

**REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF MAY 8, 2017
Agenda Item No. 6A**



AGENDA SECTION: NEW BUSINESS

**SUBJECT: REVIEW AND PROVIDE DIRECTION ON TREATED AND
UNTREATED WATER RATE STUDY**

PREPARED BY: Steven Palmer, PE, General Manager

A handwritten signature in blue ink, appearing to be "S. Palmer", is written over the printed name of the General Manager.

BACKGROUND

Current treated water and untreated water rates were last reviewed and updated in 2008. That 2008 review and update included a 5-year phase in period and rates increased between 2008 to 2011. Rates have remained unchanged since July 1, 2011. It is considered best practices to evaluate water rates every three to five years.

At the September 27, 2016 Board Meeting, the District initiated the process to enlist Rural Community Assistance Corporation (RCAC) to perform a water rate study. RCAC receives funding from the State to help communities like the District to stay in compliance with regulations. The purpose of the work by RCAC and the study is to determine the level of revenue required to adequately fund the treated and untreated water systems while providing customers with safe and reliable water that meets State and Federal requirements. The Study will provide an explanation and justification of the calculated treated and untreated water rates for five years, and documents compliance with laws and regulations.

In California, the primary legal requirement for "property related" fee increases is compliance with what is commonly known as Proposition 218. Proposition 218 was approved by California voters in November 1996. This ballot measure added Articles XIII C and D to the California Constitution and requires the following when a local government agency increases fees:

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

More recently, a legal case, Capistrano Tax Payers Association v. City of San Juan Capistrano California, was resolved which resulted in additional, strict guidance regarding how water rates can be

calculated. This case established that rate tiers, like those currently used in the District, must “correspond to the actual cost of providing service at a given level of usage.” This means that in order to charge a different price per unit of water at different usage tiers, the District must demonstrate that the cost of delivery is higher per unit of water at the higher tiers.

DISCUSSION

Since the Board of Directors authorized work with RCAC on September 27, 2016, District Staff has met with John Van den Bergh of RCAC several times and worked to evaluate expenses and develop a study.

On April 25, 2017, Staff and RCAC provided the District Finance Committee with a presentation regarding the methodology being followed for the current rate study and requested input regarding several policy related decisions. The policy questions discussed at the April 25, 2017 Finance Committee meeting are summarized below:

1. Subsidy Program for Low Income Customers

Board has provided direction to make it an option for employees to contribute money to a local nonprofit to provide water bill assistance to low income customers. The Finance Committee expressed concern about the District expanding their role in this program due to increased time and cost to administer.

2. Capital Reserve Fund Balance

The Capital Reserve Fund needs to have enough funds to allow the District to replace aging infrastructure before it fails, and this amount is a critical component of the rate calculation. Finance Committee recommended revising the recapitalization amount to follow the following guidelines:

- Do not include recapitalization of costs less than \$3,000
- <\$50,000 – 100% cash
- \$50,000 to \$100,000 – 75% cash
- \$100,000 to \$500,000 – 50% cash
- >\$500,000 – 25% cash

3. Non-Operating Revenue/Property Tax Allocation

A significant portion of the District’s revenue are from revenue sources with flexible funds which can be spent on multiple aspects of the District. Examples are property tax and hydroelectric lease revenues. Finance Committee recommended the following approach to allocating these revenues:

- Use to fund capital reserve funds for treated and untreated water only
- Distribute based on weighted capitalization cost

4. Rate Tiers

The San Juan Capistrano court case established that rate tiers must be based on the actual cost of providing water. The District has only one source of water supply that is used year round, regardless of demand. Since there is one source of water, the District cannot show that it costs more to produce higher tiers of water. For this reason, the proposed rate structure consists of a base rate and a usage rate. Every customer will pay a base rate plus a usage rate for each unit of water used.

