

COST OF SERVICES STUDY WORKSHOP

June 13, 2011

AGENDA

- Meeting our commitments
- Summary of Committee meetings
- Cost of Services Study details
- “What does this mean to our customers?”
- Next steps

MEETING OUR COMMITMENTS

COST REDUCTIONS AND INCREASED EFFICIENCY

MEETING OUR COMMITMENTS

- **Negotiations with employees:** On March 29, 2010, the Board approved a new contract with the employee association that will save between \$2.2 million and \$2.8 million in personnel costs over the next 4 years. Savings are achieved through wage freezes, changes in the retiree pension and health benefits for new employees, and other actions.
- **More dollars for hydropower:** In April of 2010, we completed negotiations with buyers to improve the price we are paid for the hydropower we generate. Under a new contract, we project \$6 million to \$10 million power revenue per year; much more than the \$3.5 million estimated in the 2010 budget.

MEETING OUR COMMITMENTS

- Savings from debt restructure: In late February, 2010, we completed the process of restructuring some of our debt payments, leveling them off over the life of the debt. This conserves cash during 2010-2012 and reduces our payments an average of \$4 million in each of the next two years.
- Defer capital improvement projects: The Board adopted a new capital improvement schedule in late February of 2010 that cuts the costs of the 5-year program by almost one half.

MEETING OUR COMMITMENTS

- At least \$1 million more in cost cuts: The General Manager completed a reorganization in March of 2010 for savings of \$1.3 million. This action included laying off 14 employees and outsourcing the District's laboratory testing functions to a private firm that is currently renting EID's lab facility.
- Hold public workshops: The 2012 Capital Improvement Plan (CIP) is being prepared and workshop will be held in September/October before the CIP is approved.

MEETING OUR COMMITMENTS

- Internal financial control test: We have established a new internal financial control test. It requires that our projected annual revenues will cover annual operating expenses and debt payments, even if the District receives no new hook-up revenues. This will prevent the District from becoming overly reliant on new hook-up fees in the future.
- Reductions in workers' compensation expenditures: Continued reductions of premium costs resulting in approximately \$1.5 million savings over the past 7 years.
- Operating budget reductions: Underspent 2010 operating budget by approximately \$4 million.

MEETING OUR COMMITMENTS

- Flat operating budget: The 2011 budget that was adopted by the Board was flat compared to the 2010 budget.
- Special report on capital expenditures: This report reconciled capital expenditures against bond proceeds, new hook-up revenues, rates, and other funding. It was completed in August of 2010.
- Cost of Services Study: Draft completed in May 2011. In conjunction with a community-based ratepayer advisory committee and an independent expert well versed in accepted standards, the draft results will be presented to the Board in June and to the public in July/August.

INVOLVING THE COMMUNITY

COMMUNITY BASED COMMITTEE MEMBERS



COMMITTEE BIOS – COMMUNITY BASED MEMBERS

- Kim Beal, Cameron Park

Kim, a resident of El Dorado County since 1966, is Government Affairs Director for the Realtors Association in El Dorado County. She holds a B.S. in business and has worked in real estate for 32 years. Kim is President of the Governing Board for the El Dorado Business Alliance and a member of the Board of Directors for Marshall Medical. She earlier served as a member of EID's Facility Capacity Charges Advisory Committee.

COMMITTEE BIOS – COMMUNITY BASED MEMBERS

- Albert Hazbun, El Dorado Hills

Albert's long career includes more than 50 years of experience in managing the design and construction of heavy industrial and civil infrastructure projects on five continents. He introduced recycled water to the Serrano Project in El Dorado Hills and has served on several EID advisory committees related to water, wastewater, and recycled water. Albert is a graduate (engineering) of the American University in Beirut. He has lived in El Dorado County since 1987.

COMMITTEE BIOS – COMMUNITY BASED MEMBERS

- Tom Heflin, Camino

Tom, a life-time resident of El Dorado County, holds a Ph.D. in finance and business economics and is Professor Emeritus at Sacramento State University. He previously served on the county's Agricultural and Economic Development commissions and on state committees related to insurance rate-setting. Tom is currently the Supervisor District III representative on the county Planning Commission and runs a small business with his wife in Camino.

COMMITTEE BIOS – COMMUNITY BASED MEMBERS

- Doug Leisz, Placerville

A professional forester and UC Berkeley graduate, Doug rose to the rank of Associate Chief during his 32-year career with the U.S. Forest Service. He then formed a consulting business until 2008. He is Vice President of the county Agricultural Water Quality Management Corporation and is active in water issues such as the county's small hydro study and EID's Irrigation Management Services program. Doug manages a wine vineyard and tree farm he established 26 years ago.

COMMITTEE BIOS – COMMUNITY BASED MEMBERS

- Greg Prada, Cameron Park

Greg formerly led financial turnarounds for two specialty health services companies, where he was the Chief Operating Officer, and a manufacturing division, where he was the Chief Financial Officer. He also led the initial public offering for a health services company with three business segments, where he was the Chief Executive Officer. Greg holds a B.A. in business from the University of Washington. He moved to El Dorado County from the Bay area in 2006.

COMMITTEE MEMBERS – DISTRICT STAFF

- Jim Abercrombie, General Manager
- Mary Lynn Carlton, Communications Director
- Mark Price, Finance Director
- Dana Strahan, Drinking Water Manager
- Elizabeth Wells, Engineering Manager

COMMITTEE CONSULTANT

- Greg Clumpner – HDR Project Manager

Greg is a senior financial manager and rate economist with 26 years of national and international experience in water, sewer, and recycled water projects. His academic background includes a Master's degree in Agricultural Economics from the University of California at Davis. His experience includes 13 years as a senior economist and rate consultant with CH2M Hill, six years as the managing principal of Foresight Consulting, and the last three years at HDR. He has completed over 120 water and sewer rate studies, primarily for California clients. Greg regularly addresses workshops on conservation-oriented water rates and Prop. 218 requirements, and is a regular presenter at AWWA and related industry conferences, speaking on rate design, water conservation, and utility financial planning.

BEGINNING THE PROCESS

ESTABLISHING THE FOUNDATION



PRINCIPLES FOR GUIDING THE RATE-SETTING PROCESS

- Principle 1 – Establish rates in compliance with all applicable Federal, State and local laws and regulations
- Principle 2 – Establish rates that are fair and equitable within the limitations of reasonable and attainable data and the District's administrative systems, personnel and finances
- Principle 3 – Attempt to make rates simple to understand for the public and reasonable to administer
- Principle 4 – Establish stable and predictable rates over time to the extent possible within the District's overall financial plan

PRINCIPLES FOR GUIDING THE RATE-SETTING PROCESS

- Principle 5 – Make rates cost-based to the extent possible
- Principle 6 – Set rates to promote efficient customer use
- Principle 7 – Establish uniform rates within a service class; do not differentiate by area, within a service class, nor by pumped versus gravity water service
- Principle 8 – Calculate water, sewer, and recycled water rates independently, without subsidies where practicable

PRINCIPLES FOR GUIDING THE RATE-SETTING PROCESS

- Principle 9 – Establish agricultural irrigation rates that recognize agriculture’s role in the District’s formation and development, the quality of water required to serve these customers, and the level of service provided
- Principle 10 – Establish recycled water rates that encourage efficient use and recognize the resource benefits of reuse
- Principle 11 – Allocate property tax revenues reasonably among commodities
- Principle 12 – Consider financial tests, such as debt service coverage, in all District financial planning and rate adjustments

REVENUE REQUIREMENTS

ADDRESSING OVERALL ISSUES



REVENUE REQUIREMENTS

- Property tax revenue allocation
- Debt service allocation
- Overhead cost allocation
- Best Management Practices 11 (BMP11)
 - Fixed vs. variable revenue recovery
- Domestic Irrigation customer class

PROPERTY TAX REVENUE ALLOCATION

- August 4, 2010
 - Committee received and adopted Principles
 - 7 to 1 majority vote on Principles 7 and 11
- September 1, 2010
 - Board approved Principles
 - Principle 7
 - uniform rates throughout the EID service area
 - Principle 11
 - property tax revenue allocation
 - based on number of water and wastewater accounts
 - flexibility in allocation between water and wastewater utilities

PROPERTY TAX REVENUE ALLOCATION - EXISTING

2010 budgeted property tax collections \$10.429 million

	<u>Water</u>		<u>Wastewater</u>		<u>Total</u>	
# Services	38,249	64.9%	20,650	35.1%	58,899	100.0%
Property tax budget	\$6.329	60.7%	\$4.100	39.3%	\$10.429	100.0%

PROPERTY TAX REVENUE ALLOCATION

- Request by one committee member to revisit during September 28, 2010 committee meeting
- Committee unanimously supported Principle 11 which was adopted at the Special Board meeting on September 1, 2010

DEBT SERVICE ALLOCATION

- August 20, 2010
 - Committee reviewed “Source and Use of Capital Funds 2000-2009”
- August 23, 2010
 - Board discussed “Source and Use of Capital Funds 2000-2009”
- September 28, 2010
 - Committee reviewed debt service allocation on comparison of plant in service and construction work in progress

DEBT SERVICE ALLOCATION

Comparison of Plant in Service* As of December 31, 2009 (in millions)

Water Utility	\$439	67.9%
Wastewater Utility	<u>\$208</u>	<u>32.1%</u>
Total	\$647	100.0%

*CAPITAL ASSETS IN SERVICE



DEBT SERVICE ALLOCATION

Comparison of Construction in Progress* As of December 31, 2009 (in millions)

Water Utility	\$ 39.4	28.5%
Wastewater Utility	<u>\$ 98.7</u>	<u>71.5%</u>
Total	\$138.1	100.0%

*CAPITAL ASSETS UNDER CONSTRUCTION



DEBT SERVICE ALLOCATION

Comparison of Plant in Service* with CIP** added
As of December 31, 2009
(in millions)

Water Utility	\$478.4	60.9%
Wastewater Utility	<u>\$306.7</u>	<u>39.1%</u>
Total	\$785.1	100.0%

*CAPITAL ASSETS IN SERVICE

**CAPITAL ASSETS UNDER CONSTRUCTION

DEBT SERVICE ALLOCATION

- October 22, 2010
 - Comparison on plant in service*
 - One member requested reconsideration of debt service allocation based on 2003-2007 CIP

*CAPITAL ASSETS IN SERVICE

DEBT SERVICE ALLOCATION

Comparison of Plant in Service* with CIP** added
As of December 31, 2009
(in millions)

Water Utility	\$478.4	60.9%
Wastewater Utility	<u>\$306.7</u>	<u>39.1%</u>
Total	\$785.1	100.0%

*CAPITAL ASSETS IN SERVICE

**CAPITAL ASSETS UNDER CONSTRUCTION

DEBT SERVICE ALLOCATION

- Response to October 11, 2010 email from committee member
 - Staff reconciled use of capital for 2010 and provided to Committee
 - Staff reconciled debt service allocation to utilities based on Official Statements
 - Committee supported District's past allocation methodology
 - 9 to 1 majority vote

DEBT SERVICE ALLOCATION

- February 25, 2011
 - Based on one committee member's request committee revisited debt service allocation
 - One committee member proposed a 68.7% water to 31.3% wastewater allocation based on the 2003-2007 Revised Capital Improvement Plan (CIP). This incorrect analysis did not include the debt issued over the past 10 years. An appropriate analysis would utilize Official Statements used for debt financing over the last 10 years.

