

**AGENDA  
SPECIAL BOARD MEETING WORKSHOP  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS**

**Please note alternative meeting location and time:**

**NORTHSIDE SCHOOL GYM  
860 Cave Valley Road, Cool, CA 95614  
WEDNESDAY, OCTOBER 18, 2017  
5:30 P.M.**

**MISSION STATEMENT**

---

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
  - Ensure high quality drinking water
  - Promote stewardship to protect community resources, public health, and quality of life
  - Provide excellent and responsive customer services through dedicated and valued staff
  - Ensure fiscal responsibility and accountability are observed by balancing immediate and long-term needs.
- 

**1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE**

**2. ADOPTION OF AGENDA**

- 3. PUBLIC FORUM** – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments, must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director, followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken. No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

**4. CONSENT CALENDAR – Approve Minutes of Regular Meeting of October 10, 2017**

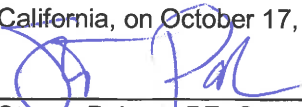
**5. REVIEW WATER RATE STUDY CALCULATIONS AND INPUT FROM COMMUNITY WORKSHOP #2**

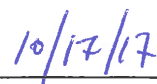
**Possible Board Action:** Review the information presented and provide direction regarding the preparation of the final rate study report.

- 6. BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF** – Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District-related meeting attendance.

- 7. NEXT MEETING DATE AND ADJOURNMENT** – Next regular meeting November 14, 2017, at 2:00 PM, at the DISTRICT OFFICE.

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Steve Palmer by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on October 17, 2017.

  
\_\_\_\_\_  
Steven Palmer, PE, General Manager

  
\_\_\_\_\_  
Date

CONFORMED AGENDA  
REGULAR MEETING

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS  
6425 MAIN STREET, GEORGETOWN, CA 95634

**Special Notation:**

**Director Carl Hoelscher will participate in this meeting from a satellite location via telephone. The Public may participate in all Open Session portions of this meeting from this location. The specifics of this location while participating in this meeting are as follows:  
314 Commerce Drive, Mammoth Lakes, CA 93546**

TUESDAY, OCTOBER 10, 2017  
2:00 P.M.

MISSION STATEMENT

---

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
  - Ensure high quality drinking water
  - Promote stewardship to protect community resources, public health, and quality of life
  - Provide excellent and responsive customer services through dedicated and valued staff
  - Ensure fiscal responsibility and accountability are observed by balancing immediate and long term needs.
- 

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

*The meeting was called to order at 2:00 PM.*

Roll Call:

*Directors Present: David Halpin, Jesse Hanschild, Carl Hoelscher (by teleconference), and Lon Uso;*

*Directors Absent: Dane Wadle*

*Staff Present: General Manager Steve Palmer, Operations Manager Darrell Creeks, Engineering Consultant George Sanders, and Meeting Recorder Gloria Omania.*

*Legal Counsel: Barbara Brenner, Churchwell White.*

2. ADOPTION OF AGENDA

***Motion by Director Halpin to adopt the agenda. Second by Director Hanschild.***

***Public Comment: None***

***Vote:***

***Ayes: Halpin, Hanschild, Hoelscher, Uso***

***Noes:***

***Absent: Wadle***

***The motion passed.***

3. **PUBLIC FORUM** – Any member of the public may address the Board on any matter within the jurisdictional authority of the District. Public members desiring to provide comments, must be recognized by the Board President, and speak from the podium. Comments must be directed only to the Board. The public should address the Board members during the public meetings as President, Vice President, or Director, followed by the Board member's individual last name. The Board will hear communications on matters not on the agenda, but no action will be taken.

No disruptive conduct shall be permitted at any Board meeting. Persistence in disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address.

*No public comment.*

4. **CONSENT CALENDAR**

A. **Approval of Minutes** -- Special Meeting of October 3, 2017

B. **Financial Reports**

1. Month End Cash Disbursements Report
2. Statement of Cash and Investment Balances

C. **Resolution 2017-24 – Authorizing the General Manager to execute a Professional Services Agreement with Youngdahl Consulting Group**

**Possible Action:** Approve Resolution 2017-24.

**Director Hoelscher requested that Agenda Item 4C be removed from Consent Calendar. Motion by Director Halpin approve the Consent Items, without Item 4C. Second by Director Hoelscher.**

**Public Comment:** None

**Vote:**

**Ayes:** Halpin, Hanschild, Hoelscher, Uso

**Noes:**

**Absent:** Wadle

**The motion passed.**

**The Board then took up Agenda Item 4C:**

*Engineering Consultant Sanders reported that the District has an existing contract with Youngdahl Consulting Group to provide material testing services for the Auburn Lake Trails Water Treatment Plant Project. There is a need for additional testing requiring continued services from the consultant.*

*Director Hoelscher stated that he felt this work should be done by NEXGEN. He asked why Youngdahl is involved when we have NEXGEN.*

*Mr. Sanders responded that the current contract with NEXGEN does not include material testing. He further explained that NEXGEN is there on a daily basis to conduct field inspections, review progress payments, and provides a level of support that goes beyond what he is able to. He stated that he is satisfied with the services provided by NEXGEN when asked by Director Uso.*

**Motion by Director Halpin to adopt Resolution 2017-24 authorizing the General Manager to execute a Professional Services Agreement with Youngdahl Consulting Group. Second by Director Hanschild.**

**Vote:**

**Ayes: Halpin, Hanschild, Uso**

**Noes: Hoelscher**

**Absent: Wadle**

**The motion passed with a 3-1 vote.**

## **5. INFORMATIONAL ITEMS**

### **A. President's Report**

*Director Uso stated that he had nothing to report at this time.*

### **B. Board Reports**

*There were no Board reports.*

### **C. General Manager's Report**

*General Manager Steve Palmer described what is planned to take place at the next public workshop scheduled for October 12 at the Cool Community Hall.*

*Mr. Palmer reported that the State has approved an additional 20 hours of time from RCAC to complete the rate study process. RCAC's work on the rate study is funded by the State and they have to approve the time that RCAC is spending on the District's rate study. This additional 20 hours should be enough time to finish the four (4) meetings currently planned. General Manager Palmer stated that it was important to have John VanDenBerg continue the valuable work he is providing for the District.*

*The General Manager reported that the District continues to reach out to the community to share information about the 218 Rate Study process. He stated that he attended the meeting of the Sons in Retirement with Director Hanschild and made a presentation to about 30 people about the Rate Study. He felt it was well received.*

*Mr. Palmer described the improvements that have been implemented in the District's Administrative Services. He acknowledged the excellent work by Administrative Aide Christina Cross to initiate an automated phone calling system to notify customers of delinquent accounts. Ms. Cross has also initiated a process to allow customers to pay by credit card in the office or over the phone.*

*Mr. Palmer informed the Board of new hires to fill vacant positions in the District, including administrative aide Hannah Schnetz, and maintenance workers Jeffrey Klahn and Brian Rule.*

*The General Manager stated the State Legislature declared October 7-15 as Water Professionals Appreciation Week. He explained this was established to encourage young people to pursue careers in the water industry. Ray Kringel asked if the local high schools have been approached through Career Day events. Mr. Palmer stated he thought this was a good idea.*



#### **D. Operation Manager's Report**

*Operations Manager Darrell Creeks reported that the treatment plants doing well; already making less water; more over weekend. We're selling less water than normal.*

*Mr. Creeks reported that the last Monday the District received an odor complaint on the trails and found an effluent line break on community line system. The District followed all protocols of the RWQCB and Fish & Game Emergency Response Plan. The break was fixed by the next morning and was inspected by Fish & Game.*

*Mr. Palmer stated that he and Mr. Creeks will be meeting with RWQCB representatives. It is possible that the District could be fined. Mr. Creeks described the location of the leak to explain the difficulty in finding the leak until the odor complaint was received. A "t" split in half in a location that was not visible. He stated that once it was found, the District jumped on it to repair it and get it cleaned up.*

*Ray Kringel stated that treated water production declined and asked how to judge per cubic foot. He stated that it is good to have a number in cubic feet to relate it to your rate structure for billing.*

*Cindy Garcia suggested that staff document everything that happened, review annual maintenance and response plans, and show that the District is proactive and can mitigate the situation. Mr. Creeks acknowledged Ms. Garcia's good suggestions and stated that the Staff has been reviewing and updating the response plan and are already looking at training manuals and talking to staff.*

*She also commented that the District should follow up with customers who complained and let them know what has been done. Mr. Creeks stated that the customers who had filed the complaint was on site during the repair work and saw first-hand what the District was doing.*

*Director Uso thanked Ms. Garcia for her excellent suggestions.*

#### **E. ALT Treatment Plant Update**

*Engineering Consultant George Sanders provided a power point presentation to supplement his written report.*

*The Board was pleased to receive the update that the project is on time and on budget.*

### **6. NEW BUSINESS**

#### **A. Resolutions 2017-25 and 2017-26 Updating Finance Committee Roles and Responsibilities, and Approving Finance Committee Appointments**

**Possible Board Action:** Approve Resolutions 2017-25 and 2017-26.

*The General Manager provided a status of the Finance Committee and explained the new resolution on roles and responsibilities.*

*Rick Kringel stated, and Ray Gillespie agreed, that Resolution 2017-25 brings the Finance Committee back to being an advisory body.*

*Director Uso thanked Ray Kringel, Rick Gillespie, and Donna Bruss for getting the District through the difficult times.*

**Motion by Director Halpin to adopt Resolution 2017-25 updating the Finance Committee roles and responsibilities. Second by Director Hanschild.**

**Public Comment: None**

**Vote:**

**Ayes: Halpin, Hanschild, Uso**

**Noes: Hoelscher**

**Absent: Wadle**

**The motion passed on a 3 to 1 vote.**

**Motion by Director Halpin to adopt Resolution 2017-26 confirming appointments of Rick Gillespie, Donne Bruss, and Cindy Garcia to the Finance Committee. Second by Director Hoelscher.**

*Director Uso stated he was proud to recommend the appointment of Cindy Garcia.*

*Cindy Garcia stepped to the podium to describe her experience, her strong interest in the health of our water, and her appreciation for the opportunity to serve the community.*

*Rick Gillespie and Ray Kringle joined Director Uso in supporting Cindy Garcia for her appointment to the Finance Committee. They both commented that they thought she was incredibly qualified.*

**Vote:**

**Ayes: Halpin, Hanschild, Hoelscher, Uso**

**Noes:**

**Absent: Wadle**

**The motion passed.**

- 7. BOARD MEMBER COMMENTS, REQUESTS FOR ADDITIONS TO FUTURE MEETING AGENDAS AND REQUESTS FOR INFORMATION OR RESEARCH TO BE COMPLETED BY STAFF** – Opportunity for Board members to discuss matters of interest to them and provide input for future meetings as well as report on their District-related meeting attendance.
- 8. NEXT MEETING DATE AND ADJOURNMENT** – Next regular meeting November 14, 2017, at 2:00 PM, at the Georgetown Divide Public Utility District office.

*The meeting was adjourned at 2:57 PM **to the special meeting of October 18, 2017, at 2 PM, at the District Office.***

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Steve Palmer by telephone at 530-333-4356 or by fax at 530-333-9442. Requests must be made as early as possible and at least one-full business day before the start of the meeting. In accordance with Government Code Section 54954.2(a), this agenda was posted on the District's bulletin board at the Georgetown Divide Public Utility District office, at 6425 Main Street, Georgetown, California, on October 6, 2017.

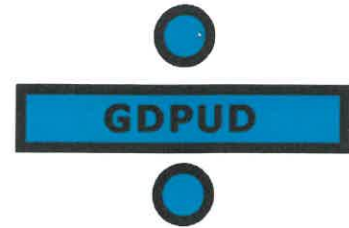
---

Steven Palmer, PE, General Manager

---

Date

**REPORT TO THE BOARD OF DIRECTORS  
BOARD MEETING OF OCTOBER 18, 2017  
AGENDA ITEM NO. 5**



**AGENDA SECTION: BOARD MEETING WORKSHOP**

**SUBJECT: REVIEW WATER RATE STUDY CALCULATIONS AND COMMUNITY WORKSHOP #2 OF OCTOBER 12, 2017**

**PREPARED BY:** Steven Palmer, PE, General Manager

**APPROVED BY:** Steven Palmer, PE, General Manager

A handwritten signature in blue ink, appearing to be "SP", is written over the name "Steven Palmer" in the "APPROVED BY" line.

---

**BACKGROUND**

Current treated water and irrigation water rates were last reviewed and updated in 2008. That 2008 review and update included a 5-year schedule of proposed rates for 2009 to 2013. The District did not adopt the rate increase for 2012 to 2013, and only adopted increases for 2009, 2010, and 2011. Rates have therefore remained unchanged since July 1, 2011. The 2008 cost of service study and resolutions adopting the rates are included as Attachment 1. If the recommended rates for 2012 and 2013 had been adopted, the treated water base rate would have been \$52.98 and the irrigation water rate for one miner's inch for one season would have been \$440. Instead, the current rates are at the 2011 rate of \$47.14 base rate for treated water, and \$363.70 for one miner's inch for one season. It is considered best practice 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 Rate Study is to determine the level of revenue required to adequately fund the treated and irrigation water systems while providing customers with safe and reliable water that meets State and Federal requirements. The Rate Study will provide an explanation and justification of the calculated treated and irrigation water rates for five years, and document compliance with laws and regulations.

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 were: subsidy program for low income customers, capital reserve fund balance, non-operating revenue/property tax allocation, rate tiers, quantity of water included in the base rate, and functional cost allocation.

On May 8, 2017 Staff presented the above listed information from the Finance Committee meeting to the Board to obtain Board concurrence on moving forward with this methodology for the Rate Study. By motion action, the Board provided the following direction:

- Follow the Finance Committee recommendation to minimize staff time to administer the subsidy program;
- Make the following assumptions for the recapitalization program:
  - Exclude costs less than \$5,000;
  - 100% cash for improvements under \$50,000
  - 75% cash for improvements between \$50,000 and \$100,000
  - 50% cash for improvements between \$100,000 and \$500,000
  - 25% cash for improvements over \$500,000 (this was revised to 5% cash)
- Exclude hydro revenue from the operating budget and rate calculation.

At a Special Meeting of the Board of Directors on August 22, 2017, the Board approved an outreach approach for the water rate study consisting of two public workshops, one Board meeting workshop, one Board meeting to authorize the 45-day public hearing, and one Board meeting to hold the public hearing required to adopt the rates.

Public Workshop #1 was held at 5:30pm on September 18, 2017 at the Georgetown Elementary School. The presentation and the input from that meeting were presented at the Board Meeting on October 3, 2017. The presentation from that meeting is included as Attachment 1.

Public Workshop #2 was held at 5:30pm on October 12, 2017 at the Cool Community Hall.

### **DISCUSSION**

A concerted effort was made to invite as many customers as possible to Public Workshop #2. Notices inviting customers were:

- Emailed two notifications to 297 customers that have provided email addresses to the District; including customers that only receive electronic bills;
- Provided verbally to those attending Public Workshop #1 and the Board meetings on October 3 and 10;
- Posted on the District Facebook page multiple times;
- Posted on the District's website;
- Handed out at the Sons in Retirement meeting on October 9, 2017; and
- Posted at the District office.

Public Workshop #2 was also announced in an article in the Mountain Democrat on October 9, 2017 and the Georgetown Gazette on October 10, 2017.

The primary goals of Public Workshop #2 were:

1. Inform customers about rate study methodology and three rate scenarios; and
2. Provide a mechanism for customers to provide meaningful input into the rate study scenarios before evaluation and review by the Board.

At the workshop, General Manager Steven Palmer presented a brief overview of material that was discussed at Public Workshop #1, summarized the comments from Public Workshop #1, and what staff did with those comments. After that, Rate Study Consultant, John Van den Bergh from Rural Community Assistance Corporation (RCAC), presented the methodology and results for three different rate scenarios. Input from Public Workshop #1, Finance Committee, and Board has provided direction to use property tax revenue to fund capital reserves. Therefore, three different rate scenarios were calculated by varying the distribution of property tax revenue between irrigation and treated water capital reserves. The scenarios were:

1. Distribute based on capital value of assets:
  - a. 85% treated/15% irrigation (\$1,33,600/\$235,350) (Board direction)
2. Distribute based on operating expenses:
  - a. 74% treated/26% irrigation (\$1,161,060/\$407,940)
3. Split in half:
  - a. 50% treated/50% irrigation (\$764,500/\$764,500) (Workshop #1 Suggestion)

The PowerPoint presentation and material presented at the October 12, 2017 public workshop are included as Attachment 2.

During the workshop, attendees asked questions and were provided with comment cards to fill out with suggestions or questions. Generally speaking, District Staff and consultants heard the following from the attendees:

- Concern that employee wages and benefits are too high.
- Concern that staffing at recommended level is too high
- Provide staff salary and benefits information on the website
- General Administration cost allocation is too high for irrigation water (31% irrigation, 67% treated, 2% wastewater)
- Other revenue such as leases and SMUD should be split between treated and irrigation water reserves.
- Base rate for 5/8", 3/4", and 1-inch meter customers should be the same. The usages are similar, 5/8" meters are being phased out by the District, and the 1-inch meters are typically only needed by residential customers for fire flows.
- Rates should consider that the water rights and ditches were originally meant for irrigation.
- The rate study should take into consideration that the increased volume of water used by irrigation customers secures those water rights
- Increased irrigation rates may result in loss of customers and less irrigation water use, thereby harming the environment. An Environmental Impact Report should be required because of this potential impact
- Please provide rate calculations for typical water usage, instead of average bill.
- Compare the calculated rates to other agencies
- The base rate is too high. There should be no base rate and only usage rate. The usage rate should include establishing a drought reserve fund.
- Board meetings should be in the evenings so working people can attend.
- Goal should be to meet annual capital reserve contribution in 8 years instead of 5 years
- Reduce annual contributions to capital reserve
- Include a ballot with the Proposition 218 notice
- Support the scenario that split property tax revenue 85% to treated water and 15% to irrigation water.
- Cut hookup fees to increase new customers
- Would like to see treated water customers increased to between 4,000 and 4,500; and irrigation customers to 600.

## **ANALYSIS**

In response to the input from this workshop, District Staff and consultants are taking the following actions:

- Additional rate scenarios are being evaluated in response to the feedback. The following scenarios will be presented and discussed during the presentation:

- a. All residential meters 1-inch and less in size pay the same base rate.
  - b. No base rate, only usage rate.
  - c. Hold staffing at current level.
  - d. Allocate property tax revenue 100% to irrigation water.
  - e. Allocate property tax revenue to create an even percent rate increase between treated and irrigation water.
- Staff evaluated other comments and additional information is provided below in this staff report.

#### Staffing Level and Labor Costs

- *Concern that employee wages and benefits are too high.*

Except for the position of General Manager, all employee wages and benefits are established through negotiated agreements with two bargaining units, International Union of Operating Engineers Stationary Engineers, Local No. 39 and Management and Confidential Employees Local #1. The agreement with Local No. 39 expires on December 1, 2017, and the agreement with Local #1 expires on December 31, 2018.

