

RATE STUDY

Steven Palmer, General Manager

Georgetown Divide Public Utility District

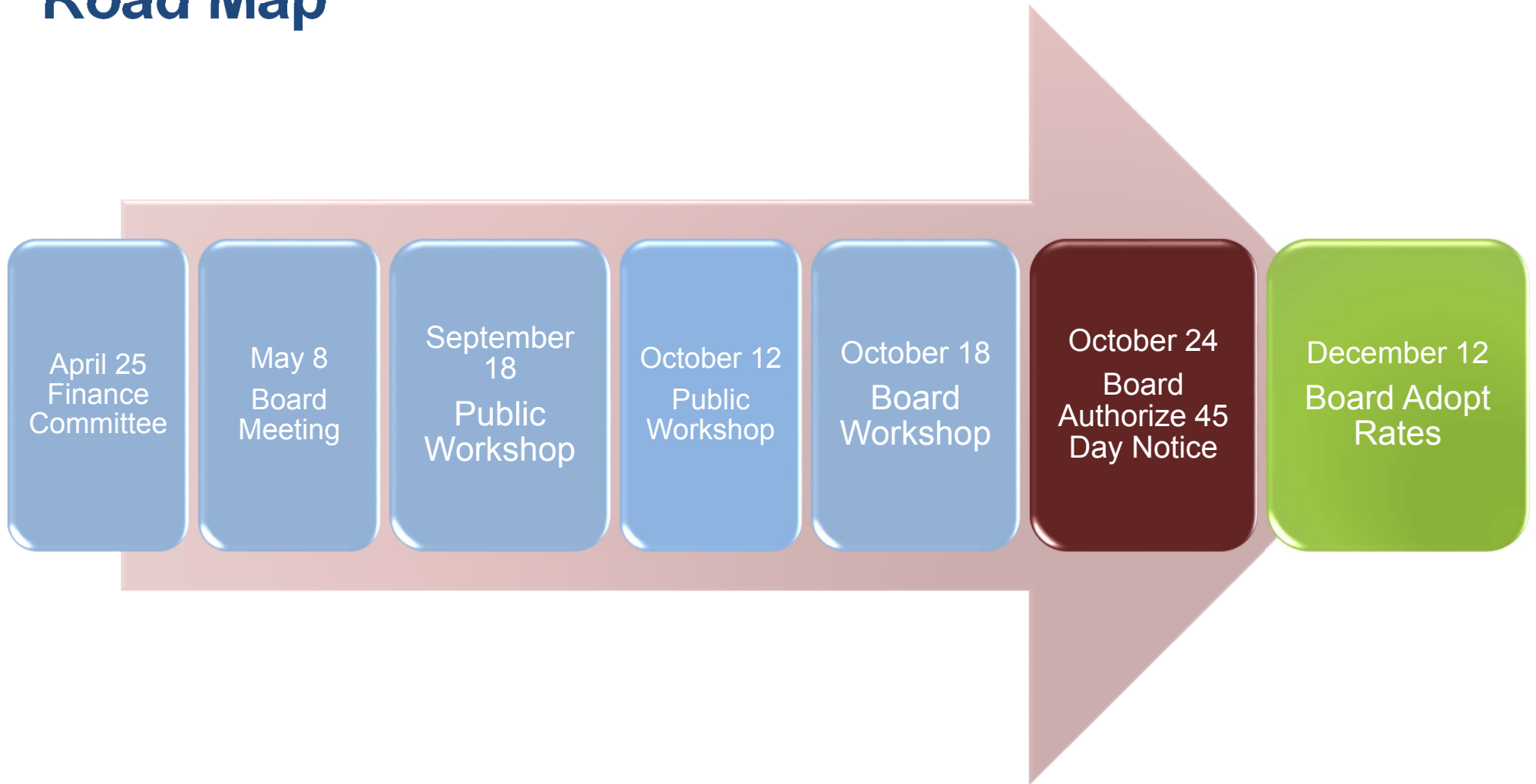
John Van den Bergh, Rural Development Specialist