DEBT SERVICE ALLOCATION BY OFFICIAL STATEMENT SUMMARY

					Face Value
	water	ww	water	ww	total
2003A	0.5739	0.4261	42,485,698.98	31,539,301.02	74,025,000.00
2003 B	0.6520	0.3480	59,849,979.45	31,950,020.55	91,800,000.00
2004A	0.5270	0.4730	39,759,016.95	35,685,983.05	75,445,000.00
2004B	0.1390	0.8610	1,150,657.46	7,126,716.10	8,277,373.56
2009A	0.5600	0.4400	74,079,598.55	58,205,401.45	132,285,000.00
2008A	0.6700	0.3300	74,172,344.53	36,532,655.47	110,705,000.00
2010A			291,497,295.90	201,040,077.65	492,537,373.56
decrease in 2003A	0.5739	0.4261	(3,897,033.38)	(2,892,966.62)	(6,790,000.00)
decrease in 2004A	0.5270	0.4730	(9,343,592.95)	(8,386,407.05)	(17,730,000.00)
refinanced=2008A	0.6095	0.3905	(61,000,636.91)	(39,076,736.65)	(100,077,373.56)
	0.59047	0.40953	217,256,032.66	150,683,967.34	367,940,000.00

DEBT SERVICE ALLOCATION

- Committee reaffirmed the debt service allocation using the Board approved Official Statements as reasonable allocation of cost between water and wastewater
 - 9 to 1 majority vote

Official Statement Bond Allocation

Water	59% \approx 60%
Wastewater	41% \approx 40%

OVERHEAD COST ALLOCATION

- September 28, 2010
 - Committee reviewed overhead and indirect cost allocation methodologies

OVERHEAD COST ALLOCATION

- Allocate indirect costs using
 - Number of positions of the two operating funds

	FY 2009	FY 2010
Water operations	84.5 fte	82.0 fte
Wastewater operations	56.0	56.0
Support positions	<u>112.0</u>	<u>93.0</u>
	252.5 fte	231.0 fte
Allocation %		
Water operations	60.14%	59.42%
Wastewater operations	39.86%	40.58%

OVERHEAD COST ALLOCATION

- Allocate indirect costs using
 - Number of services by utility

	FY 2009	
Water	38,249	64.94%
Wastewater	<u>20,650</u>	<u>35.06%</u>
	58,899	100.00%

OVERHEAD COST ALLOCATION

- Total overhead costs \$17,345,271

- Allocation using positions

Water operations	\$10,443,474	60.14%
Wastewater operations	<u>\$ 6,921,797</u>	<u>39.86%</u>
	\$17,365,271	100.00%

- Allocation using number of services

Water operations	\$11,277,007	64.94%
Wastewater operations	<u>\$ 6,088,264</u>	<u>35.06%</u>
	\$17,365,271	100.00%

OVERHEAD COST ALLOCATION

- Committee supported using District's past overhead and indirect allocation methodologies
 - 9 to 1 majority vote
- Staff and consultant evaluated 2 other Districts' allocation methodology and reported the results at the October 22, 2010 Committee meeting

OVERHEAD COST ALLOCATION

- October 22, 2010
 - Committee revisited overhead and indirect cost allocation methodologies
 - Committee supported using District's past overhead and indirect allocation methodologies
 - 9 to 1 majority vote
 - Staff and consultant evaluated 2 other Districts' allocation methodology and reported back to the Committee
 - Rancho Murieta and South Tahoe Public Utility District

OVERHEAD COST ALLOCATION

- October 22, 2010 continued
 - Past 2001 DMG study overhead allocation was 54% water and 46% wastewater

OVERHEAD COST ALLOCATION

- November 19, 2010
 - Committee revisited overhead and indirect cost allocation methodologies
 - Moved some Environmental Compliance positions from overhead to direct costs
 - Changed allocation to 62% water and 38% wastewater

OVERHEAD COST ALLOCATION

- February 25, 2011
 - Staff utilized detailed staff reports to allocate overhead costs by water, wastewater and recycled water

OVERHEAD COST ALLOCATION

- February 25 – One committee member requested that Committee again revisit overhead allocation discussing many approaches such as; customer, operational FTE's, expense (including labor), and expense (excluding labor)
- Committee reaffirmed the overhead allocation by operational FTE
 - 60% water
 - 40% wastewater
 - 9 to 1 majority vote

OVERHEAD COST ALLOCATION

Overhead Allocation Options

	Water	Wastewater
Customer	65%	35%
FTE	62%	38%
Expense (including labor)	62%	38%
Expense (excluding labor)	61%	39%

BEST MANAGEMENT PRACTICES (BMP) 11 COMPLIANCE

- Committee reviewed analysis by HDR
 - Current allocation is 70% commodity and 30% base charge
 - Proposed allocation is 50% commodity and 50% base charge
 - Committee unanimously agreed to change the method at the next rate adjustment period

BEST MANAGEMENT PRACTICES (BMP) 11 COMPLIANCE

- Board direction was to pursue using Canadian method at 50% commodity and 50% base charge recovery methodology
- Essentially returning to 2008 - 45% commodity and 55% base charge recovery methodology

DOMESTIC IRRIGATION (DI) CUSTOMER CLASS ASSIGNMENT

- The DI rate class in its current form does not allow new service applications
- DI rate customers need to be moved into an existing rate class (open to all qualifying customers)
- Committee discussed whether DI customers should be placed in small farm or other appropriate customer class

DOMESTIC IRRIGATION (DI) CUSTOMER CLASS ASSIGNMENT

- Committee proposed several alternatives
 - Presented to the Board on May 23, 2011
- DI rate class being associated with agriculture activity, moving DI customers to the small farm rate class is worth consideration as an interim solution
- Committee recommendation is to request help from the El Dorado County Agricultural Commissioner with this transition

DOMESTIC IRRIGATION (DI) CUSTOMER CLASS ASSIGNMENT BOARD OPTIONS

- Option 1: Eliminate the Domestic Irrigation rate class and “grandfather” the customers into the Small Farm class until a change of ownership occurs. At change of ownership, the rate would default to Single-Family Residential unless the new owner meets the Small Farm class criteria.
- Option 2: Maintain the Domestic Irrigation rate class for a period of 3 to 5 years to allow time for the customer to meet the Small Farm class criteria. At the end of that time, the rate would convert to Single-Family Residential unless the customer meets the Small Farm class criteria.

DOMESTIC IRRIGATION (DI) CUSTOMER CLASS ASSIGNMENT BOARD OPTIONS

- Option 3: Eliminate the Domestic Irrigation rate class and convert all customers immediately to Single-Family Residential unless they presently meet the Small Farm class criteria.
- Option 4: Defer Board decision until after public outreach workshops on the Cost of Services Study results.
- Option 5: Take other action as directed by the Board.
- Option 6: Take no action. The Domestic Irrigation rate class would continue for existing customers only, and terminate on change of ownership per Resolution No. 99-108.

DOMESTIC IRRIGATION (DI) CUSTOMER CLASS ASSIGNMENT BOARD OPTIONS

- Board selected option 4 to receive customer input
 - Option 4: Defer Board decision until after public outreach workshops on the Cost of Services Study results

DEBT SERVICE GOALS

- Committee discussed at January 14, 2011 meeting
- Staff proposed ranges
 - 1.35 to 1.50 with FCC's
 - 1.10 to 1.25 without FCC's
- Provides adequate revenue to meet coverage and fund smaller capital replacement projects
- Committee discussed the need to phase in over time

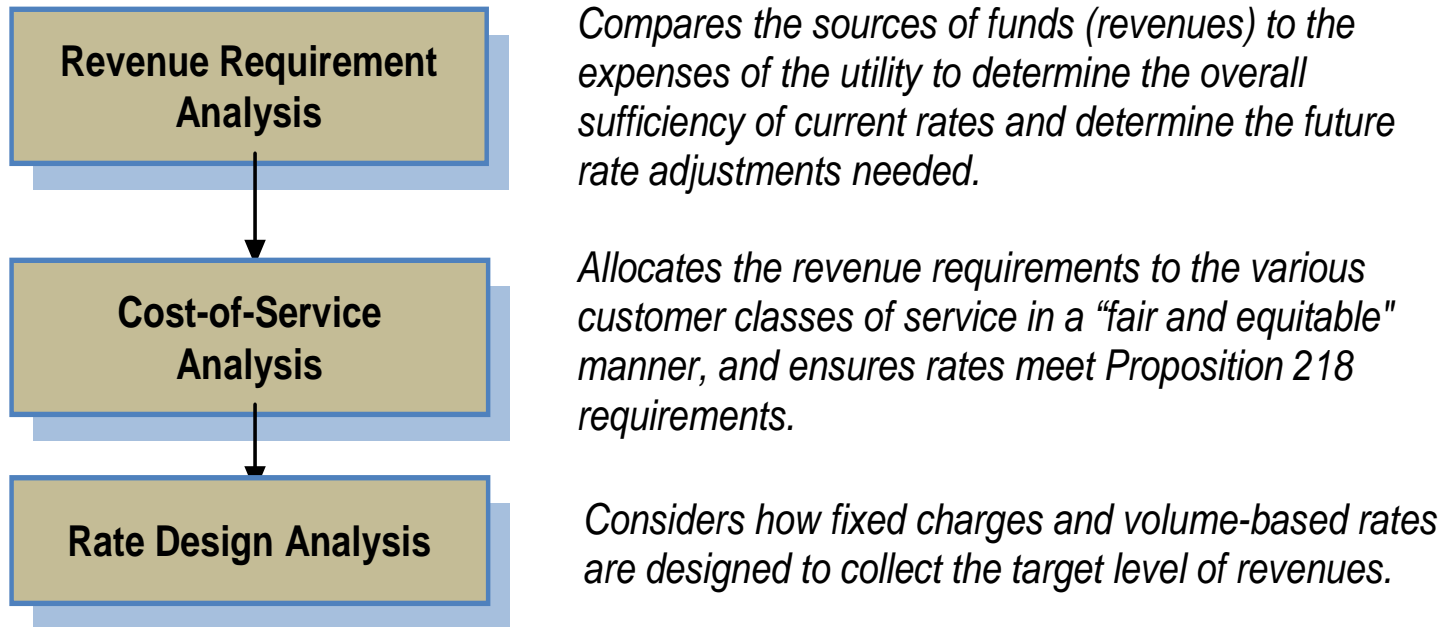
DEBT SERVICE GOALS

- Committee did not provide recommendation to Board
- Other utilities
 - EBMUD has target of 1.6 (with FCC's)
 - CCWD ranges from 1.5 to 2.0 and above (with FCC's)
- Staff proposed ranges
 - 1.35 to 1.50 with FCC's
 - 1.10 to 1.25 without FCC's
- Critical to long-term financial stability and transition to increased pay-as-you-go project financing

