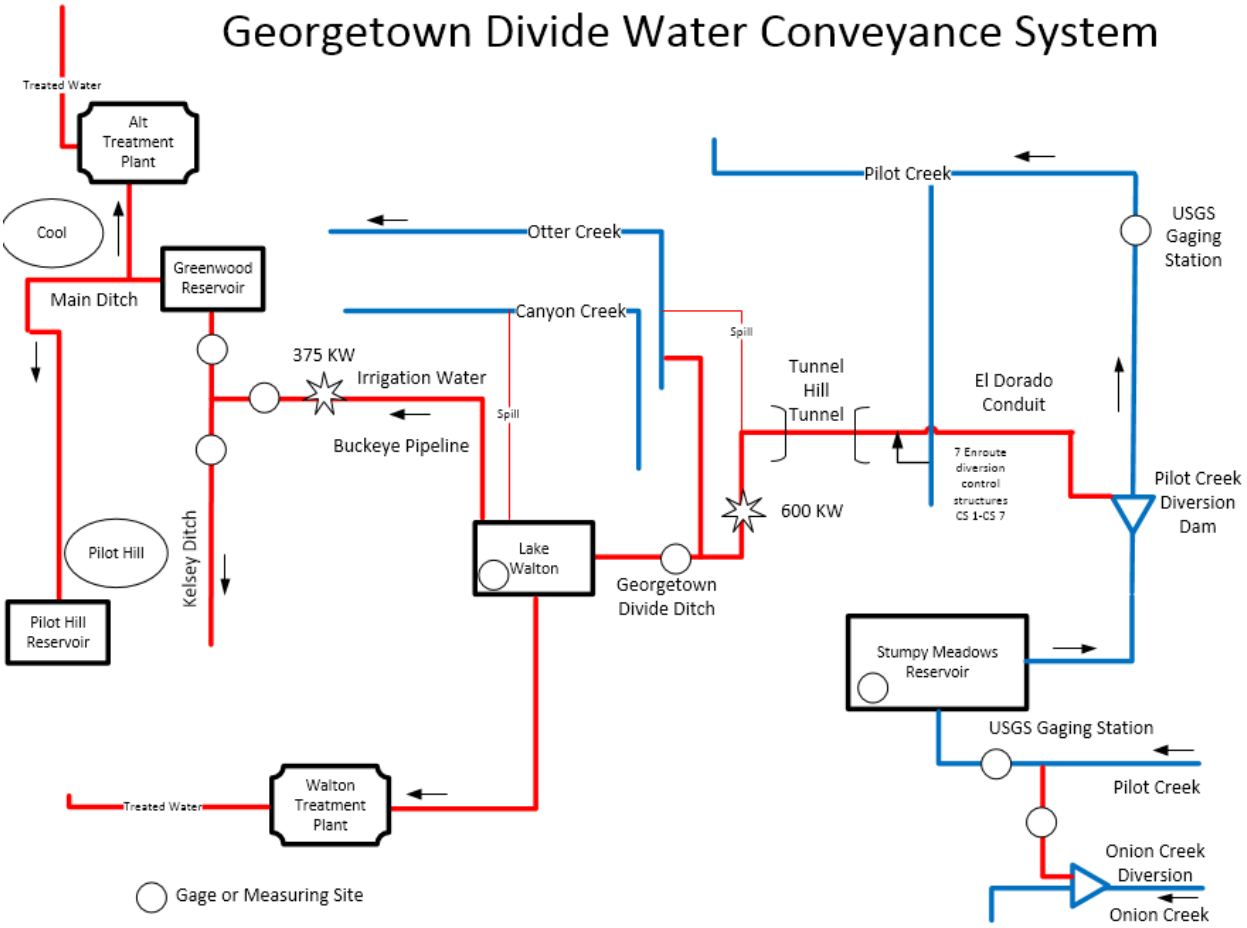


Split Criteria of Assets

Assets were split between treated and irrigation water according to the use of the asset by either treated or irrigation customers. Assets pertaining to the sewer system were excluded also. Since many assets are used by both irrigation and treated water, assets were split according to certain rules explained below.

[3] The suffix of the exhibits refers to T for "treated" and I for "irrigation".

In the graphic below, all red lines and black blocks are owned by the district and need to be split between treated and irrigation. The graphic shows the shared assets between irrigation and treated water assets.



Assets listed in accounting account series 5100 (Water Source) were split according to the volume of water (acre feet) flowing through the "water source" assets.

The table below shows the water usage split between treated and irrigation water of 21% and 79% respectively. Water volume during the drought years of 2014 and 2015 were not included.

	2012	2013	2016	Average
Drinking Sales	1,591	1,671	1,262	1,508
Drinking Loss	200	200	200	200
Total	1,791	1,871	1,462	1,708
Irrigation Sales	4,681	4,692	4,654	4,676
Irrigation Loss	2,000	1,800	1,800	1,867
Total	6,681	6,492	6,454	6,542
			% Treated	21%
			% Irrigation	79%

Source: Water Supply & Demand Summary 2012, 2013 and 2016

Assets listed in accounting account series 5200 (Raw Water) were more difficult to split. Staff went through the list of assets and determined the use of each asset. When an asset was used by both treated and irrigation water, it was split by volume.

Since most raw water assets are used by both irrigation and treated water, the raw water (5200) asset split between treated and irrigation water turned out to be the same as the water source (5100) split: 21% and 79% respectively for treated and irrigation water.

Assets associated with the treatment plant (5300) and the distribution system (5400) were all allocated to treated water.

Assets associated with Customer Service (5500) were split according to the number of customers.

The table below shows the customer service assets split between treated and irrigation water of 71% and 8% respectively.

Number of Customers		
Drinking Water	3,774	71%
Irrigation Water	408	8%
Waste Water	1,099	21%
Total	5,281	100%

Assets associated with everything else (transportation, shop, office, etc.) were split according to the percentages of all the other assets.

The table below shows the other assets split between treated and irrigation water of 85% and 14% respectively.

	$ IW Current Value	$ TW Current Value	$ Septic Current Value
SOURCE OF SUPPLY PLANT #5100	$8,429,083.56	$2,240,642.47	
LAKE WALTON PLANT #5300	$0.00	$4,354,198.53	
AUBURN LAKE TRAILS PLANT	$0.00	$3,339,546.34	
T&D RAW WATER #5200	$2,143,708.19	$8,045,221.12	
T & D METERS & METER BOXES	$35,811.43	$316,860.95	
T & D TREATED WATER #5400	$0.00	$48,487,228.12	
TRANSPORTATION EQUIPMENT			
SHOP & FIELD EQUIPMENT			
GENERAL PLANT			
OFFICE EQUIPMENT			
SEPTIC COLLECTION PLANT			$1,035,877
TRANSPORTATION EQUIPMENT & OTHER			
	$10,608,603.18	$66,783,697.53	$1,035,876.51
	14%	85%	1%

Exhibit 1 shows the list of all the assets and their cost, split according to the above split criteria. For example, a water source asset of an original cost of $1,000,000 is split between treated and irrigation water, according to 79%-21%. Therefore, $790,000 is listed in Exhibit 1T and the same asset is listed as $290,000 in Exhibit 1I.

Life Expectancy of Assets

The Normal Estimated Life of all assets listed in Exhibit 1 is based on AWWA standards and adjusted for actual conditions.

The Estimated Remaining Life in Exhibit 1 is based on the best judgement of the GM, the Operator and RCAC, after a visual inspection of the condition of the component.

Sources of Funding

Funding of the replacement of components can only come from cash saved by the District, a grant obtained or a loan.

The Board has made a policy for funding of capital assets as shown in the table below:

Assets Cost between	**and**	Cash	Grant	Loan
$0	$50,000	100%	0%	0%
$50,001	$100,000	75%	0%	25%
$100,001	$500,000	50%	20%	30%
$500,001	$9,999,999	25%	20%	55%

For example, a capital replacement project costing $200,000, would ideally be funded by 50% cash, 20% grant and 30% loan.

While the possibility of receiving substantial grants to replace certain components of the system is good at this time, these possibilities will diminish over time as government funding capabilities will diminish.

The current Median Household Income (MHI) of $46,700 ("Disadvantaged", but not "Severely Disadvantaged") makes it difficult for Georgetown to rely heavily on grants.

Staff and RCAC went through the list of all assets and determined the realistic split between cash, grant and loan funding of projects. In aggregate, 26% will be funded with cash, 1% with grants and 73% with loans.

This study assumes the average interest rate on the loans will be 2.5% APR.

Existing Reserves

Existing funds in all accounts were manually allocated to treated and irrigation water.

The District has about $6,753,000 in cash and liquid assets allocated to the treated water system and $322,564 to irrigation water. Of these liquid assets, $5,142,000 is available as reserves for future replacement of deteriorating components of the treated water system and $166,432 is available for the irrigation system replacement.

These amounts were calculated based on the January 2017 Cash & Investment balances in the district's accounts (Exhibit 4). Funds that pertained to both Irrigation and Treated water were split according to past revenue percentages of each service category.

Description of Exhibit 1T and 1I

The CRP provides us with a detail of the reserves needed to replace the capital assets.

The total line of the CRP table (Exhibit 1T $1,544,026 and Exhibit 1I $250,172) are the amount the District must put aside each year to be able to fund the replacement of equipment for the treated water or irrigation system.

Alternative

If the District decides not to fund the annual capital reserve requirement, the District will have to come up with these amounts from other sources, or from steeper rate increases in future years. The District can't count on the future generosity of the state or other government sources to provide any sizable grants.

It will require a substantial effort of the District's staff to obtain these grants and loans. The amount of grants obtained for future projects has a large impact on the rates. Therefore, this study recommends a new rate study when new loans or grants are obtained.

5. Budget

Board Member Analysis Request (Board Scenario)[4]

At the October 18, 2017 Board Meeting, the Board asked staff to analyze a scenario that funds general and administrative (G&A) expenses (Department 6500 with tax revenue for the first year.

- Estimated Available Tax Revenue: $1,569,000
- G&E Expenses for the first year are: $1,198,350
- The remaining $371,000 was proposed to be allocated to:
    - Ditch maintenance and water meter replacement programs
    - $35,000 for water bill relief for low-income household subsidies
    - $336,000 up to bring down irrigation costs

Analysis of the Board Scenario

For purposes of calculating the rates, we can apply tax revenues to the G&A expenses. However, this will have to be assumed for all future years, not just the first year.

The ditch maintenance and water meter replacement programs are already included in the CIP section of the rate setting calculation, and hence need not be funded separately.

The funding for a low-income household water bill subsidy program can be added to the budget used for the rate calculations.

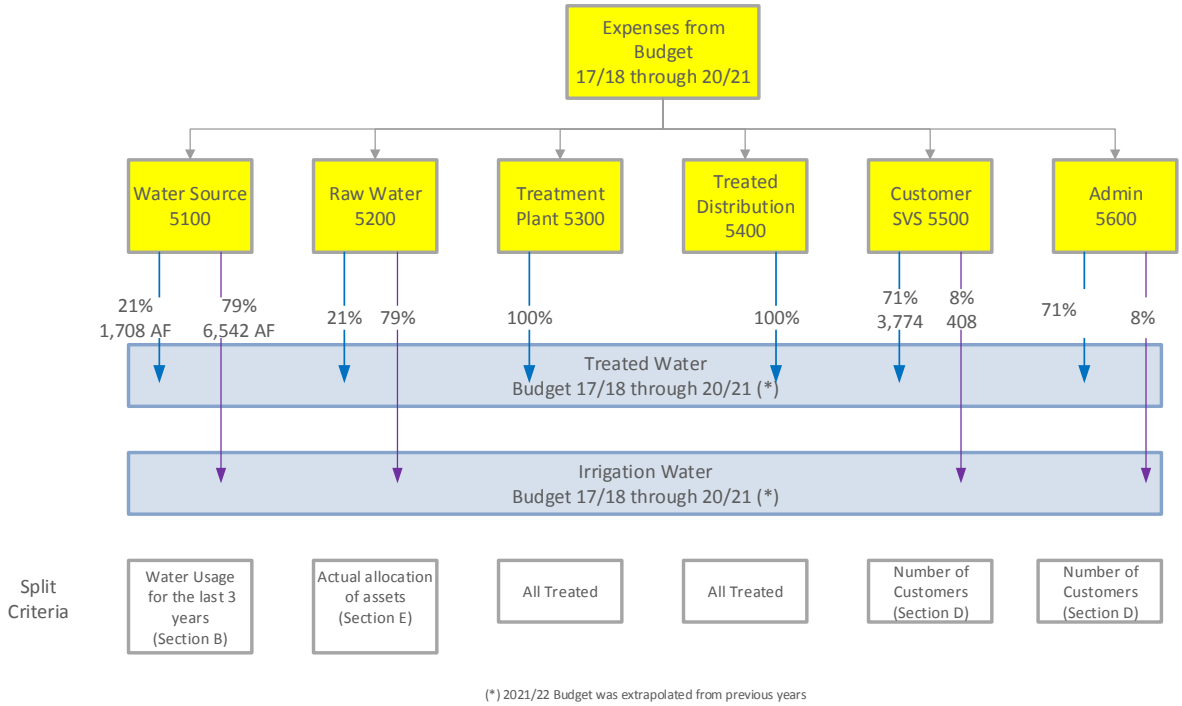
The impact of this scenario on the rates is discussed at the end of this report.