Rural Community Assistance Corporation

Community & Environmental Services

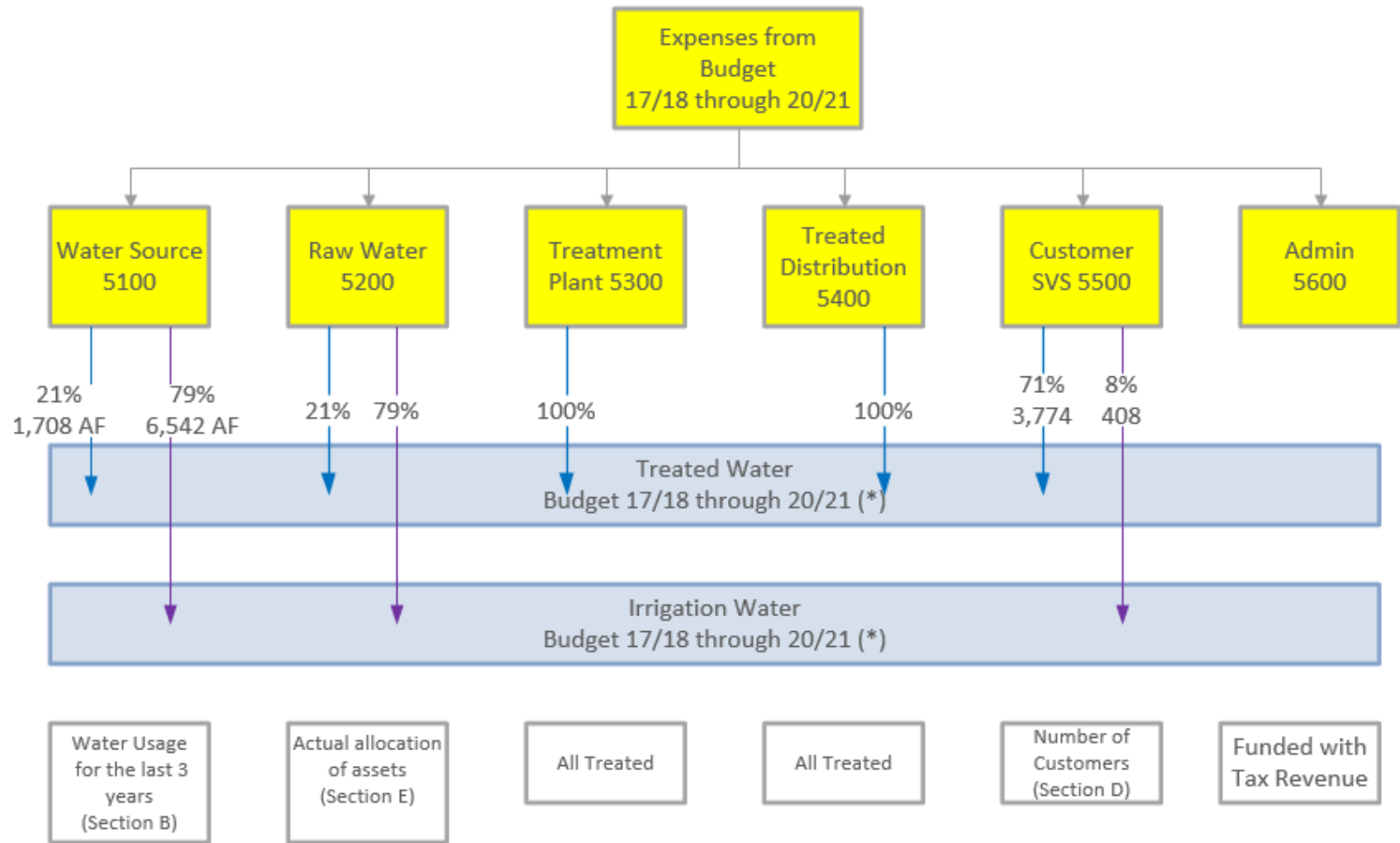
October 24, 2017

Road Map

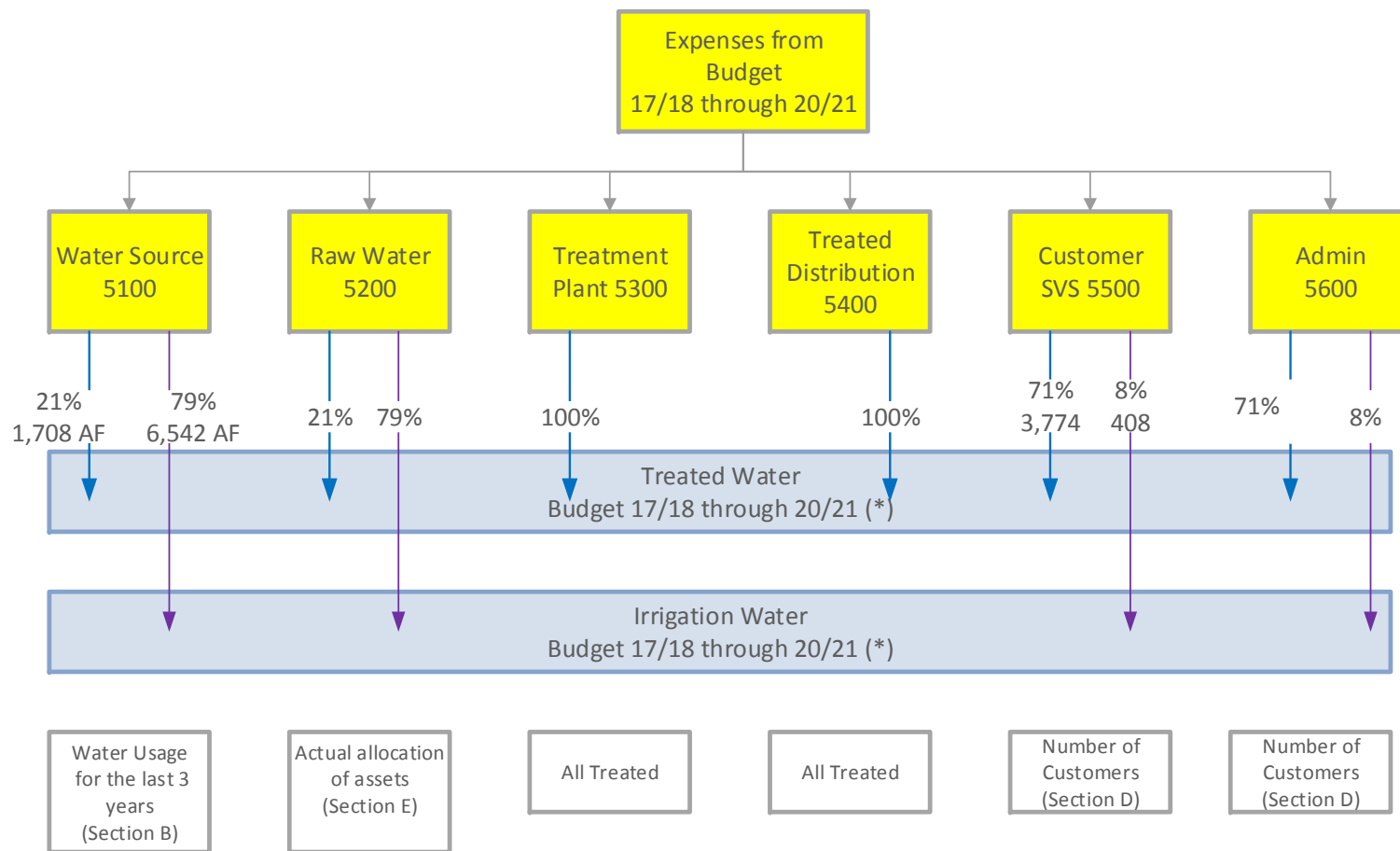


What staff did:

- Reviewed the replacement schedule of all capital assets
- Allocated \$35,000 to low income household assistance
- Extended the time horizon to reach goals to 10 years
- Analyzed the scenario where tax revenue pays for General & Admin expenses
- Try to limit irrigation rate increase to 100% in the first year