- *Concern that staffing at recommended level is too high.*

During the Fiscal Year 2017-2018 budget process, the General Manager presented the following deficiencies that are not being adequately addressed by the current level of staffing:

1. Accounting and finance oversight and management
2. Contract administration
3. Human resources management
4. Drinking water quality oversight and reporting
5. Water rights monitoring, reporting, and permitting
6. Wastewater reporting and permitting
7. Storm water reporting and permitting
8. Capital project management
9. Prepare Five Year Capital Improvement Plan
10. Prepare infrastructure master plans
11. Infrastructure asset management
12. Records management
13. Succession planning

The intent of the recommended staffing is to ensure the District's ability to produce reliable, high quality water, provide stewardship of community resources, provide excellent customer service, and ensure sustainability. There are currently no persons on staff to:

- Manage construction projects to replace critical infrastructure
- Ensure compliance with changing state water regulations, water rights permits, wastewater permits, or stormwater permits
- Provide accounting and financial oversight, and ensure compliance with best financial practices for local government
- Manage District records; coordinate Board meetings, prepare Board meeting agendas, packets, minutes.
- Perform public outreach, such as press releases, and social media communications.

As outlined and discussed in the budget presentations, the District cannot continue to function at the current staffing level. The changes outlined in the recommended organizational chart and during this

year's budget process are necessary for long term sustainability of the District. In response to increasing expenses and decreasing revenue, staffing levels have been drastically reduced over the last several years. The staffing cuts have been too deep and are not sustainable. The recommended staffing level restores some of the positions that were eliminated during the last several years.

- *Provide staff salary and benefits information on the website*

The District reports compensation information annually to the State Controller's Government Compensation website at: <http://publicpay.ca.gov>. District staff is also working on getting the current labor and employment agreements and salary schedules posted on the website.

#### Allocation of General and Administration Costs

- *General Administration cost allocation is too high for irrigation water (31% irrigation, 67% treated, 2% wastewater)*

The allocation of General Administration costs has been calculated as the average of the allocations for all other departments. This is depicted in Slide 52 of the PowerPoint presentation from September 18, 2017 (Attachment 1). General Administration costs are meant to cover services that cannot be readily attribute to one customer class and benefit all customers. For example, General Administration includes utilities for the office and corporation yard, accounting services, information technology, website hosting, Local Agency Formation Commission Fees, financial service and annual financial audit, and staff time related to Board meeting support and rate study preparation.

General Administration does not include expenses related to direct customer interactions such as phone calls, billing, and account setup and maintenance. Those type of services are accounted for within the Customer Service department. District Staff and consultants allocated General Administration costs based on the average of the allocations for all other departments because it considers all types of expenses. Alternative methods would be to allocate based on volume of water (79% irrigation, 21% treated water), annual operating expenses, asset value, or number of customers (8% irrigation, 71% treated).

#### Irrigation Water Equity

*"Rates should consider that the water rights and ditches were originally meant for irrigation. The rate study should take into consideration that the increased volume of water used by irrigation customers secures those water rights. Increased irrigation rates may result in loss of customers and less irrigation water use, thereby harming the environment. An Environmental Impact Report should be required because of this potential impact."*

The District's water rights do not limit the water usage to only irrigation water, and the District can use the water for both irrigation and treated water. The rate study calculates the cost to deliver water, and does take into account some demand reduction due to higher pricing. Many ditches have demand that exceed the current supply.

#### Rate Comparisons

- *Please provide rate calculations for typical water usage, instead of average bill.*

The scenarios presented will be revised to list the assumed usage.

- *Compare the calculated rates to other agencies*

A comparison of the rate scenarios to other agencies has not been performed. The objective of the District's rate study is to calculate the true cost for the District to deliver water. The cost to deliver



water is different for every agency. Every agency has different system needs, treatment needs, etc. Therefore, District rates cannot be set based on a comparison to other agencies.

#### Annual Capital Reserve Contributions

- *Goal should be to meet annual capital reserve contribution in 8 years instead of 5 years*
- *Reduce annual contributions to capital reserve*

The consequences of reducing annual contributions to capital reserves are:

1. District facilities will need to last longer than typical lifespans
2. Capital replacements will require more loans, thereby increasing total cost due to borrowing cost, and shifting the costs to future customers.

#### Revenue Suggestions

- *Other revenue such as leases and SMUD should be split between treated and irrigation water reserves.*

This is a matter of District policy set by the Board. Current Board policy is that hydroelectric revenue be set aside for future hydroelectric needs. SMUD relicensing revenue and cell tower/antenna leases could be split between treated and irrigation.

- *Cut hookup fees to increase new customers*  
Comment is noted. This rate study is not reviewing or calculating the cost of hookup fees, other fees, or impact fees. Those are separate fees that require separate studies.
- *Would like to see treated water customers increased to between 4,000 and 4,500; and irrigation customers to 600.*  
Comment is noted. The main barrier to increasing number of customers is the lack of pipes and canals to deliver water to new parcels. The District currently does not have enough funds to construct new distribution facilities.

In order to share input received from both public workshops and additional information related to this water rate study, a webpage dedicated to the water rate study update has been created on the District website - [http://gd-pud.org/#2017 Water Rate Update](http://gd-pud.org/#2017%20Water%20Rate%20Update). The following information has been placed on the website to date, and additional information from public meetings will be uploaded to this webpage as available:

- April 25, 2017 Finance Committee Rate Study Presentation
- May 8, 2017 Board of Directors Rate Study Presentation
- September 18, 2017 Public Workshop 1 Presentation
- September 18, 2017 Public Workshop 1 Summary and Response to Questions
- October 12, 2017 Public Workshop 2 Meeting Notice and Invitation
- October 12, 2017 Public Workshop 2 PowerPoint Presentation
- October 12, 2017 Public Workshop 2 Water Rate Scenario Comparisons
- October 12, 2017 Public Workshop 2 Water Rate Scenario 1 Calculations
- October 12, 2017 Public Workshop 2 Water Rate Scenario 2 Calculations
- October 12, 2017 Public Workshop 2 Water Rate Scenario 3 Calculations

District Staff and consultants are requesting direction on the preparation of the Final Rate Study Report. The anticipated schedule for upcoming water rate study meetings is:

- October 24, 2017 – Special Board Meeting, Final Rate Study Report and Authorize 45 Day Notice
- December 12, 2017 – Regular Board Meeting, Public Hearing to Adopt New Rates
- January 1, 2018 – New Rates Become Effective

### **FISCAL IMPACT**

This item is informational and does not have a direct impact on this year's operating or capital budget.

Completing the water rate study update has a significant impact on the District's finances. 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. The District's water rates are too low to qualify for loans.

RCAC calculates the current water affordability for the District as 1.25%. In other words, the average water bill in the District is 1.25% of the median household income. In order to qualify for State and Federal grants, the District must maintain an affordability index ranging between 1.5% and 4.0%. The District's water rates are too low to qualify for State and Federal grants.

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 water rate study is statutorily exempt from CEQA pursuant to California Code of Regulations Section 15273 because it is for:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits,
- (2) Purchasing or leasing supplies, equipment, or materials,
- (3) Meeting financial reserve needs and requirements, and
- (4) Obtaining funds for capital projects, necessary to maintain service within existing service areas.

**RECOMMENDED ACTION**

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) review the information presented at the meeting and provide direction regarding the preparation of final rate study report.

**ATTACHMENTS**

1. 2008 Water Rate Study and Adopting Resolutions
2. September 18, 2017 Rate Study Workshop Presentation
3. October 12, 2017 Public Workshop #2 Materials
  - a. PowerPoint Presentation
  - b. Water Rate Scenario Comparisons
  - c. Water Rate Scenario 1 Calculations
  - d. Water Rate Scenario 2 Calculations
  - e. Water Rate Scenario 3 Calculations



GEORGETOWN DIVIDE

# Public Utility District

P.O. BOX 4240

PHONE (530) 333-4356

GEORGETOWN, CALIFORNIA 95634

FAX (530) 333-9442

The following information is from the June 17, 2008  
Cost of Services Workshop  
And Discussion of Rates

This was the fourth workshop in a series of workshops.

Previous workshop materials are part of the March 11<sup>th</sup>, April 8<sup>th</sup> and  
May 13<sup>th</sup> Full Board Meeting Packets at [www.gd-pud.org](http://www.gd-pud.org) under the  
Agenda and Minutes portion of the site.

# Memo

To: Board of Directors  
From: Mary Pat Frick, Business/Finance Manager *MPF*  
Date: June 5, 2008  
Re: Agenda Item 13. Cost of Service Analysis Workshop and Discussion of Rates

---

**BACKGROUND/DISCUSSION:**

On March 11, 2008, the first Public Cost of Service Analysis Workshop was conducted. A staff report outlining the Proposition 218 requirements and proposed timeline for examining the District's rates, as well as water related cost of services analyses and a 2008 rate comparison. Input was solicited for potential Cost of Service Analysis changes that may be required before the next workshop.

On April 8, 2008, a second Public Cost of Service Analysis Workshop was conducted. The second workshop utilized input from the first workshop and first Public Budget Committee Meeting for Fiscal Year 2008-09 to expand on the information provided at the previous workshop. The Auburn Lake Trails Wastewater cost of service analysis was discussed for the first time. At this meeting the Board of Directors decided to table discussions on a potential surcharge if the State takes local property taxes as part of the State's budget solution.

On May 13, 2008, a third public workshop was conducted. Information from the previous workshops as well as the second Public Budget Committee Meeting for Fiscal Year 2008-09 was utilized to develop revised rates for the Board of Directors consideration. The Board of Directors discussed the goals of gradually changing rates so that revenues better match expenses as well as sharing the local property tax more fairly among District activities. It was hoped that District staff would continue their entrepreneurial efforts to increase other revenues and minimize operating costs in an effort to keep District rates as low as possible. Direction to staff was:

- Propose a reasonable increase for most treated water customers with more tiers and wider tiers.
- Propose a flat rate for irrigation in a year or two without too severe of increase.
- Propose ALT Wastewater fees without 100% increase.
- Increase construction water rates to cost.

At this time, the staff has utilized the input from the previous public workshops and public budget committee meetings to develop a Draft Monthly Rate Schedule Alternative. The schedule has been developed to minimize the financial impact of the increases for the majority of customers. The schedule continues the practice of setting Auburn Lake Trails (ALT) wastewater fees to cover wastewater activities in accordance with Resolution 84-6, while moving water customer rates closer to the cost of service by incremental steps. Rates equal to the cost of service means that each customer is paying for the services that they are receiving and contributes to the financial stability of the District. Please note that Proposition 218 requires that rates not exceed the cost of service. The following chart depicts the proposed rates compared to the cost of service for treated water, irrigation and ALT wastewater activities.

**Chart Comparing Revenue from Rates and Cost of Service**

Activity	Fiscal Year 2006-07 Revenue	Fiscal Year 2006-07 Cost of Service	Per Cent Subsidy	Estimated Proposed Revenue	Revised Cost of Service	Estimated Per Cent Subsidy
Treated Water	\$1,496,244	\$2,357,243	36.53%	\$1,600,000	\$3,284,759	51.29%
Irrigation Water	\$171,473	\$819,066	79.06%	\$190,000	\$819,066	76.80%
ALT Wastewater	\$285,849	\$445,842	35.89% (1)/ 22.22% (2)	\$340,000	\$466,077 (3)	27.05% (1)/ 21.26% (2)

(1) Calculated using revenue divided by cost of service.

(2) Calculated using \$99,077 as indirect cost divided by the cost of service.

(3) Cost of Service is the Fiscal Year 2008-09 Budget amount for ALT wastewater services plus estimated indirect costs of \$99,077 from Exhibit D.

The proposed rates decrease each activity's reliance on other District revenue except for treated water. The treated water subsidy increases due to the additional costs associated with the State Revolving Fund Loan debt for Greenwood Reservoir Water Treatment Plant. It is anticipated that the

proposed five year increases will bring the treated water subsidy to 38%. This means that additional years of increases will be needed to remove the subsidy.

A number of people have inquired about the change in costs for operating the District. The following information is provided for comparison. Please note that the Auburn Lake Trails Wastewater activities were in their infancy in 1985 and since 1985 regulatory requirements for water and wastewater have increased significantly.

Chart Comparing 1985 and Current Statistics

	1985	2007
Full Time Employees	21	26
Irrigation Customers	303	389
Treated Customers	2,200 estimated	3,589
Operating Revenue	\$504,550	\$2,066,059
Operating Expenses	\$1,187,534	\$3,622,151
U.S. Dept. of Commerce, Bureau of Economic Analysis, Implicit Price Deflator, State & Local Government Purchases of Goods and Services	64.7	124.2

The District provides this information so that you can draw your own conclusions about the District's change in costs.

Number of accounts per employee is another operations comparison. The following chart compares the District with El Dorado Irrigation District and Placer County Water Agency. Even with the differing operations of each entity, this benchmark is comparable.

Chart Comparing Number of Accounts per Employee

	GDPUD (1)	EID (2)	PCWA (3)
Total Water Accounts	3,975	37,677	37,832
Total Wastewater Accounts	996	19,918	-
Total Recycled Accounts	-	3,437	-
<b>Account Grand Total</b>	<b>4,971</b>	<b>61,032</b>	<b>37,832</b>
<b>Employees</b>	<b>26</b>	<b>297</b>	<b>179</b>
<b>Accounts per Employee</b>	<b>191</b>	<b>205</b>	<b>211</b>



Please note that the 26 employees represent positions approved in the budget. In reality, as some of the positions are less than full time, the full-time equivalent count is closer to 25. Using 25 employees, the accounts per employee is 199.

- (1) Information from 2007 Water Supply and Demand Summary and Proposed Fiscal Year 2008-09 Budget
- (2) From EID Comprehensive Annual Financial Report for the year ended December 31, 2006
- (3) From PCWA Comprehensive Annual Financial Report for the year ended December 31, 2006

#### *Exhibit A – Draft Monthly Rate Schedule Alternative*

This Draft Monthly Rate Schedule Alternative has changed significantly from the one proposed last month. The water rates were derived by a model utilized to develop rates to generate a revenue increase up to 10% for treated water, 10% for irrigation water and 18% for ALT wastewater services. The District realizes that the percentage increases may seem large; however, these increases are still well below the cost of providing services in most cases and in many cases represent only a few dollars more each month per customer. The following discussion highlights the impacts to most customers as well as explaining how the rates accomplish some of the goals of previous discussions.

#### Treated Water

The major reason for these rate increases is the financing of the new Greenwood Reservoir Water Treatment Plant. Even with the increases treated water revenue is only anticipated to cover approximately 49% of the cost of service in the first year. The proposed first year rates:

- Add an additional tier without being aggressive
- Impact 55% of residential customers by no more than \$2.25 per month
- Impact low water/fixed income users by \$1 per month or \$12 per year
- Impact 96% of residential customers by less than \$18 per month
- Impact very large residential customers (.2% of customers) by \$400 a month which should spur conservation
- Impact 80% of commercial customers by less than \$28 per month
- Impact some very large commercial customers significantly but bring them to where they are paying 50% of their cost of service

The rates increase 5% to 6% in each of the remaining four years. After five years, it is estimated that treated water revenue will cover approximately 62% of the cost of service.

#### Construction Water

These proposed rates increase by 80% in the first year and approach the cost of treated water in the fifth year. It is more efficient to charge one rate for construction water rather than separate rates for treated construction water and

raw construction water. The amount of raw construction water usage varies from year to year. In most years, the majority of the water sold is treated water. Therefore these rates are designed to be slightly less than the treated water cost.

#### Auburn Lake Trails Wastewater Fees

These proposed monthly fees are designed from the revised cost of service schedule incorporating specific identification of certain cost categories. The fees endeavor to cover the direct costs of the wastewater activities without the previous 100% increase for CDS customers. The needed increase for the CDS customer fees to better match the cost of service is phased in over the next three years. The proposed fees for the first year cover 73% of the cost of service. The increases in any of the five years are \$10 a month or less. After five years, it is estimated that ALT wastewater revenue will cover approximately 90% of the cost of service.

The proposed monthly fees are not adequate to cover the indirect costs of the District related to wastewater activities. Indirect costs are the administrative and general costs of the District. Board meetings, District bill paying, payroll and employee benefit administrative costs are among the many administrative and general costs. As in past years, the indirect costs related to wastewater activities have been and continue to be covered by local property taxes. There has been discussion about whether the wastewater fees should pay for any of the indirect costs as the District would have to pay these costs if there were no wastewater activities. The cost of service analyses for all the District's activities has endeavored to fairly allocate the indirect cost to each activity. This way no one District activity is burdened with all of the indirect costs but only their share. Another way to look at this is – what general and administrative costs would each activity have to pay for if the other activities did not exist? Indirect costs like these are the ones that are allocated among the treated water, raw water and wastewater activities. Consequently, if local property taxes are not available to cover the wastewater portion of the indirect costs additional funding for wastewater activities will be needed.

Lastly, several other ALT wastewater fees have been reviewed and updated. Escrow inspections have been increased to more closely represent the amount of staff time involved. The additional inspection fee has been increased in an effort to encourage compliance with the original escrow inspection process and deter premature escrow inspection requests. The consultant assisting with designs has increased his charges so that District has increased the fees based on the consultant fee schedule and a slight increase for District staff's time. Lastly, the CDS connection fee remains the same.

### Irrigation Water

The major reason for the rate increases is to move to a flat rate per miners' inch in preparation to bring the rates more in line with the cost to provide the service. Even with the increases irrigation revenue is only anticipated to cover 23% of the cost of service which attests to this less aggressive approach to increasing rates. These proposed first year rates:

- Impact most customers by less than \$3 per month
- Impact 92% of customers by \$8.23 per month or less (about \$41 per season)
- Impacts largest customer by about 30%
- Increases revenue by 10%
- Encourages conservation and may increase customer base or number of customers served

The rates increase 10% in each of the remaining four years. After five years, it is estimated that irrigation water revenue will cover approximately 33% of the cost of service.

The following exhibits have been included to complete this staff report. The exhibits have not changed since the last meeting. Please note that the basis for the detailed cost of service analyses is fiscal year 2007 audited information revised to include state revolving fund loan information. The final analyses are the result of input from previous meetings.

- *Exhibit B - Revised Cost of Service Treated Water*
- *Exhibit C - Revised Cost of Service Raw Water*
- *Exhibit D - Cost of Service Auburn Lake Trails Wastewater*
- *Exhibit E - Cost of Services Analysis Revised (Treated and Raw Water Analysis)*
- *Exhibit F - Schedule of Operating Expenses (ALT Wastewater Analysis)*
- *Exhibit G - 2008 Rate Comparison*
- *Exhibit H - May 13, 2008 Draft Monthly Rate Schedule Alternative*

---

### RECOMMENDATION:

Staff recommends discussion of the draft monthly rate schedule alternative and related information so that the Board can provide direction to staff regarding meeting the District's financial needs. A decision on these matters will allow the District to carry out the steps required to implement any changes according to the following timeline.

The timing of the changes, if any, is at the Board of Directors' discretion. However, staff would like to mention that the SRF loan payments will have a significant impact on the future cash flow of the District. Consequently, it may be better to start small rate increases now rather than to require a large increase at a later date. In addition, the preparation of the Fiscal Year 2008-09 Budget reveals that the ALT wastewater reserves are being reduced significantly. The sooner new ALT fees are adopted, the sooner ALT wastewater reserves may be stabilized.