RATE STUDY OVERVIEW

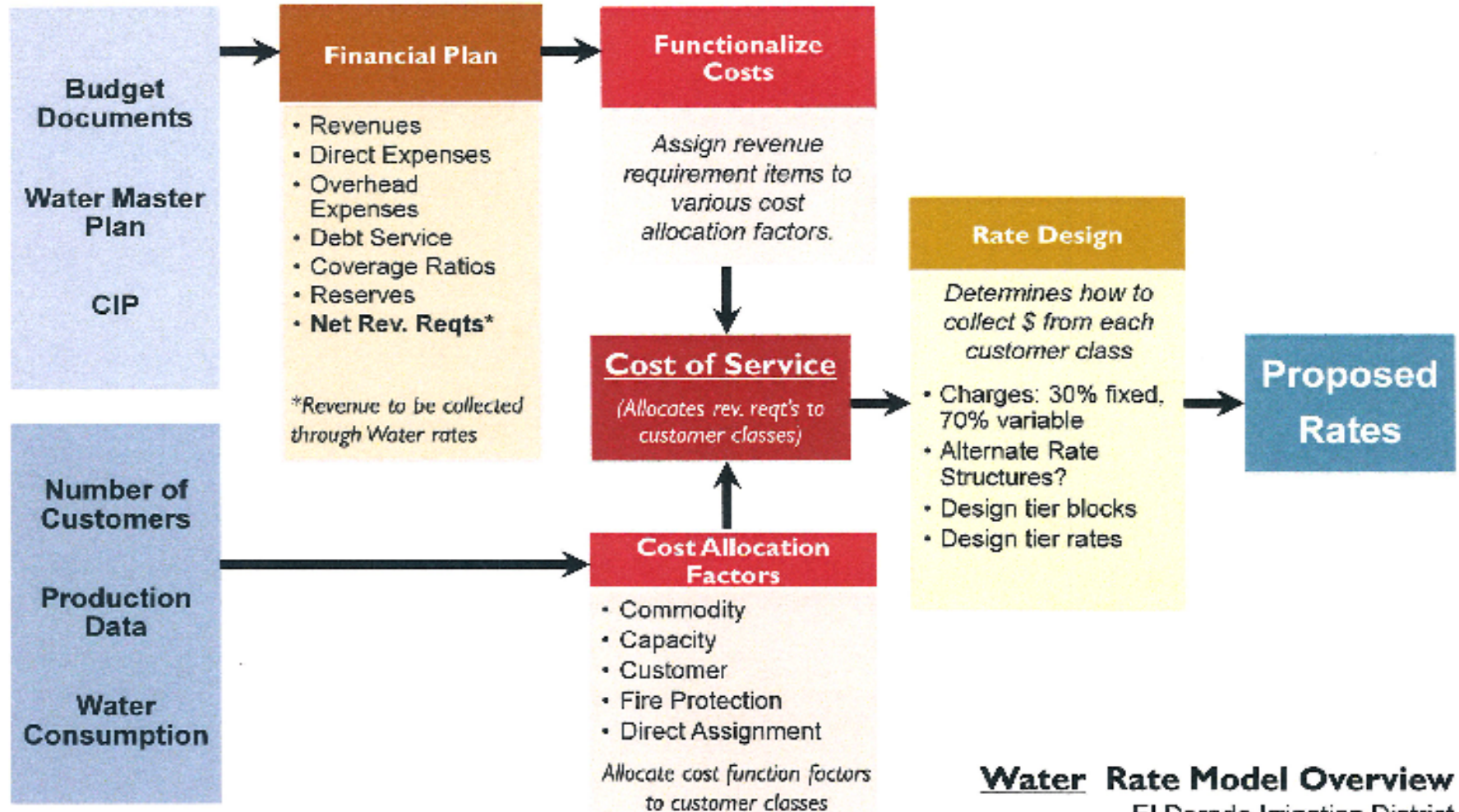


Figure 1 – Overview of Rate Study Components



WATER RATE MODEL - OVERVIEW





Water Rate Model Overview
El Dorado Irrigation District

WATER RATE MODEL TABLES



Table 1 - Project Data

Customer Accounts, Consumption, and Revenue at Present Rates

	1	2	3	4	5	6
Customer Classes for Water Utility	Number of Accounts	Estimated Water Consumption, 2009 or 2010 (ccf)	HDR Estimated Revenue for 2011	Adjusted Revenue for 2011	Percent of Revenue	
Single Family Residential	34,561	6,796,402	\$ 15,094,699	17,243,671	79.1%	
Multi Family Residential	777	665,339	\$ 1,042,173	1,190,543	5.5%	
Comm. & Ind. (& potable landscape irrig.)	1,687	757,858	\$ 1,284,563	1,467,442	6.7%	
Agricultural Irrigation - w/ residence	208	1,452,606	\$ 300,529	343,314	1.6%	
Agricultural Irrigation - w/o residence	8	53,271	\$ 10,068	11,501	0.1%	
Recreational Turf	112	504,833	\$ 423,033	483,259	2.2%	
Small Farm	210	237,032	\$ 87,116	99,518	0.5%	
Domestic Irrigation	1,325	912,582	\$ 704,838	805,183	3.7%	
Fire Hydrant/ Construction	43	27,422	\$ 73,622	84,103	0.4%	
Raw Water - Landscape Irrigation	7	7,485	\$ 3,173	3,625	0.0%	
Raw Water - Continuous Flow/Flat	24	323,417	\$ 59,482	67,950	0.3%	
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Total	38,962	11,738,247	\$ 19,083,296	\$ 21,800,108	target/forecasted	

Table 2 - Capital Improvement Plan

Water CIP	2010	2011	2012	2013	2014	2015
Expenditures						
FERC	\$ 1,784,017	\$ 1,865,836	\$ 1,599,001	\$ 765,201	\$ 816,437	\$ 2,767,710
Water	\$ 13,298,339	\$ 4,935,000	\$ 4,410,750	\$ 8,273,325	\$ 28,779,340	\$ 25,119,340
Hydroelectric	\$ 5,853,655	\$ 2,970,000	\$ 7,305,000	\$ 11,750,000	\$ 6,500,000	\$ 8,050,000
Recreation	\$ 260,500	\$ 303,000	\$ 130,000	\$ 10,000	\$ 10,000	\$ 10,000
General District	\$ 1,907,229	\$ 2,957,100	\$ 1,659,000	\$ 3,678,000	\$ 5,177,400	\$ 300,000
Total	\$ 23,103,740	\$ 13,030,936	\$ 15,103,751	\$ 24,476,526	\$ 41,283,177	\$ 36,247,050
Funding from or (to)						
Facility capacity charges	322,644	957,800	1,436,700	3,352,300	3,352,300	4,789,000
Developer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Reserves	\$ -	\$ 10,695,000	\$ 13,667,051	\$ 21,124,226	\$ 37,930,877	\$ 31,458,050
Equipment Replacement Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total</i>	\$ 322,644	\$ 11,652,800	\$ 15,103,751	\$ 24,476,526	\$ 41,283,177	\$ 36,247,050
<i>Funding Shortfall</i>	\$ (22,781,096)	\$ (1,378,136)	\$ -	\$ -	\$ -	\$ -
Capital Reserve						
Beginning Balance		\$ 10,695,000	\$ 3,500,000	\$ 45,432,949	\$ 24,708,723	\$ 28,377,846
Loan Proceeds		\$ -	\$ 54,000,000	\$ -	\$ 40,000,000	\$ -
Transfers in from Operating Reserve		\$ 3,500,000	\$ 1,600,000	\$ 400,000	\$ 1,600,000	\$ 3,600,000
Uses for CIP Projects		\$ (10,695,000)	\$ (13,667,051)	\$ (21,124,226)	\$ (37,930,877)	\$ (31,458,050)
Ending Balance	\$ 10,695,000	\$ 3,500,000	\$ 45,432,949	\$ 24,708,723	\$ 28,377,846	\$ 519,796
Equipment Replacement Reserve						
Beginning Balance		\$ 467,000	\$ 467,000	\$ 467,000	\$ 467,000	\$ 467,000
Additions		\$ -	\$ -	\$ -	\$ -	\$ -
Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Balance	\$ 467,000	\$ 467,000	\$ 467,000	\$ 467,000	\$ 467,000	\$ 467,000
CIP Funded through Rates or new debt issued (Cumulative)						
funded through rates	\$0	\$0	\$0	\$0	\$0	\$0

WATER – DRAFT 6.13.2011

Table 3 - Development of Revenue Requirements

	Budget	Projected				
	2010	2011	2012	2013	2014	2015
<i>SOURCES OF FUNDS</i>	<i>Adopted Rate Increases</i>	15%	5%	5%	5%	
Revenue at Present Rates						
Water sales	\$17,800,025	\$21,800,108	\$22,577,355	\$23,706,223	\$24,891,534	\$26,136,111
Water service	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Revenue at Present Rates</i>	<i>\$17,800,025</i>	<i>\$21,800,108</i>	<i>\$22,577,355</i>	<i>\$23,706,223</i>	<i>\$24,891,534</i>	<i>\$26,136,111</i>
Miscellaneous Revenues						
Hydroelectric revenues	\$7,500,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Timber sales	\$0	\$0	\$0	\$0	\$0	\$0
Investment Income	\$484,509	\$541,319	\$500,000	\$541,319	\$500,000	\$541,319
Surcharges	\$1,072,646	\$1,094,099	\$1,094,099	\$1,115,981	\$1,138,301	\$1,161,067
1% property tax revenues	\$6,300,000	\$6,240,000	\$6,271,200	\$6,302,556	\$6,334,069	\$6,365,739
Flood damage reimbursement	\$162,916	\$170,000	\$250,000	\$250,000	\$250,000	\$255,000
IPP cross connection fee	\$0	\$0	\$0	\$165,000	\$165,000	\$165,000
Other income	\$750,000	\$765,000	\$765,000	\$765,000	\$765,000	\$765,000
Recreation fees	\$1,000,000	\$1,050,000	\$1,038,735	\$1,059,510	\$1,080,700	\$1,102,314
Wholesale Contract with City of Placervi	\$0	\$423,183	\$431,647	\$440,280	\$449,085	\$458,067
<i>Total Miscellaneous Revenues</i>	<i>\$17,270,070</i>	<i>\$18,283,602</i>	<i>\$18,350,681</i>	<i>\$18,639,646</i>	<i>\$18,682,155</i>	<i>\$18,813,507</i>
TOTAL SOURCES OF FUNDS	\$ 35,070,095	\$ 40,083,710	\$ 40,928,036	\$ 42,345,869	\$ 43,573,689	\$ 44,949,617