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



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How we did it

- Split Admin expenses according to the number of customers
- Deferred some improvements
- Calculated the cash infusion needed by the irrigation enterprise (without causing cash flow problems)
- Split property tax revenues accordingly:
 - \$1,006,000 (64%) to treated and 563,000 (36%) to irrigation (was 74%-26%)
- These changes will limit the irrigation rate increase to 100%, with future annual increases at 10%

Bottom Line

- Lower rates

Bi-Monthly Base Rate for Treated Water in first year			
	Current	Board F	Recommended 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%

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 Calculation

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%

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

Results

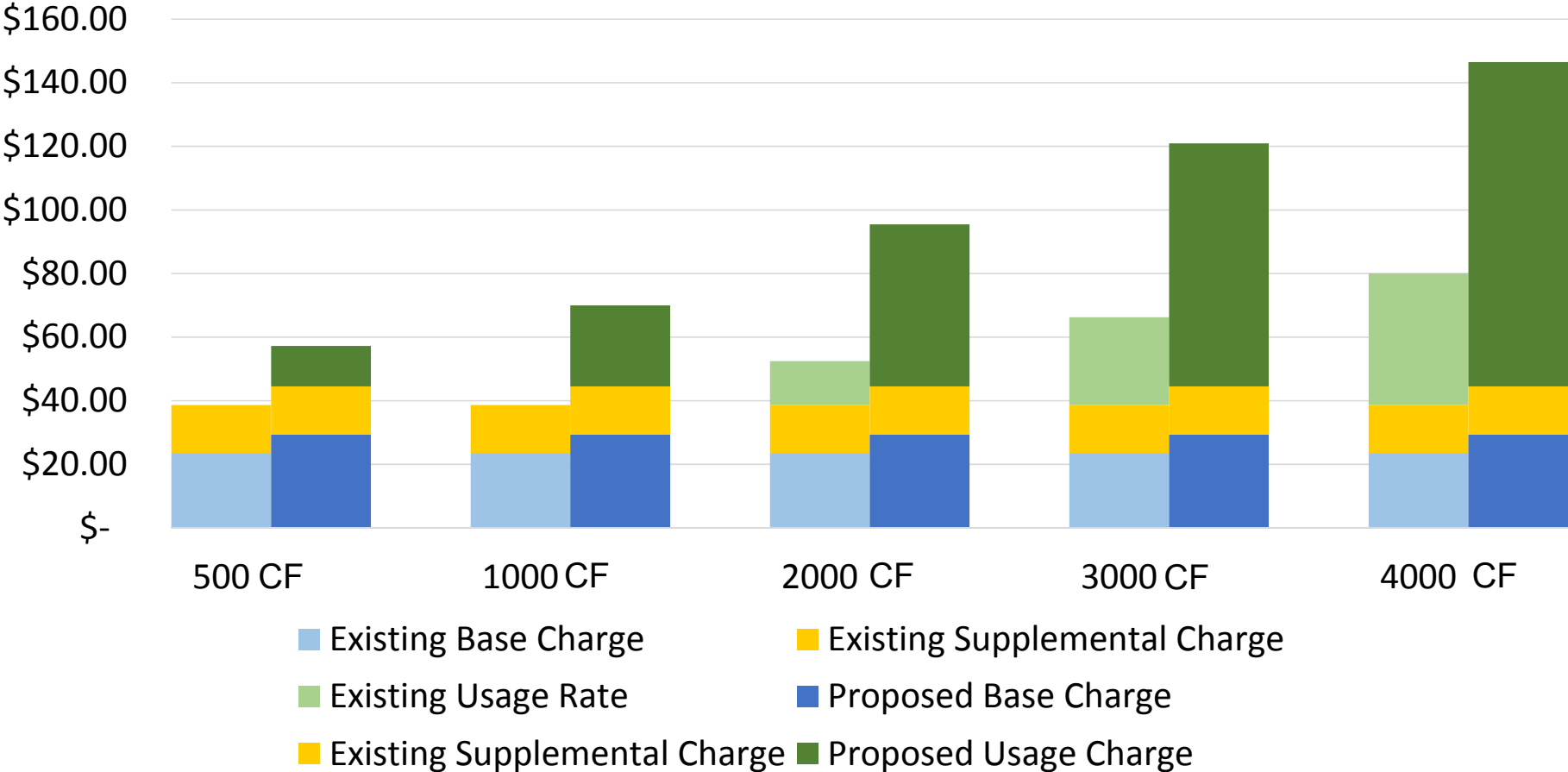
Treated

- 61% increase over 5 years
- Average bi-monthly bill in year 5 will be \$136
- Capital reserve needs are met for the next 10 years
- Need to continue raising rates after year 5