5. Function Cost Allocation (Base rate vs. usage rate)

This characterizes expenses as either fixed costs or variable costs, and divides rate revenue into either base rate or use rate. At this time, Staff and RCAC estimate that 75% of operating expenses are fixed cost and 25% are variable cost, excluding recapitalization. Allocating more expenses to the base rate has the effect of making the

District less vulnerable to decreases in consumption similar to what was seen during the recent mandatory drought restrictions. A significant drawback is that a higher base rate has a large impact on low income customers. The Finance Committee did not have any comments on the allocation as presented by RCAC.

Staff is presenting this information to the Board to obtain Board concurrence on moving forward with this methodology for the rate study. Once this direction is provided, Staff and RCAC will enter this information into the model and calculate a draft rate structure and amounts for presentation and further action to the Finance Committee and Board.

FISCAL IMPACT

The Draft Long Range Financial Forecast that was presented by the General Manager at the April 18, 2017 Board Meeting illustrates that total District revenue has decreased since 2009. Operating expenses are forecast to exceed future revenue projections by significant and ever increasing amounts, reaching over \$300,000 annually within three years.

The Draft Long Range Financial Forecast and a recent proforma prepared by a lender, show that the District's debt-service coverage ratio will decrease to 1.0 in 2020. The debt-service coverage ratio is the ratio of net operating income to debt service. Lenders require a minimum ratio of 1.20 to qualify for loan programs.

Additionally, the District is not currently setting aside enough funds to fund capital replacement costs. Current restricted reserves total \$4.5M, and unrestricted reserves total \$5.5M. While this is adequate to fund required debt service accounts, it does not allow enough funds to repair or replace aging infrastructure.

Updating the rates is necessary for the future sustainability of the District. Rates must be updated to account for years of inflation since 2011, reduction in revenue due to water conservation, elimination of tiered water rates, and to set aside adequate funding to replace capital infrastructure. If rates are not updated, initially the District will be forced to draw from reserves to fund operating expenses and to defer much needed capital improvements and replacements. Once reserves are depleted the District will be unable to pay its bills and obligation. Ultimately, this lack of keeping rates current will result in pressure from the State to consolidate with a neighboring district, and could result in the State taking over the assets and obligations of the District.

CEQA ASSESSMENT

This is not a CEQA Project.

RECOMMENDED ACTION

Staff recommends the Board of Directors review the recommendations from the Finance Committee that are presented in this report and provide Staff direction on whether to move forward with the methodology presented herein and with the following recommendations from the Finance Committee:

1. Revise the recapitalization/reserve amount to follow the following guidelines:
 - a. Do not include recapitalization of costs less than \$3,000
 - b. <\$50,000 – 100% cash
 - c. \$50,000 to \$100,000 – 75% cash
 - d. \$100,000 to \$500,000 – 50% cash
 - e. >\$500,000 – 25% cash
2. Allocating non-operating revenues (e.g. property tax) as follows:
 - a. Use to fund capital reserve funds for treated and untreated water only
 - b. Distribute based on weighted capitalization cost

ATTACHMENTS

1. Presentation



RCAC

Georgetown Divide PUD Water Rates



What is RCAC?

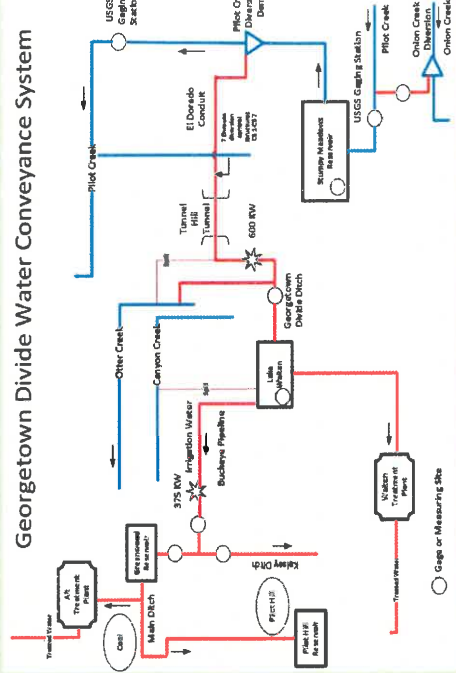
- Rural Community Assistance Corporation
- State funded to help communities like Georgetown Divide
- ...stay in compliance with the rules and regulations