To comply with the Proposition 218 requirements, the following timeline has been proposed:

March 11, 2008	Cost of Service Analysis and Proposed Rates Workshop I
April 8, 2008	Proposed Rates Workshop II
May 13, 2008	Proposed Rates Workshop III
June 17, 2008	Proposed Rates Workshop IV
June 24, 2008	Deadline for mailing of proposed rate notices (this is tight)
August 5, 2008	Public Hearing regarding proposed rates
September 1, 2008	Proposed implementation of treated water rates and ALT wastewater fees
May 1, 2009	Proposed implementation of irrigation rates

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**DRAFT MONTHLY RATE SCHEDULE ALTERNATIVE**  
(Billed Bi-monthly with a post card format to save District customers money)

**TREATED WATER SERVICE**

<u>Current Minimum</u>	<u>Existing</u>	<u>Sept. 1, 2008</u>	<u>May 1, 2009</u>	<u>May 1, 2010</u>	<u>May 1, 2011</u>	<u>May 1, 2012</u>
Residential to 1,000 cf	\$19.98	\$20.98	\$22.24	\$23.57	\$24.99	\$26.49
Commercial to 1,000 cf	\$25.16	\$25.16	\$25.16	\$25.16	\$25.16	\$26.49

**Commodity Charge \$ per 100 cubic feet (cf)**

1,001 to 2,000 cf	\$1.00	\$1.25	\$1.31	\$1.38	\$1.45	\$1.52
2,001 to 3,000 cf	\$1.16	\$1.50	\$1.58	\$1.65	\$1.74	\$1.82
3,001 to 4,000 cf	\$1.32	\$1.75	\$1.84	\$1.93	\$2.03	\$2.13
4,001 and over	\$1.32	\$2.00	\$2.10	\$2.21	\$2.32	\$2.43

**CONSTRUCTION WATER** (RATES TO BE EFFECTIVE SEPTEMBER 1, 2008 AND EACH APRIL 1<sup>ST</sup> THEREAFTER)

Charge per 1,000 gallons	\$2.50	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00
--------------------------	--------	--------	--------	--------	--------	--------

**AUBURN LAKE TRAILS WASTEWATER FEES** (RATES TO BE EFFECTIVE SEPTEMBER 1, 2008 AND EACH MAY 1<sup>ST</sup> THEREAFTER)

**Lots Connecting to the Community Disposal System.**

Vacant lot	\$17.60	\$18.17	\$18.17	\$19.07	\$19.07	\$20.02
Developed lot	\$35.20	\$45.20	\$55.20	\$65.20	\$68.50	\$71.50

**Lots not associated with the Community Disposal System**

Vacant lot	\$10.53	\$18.17	\$18.17	\$19.07	\$19.07	\$20.02
Conventional System	\$21.06	\$22.11	\$22.11	\$22.75	\$22.75	\$23.37
Other System	\$21.06	\$25.94	\$25.94	\$27.23	\$27.23	\$28.59

**Other Auburn Lake Trails Wastewater Fees**

Escrow inspections (one preliminary inspection, an escrow report and one follow up inspection): \$400.00

Additional inspections for the same escrow: \$200.00

Design and inspection fee for Standard septic system: \$1,175.00

Design and inspection fee for Pressure Dosed or Pumped septic systems: \$1,400.00

Design and inspection fee for Mound septic systems: \$1,600.00

Design and inspection fee for Sand Filter septic systems: \$1,600.00

Design and inspection fee for the Community Disposal System: \$900.00

Community Disposal System Connection Fee: \$1,500.00

**IRRIGATION WATER SERVICE**

Monthly Charge per Miner's Inch (m.i.) except 1/2 m.i. which is at stated rate

	<u>Existing</u>	<u>May 1, 2009</u>	<u>May 1, 2010</u>	<u>May 1, 2011</u>	<u>May 1, 2012</u>	<u>May 1, 2013</u>
Minimum:	\$30.00	-	-	-	-	-
1/2 m.i. rate	\$17.00	\$47.00	\$47.00	\$47.00	\$47.00	\$47.00
1 m.i.	\$27.25	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
1.5 m.i.	\$36.50	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
2 m.i.	\$41.00	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
2.5 to 4 m.i.	\$42.00	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
5 m.i.	\$42.50	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
6 to 10 m.i.	\$42.50	\$60.11	\$66.12	\$72.74	\$80.01	\$88.01
11 m.i. and above	\$43.00	\$57.25	\$66.12	\$72.74	\$80.01	\$88.01

**Georgetown Divide Public Utility District**  
**Cost of Service**  
**Based on Fiscal Year 2007 Actuals**  
 (Revised for State Revolving Fund Loan Requirements)  
 revised 5/7/08  
**Treated Water**

<u>Department</u>	<u>Allocation Basis</u>	<u>Amount</u>
Source of Water Supply	28% of Total Consumption	\$105,852
Transmission and Distribution - Raw Water	28% of Total Consumption	\$208,521
Water Treatment	Total Cost	\$1,973,249
Transmission and Distribution - Treated Water	Total Cost	\$732,911
Customer Service	90% of Total Water Customers	\$264,226
		\$3,284,759

Acre Feet Delivered in 2007	1,900
Residential & Commercial Customers at June 30, 2007	3,565
Treated Water Cost per Acre Foot	\$1,728.82
Treated Water Cost per 1,000 Cubic Foot	\$39.69
Treated Water Cost per 1,000 Gallon	\$5.31
Existing Residential Rate per 1,000 Cubic Foot	\$19.98
Existing Commercial Rate per 1,000 Cubic Foot	\$25.16

**Georgetown Divide Public Utility District**  
**Cost of Service**  
**Based on Fiscal Year 2007 Actuals**

*revised 5/7/08*

**Raw Water**

<u>Department</u>	<u>Allocation Basis</u>	<u>Amount</u>
Source of Water Supply	72% of Total Consumption	\$266,079
Transmission and Distribution - Raw Water	72% of Total Consumption	\$524,156
Water Treatment	No Distribution	\$0
Transmission and Distribution - Treated Water	No Distribution	\$0
Customer Service	10% of Total Water Customers	\$28,831
		\$819,066

Acre Feet Delivered in 2007	4,776
Raw Water Customers at June 30, 2007	389
Total Raw Water Cost per Acre Foot	\$171.50
Raw Water Cost per Miners' Inch per Month	\$260.23
Raw Water Cost per 1,000 Gallon	\$0.53
Existing Rate per Miners' Inch	\$57.95



**Georgetown Divide Public Utility District**  
**Cost of Service**  
**Based on Fiscal Year 2007 Actuals**

*revised 5/7/08*

**Auburn Lake Trails Wastewater**

<u>Department</u>	<u>Allocation Basis</u>	<u>Amount</u>
Direct Auburn Lake Trails Wastewater	100% of costs	\$346,765
Administrative and General Indirect)	11% of Total Administrative and General	\$99,077
		<u>\$445,842</u>
 <u>Total Cost by Customer Type</u>		
Non-community Disposal System Customers-Conventional Systems (494)		\$152,739
Non-community Disposal System Customers-Non-conventional Systems (368)		\$139,170
Community Disposal System Customers (134)		\$126,650
Vacant Lots (103)		\$27,283
		<u>\$445,842</u>

	Customers <u>@Dec. 31, 2007</u>	Monthly Cost per Customer		
		<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Non-CDS - Conventional	494	\$18.81	6.96	\$25.77
Non-CDS - Non-conventional	368	\$23.23	8.28	\$31.51
Community Disposal System Customers	134	\$70.41	8.35	\$78.76
Vacant Lots	103	\$15.71	6.36	\$22.07
Current Community Disposal System Vacant Lot Monthly Rate				\$17.60
Current Community Disposal System with Home Monthly Rate				\$35.20
Current Non-community Disposal System Vacant Lot Monthly Rate				\$10.53
Current Non-community Disposal System with Home Monthly Rate				\$21.06

Cost of Service Analysis Based on 2007 Actuals

	Transmission and Distribution - Water		Transmission and Distribution - Treated Water		Administrative and Customer Service		On-Site Wastewater Disposal Zone		Total Cost 2007
	Source of Water Supply Total	Usage from 2007	Raw Water Total	Treated Water Usage	General	Zone	Zone	Zone	
Allocation Basis:									
Acres Feet Customers	6,676	6,676	1,900	1,900	3,565	1,099			
Raw Water Costs:	\$266,079	\$524,156			\$28,831			\$819,066	
Treated Water Costs:	\$105,852	\$208,521	\$1,045,733	\$732,911	\$264,226			\$2,357,243	\$3,284,759
Wastewater Costs:					\$0			\$445,842	\$445,842
Subtotal	\$371,931	\$732,677	\$1,045,733	\$732,911	\$293,057			\$445,842	\$3,622,151

New costs related to State Revolving Fund Loans for treatment plant required changes:

Walton Lake:	Customer Accounts from June 30, 2007 Billing:	% of Total
Retrofit and filter loan annual debt service	Residential 3,420	86.49%
Retrofit and filter loan annual reserve requirement	Commercial 145	3.67%
Retrofit and filter loan annual net income requirement	Irrigation 389	9.84%
	<u>3,954</u>	<u>100.00%</u>
Greenwood Reservoir:		
Plant loan annual debt service	Zone 1,099	
Plant loan annual reserve requirement		
Plant loan annual net income requirement	Customers with Zone <u>5,053</u>	
Subtotal for additional costs		Revised
	\$927,516	\$260.23
Revised subtotal for Water Treatment	\$1,973,249	\$28.48
		\$33.81
		\$0.00053
		\$0.00381

Water needed to start season		
Sales	Total	% of Total
Ag Water 4,776	0	4,776
Treated Water 1,900	0	1,900
Total AF <u>6,676</u>	0	6,676
		<u>100.00%</u>

**Cost of Service Analysis Revised  
Schedule of Operating Expenses  
For the Fiscal Year Ended June 30, 2007  
(From audited Basic Financial Statements)**

	Transmission and Distribution - Raw Water		Water Treatment		Transmission and Distribution - Treated Water		Customer Service		Administrative and General		A.L.T. On-Site Wastewater Disposal Zone		Total
	Source of Water Supply	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Salaries and part-time labor	16,917	\$ 67,330	35,154	\$ 46,736	61,415	20,884	32,670	10,359	7,000	7,031	16,650	1,400	281,106
CalPERS benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
ICMA benefits	7,671	17,405	16,194	15,985	8,762	21,459	10,793	98,269	-	-	-	-	98,269
Payroll taxes	7,515	25,864	27,002	47,206	25,020	63,916	26,412	222,935	-	-	-	-	222,935
Insurance - health and life plans	6,739	28,753	11,830	14,967	(447)	7,844	8,512	78,198	-	-	-	-	78,198
Insurance - workers' compensation	-	(95)	-	820	-	9,634	-	10,359	-	-	-	-	10,359
Insurance - District plan	-	-	-	-	-	7,000	-	7,000	-	-	-	-	7,000
Accounting and audit fees	-	-	113	-	-	6,918	-	7,031	-	-	-	-	7,031
Building maintenance and repairs	-	-	-	-	-	16,650	-	16,650	-	-	-	-	16,650
Director stipends	-	-	-	740	-	660	-	1,400	-	-	-	-	1,400
Engineering fees	494	2,080	3,123	2,967	3,155	31,210	1,127	44,156	-	-	-	-	44,156
Insurance - general	-	6,010	1,054	7,706	747	64,328	4,168	84,013	-	-	-	-	84,013
Legal - general	9,758	20,527	69,778	41,089	1,280	23,786	23,786	166,218	-	-	-	-	166,218
Supplies, rentals and durable goods	-	267	2,605	6,594	5,947	14,737	3,154	33,304	-	-	-	-	33,304
Office supplies	43,498	13,902	11,284	10,842	75	79,065	24,929	183,595	-	-	-	-	183,595
Outside services	-	150	338	225	-	6,697	150	7,560	-	-	-	-	7,560
Public relations	-	-	-	-	-	64,919	-	64,919	-	-	-	-	64,919
Retiree benefits	74	493	838	1,451	26	12,451	1,380	16,713	-	-	-	-	16,713
Development and travel	96	206	141,520	5,742	502	15,736	5,175	168,977	-	-	-	-	168,977
Utilities	3,713	10,542	1,423	5,657	405	10,220	3,238	35,198	-	-	-	-	35,198
Equipment and vehicle maintenance	6,667	12,297	4,484	10,894	-	3,819	4,354	42,515	-	-	-	-	42,515
Vehicle operations	13,450	50	30,139	401	-	6,206	21,786	72,032	-	-	-	-	72,032
Regulatory requirements and fees	-	-	-	-	-	9,572	-	9,572	-	-	-	-	9,572
Other - County election admin.	-	-	-	-	-	26,548	-	26,548	-	-	-	-	26,548
Other - County property tax admin.	-	-	-	150	109	10,100	300	10,659	-	-	-	-	10,659
Other - Memberships	91,040	28,247	132,216	195,524	-	52,046	29,118	528,191	-	-	-	-	528,191
Depreciation	-	-	-	-	-	45,196	-	45,196	-	-	-	-	45,196
Amortization	-	-	-	-	-	-	130	130	-	-	-	-	130
Other	1,097	1,862	130	2,228	16	2,056	346,765	7,519	-	-	-	-	7,519
Direct Cost Subtotal	294,929	553,485	694,985	613,144	225,104	893,739	346,765	3,622,151	-	-	-	-	3,622,151

Schedule of Operating Expenses with  
Allocation of Administrative and General Costs  
For the Fiscal Year Ended June 30, 2007

	Transmission		Transmission and		Administrative and		A.L.T. On-Site		Administrative and General
	Source of Water Supply	Distribution - Raw Water	Water Treatment	Distribution - Treated Water	Customer Service	General	Wastewater Disposal Zone	Allocation Base	
Admin. & General Allocation:									
Salaries and part-time labor	22,771	83,898	54,355	51,571	31,534	-	38,458	282,588	Salaries
CalPERS benefits	1,683	6,200	4,017	3,811	2,330	-	2,842	20,884	Salaries
ICMA benefits	-	-	-	-	-	-	-	-	Salaries
Payroll taxes	1,729	6,371	4,128	3,916	2,395	-	2,920	21,459	Salaries
Insurance - health and life plans	5,150	18,976	12,294	11,664	7,132	-	8,699	63,916	Salaries
Insurance - workers' compensation	632	2,329	1,509	1,431	875	-	1,068	7,844	Salaries
Insurance - District plan	776	2,860	1,853	1,758	1,075	-	1,311	9,634	Salaries
Accounting and audit fees	757	1,420	1,783	1,573	578	-	890	7,000	Total Direct Costs
Building maintenance and repairs	557	2,054	1,331	1,262	772	-	941	6,918	Salaries
Director stipends	1,282	-	11,747	-	-	-	3,621	16,650	Customers
Engineering fees	71	134	168	148	54	-	84	660	Total Direct Costs
Insurance - general	2,515	9,266	6,003	5,696	3,483	-	4,247	31,210	Salaries
Legal - general	6,053	-	55,476	-	-	-	2,798	64,328	Majority Water
Supplies, rentals and durable goods	103	380	246	234	143	-	174	1,280	Salaries
Office supplies	1,188	4,375	2,835	2,689	1,645	-	2,006	14,737	Salaries
Outside services	7,440	-	68,186	-	-	-	3,439	79,065	Majority Water
Public relations	724	1,359	1,706	1,505	553	-	851	6,697	Total Direct Costs
Retiree benefits	5,231	19,274	12,487	11,847	7,244	-	8,835	64,919	Salaries
Development and travel	1,003	3,697	2,395	2,272	1,389	-	1,694	12,451	Salaries
Utilities	1,701	3,192	4,008	3,536	1,298	-	2,000	15,736	Total Direct Costs
Equipment and vehicle maintenance	1,105	2,073	2,603	2,297	843	-	1,299	10,220	Total Direct Costs
Vehicle operations	413	775	973	858	315	-	485	3,819	Total Direct Costs
Regulatory requirements and fees	611	-	5,595	-	-	-	-	6,206	Water Customers
Other - County election admin.	-	-	9,572	-	-	-	-	9,572	Treated Only
Other - County property tax admin.	2,498	-	22,895	-	-	-	1,155	26,548	Majority Water
Other - Memberships	778	-	7,126	-	-	-	2,197	10,100	Customers
Depreciation	5,626	10,558	13,257	11,696	4,294	-	6,615	52,046	Total Direct Costs
Amortization	4,446	-	40,750	-	-	-	-	45,196	Water Customers
Other	158	-	1,451	-	-	-	447	2,056	Customers
Admin. & General Allocation	-	-	-	-	-	(893,739)	-	(893,739)	

revised 4/14/08

Total Costs with Allocation

\$371,932	\$732,676	\$1,045,733	\$732,911	\$293,057	\$	\$	\$445,842	\$3,622,151
-----------	-----------	-------------	-----------	-----------	----	----	-----------	-------------