Irrigation

- 210% increase over 5 years
- Average bill for season \$1,129/MI
- Capital reserve needs can not be funded
- Further delay in capital improvements
- Need to continue raising rates after 4 years

Monthly Bill at Various Usage (5/8, 3/4, 1-inch)



Existing vs. Proposed Estimates

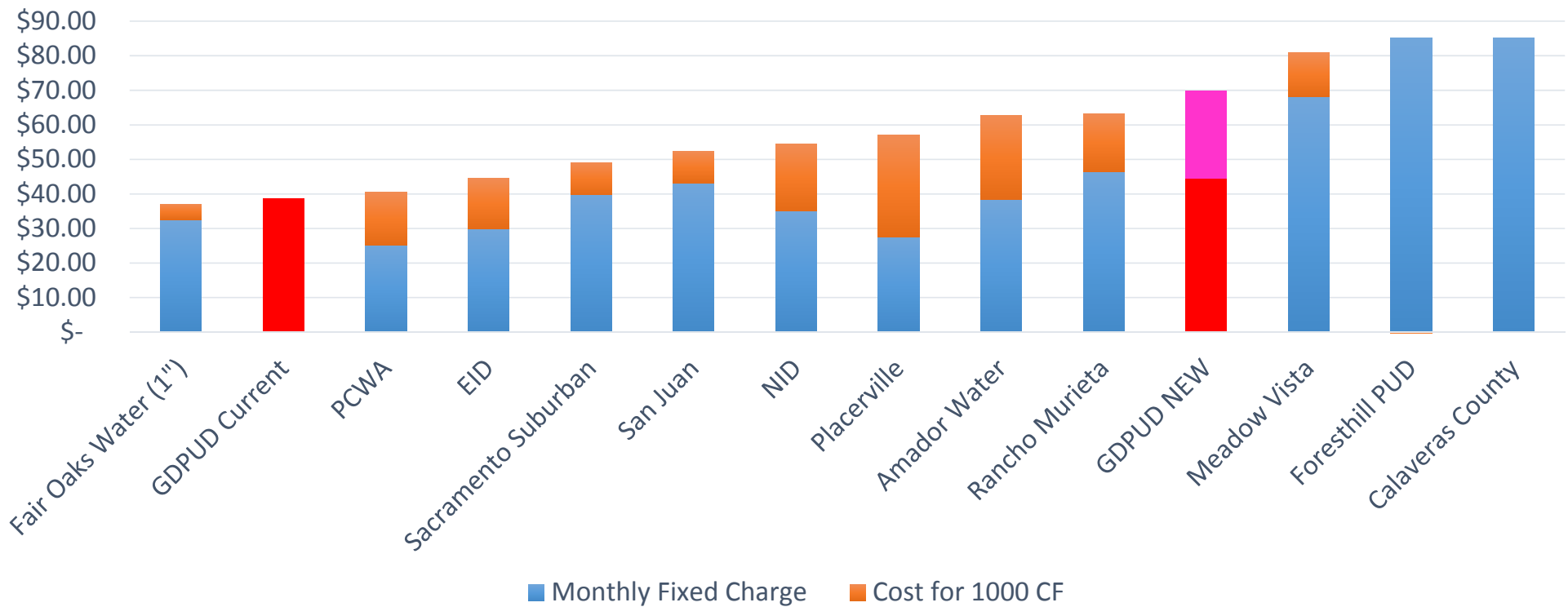
Usage	Existing Base Charge	Existing Supplemental Charge	Existing Usage Rate	Existing Monthly	Proposed Base Charge	Existing Supplemental Charge	Proposed Usage Charge	Proposed Monthly
500	\$ 23.57	\$ 15.08	\$ -	\$ 38.65	\$ 29.41	\$ 15.08	\$ 12.75	\$ 57.24
1000	\$ 23.57	\$ 15.08	\$ -	\$ 38.65	\$ 29.41	\$ 15.08	\$ 25.50	\$ 69.99
2000	\$ 23.57	\$ 15.08	\$ 13.80	\$ 52.45	\$ 29.41	\$ 15.08	\$ 51.00	\$ 95.49
3000	\$ 23.57	\$ 15.08	\$ 27.60	\$ 66.25	\$ 29.41	\$ 15.08	\$ 76.50	\$ 120.99
4000	\$ 23.57	\$ 15.08	\$ 41.40	\$ 80.05	\$ 29.41	\$ 15.08	\$ 102.00	\$ 146.49