Source of Data[5]

All expenses shown in Exhibit 2 (5-Year Budget sheet) are based on the budget provided by the District for 2016-17 to 2020-21. The forecasted budget for the 2021/22 year was extrapolated. This budget assumed full staffing.

This Budget was then split between treated water and irrigation water, as explained in the graphic below.

[4] We shall call this the "Board Scenario". The alternative scenario, we shall call "recommended scenario."
[5] Unless indicated otherwise, the Board Scenario and the Recommended Scenario" are the same.



(*) 2021/22 Budget was extrapolated from previous years

Source: 2016-2017 Working Budget + Split

The split of the budget between Treated and Irrigation water of accounts 5100, 5200, 5300, 5400 and 5500 were discussed in the section about the split of the assets on page 10. The split of the General and Administration expenses (5600) is split according to the number of customers served by the District.

Reserve Funding

Exhibit 4 shows all the funds in the District's accounts, as of January 2017. These funds were split between treated and irrigation water.

These funds were further split in the four types of reserves the District should consider, according to AWWA standards: Debt Reserve, Operating Reserve, Emergency Reserve and Capital Reserve.

Treated Water

Existing Reserves	Amount	
Debt Reserve	$335,511	As per lending agreement(s)
Operating Reserve	$876,629	
Emergency Reserve	$778,569	
Capital Reserve	$4,762,189	
Total	$6,752,898	

Reserve Targets	Amount	Annual Reserve Addition	Excess funds to be transfer to CRP
Debt Reserve	$335,511	$0	$0
Operating Reserve	$856,341	$0	$20,288
Emergency Reserve	$443,000	$0	$335,569
Capital Reserve	$5,118,046	This is the total amount currently available for CIP. Transferred to CIP sheet.	

We compare the existing reserves against the target reserves. Any excess in Debt, Operating or Emergency Reserves is allocated to Capital Reserves. Any shortfall in Debt, Operating or Emergency Reserves is added to the budget in five installments, so the shortfall is eliminated in five years.

1. Debt Reserve: Your lenders require that you keep $335,511 in a Debt Reserve Account for your treated water loans (or the drinking water portion of joint loans). The District is in compliance with that provision, hence, we need not include funds in the Budget to fund this type of reserve.

2. Operating Reserve: Operating reserves are established to provide the District with the ability to withstand short term cash-flow fluctuations. A 45-day operating reserve is a frequently used industry norm which computes to $856,341 in Operating Reserves. As of July 2017, you have this in the bank, hence, we need not include additional Operating Reserves in our Budget. In fact, you have $20,288 more than that. It is recommended that you transfer this amount into your Capital Reserve account.

3. Emergency Reserve: Emergency reserves are intended to help utilities deal with short-term emergencies, such as main breaks or pump failures. An emergency reserve is intended to fund the immediate replacement or reconstruction of the system's single most critical asset. We estimate that $443,000 would be sufficient for emergency reserves for the treated water. As of July 2017, you have $778,569 in the bank for treated water. It is recommended that you transfer the excess of $335,569 from Emergency Reserves to Capital Reserves.

4. Capital Replacement Reserve: This reserve is strictly to be used to fund the District portion of any replacement of capital assets that are worn out. We assume that the balance of the liquid assets can be used for Capital Reserves. You currently have $4,762,189 in Capital reserves dedicated to the treated water system. Add to that the $20,288 in excess Operating Reserves and $335,569 in excess Emergency Reserves, for a current Capital Reserve of $5,118,046.

Irrigation Water

Existing Reserves	Amount	Goal
Debt Reserve	$0	As per lending agreement(s)
Operating Reserve	$106,131	45 days of expenses
Emergency Reserve	$94,259	Critical equipment replacement cost
Capital Reserve	$122,173	Funds available to replace existing assets

Total	$322,564

Reserve Targets	Amount	Annual Reserve Addition	Excess funds to be transfer to CIP
Debt Reserve	$0	$0	$0
Operating Reserve	$122,595	$3,293	$0
Emergency Reserve	$50,000	$0	$44,259
Capital Reserve	$166,432	This is the total amount currently available for CIP. Transferred to CIP sheet.	

We compare the existing reserves against the target reserves. Any excess in Debt, Operating or Emergency Reserves is allocated to Capital Reserves. Any shortfall in Debt, Operating or Emergency Reserves is added to the budget in five installments, so the shortfall is eliminated in five years.

Four type of reserves:

1. Debt Reserve: None of the debt associated with the irrigation system requires any debt reserve.

2. Operating Reserve: Operating reserves are established to provide the District with the ability to withstand short term cash-flow fluctuations. A 45-day operating reserve is a frequently used industry norm which computes to $122,595 in Operating Reserves. As of July 2017, you only have $106,131 in the bank, hence we need to budget an extra $3,293 for the next 5 years to bring this amount up to the target. This amount of $3,293 is added to the Budget.

3. Emergency Reserve: Emergency reserves are intended to help utilities deal with short-term emergencies, such as main breaks or pump failures. An emergency is intended to fund the immediate replacement or reconstruction of the system's single most critical asset. We estimate that $50,000 would be sufficient for emergency reserves for the irrigation water. As of July 2017, you have $94,259 in the bank for irrigation water emergencies. It is recommended that you transfer the excess of $44,259 from Emergency Reserves to Capital Reserves.

4. Capital Replacement Reserve: This reserve is strictly to be used to fund the District portion of any replacement of capital assets that are worn out. We assume that the balance of the liquid assets can be used for Capital Reserves. You currently have $122,173 in Capital Reserves dedicated to the irrigation water system. Add to that the $44,259 in excess Emergency Reserves this gives us a current Capital Reserve of $166,432.

Allocation of Property Taxes

The District has about $1,569,000 in annual property tax revenue. The board has full discretion on how to spend these funds for any District-related purpose.

Board Scenario

At the October 18, 2017 Board meeting, it was suggested that the tax revenue be split as follows:

- To cover G&A expenses (Department 5600): $1,198,000
- Water bill subsidies for low-income families: $35,000
- Allocation to irrigation services: $336,000

Recommended Scenario

Since the Board has discretion to allocate these outside funds, we would ask the Board to allocate $1,006,000 (64%) to treated water and 563,000 (36%) to irrigation. These numbers are necessary to avoid a negative cash flow for the irrigation service, without having to increase the rates for customers with 1 miner's inch of usage, by more than 100% in the first year.

Reserve Accounting and Investment Opportunities

The District has multiple checking and savings accounts that do not correspond to AWWA standards for reserve accounts. It is recommended that the District have:

1. One Operating account
2. Debt reserve accounts for each loan
3. At least one Emergency account for each class of service: treated, irrigation, waste water
4. At least one Capital reserve account for each class of service

The names of these accounts should correspond with the four reserves recommended by the AWWA.

The District should also have policies in place regarding:

1. who can access these accounts
2. for what purposes funds can be withdrawn
3. how often the reserve accounts are funded from the operating account

By design, cash will accumulate in the Operating account. Periodically any excess funds above the target set on page 18 should be transferred to the Capital Reserve accounts.

Operating cash should remain in the checking account.

Debt Reserve funds can be invested for a long time, preferably maturing at the same time as the associated debt.

Emergency Reserves should be kept in a savings account for immediate liquidity.

Capital Reserves could be invested in a series of maturities that correspond with the Capital Improvement plan horizon.

By following the above principles, you can maximize your return on your reserves.

6. Rate Calculation

The District is planning to change all 5/8" meters with 3/4" meters in the next two years. New homes will probably be required to install fire suppression sprinklers, which require 1" meters. An analysis of the usage data indicates that customers with 5/8", 3/4" or 1" use about the same quantity of water and the extra capacity of their meter is only needed for emergencies. Therefore we recommend that the rates for the bottom three sizes of meters be the same.

AWWA recommends that expenses be split between fixed and variable expenses. Fixed expenses are expenses that don't change when the volume of water changes. (Example: insurance) Variable expenses are those that change with the volume of water sold. (Example: utilities)

In theory, fixed expenses need to be funded with Base Charges and variable expenses determine the Usage Charge.

The fixed expenses are allocated to the different meter sizes according to their hydrological potential draw.

The "Theoretical Base Rate by Meter Size per 2M" in the tables below was calculated using this method. California courts have determined that this national standard, is compliant with Prop 218.

A. Board Scenario

Treated Water

Base Rate Calculation for Treated Water

Meter Size	Theoretical Base Rate by Meter Size, per 2M	Base Rate as % of Theoretical Rate	Existing Base Rate	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	Future Increases →				5.0%	5.0%	5.0%	5.0%
5/8"	$91.25	75%	$47.14	$ 68.43	$71.85	$75.44	$79.21	$83.17
3/4"	$136.87	50%	$47.14	$ 68.43	$71.86	$75.45	$79.22	$83.18
1"	$228.12	30%	$47.14	$ 68.43	$71.85	$75.44	$79.21	$83.17
1.5"	$456.23	50%	$47.14	$ 228.12	$239.52	$251.50	$264.08	$277.28
2"	$729.97	50%	$47.14	$ 364.98	$383.23	$402.39	$422.51	$443.64
3"	$1,459.94	50%	$47.14	$ 729.97	$766.47	$804.79	$845.03	$887.28
4"	$2,281.15	50%	$50.32	$ 1,140.58	$1,197.61	$1,257.49	$1,320.36	$1,386.38

Usage Rate Calulation

Tier	Bottom of Tier	Top of Tier	Year 1, per 100 CF	Year 2	Year 3	Year 4	Year 5
	Future Increases →			5.0%	5.0%	5.0%	5.0%
1	-	999,999	$2.2500	$2.36	$2.48	$2.60	$2.73
Net Gain/Loss (incl. reserve contrib.			-648,067	-565,030	-397,733	-316,016	-194,610
Are contributions to res. enough?			No	No	No	No	No
Contribution to Reserves (Cashflow)			884,536	963,324	961,788	1,043,506	1,164,911
Affordability Index MH		46,700.00	1.45%	1.53%	1.62%	1.71%	1.80%
Project funding $30.16/2 months			0.39%	0.39%	0.39%	0.39%	0.39%
Afforability of total rate			1.84%	1.92%	2.01%	2.10%	2.18%

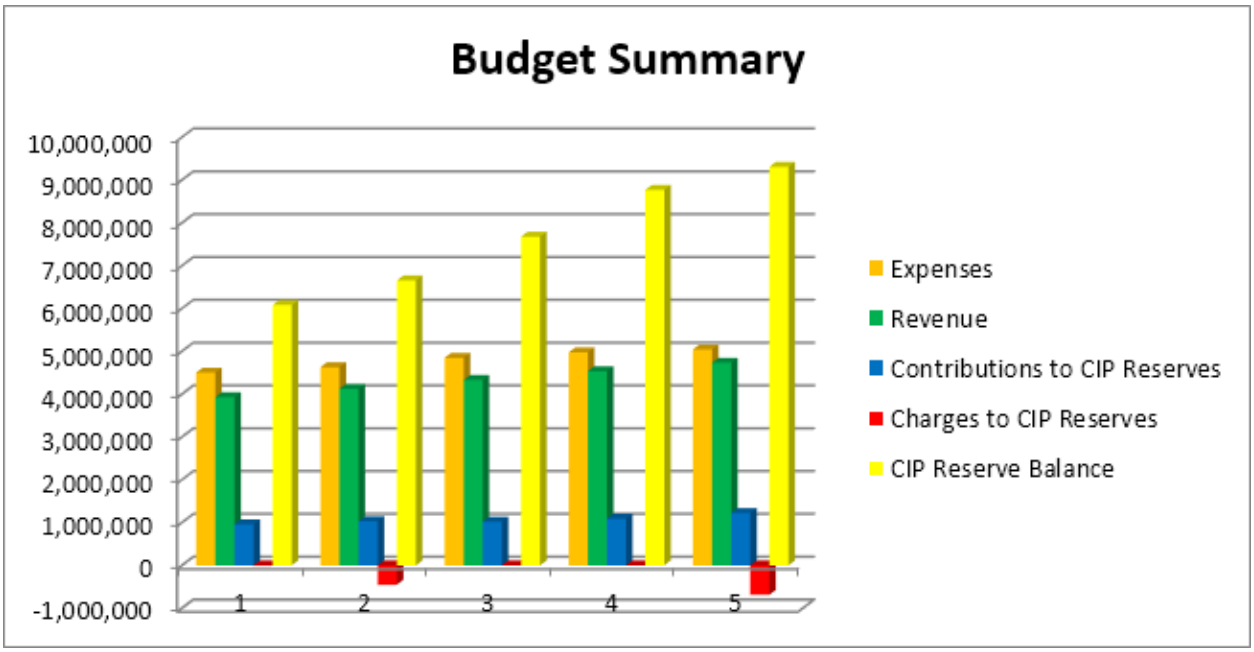
Using the rates in the yellow cells and a 5% rate increase for the next 5 years has the following consequences:

- Treated water customers will see a rate increase of 66% over 5 years.
- The average homeowner will pay about $139.82 every two months, in the fifth year.
- Reserves are funded in a substantial way, but still 14% short of the target in the fifth year.
- A 15 year projection (not shown) estimates that reserve funds will be exhausted, unless rates are increased after the fifth year of this study.