**Schedule of Operating Expenses  
For the Fiscal Year Ended June 30, 2007  
(From audited Basic Financial Statements)**

**Auburn Lake Trails Wastewater Activities Allocation**

	A.L.T. On-Site		Administrative and General		TOTAL		Non-Community Disposal System		Non-Community Disposal System		Community Disposal System		Vacant Lots		A.L.T. Zone Allocation Base		
	Wastewater Disposal Zone	\$	General	\$	Conventional System	Non-conventional System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Community Disposal System	Time Estimates	Salaries
Salaries and part-time labor	\$ 145,583	\$ 38,458	38,458	\$ 184,041	\$73,823	\$70,657	\$26,041	\$26,041	\$13,521	\$13,521	\$26,041	\$26,041	\$13,521	\$13,521	\$184,041	Time Estimates	
CalPERS benefits	32,670	2,842	2,842	35,512	14,245	13,634	5,025	5,025	2,609	2,609	5,025	5,025	2,609	2,609	35,512	Salaries	
ICMA benefits	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	Salaries	
Payroll taxes	10,793	2,920	2,920	13,713	5,501	5,265	1,940	1,940	1,007	1,007	5,265	5,265	1,007	1,007	13,713	Salaries	
Insurance - health and life plans	26,412	8,699	8,699	35,111	14,084	13,480	4,968	4,968	2,579	2,579	13,480	13,480	2,579	2,579	35,111	Salaries	
Insurance - workers' compensation	8,512	1,068	1,068	9,580	3,843	3,678	1,355	1,355	704	704	3,678	3,678	704	704	9,580	Salaries	
Insurance - District plan	-	1,311	1,311	1,311	526	503	186	186	96	96	503	503	186	186	1,311	Salaries	
Accounting and audit fees	-	890	890	890	400	298	108	108	83	83	298	298	108	108	890	All Customers	
Building maintenance and repairs	-	941	941	941	423	315	115	115	88	88	315	315	115	115	941	All Customers	
Director stipends	-	3,621	3,621	3,621	1,628	1,213	442	442	339	339	1,213	1,213	442	442	3,621	All Customers	
Engineering fees	-	84	84	84	38	28	10	10	8	8	28	28	10	10	84	All Customers	
Insurance - general	1,127	4,247	4,247	5,374	2,156	2,063	760	760	395	395	2,063	2,063	760	760	5,374	Salaries	
Legal - general	4,168	2,798	2,798	6,966	1,258	937	4,509	4,509	262	262	937	937	4,509	4,509	6,966	CDS/All	
Supplies, rentals and durable goods	23,786	174	174	23,960	1,200	894	21,850	21,850	16	16	894	894	21,850	21,850	23,960	Specific Identification/All	
Office supplies	3,154	2,006	2,006	5,160	2,466	1,837	669	669	188	188	1,837	1,837	669	669	5,160	Customers/All	
Outside services	24,929	3,439	3,439	28,368	5,994	4,465	16,658	16,658	1,250	1,250	4,465	4,465	16,658	16,658	28,368	Specific Identification/All	
Public relations	150	851	851	1,001	450	335	122	122	94	94	335	335	122	122	1,001	All Customers	
Retiree benefits	-	8,835	8,835	8,835	3,544	3,392	1,250	1,250	649	649	3,392	3,392	1,250	1,250	8,835	Salaries	
Development and travel	1,380	1,694	1,694	3,074	1,446	1,077	392	392	159	159	1,077	1,077	392	392	3,074	Customers/All	
Utilities	5,175	2,000	2,000	7,175	899	670	5,419	5,419	187	187	670	670	5,419	5,419	7,175	CDS/All	
Equipment and vehicle maintenance	3,238	1,299	1,299	4,537	2,190	1,631	594	594	122	122	1,631	1,631	594	594	4,537	Customers/All	
Vehicle operations	4,354	485	485	4,839	2,378	1,771	645	645	45	45	1,771	1,771	645	645	4,839	Customers/All	
Regulatory requirements and fees	21,786	-	-	21,786	9,334	7,365	3,140	3,140	1,946	1,946	7,365	7,365	3,140	3,140	21,786	Specific Identification/All	
Other - County election admin.	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	Not Applicable	
Other - County property tax admin.	-	1,155	1,155	1,155	519	387	141	141	108	108	387	387	141	141	1,155	All Customers	
Other - Memberships	300	2,197	2,197	2,497	1,136	846	308	308	206	206	846	846	308	308	2,497	Customers/All	
Depreciation	29,118	6,615	6,615	35,733	2,973	2,215	29,925	29,925	620	620	2,215	2,215	29,925	29,925	35,733	CDS/All	
Amortization	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	Customers	
Other	130	447	447	577	286	213	78	78	0	0	213	213	78	78	577	Customers	
<b>Direct Cost Subtotal</b>	<b>\$346,765</b>	<b>99,077</b>	<b>99,077</b>	<b>445,842</b>	<b>152,739</b>	<b>139,170</b>	<b>126,650</b>	<b>126,650</b>	<b>27,283</b>	<b>27,283</b>	<b>139,170</b>	<b>126,650</b>	<b>126,650</b>	<b>27,283</b>	<b>445,842</b>		
				Monthly cost per customer	25.77	31.51	78.76	78.76	22.07	22.07	31.51	78.76	78.76	22.07			

See next page for key statistics and terms

Exhibit F

Key statistics @ December 31, 2007:

Non-community disposal system conventional residences  
 Non-community disposal system nonconventional residences  
 Community disposal system residences  
 Vacant lots

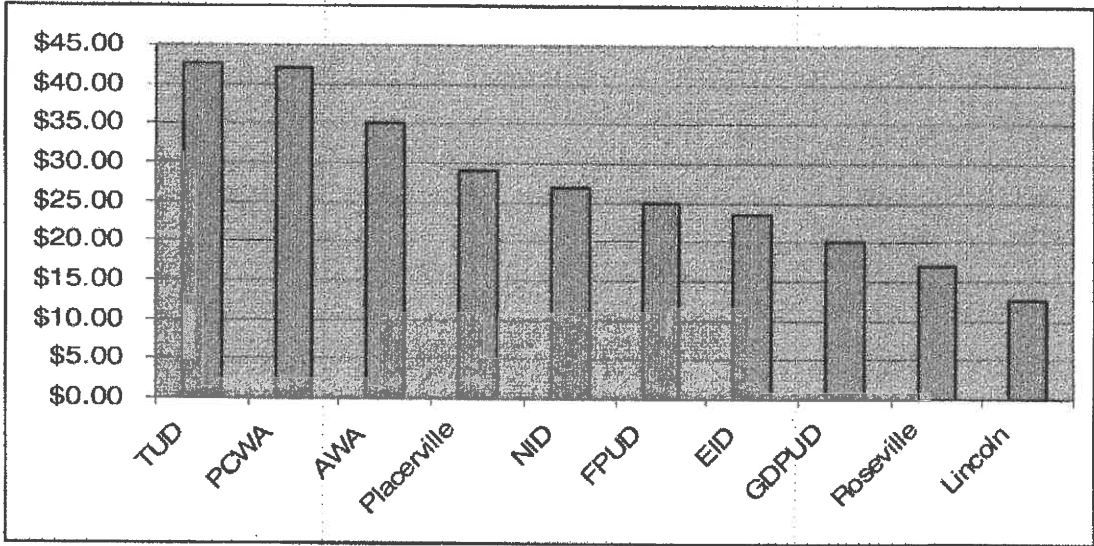
494
368
134
103
<u>1,099</u>

Terms:

"All Customers" represent non-CDS, CDS and vacant  
 "Customers" represent non-CDS and CDS only  
 CDS or Customers with "/All" means that the direct costs  
 are allocated based on the term before the slash and the  
 indirect costs are allocated based on the term after the slash

**2008 RATE COMPARISON**  
*April 8, 2008*

The 2008 Rate Comparison shows how the District's rates compare to other utility rates. The following graph shows how the District's treated water rates for 1,000 cubic feet of residential treated water for one month compares to other utilities.



AWA = Amador Water Agency  
EID = El Dorado Irrigation District  
FPUD = Foresthill Public Utility District  
GDPUD = Georgetown Divide PUD  
NID = Nevada Irrigation District  
PCWA = Placer County Water Agency  
TUD = Tuolumne Utilities District

**Treated Water**  
(monthly rates include 1,000 cubic feet of treated water)

	<b>Residential</b>	<b>Commercial</b>
GDPUD existing – 2008	\$19.98	\$25.16
Amador Water Agency – 2007	35.13	35.13
City of Lincoln – 2006 (PCWA & well water)	12.50	12.50
City of Placerville – 2006	29.09	29.09
City of Roseville – 2008		
Inside City	16.90	16.90
Outside City	27.05	27.05
El Dorado Irrigation District – 2008		
Gravity service	23.49	23.49
Pumped service	24.47	24.47
Foresthill Public Utility District – 2007	25.00 to 31.50	25.00 to 31.50
Nevada Irrigation District – 2007		
Inside District	26.79	33.50
Outside District	33.50	41.90
Placer County Water Agency – 2008		
Zone 1	42.18	41.52
Zone 2	41.70	41.70
Zone 3	51.48	49.92
Zone 4	53.98	-
Tuolumne Utilities District – 2007	42.47	42.47



**2008 RATE COMPARISON***April 8, 2008***Raw Water**

(monthly charge for one miner's inch service)

GDPUD existing – 2008	\$57.25
Amador Water Agency - 2007	\$288.48
El Dorado Irrigation District – 2008	91.99
Nevada Irrigation District – 2007	
Inside District	211.31
Outside District	260.89
Placer County Water Agency – 2008	
Zone 1 irrigation per month	56.47
Zone 3 irrigation per month	78.20
Tuolumne Utilities District – 2007	136.10

**Wastewater**

(monthly fees)

GDPUD existing – 2008	
Vacant Lot Zone	\$10.53
Single Family Residence Zone	21.06
Vacant Lot Community Disposal System (CDS)	17.55
Single Family Residence CDS	35.20
Amador Water Agency – 2007	
Vacant Lot	21.00 to 39.60
User Rate	73.50 to 80.00
City of Lincoln Sewer Service – 2006	16.00
City of Placerville Waste Water Rates – 2006	47.62
City of Roseville – 2008	24.65
El Dorado Irrigation District – 2008	75.33
Tuolumne Utilities District – 2007	33.93

**Treated Water Tiers**

Amador Water Agency – 2007	1) \$1.51 per one hundred cubic feet (ccf)
City of Lincoln – 2006	1) \$1.64 per 134 cubic feet (cf) for 1,337 to 2,674 cf 2) \$1.59 per 134 cf for 2,675 to 8,021 cf 3) \$1.47 per 134 cf for 8,022 to 46,791 cf 4) \$1.13 per 134 cf for 46,792 cf and over
City of Placerville – 2006	1) \$1.98 per ccf 0 to 2,500 cf 2) \$2.37 per ccf 2,501 to 20,000 cf 3) \$2.57 per ccf for 20,001 cf and over
City of Roseville – 2008	1) \$0.27 per ccf for 0 to 1,200 cf 2) \$0.54 per ccf for 1,201 to 5,000 cf 3) \$0.81 per ccf for 5,001 cf and over
El Dorado Irrigation District – 2008	1) \$0.844 per ccf for 0 to 1,500 cf 2) \$0.912 per ccf for 1,501 to 20,000 cf 3) \$1.075 per ccf for 20,001 cf and over
Foresthill PUD – 2007	1) \$2.04 per 134 cf for 1,337 cf and over
Nevada Irrigation District – 2007	1) \$1.157 per ccf for 200 to 6,000 cf 2) \$1.290 per ccf for 6,001 to 40,000 cf 3) \$1.387 per ccf for 40,001 cf and over
Placer County Water Agency – 2008 (excludes Zone 4)	1) \$0.94 to \$1.07 per ccf for 0 to 400 cf 2) \$1.07 to \$1.33 per ccf for 401 to 1,000 cf 3) \$1.14 to \$1.33 per ccf for 1,001 to 2,000 cf 4) \$1.18 to \$1.33 per ccf for 2,001 to 4,000 cf 5) \$1.35 per ccf for 4,001 to 5,800 cf 6) \$1.65 per ccf for 5,801 to 7,700 cf 7) \$1.88 per ccf for 7,701 cf and over
Tuolumne Utilities District – 2007	1) \$1.50 per ccf for 0 to 1,500 cf 2) \$1.61 per ccf for 1,501 to 5,000 cf 3) \$1.96 per ccf for 5,001 cf and over

**Units of Water Measurement**

Volume

One cubic foot	=	7.48 gallons
One acre foot	=	amount required to cover one acre with one foot deep of water
	=	43,560 cubic feet
	=	325,851 gallons

Flow

One miner's inch	=	11.25 gallons per minute
	=	675 gallons per hour
	=	16,200 gallons per day
	=	486,000 gallons per month
	=	64,973 cubic feet per month
	=	1.49 acre feet per month
One cubic foot/second	=	7.48 gallons per second
	=	448.8 gallons per minute
	=	26,928 gallons per hour

**GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT**  
**DRAFT MONTHLY RATE SCHEDULE ALTERNATIVE**  
(Billed Bi-monthly with a post card format to save District customers money)

**TREATED WATER SERVICE**

<u>Current Minimum</u>	<u>Existing</u>	<u>Sept. 1, 2008</u>	<u>May 1, 2009</u>	<u>May 1, 2010</u>	<u>May 1, 2011</u>	<u>May 1, 2012</u>
Residential to 1,000 cf	\$19.98	\$21.97	\$23.07	\$24.23	\$25.50	\$26.78
Commercial to 1,000 cf	\$25.16	\$25.16	\$25.16	\$25.16	\$25.50	\$26.78

**Commodity Charge \$ per 100 cubic feet (cf)**

1,001 to 2,000 cf	\$1.00	\$1.15	\$1.21	\$1.27	\$1.34	\$1.41
2,001 to 3,000 cf	\$1.16	\$1.38	\$1.45	\$1.53	\$1.61	\$1.69
3,001 and over	\$1.32	\$1.73	\$1.82	\$1.92	\$2.02	\$2.13

**CONSTRUCTION WATER**

Charge per 1,000 gallons	\$2.50	\$2.75	\$3.00	\$3.25	\$3.50	\$3.75
--------------------------	--------	--------	--------	--------	--------	--------

**AUBURN LAKE TRAILS WASTEWATER FEES (RATES TO BE EFFECTIVE SEPTEMBER 1, 2008 AND EACH MAY 1<sup>ST</sup> THEREAFTER)**

**Lots Connecting to the Community Disposal System**

Vacant lot	\$17.60	\$16.00	\$16.00	\$16.80	\$16.80	\$17.65
Developed lot	\$35.20	\$70.00	\$70.00	\$73.50	\$73.50	\$77.00

**Lots not associated with the Community Disposal System**

Vacant lot	\$10.53	\$16.00	\$16.00	\$16.80	\$16.80	\$17.65
Conventional System	\$21.06	\$19.00	\$19.00	\$20.00	\$20.00	\$21.00
Other System	\$21.06	\$23.00	\$23.00	\$24.00	\$24.00	\$25.00

**Other Auburn Lake Trails Wastewater Fees**

Escrow inspections (one preliminary inspection, an escrow report and one follow up inspection): \$400.00

Additional inspections for the same escrow: \$200.00

Design and inspection fee for Standard septic system: \$1,175.00

Design and inspection fee for Pressure Dosed or Pumped septic systems: \$1,400.00

Design and inspection fee for Mound septic systems: \$1,600.00

Design and inspection fee for Sand Filter septic systems: \$1,600.00

Design and inspection fee for the Community Disposal System: \$900.00

Community Disposal System Connection Fee: \$1,500.00

**IRRIGATION WATER SERVICE**

Monthly Charge per Miner's Inch (m.i.) except ½ m.i. which is at stated rate

	<u>Existing</u>	<u>May 1, 2009</u>	<u>May 1, 2010</u>	<u>May 1, 2011</u>	<u>May 1, 2012</u>	<u>May 1, 2013</u>
Minimum:	\$30.00	-	-	-	-	-
½ m.i. rate	\$17.00	\$47.00	\$47.00	\$47.00	\$47.00	\$47.00
1 m.i.	\$27.25	\$69.50	\$81.75	\$94.00	\$94.00	\$94.00
1.5 m.i.	\$36.50	\$69.50	\$81.75	\$94.00	\$94.00	\$94.00
2 m.i.	\$41.00	\$69.50	\$81.75	\$94.00	\$94.00	\$94.00
2.5 to 4 m.i.	\$42.00	\$69.50	\$81.75	\$94.00	\$94.00	\$94.00
5 m.i.	\$42.50	\$57.63	\$69.75	\$81.88	\$94.00	\$94.00
6 to 10 m.i.	\$42.50	\$57.63	\$69.75	\$81.88	\$94.00	\$94.00
11 m.i. and above	\$43.00	\$55.38	\$65.04	\$74.69	\$84.35	\$94.00

**RESOLUTION NO. 2008 - 10  
OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
REVISING TREATED WATER RATES**

WHEREAS, the District has incurred increased expenses for materials, supplies, compliance with governmental regulations, and other costs of service related to treated water; and

WHEREAS, the District faces increased costs to finance the Greenwood Lake Water Treatment Plant; and

WHEREAS, the District must revise its rates for treated water in order to bring its rates more in line with the cost to provide the service; and

WHEREAS, because the District has not increased its treated water rates since 2006, it is appropriate at this time to review the rates and to establish revised rates for its treated water, commensurate with the costs incurred by the District; and

WHEREAS, the District held public workshops on March 11, 2008, April 8, 2008, May 13, 2008, and June 17, 2008, to discuss and analyze the District's Cost of Service and proposed rate revisions; and

WHEREAS, the District has determined that the proposed rate revisions are anticipated to cover 49% of the current Cost of Service;

WHEREAS, the District has estimated that after five years, the revised treated water revenue will cover approximately 62% of the Cost of Service; and

WHEREAS, the rate revision schedule has been developed to minimize the financial impact of the increases for the majority of customers; and

WHEREAS, the District has prepared a Cost of Service Analysis to analyze the proposed rate revisions; and

WHEREAS, the District prepared, published, and mailed to each affected parcel owner, a Notice of the proposed rate revisions, stating the date, time, and location of the public hearing to consider adoption of the rate revisions; and

WHEREAS, the District's Notice set forth the reasons for the increase, the procedure by which a parcel owner may protest the increase, including the name and address of the person at the District who should receive the protest, and the availability of the Cost of Service Analysis, which explains the basis upon which the amount of the proposed rate revision was calculated; and

WHEREAS, pursuant to the provisions of Proposition 218, the District allowed a 45-day comment period to elapse between the date of mailing the Notice to the affected property owners, and the public hearing; and

WHEREAS, the Board has considered all protests against the proposed rate revisions.

NOW, THEREFORE, BE IT RESOVED by the Board of Directors of the Georgetown Divide Public Utility District as follows:

1. Pursuant to the provisions of Proposition 218, each affected parcel owner has been properly notified of the proposed rate revisions, and there was no majority protest against them.
2. The revenues from the proposed rate revisions will not exceed the current Cost of Service.
3. The revenues from the revised rates will not be used for any purpose other than that for which the rate is imposed.
4. The amount of the charge imposed upon any parcel or person as an incident of property ownership does not exceed the proportional cost of the service attributable to the parcel.
5. No standby or similar charges have been imposed for a service that is not actually used by, or immediately available to, the owner of the parcel in question.
6. The water rates and charges herein shall be billed on a bi-monthly basis in compliance with Ordinance 82-1 and as determined by the Board.
7. The minimum rate of \$19.98 per month for residential usage of 1,000 cubic feet or less of treated water will continue until July 1, 2009, when the rate will be revised as follows:

\$20.98 beginning on July 1, 2009;

\$22.24 beginning on July 1, 2010;

\$23.57 beginning on July 1, 2011.

8. The minimum rate of \$25.16 per month for commercial usage of 1,000 cubic feet or less of treated water will continue.

9. The monthly commodity charge per 100 cubic feet of treated water for excess usage from 1,001 cubic feet to 2,000 cubic feet will remain at \$1.00 until July 1, 2009, when the rate will be revised as follows:

\$1.25 beginning on July 1, 2009;

\$1.31 beginning on July 1, 2010;

\$1.38 beginning on July 1, 2011.

10. The monthly commodity charge per 100 cubic feet of treated water for excess usage from 2,001 cubic feet to 3,000 cubic feet will remain at \$1.16 until July 1, 2009, when the rate will be revised as follows:

\$1.50 beginning on July 1, 2009;

\$1.58 beginning on July 1, 2010;

\$1.65 beginning on July 1, 2011.

11. The monthly commodity charge per 100 cubic feet of treated water for excess usage from 3,001 cubic feet to 4,000 cubic feet will remain at \$1.32 until July 1, 2009, when the rate will be revised as follows:

\$1.75 beginning on July 1, 2009;

\$1.84 beginning on July 1, 2010;

\$1.93 beginning on July 1, 2011.

12. The monthly commodity charge per 100 cubic feet of treated water for excess usage from 4,001 cubic feet or more will remain at \$1.32 until July 1, 2009, when the rate will be revised as follows:

\$2.00 beginning on July 1, 2009;

\$2.10 beginning on July 1, 2010;

\$2.21 beginning on July 1, 2011.