Agency Comparisons

Name	Customers	Operating Budget
Amador Water	10,000	\$ 10,200,000
Calaveras County	12,700	\$ 18,500,000
EID	>40,000	\$ 46,400,000
Fair Oaks Water (1")	13,850	\$ 6,300,000
Foresthill PUD	1,979	\$ 1,500,000
GDPUD	3,774	\$ 4,300,000
Meadow Vista	1,400	NA
NID	27577	\$ 55,200,000
PCWA	>40,000	\$ 37,600,000
Placerville	2,700	\$ 1,900,000
Rancho Murieta	2,540	\$ 2,000,000
Sacramento Suburban	46,661	\$ 27,000,000
San Juan	10,609	\$ 22,200,000

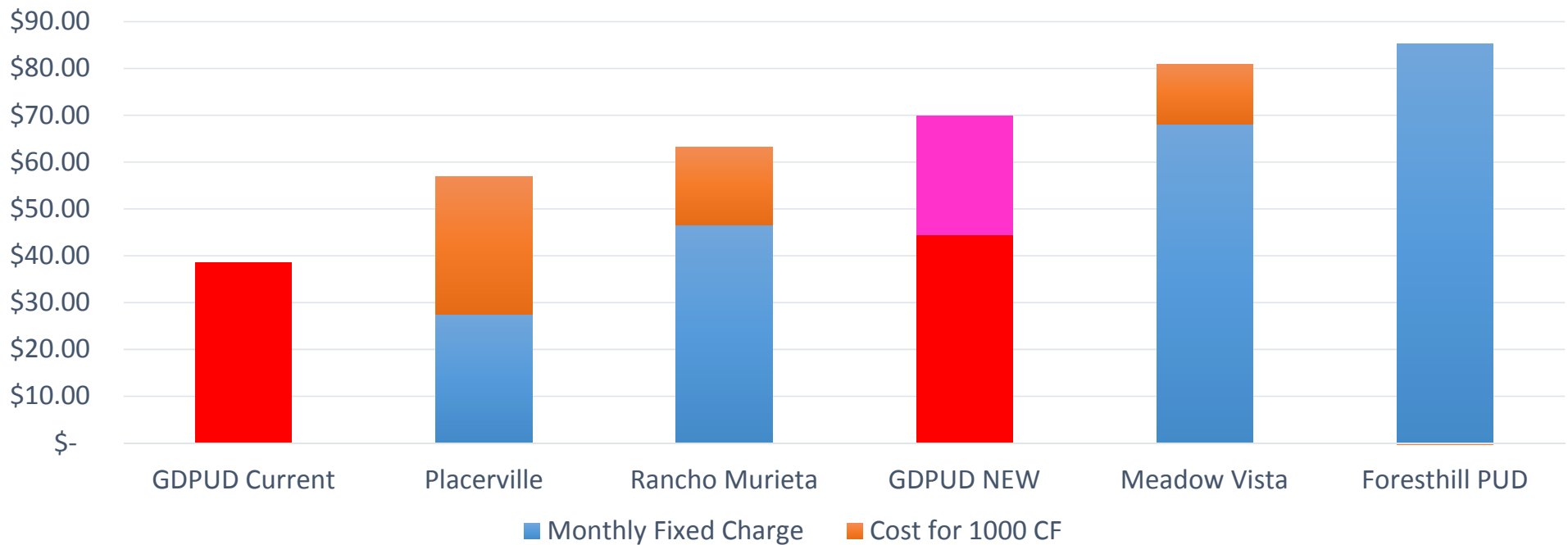
Agency Comparisons

Monthly Bill Comparison - Current Treated Water (3/4")