The graph below shows the trends:

- Expenses (orange bar) grow at the rate of inflation
- Revenue (green bar) grows at 5% per year
- Contributions to reserves (blue bar) are enough to cover the planned capital replacements in year 5 and beyond.
- Charges to Reserves (red bar) are the replacement costs of certain assets, according to the CRP

- The Reserve Balance[6] (yellow bar) is the total amount of all reserves, which is growing as expected.



[6] Total Reserves (Capital Replacement Reserves, Emergency Reserves, Debt Reserves, etc.)

Irrigation Water

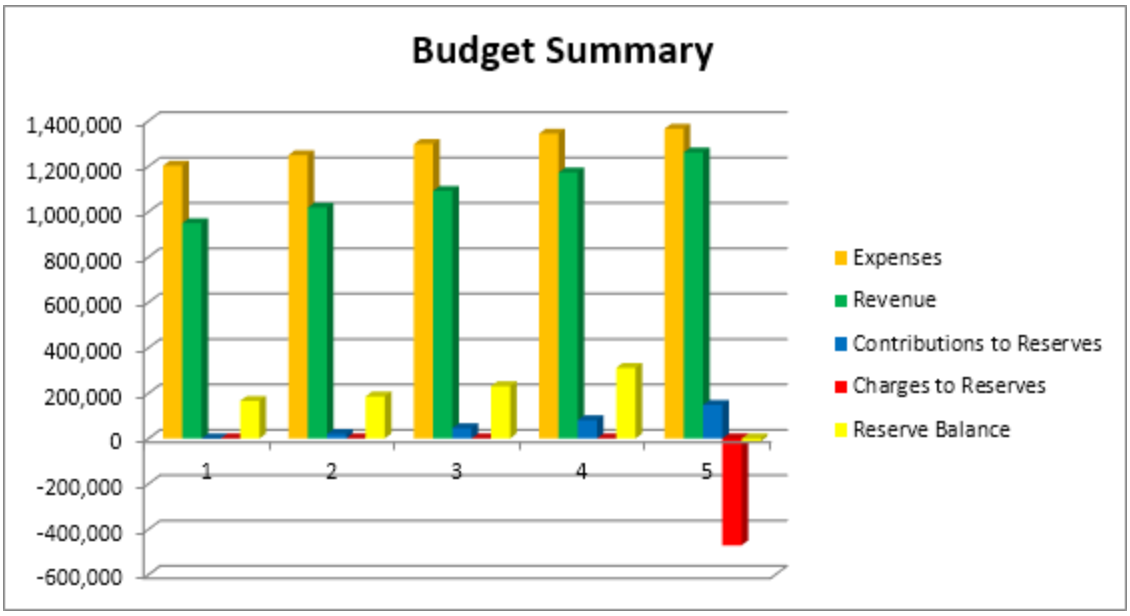
New Irrigation Rates

Meter Size (MI)	Meter Size (metric)	Theoretical Seasonal Rate by MI	as % of Theoretical Rate	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
		Future Increases →			10.0%	10.0%	10.0%	10.0%
1/2"	0.500	$966	51%	$493	$542	$596	$656	$721
1"	1.000	$1,932	51%	$986	$1,084	$1,192	$1,312	$1,443
1.5"	1.500	$2,899	51%	$1,478	$1,626	$1,789	$1,968	$2,164
2"	2.000	$3,865	51%	$1,971	$2,168	$2,385	$2,623	$2,886
2.5"	2.500	$4,831	51%	$2,464	$2,710	$2,981	$3,279	$3,607
3"	3.000	$5,797	51%	$2,957	$3,252	$3,577	$3,935	$4,329
3.5"	3.500	$6,763	51%	$3,449	$3,794	$4,174	$4,591	$5,050
4"	4.000	$7,730	51%	$3,942	$4,336	$4,770	$5,247	$5,772
5"	5.000	$9,662	51%	$4,928	$5,420	$5,962	$6,559	$7,214
6"	6.000	$11,594	51%	$5,913	$6,504	$7,155	$7,870	$8,657
7"	7.000	$13,527	51%	$6,899	$7,588	$8,347	$9,182	$10,100
8"	8.000	$15,459	51%	$7,884	$8,673	$9,540	$10,494	$11,543
9"	9.000	$17,391	51%	$8,870	$9,757	$10,732	$11,805	$12,986
10"	10.000	$19,324	51%	$9,855	$10,841	$11,925	$13,117	$14,429
12"	12.000	$23,189	51%	$11,826	$13,009	$14,310	$15,741	$17,315
15"	15.000	$28,986	51%	$14,783	$16,261	$17,887	$19,676	$21,643
16"	16.000	$30,918	51%	$15,768	$17,345	$19,080	$20,988	$23,086
18"	18.000	$34,783	51%	$17,739	$19,513	$21,464	$23,611	$25,972
20"	20.000	$38,648	51%	$19,710	$21,681	$23,849	$26,234	$28,858
25"	25.000	$48,309	51%	$24,638	$27,102	$29,812	$32,793	$36,072
30"	30.000	$57,971	51%	$29,565	$32,522	$35,774	$39,352	$43,287
40"	40.000	$77,295	51%	$39,421	$43,363	$47,699	$52,469	$57,716
43"	43.000	$83,092	51%	$42,377	$46,615	$51,276	$56,404	$62,044

Expenses from Budget	$ 1,201,940	$ 1,249,058	$ 1,298,202	$ 1,343,310	$ 1,365,138
Income Generated by the Selected Rate	$ 948,990	$ 1,017,009	$ 1,091,292	$ 1,172,455	$ 1,261,175
Net Gain or Loss (incl. reserve contributions)	-252,951	-232,049	-206,911	-170,855	-103,963
Are contributions to reserves enough?	No	No	No	No	No
Contributions to Reserve (Cashflow)	$ (1,026)	$ 19,876	$ 45,014	$ 81,070	$ 147,962
Target Contribution to Reserve	$ 251,925	$ 251,925	$ 251,925	$ 251,925	$ 251,925

Using the rates in the yellow cells and a 10% rate increase for the next 5 years has the following consequences:

- Rates increase for 1 Miner's inch by 172%.
- This increase ONLY covers operating expenses and NO reserves.
- Rates must be adjusted in year 5 to cover planned capital replacements, or the replacements cannot be funded after the 5th year.



The graph above shows the trends:

- Expenses (orange bar) grow at the rate of inflation
- Revenue (green bar) grows at 10% per year
- Contributions to reserves (blue bar) are barely enough to cover the planned capital replacements in year 5.
- Charges to Reserves (red bar) are the replacement costs of certain assets, according to the CRP
- The Reserve Balance[7] (yellow bar) is the total amount of all reserves, which will be completely exhausted by the fifth year.

B. Recommended Scenario

The differences between the Board Scenario and the Recommended Scenario are:

- Tax revenue is allocated based on need to keep irrigation customers' increase in the first year to around 109%, vs 197% for the Board Scenario.
- General and Administrative expenses are allocated between treated and irrigation customers, according to the number of customer in the recommended scenario, which is an acceptable "rule" for allocating expenses.

[7] Total Reserves (Capital Replacement Reserves, Emergency Reserves, Debt Reserves, etc.)

Treated Water

Base Rate Calculation for Treated Water

Meter Size	Theoretical Base Rate by Meter Size, per 2M	Base Rate as % of Theoretical Rate	Existing Base Rate	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	Future Increases →				5.0%	5.0%	5.0%	5.0%
5/8"	$112.02	52%	$47.14	$ 58.81	$61.75	$64.84	$68.08	$71.48
3/4"	$168.03	35%	$47.14	$ 58.81	$61.75	$64.84	$68.08	$71.48
1"	$280.05	21%	$47.14	$ 58.81	$61.75	$64.84	$68.08	$71.48
1.5"	$560.10	35%	$47.14	$ 196.04	$205.84	$216.13	$226.94	$238.29
2"	$896.17	35%	$47.14	$ 313.66	$329.34	$345.81	$363.10	$381.26
3"	$1,792.34	35%	$47.14	$ 627.32	$658.68	$691.61	$726.19	$762.50
4"	$2,800.52	35%	$50.32	$ 980.18	$1,029.19	$1,080.65	$1,134.68	$1,191.41

Usage Rate Calulation

Tier	Bottom of Tier	Top of Tier	Year 1, per 100 CF	Year 2	Year 3	Year 4	Year 5
	Future Increases →			5.0%	5.0%	5.0%	5.0%
1	-	999,999	$2.5500	$2.68	$2.81	$2.95	$3.10
Net Gain/Loss (incl. reserve contrib.			-575,577	-503,979	-513,331	-440,641	-309,025
Are contributions to res. enough?			No	No	No	No	No
Contribution to res. (Cashflow)			957,026	1,028,624	1,019,272	1,091,962	1,223,578
Affordability Index MH	46,700.00		1.40%	1.48%	1.57%	1.66%	1.74%
Project funding $30.16/2 months			0.39%	0.39%	0.39%	0.39%	0.39%
Afforability of total rate			1.79%	1.87%	1.96%	2.05%	2.13%

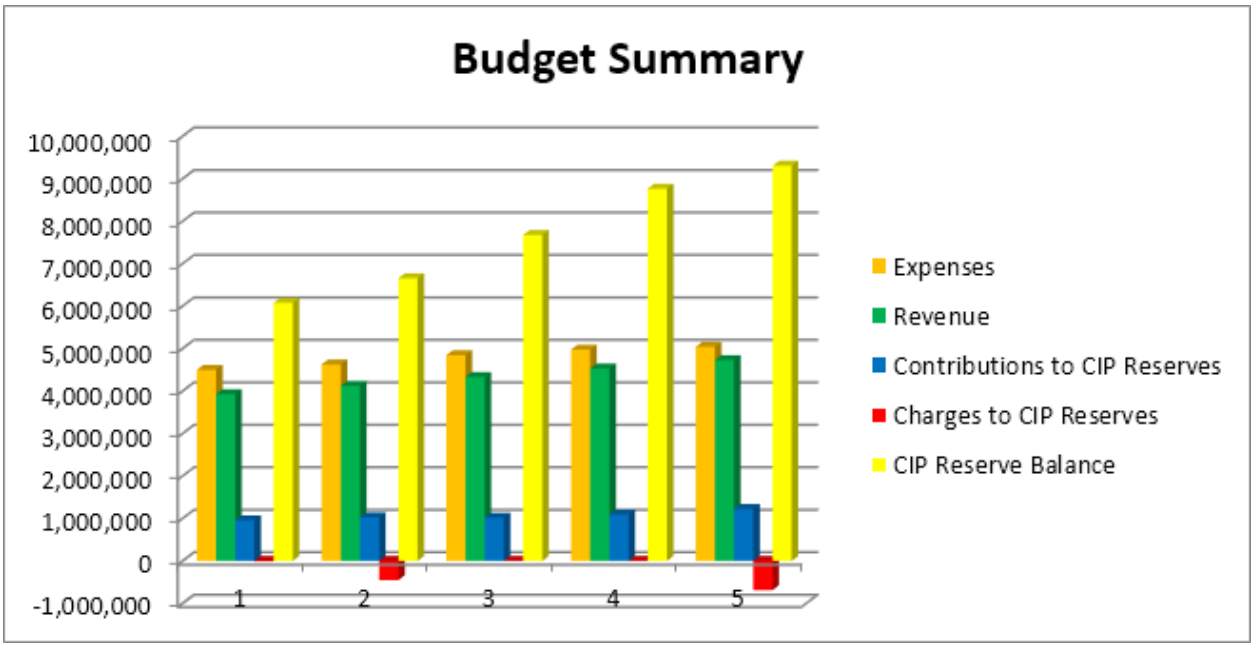
Using the rates in the yellow cells and a 5% rate increase for the next 5 years has the following consequences:

- Treated water customers will see a rate increase of 61% over 5 years. The average homeowner will pay about $135.67 every two months, in the fifth year.
- Reserves are funded in a substantial way, but still 20% short of the target in the fifth year.
- A 15 year projection (not shown) estimates that reserve funds will be close to exhausted, unless rates are increased after the tenth year of this study.