13. District rules and regulations regulate service to additional units on a single parcel and the need for separate connections. In those instances where additional residential, commercial, professional dwelling or living units situated on a single parcel that is not separately serviced, the following charges shall apply:

a) For single dwellings, each additional and separate building serviced through a single service connection, whether occupied or not, shall pay an added minimum rate as established for the type of service received. Each such added minimum charge shall entitle the user to receive additional minimum delivery of water.

b) For multiple dwellings, such as duplexes, triplexes, apartment houses and similar uses, in addition to the appropriate minimum rate established for the type of service received, the owner shall continue to pay a monthly service charge of \$2.75 for each unit in excess of one, whether occupied or not, unless otherwise provided.

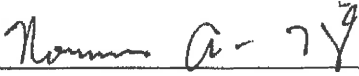
14. In accordance with Ordinance 2005-02, a reconnection charge of \$50 will be applied following a customer request for discontinuance of service, other than discontinuance caused by the sale of the property. The fee will be due and payable when a request for reconnection for service is made by the customer.

PASSED AND ADOPTED at a regularly held meeting of the Board of Directors of the GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT this ninth day of September, 2008.

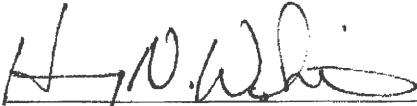
AYES: Michael Cooper, Bob Diekon, Norman Krizl, Douglas Pickell and JoAnn Shepherd

NOES: None

ABSENT: None

  
\_\_\_\_\_  
Norm Krizl, President  
Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

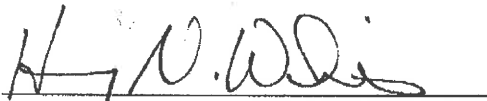
ATTEST:

  
\_\_\_\_\_  
Henry N. White, Clerk and ex officio  
Secretary, Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT



CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2008-10 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on the 9<sup>th</sup> day of September, 2008.

A handwritten signature in black ink, appearing to read "H. N. White", written over a horizontal line.

HENRY N. WHITE

Secretary, Georgetown Divide Public  
Utility District

**RESOLUTION NO. 2008 - 12  
OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT  
REVISING IRRIGATION WATER RATES**

WHEREAS, the District wishes to change its irrigation water rate schedule to a flat rate per miner's inch, in order to bring its rates more in line with the cost to provide the service; and

WHEREAS, the District's costs for materials, supplies, and other costs of service related to irrigation water have increased; and

WHEREAS, because the District has not increased its irrigation water rates since 2006, it is appropriate at this time to review the rates and to establish revised rates for its irrigation water, commensurate with the costs incurred by the District; and

WHEREAS, the District held public workshops on March 11, 2008, April 8, 2008, May 13, 2008, and June 17, 2008, to discuss and analyze the District's Cost of Service and proposed rate revisions; and

WHEREAS, the District has determined that the proposed rate revisions are anticipated to cover 23% of the current Cost of Service; and

WHEREAS, the District has estimated that after five years, the revised irrigation water revenue will cover approximately 33% of the Cost of Service; and

WHEREAS, the rate revision schedule has been developed to minimize the financial impact of the increases for the majority of customers; and

WHEREAS, the District has prepared a Cost of Service Analysis to analyze the proposed rate revisions; and

WHEREAS, the District prepared, published, and mailed to each affected parcel owner, a Notice of the proposed rate revisions, stating the date, time, and location of the public hearing to consider adoption of the rate revisions; and

WHEREAS, the District's Notice set forth the reasons for the increase, the procedure by which a parcel owner may protest the increase, including the name and address of the person at the District who should receive the protest, and the availability of the Cost of Service Analysis, which explains the basis upon which the amount of the proposed rate revision was calculated; and

WHEREAS, pursuant to the provisions of Proposition 218, the District allowed a 45-day comment period to elapse between the date of mailing the Notice to the affected property owners, and the public hearing; and

WHEREAS, the Board has considered all protests against the proposed rate revisions.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Georgetown Divide Public Utility District as follows:

1. Pursuant to the provisions of Proposition 218, each affected parcel owner has been properly notified of the proposed rate revisions, and there was no majority protest against them.
2. The revenues from the proposed rate revisions will not exceed the current Cost of Service.
3. The revenues from the revised rates will not be used for any purpose other than that for which the rate is imposed.
4. The amount of the charge imposed upon any parcel or person as an incident of property ownership does not exceed the proportional cost of the service attributable to the parcel.
5. No standby or similar charges have been imposed for a service that is not actually used by, or immediately available to, the owner of the parcel in question.
6. Irrigation rate charges shall continue to be billed on a bi-monthly basis in advance in compliance with the District Rules and Regulations as provided in Ordinance 79-2, as amended.
7. The monthly rate for ½ miner's inch as of May 1, 2009, shall be \$47.00.
8. The monthly rate for 1 miner's inch shall be revised as follows:  
\$60.11 beginning on May 1, 2009;  
\$66.12 beginning on May 1, 2010;  
\$72.74 beginning on May 1, 2011.

9. The monthly rate for 1 ½ to 10 miner's inch shall be revised as follows:

\$60.11 per miner's inch beginning on May 1, 2009;  
\$66.12 per miner's inch beginning on May 1, 2010;  
\$72.74 per miner's inch beginning on May 1, 2011.

10. The monthly rate for 11 miner's inches and above shall be revised as follows:

\$57.25 per miner's inch beginning on May 1, 2009;  
\$66.12 per miner's inch beginning on May 1, 2010;  
\$72.74 per miner's inch beginning on May 1, 2011.

11. In accordance with established policy of the District, all water used within the District shall be delivered on a metered basis with deliveries being measured over weirs, through orifices or other devices approved by the District.

12. In accordance with current policy and rates, after irrigation season has begun, a fee of \$20 shall be charged to accommodate a request for a change in service delivery that requires a face-plate or orifice change.

PASSED AND ADOPTED at a regularly held meeting of the Board of Directors of the GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT this ninth day of September, 2008.

AYES: Michael Cooper, Bob Diekon, Norman Krizl, Douglas Pickell and JoAnn Shepherd

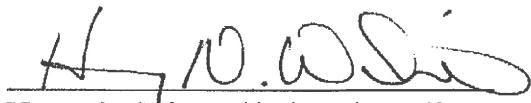
NOES: None

ABSENT: None



\_\_\_\_\_  
Norm Krizl, President  
Board of Directors  
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ATTEST:

A handwritten signature in black ink, appearing to read "H. N. White", written over a horizontal line.

Henry N. White, Clerk and ex officio  
Secretary, Board of Directors

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true and correct copy of Resolution 2008-12 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on the 9<sup>th</sup> day of September, 2008.



HENRY N. WHITE  
Secretary, Georgetown Divide Public  
Utility District

# RATE STUDY WORKSHOP

---

Steven Palmer, General Manager  
Darrell Creeks, Operations Manager  
**Georgetown Divide Public Utility District**  
September 18, 2017

## Overview

- I. Introduction
- II. Road Map
- III. Today's Objectives
- IV. District Overview
  - A. Infrastructure
  - B. Finances
- V. Rate Study
  - A. Background
  - B. Methodology

## Road Map

April 25 Finance Committee	May 8 Board Meeting	September 18 Public Workshop	October 3 Board Workshop	October 9-13 Public Workshop	October 16-20 Board Adopts Day Notice	December 11-15 Board Adopt Rates
-------------------------------	------------------------	---------------------------------	-----------------------------	---------------------------------	--	-------------------------------------

## Workshop Objectives (Why are we here)

- Educate
- District Infrastructure
- District Finances
- Rate Study Requirements
- Rate Study Methodology
- Meaningful Input

### GDPUD Mission Statement

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
- Ensure high quality drinking water
- Promote stewardship to protect community resources, public health and quality of life
- Provide excellent and responsive customer services through dedicated and valued staff
- Ensure fiscal responsibility and accountability are observed by balancing immediate and long term needs



### Your Water System

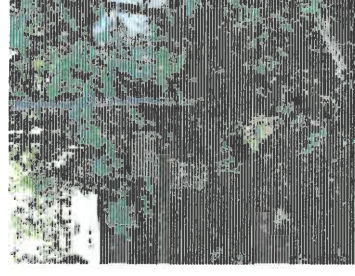
- Encompasses 415 square miles
- Approximately 15,000 residents
- Approximately 3,600 treated water connections
- Approximately 400 irrigation water customers
- ~20 full time employees

### Your Water System

- Over 70 miles of canals & ditches
- Two water treatment plants
- 10 storage tanks
- 5 pumping stations
- Three reservoirs
- Two State regulated dams
- Corporation yard & office building
- Replacement cost over \$150 million



### Your Water System





**Your Water System**



**Your Water System**

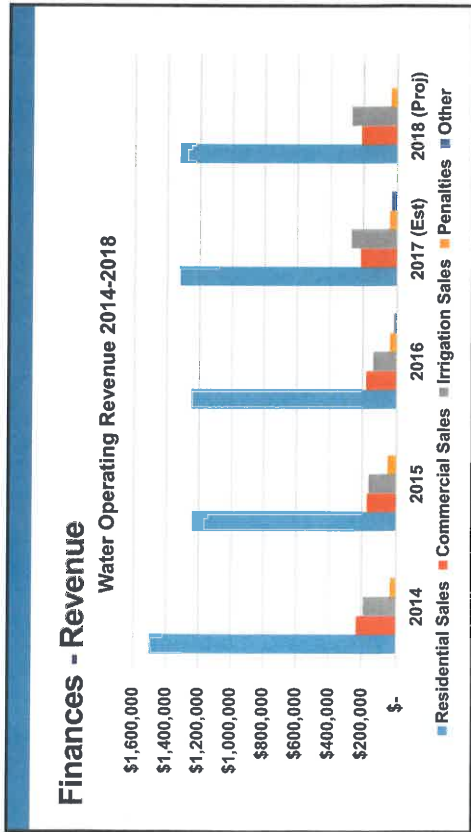
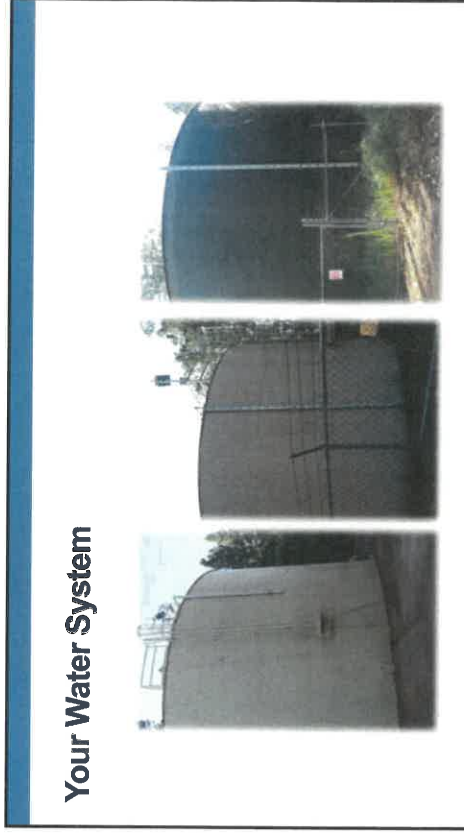


**Your Water System**



**Your Water System**





### Finance – Expenses - Capital

PROJECT	FY 17/18 BUDGET	5-YEAR ESTIMATED COSTS
ALT Water Treatment Plant	\$10,229,416	\$10,229,416
Reservoir & Stream Gauging	\$26,500	\$234,960
Office & Corp Yard Repairs	\$30,000	\$30,000
2017 Pavement Repair	\$75,000	\$75,000
Annual Tank, Recoating	\$200,000	\$1,000,000
Meter Replacement	--	\$1,745,744
Annual Canal Lining	--	\$400,000
2016 Canal Lining	\$1,081,894	\$1,081,894
Repair Safety Walkways	\$30,000	\$30,000
2017 Manhole Sealing	\$10,000	\$10,000
Wastewater Lift Station Upgrade	--	\$120,000
<b>Total</b>	<b>\$11,682,810</b>	<b>\$14,957,014</b>

### Finance - Expenses Unfunded State Mandates

- Improve reservoir and stream diversion gauging
- Mark Edson Dam spillway condition assessment
- Update dam Emergency Action Plan
- More stringent water audit requirements
- Low income rate assistance

### Fund Summary

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017-2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
<b>10 - GENERAL FUND</b>				
REVENUE				
Water Operating Revenue	\$ 1,839,000			
Non-Operating Revenue	\$ 1,862,300			
Supplemental Charge	\$ 648,933			
<b>Total Revenue</b>	<b>\$ 4,350,233</b>			
EXPENSES				
5100		\$ 419,035		
5200		734,196		
5300		664,067		
5400		861,744		
5500		222,842		
5600		1,039,782		
		\$ 3,941,665		
<b>Total Expenses</b>		<b>648,923</b>		
TRANSFERS				
Transfer Supplemental Charge to SRF Fund 29		241,035		
Transfer from SIMUD Fund		241,035		
<b>Total Transfers</b>		<b>482,070</b>		
<b>Subtotal General Fund \$</b>	<b>670,946</b>	<b>\$ 4,591,258</b>	<b>4,590,588</b>	<b>\$ 671,615</b>

Spending from reserves

### Fund Summary

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017-2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
<b>UNRESTRICTED RESERVE FUNDS</b>				
8 - SIMUD FUND	\$ 324,069	-	\$ 241,035	\$ 83,034
10 - GENERAL FUND	670,946	4,591,258	4,590,588	671,616
19 - STUMPY MEADOWS RESERVE	1,044,130	-	-	1,044,130
43 - CAPITAL RESERVE	749,047	-	597,500	151,547
30 - SMALL HYDRO FUND	603,069	-	-	603,069
24 - AIT WTP CAPITAL RESERVE	766,122	-	729,416	36,706
<b>Total Unrestricted Reserve Funds \$</b>	<b>3,486,437</b>			<b>\$ 2,590,102</b>

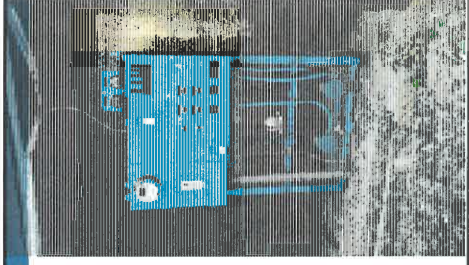
### Fund Summary

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017-2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
<b>RESTRICTED FUNDS (4)</b>				
9 - CARY GRANT	-	845,894	845,894	-
14 - STEWART MINE	24,458	14,200	14,200	24,458
25 - BAYNE ROAD & OTHER AD	34,267	3,000	37,267	-
17 - WATER DEVELOPMENT	402,053	-	-	402,053
53 - PILOT HILL NORTH	(7,480)	-	-	(7,480)
54 - PILOT HILL SOUTH	50,136	-	50,136	-
51 - KELSEY NORTH	103,102	9,480	38,535	79,047
52 - KELSEY SOUTH	190,593	2,580	380,000	13,113
29 - STATE REVENUE FUND (5) (6)	57,087	10,176,475	10,176,475	57,087
35 - EPA GRANT	-	-	-	-
37 - GARDEN VALLEY WATER IMPROVEMENT DISTRICT	71,574	-	2,400	69,174
39 - CAPITAL FACILITY CHARGES	1,695,922	-	10,000	1,685,922
40 - AIT ZONE FUND (CAPITAL)	948,542	-	-	948,542
41 - AIT TANK REPLACEMENT LOANS & REPAIR	35,791	-	-	35,791
42 - AIT CDS RESERVE CONNECTION	215,840	-	-	215,840
<b>Total Restricted Funds \$</b>	<b>2,859,283</b>	<b>\$ 11,051,629</b>	<b>\$ 11,949,507</b>	<b>\$ 2,571,005</b>

### Board Resolution 2005 Unrestricted Reserve Fund Goals

Board Resolution (goal)	Current Reserve
\$6,076,304	\$2,552,608

**\$3,523,696 Deficit**



### Rate Study Purpose

- Current Rate Structure (Treated and Irrigation)
- Adopted on September 9, 2008
- Last increase on July 1, 2011

### Rate Study Purpose

#### Grand Jury Recommendations

- Initiate a voter approved rate increase
- Replace aging water meters and infrastructure
- Offer competitive salaries and attract qualified professional staff
- Review staffing levels and fill key positions with permanent staff
- Undertake a public information program to inform customers of impending rate changes



### WATER RATE STUDY

John Van den Bergh, Rural Development Specialist  
**Rural Community Assistance Corporation**  
 Community & Environmental Services

### 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

- Last review in 2008 - Last increase in 2011
- Stay solvent
- Required for grants and loans
- Grants
  - Current Affordability: 1.25%
  - Disqualification for State and USDA Grants
  - Should be 1.50% to 4.00%
- Loans Requirement
  - 1.2x debt coverage ratio required by loan covenants
  - Cannot maintain

### 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
  - No "free" water included in Base Rate
  - No "tiered" Usage Charges

### 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
- Affects all properties with water service available



### 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

### Treated vs Irrigation Water

#### Reasons for splitting

- Legal requirements
- Different assets
- Different cost structure
- Different rates

#### Split

- Assets
- Budget
- Reserves

### 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 variable costs

### 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 \$124M
- 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
- 91% fixed costs
- 9% 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 to low-income users
- *Concerned about time and cost to administer*
- Recapitalization Costs/Reserve Needs
  - Do not include costs less than \$5,000
  - <\$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

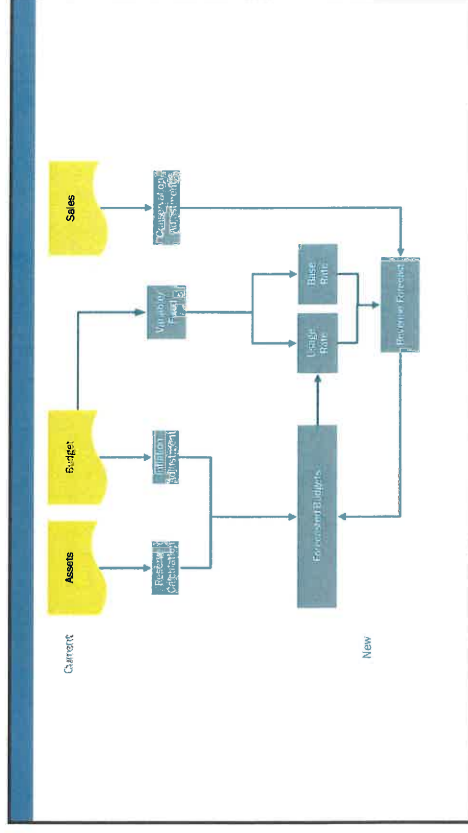


### Consequences of not raising rates enough

1. Reduction in reserves
2. Inability to pay bills
3. Inability to maintain system=fines
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







### Summary/Recommendations

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

Tough decisions must be made



### Road Map



Thank You



# RATE STUDY WORKSHOP

Steven Palmer, General Manager  
**Georgetown Divide Public Utility District**  
John Van den Bergh, Rural Development Specialist  
**Rural Community Assistance Corporation**  
**Community & Environmental Services**  
October 12, 2017

## Road Map



## October 12 Workshop Objectives

### Inform

- First Workshop Summary
- Rate Study Methodology
- Rate Scenarios

### Feedback



## GDPUD Mission Statement

It is the purpose of the Georgetown Divide Public Utility District to:

- Provide reliable water supplies
- Ensure high quality drinking water
- Promote stewardship to protect community resources, public health and quality of life
- Provide excellent and responsive customer services through dedicated and valued staff
- Ensure fiscal responsibility and accountability are observed by balancing immediate and long term needs





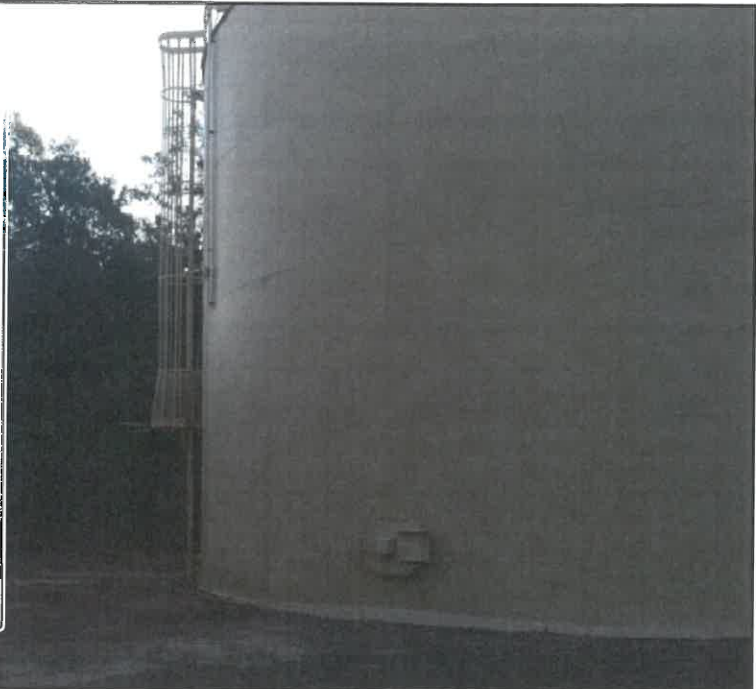
## Your Water System

---

- Encompasses 415 square miles
- Approximately 15,000 residents
- Approximately 3,600 treated water connections
- Approximately 400 irrigation water customers
- ~20 full time employees

## Your Water System

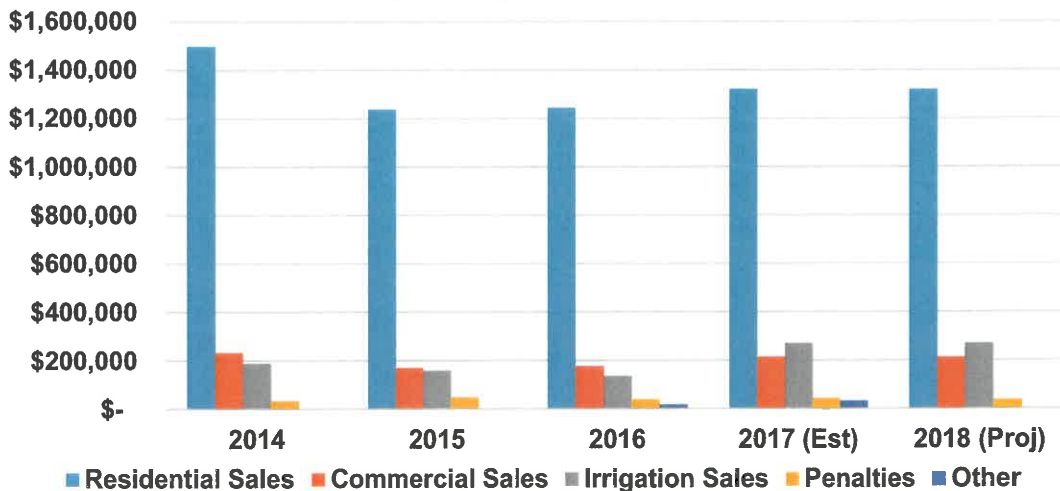
- Over 70 miles of canals & ditches
- Two water treatment plants
- 10 storage tanks
- 5 pumping stations
- Three reservoirs
- Two State regulated dams
- Corporation yard & office building
- Replacement cost over \$150 million





## Finances - Revenue

Water Operating Revenue 2014-2018



## Finance - Expenses

### Unfunded State Mandates

- Improve reservoir and stream diversion gauging
- Mark Edson Dam spillway condition assessment
- Update dam Emergency Action Plan
- More stringent water audit requirements
- Low income rate assistance

## Fund Summary

FUND	ESTIMATED BALANCE 6/30/2017	BUDGET REVENUE 2017- 2018	BUDGET EXPENSES 2017-2018	PROJECTED BALANCE 6/30/2018
<b>10 - GENERAL FUND</b>				
<b>REVENUE</b>				
Water Operating Revenue		\$ 1,839,000		
Non-Operating Revenue		\$ 1,862,300		
Supplemental Charge		\$ 648,923		
<i>Total Revenue</i>		\$ 4,350,223		
<b>EXPENSES</b>				
5100			\$ 419,035	
5200			734,196	
5300			664,067	
5400			861,744	
5500			222,842	
5600			1,039,782	
<i>Total Expenses</i>			\$ 3,941,665	
<b>TRANSFERS</b>				
Transfer Supplemental Charge to SRF Fund 29			648,923	
Transfer from SMUD Fund		241,035		
<i>Total Transfers</i>		<b>241,035</b>	648,923	
<b>Subtotal General Fund</b>	<b>\$ 670,946</b>	<b>\$ 4,591,258</b>	<b>\$ 4,590,588</b>	<b>\$ 671,615</b>

Spending from reserves

## Board Resolution 2005 Unrestricted Reserve Fund Goals

Board Resolution  
(goal)

\$6,076,304

Current Reserve

\$2,552,608

**\$3,523,696 Deficit**

## What We Heard

- Agree with mission statement.
- Recognize the state of the water supply system is deficient.
- Recognize that the District's financial situation is unsustainable.
- Recognize the need to increase rates to fund operations and capital replacement
- They would like to avoid large rate increases during the first year.
- Recommend keeping the base rate low, and emphasize the usage rate.
- Want the District to be fiscally prudent.
- Believe there should be some consideration in the form of rate reduction for irrigation customers since they are subject to water being shutoff at any moment. For example, during droughts.
- Property tax should be used to fund capital reserves
- Property tax in capital reserves should be split between irrigation and treated water enterprises base on the relative asset value (85% treated, 15% irrigation).
- Use cash as much as possible, unless this makes rates too high.

## What We Did

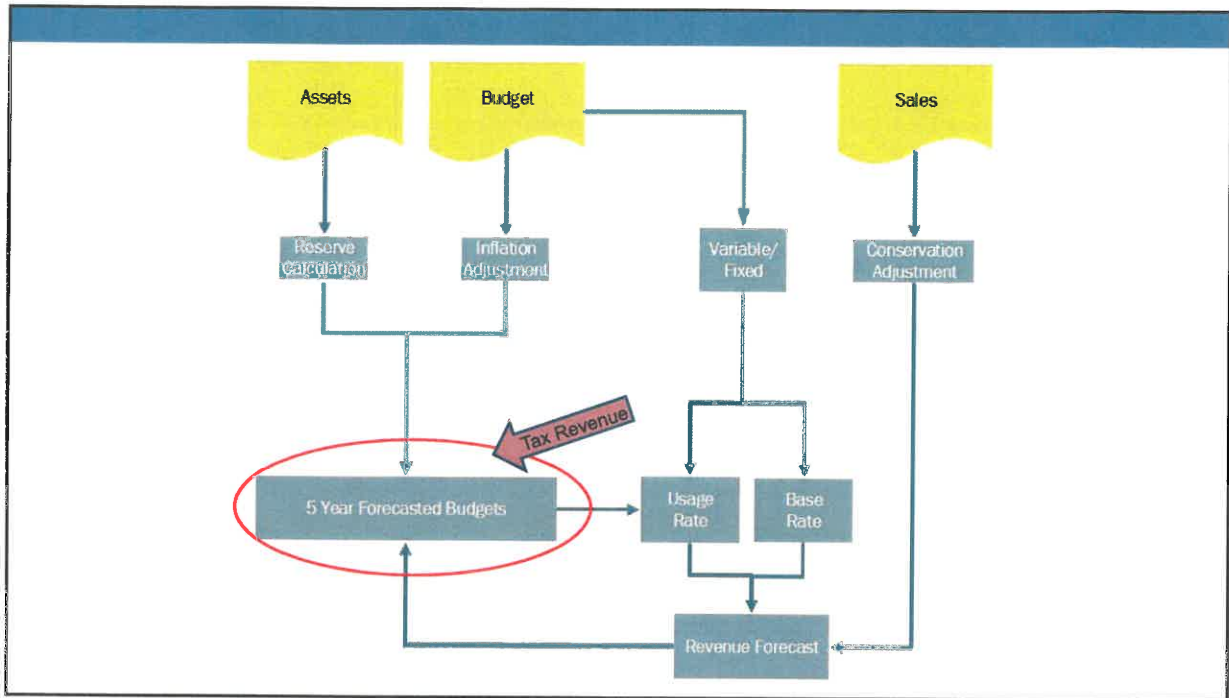
- Published first workshop questionnaire and responses on website
- Reported to Board of Directors on October 3, 2017
  - Summary of first workshop
- Incorporated feedback from workshop and calculated rates for three scenarios
  - Regulatory requirements
  - Sound fiscal practice
  - Community input

## **Possible split of Tax Revenue (\$1,569,000) between Treated and Irrigation Water**

1. Asset Value: 85% Treated, 15% Irrigation  
\$1,333,650 / \$235,350
2. Costs: 74% - 26%  
\$1,161,060 / \$407,940
3. Evenly: 50% - 50%  
\$784,500 / \$784,500

## **Treated Water vs Irrigation Water**

- One Water System
- Two User Classes
- Separate Rate Calculations
- Split
  - All infrastructure
  - Expenses
  - Existing debts
  - Existing reserves



## Reserve Calculation (Treated Water)

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
<b>S300 - Lake Walton WTP</b>															
Lake Walton Plant Replacement (4)	1982	\$12,728,908	C	\$7,681,448	50	25	\$12,728,909	25	25	\$20,893,124	25%		75%	\$817,318	\$152,158
Raw Water Bypass (1)	1974	\$500,000	C	\$209,745	40	43	\$500,000	-3	19	\$728,406	25%		75%	\$28,508	\$7,250
Lake Walton Outlet Works (1)	1974	\$50,000	C	\$20,974	40	43	\$50,000	-3	19	\$72,841	100%		0%	\$1,403	\$2,900
Lake Walton Dredging (1)	1974	\$500,000	C	\$301,732	40	25	\$500,000	15	22	\$772,990	25%		75%	\$30,253	\$6,522
						43			-43						\$0
<b>S300 - AUBURN LAKE TRAILS PLANT</b>															
ALT Water Treatment Plant (4)	2018	\$12,728,909	C	\$12,988,669	50	-1	\$12,728,909	51	51	\$34,946,199	25%		75%	\$1,367,714	\$105,338
															\$0
															\$0
<b>S400 T &amp; D METERS &amp; METER BOXES</b>															
Automated Meter Reading and Meter Replacement Project (5)	2018	\$1,745,800	C	\$1,761,429	20	-1	\$1,745,800	21	2	\$1,816,330	25%		75%	\$71,087	\$190,368

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		
<b>OFFICE EQUIPMENT (3)</b>																	
Computer Network	2001	\$3,254	H	\$3,254	10	15	\$4,468	-6	5		100%			\$0			
Canon Copier	2002	\$4,795	H	\$4,795	10	15	\$5,454	-5	5	\$7,125	100%			\$115	\$1,174		
Phone System (Equip&Software)	2002	\$4,744	H	\$4,744	3	15	\$5,365	-12	5	\$7,049	100%			\$1,104	\$1,151		
Dell Server (software)	2005	\$2,165	H	\$2,165	3	12	\$2,771	-9	5		100%			\$0			
DELL Computers	2007	\$4,637	H	\$4,637	5	10	\$5,652	-5	5	\$6,240	100%			\$377	\$1,028		
<b>DISTRIBUTION (3)</b>																	
Pressure Reducing Valves	1967	\$2,455	H	\$3,276	40	30	\$168,960	10	10	\$205,961	50%	50%		\$15,122	\$8,231		
Air Relief Valves	1967	\$709	H	\$121,970	40	30	\$220,532	10	10	\$269,315	50%	50%		\$21,081	\$10,783		
Isolation Valves	1967	\$2,291	H	\$968,816	40	30	\$1,751,254	10	10	\$2,134,769	25%	75%		\$63,550	\$42,656		
Other Valves	1967	\$2,019	H	\$498,518	40	30	\$502,997	10	10	\$1,100,748	25%	75%		\$43,081	\$21,995		
Firehydrants	1967	\$3,273	H	\$1,901,558	60	30	\$3,444,410	30	30	\$8,239,071	25%	75%		\$244,193	\$38,701		
Pressure Reducing Valves	2017	\$5,000	C	\$100,000	40	0	\$100,000	40	40	\$220,804	50%		50%	\$17,294	\$1,628		
<b>Subtotal Existing Capital Assets</b>							\$45,444,711			\$79,203,910			\$124,327,986	28%	67%	\$5,142,190	\$1,995,633

Annual Reserve Requirement: \$1,995,633

## Reserve Calculation (Irrigation Water)

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
Main Ditch #2 below ALT	1964	\$883,376	C	\$227,876	40	59	\$883,876	-10	5	\$788,484	25%		75%	\$10,814	\$33,733
Pilot Hill Ditch (Main)	1964	\$429,126	C	\$147,084	40	53	\$423,126	-13	5	\$473,790	50%		50%	\$13,590	\$43,843
Pilot Hill Ditch	1964	\$1,070,876	C	\$367,047	40	53	\$1,070,876	-13	5	\$1,182,334	25%		75%	\$17,456	\$54,455
Kelsey Ditch #1	1964	\$571,825	C	\$185,327	40	53	\$571,825	-13	5	\$631,120	25%		75%	\$9,318	\$29,068
Kelsey Ditch #2 Imp	1964	\$1,112,565	C	\$391,336	40	53	\$1,112,565	-13	5	\$1,228,362	25%		75%	\$18,136	\$56,575
Spanish Dry Diggins Ditch	1964	\$57,375	C	\$12,610	40	53	\$37,375	-13	5	\$41,265	100%		0%	\$2,437	\$7,602
Taylor Mine Ditch	1964	\$36,563	C	\$12,532	40	53	\$36,563	-13	5	\$40,389	100%		0%	\$2,394	\$7,437

Annual Reserve Requirement: \$369,748



## Option 2: Allocation of Taxes by Cost

- User Class with higher costs receive more tax revenue
  - Higher costs include larger reserve contribution
- User Class with lower costs don't need as much tax revenue support
- 74% Treated vs 26% Irrigation

## Budget Treated Water

Tax Split 74% - 26%  
Option 2

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel Related	1,989,518.21	2,081,721.95	2,168,566.51	2,251,341.22	2,296,568.04
Materials and Supplies	147,315.56	154,681.34	162,415.40	170,536.17	173,946.90
Renov./Durable	9,191.05	9,650.60	10,133.13	10,639.79	10,852.58
Staff Development	8,418.81	8,840.80	9,282.84	9,746.98	9,941.92
Travel - Conferences	7,759.10	8,147.05	8,554.41	8,982.13	9,161.77
Utilities	180,729.69	189,766.18	199,254.48	209,217.21	213,401.55
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	6,675.63	7,009.41	7,359.88	7,727.88	7,882.44
Govt. Reg./Lab Fees	55,904.33	58,699.55	61,634.53	64,716.25	66,010.58
Outside Service/Consultants	57,996.31	60,896.12	63,940.93	67,137.98	68,480.73
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>2,496,621.52</b>	<b>2,603,680.43</b>	<b>2,716,622.91</b>	<b>2,826,800.44</b>	<b>2,883,336.45</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	90,810.00	95,350.62	100,118.15	105,124.06	107,226.54
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	1,995,698.96	1,991,412.99	1,823,748.89	1,823,748.89	1,823,748.89
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 (Principal + Interest)	59,348.26	59,348.26	144,112.12	144,112.12	144,112.12
Legal, Audit, Insurance	125,567.54	131,845.92	138,438.21	145,380.12	148,287.53
Other General & Administrative	105,037.23	110,289.11	115,803.57	121,593.75	124,025.62
<b>Total General and Administrative Expenses:</b>	<b>2,376,396.41</b>	<b>2,388,246.30</b>	<b>2,322,220.95</b>	<b>2,339,938.93</b>	<b>2,347,530.51</b>
<b>TOTAL EXPENSES</b>	<b>4,873,017.93</b>	<b>4,991,927.33</b>	<b>5,038,843.87</b>	<b>5,166,739.38</b>	<b>5,230,716.96</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	5,169,350.40	5,342,763.38	5,546,727.89	5,757,800.87	5,924,751.62
Property Tax	1,161,080.00	1,195,891.80	1,251,768.55	1,268,721.61	1,308,783.26
SMUD, Hydro, Leases, Interest, etc	295,300.00	299,166.00	305,149.32	311,252.31	317,477.55
Hydro	-80,000.00	-61,200.00	-62,424.00	-65,672.48	-64,945.93
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>4,563,730.40</b>	<b>4,786,621.78</b>	<b>5,021,221.76</b>	<b>5,254,102.30</b>	<b>5,484,047.30</b>
<b>NET LOSS OR GAIN:</b>	<b>-309,307.54</b>	<b>-205,305.56</b>	<b>-17,622.11</b>	<b>87,362.91</b>	<b>253,330.35</b>

### Rates (Bi-Monthly) Treated Water

Tax Split 74% - 26%  
Option 2

Meter Size	Theoretical Bi-Monthly Base Rate by Meter Size	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"	\$82.68	90%	\$47.14	\$ 74.41	\$78.13	\$82.04	\$86.14	\$90.45
3/4"	\$124.02	90%	\$47.14	\$ 111.62	\$117.20	\$123.06	\$129.21	\$135.67
1"	\$206.70	90%	\$47.14	\$ 186.03	\$195.34	\$205.11	\$215.37	\$226.14
1.5"	\$413.41	90%	\$47.14	\$ 372.07	\$390.67	\$410.20	\$430.71	\$452.25
2"	\$661.45	90%	\$47.14	\$ 595.31	\$625.07	\$656.32	\$689.14	\$723.60
3"	\$1,322.90	90%	\$47.14	\$ 1,190.61	\$1,250.15	\$1,312.66	\$1,378.29	\$1,447.20
4"	\$2,067.04	90%	\$50.32	\$ 1,860.34	\$1,953.35	\$2,051.01	\$2,153.57	\$2,261.25

#### Usage Rate Calculat (Ctrl)

Tier	Bottom of Tier	Top of Tier	Usage Rate for Year 1	Year 2	Year 3	Year 4	Year 5	Current	
Future Increases				5.0%	5.0%	5.0%	5.0%		
1	-	70	\$2,2500	\$2.36	\$2.48	\$2.60	\$2.73		
2	21	999,999	\$2,2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.38	
3	1,000,000	999,999	\$2,2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.65	
4	1,000,000	999,999	\$2,2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.93	
5	1,000,000	999,999	\$2,2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 2.21	
Estimated profit/loss with new rates				-309,308	-205,306	-17,622	87,363	253,330	
Balanced Budget?				No	No	No	Yes	Yes	
Estimate contribution to Reserves				1,686,326	1,786,107	1,806,127	1,911,112	2,077,079	
Affordability Index MH				46,700.00	3.03%	3.21%	3.39%	3.58%	3.75%
Project funding \$30.16/2 months				0.39%	0.39%	0.39%	0.39%	0.39%	
Afforability of total rate				3.42%	3.59%	3.78%	3.96%	4.14%	