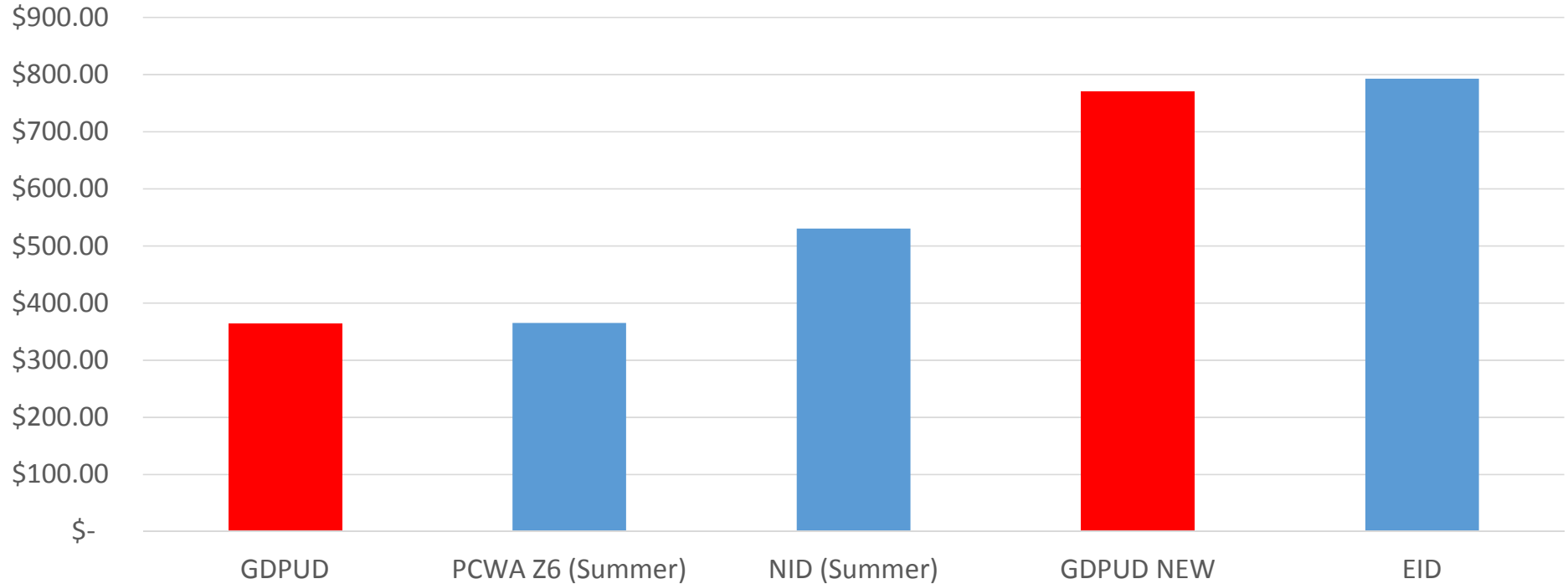
Agency Comparisons

Monthly Bill Comparison - Current Comparable Agencies Treated Water (3/4")



Agency Comparisons

Seasonal Bill Comparison Irrigation Water - 1 Miner's Inch



Possible solutions

- Become more efficient in delivering irrigation water
 - By lining or piping ditches
- More emphasis on grants

Next steps

- Direct staff to send out the Prop 218 Notice
- Mail Notice to all the “property owners of record”
- Notice will identify the due date for the protests votes to be received
 - at least 45 days after the Notices are mailed.
- Schedule a public hearing to:
 - Count to protest letters
 - Hear testimony
 - Possibly adopt the rates
- Commit to a new rate study in 4 years or sooner
- Commit to creating a subsidy program for low-income customers