Finance Committee Roll

- Review methodology
- Provide feedback to rate study team
- Provide recommendations on policy questions
- Resource to educate and share information



Georgetown Divide Water Conveyance System



Background

- Rate Study Purpose
 - Identify "true cost" to deliver water
 - Determine funding needed over the next 5-10 years to operate and maintain the system
 - Create adequate revenue to fund capital improvements
 - Ensure costs are allocated equitably
 - Establish appropriate rates for 5 years
 - Meet legal requirements for treated water and irrigation water rates



Background

- Rate Study Purpose
 - Stay solvent
 - Required for grants and loans
 - Current Affordability: 1.25%
 - Disqualification for State and USDA Grants
 - Should be 1.50% to 4.00%



Legal Requirements

- Proposition 218
 - Shall not exceed the funds required to provide the service
 - Shall not be used for any other purpose
 - Shall not exceed the proportional cost of service
 - Affects all properties with water service available



Legal Requirements

- Proposition 218 Implementation
 - Must provide a Public Hearing Notice
 - Amount of rate
 - Basis of rate calculation
 - Reason for the rate
 - Date, time, location of public hearing
 - One **written** protest per parcel (owner OR tenant, not both)
 - Rate cannot be increased if >50% of property owners protest



Legal Requirements

- San Juan Capistrano Case
 - 2015 case that created strict standards on how tiered rates can be created
 - Tiers need to "...correspond to the actual cost of providing service at a given level of usage..."
 - In response, many agencies have eliminated tiered rates or revised their tiered rates



Legal Requirements

- Subsidies
 - Subsidies between customer types are prohibited in rates
 - Subsidies must be funded by:
 - Funds not related to rates (eg. property tax)
 - Voluntary donations by other customers




Draft Long Range Financial Forecast

- Over 70 miles of canals & ditches
- Two water treatment plants
- 10 storage tanks
- 5 pumping stations
- Three reservoirs
- Two State regulated dams
- Two miles of sewer pipelines
- 5 community wastewater disposal fields
- Corporation yard & office building



Draft Long Range Financial Forecast

- 21 full time employees
- Encompasses 415 square miles
- Approximately 15,000 residents
- Approximately 3,600 treated water connections

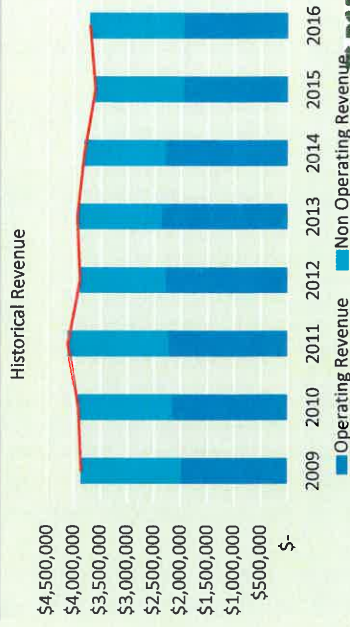


Draft Long Range Financial Forecast

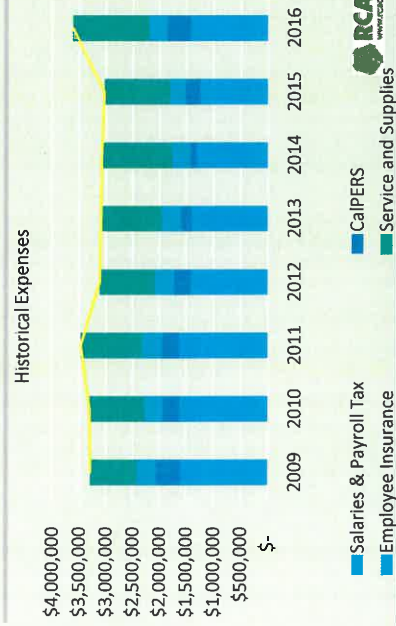
- Historical Perspective
 - End of Statewide 6-year drought
 - Snowpack low of 15% of average
 - Reservoir storage low of 66% of average
 - Stumpy Meadows storage low of 41% of capacity
 - Operating revenue dropped by 17% as compared to 2013