### Rates (Season) Irrigation Water

Tax Split 74% - 26%  
Option 2

Meter Size (MI)	Meter Size (metric)	Theoretical Seasonal Rate by MI	as % of Theoretical Rate	Proposed Base Charge	Year 2	Year 3	Year 4	Year 5
Future Increases					10.0%	10.0%	10.0%	10.0%
1/2"	0.500	\$1,370	65%	\$890	\$970	\$1,077	\$1,195	\$1,304
1"	1.000	\$2,740	65%	\$1,781	\$1,950	\$2,155	\$2,370	\$2,607
1.5"	1.500	\$4,110	65%	\$2,671	\$2,938	\$3,232	\$3,555	\$3,912
2"	2.000	\$5,479	65%	\$3,552	\$3,918	\$4,310	\$4,740	\$5,215
2.5"	2.500	\$6,849	65%	\$4,432	\$4,897	\$5,387	\$5,920	\$6,518
3"	3.000	\$8,219	65%	\$5,342	\$5,877	\$6,464	\$7,111	\$7,822
3.5"	3.500	\$9,589	65%	\$6,233	\$6,856	\$7,542	\$8,295	\$9,125
4"	4.000	\$10,959	65%	\$7,123	\$7,895	\$8,619	\$9,481	\$10,429
5"	5.000	\$13,698	65%	\$8,903	\$9,794	\$10,774	\$11,851	\$13,096
6"	6.000	\$16,438	65%	\$10,685	\$11,759	\$12,929	\$14,221	\$15,644
7"	7.000	\$19,178	65%	\$12,466	\$13,712	\$15,083	\$16,592	\$18,251
8"	8.000	\$21,917	65%	\$14,246	\$15,671	\$17,238	\$18,962	\$20,858
9"	9.000	\$24,657	65%	\$16,027	\$17,630	\$19,393	\$21,332	\$23,465
10"	10.000	\$27,397	65%	\$17,808	\$19,589	\$21,548	\$23,702	\$26,079
12"	12.000	\$32,876	65%	\$21,369	\$23,506	\$25,857	\$28,448	\$31,287
15"	15.000	\$41,095	65%	\$26,712	\$29,389	\$32,321	\$35,553	\$39,109
16"	16.000	\$48,935	65%	\$32,493	\$35,342	\$38,476	\$42,924	\$47,136
18"	18.000	\$54,793	65%	\$35,616	\$38,786	\$42,664	\$46,981	\$51,445
20"	20.000	\$60,651	65%	\$39,224	\$42,664	\$46,981	\$51,445	\$56,211
25"	25.000	\$76,627	65%	\$50,808	\$55,469	\$60,856	\$66,809	\$73,461
30"	30.000	\$92,603	65%	\$60,792	\$66,845	\$73,461	\$80,219	\$87,233
40"	40.000	\$117,474	65%	\$77,359	\$84,231	\$92,603	\$101,920	\$112,112
45"	45.000	\$137,805	65%	\$90,674	\$98,209	\$107,490	\$117,474	\$128,015

Expenses from Budget	\$ 1,704,078	\$ 1,762,873	\$ 1,829,321	\$ 1,891,898	\$ 1,922,276
Income Generated by the Selected Rate	\$ 1,107,650	\$ 1,218,415	\$ 1,340,257	\$ 1,474,283	\$ 1,621,731
Net Gain or Loss	-596,428	-544,458	-489,064	-417,615	-300,545
Balanced Budget?	No	No	No	Yes	Yes
Contributions to Reserve	\$ 189,272	\$ 244,626	\$ 308,343	\$ 389,279	\$ 491,987
Target Contribution to Reserve	\$ 377,759	\$ 372,985	\$ 372,985	\$ 372,985	\$ 372,985



# Scenario 1 - Property Tax Allocated by System Value

GDPU

## 85% to Treated Water Reserves, 15% to Irrigation Water Reserves

	Current	Year 1	Year 5
Average Bi-Monthly Bill			
Low Water User (5/8- inch meter)	\$84.13	\$109.63	\$136.04
Average Single Family Residence (3/4- inch meter)	\$91.32	\$149.37	\$184.64
Industrial/ Commercial (1 1/2- inch meter)	\$147.47	\$437.15	\$538.15

Treated Water

# Scenario 1 - Property Tax Allocated by System Value

GDPUD

85% to Treated Water Reserves, 15% to Irrigation Water Reserves

Seasonal Bill	Current	Year 1	Year 5
1 Miner's Inch	\$363.70	\$1918.00	\$2808.00

Irrigation Water

## Scenario 2 - Property Tax Allocated by Water Costs

GDPUD

### 74% to Treated Water Reserves, 26% to Irrigation Water Reserves

Average Bi-Monthly Bill	Current	Year 1	Year 5
Low Water User (5/8- inch meter)	\$84.13	\$117.90	\$146.09
Average Single Family Residence (3/4- inch meter)	\$91.32	\$161.67	\$199.71
Industrial/ Commercial (1 1/2- inch meter)	\$147.47	\$478.49	\$588.41

Treated Water

# Scenario 2 - Property Tax Allocated by Water Costs



## 74% to Treated Water Reserves, 26% to Irrigation Water Reserves

	Current	Year 1	Year 5
Seasonal Bill			
1 Miner's Inch	\$363.70	\$1781.00	\$2607.00

## Irrigation Water

## Scenario 3 - Property Tax Allocation

GDPUD

### 50% to Treated Water Reserves, 50% to Irrigation Water Reserves

	Current	Year 1	Year 5
Average Bi-Monthly Bill			
Low Water User (5/8- inch meter)	\$84.13	\$126.17	\$156.15
Average Single Family Residence (3/4- inch meter)	\$91.32	\$174.07	\$214.79
Industrial/ Commercial (1 1/2- inch meter)	\$147.47	\$519.83	\$639.66

Treated Water

## Scenario 3 - Property Tax Allocation

GDPUD

### 50% to Treated Water Reserves, 50% to Irrigation Water Reserves

Seasonal Bill	Current	Year 1	Year 5
1 Miner's Inch	\$363.70	\$1507.00	\$2006.00

Irrigation Water

# What We Heard

GDPUD

- » Agree with the GDPUD mission statement
- » Recognize the state of the water supply system is deficient
- » Recognize that the District's financial situation is unsustainable
- » Recognize the need to increase rates to fund operations and capital replacement
- » Would like to avoid a large rate increases during the first year
- » Need a policy related to drought
- » Property tax should be used to fund capital reserves



# What We Heard

GDPUD

- » Desire for low or no base rate, and emphasize the usage rate
- » Property tax in capital reserves should be split between irrigation and treated water enterprises based on the relative asset value (85% treated, 15% irrigation)
- » There should be some consideration in the form of rate reduction for irrigation customers since they are subject to water being shut off at any moment. For example, during droughts.
- » Prefer to first pay for repairs and maintenance with cash, then finance
- » Use capital as much as possible, unless this makes rates too high
- » Want the District to be fiscally prudent- not to overspend on expenses



# Budget

## Treated Water

Tax Split 85% - 15%

Option 1

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel Related	1,999,518.21	2,081,721.95	2,168,566.51	2,251,341.22	2,296,368.04
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	8,419.81	8,840.80	9,282.84	9,746.98	9,941.92
Travel--Conference	7,759.10	8,147.05	8,554.41	8,982.13	9,161.77
Utilities	180,729.69	189,766.18	199,254.48	209,217.21	213,401.55
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	6,675.63	7,009.41	7,359.88	7,727.88	7,882.44
Govt. Reg./Lab Fees	55,904.33	58,699.55	61,634.53	64,716.25	66,010.58
Outside Service/Consultants	57,996.31	60,896.12	63,940.93	67,137.98	68,480.73
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>2,496,621.52</b>	<b>2,603,680.43</b>	<b>2,716,622.91</b>	<b>2,826,800.44</b>	<b>2,883,336.45</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	90,810.00	95,350.62	100,118.15	105,124.06	107,226.54
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	1,995,633.36	1,991,412.99	1,823,748.89	1,823,748.89	1,823,748.89
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	125,567.54	131,845.92	138,438.21	145,360.12	148,267.33
Other General & Administrative	105,037.25	110,289.11	115,803.57	121,593.75	124,025.62
<b>Total General and Administrative Expenses:</b>	<b>2,376,396.41</b>	<b>2,388,246.90</b>	<b>2,322,220.95</b>	<b>2,339,938.95</b>	<b>2,347,380.51</b>
<b>TOTAL EXPENSES</b>	<b>4,873,017.93</b>	<b>4,991,927.33</b>	<b>5,038,843.87</b>	<b>5,166,739.39</b>	<b>5,230,716.96</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	2,942,960.02	3,115,081.78	3,297,046.83	3,475,756.51	3,649,546.70
Property Tax	<b>1,338,650.00</b>	1,373,659.50	1,414,869.29	1,457,315.36	1,501,034.82
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
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>4,509,910.02</b>	<b>4,726,707.28</b>	<b>4,954,641.43</b>	<b>5,180,651.70</b>	<b>5,403,112.95</b>
<b>NET LOSS OR GAIN:</b>	<b>-363,107.91</b>	<b>-265,220.06</b>	<b>-84,202.44</b>	<b>13,912.31</b>	<b>172,395.99</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>1,632,525.45</b>	<b>1,726,192.93</b>	<b>1,739,546.46</b>	<b>1,837,661.20</b>	<b>1,996,144.89</b>

## Base Rate Calculation for Treated Water (Tax split TW/IW 85/15, Option 1)

Meter Size	Theoretical Bi-Monthly Base Rate by Meter Size	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"	\$82.68	80%	\$47.14	\$ 66.15	\$69.45	\$72.92	\$76.57	\$80.40
3/4"	\$124.02	80%	\$47.14	\$ 99.22	\$104.18	\$109.39	\$114.86	\$120.60
1"	\$206.70	80%	\$47.14	\$ 165.36	\$173.63	\$182.31	\$191.43	\$201.00
1.5"	\$413.41	80%	\$47.14	\$ 330.73	\$347.26	\$364.62	\$382.85	\$401.99
2"	\$661.45	80%	\$47.14	\$ 529.16	\$555.62	\$583.40	\$612.57	\$643.20
3"	\$1,322.90	80%	\$47.14	\$ 1,058.32	\$1,111.24	\$1,166.80	\$1,225.14	\$1,286.40
4"	\$2,067.04	80%	\$50.32	\$ 1,653.63	\$1,736.31	\$1,823.13	\$1,914.29	\$2,010.00

### Usage Rate Calculation

Tier	Bottom of Tier	Top of Tier	Usage Rate for Year 1	Year 2	Year 3	Year 4	Year 5	Current
	Future Increases			5.0%	5.0%	5.0%	5.0%	
1	-	20	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.38
2	21	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.65
3	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.93
4	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 2.21
5	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	

	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated profit/loss with new rates	-363,108	-265,220	-84,202	13,912	172,396
Balanced Budget?	No	No	No	Yes	Yes
Estimate contribution to Reserves	1,632,525	1,726,193	1,739,546	1,837,661	1,996,145
Affordability Index MIH	46,700.00	2.82%	2.98%	3.16%	3.33%
Project funding \$30.16/2 months		0.39%	0.39%	0.39%	0.39%
Affordability of total rate		3.20%	3.37%	3.55%	3.72%
					3.88%



# Budget

## Irrigation Water

Tax Split 85% - 15%

Option 1

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel Related	1,010,085.13	1,057,894.47	1,108,838.79	1,154,040.79	1,177,121.61
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	3,232.67	3,394.31	3,564.02	3,742.22	3,817.07
Travel--Conference	2,708.41	2,843.83	2,986.02	3,135.32	3,198.03
Utilities	14,419.87	15,140.86	15,897.90	16,692.80	17,026.65
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	2,669.15	2,802.61	2,942.74	3,089.88	3,151.68
Govt. Reg./Lab Fees	28,235.41	29,647.18	31,129.54	32,686.01	33,339.73
Outside Service/Consultants	46,167.03	48,475.39	50,899.15	53,444.11	54,512.99
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>1,169,499.23</b>	<b>1,225,279.28</b>	<b>1,284,592.84</b>	<b>1,338,582.54</b>	<b>1,365,354.19</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	42,706.00	44,842.00	47,084.00	49,438.00	50,426.76
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	8,011.25	8,011.25	8,011.25	8,011.25	8,011.25
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	369,747.83	364,974.01	364,974.01	364,974.01	364,974.01
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,	58,056.40	60,959.22	64,007.18	67,207.54	68,551.69
Other General & Administrative	55,013.08	57,763.73	60,651.92	63,684.51	64,958.20
<b>Total General and Administrative Expenses:</b>	<b>534,578.30</b>	<b>537,593.95</b>	<b>544,728.36</b>	<b>553,315.31</b>	<b>556,921.91</b>
<b>TOTAL EXPENSES</b>	<b>1,704,077.53</b>	<b>1,762,873.23</b>	<b>1,829,321.19</b>	<b>1,891,897.85</b>	<b>1,922,276.10</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	1,192,854.27	1,312,139.70	1,443,353.67	1,587,689.03	1,746,457.94
Property Tax	235,350.00	240,057.00	244,858.14	249,755.30	254,750.41
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>1,428,204.27</b>	<b>1,552,196.70</b>	<b>1,688,211.81</b>	<b>1,837,444.34</b>	<b>2,001,208.35</b>
<b>NET LOSS OR GAIN:</b>	<b>-275,873.26</b>	<b>-210,676.53</b>	<b>-141,109.39</b>	<b>-54,453.51</b>	<b>78,932.25</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>101,885.82</b>	<b>162,308.73</b>	<b>231,875.87</b>	<b>318,531.75</b>	<b>451,917.51</b>

## New Rates: Irrigation TW/IW 85/15 Split (Option 1)

Meter Size (MI)	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%				
1/2"	\$1,370	70%	\$959	\$1,055	\$1,160	\$1,276	\$1,404
1"	\$2,740	70%	\$1,918	\$2,110	\$2,321	\$2,553	\$2,808
1.5"	\$4,110	70%	\$2,877	\$3,164	\$3,481	\$3,829	\$4,212
2"	\$5,479	70%	\$3,836	\$4,219	\$4,641	\$5,105	\$5,616
2.5"	\$6,849	70%	\$4,794	\$5,274	\$5,801	\$6,381	\$7,020
3"	\$8,219	70%	\$5,753	\$6,329	\$6,962	\$7,658	\$8,423
3.5"	\$9,589	70%	\$6,712	\$7,383	\$8,122	\$8,934	\$9,827
4"	\$10,959	70%	\$7,671	\$8,438	\$9,282	\$10,210	\$11,231
5"	\$13,698	70%	\$9,589	\$10,548	\$11,603	\$12,763	\$14,039
6"	\$16,438	70%	\$11,507	\$12,657	\$13,923	\$15,315	\$16,847
7"	\$19,178	70%	\$13,424	\$14,767	\$16,244	\$17,868	\$19,655
8"	\$21,917	70%	\$15,342	\$16,876	\$18,564	\$20,420	\$22,462
9"	\$24,657	70%	\$17,260	\$18,986	\$20,885	\$22,973	\$25,270
10"	\$27,397	70%	\$19,178	\$21,095	\$23,205	\$25,526	\$28,078
12"	\$32,876	70%	\$23,013	\$25,315	\$27,846	\$30,631	\$33,694
15"	\$41,095	70%	\$28,767	\$31,643	\$34,808	\$38,288	\$42,117
16"	\$43,835	70%	\$30,684	\$33,753	\$37,128	\$40,841	\$44,925
18"	\$49,314	70%	\$34,520	\$37,972	\$41,769	\$45,946	\$50,541
20"	\$54,793	70%	\$38,355	\$42,191	\$46,410	\$51,051	\$56,156
25"	\$68,492	70%	\$47,944	\$52,739	\$58,013	\$63,814	\$70,195
30"	\$82,190	70%	\$57,533	\$63,286	\$69,615	\$76,577	\$84,234
40"	\$109,587	70%	\$76,711	\$84,382	\$92,820	\$102,102	\$112,312
43"	\$117,806	70%	\$82,464	\$90,711	\$99,782	\$109,760	\$120,736

Expenses from Budget	\$ 1,704,078	\$ 1,762,873	\$ 1,829,321	\$ 1,891,898	\$ 1,922,276
Income Generated by the Selected Rate	\$ 1,192,854	\$ 1,312,140	\$ 1,443,354	\$ 1,587,689	\$ 1,746,458
<b>Net Gain or Loss</b>	<b>-275,873</b>	<b>-210,677</b>	<b>-141,109</b>	<b>-54,454</b>	<b>78,932</b>
Balanced Budget?	No	No	No	No	Yes
Contributions to Reserve	\$ 101,886	\$ 162,309	\$ 231,876	\$ 318,532	\$ 451,918
Target Contribution to Reserve	\$ 377,759	\$ 372,985	\$ 372,985	\$ 372,985	\$ 372,985



# Budget Treated Water

Tax Split 74% - 26%  
Option 2

EXPENSES AND SOURCES OF FUNDS		2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>						
Personnel Related		1,999,518.21	2,081,721.95	2,168,566.51	2,251,341.22	2,296,368.04
Materials and Supplies		147,315.56	154,581.34	162,415.40	170,536.17	173,946.90
Rent/Durable		9,191.05	9,650.60	10,133.13	10,639.79	10,852.58
Staff Development		3,419.81	8,840.80	9,282.84	9,746.98	9,941.92
Travel-Conference		7,759.10	8,147.05	8,554.41	8,982.13	9,161.77
Utilities		180,729.69	189,766.18	199,254.48	209,217.21	213,401.55
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		6,675.63	7,009.41	7,359.88	7,727.88	7,882.44
Govt. Reg./Lab Fees		55,904.33	58,699.55	61,634.53	64,716.25	66,010.58
Outside Service/Consultants		57,996.31	60,896.12	63,940.93	67,137.98	68,480.73
			0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>		<b>2,496,621.52</b>	<b>2,603,680.43</b>	<b>2,716,622.91</b>	<b>2,826,800.44</b>	<b>2,883,336.45</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>						
Retiree Health Premium		90,810.00	95,350.62	100,118.15	105,124.06	107,226.54
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		1,995,633.36	1,991,412.99	1,823,748.89	1,823,748.89	1,823,748.89
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,		125,567.54	131,845.92	138,438.21	145,360.12	148,267.33
Other General & Administrative		105,037.25	110,289.11	115,803.57	121,593.75	124,025.62
<b>Total General and Administrative Expenses:</b>		<b>2,376,396.41</b>	<b>2,388,246.90</b>	<b>2,322,220.95</b>	<b>2,339,938.95</b>	<b>2,347,380.51</b>
<b>TOTAL EXPENSES</b>		<b>4,873,017.93</b>	<b>4,991,927.33</b>	<b>5,038,843.87</b>	<b>5,166,739.39</b>	<b>5,230,716.96</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>						
Water Revenue		3,169,350.40	3,352,763.98	3,546,727.89	3,737,800.87	3,924,732.62
Property Tax		1,161,060.00	1,195,891.80	1,231,768.55	1,268,721.61	1,306,783.26
SMUD, Hydro, Leases, Interest, etc		299,300.00	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
			0.00	0.00	0.00	0.00
			0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>		<b>4,563,710.40</b>	<b>4,786,621.78</b>	<b>5,021,221.76</b>	<b>5,254,102.30</b>	<b>5,484,047.30</b>
<b>NET LOSS OR GAIN:</b>		<b>-309,307.54</b>	<b>-205,305.56</b>	<b>-17,622.11</b>	<b>87,362.91</b>	<b>253,330.35</b>