The graph below shows the trends:

- Expenses (orange bar) grow at the rate of inflation
- Revenue (green bar) grows at 5% per year
- Contributions to reserves (blue bar) are enough to cover the planned capital replacements in year 5 and beyond.
- Charges to Reserves (red bar) are the replacement costs of certain assets, according to the CRP

- The Reserve Balance[8] (yellow bar) is the total amount of all reserves, which is growing as expected.



[8] Total Reserves (Capital Replacement Reserves, Emergency Reserves, Debt Reserves, etc.)

Irrigation Water

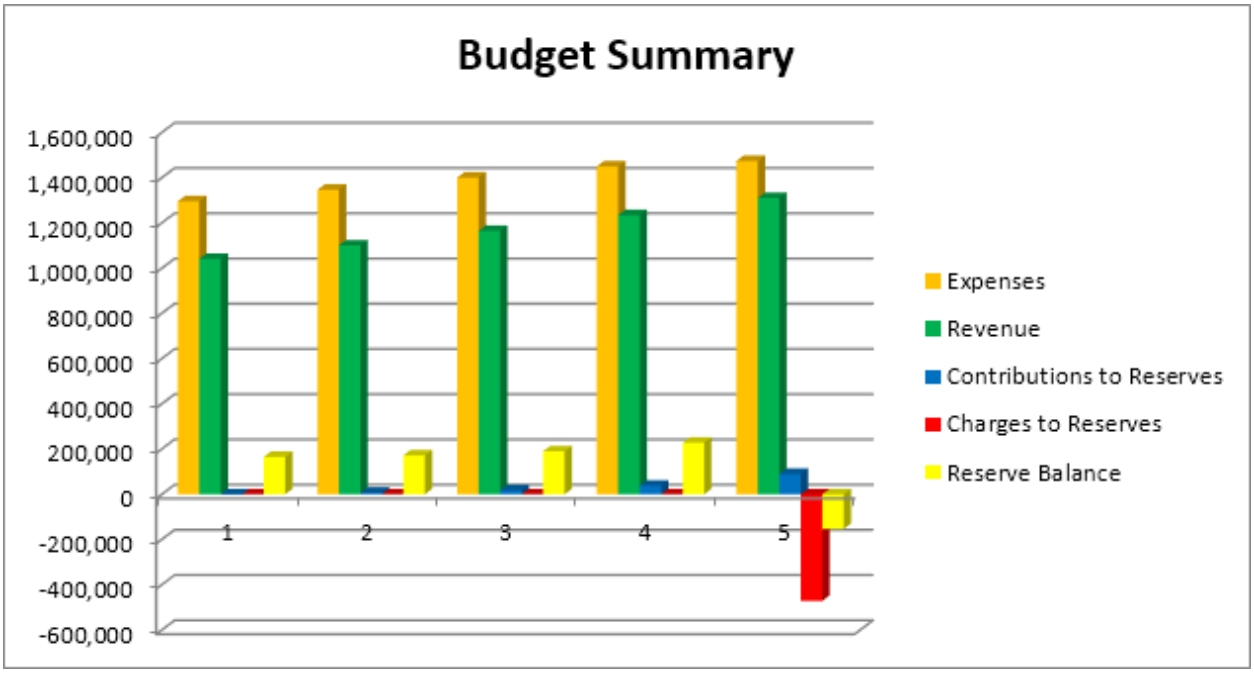
New Irrigation Rates

Meter Size (MI)	Meter Size (metric)	Theoretical Seasonal Rate by MI	% of Theoretical Rate	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
		Future Increases →			10.0%	10.0%	10.0%	10.0%
1/2"	0.500	$1,042	37%	$385	$424	$466	$513	$564
1"	1.000	$2,084	37%	$771	$848	$933	$1,026	$1,129
1.5"	1.500	$3,126	37%	$1,156	$1,272	$1,399	$1,539	$1,693
2"	2.000	$4,167	37%	$1,542	$1,696	$1,866	$2,052	$2,258
2.5"	2.500	$5,209	37%	$1,927	$2,120	$2,332	$2,565	$2,822
3"	3.000	$6,251	37%	$2,313	$2,544	$2,799	$3,078	$3,386
3.5"	3.500	$7,293	37%	$2,698	$2,968	$3,265	$3,592	$3,951
4"	4.000	$8,335	37%	$3,084	$3,392	$3,731	$4,105	$4,515
5"	5.000	$10,419	37%	$3,855	$4,240	$4,664	$5,131	$5,644
6"	6.000	$12,502	37%	$4,626	$5,088	$5,597	$6,157	$6,773
7"	7.000	$14,586	37%	$5,397	$5,936	$6,530	$7,183	$7,901
8"	8.000	$16,670	37%	$6,168	$6,785	$7,463	$8,209	$9,030
9"	9.000	$18,753	37%	$6,939	$7,633	$8,396	$9,235	$10,159
10"	10.000	$20,837	37%	$7,710	$8,481	$9,329	$10,262	$11,288
12"	12.000	$25,004	37%	$9,252	$10,177	$11,194	$12,314	$13,545
15"	15.000	$31,256	37%	$11,565	$12,721	$13,993	$15,392	$16,932
16"	16.000	$33,339	37%	$12,336	$13,569	$14,926	$16,419	$18,060
18"	18.000	$37,507	37%	$13,877	$15,265	$16,792	$18,471	$20,318
20"	20.000	$41,674	37%	$15,419	$16,961	$18,657	$20,523	$22,576
25"	25.000	$52,093	37%	$19,274	$21,202	$23,322	$25,654	$28,219
30"	30.000	$62,511	37%	$23,129	$25,442	$27,986	$30,785	$33,863
40"	40.000	$83,348	37%	$30,839	$33,923	$37,315	$41,046	$45,151
43"	43.000	$89,599	37%	$33,152	$36,467	$40,114	$44,125	$48,537

Expenses from Budget	$ 1,296,062	$ 1,347,227	$ 1,400,629	$ 1,450,035	$ 1,473,966
Income Generated by the Selected Rate	$ 1,041,543	$ 1,100,737	$ 1,164,952	$ 1,234,671	$ 1,310,426
Net Gain or Loss (incl. reserve contributions)	-254,519	-246,490	-235,677	-215,364	-163,540
Are contributions to reserves enough?	No	No	No	No	No
Contributions to Reserve (Cashflow)	$ (1,054)	$ 6,975	$ 17,788	$ 38,101	$ 89,924
Target Contribution to Reserve	$ 253,465	$ 253,465	$ 253,465	$ 253,465	$ 253,465

Using the rates in the yellow cells and a 10% rate increase for the next 5 years has the following consequences:

- Rates increase for 1 Miner's inch by 109%, from $363.70 to $771.00 for the season.
- This increase ONLY covers operating expenses and NO reserves.
- Rates must be adjusted in year 5 to cover planned capital replacements, or the replacements cannot be funded after the 5th year.



The graph above shows the trends:

- Expenses (orange bar) grow at the rate of inflation
- Revenue (green bar) grows at 10% per year
- Contributions to reserves (blue bar) are not enough to cover the planned capital replacements in year 5.
- Charges to Reserves (red bar) are the replacement costs of certain assets, according to the CRP
- The Reserve Balance[9] (yellow bar) is the total amount of all reserves, which will be completely exhausted by the fifth year.

C. Discussion of Scenarios

We prefer the Recommended Scenario because:

- Tax revenue is allocated based on need to keep irrigation customers' increase in the first year to 109%, vs 197% for the Board Scenario.
- General and Administrative expenses are allocated between treated and irrigation customers, according to the number of customer in the recommended scenario, which is an acceptable "rule" for allocating expenses.
- In both cases, rates for irrigation customers will have to be reviewed in 4-5 years.
- The increase in rates for both treated and irrigation customers are lower under the recommended scenario.

The table below shows the differences in the rates for the first year.

[9] Total Reserves (Capital Replacement Reserves, Emergency Reserves, Debt Reserves, etc.)

Bi-Monthly Base Rate for Treated Water in first year						
		Board	Recommended			
	Current	F	G			
5/8"	$47.14	$68.43	$58.81			
3/4"	$47.14	$68.43	$58.81			
1"	$47.14	$68.43	$58.81			
1.5"	$47.14	$228.12	$196.04			
2"	$47.14	$364.98	$313.66			
3"	$47.14	$729.97	$627.32			
4"	$50.32	$1,140.58	$980.18			
Usage per 100CF of Treated Water in first year						
All	$1.38-$2.21	$2.25	$2.55			
Average Treated Water Bi-Monthly Bill for 5/8" meter in first year, for 2100 CF						
	84.18	112.7	108.98			
	% Increase	34%	29%			
Seasonal rate for 1 MI of Irrigation Water in first year						
1 MI	$363.70	$986.00	$771.00			
	% Increase	171%	112%			

7. Next Step

Start the process

The District must follow Proposition 218 (Exhibit 3) in implementing the water rates. The Board must have a hearing and pass a resolution that includes:

1. The selected rates
2. Approve of the wording of the Prop 218 Notice (Sample in Exhibit 6 and emailed to the GM for editing. Make sure the Public Notice reflects the rates, tiers and fees approved by the Board).
3. Set a date for the Notices to be mailed to all the property owners and renters within the District. (No need to send them registered mail. Send the Notices to all "property owners of record". Your County Tax Collector or Assessor can provide you with a list of addresses and address labels.)
4. Set a due date for the protest votes to be received, at least 45 days after the Notices are mailed.
5. At the second meeting, the Board must plan to take testimony. You may want to set multiple hearing dates or "educational meetings[10]" to explain the rate increases to the public.

[10] "Hearings" imply the presence of the Board and require an agenda and the appropriate notices. "Education Meetings" can be presented by staff, without the presence of Board members or an agenda.

6. Set an effective date for the proposed rates and fees.

Hearing

At the due date of the protest votes, tally the protest votes. If **more** than half of the parcel owners protest (one vote per parcel); then the Board cannot adopt the rates proposed in step 1, but must

- keep the rates unchanged
- or repeat the process starting with step 1

If **less** than half of the property owners protest, the Board can adopt the rates and fees. At that time in the process, the Board can only accept or reject the proposed rates and fees—they cannot change[11] them (unless steps 1-6 are repeated.)

Implementation

The rate structure proposed in this model can be implemented through the District's billing system.

Policies must be put in place to

- set up the appropriate reserve accounts: emergency and capital
- fund the reserves from revenue
- access the accounts
- define the circumstances under which funds can be withdrawn

The Board should also commit to a new rate study within 4 years, to extend rate increases beyond the 5 years, Prop 218 allows us to set rates for.

Finally, the Board should commit to create a subsidy program for low-income customers.

[11] Neither raise nor lower them.

8. Exhibits

Exhibit 1T: Capital Replacement Program Treated Water (Same for either scenario)

Exhibit 1I: Capital Replacement Program Irrigation Water (Same for either scenario)

Exhibit 2T: Budget Treated Water (Board)

Exhibit 2I: Budget Irrigation Water (Board)

Exhibit 3T: Budget Treated Water (Recommended)

Exhibit 3I: Budget Irrigation Water (recommended)

Exhibit 4: Cash & Investment Split (Same for either scenario)