Draft Long Range Financial Forecast



Draft Long Range Financial Forecast



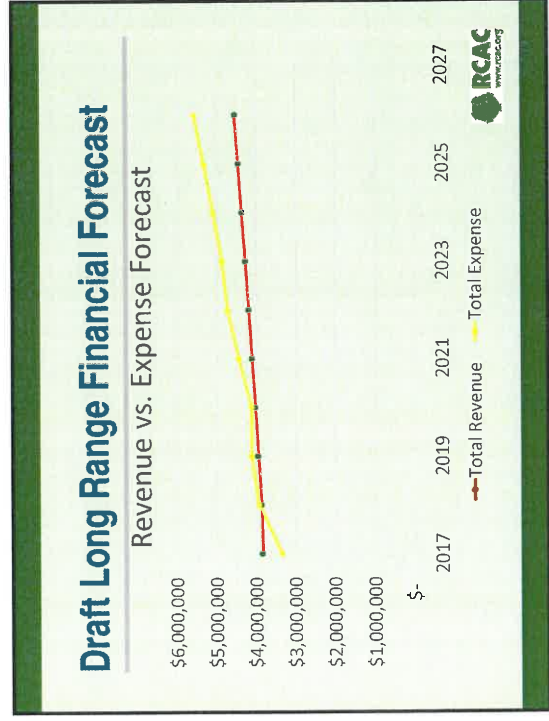
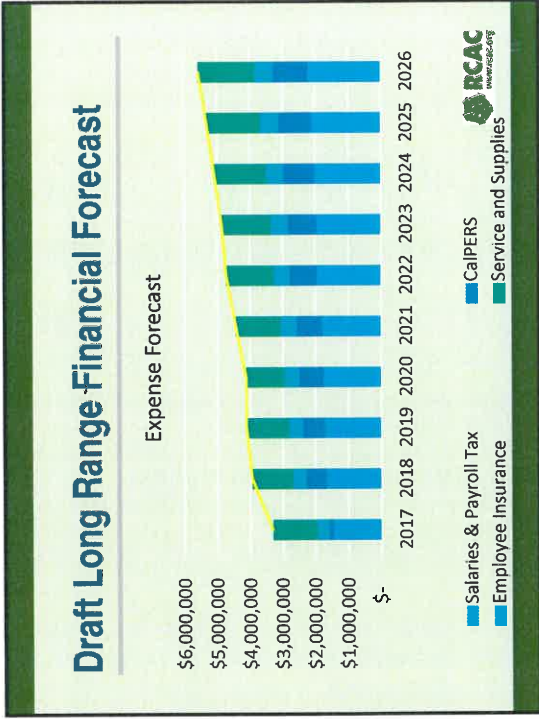
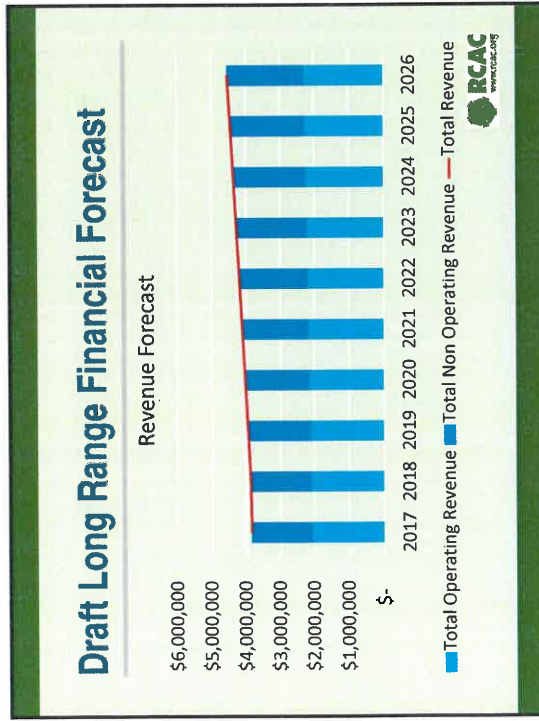
Draft Long Range Financial Forecast