Table 3 (cont.) - Development of Revenue Requirements

	Budget 2010	Projected				
		2011	2012	2013	2014	2015
APPLICATIONS OF FUNDS						
Operation and Maintenance Expense						
<i>Direct Expenses</i>						
Operations:						
Administration	\$ 195,231	\$ 230,222	\$ 237,129	\$ 241,871	\$ 246,709	\$ 251,643
Water operations	\$ 7,552,742	9,927,187	10,225,003	10,429,503	10,638,093	10,850,855
Hydro operations	\$ 3,137,603	3,235,452	3,332,516	3,399,166	3,467,149	3,536,492
Environmental (Compliance)	\$ 1,140,573	54,682	56,322	57,449	58,598	59,769
Recreation (Previously Natural Resou	\$ 1,057,807	1,073,122	1,105,316	1,127,422	1,149,970	1,172,970
Anticipated New Staff (Salary and Be	\$ -	0	0	0	0	80,000
Total Direct Expenses	\$ 13,083,957	\$ 14,520,665	\$ 14,956,285	\$ 15,255,410	\$ 15,560,519	\$ 15,951,729
<i>Indirect Expenses</i>						
Engineering						
Management	\$ 120,758	\$ 150,708	\$ 155,229	\$ 158,334	\$ 161,501	\$ 164,731
Water	\$ (211,889)	(60,304)	(62,113)	(63,355)	(64,622)	(65,915)
Environmental Review	\$ -	718,927	740,495	755,305	770,411	785,819
Development Services	\$ -	0	0	0	0	0
Hydro	\$ 155,909	146,048	150,429	153,438	156,507	159,637
GIS	\$ 226,237	194,477	200,311	204,317	208,404	212,572
Inspection	\$ (31,897)	19,942	20,540	20,951	21,370	21,797
Records	\$ 190,632	316,200	325,686	332,200	338,844	345,621
Communications	\$ 300,624	354,211	364,837	372,134	379,577	387,168
Office of the General Manager	\$ 1,608,789	1,992,108	2,051,872	2,092,909	2,134,767	2,177,463
Finance	\$ 3,591,736	4,426,141	4,558,925	4,650,103	4,743,105	4,837,967
Human Resources	\$ 1,294,459	1,414,696	1,457,137	1,486,279	1,516,005	1,546,325
Information Technology	\$ 1,484,135	1,436,759	1,479,862	1,509,459	1,539,648	1,570,441
Letter of Credit fee-Dexia Bank	\$ 449,416	798,962	798,962	798,962	798,962	798,962
Total Indirect Expenses	\$ 9,178,910	\$ 11,908,875	\$ 12,242,173	\$ 12,471,037	\$ 12,704,478	\$ 12,942,589
Total Operating and Maintenance Expense	\$ 22,262,867	\$ 26,429,540	\$ 27,198,457	\$ 27,726,447	\$ 28,264,997	\$ 28,894,318
Debt Service						
Total Water Debt Service	\$ 9,657,171	\$ 12,661,647	\$ 13,330,363	\$ 16,993,393	\$ 18,269,870	\$ 19,218,140
Capital Projects						
Capital Funded Through Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE REQUIREMENTS	\$ 31,920,037	\$ 39,091,187	\$ 40,528,820	\$ 44,719,840	\$ 46,534,867	\$ 48,112,457
Less: Non-Rate Revenue	\$ 17,270,070	\$ 18,283,602	\$ 18,350,681	\$ 18,639,646	\$ 18,682,155	\$ 18,813,507
NET REV. REQTS. FROM RATES	\$ 14,649,967	\$ 20,807,585	\$ 22,178,139	\$ 26,080,194	\$ 27,852,712	\$ 29,298,950
Less: Forecasted Revenues at Present Rates	\$ 17,800,025	\$ 21,800,108	\$ 22,577,355	\$ 23,706,223	\$ 24,891,534	\$ 26,136,111
Balance/(Deficiency) of Funds	\$ 3,150,058	\$ 992,523	\$ 399,216	\$ (2,373,971)	\$ (2,961,178)	\$ (3,162,840)
Balance/(Deficiency) as a % of Rates	17.7%	4.6%	1.8%	-10.0%	-11.9%	-12.1%
Additional Rate Adjustments*	0%	0%	6%	6%	6%	6%
Additional Rate Revenue From Increase	\$ -	\$ -	\$ 1,354,641	\$ 2,930,089	\$ 4,754,681	\$ 6,860,127
Balance/(Defic.) of Funds, Adjusted	\$ 3,150,058	\$ 992,523	\$ 1,753,857	\$ 556,118	\$ 1,793,503	\$ 3,697,287
<i>* Additional to adopted 2012 - 2014 increases.</i>						
After Rate Adjustment, 1.25 Required	1.40	1.17	1.26	1.25	1.30	1.47
After Adjustment, w/o FCCs, 1.0 preferred	1.37	1.09	1.14	1.03	1.10	1.20

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Table 4 - Development of the Commodity Allocation Factor

Customer Class	2009 Sales (ccf) ¹	Percent of Sales	Estimated Conservation	Estimated Sales w/ conservation	Percent of Adjusted Sales less
Single Family Residential	6,521,217	75.4%	652,122	5,869,095	76.0%
Multi Family Residential	665,339	7.7%	66,534	598,805	7.7%
Comm. & Ind. (& potable landscape irrig.)	757,858	8.8%	75,786	682,072	8.8%
Agricultural Irrigation - w/ residence	24,549	0.3%	-	24,549	0.3%
Recreational Turf	504,833	5.8%	126,208	378,625	4.9%
Small Farm	22,903	0.3%	-	22,903	0.3%
Domestic Irrigation	151,059	1.7%	-	151,059	2.0%
Fire Hydrant/ Construction	-	0.0%	-	-	0.0%
Other	0	0.0%	0	0	0.0%
Total	8,647,759	100%		7,727,109	100%

1. Single Family Residential is 2010 consumption, which provides more accurate usage by tier levels. (COM)

For Ag, Small Farm, and Domestic Irrigation, 2010 consumption (for Tier 1 only) was increased by 21.3% to estimate more typical 2009 usage. 2010 Recreational Turf consumption was reduced by 25% to reflect the estimated price-response and conservation.

Note: Commodity Allocation Factors reflect Ag w/Resid, Small Farms/DI Tier 1 consumption and, therefore, allocate their proportional share of Potable system costs to these customers. This is reflected in their paying the Fixed Meter Charge for 3/4" Residential customers. Other capacity-related costs for Ag infrastructure is reflected in DA cost analysis and results in additional capacity-related costs for meters larger than 3/4".

Table 4 (cont.) - Development of the Commodity Allocation Factor (Direct Assignment)

Customer Class - Direct Assignment	2009 Sales (ccf) ¹	Percent of Sales	Estimated Conservation	Estimated Sales w/ conservation for 2011	Percent of Adjusted Sales less ag and ditches
Agricultural Irrigation - w/ residence	1,539,554	51.5%	-	1,539,554	51.5%
Agricultural Irrigation - w/o residence	53,657	1.8%	-	53,657	1.8%
Small Farm	262,693	8.8%	-	262,693	8.8%
Domestic Irrigation	803,698	26.9%	-	803,698	26.9%
Raw Water - Landscape Irrigation	7,485	0.3%	-	7,485	0.3%
Raw Water - Continuous Flow/Flat	323,417	10.8%	-	323,417	10.8%
Other	-	0.0%	-	-	0.0%
Total	2,990,504	100%		2,990,504	100%
1. For Ag, Small Farm, and Domestic Irrigation, 2010 consumption (for Tiers 2 - 5) was increased by 21.3% to estimate more typical 2009 usage.					(COM-DA)

Table 5 - Development of the Capacity Allocation Factor				
Customer Class	Average Day Use (MGD)	Peaking Factor ¹	Total Peak Day Use	Percent of Total
Single Family Residential	12.028	1.76	21.17	78.6%
Multi Family Residential	1.227	1.38	1.69	6.3%
Comm. & Ind. (& potable landscape irrig.)	1.398	1.15	1.61	6.0%
Agricultural Irrigation - w/ residence	0.050	1.76	0.09	0.3%
Recreational Turf	0.776	2.25	1.75	6.5%
Small Farm	0.047	1.76	0.08	0.3%
Domestic Irrigation	0.310	1.76	0.54	2.0%
Fire Hydrant/ Construction	0.000	3.92	0.00	0.0%
Other	0.000	1.00	0.00	0.0%
Total	15.835		26.93	100.0%
Notes				(CAP)

1. Peaking factor is the ratio of 2008 max. month- to the annual-average consumption per account per month.

Table 5 (cont.) - Development of the Capacity Allocation Factor (Direct Assignment)

Customer Class - Direct Assignment	Average Day Use (MGD)	Peaking Factor^a	Total Peak Day Use	Percent of Total
Agricultural Irrigation - w/ residence	3.16	0.50	1.58	51.5%
Agricultural Irrigation - w/o residence	0.11	0.50	0.05	1.8%
Small Farm	0.54	0.50	0.27	8.8%
Domestic Irrigation	1.65	0.50	0.82	26.9%
Raw Water - Landscape Irrigation	0.02	0.50	0.01	0.3%
Raw Water - Continuous Flow/Flat	0.66	0.50	0.33	10.8%
Other	0.00	0.50	0.00	0.0%
Total	6.13		3.06	100.0%
				(CAP-DA)

a. All Direct assignment classes are considered "Ag-Related" and have peaking factors that were adjusted to reflect District policy (Principal #9) regarding levels of service and water quality (e.g., most District facilities are not used by Ag-related customers).

Table 6 - Development of the Customer Allocation Factor

Customer Class	No. of Accounts (2010)	Percent of Total
Single Family Residential	34,561	89.0%
Multi Family Residential	777	2.0%
Comm. & Ind. (& potable landscape irrig.)	1,687	4.3%
Agricultural Irrigation - w/ residence	206	0.5%
Recreational Turf	113	0.3%
Small Farm	196	0.5%
Domestic Irrigation	1,303	3.4%
Fire Hydrant/ Construction	-	0.0%
Other	-	0.0%
Total	38,843	100%
		(CA)
Direct Assignment - Customer Class	Number of Accounts ^a	Percent of Total
Agricultural Irrigation - w/ residence		
Agricultural Irrigation - w/o residence	9	60.0%
Small Farm		
Domestic Irrigation		
Raw Water - Landscape Irrigation	6	40.0%
Raw Water - Continuous Flow/Flat	N.A. ^a	N.A. ^a
Total	15	100%
		(CA-DA)

a. Ag w/o Resid and Raw Water customers are not charged a basic bi-monthly charge.

Table 7 - Development of the Public Fire Protection Factor

Customer Class	Number of Equivalent Units ^a	Public Fire Protection Req. (gpm)	Durration at gpm (min)	Total PFP Requirements (million gallons)	% of Total w/o DA
Single Family Residential	35,849	1,500	120	6,453	72.9%
Multi Family Residential	2,001	3,000	120	720	8.1%
Comm. & Ind. (& potable landscape irrig.)	3,796	3,000	120	1,366	15.4%
Agricultural Irrigation - w/ residence	206	1,500	120	37	0.4%
Agricultural Irrigation - w/o residence	--	-	-	-	0.0%
Recreational Turf	810	-	-	-	0.0%
Small Farm (& Domestic Irrig.)	1,499	1,500	120	270	3.0%
Fire Hydrant/ Construction	--	-	-	-	0.0%
Raw Water - Landscape Irrigation	--	-	-	-	0.0%
Raw Water - Continuous Flow/Flat	--	-	-	-	0.0%
Other	-	-	-	-	0.0%
Total	44,161	--	--	8,847	100%

(FP)

a. Equivalent units is the number meters by size times their hydrologic factor. See the Fixed Meter (Basic Charges) calculation table.

Per District staff, multi-family and commercial classes have been set at 3,000 pgm and 120 minutes.