Exhibit 5: Prop 218 Text

Exhibit 6: Notice Document

Capital Replacement Program **Exhibit 1T**

Georgetown Divide PUD TW

Date: 10/20/17

System Number: 910013

Service Connections: 3774

Qty	Component	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	Estimated Historic Cost	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
	Existing Capital Replacement Program															
	SOURCE OF SUPPLY PLANT #5100														$0	
1	Mark Edson Dam & Stumpy Meadows Res.	1962	$106,333	H	$106,333	100	55	$315,993	45	50	$850,524	10%	50%	40%	$12,389	$1,072
1	Tunnel Hill Tunnel	1962	$22,577	H	$22,577	100	55	$67,092	45	46	$166,831	25%	20%	55%	$6,076	$586
1	Kaiser Siphon Replacement (1)	1964	$83,961	C	$28,778	100	53	$83,961	47	46	$208,778	25%	20%	55%	$7,603	$734
1	Sand Trap Siphon (1)	1964	$34,125	C	$11,696	100	53	$34,125	47	48	$88,284	50%		50%	$6,430	$587
1	Up Country Ditch Imp (Pilot Ck Diversion to Tunnell Hill Inlet) (1)	1964	$424,830	C	$145,612	100	53	$424,830	47	56	$1,287,731	10%	50%	40%	$18,758	$1,392
															$0	
															$0	
	5200 SHARED														$0	
1	Cabin Waste Gate Replacement (1)	1972	$6,300	C	$2,538	40	45	$6,300	-5	20	$9,361	100%		0%	$1,364	$357
1	Bacon Creek Pipe (1)	1964	$53,576	C	$18,363	40	53	$53,576	-13	20	$79,611	50%		50%	$5,798	$1,518
1	Buckeye Conduit (1)	1964	$94,461	C	$32,377	40	53	$94,461	-13	20	$140,364	25%		75%	$5,112	$1,338
1	Up Country Ditch (Penn Stock Bypass to Shroeder Conduit) (1)	1964	$156,056	C	$53,489	40	53	$156,056	-13	5	$172,299	25%		75%	$6,275	$7,189
1	Main Ditch #1 Imp (1)	1964	$433,821	C	$148,694	40	53	$433,821	-13	5	$478,973	10%	50%	40%	$6,977	$7,994
1	Main Ditch #2 to ALT (1)	1964	$101,194	C	$34,685	40	53	$101,194	-13	5	$111,726	25%		75%	$4,069	$4,662
															$0	
															$0	
	5200 IRRIGATION ONLY (1)														$0	
1	Main Ditch #2 below ALT	1964	$0	C	$0	40	53	$0	-13	10		25%		75%	$0	
1	Pilot Hill Ditch (Main)	1964	$0	C	$0	40	53	$0	-13	10		50%		50%	$0	
1	Pilot Hill Ditch	1964	$0	C	$0	40	53	$0	-13	10		25%		75%	$0	
1	Kelsey Ditch #1	1964	$0	C	$0	40	53	$0	-13	10		25%		75%	$0	
1	Kelsey Ditch #2 Imp	1964	$0	C	$0	40	53	$0	-13	10		25%		75%	$0	
1	Spanish Dry Diggins Ditch	1964	$0	C	$0	40	53	$0	-13	10		100%		0%	$0	
1	Taylor Mine Ditch	1964	$0	C	$0	40	53	$0	-13	10		100%		0%	$0	
															$0	
															$0	
	5300 - Lake Walton WTP														$0	
1	Lake Walton Plant Replacement (4)	1992	$12,728,909	C	$7,681,448	50	25	$12,728,909	25	25	$20,883,124	25%		75%	$760,506	$154,431
1	Raw Water Bypass (1)	1974	$500,000	C	$209,745	40	43	$500,000	-3	19	$728,406	25%		75%	$26,527	$7,354
1	Lake Walton Outlet Works (1)	1974	$50,000	C	$20,974	40	43	$50,000	-3	19	$72,841	100%		0%	$10,611	$2,942
1	Lake Walton Dredging (1)	1974	$500,000	C	$301,732	40	25	$500,000	15	22	$772,990	25%		75%	$28,150	$6,617
							43		-43						$0	
	5300 - AUBURN LAKE TRAILS PLANT														$0	
1	ALT Water Treatment Plant (4)	2018	$12,728,909	C	$12,988,683	50	-1	$12,728,909	51	59	$40,945,042	25%		75%	$1,491,105	$102,887
															$0	
															$0	
	5400 T & D METERS & METER BOXES														$0	
1	Automated Meter Reading and Meter Replacement Project (5)	2018	$1,745,800	C	$1,781,429	20	-1	$1,745,800	21	2	$1,816,330	25%		75%	$66,146	$192,839
															$0	
	T & D TREATED WATER #5400 (2)														$0	
1	Angel Camp Tank (0.5 MG)	1974	$776,602	C	$325,777	40	43	$776,602	-3	10	$946,674	25%		75%	$34,475	$19,174
1	Deer Ravine Tank (0.25 MG)	1974	$388,301	C	$162,888	40	43	$388,301	-3	10	$473,337	50%		50%	$34,475	$19,174
1	Pilot Hill Tank (0.47 MG)	1974	$730,006	C	$306,230	40	43	$730,006	-3	10	$889,873	25%		75%	$32,407	$18,023
1	Black Ridge Road Tank (0.06 MG)	1974	$93,192	C	$39,093	40	43	$93,192	-3	10	$113,601	75%		25%	$12,411	$6,903
1	Hotchkiss Hill Tank (0.06 MG)	1974	$93,192	C	$39,093	40	43	$93,192	-3	10	$113,601	75%		25%	$12,411	$6,903
1	Spanish Dry Diggins Tank (0.2 MG)	1971	$310,641	C	$122,647	40	46	$310,641	-6	10	$378,670	50%		50%	$27,580	$15,339

1	Black Oak Mine Tank (0.3 MG)	1974	$465,961	C	$195,466	40	43	$465,961	-3	10	$568,004	25%		75%	$20,685	$11,504
1	Garden Park Tank (0.2 MG)	1974	$310,641	C	$130,311	40	43	$310,641	-3	10	$378,670	50%		50%	$27,580	$15,339
1	Kelsey Tank (0.21 MG)	1974	$332,386	C	$139,432	40	43	$332,386	-3	10	$405,177	50%		50%	$29,511	$16,413
1	Hotchkiss Hill Subtank (0.06 MG)	1974	$93,192	C	$39,093	40	43	$93,192	-3	10	$113,601	75%		25%	$12,411	$6,903
1	Black Ridge Road Pump Station	1974	$123,400	C	$51,765	40	43	$123,400	-3	5	$136,244	75%		25%	$14,885	$17,055
1	Chipmunk Trail Pump Station	1974	$123,400	C	$51,765	40	43	$123,400	-3	5	$136,244	75%		25%	$14,885	$17,055
1	Reservoir Road Pump Station	1974	$123,400	C	$51,765	40	43	$123,400	-3	5	$136,244	75%		25%	$14,885	$17,055
1	4-Inch Pipelines (42,130 AC, 50,771 PVC lf)	1974	$3,437,337	C	$1,441,927	60	43	$3,437,337	17	15	$4,626,203	25%		75%	$168,474	$60,618
1	6-Inch Pipelines (175,142 AC, 3,981 DI, 235,640 PVC lf)	1974	$19,908,624	C	$8,351,462	60	43	$19,908,624	17	15	$26,794,387	25%		75%	$975,778	$351,090
1	8-Inch Pipelines (42,068 AC, 85,394 PVC lf)	1974	$7,392,796	C	$3,101,201	60	43	$7,392,796	17	15	$9,949,730	25%		75%	$362,342	$130,373
1	10-Inch Pipelines (36,484 AC, 10,359 PVC lf)	1974	$2,951,109	C	$1,237,960	60	43	$2,951,109	17	15	$3,971,804	25%		75%	$144,642	$52,043
1	12-Inch Pipelines (42,346 AC lf)	1974	$3,388,480	C	$1,421,432	60	43	$3,388,480	17	15	$4,560,448	25%		75%	$166,079	$59,756
															$0	
															$0	
															$0	
															$0	
															$0	
	TRANSPORTATION EQUIPMENT (3)														$0	
1	Mobile Radios	1971	$4,056	H	$4,056	5	46	$10,085	-41	5	$11,134	100%		0%	$1,622	$1,858
1	Truck	2017	$38,250	C	$38,250	15	0	$38,250	15	15	$51,479	100%		0%	$7,499	$2,698
1	Excavator	2017	$55,250	C	$55,250	15	0	$55,250	15	15	$74,359	100%		0%	$10,832	$3,897
1	Trailer for excavator	2017	$10,625	C	$10,625	20	0	$10,625	20	20	$15,788	100%		0%	$2,300	$602
1	Trailer & Hookups	1991	$9,469	H	$9,469	5	26	$15,846	-21	10	$19,316	100%		0%	$2,814	$1,565
1	1998 Ford Pickup Truck	1998	$10,340	H	$10,340	5	19	$15,064	-14	10	$18,363	100%		0%	$2,675	$1,488
1	1999 Ford F150 Pickup	1999	$10,304	H	$10,304	5	18	$14,717	-13	10	$17,940	100%		0%	$2,613	$1,453
1	2002 Ford F-150 4x4	2001	$11,448	H	$11,448	5	16	$15,715	-11	10	$19,157	100%		0%	$2,791	$1,552
1	Chevy Truck - 1500	2003	$11,298	H	$11,298	5	14	$14,908	-9	10	$18,173	100%		0%	$2,647	$1,472
1	2004 Chevy 1500 Pickup	2004	$11,265	H	$11,265	5	13	$14,573	-8	10	$17,764	100%		0%	$2,588	$1,439
1	2004 Chevy 4 WD Pickup	2004	$18,421	H	$18,421	5	13	$23,829	-8	10	$29,047	100%		0%	$4,231	$2,353
1	2005 Chevy ID#1GBHK24U95E333348	2005	$17,911	H	$17,911	5	12	$22,715	-7	10	$27,690	100%		0%	$4,034	$2,243
1	2006 Chevy Colorado	2006	$12,068	H	$12,068	5	11	$15,005	-6	10	$18,291	100%		0%	$2,664	$1,482
1	2007 Chevy CK2500 Regular Cab	2007	$18,097	H	$18,097	5	10	$22,061	-5	10	$26,892	100%		0%	$3,917	$2,179
1	2008 Chevy 1500	2008	$14,480	H	$14,480	5	9	$17,305	-4	10	$21,095	100%		0%	$3,073	$1,709
1	Sundowner Trailer	2010	$4,588	H	$4,588	5	7	$5,270	-2	10	$6,425	100%		0%	$936	$520
1	Re-manufactured Long block Unit #32	2013	$3,489	H	$3,489	20	4	$3,777	16	17	$5,288	100%		0%	$770	$242
1	2016 Ford F-150	2016	$14,158	H	$14,158	10	1	$14,441	9	10	$17,604	100%		0%	$2,564	$1,426
															$0	
	SHOP & FIELD EQUIPMENT (3)														$0	
1	Fully Depreciated	1965	$1,082	H	$1,082	10	52	$3,030	-42	5		100%		0%	$0	
1	Tool Set	2017	$5,550	C	$5,550	10	0	$5,550	10	10	$6,765	100%		0%	$985	$548
1	New Radio System	1989	$7,192	H	$7,192	10	28	$12,521	-18	5	$13,825	100%		0%	$2,014	$2,307
1	Steam Cleaner (Pressure Washer)	1989	$1,886	H	$1,886	10	28	$3,284	-18	5		100%		0%	$0	
1	Welder	1991	$1,515	H	$1,515	10	26	$2,535	-16	5		100%		0%	$0	
1	Backhoe	1991	$27,385	H	$27,385	20	26	$45,827	-6	5	$50,597	75%		25%	$5,528	$6,334
1	Dump Truck	1991	$26,610	H	$26,610	20	26	$44,530	-6	5	$49,164	75%		25%	$5,371	$6,154
1	Tilt-bed Trailer	1992	$4,775	H	$4,775	10	25	$7,833	-15	5	$8,648	100%		0%	$1,260	$1,443
1	Dozer	1996	$13,655	H	$13,655	5	21	$20,697	-16	5	$22,851	100%		0%	$3,329	$3,814
1	Mini Excavator	2000	$22,535	H	$22,535	20	17	$31,555	3	5	$34,839	100%		0%	$5,075	$5,815
1	IR Portable Air Compressor	2003	$7,308	H	$7,308	20	14	$9,643	6	7	$11,077	100%		0%	$1,614	$1,305
1	2008 Chevy Truck 3500 1 ton Dump Truck	2008	$26,551	H	$26,551	10	9	$31,731	1	5	$35,033	100%		0%	$5,103	$5,847
1	Clark Equip.-excavator	2010	$23,678	H	$23,678	20	7	$27,198	13	14	$35,887	100%		0%	$5,228	$2,028
1	Meters	2014	$6,687	H	$6,687	20	3	$7,096	17	18	$10,135	100%		0%	$1,476	$435
1	Ditch Witch FX30 Vac Trailer	2015	$30,886	H	$30,886	20	2	$32,134	18	19	$46,813	75%		25%	$5,114	$1,418
1	Rammer Small Compactor	2016	$4,105	H	$4,105	20	1	$4,187	19	20	$6,221	100%		0%	$906	$237
															$0	