Forecast Assumptions

Revenue	Forecast Growth per Year
Water Sales	1.1%
Property Tax	3.0%
Misc (penalties, etc)	2.5%

Expenses	Forecast Growth per Year
Salary	2.5% after 17/18
Pension	6.0% after 20/21
Health Insurance	6.0%
Payroll Tax	2.5%
Materials & Supplies	5.0%






- ### Draft Long Range Financial Forecast
- Observations
 - Total revenue has decreased since 2009
 - Non-operating revenue (property tax) is forecast to increase faster than operating revenue (rates)
 - CalPERS
 - Significant portion of annual expenses increases are expected to continue
 - Expenses are forecast to exceed revenue by \$55,000 in FY17/18 and \$328,000 in FY20/21
- RCAC
www.rcac.org

Draft Long Range Financial Forecast

- Current Reserves
 - Restricted - \$4.5M
 - Unrestricted, Designated - \$4.5M
 - Unrestricted, Undesignated - \$1.0M




Treated vs Irrigation Water

- Reasons for splitting
 - Different assets
 - Different cost structure
 - Different rates
- Split
 - Assets
 - Budget
 - Reserves




Treated Water Rate Study

- Current Rate Structure
 - Adopted on September 9, 2008
 - Last rate increase on July 1, 2011



Treated Water Rate Study


- Current Rate Structure
 - Bi-monthly charge for consumption up to 2,000 cubic feet
 - Residential = \$ 47.14
 - Commercial = \$ 50.32
 - Bi-monthly Supplemental Charge for treatment plant construction loan:
 - \$30.16



Treated Water Rate Study

- Current Rate Structure
 - Consumption exceeding 2,000 cubic feet during a billing period:

2,001 – 4,000 cf	\$0.0138 per cf
4,001 – 6,000 cf	\$0.0165 per cf
6,001 – 8,000 cf	\$0.0193 per cf
8,001+ cf	\$0.0221 per cf



Treated Water Rate Study

- Methodology
 - Calculate operating costs
 - Calculate capital replacement costs
 - Establish reserve targets
 - Allocate costs into fixed and variable
 - Distribute fixed costs by meter size
 - Calculate usage rates based on usage



Treated Water Rate Study

- Operating Costs
 - Recent budgets and projections
 - \$2.7M per year excluding depreciation, and capital improvements – treated water only



Treated Water Rate Study

- Capital Needs
 - Recapitalization Cost
 - List all assets and infrastructure
 - Assign year constructed, constructed value, life span, remaining life, and estimated future replacement cost
 - Estimated future cost \$116M
 - Assume amounts funded with grants, loans, and cash



Treated Water Rate Study

- **Capital Needs**
 - Reserve Amounts
 - Based on cost of projects funded with cash
 - Minimum recommendation is 20% cash



Treated Water Rate Study

- **Functional Cost Allocation**
 - Expenses allocated to fixed and variable
 - Base rate based on fixed expenses
 - Usage rate based on variable expenses
 - 74% fixed costs
 - 26% variable



Irrigation Water Rate Study

- **Current Rates**
 - Bi-monthly in advance
 - May 1 through September 1

0.5 miner's inch	\$94.00
1+ miner's inch	\$145.48 per miner's inch



Irrigation Water Rate Study

- **Methodology**
 - Calculate operating costs
 - Calculate capital replacement costs
 - Establish reserve targets
 - Distribute costs by service size/flow rate



Irrigation Water Rate Study

- **Capital Needs**
 - Recapitalization Cost
 - List all assets and infrastructure
 - Assign year constructed, constructed value, life span, remaining life, and estimated future replacement cost
 - Estimated future cost \$40M
 - Assume amounts funded with grants, loans, and cash



Irrigation Water Rate Study

- **Capital Needs**
 - Reserve Amounts
 - Based on cost of projects funded with cash
 - Minimum recommendation is 20% cash