## Base Rate Calculation for Treated Water (Tax split TW/IW 74/26, Option 2)

Meter Size	Theoretical Bi-Monthly Base Rate by Meter Size	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"	\$82.68	90%	\$47.14	\$ 74.41	\$78.13	\$82.04	\$86.14	\$90.45
3/4"	\$124.02	90%	\$47.14	\$ 111.62	\$117.20	\$123.06	\$129.21	\$135.67
1"	\$206.70	90%	\$47.14	\$ 186.03	\$195.34	\$205.11	\$215.37	\$226.14
1.5"	\$413.41	90%	\$47.14	\$ 372.07	\$390.67	\$410.20	\$430.71	\$452.25
2"	\$661.45	90%	\$47.14	\$ 595.31	\$625.07	\$656.32	\$689.14	\$723.60
3"	\$1,322.90	90%	\$47.14	\$ 1,190.61	\$1,250.15	\$1,312.66	\$1,378.29	\$1,447.20
4"	\$2,067.04	90%	\$50.32	\$ 1,860.34	\$1,953.35	\$2,051.02	\$2,153.57	\$2,261.25

## Usage Rate Calculation

Tier	Bottom of Tier	Top of Tier	Usage Rate for Year 1	Year 2	Year 3	Year 4	Year 5	Current
	Future Increases			5.0%	5.0%	5.0%	5.0%	
1	-	20	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.38
2	21	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.65
3	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.93
4	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 2.21
5	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	

	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated profit/loss with new rates	-309,308	-205,306	-17,622	87,363	253,330
Balanced Budget?	No	No	No	Yes	Yes
Estimate contribution to Reserves	1,686,326	1,786,107	1,806,127	1,911,112	2,077,079
Affordability Index MHI	3.03%	3.21%	3.39%	3.58%	3.75%
Project funding \$30.16/2 months	0.39%	0.39%	0.39%	0.39%	0.39%
Affordability of total rate	3.42%	3.59%	3.78%	3.96%	4.14%



# Budget

## Irrigation Water

Tax Split 74% - 26%

Option 2

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel/Related	1,010,085.13	1,057,894.47	1,108,838.79	1,154,040.79	1,177,121.61
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	3,232.67	3,394.31	3,564.02	3,742.22	3,817.07
Travel-Conference	2,708.41	2,843.83	2,986.02	3,135.32	3,198.03
Utilities	14,419.87	15,140.86	15,897.90	16,692.80	17,026.65
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	2,669.15	2,802.61	2,942.74	3,089.88	3,151.68
Govt. Reg./Lab Fees	28,235.41	29,647.18	31,129.54	32,686.01	33,339.73
Outside Service/Consultants	46,167.03	48,475.39	50,899.15	53,444.11	54,512.99
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>1,169,499.23</b>	<b>1,225,279.28</b>	<b>1,284,592.84</b>	<b>1,338,582.54</b>	<b>1,365,354.19</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	42,706.00	44,842.00	47,084.00	49,438.00	50,426.76
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	8,011.25	8,011.25	8,011.25	8,011.25	8,011.25
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	369,747.83	364,974.01	364,974.01	364,974.01	364,974.01
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,	58,056.40	60,959.22	64,007.18	67,207.54	68,551.69
Other General & Administrative	55,013.08	57,763.73	60,651.92	63,684.51	64,958.20
<b>Total General and Administrative Expenses:</b>	<b>534,578.30</b>	<b>537,593.95</b>	<b>544,728.36</b>	<b>553,315.31</b>	<b>556,921.91</b>
<b>TOTAL EXPENSES</b>	<b>1,704,077.53</b>	<b>1,762,873.23</b>	<b>1,829,321.19</b>	<b>1,891,897.85</b>	<b>1,922,276.10</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	1,107,650.39	1,218,415.43	1,340,256.98	1,474,282.67	1,621,710.94
Property Tax	407,940.00	416,098.80	424,420.78	432,909.19	441,567.38
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>1,515,590.39</b>	<b>1,634,514.23</b>	<b>1,764,677.75</b>	<b>1,907,191.87</b>	<b>2,063,278.32</b>
<b>NET LOSS OR GAIN:</b>	<b>-188,487.14</b>	<b>-128,358.99</b>	<b>-64,643.44</b>	<b>15,294.02</b>	<b>141,002.22</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>189,271.95</b>	<b>244,626.27</b>	<b>308,341.82</b>	<b>388,279.28</b>	<b>513,987.48</b>

## New Rates: Irrigation TW/IW 74/26 Split (Option 2)

Meter Size (MI)	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%				
1/2"	\$1,370	65%	\$890	\$979	\$1,077	\$1,185	\$1,304
1"	\$2,740	65%	\$1,781	\$1,959	\$2,155	\$2,370	\$2,607
1.5"	\$4,110	65%	\$2,671	\$2,938	\$3,232	\$3,555	\$3,911
2"	\$5,479	65%	\$3,562	\$3,918	\$4,310	\$4,740	\$5,215
2.5"	\$6,849	65%	\$4,452	\$4,897	\$5,387	\$5,926	\$6,518
3"	\$8,219	65%	\$5,342	\$5,877	\$6,464	\$7,111	\$7,822
3.5"	\$9,589	65%	\$6,233	\$6,856	\$7,542	\$8,296	\$9,125
4"	\$10,959	65%	\$7,123	\$7,835	\$8,619	\$9,481	\$10,429
5"	\$13,698	65%	\$8,904	\$9,794	\$10,774	\$11,851	\$13,036
6"	\$16,438	65%	\$10,685	\$11,753	\$12,929	\$14,221	\$15,644
7"	\$19,178	65%	\$12,466	\$13,712	\$15,083	\$16,592	\$18,251
8"	\$21,917	65%	\$14,246	\$15,671	\$17,238	\$18,962	\$20,858
9"	\$24,657	65%	\$16,027	\$17,630	\$19,393	\$21,332	\$23,465
10"	\$27,397	65%	\$17,808	\$19,589	\$21,548	\$23,702	\$26,073
12"	\$32,876	65%	\$21,369	\$23,506	\$25,857	\$28,443	\$31,287
15"	\$41,095	65%	\$26,712	\$29,383	\$32,321	\$35,553	\$39,109
16"	\$43,835	65%	\$28,493	\$31,342	\$34,476	\$37,924	\$41,716
18"	\$49,314	65%	\$32,054	\$35,260	\$38,786	\$42,664	\$46,931
20"	\$54,793	65%	\$35,616	\$39,177	\$43,095	\$47,405	\$52,145
25"	\$68,492	65%	\$44,520	\$48,972	\$53,869	\$59,256	\$65,181
30"	\$82,190	65%	\$53,424	\$58,766	\$64,643	\$71,107	\$78,218
40"	\$109,587	65%	\$71,232	\$78,355	\$86,190	\$94,809	\$104,290
43"	\$117,806	65%	\$76,574	\$84,231	\$92,654	\$101,920	\$112,112

Expenses from Budget	\$ 1,704,078	\$ 1,762,873	\$ 1,829,321	\$ 1,891,898	\$ 1,922,276
Income Generated by the Selected Rate	\$ 1,107,650	\$ 1,218,415	\$ 1,340,257	\$ 1,474,283	\$ 1,621,711
<b>Net Gain or Loss</b>	<b>-188,487</b>	<b>-128,359</b>	<b>-64,643</b>	<b>15,294</b>	<b>141,002</b>
Balanced Budget?	No	No	No	Yes	Yes
Contributions to Reserve	\$ 189,272	\$ 244,626	\$ 308,342	\$ 388,279	\$ 513,987
Target Contribution to Reserve	\$ 377,759	\$ 372,985	\$ 372,985	\$ 372,985	\$ 372,985



# Budget

## Treated Water

Tax Split 50% - 50%

Option 3

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel Related	1,999,518.21	2,081,721.95	2,168,566.51	2,251,341.22	2,296,368.04
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	8,419.81	8,840.80	9,282.84	9,746.98	9,941.92
Travel--Conference	7,759.10	8,147.05	8,554.41	8,982.13	9,161.77
Utilities	180,729.69	189,766.18	199,254.48	209,217.21	213,401.55
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	6,675.63	7,009.41	7,359.88	7,727.88	7,882.44
Govt. Reg./Lab Fees	55,904.33	58,699.55	61,634.53	64,716.25	66,010.58
Outside Service/Consultants	57,996.31	60,896.12	63,940.93	67,137.98	68,480.73
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>2,495,621.52</b>	<b>2,603,680.43</b>	<b>2,716,622.91</b>	<b>2,826,800.44</b>	<b>2,883,336.45</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	90,810.00	95,350.62	100,118.15	105,124.06	107,226.54
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	1,995,633.36	1,991,412.99	1,823,748.89	1,823,748.89	1,823,748.89
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,	125,567.54	131,845.92	138,438.21	145,360.12	148,267.33
Other General & Administrative	105,037.25	110,289.11	115,803.57	121,593.75	124,025.62
<b>Total General and Administrative Expenses:</b>	<b>2,376,396.41</b>	<b>2,388,246.90</b>	<b>2,322,220.95</b>	<b>2,339,938.95</b>	<b>2,347,380.51</b>
<b>TOTAL EXPENSES</b>	<b>4,873,017.93</b>	<b>4,991,927.33</b>	<b>5,038,843.87</b>	<b>5,166,739.39</b>	<b>5,230,716.96</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	3,395,740.77	3,590,621.92	3,796,386.39	4,000,022.71	4,200,082.22
Property Tax	784,500.00	808,035.00	832,276.05	857,244.33	882,961.66
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
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>4,413,540.77</b>	<b>4,636,622.92</b>	<b>4,871,387.76</b>	<b>5,104,846.86</b>	<b>5,335,575.31</b>
<b>NET LOSS OR GAIN:</b>	<b>-459,477.16</b>	<b>-355,304.42</b>	<b>-167,456.11</b>	<b>-61,892.52</b>	<b>104,858.35</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>1,536,156.20</b>	<b>1,636,108.57</b>	<b>1,656,292.78</b>	<b>1,761,856.37</b>	<b>1,928,607.24</b>

### Base Rate Calculation for Treated Water (Tax split TW/IW 50/50, Option 3)

Meter Size	Theoretical Base Rate by Meter Size	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"	\$82.68	100%	\$47.14	\$ 82.68	\$86.82	\$91.16	\$95.72	\$100.51
3/4"	\$124.02	100%	\$47.14	\$ 124.02	\$130.22	\$136.73	\$143.57	\$150.75
1"	\$206.70	100%	\$47.14	\$ 206.70	\$217.04	\$227.89	\$239.28	\$251.24
1.5"	\$413.41	100%	\$47.14	\$ 413.41	\$434.08	\$455.78	\$478.57	\$502.50
2"	\$661.45	100%	\$47.14	\$ 661.45	\$694.53	\$729.26	\$765.72	\$804.01
3"	\$1,322.90	100%	\$47.14	\$ 1,322.90	\$1,389.05	\$1,458.50	\$1,531.43	\$1,608.00
4"	\$2,067.04	100%	\$50.32	\$ 2,067.04	\$2,170.39	\$2,278.91	\$2,392.86	\$2,512.50

### Usage Rate Calculation

Tier	Bottom of Tier	Top of Tier	Usage Rate for Year 1	Year 2	Year 3	Year 4	Year 5	Current
	Future Increases			5.0%	5.0%	5.0%	5.0%	
1	-	20	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.38
2	21	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.65
3	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 1.93
4	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	\$ 2.21
5	1,000,000	999,999	\$2.2500	\$2.36	\$2.48	\$2.60	\$2.73	

	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated profit/loss with new rates	-459,477	-355,304	-167,456	-61,893	104,858
Balanced Budget?	No	No	No	No	Yes
Estimate contribution to Reserves	1,536,156	1,636,109	1,656,293	1,761,856	1,928,607
Affordability Index MHI	3.24%	3.43%	3.63%	3.82%	4.01%
Project funding \$30.16/2 months	0.39%	0.39%	0.39%	0.39%	0.39%
Affordability of total rate	3.63%	3.82%	4.01%	4.21%	4.40%



# Budget

## Irrigation Water

Tax Split 50% - 50%

Option 3

EXPENSES AND SOURCES OF FUNDS	2017	2018	2019	2020	2021
<b>OPERATIONS &amp; MAINTENANCE EXPENSES</b>					
Personnel Related	1,010,085.13	1,057,894.47	1,108,838.79	1,154,040.79	1,177,121.61
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	3,232.67	3,394.31	3,564.02	3,742.22	3,817.07
Travel--Conference	2,708.41	2,843.83	2,986.02	3,135.32	3,198.03
Utilities	14,419.87	15,140.86	15,897.90	16,692.80	17,026.55
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	2,669.15	2,802.61	2,942.74	3,089.88	3,151.68
Govt. Reg./Lab Fees	28,235.41	29,647.18	31,129.54	32,686.01	33,339.73
Outside Services/Consultants	46,167.03	48,475.39	50,899.15	53,444.11	54,512.99
		0.00	0.00	0.00	0.00
<b>Total Operation and Maintenance Expenses:</b>	<b>1,169,499.23</b>	<b>1,225,279.28</b>	<b>1,284,592.84</b>	<b>1,338,582.54</b>	<b>1,365,354.19</b>
<b>GENERAL &amp; ADMINISTRATIVE EXPENSES</b>					
Retiree Health Premium	42,706.00	44,842.00	47,084.00	49,438.00	50,426.76
Debt Reserve	0.00	0.00	0.00	0.00	0.00
Operating Reserve	8,011.25	8,011.25	8,011.25	8,011.25	8,011.25
Emergency Reserve	0.00	0.00	0.00	0.00	0.00
Existing Capital Replacement Program	369,747.83	364,974.01	364,974.01	364,974.01	364,974.01
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	58,056.40	60,959.22	64,007.18	67,207.54	68,551.69
Other General & Administrative	55,013.08	57,763.73	60,651.92	63,684.51	64,958.20
<b>Total General and Administrative Expenses:</b>	<b>534,578.30</b>	<b>537,593.95</b>	<b>544,728.36</b>	<b>553,315.31</b>	<b>556,921.91</b>
<b>TOTAL EXPENSES</b>	<b>1,704,077.53</b>	<b>1,762,873.23</b>	<b>1,829,321.19</b>	<b>1,891,897.85</b>	<b>1,922,276.10</b>
<b>SOURCE OF FUNDS / REVENUES RECEIVED</b>					
Water Revenue	852,038.76	937,242.64	1,030,966.91	1,134,063.60	1,247,469.96
Property Tax	784,500.00	800,190.00	816,193.80	832,517.68	849,168.03
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
<b>TOTAL REVENUE (Lines 29 through 37):</b>	<b>1,636,538.76</b>	<b>1,737,432.64</b>	<b>1,847,160.71</b>	<b>1,966,581.27</b>	<b>2,096,637.98</b>
<b>NET LOSS OR GAIN:</b>	<b>-67,538.76</b>	<b>-25,440.59</b>	<b>17,839.51</b>	<b>74,683.42</b>	<b>174,361.89</b>
<b>NET CASH FLOW (Contribution to Reserves)</b>	<b>310,220.32</b>	<b>347,544.68</b>	<b>390,824.77</b>	<b>447,668.68</b>	<b>547,347.15</b>

### New Rates: Irrigation TW/IW 50/50 Split (Option 3)

Meter Size (MI)	Theoretical Seasonal Rate by MI	% of Theoretical Rate	Proposed Base Charge for Year 1	Year 2	Year 3	Year 4	Year 5
	<b>Future Increases</b>		<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>10.0%</b>
1/2"	\$1,370	50%	\$685	\$753	\$829	\$912	\$1,003
1"	\$2,740	50%	\$1,370	\$1,507	\$1,658	\$1,823	\$2,006
1.5"	\$4,110	50%	\$2,055	\$2,260	\$2,486	\$2,735	\$3,008
2"	\$5,479	50%	\$2,740	\$3,014	\$3,315	\$3,647	\$4,011
2.5"	\$6,849	50%	\$3,425	\$3,767	\$4,144	\$4,558	\$5,014
3"	\$8,219	50%	\$4,110	\$4,520	\$4,973	\$5,470	\$6,017
3.5"	\$9,589	50%	\$4,794	\$5,274	\$5,801	\$6,381	\$7,020
4"	\$10,959	50%	\$5,479	\$6,027	\$6,630	\$7,293	\$8,022
5"	\$13,698	50%	\$6,849	\$7,534	\$8,288	\$9,116	\$10,028
6"	\$16,438	50%	\$8,219	\$9,041	\$9,945	\$10,940	\$12,033
7"	\$19,178	50%	\$9,589	\$10,548	\$11,603	\$12,763	\$14,039
8"	\$21,917	50%	\$10,959	\$12,055	\$13,260	\$14,586	\$16,045
9"	\$24,657	50%	\$12,329	\$13,561	\$14,918	\$16,409	\$18,050
10"	\$27,397	50%	\$13,698	\$15,068	\$16,575	\$18,233	\$20,056
12"	\$32,876	50%	\$16,438	\$18,082	\$19,890	\$21,879	\$24,067
15"	\$41,095	50%	\$20,548	\$22,602	\$24,863	\$27,349	\$30,084
16"	\$43,835	50%	\$21,917	\$24,109	\$26,520	\$29,172	\$32,089
18"	\$49,314	50%	\$24,657	\$27,123	\$29,835	\$32,819	\$36,100
20"	\$54,793	50%	\$27,397	\$30,136	\$33,150	\$36,465	\$40,112
25"	\$68,492	50%	\$34,246	\$37,671	\$41,438	\$45,581	\$50,139
30"	\$82,190	50%	\$41,095	\$45,205	\$49,725	\$54,698	\$60,167
40"	\$109,587	50%	\$54,793	\$60,273	\$66,300	\$72,930	\$80,223
43"	\$117,806	50%	\$58,903	\$64,793	\$71,273	\$78,400	\$86,240

Expenses from Budget	\$	1,704,078	\$	1,762,873	\$	1,829,321	\$	1,891,898	\$	1,922,276
Income Generated by the Selected Rate	\$	852,039	\$	937,243	\$	1,030,967	\$	1,134,064	\$	1,247,470
<b>Net Gain or Loss</b>		-67,539		-25,441		17,840		74,683		174,362
Balanced Budget?		No		No		Yes		Yes		Yes
Contributions to Reserve	\$	310,220	\$	347,545	\$	390,825	\$	447,669	\$	547,347
Target Contribution to Reserve	\$	377,759	\$	372,985	\$	372,985	\$	372,985	\$	372,985