Table 8 - Functionalization and Classification of 2011 Expenses

	Total 2011 Revenue Reqts.	Commodity (COM)	Capacity (CAP)	Customer (CA)	Fire Protection (FP)	Direct Assignment (DA)	Basis of Classification				
							(COM)	(CAP)	(CA)	(FP)	(DA)
Account Type											
Operation and Maintenance Expense											
<i>Direct Expenses</i>											
Operations:											
Administration	\$ 230,222	\$ -	\$ 214,106	\$ 11,511	\$ -	\$ 4,604	0.0%	93.0%	5.0%	0.0%	2.0%
Water operations	\$ 9,927,187	\$ 2,978,156	\$ 5,459,953	\$ 496,359	\$ 794,175	\$ 198,544	30.0%	55.0%	5.0%	8.0%	2.0%
Hydro operations	\$ 3,235,452	\$ -	\$ 3,170,743	\$ -	\$ -	\$ 64,709	0.0%	98.0%	0.0%	0.0%	2.0%
Environmental (Compliance)	\$ 54,682	\$ -	\$ 5,468	\$ 32,809	\$ 16,404	\$ -	0.0%	10.0%	60.0%	30.0%	0.0%
Recreation (Previously Natural I	\$ 1,073,122	\$ -	\$ 536,561	\$ 536,561	\$ -	\$ -	0.0%	50.0%	50.0%	0.0%	0.0%
Anticipated New Staff (Salary a	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30.0%	50.0%	5.0%	15.0%	0.0%
	----	----	----	----	----	----					
Total Direct Expenses	\$ 14,520,665	\$ 2,978,156	\$ 9,386,831	\$ 1,077,240	\$ 810,579	\$ 267,857					
<i>Indirect Expenses</i>											
Engineering											
Management	\$ 150,708	\$ 22,606	\$ 75,354	\$ 22,606	\$ 27,127	\$ 3,014	15.0%	50.0%	15.0%	18.0%	2.0%
Water	\$ (60,304)	\$ (9,046)	\$ (30,152)	\$ (9,046)	\$ (10,855)	\$ (1,206)	15.0%	50.0%	15.0%	18.0%	2.0%
Environmental Review	\$ 718,927	\$ -	\$ 718,927	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%	0.0%	0.0%
Development Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15.0%	50.0%	15.0%	20.0%	0.0%
Hydro	\$ 146,048	\$ -	\$ 146,048	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%	0.0%	0.0%
GIS	\$ 194,477	\$ 48,619	\$ 48,619	\$ 48,619	\$ 48,619	\$ -	25.0%	25.0%	25.0%	25.0%	0.0%
Inspection	\$ 19,942	\$ -	\$ 9,971	\$ 4,985	\$ 4,985	\$ -	0.0%	50.0%	25.0%	25.0%	0.0%
Records	\$ 316,200	\$ -	\$ 94,860	\$ 158,100	\$ 56,916	\$ 6,324	0.0%	30.0%	50.0%	18.0%	2.0%
Communications	\$ 354,211	\$ -	\$ -	\$ 347,127	\$ -	\$ 7,084	0.0%	0.0%	98.0%	0.0%	2.0%
Office of the General Manager	\$ 1,992,108	\$ 199,211	\$ 199,211	\$ 1,394,476	\$ 159,369	\$ 39,842	10.0%	10.0%	70.0%	8.0%	2.0%
Finance	\$ 4,426,141	\$ -	\$ -	\$ 4,337,618	\$ -	\$ 88,523	0.0%	0.0%	98.0%	0.0%	2.0%
Human Resources	\$ 1,414,696	\$ 353,674	\$ 353,674	\$ 353,674	\$ 325,380	\$ 28,294	25.0%	25.0%	25.0%	23.0%	2.0%
Information Technology	\$ 1,436,759	\$ 359,190	\$ 359,190	\$ 359,190	\$ 330,455	\$ 28,735	25.0%	25.0%	25.0%	23.0%	2.0%
Letter of Credit fee-Dexia Bank	\$ 798,962	\$ 383,502	\$ 399,481	\$ -	\$ -	\$ 15,979	48.0%	50.0%	0.0%	0.0%	2.0%
	----	----	----	----	----	----					
Total Indirect Expenses	\$ 11,908,875	\$ 1,357,756	\$ 2,375,183	\$ 7,017,349	\$ 941,997	\$ 216,590					
Total Operating and Maintenance Ex	\$ 26,429,540	\$ 4,335,912	\$ 11,762,015	\$ 8,094,590	\$ 1,752,576	\$ 484,447					
Debt Service											
Total Water Debt Service	\$ 12,661,647	\$ 6,204,207	\$ 6,204,207	\$ -	\$ -	\$ 253,233	49.0%	49.0%	0.0%	0.0%	2.0%
Capital Projects											
Capital Funded Through Rates	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	49.0%	49.0%	0.0%	0.0%	2.0%
TOTAL REVENUE REQUIREMENTS	\$ 39,091,187	\$ 10,540,119	\$ 17,966,222	\$ 8,094,590	\$ 1,752,576	\$ 737,680	27.0%	46.0%	20.7%	4.5%	1.9%
Less: Non-Rate Revenue	\$ 18,283,602	\$ 4,929,790	\$ 8,403,102	\$ 3,785,975	\$ 819,709	\$ 345,025	27.0%	46.0%	20.7%	4.5%	1.9%
NET REVENUE REQUIREMENTS	\$ 20,807,585	\$ 5,610,329	\$ 9,563,120	\$ 4,308,615	\$ 932,867	\$ 392,655	27.0%	46.0%	20.7%	4.5%	1.9%

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Table 8 (cont.) - Adjustments to Functionalization and Classification of 2011 Expenses

Adjustments:		(COM)	(CAP)	(CA)	(FP)	(DA)
Adjusted Net Revenue Req'ts	\$ 20,414,931	\$ 5,610,329	\$ 9,563,120	\$ 4,308,615	\$ 932,867	\$ 392,655
Adjustment for Current Rate Level:						
2011 COS Net Rev. Req't.	\$20,807,585					
2011 Current Rate Revenue	\$21,800,108					
Adjustment Factor	1.0477				\$ -	\$ -
Adjusted Net Revenue Req'ts	\$ 21,388,724	\$ 5,877,942	\$ 10,019,281	\$ 4,514,136	\$ 977,365	\$ 411,384
Canadian Method Adjustment (50/50 Split):		<u>Variable (COM)</u>	<u>Fixed (CAP)</u>	<u>Fixed (CA)</u>	<u>Fixed (FP)</u>	
Rate Revenue (\$)	\$ 21,388,724	\$ 10,694,362	\$ 6,908,086	\$ 3,112,403	\$ 673,873	
Rate Revenue (%)		50%	32%	15%	3%	
Allocation Adjustment for Direct Assignment Costs:						
Direct Assignment Costs^a		<u>Variable (COM)</u>	<u>Fixed (CAP)^b</u>	<u>Fixed (CA)^b</u>	<u>Fixed (FP)</u>	
Rate Revenue (\$)	\$ 411,384	\$ 318,219	\$ 92,644	\$ 522	\$ -	
Rate Revenue (%)		77.4%	22.5%	0.1%	0%	
a. Only Ag-related costs are included here (i.e., Ag w/ residence, Small Farms/DI are treated as potable customers for Tier 1 consumption).						
b. Potable % allocations are adjusted due to the equivalent 5/8" and 3/4" meters for Ag w/Resid., Small Farms/DI accounts that are included in potable rates.						

Table 9 - Allocation of 2011 Revenue Requirements by Customer Class

(Excludes all Directly Assigned costs)

Classification Components	Net Revenue Requirements <i>(Reflects Revised 50/50 Split)</i>	Customer Classes						
		Single Family Residential	Multi Family Residential	Comm. & Ind. (& potable landscape irrig.)	Agricultural Irrigation - w/ residence	Recreational Turf	Small Farm (& Domestic Irrig.)	Fire Hydrant/ Construction
Commodity	\$ 10,694,362	\$ 8,122,861	\$ 828,750	\$ 943,992	\$ 33,976	\$ 524,019	\$ 240,765	\$ -
Capacity	\$ 6,908,086	\$ 5,429,907	\$ 434,383	\$ 412,322	\$ 22,712	\$ 447,817	\$ 160,945	\$ -
Customer Related	\$ 3,112,403	\$ 2,769,296	\$ 62,259	\$ 135,176	\$ 16,506	\$ 9,054	\$ 120,112	\$ -
Public Fire Protection	\$ 673,873	\$ 491,530	\$ 54,880	\$ 104,086	\$ 2,824	\$ -	\$ 20,553	\$ -
Net Revenue Requirement	\$ 21,388,724	\$ 16,813,593	\$ 1,380,272	\$ 1,595,575	\$ 76,019	\$ 980,891	\$ 542,374	\$ -
Customer Class	Cost of Service Allocated Costs - 2011				Total Revenue			
	(COM)	(CAP)	(CA)	(FP)	COS Req't	at Present Rates	Percent Difference	
Single Family Residential	\$ 8,122,861	\$ 5,429,907	\$ 2,769,296	\$ 491,530	\$ 16,813,593	\$ 17,243,671	-2%	
Multi Family Residential	\$ 828,750	\$ 434,383	\$ 62,259	\$ 54,880	\$ 1,380,272	\$ 1,190,543	16%	
Comm. & Ind. (& potable landscape irrig.)	\$ 943,992	\$ 412,322	\$ 135,176	\$ 104,086	\$ 1,595,575	\$ 1,467,442	9%	
Agricultural Irrigation - w/ residence	\$ 33,976	\$ 22,712	\$ 16,506	\$ 2,824	\$ 76,019	\$ 343,314	-78%	
Recreational Turf	\$ 524,019	\$ 447,817	\$ 9,054	\$ -	\$ 980,891	\$ 483,259	103%	
Small Farm (& Domestic Irrig.)	\$ 240,765	\$ 160,945	\$ 120,112	\$ 20,553	\$ 542,374	\$ 904,701	-40%	
Fire Hydrant/ Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,103	-100%	
Total	\$ 10,694,362	\$ 6,908,086	\$ 3,112,403	\$ 673,873	\$ 21,388,724	\$ 21,717,032	-2%	

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Table 10b**Proposed POTABLE Water Basic Charges (\$/Bi-Mo.) for 2011**

<i>Meter Size</i>	Current Basic Charges (\$/bi-mo.)	Proposed Basic Charges (\$/bi-mo.)^a		
		Single-Family^b	Multi-Family & Commercial	Rec. Turf
5/8"	\$25.89	\$43.28	\$45.57	\$41.00
3/4"	\$25.89	\$43.28	\$45.57	\$41.00
1"	\$30.06	\$64.20	\$68.08	\$60.31
1.5"	\$34.90	\$112.00	\$119.54	\$104.46
1.5" T	\$40.51	\$132.92	\$142.06	\$123.78
2"	\$47.04	\$171.76	\$183.87	\$159.65
2" T	\$54.60	\$171.76	\$183.87	\$159.65
3"	\$63.39	<i>N.A.</i>	\$357.55	\$308.65
3" T	\$73.60	\$362.98	\$389.72	\$336.24
4"	\$85.45	\$512.37	\$550.54	\$474.21
4" T	\$99.20	\$640.85	\$688.84	\$592.86
6"	\$115.16	<i>N.A.</i>	\$1,084.45	\$932.26
6" T	\$133.70	\$1,408.73	\$1,302.01	\$1,302.01
8" T	\$155.22	<i>N.A.</i>	\$2,586.49	\$2,220.87
12" T	\$209.20	<i>N.A.</i>	\$5,375.08	\$4,613.21

a. Note: Charges include fire protection costs for all classes except Recreational Turf.

b. Applies to Ag. Irrigation w/ Residence, Small Farm/DI meters ≤ 3/4".

Table 11 - Proposed Consumptive Uniform Rates for 2011

Potable Water Customer Class	Number of Accounts	Water Consumption (ccf/yr) ¹	Commodity Rates (\$/ccf)	Target Rev. Req't	Rate Structure
Single Family Residential	34,424	5,869,095	\$ 1.3840	\$ 8,122,861	Tiered
Multi Family Residential	777	598,805	\$ 1.3840	\$ 828,750	Uniform
Comm. & Ind. (& potable landscape irrig.)	1,687	682,072	\$ 1.3840	\$ 943,992	Uniform
Agricultural Irrigation - w/ residence ²	206	24,549	\$ 1.3840	\$ 33,976	Tiered
Recreational Turf	109	378,625	\$ 1.3840	\$ 524,019	Uniform
Small Farm (& Domestic Irrig.) ²	1,499	<u>173,962</u>	\$ 1.3840	\$ 240,765	Tiered
Total		7,727,109		\$ 10,694,362	

1. 2009 consumption less reductions to account for conservation in 2011. Recreational Turf is assumed to be 25% lower.