	GENERAL PLANT (3)														$0	
1	Office Building	1976	$137,335	H	$137,335	40	41	$309,307	-1	15	$416,286	25%		75%	$15,160	$5,455
1	Chip, Seal Parking Lot	1985	$2,953	H	$2,953	10	32	$5,565	-22	1	$5,677	100%		0%	$827	$4,850
1	Yard Fence	1986	$3,088	H	$3,088	10	31	$5,704	-21	5	$6,298	100%		0%	$917	$1,051
1	Generator & Electrical	1986	$2,210	H	$2,210	20	31	$4,084	-11	5		100%		0%	$0	
1	Gas Heat/Air System	1987	$1,650	H	$1,650	20	30	$2,989	-10	5		100%		0%	$0	
1	Rheem Cooling & Heating Unit	1989	$1,751	H	$1,751	20	28	$3,048	-8	5		100%		0%	$0	
1	Metal Building	1990	$5,811	H	$5,811	20	27	$9,918	-7	5	$10,950	100%		0%	$1,595	$1,828
1	Office & Shop Privacy Fence	2004	$6,080	H	$6,080	10	13	$7,865	-3	5	$8,683	100%		0%	$1,265	$1,449
1	Hangtown Fence - Add'l Ground Fencing	2006	$4,895	H	$4,895	10	11	$6,086	-1	5	$6,720	100%		0%	$979	$1,122
1	Carpet Replacement	2007	$3,724	H	$3,724	7	10	$4,540	-3	5	$5,012	100%		0%	$730	$837
1	Partial Re-roof of Main Maintenance Building	2016	$3,088	H	$3,088	30	1	$3,149	29	30	$5,704	100%		0%	$831	$136
															$0	
	OFFICE EQUIPMENT (3)														$0	
1	Computer Network	2001	$3,254	H	$3,254	10	16	$4,468	-6	5		100%		0%	$0	
1	Canon Copier	2002	$4,795	H	$4,795	10	15	$6,454	-5	5	$7,125	100%		0%	$1,038	$1,189
1	Phone System (Equip&Software)	2002	$4,744	H	$4,744	3	15	$6,385	-12	5	$7,049	100%		0%	$1,027	$1,177
1	Dell Server &software	2005	$2,185	H	$2,185	3	12	$2,771	-9	5		100%		0%	$0	
1	5 DELL Computers	2007	$4,637	H	$4,637	5	10	$5,652	-5	5	$6,240	100%		0%	$909	$1,042
															$0	
	DISTRIBUTION (3)														$0	
38	Pressure Reducing Valves	1987	$2,455	H	$93,278	40	30	$168,960	10	10	$205,961	50%		50%	$15,001	$8,343
172	Air Relief Valves	1987	$709	H	$121,970	40	30	$220,932	10	10	$269,315	50%		50%	$19,615	$10,909
422	Isolation Valves	1987	$2,291	H	$966,816	40	30	$1,751,254	10	10	$2,134,769	25%		75%	$77,742	$43,237
247	Other Valves	1987	$2,018	H	$498,518	40	30	$902,997	10	10	$1,100,748	25%		75%	$40,086	$22,294
581	Firehydrants	1987	$3,273	H	$1,901,558	60	30	$3,444,410	30	35	$6,888,439	25%		75%	$250,858	$34,170
20	Pressure Reducing Valves	2017	$5,000	C	$100,000	40	0	$100,000	40	40	$220,804	50%		50%	$16,082	$1,856
															$0	
	Subtotal Existing Capital Assets				$45,159,718			$78,663,010			$135,559,165	26%	1%	73%	$5,118,046	$1,544,026

Capital Replacement Program **Exhibit 1I**

Georgetown Divide PUD IW

Date: 10/20/17

System Number: 910013

Service Connections: 408

Qty	Component	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	Estimated Historic Cost	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
	Existing Capital Replacement Program															
	SOURCE OF SUPPLY PLANT #5100														$0	
1	Mark Edson Dam & Stumpy Meadows Res.	1962	$400,015	H	$400,015	100	55	$1,188,737	45	50	$3,199,589	10%	50%	40%	$14,980	$4,664
1	Tunnel Hill Tunnel	1962	$84,931	H	$84,931	100	55	$252,393	45	46	$627,604	25%	20%	55%	$7,346	$2,543
1	Kaiser Siphon Replacement (1)	1964	$315,852	C	$108,259	100	53	$315,852	47	46	$785,402	25%	20%	55%	$9,193	$3,183
1	Sand Trap Siphon (1)	1964	$128,375	C	$44,001	100	53	$128,375	47	48	$332,115	50%		50%	$7,775	$2,550
1	Up Country Ditch Imp (Pilot Ck Diversion to Tunnell Hill Inlet) (1)	1964	$1,598,171	C	$547,779	100	53	$1,598,171	47	56	$4,844,320	10%	50%	40%	$22,681	$6,090
															$0	
															$0	
	5200 SHARED														$0	
1	Cabin Waste Gate Replacement (1)	1972	$23,700	C	$9,548	40	45	$23,700	-5	20	$35,217	100%		0%	$1,649	$1,517
1	Bacon Creek Pipe (1)	1964	$201,549	C	$69,082	40	53	$201,549	-13	20	$299,491	50%		50%	$7,011	$6,450
1	Buckeye Conduit (1)	1964	$355,352	C	$121,798	40	53	$355,352	-13	20	$528,035	25%		75%	$6,180	$5,686
1	Up Country Ditch (Penn Stock Bypass to Shroeder Conduit) (1)	1964	$587,070	C	$201,220	40	53	$587,070	-13	5	$648,172	25%		75%	$7,587	$30,250
1	Main Ditch #1 Imp (1)	1964	$1,631,992	C	$559,371	40	53	$1,631,992	-13	5	$1,801,851	10%	50%	40%	$8,436	$33,636
1	Main Ditch #2 to ALT (1)	1964	$380,682	C	$130,480	40	53	$380,682	-13	5	$420,304	25%		75%	$4,920	$19,615
															$0	
															$0	
	5200 IRRIGATION ONLY (1)														$0	
1	Main Ditch #2 below ALT	1964	$663,376	C	$227,375	40	53	$663,376	-13	10	$808,652	25%		75%	$9,465	$18,377
1	Pilot Hill Ditch (Main)	1964	$429,126	C	$147,084	40	53	$429,126	-13	10	$523,102	50%		50%	$12,246	$23,775
1	Pilot Hill Ditch	1964	$1,070,876	C	$367,047	40	53	$1,070,876	-13	10	$1,305,392	25%		75%	$15,279	$29,665
1	Kelsey Ditch #1	1964	$571,625	C	$195,927	40	53	$571,625	-13	10	$696,808	25%		75%	$8,156	$15,835
1	Kelsey Ditch #2 Imp	1964	$1,112,565	C	$381,336	40	53	$1,112,565	-13	10	$1,356,211	25%		75%	$15,874	$30,820
1	Spanish Dry Diggins Ditch	1964	$37,375	C	$12,810	40	53	$37,375	-13	10	$45,560	100%		0%	$2,133	$4,141
1	Taylor Mine Ditch	1964	$36,563	C	$12,532	40	53	$36,563	-13	10	$44,570	100%		0%	$2,087	$4,051
															$0	
															$0	
	5300 - Lake Walton WTP														$0	
0	Lake Walton Plant Replacement (4)	1992	$0	C	$0	50	25	$0	25	25		25%		75%	$0	
0	Raw Water Bypass (1)	1974	$0	C	$0	40	43	$0	-3	19		25%		75%	$0	
0	Lake Walton Outlet Works (1)	1974	$0	C	$0	40	43	$0	-3	19		100%		0%	$0	
0	Lake Walton Dredging (1)	1974	$0	C	$0	40	25	$0	15	22		25%		75%	$0	
							43		-43						$0	
	5300 - AUBURN LAKE TRAILS PLANT														$0	
0	ALT Water Treatment Plant (4)	2018	$0	C	$0	50	-1	$0	51	59		25%		75%	$0	
															$0	
															$0	
	5400 T & D METERS & METER BOXES														$0	
0	Automated Meter Reading and Meter Replacement Project (5)	2018	$0	C	$0	20	-1	$0	21	2		25%		75%	$0	
															$0	
	T & D TREATED WATER #5400 (2)														$0	
0	Angel Camp Tank (0.5 MG)	1974	$0	C	$0	40	43	$0	-3	10		25%		75%	$0	
0	Deer Ravine Tank (0.25 MG)	1974	$0	C	$0	40	43	$0	-3	10		50%		50%	$0	
0	Pilot Hill Tank (0.47 MG)	1974	$0	C	$0	40	43	$0	-3	10		25%		75%	$0	
0	Black Ridge Road Tank (0.06 MG)	1974	$0	C	$0	40	43	$0	-3	10		75%		25%	$0	
0	Hotchkiss Hill Tank (0.06 MG)	1974	$0	C	$0	40	43	$0	-3	10		75%		25%	$0	

0	Spanish Dry Diggins Tank (0.2 MG)	1971	$0	C	$0	40	46	$0	-6	10		50%		50%	$0	
0	Black Oak Mine Tank (0.3 MG)	1974	$0	C	$0	40	43	$0	-3	10		25%		75%	$0	
0	Garden Park Tank (0.2 MG)	1974	$0	C	$0	40	43	$0	-3	10		50%		50%	$0	
0	Kelsey Tank (0.21 MG)	1974	$0	C	$0	40	43	$0	-3	10		50%		50%	$0	
0	Hotchkiss Hill Subtank (0.06 MG)	1974	$0	C	$0	40	43	$0	-3	10		75%		25%	$0	
0	Black Ridge Road Pump Station	1974	$0	C	$0	40	43	$0	-3	5		75%		25%	$0	
0	Chipmunk Trail Pump Station	1974	$0	C	$0	40	43	$0	-3	5		75%		25%	$0	
0	Reservoir Road Pump Station	1974	$0	C	$0	40	43	$0	-3	5		75%		25%	$0	
0	4-Inch Pipelines (42,130 AC, 50,771 PVC lf)	1974	$0	C	$0	60	43	$0	17	15		10%		90%	$0	
0	6-Inch Pipelines (175,142 AC, 3,981 DI, 235,640 PVC lf)	1974	$0	C	$0	60	43	$0	17	15		10%		90%	$0	
0	8-Inch Pipelines (42,068 AC, 85,394 PVC lf)	1974	$0	C	$0	60	43	$0	17	15		10%		90%	$0	
0	10-Inch Pipelines (36,484 AC, 10,359 PVC lf)	1974	$0	C	$0	60	43	$0	17	15		10%		90%	$0	
0	12-Inch Pipelines (42,346 AC lf)	1974	$0	C	$0	60	43	$0	17	15		10%		90%	$0	
															$0	
0	Highway 193/Sliger Mine Main Relocation (2)	1974	$0	C	$0	60	43	$0	17	5		50%		50%	$0	
0	Tank Telemetry Enhancements (2)	2020	$0	C	$0	15	-3	$0	18	5		100%		0%	$0	
															$0	
															$0	
	TRANSPORTATION EQUIPMENT (3)														$0	
1	Mobile Radios	1971	$668	H	$668	5	46	$1,661	-41	5		100%		0%	$0	
1	Truck	2017	$6,300	C	$6,300	15	0	$6,300	15	15	$8,479	100%		0%	$397	$500
1	Excavator	2017	$9,100	C	$9,100	15	0	$9,100	15	15	$12,247	100%		0%	$573	$723
1	Trailer for excavator	2017	$1,750	C	$1,750	20	0	$1,750	20	20		100%		0%	$0	
1	Trailer & Hookups	1991	$1,560	H	$1,560	15	26	$2,610	-11	10		100%		0%	$0	
1	1998 Ford Pickup Truck	1998	$1,703	H	$1,703	15	19	$2,481	-4	10		100%		0%	$0	
1	1999 Ford F150 Pickup	1999	$1,697	H	$1,697	15	18	$2,424	-3	10		100%		0%	$0	
1	2002 Ford F-150 4x4	2001	$1,886	H	$1,886	15	16	$2,588	-1	10		100%		0%	$0	
1	Chevy Truck - 1500	2003	$1,861	H	$1,861	15	14	$2,455	1	10		100%		0%	$0	
1	2004 Chevy 1500 Pickup	2004	$1,855	H	$1,855	15	13	$2,400	2	10		100%		0%	$0	
1	2004 Chevy 4 WD Pickup	2004	$3,034	H	$3,034	15	13	$3,925	2	10		100%		0%	$0	
1	2005 Chevy ID#1GBHK24U95E333348	2005	$2,950	H	$2,950	15	12	$3,741	3	10		100%		0%	$0	
1	2006 Chevy Colorado	2006	$1,988	H	$1,988	15	11	$2,471	4	10		100%		0%	$0	
1	2007 Chevy CK2500 Regular Cab	2007	$2,981	H	$2,981	15	10	$3,633	5	10		100%		0%	$0	
1	2008 Chevy 1500	2008	$2,385	H	$2,385	15	9	$2,850	6	10		100%		0%	$0	
1	Sundowner Trailer	2010	$756	H	$756	15	7	$868	8	10		100%		0%	$0	
1	Re-manufactured Long block Unit #32	2013	$575	H	$575	20	4	$622	16	17		100%		0%	$0	
1	2016 Ford F-150	2016	$2,332	H	$2,332	15	1	$2,379	14	10		100%		0%	$0	
															$0	
	SHOP & FIELD EQUIPMENT (3)														$0	
			~~$178~~							~~5~~		~~100%~~		0%	$0	
1	Tool Set	2017	$914	C	$914	10	0	$914	10	10		100%		0%	$0	
1	New Radio System	1989	$1,185	H	$1,185	10	28	$2,062	-18	5		100%		0%	$0	
1	Steam Cleaner (Pressure Washer)	1989	$311	H	$311	10	28	$541	-18	5		100%		0%	$0	
1	Welder	1991	$249	H	$249	10	26	$418	-16	5		100%		0%	$0	
1	Backhoe	1991	$4,511	H	$4,511	20	26	$7,548	-6	5	$8,334	75%		25%	$293	$1,167
1	Dump Truck	1991	$4,383	H	$4,383	20	26	$7,334	-6	5	$8,098	75%		25%	$284	$1,134
1	Tilt-bed Trailer	1992	$786	H	$786	15	25	$1,290	-10	5		100%		0%	$0	
1	Dozer	1996	$2,249	H	$2,249	20	21	$3,409	-1	5		100%		0%	$0	
1	Mini Excavator	2000	$3,712	H	$3,712	20	17	$5,197	3	5	$5,738	100%		0%	$269	$1,071
1	IR Portable Air Compressor	2003	$1,204	H	$1,204	20	14	$1,588	6	7		100%		0%	$0	
1	2008 Chevy Truck 3500 1 ton Dump Truck	2008	$4,373	H	$4,373	15	9	$5,226	6	5	$5,770	100%		0%	$270	$1,077
1	Clark Equip.-excavator	2010	$3,900	H	$3,900	20	7	$4,480	13	14	$5,911	100%		0%	$277	$376
1	Meters	2014	$1,101	H	$1,101	20	3	$1,169	17	18		100%		0%	$0	
1	Ditch Witch FX30 Vac Trailer	2015	$5,087	H	$5,087	20	2	$5,293	18	19	$7,710	75%		25%	$271	$264
1	Rammer Small Compactor	2016	$676	H	$676	20	1	$690	19	20		100%		0%	$0	