Finance Committee Recommendations

- Subsidies
 - Concerned about time and cost to administer
- Recapitalization Costs/Reserve Needs
 - Do not include costs less than \$3,000
 - <\$50,000 – 100% cash
 - \$50,000 to \$100,000 – 75% cash
 - \$100,000 to \$500,000 – 50% cash
 - >\$500,000 – 25% cash



Finance Committee Recommendations

- Non-Operating Revenue/Property Tax Allocation
 - Fund reserves
 - Exclude wastewater
 - Based on weighted recapitalization cost
- Functional Cost Allocation
 - No comments



Tough decisions must be made



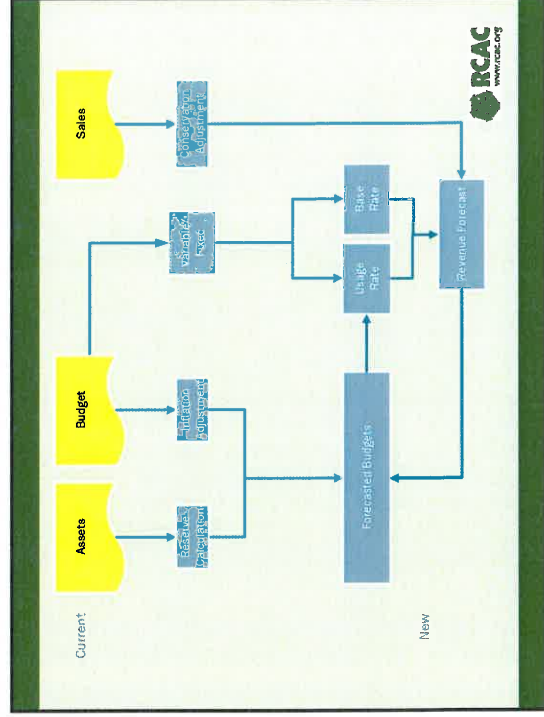
Consequences of not raising rates enough

1. Reduction in reserves
2. Inability to pay bills
3. Inability to maintain system
4. Extra pressure from state to consolidate with neighboring systems
5. Take-over by the state=Receivership



Guiding Principles of this Rate Study

- Sustainable
- Fair
- Conservation
- Justifiable



Fixed – Variable Expense Split

Component	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
EXPENSES & SUPPLIES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Utilities	221,800.00	231,250.00	231,250.00	231,250.00	231,250.00
Fuel	151,800.00	151,800.00	151,800.00	151,800.00	151,800.00
Oil	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Maintenance	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00
Repairs	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Supplies	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Travel	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Miscellaneous	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Insurance	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Professional Fees	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Depreciation	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Amortization	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Interest	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Taxes	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Other	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Total Operations & Maintenance Expenses	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
GENERAL & ADMINISTRATIVE EXPENSES	800.00	800.00	800.00	800.00	800.00
Salaries	800.00	800.00	800.00	800.00	800.00
Benefits	800.00	800.00	800.00	800.00	800.00
Travel	800.00	800.00	800.00	800.00	800.00
Supplies	800.00	800.00	800.00	800.00	800.00
Repairs	800.00	800.00	800.00	800.00	800.00
Miscellaneous	800.00	800.00	800.00	800.00	800.00
Insurance	800.00	800.00	800.00	800.00	800.00
Professional Fees	800.00	800.00	800.00	800.00	800.00
Depreciation	800.00	800.00	800.00	800.00	800.00
Amortization	800.00	800.00	800.00	800.00	800.00
Interest	800.00	800.00	800.00	800.00	800.00
Taxes	800.00	800.00	800.00	800.00	800.00
Other	800.00	800.00	800.00	800.00	800.00
Total General & Administrative Expenses	800.00	800.00	800.00	800.00	800.00
TOTAL EXPENSES	1,442,214.00	1,526,148.28	1,521,184.43	1,542,084.03	1,579,081.25



Budget (Treated Water)