2. Includes only consumption occurring in Tier 1. Consumption above Tier 1 are Ag rates.

Table 12 - Proposed Consumptive Uniform & SFR Tiered Rates for 2011

Potable Water Customer Class	Number of Accounts	Water Consumption (ccf/yr) ¹	Commodity Rates (\$/ccf)	Target Rev. Req't	Rate Structure
Single Family Residential	34,424	5,869,095	\$ 1.3840	\$ 8,122,861	Tiered
Multi Family Residential	777	598,805	\$ 1.3840	\$ 828,750	Uniform
Comm. & Ind. (& potable landscape irrig.)	1,687	682,072	\$ 1.3840	\$ 943,992	Uniform
Agricultural Irrigation - w/ residence ²	206	24,549	\$ 1.3840	\$ 33,976	Tiered
Recreational Turf	109	378,625	\$ 1.3840	\$ 524,019	Uniform
Small Farm (& Domestic Irrig.) ²	1,499	173,962	\$ 1.3840	\$ 240,765	Tiered
Total		7,727,109		\$ 10,694,362	

Proposed Residential Tiered Rates for 2011

Potable Water Customer Class	Upper Tier Breakpoint ³	Water Consumption (ccf/yr) ⁴	Commodity Rates		Target Rev. Req't	
			(\$/ccf)	(\$/cf)		
Single Family Residential	Tier 1	1,800 cf/bi-mo.	2,395,887	\$1.1624	\$0.01162	\$2,784,957
	Tier 2	4,500 cf/bi-mo.	1,548,605	\$1.4030	\$0.01403	\$2,172,752
	Tier 3	-	1,924,603	\$1.6446	\$0.01645	<u>\$3,165,152</u>
<i>Total</i>			5,869,095			\$8,122,861

1. 2009 consumption less reductions to account for conservation in 2011. Recreational Turf is assumed to be 25% lower.

2. Includes only consumption occurring in Tier 1. Consumption above Tier 1 are Ag rates.

3. Same as current potable residential tiers.

4. Based on 2010 consumption by Tier for single-family residential consumption data less the estimated 2011 conservation of 10%.

Table 13 - Allocation of 2011 Direct Assignment Revenue Requirements

Classification Components	Net Revenue Requirements ¹	Customer Classes (Direct Assignment)					
		Agricultural Irrigation - w/ residence	Agricultural Irrigation - w/o residence	Small Farm	Domestic Irrigation	Raw Water - Landscape Irrigation	Raw Water - Continuous Flow/Flat
Commodity	\$ 318,219	\$ 163,823	\$ 5,710	\$ 27,953	\$ 85,521	\$ 796	\$ 34,415
Capacity	\$ 92,644	\$ 47,694	\$ 1,662	\$ 8,138	\$ 24,898	\$ 232	\$ 10,019
Customer Related ²	\$ 522	\$ -	\$ 313	\$ -	\$ -	\$ 209	\$ -
Public Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue Requirement	\$ 411,384	\$ 211,518	\$ 7,685	\$ 36,091	\$ 110,419	\$ 1,237	\$ 44,434

¹ Assumes an allocation to Commodity, Capacity, Customer-Related and Fire Protection and classifications in the same proportion as non-DA costs with the exception of no fire protection costs.

² No Customer-Related costs are assigned to Ag w/ Resid., Small Farms, or Domestic Irrigation; these customers pay Customer-Related costs through their Potable charges. Ag w/o Resid, and Raw Water customers do not have potable charges, and therefore pay Customer-Related costs in DA charges.

Customer Class - Direct Assignment	Cost of Service Allocated Costs - 2011 (Direct Assignment)					Total COS Revenue Req't
	(COM)	(CAP)	(CA)	(FP)		
Agricultural Irrigation - w/ residence	\$ 163,823	\$ 47,694	\$ -	\$ -	\$ 211,518	
Agricultural Irrigation - w/o residence	\$ 5,710	\$ 1,662	\$ 313	\$ -	\$ 7,685	
Small Farm	\$ 27,953	\$ 8,138	\$ -	\$ -	\$ 36,091	
Domestic Irrigation	\$ 85,521	\$ 24,898	\$ -	\$ -	\$ 110,419	
Raw Water - Landscape Irrigation	\$ 796	\$ 232	\$ 209	\$ -	\$ 1,237	
Raw Water - Continuous Flow/Flat	\$ 34,415	\$ 10,019	\$ -	\$ -	\$ 44,434	
Total	\$ 318,219	\$ 92,644	\$ 522	\$ -	\$ 411,384	

Table 14 - Calculation of Proposed Monthly Fixed Meter Service Charges for Ag and Small Farm/DI Classes - 2011

	Meter Size													Total
	5/8"	3/4"	1"	2"	2" T	3"	3" T	4"	4" T	6"	6" T			
Accounts/Equivalent Meters														
Agricultural Irrigation - w/ residence	-	-	10	6	6	77	1	35	-	44	1	8	202	
Small Farm (& Domestic Irrig.)	-	-	451	8	8	50	1	1	-	4	1	-	618	
Total Accounts	-	-	461	108	14	14	127	2	36	-	48	2	8	820
Agricultural Irrigation - without residence	-	-	-	-	1	-	8	-	-	-	-	-	9	
Raw Water - Landscape Irrigation	-	1	2	1	-	1	-	-	-	-	-	1	6	
Total Accounts	-	1	2	1	1	1	8	-	-	-	-	1	15	
<i>Hydraulic Capacity Factor</i> ¹	1.0	1.0	1.7	3.3	4.0	5.3	5.3	10.7	11.7	16.7	21.0	33.3	46.7	
Total Equivalent Meters	-	1	787	360	60	80	716	21	421	-	1,008	100	3,927	
<i>% of equiv. meters</i>	0.0%	0.0%	20.0%	9.2%	1.5%	2.0%	18.2%	0.5%	10.7%	0.0%	25.7%	2.5%	9.5%	100.0%
Bi-Monthly Fixed Service Charges (\$/Acct/bi-mo.)														
Meter Charge - Ag w/o Res. & Raw Lndscp.														
Customer Costs - Ag w/o Res. & Raw Lndscp. ²	N.A.	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	N.A.	N.A.	N.A.	N.A.	\$ 5.80	N.A.	
Capacity Costs - Ag w/o Res. & Raw Lndscp. ³	N.A.	\$ 3.51	\$ 5.96	\$ 11.57	\$ 14.03	\$ 18.59	\$ 18.59	\$ 37.52	\$ 41.03	N.A.	\$ 73.64	\$ 116.78	\$ 163.77	
Meter Charge - Ag w/o Res. & Raw Landscape	N.A.	\$ 9.31	\$ 11.76	\$ 17.37	\$ 19.83	\$ 24.39	\$ 24.39	N.A.	N.A.	N.A.	N.A.	\$ 122.58	N.A.	
Meter Charge - Ag w/ Res. & Small Farm/Domestic Irrig.														
Add'l Capacity Costs - Ag w/ Res. & SF/DI	N.A.	N.A.	\$ 5.96	\$ 11.57	\$ 14.03	\$ 18.59	\$ 18.59	\$ 37.52	\$ 41.03	N.A.	\$ 73.64	\$ 116.78	\$ 163.77	
plus Single-Family Basic Charge for 3/4" Meter	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	\$ 43.28	N.A.	\$ 43.28	\$ 43.28	\$ 43.28	
Total Meter Charge - Ag w/ Res. & Small Farm/Domestic Irrig.	\$ 43.28	\$ 43.28	\$ 49.24	\$ 54.85	\$ 57.31	\$ 61.87	\$ 61.87	\$ 80.80	\$ 84.31	N.A.	\$ 116.92	\$ 160.06	\$ 207.05	
Annual Revenue from Bi-Monthly Meter Charges														
Customer Costs - Ag w/Res. & Small Farm/DI	N.A.	N.A.	\$ 16,489.53	\$ 7,498.87	\$ 1,178.27	\$ 1,561.21	\$ 14,162.44	\$ 450.27	\$ 8,862.31	N.A.	\$ 21,208.94	\$ 1,401.30	\$ 7,860.77	\$ 80,674
Customer Costs - Ag w/o Res. & Raw Lndscp.	N.A.	\$ 55.84	\$ 141.15	\$ 104.24	\$ 118.97	\$ 146.32	\$ 1,170.55	N.A.	N.A.	N.A.	N.A.	\$ 735.46	N.A.	\$ 2,473
	N.A.	\$ 56	\$ 16,631	\$ 7,603	\$ 1,297	\$ 1,708	\$ 15,333	\$ 450	\$ 8,862	N.A.	\$ 21,209	\$ 2,137	\$ 7,861	\$ 83,146
Annual Fixed Costs Allocated to Bi-Monthly Meter Charges														
Customer Costs - Ag w/Res. & Small Farm/DI	\$ -													
Customer Costs - Ag w/o Res. & Raw Lndscp.	\$ 522													
Capacity Costs - All DA Classes	\$ 82,624													
Fixed Costs Recovered bi-monthly	\$ 83,146													

Author:
5/8" and 3/4" meters are counted in Potable water Meter service charge calculations.

Note: ALL Ag w/Resid, Small Farms/DI meters are counted as 3/4" meters in the Potable Fixed Meter charges, and are assigned the 3/4" Potable Residential Fixed Meter charge. Exhibit 9a - DA only assigns capacity charges for meters larger than 3/4" as an additional charge (but no customer costs).

NOTES:
¹ Source: AWWA Manual M22, Table 6-1. Displacement meters are used for smaller meters and Turbine class 2 for larger (T) meters.
² Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.
³ Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

Table 15**Basic Charges - Direct Assignment Classes for 2011**

Customer Class/ Meter Size	Current Basic Charges	Proposed Basic Charges (\$/bi- mo.) ^a	
		Ag w/ Resid. & Small Farms/DI ^b	Ag w/o Resid. & Raw Metered
Current Basic Charges			
Domestic Irrigation	\$71.10	--	--
Metered Landscape	\$80.83	--	--
Small Farms	(Potable Charges)	--	--
Ag w/o Residence	(Potable Charges)	--	--
5/8"	\$25.89	\$43.28	N.A.
3/4"	\$25.89	\$43.28	\$9.31
1"	\$30.06	\$49.24	\$11.76
1.5"	\$34.90	\$54.85	\$17.37
1.5" T	\$40.51	\$57.31	\$19.83
2"	\$47.04	\$61.87	\$24.39
2" T	\$54.60	\$61.87	\$24.39
3"	\$63.39	\$80.80	N.A.
3" T	\$73.60	\$84.31	N.A.
4"	\$85.45	N.A.	N.A.
4" T	\$99.20	\$116.92	N.A.
6"	\$115.16	\$160.06	\$122.58
6" T	\$133.70	\$207.05	N.A.
8" T	\$155.22	N.A.	N.A.
12" T	\$209.20	N.A.	N.A.

a. Charges exclude fire protection costs. Charges for meter sizes with no customers are not shown.

b. All Ag w/ Residence and Small Farm/DI customer charges include the Potable Single-Family Basic Charge for a 3/4" meter plus additional capacity charges that reflect Ag-related infrastructure costs only.