															$0	
	GENERAL PLANT (3)														$0	
1	Office Building	1976	$22,620	H	$22,620	40	41	$50,945	-1	15	$68,565	25%		75%	$803	$1,011
1	Chip, Seal Parking Lot	1985	$486	H	$486	10	32	$917	-22	1		100%		0%	$0	
1	Yard Fence	1986	$509	H	$509	10	31	$940	-21	5		100%		0%	$0	
1	Generator & Electrical	1986	$364	H	$364	20	31	$673	-11	5		100%		0%	$0	
1	Gas Heat/Air System	1987	$272	H	$272	20	30	$492	-10	5		100%		0%	$0	
1	Rheem Cooling & Heating Unit	1989	$288	H	$288	20	28	$502	-8	5		100%		0%	$0	
1	Metal Building	1990	$957	H	$957	20	27	$1,634	-7	5		100%		0%	$0	
1	Office & Shop Privacy Fence	2004	$1,001	H	$1,001	10	13	$1,295	-3	5		100%		0%	$0	
1	Hangtown Fence - Add'l Ground Fencing	2006	$806	H	$806	10	11	$1,002	-1	5		100%		0%	$0	
1	Carpet Replacement	2007	$613	H	$613	7	10	$748	-3	5		100%		0%	$0	
1	Partial Re-roof of Main Maintenance Building	2016	$509	H	$509	30	1	$519	29	30		100%		0%	$0	
															$0	
	OFFICE EQUIPMENT (3)														$0	
0	Computer Network	2001	$536	H	$0	10	16	$0	-6	5		100%		0%	$0	
1	Canon Copier	2002	$790	H	$790	10	15	$1,063	-5	5		100%		0%	$0	
1	Phone System (Equip&Software)	2002	$781	H	$781	3	15	$1,052	-12	5		100%		0%	$0	
			$360							5		100%		0%	$0	
1	5 DELL Computers	2007	$764	H	$764	5	10	$931	-5	5		100%		0%	$0	
															$0	
															$0	
	Existing Capital Replacement Program				$3,731,376			$10,749,508			$18,433,245				$166,432	$250,172

Five Year Forecasted Budget

Georgetown Divide PUD TW

No Admin

Date: 10/20/17

Inflation Factor (%): 2.00

System Number: 910013

Exhibit 2T

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES					
Personnel Related	1,532,146.01	1,596,007.14	1,663,530.07	1,727,504.03	1,762,054.11
Materials and Supplies	147,315.56	154,681.34	162,415.40	170,536.17	173,946.90
Rental/Durable	9,191.05	9,650.60	10,133.13	10,639.79	10,852.58
Staff Development	5,655.44	5,938.21	6,235.12	6,546.88	6,677.82
Travel--Conference	2,000.00	2,100.00	2,205.00	2,315.25	2,361.56
Utilities	167,485.44	175,859.71	184,652.69	193,885.33	197,763.03
Vehicle & Equipment Maintenance	2,627.81	2,759.20	2,897.16	3,042.02	3,102.86
Vehicle Operations	20,484.03	21,508.23	22,583.64	23,712.82	24,187.08
Building Maintenance	1,000.00	1,050.00	1,102.50	1,157.63	1,180.78
Govt. Reg./Lab Fees	53,700.85	56,385.90	59,205.19	62,165.45	63,408.76
Outside Service/Consultants	22,721.92	23,858.01	25,050.91	26,303.46	26,829.53
		0.00	0.00	0.00	0.00
Total Operation and Maintenance Expenses:	1,964,328.11	2,049,798.34	2,140,010.83	2,227,808.82	2,272,365.00
GENERAL & ADMINISTRATIVE EXPENSES					
Low Income Subsidy	35,000.00	35,700.00	36,414.00	37,142.28	37,885.13
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	0.00	0.00	0.00	0.00	0.00
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	1,532,603.28	1,528,353.70	1,359,521.48	1,359,521.48	1,359,521.48
Funded Project Replacement Program	0.00	0.00	0.00	0.00	0.00
Future Capital Improvement Program	0.00	0.00	0.00	0.00	0.00
Debt Payments (Principle + Interest)	59,348.26	59,348.26	144,112.12	144,112.12	144,112.12
Legal, Audit, Insurance,	35,558.69	37,336.62	39,203.45	41,163.63	41,986.90
Other General & Administrative	17,985.74	18,885.02	19,829.27	20,820.74	21,237.15
Total General and Administrative Expenses:	1,680,495.97	1,679,623.61	1,599,080.33	1,602,760.25	1,604,742.78
TOTAL EXPENSES	3,644,824.07	3,729,421.95	3,739,091.16	3,830,569.07	3,877,107.78
SOURCE OF FUNDS / REVENUES RECEIVED					
Water Revenue	2,753,457.25	2,916,226.12	3,088,228.77	3,256,361.53	3,419,141.54
Property Tax	0.00	0.00	0.00	0.00	0.00
SMUD, Hydro, Leases, Interest, etc	293,300.00	299,166.00	305,149.32	311,252.31	317,477.35
Hydro	-60,000.00	-61,200.00	-62,424.00	-63,672.48	-64,945.93
Capital Facility Charges	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32
		0.00	0.00	0.00	0.00
TOTAL REVENUE (Lines 29 through 37):	2,996,757.25	3,164,392.12	3,341,358.09	3,514,553.43	3,682,497.29
NET LOSS OR GAIN:	-648,066.82	-565,029.83	-397,733.07	-316,015.64	-194,610.49
NET CASH FLOW (Contribution to Reserves)	884,536.46	963,323.87	961,788.40	1,043,505.84	1,164,910.98

Cash Budget

Georgetown Divide PUD IW

Date: 10/20/17

Exhibit 2I

Inflation Factor (%): 2.00

System Number: 910013

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES					
Personnel Related	790,287.84	829,470.96	871,328.64	907,688.96	925,842.74
Materials and Supplies	28,784.44	30,223.66	31,734.85	33,321.59	33,988.02
Rental/Durable	15,808.95	16,599.40	17,429.37	18,300.84	18,666.86
Staff Development	1,932.64	2,029.27	2,130.73	2,237.27	2,282.02
Travel--Conference	0.00	0.00	0.00	0.00	0.00
Utilities	8,191.32	8,600.88	9,030.92	9,482.47	9,672.12
Vehicle & Equipment Maintenance	2,372.19	2,490.80	2,615.34	2,746.10	2,801.02
Vehicle Operations	15,015.97	15,766.77	16,555.11	17,382.87	17,730.53
Building Maintenance	0.00	0.00	0.00	0.00	0.00
Govt. Reg./Lab Fees	27,199.15	28,559.10	29,987.06	31,486.41	32,116.14
Outside Service/Consultants	29,578.08	31,056.99	32,609.84	34,240.33	34,925.13
		0.00	0.00	0.00	0.00
Total Operation and Maintenance Expenses:	919,170.58	964,797.84	1,013,421.86	1,056,886.84	1,078,024.58
GENERAL & ADMINISTRATIVE EXPENSES					
					0.00
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	1,753.04	1,753.04	1,753.04	1,753.04	1,753.04
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	250,172.04	250,172.04	250,172.04	250,172.04	250,172.04
Funded Project Replacement Program	0.00	0.00	0.00	0.00	0.00
Future Capital Improvement Program	0.00	0.00	0.00	0.00	0.00
Debt Payments (Principle + Interest)	1,043.74	1,043.74	0.00	0.00	0.00
Legal, Audit, Insurance,	15,726.75	16,513.09	17,338.74	18,205.68	18,569.79
Other General & Administrative	14,074.21	14,777.92	15,516.82	16,292.66	16,618.51
Total General and Administrative Expenses:	282,769.78	284,259.82	284,780.63	286,423.41	287,113.38
TOTAL EXPENSES	1,201,940.36	1,249,057.66	1,298,202.50	1,343,310.26	1,365,137.96
SOURCE OF FUNDS / REVENUES RECEIVED					
Water Revenue	612,989.58	674,288.54	741,717.39	815,889.13	897,478.05
Property Tax	336,000.00	342,720.00	349,574.40	356,565.89	363,697.21
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
TOTAL REVENUE (Lines 29 through 37):	948,989.58	1,017,008.54	1,091,291.79	1,172,455.02	1,261,175.25
NET LOSS OR GAIN:	-252,950.77	-232,049.12	-206,910.70	-170,855.23	-103,962.71
NET CASH FLOW (Contribution to Reserves)	-1,025.70	19,875.95	45,014.37	81,069.84	147,962.37

Cash Budget

Georgetown Divide PUD TW

Date: 10/20/17

Exhibit 3T

Inflation Factor (%): 2.00

System Number: 910013

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES					
Personnel Related	2,032,357.05	2,115,849.60	2,204,051.75	2,288,147.45	2,333,910.39
Materials and Supplies	147,315.56	154,681.34	162,415.40	170,536.17	173,946.90
Rental/Durable	9,191.05	9,650.60	10,133.13	10,639.79	10,852.58
Staff Development	8,614.04	9,044.74	9,496.98	9,971.83	10,171.26
Travel--Conference	8,163.75	8,571.93	9,000.53	9,450.56	9,639.57
Utilities	181,660.27	190,743.28	200,280.45	210,294.47	214,500.36
Vehicle & Equipment Maintenance	2,627.81	2,759.20	2,897.16	3,042.02	3,102.86
Vehicle Operations	20,484.03	21,508.23	22,583.64	23,712.82	24,187.08
Building Maintenance	7,074.42	7,428.14	7,799.55	8,189.52	8,353.31
Govt. Reg./Lab Fees	56,059.16	58,862.11	61,805.22	64,895.48	66,193.39
Outside Service/Consultants	60,474.78	63,498.52	66,673.45	70,007.12	71,407.26
Low Income Fund	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
Total Operation and Maintenance Expenses:	2,569,021.91	2,677,597.69	2,792,137.25	2,903,887.22	2,961,264.97
GENERAL & ADMINISTRATIVE EXPENSES					
Retiree Health Premium	97,190.68	102,050.22	107,152.73	112,510.37	114,760.57
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	0.00	0.00	0.00	0.00	0.00
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	1,532,603.00	1,532,603.00	1,532,603.00	1,532,603.00	1,532,603.00
Funded Project Replacement Program	0.00	0.00	0.00	0.00	0.00
Future Capital Improvement Program	0.00	0.00	0.00	0.00	0.00
Debt Payments (Principle + Interest)	59,348.26	59,348.26	144,112.12	144,112.12	144,112.12
Legal, Audit, Insurance,	131,891.81	138,486.40	145,410.72	152,681.25	155,734.88
Other General & Administrative	111,153.73	116,711.41	122,546.98	128,674.33	131,247.82
Total General and Administrative Expenses:	1,932,187.48	1,949,199.29	2,051,825.55	2,070,581.08	2,078,458.39
TOTAL EXPENSES	4,501,209.39	4,626,796.98	4,843,962.80	4,974,468.30	5,039,723.36
SOURCE OF FUNDS / REVENUES RECEIVED					
Water Revenue	2,676,332.82	2,838,471.64	3,010,237.50	3,176,352.03	3,335,080.67
Property Tax	1,006,000.00	1,036,180.00	1,067,265.40	1,099,283.36	1,132,261.86
SMUD, Hydro, Leases, Interest, etc	293,300.00	299,166.00	305,149.32	311,252.31	317,477.35
Hydro	-60,000.00	-61,200.00	-62,424.00	-63,672.48	-64,945.93
Capital Facilities Charge	10,000.00	10,200.00	10,404.00	10,612.08	10,824.32
		0.00	0.00	0.00	0.00
TOTAL REVENUE (Lines 29 through 37):	3,925,632.82	4,122,817.64	4,330,632.22	4,533,827.30	4,730,698.28
NET LOSS OR GAIN:	-575,576.56	-503,979.34	-513,330.59	-440,641.00	-309,025.08
NET CASH FLOW (Contribution to Reserves)	957,026.44	1,028,623.66	1,019,272.41	1,091,962.00	1,223,577.92