Component	2017	2018	2019	2020	2021
OPERATIONS & MAINTENANCE EXPENSES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
EXPENSES & SUPPLIES	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
Utilities	221,800.00	231,250.00	231,250.00	231,250.00	231,250.00
Fuel	151,800.00	151,800.00	151,800.00	151,800.00	151,800.00
Oil	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Maintenance	170,000.00	170,000.00	170,000.00	170,000.00	170,000.00
Repairs	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Supplies	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Travel	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Miscellaneous	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Insurance	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Professional Fees	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Depreciation	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Amortization	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Interest	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Taxes	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Other	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Total Operations & Maintenance Expenses	1,441,414.00	1,525,348.28	1,520,384.43	1,541,284.03	1,578,281.25
GENERAL & ADMINISTRATIVE EXPENSES	800.00	800.00	800.00	800.00	800.00
Salaries	800.00	800.00	800.00	800.00	800.00
Benefits	800.00	800.00	800.00	800.00	800.00
Travel	800.00	800.00	800.00	800.00	800.00
Supplies	800.00	800.00	800.00	800.00	800.00
Repairs	800.00	800.00	800.00	800.00	800.00
Miscellaneous	800.00	800.00	800.00	800.00	800.00
Insurance	800.00	800.00	800.00	800.00	800.00
Professional Fees	800.00	800.00	800.00	800.00	800.00
Depreciation	800.00	800.00	800.00	800.00	800.00
Amortization	800.00	800.00	800.00	800.00	800.00
Interest	800.00	800.00	800.00	800.00	800.00
Taxes	800.00	800.00	800.00	800.00	800.00
Other	800.00	800.00	800.00	800.00	800.00
Total General & Administrative Expenses	800.00	800.00	800.00	800.00	800.00
TOTAL EXPENSES	1,442,214.00	1,526,148.28	1,521,184.43	1,542,084.03	1,579,081.25



Reserve Calculation (Irrigation Water)

Component	View	Account	Year	Rate	Volume	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated
Irrigation Water	001	001	2017	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	002	002	2018	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	003	003	2019	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	004	004	2020	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	005	005	2021	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	006	006	2017	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	007	007	2018	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	008	008	2019	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	009	009	2020	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	010	010	2021	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	011	011	2017	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	012	012	2018	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	013	013	2019	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	014	014	2020	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	015	015	2021	0.00	1,000,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENSES																



Annual Reserve Requirement: \$259,406

Budget (Irrigation Water)

	2017	2016	2015	2014	2013
EXPENSES AND SOURCES OF FUNDS					
OPERATIONS & MAINTENANCE EXPENSES					
Water Production	57,822,467	53,852,134	52,429,144	54,452,511	62,407,323
Electricity	2,100,000	1,920,000	1,800,000	1,700,000	1,600,000
Maintenance & Repairs	1,500,000	1,400,000	1,300,000	1,200,000	1,100,000
Materials	500,000	450,000	400,000	350,000	300,000
Travel	100,000	100,000	100,000	100,000	100,000
Printing	50,000	50,000	50,000	50,000	50,000
Telephone	100,000	100,000	100,000	100,000	100,000
Utilities	10,000,000	9,500,000	9,000,000	8,500,000	8,000,000
Depreciation	12,000,000	11,500,000	11,000,000	10,500,000	10,000,000
Other Administrative	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Capital Exp.	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Operations & Maintenance Expenses	83,050,000	78,822,134	77,029,144	78,452,511	88,407,323
GENERAL & ADMINISTRATIVE EXPENSES					
Office Salaries	0.00	0.00	0.00	0.00	0.00
Operating Salaries	0.00	0.00	0.00	0.00	0.00
Salaries - Other	0.00	0.00	0.00	0.00	0.00
Salaries - Other Retirement Program	25,425,850	25,425,850	25,425,850	25,425,850	25,425,850
Future Capital Improvement 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
Salaries - Other (Pensions + Award)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other General & Administrative	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total General & Administrative Expenses	28,925,850	28,925,850	28,925,850	28,925,850	28,925,850
TOTAL EXPENSES	111,975,850	107,747,984	105,954,994	107,378,361	117,333,173



Summary/Recommendations

- Subsidies
- Recapitalization Costs/Reserve Needs
- Property Tax Allocation
- Functional Cost Allocation



Tough decisions must be made