Table 16 - Proposed Consumptive Tiered Rates for 2011

Ag w/& w/o Residence						
Customer Class/Tier	Tier Range ^a	Water Consumption (ccf/yr) ^b	Commodity Rates		Total Rate Revenue	
			(\$/ccf)	(\$/cf)		
Agricultural Irrigation - (with residence)	Tier 1 (Potable Rate)	0-1,800 cf/bi-mo.	24,549	\$1.1624	\$0.01162	\$28,536
Agricultural Irrigation - (w/ & w/o residence) ^c	Tier 2 (Ag Irrig.)	> 1,800 cf/bi-mo.	1,568,662	\$0.1380	\$0.00138	\$216,535
Total - All Tiers			1,593,211			\$245,071

- a. Same as potable residential Tier 1 for ag with residence; Ag w/ residence is only charged Tier 2 rates after 1,800 cf.
 b. Consumption for Tier 2 only includes usage greater than Tier 1. Reflects 2010 consumption plus 21.3% to approximate 2009 usage levels.
 c. These are Ag rates based only on direct assignment costs.

Combined Small Farms & Domestic Irrigation

Customer Class/Tier	Tier Range ^a	Water Consumption (ccf/yr) ^b	Commodity Rates		Total Rate Revenue	
			(\$/ccf)	(\$/cf)		
Small Farms/Domestic Irrigation	Tier 1 (Potable Rate)	0-1,800 cf/bi-mo.	143,419	\$1.1624	\$0.01162	\$166,709
Small Farms/Domestic Irrigation	Tier 2 (Small Farm/DI)	> 1,800 cf/bi-mo.	922,972	\$0.1380	\$0.00138	\$127,405
Total - All Tiers			1,066,391			\$294,115

- a. Same as potable residential for Tiers 1 and 2.
 b. Consumption for Tier 2 only includes usage greater than Tier 1. Reflects 2010 consumption plus 21.3% to approximate 2009 usage levels.

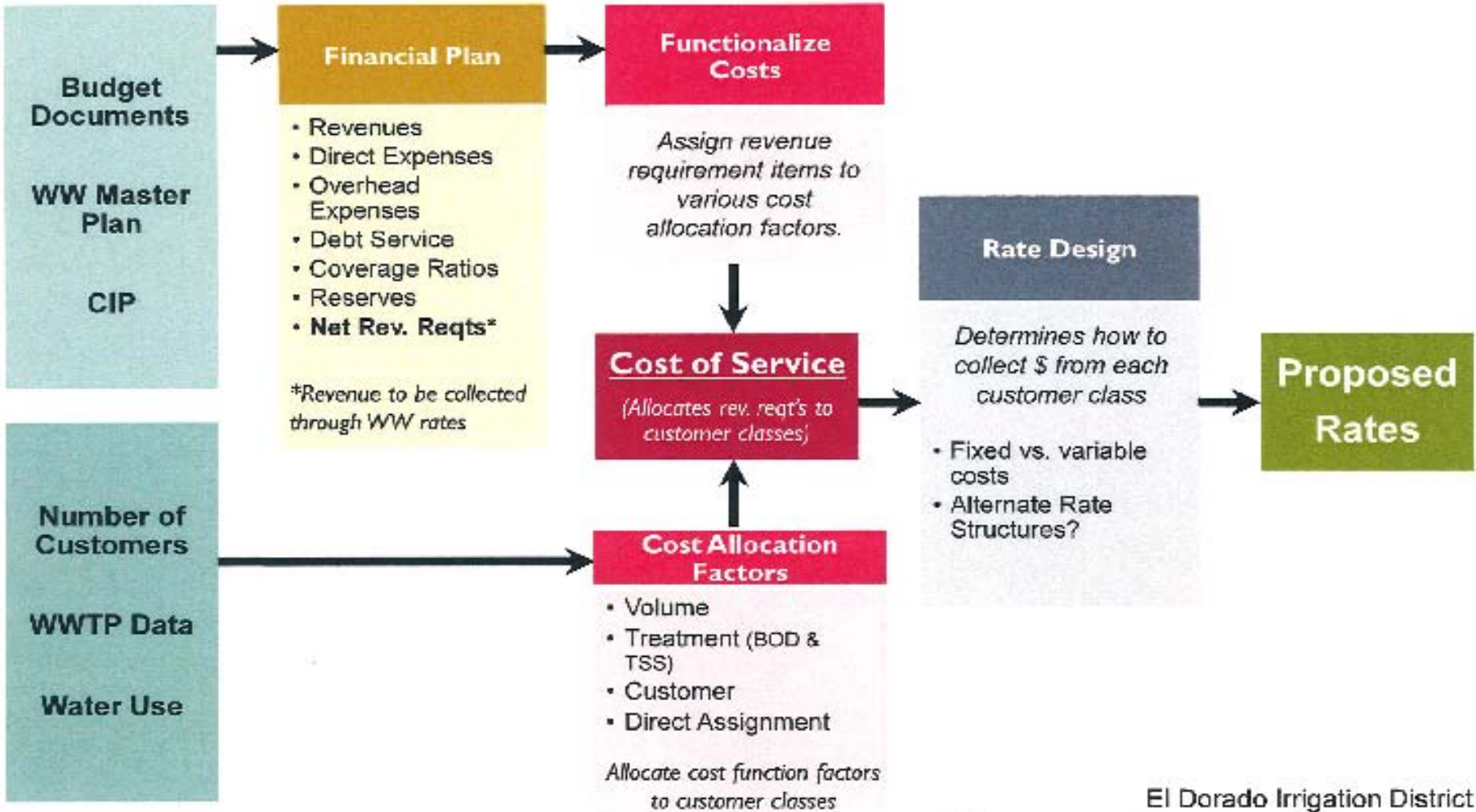
Proposed Raw Rates for 2011

Customer Class/Tier	Basic Charge or Flat Rate ¹	Water Consumption (ccf/yr) ³	Commodity Rates		
			(\$/ccf)	(\$/cf)	
Metered Landscape Irrigation	Uniform Rate ¹	(Same as Ag Irrig.)	--	\$0.1380	\$0.00138
	Outside Rate ²	(see note 2)	--	\$0.1725	\$0.00173
Raw Water - Flat Rates ³	1/2" flow	\$537.00	3,888	\$0.1380	\$0.00138
	1" flow	\$1,073.00	7,776	\$0.1380	\$0.00138
	2" flow	\$2,147.00	15,552	\$0.1380	\$0.00138
	4" flow	\$4,294.00	31,104	\$0.1380	\$0.00138
Raw Water - Continuous Flow ³	Uniform Rate	N.A.	--	\$0.1380	\$0.00138
	Outside Rate ²	N.A.	--	\$0.1725	\$0.00173

1. Same as Ag Irrigation Tier 2.
 2. Assumes a surcharge of 25%.
 3. Based on miner's inch calculations (129,600 cf/miner's inch) and assumes year-round usage.

SEWER RATE MODEL - OVERVIEW





SEWER RATE MODEL TABLES



SEWER SYSTEM

Table 1 - Project Data

Customer Accounts, Consumption, and Revenue at Present Rates

Wastewater Utility Customer Classes	Number of Accounts	Estimated Consumption ^{1,2} (ccf.)	Actual Rate Revenue (Jul.09-Jun.10)	2011 projected Revenue	Percent of Wastewater/ Recycled Water Revenue
Single Family Residential	19,825	1,966,326	11,604,344	\$ 15,094,406	76.8%
Multi Family Residential	340	315,441	1,363,678	\$ 1,773,810	9.0%
Commercial - Laundromat	4	2,346	7,831	\$ 10,187	0.1%
Commercial - Repair Shops/Service Stations	64	16,168	117,628	\$ 153,005	0.8%
Commercial - Light Industrial	56	15,308	157,570	\$ 204,961	1.0%
Commercial - Market	16	33,306	190,819	\$ 248,208	1.3%
Commercial - Restaurant	96	59,648	587,532	\$ 764,235	3.9%
Commercial - Other	546	181,851	984,076	\$ 1,280,041	6.5%
Schools	23	44,442	101,943	\$ 132,603	0.7%
Total Wastewater Accounts:	20,970	2,634,837	15,115,421	19,661,456	100%
Commercial Landscape (Recycled Only)	155	284,882	115,245	\$ 140,150	19%
Recreational Turf (Recycled Only)	11	157,252	29,252	\$ 35,574	5%
Residential - Dual Plumbed (Recycled Only)	3,890	687,812	475,841	\$ 578,674	77%
Total Recycled Water Accounts:	4,056	1,129,946	620,338	754,398	100%

NOTES

1. Consumption for wastewater customers estimated from winter average calculation, November 2009 to February 2010, recycled water customers are from 2009 CAFR p. 68
2. Used state revenue guidelines to estimate school effluent based on number of staff/students
3. Recycled water consumption based on actual sales from 2009 CAFR

SEWER SYSTEM

Table 2 - Development of Revenue Requirements

	Budget		Projected				
	2010		2011	2012	2013	2014	2015
SOURCES OF FUNDS	<i>Adopted Rate Increases</i>		15%	5%	5%	5%	
Operating Revenues							
Wastewater service charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wastewater service	\$ 16,863,315	\$ 19,661,456	\$ 20,362,453	\$ 21,380,576	\$ 22,449,604	\$ 23,572,085	\$ 23,572,085
Recycled water sales	\$ 647,035	\$ 754,398	\$ 781,295	\$ 820,360	\$ 861,378	\$ 904,447	\$ 904,447
<i>Total Revenue at Present Rates</i>	\$ 17,510,350	\$ 20,415,854	\$ 21,143,748	\$ 22,200,935	\$ 23,310,982	\$ 24,476,531	\$ 24,476,531
Miscellaneous Revenues							
Investment income	\$ 400,000	\$ 360,880	\$ 350,000	\$ 360,880	\$ 350,000	\$ 360,880	\$ 360,880
Surcharges	\$ 867,597	\$ 884,949	\$ 884,949	\$ 884,949	\$ 884,949	\$ 884,949	\$ 884,949
IPP and cross connection program fees	\$ 50,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000
Property Taxes	\$ 4,100,000	\$ 4,160,000	\$ 4,180,800	\$ 4,201,704	\$ 4,222,713	\$ 4,243,826	\$ 4,243,826
Other income	\$ 800,000	\$ 816,000	\$ 816,000	\$ 816,000	\$ 816,000	\$ 816,000	\$ 816,000
<i>Total Miscellaneous Revenues</i>	\$ 6,217,597	\$ 6,646,829	\$ 6,656,749	\$ 6,688,533	\$ 6,698,661	\$ 6,730,655	\$ 6,730,655
TOTAL SOURCES OF FUNDS	\$ 23,727,947	\$ 27,062,683	\$ 27,800,497	\$ 28,889,468	\$ 30,009,644	\$ 31,207,186	\$ 31,207,186