Cash Budget

Georgetown Divide PUD IW

Date: 10/20/17

Exhibit 3I

Inflation Factor (%): 2.00

System Number: 910013

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES					
Personnel Related	844,364.71	885,670.15	929,763.42	968,299.06	987,665.04
Materials and Supplies	28,784.44	30,223.66	31,734.85	33,321.59	33,988.02
Rental/Durable	15,808.95	16,599.40	17,429.37	18,300.84	18,666.86
Staff Development	2,252.49	2,365.11	2,483.37	2,607.54	2,659.69
Travel--Conference	666.35	699.67	734.65	771.38	786.81
Utilities	9,723.73	10,209.92	10,720.41	11,256.43	11,481.56
Vehicle & Equipment Maintenance	2,372.19	2,490.80	2,615.34	2,746.10	2,801.02
Vehicle Operations	15,015.97	15,766.77	16,555.11	17,382.87	17,730.53
Building Maintenance	656.69	689.53	724.00	760.21	775.41
Govt. Reg./Lab Fees	27,454.10	28,826.80	30,268.14	31,781.55	32,417.18
Outside Service/Consultants	33,659.47	35,342.45	37,109.57	38,965.05	39,744.35
		0.00	0.00	0.00	0.00
Total Operation and Maintenance Expenses:	980,759.10	1,028,884.25	1,080,138.23	1,126,192.62	1,148,716.47
GENERAL & ADMINISTRATIVE EXPENSES					
Ritiree Health Premium	10,507.10	11,032.46	11,584.08	12,163.28	12,406.55
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	3,292.75	3,292.75	3,292.75	3,292.75	3,292.75
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	250,172.04	250,172.04	250,172.04	250,172.04	250,172.04
Funded Project Replacement Program	0.00	0.00	0.00	0.00	0.00
Future Capital Improvement Program	0.00	0.00	0.00	0.00	0.00
Debt Payments (Principle + Interest)	1,043.74	1,043.74	0.00	0.00	0.00
Legal, Audit, Insurance,	26,141.14	27,448.20	28,820.61	30,261.64	30,866.87
Other General & Administrative	24,146.43	25,353.75	26,621.44	27,952.51	28,511.56
Total General and Administrative Expenses:	315,303.20	318,342.93	320,490.91	323,842.22	325,249.76
TOTAL EXPENSES	1,296,062.30	1,347,227.18	1,400,629.14	1,450,034.83	1,473,966.23
SOURCE OF FUNDS / REVENUES RECEIVED					
Water Revenue	479,543.05	527,497.35	580,247.09	638,271.80	702,098.98
Property Tax	562,000.00	573,240.00	584,704.80	596,398.90	608,326.87
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
TOTAL REVENUE (Lines 29 through 37):	1,041,543.05	1,100,737.35	1,164,951.89	1,234,670.70	1,310,425.85
NET LOSS OR GAIN:	-254,519.25	-246,489.83	-235,677.25	-215,364.14	-163,540.38
NET CASH FLOW (Contribution to Reserves)	-1,054.46	6,974.96	17,787.54	38,100.65	89,924.41

Split of cash and investments between (4) Reserve Types and Treaded/Irrigation water **Exhibit 4**

			Reserves			
		Debt	Operating	Emergency	Capital	Other/WW
SMUD Fund	$ 324,069				$ 324,069	
CABY Grant	$ (29,222)				$ -	$ (29,222)
General Fund	$ 1,175,636		$1,175,636			
Insurance Reserve	$ -					$ -
Dental/Optical	$ -					$ -
Retiree	$ 538,071					$ 538,071
Stewart Mine	$ 28,825	$ 28,825				
Bayne Road & Other Assessment Districts	$ 65,804	$ 65,804				
Georgetown-Buckeye Water Improvement	$ -	$ -				
District	$ -	$ -				
Water Development	$ 399,753				$ 399,753	
Bond & Interest for Debt Service	$ -					
Buffalo Pipeline	$ -					
Sand Trap Siphon	$ -					
Stumpy Meadows Emergency	$ 1,044,130			$ 1,044,130		
Reserve Fund (SMERF)	$ -					
Capital Reserve Cash Clearing	$ 1,029,266				$ 1,029,266	
Pilot Hill North	$ (7,481)	$ (7,481)				
Pilot Hill South	$ 50,136	$ 50,136				
Kelsey North	$ 119,154	$ -				
Kelsey South	$ -	$ -				
State Revolving Fund	$ 7,499	$ 7,499				
Federal Emergency Management Agency	$ -					
Wrench/Valve Deposit Fund	$ -					
Small Hydro Fund	$ 592,262				$ 592,262	
Pipeline Extension Holding Fund to 26	$ -				$ -	
Environmental Protection Agency	$ 315,098				$ 315,098	
Garden Valley Water Improvement District	$ 71,574	$ 71,574				
Capital Facility Charges	$ 1,679,822				$ 1,679,822	
ALT - WTP Capital Reserve	$ 766,122				$ 766,122	
Auburn Lake Trails (ALT) Zone Fund	$ 963,527					$ 963,527
ALT Tank Replacement Loans & Repair Activity	$ 33,791					$ 33,791
ALT CDS Reserve Connection Fund	$ 181,840					$ 181,840
	$ 9,349,676					

Split of Reserves, based on average historic sales (Section C)

	Sales	%		Debt	Operating	Emergency	Capital
Treated Water	$ 1,613,052	75%		$ 216,357	$ 876,629	$ 778,569	$ 4,762,189
Irrigation Water	$ 195,288	9%			$ 106,131	$ 94,259	$ 122,173
Other	$ 354,905	16%					
	$ 2,163,245	100%					

Red=Treated water only Green=Treated + Irrigation to be split according to prior sales $ in Section C

Reserve	Definition	Target
Debt	Amount set aside per debt agreements	Per agreement with lender
Operating	Money in checking account	1.5 times revenue in a billing cycle (calculated from Buget)
Emergency	Immediately accessible funds for emergen	Largest asset that could fail
Capital	Funds to replace equipment when it wears	As calculated in the CIP

Exhibit 5

Proposition 218 Certification

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

CALIFORNIA CONSTITUTION
ARTICLE 13C (VOTER APPROVAL FOR LOCAL TAX LEVIES)

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges. Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter

shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIIIC shall be construed to:

(a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.

(b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.

(c) Affect existing laws relating to the imposition of timber yield taxes.

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 2. Definitions. As used in this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIIIC.

(b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."

(c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.

(d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIIIA.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIIIA.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the

ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

CALIFORNIA CONSTITUTION
ARTICLE 13D (ASSESSMENT AND PROPERTY-RELATED FEE REFORM)

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges a fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.

Proposition 218 Notification

NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING ON PROPOSED INCREASE TO WATER RATES

Hearing Date:	**December 12, 2017**
Time:	**5:30 PM**
Location:	**Georgetown Elementary School** **6530 Wentworth Springs, Georgetown CA 95634**

Why are you receiving this notice? This notice is being furnished to you by the Georgetown Divide Public Utility District (District) pursuant to the California Constitution Article XIIID (also known as "Proposition 218"). Under Proposition 218, the District is required to notify property owners of proposed changes to property-related fees such as water and sewer service. This letter serves as notice that the District will hold a public hearing on December 12, 2017, to consider changes to its current treated water and irrigation water rates.

What do water rates fund? The District provides treated water service to approximately 3,774 customers (residential and commercial) and 408 irrigation water customers. The water system must be financially self-sufficient. Monthly rates paid by users of the system are the primary source of revenue. All revenue generated from your water bill is used to maintain and operate the water system. These revenues must meet costs such as system maintenance, licensing, electricity, chemicals, reserve funds for emergency repairs and replacement of aging pipes and other equipment, administrative costs, and salaries and benefits for staff. Revenue generated from these rates is also used to pay off debt used to rebuild aging components of the system.

Why is the rate change required? District's rates were last reviewed in 2011. The water system requires extensive investment, primarily in the replacement and repair of aging pipes and other equipment, in order to maintain a safe and reliable system. The District has insufficient reserve funds to pay for needed replacements and preventative maintenance; and rates are too low to qualify for loans and grants.

Additionally, the District was recently the subject of a Grand Jury Investigation which concluded that the District needed to initiate a rate increase.

Lastly, the District rates must be updated to comply with recent court decisions that require tiered water rates to accurately reflect the cost of service. The District is proposing a standardized system based on American Water Works Association standards to ensure that water rates are equivalent with providing that level of service.

How are rates calculated for treated water? The proposed rate structure for treated water service fees has two components: (1) a fixed monthly base charge; and (2) a variable (water consumption-based) usage rate. The first component is a fixed amount calculated to recover the District's fixed costs of operating and maintaining the water system and is based on the potential volume of water a customer could potential draw, as determined by the size of their water meter

The variable component of the rate structure is based on water consumption (usage).

How are rates calculated for irrigation water? Since irrigation water users are charged for a fixed volume of water, the proposed rate structure for irrigation water service fees consists only of a monthly base charge. The monthly base charge is based on the size of the service connection, in miner's inches.

Current and proposed treated water rates
Treated water rates will increase over a five-year period.

	Monthly Base Charge					
Meter Size	**Current**	**Jan 1, 2018**	**Jan 1, 2019**	**Jan 1, 2020**	**Jan 1, 2021**	**Jan 1, 2022**
5/8, 3/4, 1"	$ 23.57	$ 29.41	$ 30.88	$ 32.42	$ 34.04	$ 35.74
1.5"	$ 23.57	$ 98.02	$ 102.92	$ 108.07	$ 113.47	$ 119.15
2"	$ 23.57	$ 156.83	$ 164.67	$ 172.91	$ 181.55	$ 190.63
3"	$ 23.57	$ 313.66	$ 329.34	$ 345.81	$ 363.10	$ 381.25
4"	$ 25.16	$ 490.09	$ 514.60	$ 540.33	$ 567.34	$ 595.71

	Usage Rate (per CF)					
Tier	**Current**	**Jan 1, 2018**	**Jan 1, 2019**	**Jan 1, 2020**	**Jan 1, 2021**	**Jan 1, 2022**
<1000 CF	--	$ 0.0255	$ 0.0268	$ 0.0281	$ 0.0295	$ 0.0310
1000-2000	$ 0.0138	$ 0.0255	$ 0.0268	$ 0.0281	$ 0.0295	$ 0.0310
2001-3000	$ 0.0165	$ 0.0255	$ 0.0268	$ 0.0281	$ 0.0295	$ 0.0310
3001-4000	$ 0.0193	$ 0.0255	$ 0.0268	$ 0.0281	$ 0.0295	$ 0.0310
>4001 CF	$ 0.0221	$ 0.0255	$ 0.0268	$ 0.0281	$ 0.0295	$ 0.0310

Current and proposed irrigation water rates
Irrigation water rates will increase over a five-year period.

	Monthly Base Charge					
Meter Size	**Current**	**Jan 1, 2018**	**Jan 1, 2019**	**Jan 1, 2020**	**Jan 1, 2021**	**Jan 1, 2022**
½"	$ 47.00	$ 77.00	$ 84.80	$ 93.20	$ 102.60	$ 112.80
Per each 1"	$ 72.74	$ 154.20	$ 169.60	$ 186.60	$ 205.20	$ 225.80

You can be heard Water rates are subject to majority protest, which means if a majority of impacted property owners or tenants of a parcel submit ***written protests*** against the increase, the District cannot institute the new rates. For your protest to be counted, please include the following:

1. Your name;
2. The address of the impacted property (or APN number); and,
3. Your signature.

Written protests are accepted by mail or personal delivery to the *Clerk of the Board, Georgetown Divide Public Utility District, PO Box 4240, Georgetown, California 95634;* or in person at the public hearing on the date and time specified above, until the close of the public hearing. Protests submitted by fax or email will not be accepted.

Questions? Detailed information regarding the proposed changes in rates are available on the District website, www.gd-pud.org. If you have any questions, please call the District at (530) 333-4356.