APPLICATIONS OF FUNDS								
	Budget		Projected					
	2010		2011	2012	2013	2014	2015	
Operation and Maintenance Expense								
<i>Direct Expenses (Operations)</i>								
Administration	\$	129,386	\$ 139,459	\$ 143,643	\$ 146,516	\$ 149,446	\$ 152,435	
Wastewater Operations	\$	9,232,787	\$ 8,893,052	\$ 9,159,844	\$ 9,343,040	\$ 9,529,901	\$ 9,720,499	
Recycled Water Operations	\$	408,227	\$ 448,697	\$ 462,158	\$ 471,401	\$ 480,829	\$ 490,446	
Anticipated New Staff (Salary and Benefits)	\$	-	\$ -	\$ -	\$ 80,000	\$ 81,600	\$ 83,232	
Total Direct Expenses	\$	9,770,400	\$ 9,481,208	\$ 9,765,644	\$ 10,040,957	\$ 10,241,776	\$ 10,446,612	
<i>Indirect Expenses</i>								
Natural Resources: Environmental Engineering	\$	755,894	\$ -	\$ -	\$ -	\$ -	\$ -	
Management	\$	80,030	\$ 91,293	\$ 94,032	\$ 95,912	\$ 97,830	\$ 99,787	
Wastewater	\$	793,011	\$ 232,423	\$ 239,396	\$ 244,184	\$ 249,067	\$ 254,049	
Development	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Recycled water	\$	-	\$ 7,100	\$ 7,313	\$ 7,459	\$ 7,608	\$ 7,761	
GIS	\$	149,934	\$ 117,806	\$ 121,340	\$ 123,767	\$ 126,242	\$ 128,767	
Inspection	\$	(21,139)	\$ 12,080	\$ 12,442	\$ 12,691	\$ 12,945	\$ 13,204	
Records	\$	126,338	\$ 191,541	\$ 197,287	\$ 201,233	\$ 205,258	\$ 209,363	
Facilities Management								
Environmental Review			\$ 252,986	\$ 260,575	\$ 265,787	\$ 271,102	\$ 276,524	
Environmental Compliance			\$ 155,632	\$ 160,301	\$ 163,507	\$ 166,778	\$ 170,113	
Communications	\$	199,233	\$ 214,566	\$ 221,003	\$ 225,423	\$ 229,932	\$ 234,530	
Office of the General Manager	\$	1,066,195	\$ 1,206,737	\$ 1,242,939	\$ 1,267,798	\$ 1,293,154	\$ 1,319,017	
Finance	\$	1,799,086	\$ 2,130,603	\$ 2,194,522	\$ 2,238,412	\$ 2,283,180	\$ 2,328,844	
Human Resources	\$	857,879	\$ 856,964	\$ 882,673	\$ 900,327	\$ 918,333	\$ 936,700	
Information Technology	\$	983,583	\$ 870,329	\$ 896,439	\$ 914,368	\$ 932,655	\$ 951,308	
Letter of Credit fee-Dexia Bank	\$	297,842	\$ 529,498	\$ 529,498	\$ 529,498	\$ 529,498	\$ 529,498	
Total Indirect Expenses	\$	7,087,886	\$ 6,869,558	\$ 7,059,760	\$ 7,190,365	\$ 7,323,582	\$ 7,459,464	
Total Operating and Maintenance Expenses	\$	16,858,286	\$ 16,350,766	\$ 16,825,404	\$ 17,231,322	\$ 17,565,359	\$ 17,906,076	
Debt Service Installments								
Total Wastewater Debt Service	\$	6,432,424	\$ 8,722,675	\$ 9,136,085	\$ 10,079,269	\$ 9,649,942	\$ 10,327,991	
Capital Projects								
<i>Rate-Funded CIP</i>	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Revenue Requirements	\$	23,290,710	\$ 25,073,441	\$ 25,961,489	\$ 27,310,591	\$ 27,215,301	\$ 28,234,067	
Less: Non-Rate Revenue	\$	6,217,597	\$ 6,646,829	\$ 6,656,749	\$ 6,688,533	\$ 6,698,661	\$ 6,730,655	
NET REVENUE REQUIREMENTS	\$	17,073,113	\$ 18,426,613	\$ 19,304,740	\$ 20,622,059	\$ 20,516,639	\$ 21,503,412	
Less: Revenues at Present Rates	\$	17,510,350	\$ 20,415,854	\$ 21,143,748	\$ 22,200,935	\$ 23,310,982	\$ 24,476,531	
Balance/(Deficiency) of Funds	\$	437,237	\$ 1,989,241	\$ 1,839,008	\$ 1,578,877	\$ 2,794,343	\$ 2,973,119	
Balance/(Deficiency) as a % of Rates		2.5%	9.7%	8.7%	7.1%	12.0%	12.1%	
Proposed Rate Adjustment		0%	0%	0%	0%	0%	0%	
Additional Rate Revenue From Increase	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	
Balance/(Deficiency) of Funds, Adjusted	\$	437,237	\$ 1,989,241	\$ 1,839,008	\$ 1,578,877	\$ 2,794,343	\$ 2,973,119	
Debt Service Coverage Ratio								
Before Rate Adjustment, 1.25 Required		1.09	1.35	1.37	1.52	1.67	1.79	
Before Adjustment, w/o FCCs, 1.0 preferred		1.07	1.23	1.20	1.16	1.29	1.29	
After Rate Adjustment, 1.25 Required		1.09	1.35	1.37	1.52	1.67	1.79	
After Adjustment, w/o FCCs, 1.0 preferred		1.07	1.23	1.20	1.16	1.29	1.29	

SEWER SYSTEM

Table 3 - Development of the Volume Allocation Factor

Customer Class	Est. 2009 Volume ¹ (ccf)	% of Volume (for each utility)	2009 Vol. w/o Recycled Water	% of Accounts (to allocate 2/3 of I&I)	% of Vol (to allocate 1/3 of I&I)	Estimated I&I (ccf)	Adjusted Flow Total (ccf)	Percent of Adjusted Vol.
Single Family Residential	1,966,326	74.6%	1,966,326	94.5%	74.6%	240,372	2,206,697	75.9%
Multi Family Residential	315,441	12.0%	315,441	1.6%	12.0%	13,868	329,309	11.3%
Commercial - Laundromat	2,346	0.1%	2,346	0.0%	0.1%	116	2,462	0.1%
Commercial - Repair Shops/Service Stations	16,168	0.6%	16,168	0.3%	0.6%	1,116	17,284	0.6%
Commercial - Light Industrial	15,308	0.6%	15,308	0.3%	0.6%	1,016	16,325	0.6%
Commercial - Market	33,306	1.3%	33,306	0.1%	1.3%	1,291	34,598	1.2%
Commercial - Restaurant	59,648	2.3%	59,648	0.5%	2.3%	2,898	62,546	2.2%
Commercial - Other	181,851	6.9%	181,851	2.6%	6.9%	11,038	192,889	6.6%
Schools	44,442	1.7%	44,442	0.1%	1.7%	1,737	46,179	1.6%
Commercial Landscape (Recycled Only)	331,000	35%	-	-	-	-	-	0.0%
Recreational Turf (Recycled Only)	139,000	15%	-	-	-	-	-	0.0%
Residential - Dual Plumbed (Recycled Only)	463,000	50%	-	-	-	-	-	0.0%
	---		---	---	---	---	---	---
Total	3,567,837		2,634,837	100%	100%	273,452	2,908,289	100%

Table 4 - Development of the Strength Allocation Factor

Customer Class	Adjusted Annual Flow (ccf)	Biological Oxygen Demand (BOD)				Total Suspended Solids (TSS)			
		Avg Strength Factor* (mg/l)	Calculated BOD (lb/yr)	Adjusted BOD (lb/yr)	Percent of Total	Avg Strength Factor* (mg/l)	Calculated TSS (lb/yr)	Adjusted TSS (lb/yr)	Percent of Total
Single Family Residential	2,206,697	229	3,152,433	3,118,697	66.30%	229	3,152,433	3,956,195	68.99%
Multi Family Residential	329,309	229	470,443	465,409	9.89%	229	470,443	590,390	10.30%
Commercial - Laundromat	2,462	229	3,518	3,480	0.07%	245	3,763	4,723	0.08%
Commercial - Repair Shops/Service Stations	17,284	229	24,691	24,427	0.52%	280	30,190	37,887	0.66%
Commercial - Light Industrial	16,325	670	68,232	67,502	1.44%	680	69,251	86,907	1.52%
Commercial - Market	34,598	600	129,498	128,112	2.72%	600	129,498	162,516	2.83%
Commercial - Restaurant	62,546	900	351,162	347,404	7.39%	600	234,108	293,798	5.12%
Commercial - Other	192,889	425	511,404	505,931	10.76%	370	445,222	558,738	9.74%
Schools	46,179	150	43,212	42,750	0.91%	120	34,570	43,384	0.76%
Commercial Landscape (Recycled Only)	N/A								
Recreational Turf (Recycled Only)	N/A								
Residential - Dual Plumbed (Recycled Only)	N/A								
Total	2,908,289		4,754,594	4,703,712	100%		4,569,479	5,734,538	100%
		Target, from Plant Data	4,703,712		(BOD)	from Plant Data	5,734,538		(TSS)
			1% % difference				20% % difference		

Table 5 - Development of the Customer Allocation Factor

Customer Class	Number of Accounts	Adjusted, if needed	Percent of Total
Single Family Residential	19,825	19,825	94.63%
Multi Family Residential	340	340	1.62%
Commercial - Laundromat	4	4	0.02%
Commercial - Repair Shops/Service Stations	64	64	0.31%
Commercial - Light Industrial	56	56	0.27%
Commercial - Market	16	16	0.08%
Commercial - Restaurant	96	96	0.46%
Commercial - Other	546	546	2.61%
Schools	4	4	0.02%
Commercial Landscape (Recycled Only)	155	153	4.34%
Recreational Turf (Recycled Only)	11	12	0.34%
Residential - Dual Plumbed (Recycled Only)	3,890	3,360	95.32%
	----	----	
Total	25,007	24,476	(CA)

SEWER SYSTEM

Table 6 - Functionalization and Classification of Expenses

	Total Revenue Requirements 2011	Flow (VOL)	Strength		Customer Actual (CA)	Direct Assignment (DA)	Basis of Classification				
			(BOD)	(TSS)			(VOL)	(BOD)	(TSS)	(CA)	(DA)
Account Type											
Operation and Maintenance Expense											
<i>Direct Expenses (Operations)</i>											
Administration	\$ 139,459	\$ 47,880	\$ 20,919	\$ 20,919	\$ 41,838	\$ 7,904	34%	15%	15%	30%	6%
Wastewater Operations	\$ 8,893,052	\$ 4,446,526	\$ 2,223,263	\$ 2,223,263	\$ -	\$ -	50%	25%	25%	0%	0%
Recycled Water Operations	\$ 448,697	\$ -	\$ -	\$ -	\$ -	\$ 448,697	0%	0%	0%	0%	100%
Anticipated New Staff (Salary and Benefits)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	40%	10%	10%	10%	30%
	----	----	----	----	----	----					
Total Direct Expenses	\$ 9,481,208	\$ 4,494,406	\$ 2,244,182	\$ 2,244,182	\$ 41,838	\$ 456,601					
<i>Indirect Expenses</i>											
Natural Resources: Environmental Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	25%	25%	0%	50%
Management	\$ 91,293	\$ 40,473	\$ 18,259	\$ 18,259	\$ 9,129	\$ 5,174	44%	20%	20%	10%	6%
Wastewater	\$ 232,423	\$ 92,969	\$ 46,485	\$ 46,485	\$ 23,242	\$ 23,242	40%	20%	20%	10%	10%
Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	70%	0%	0%	20%	10%
Recycled water	\$ 7,100	\$ -	\$ -	\$ -	\$ -	\$ 7,100	0%	0%	0%	0%	100%
GIS	\$ 117,806	\$ 81,678	\$ -	\$ -	\$ 29,452	\$ 6,676	69%	0%	0%	25%	6%
Inspection	\$ 12,080	\$ 5,355	\$ -	\$ -	\$ 6,040	\$ 685	44%	0%	0%	50%	6%
Records	\$ 191,541	\$ 84,915	\$ -	\$ -	\$ 95,770	\$ 10,855	44%	0%	0%	50%	6%
Facilities Management											
Environmental Review	\$ 252,986	\$ -	\$ 50,597	\$ 50,597	\$ 137,454	\$ 14,337	0%	20%	20%	54%	6%
Environmental Compliance	\$ 155,632	\$ -	\$ 6,309	\$ 6,309	\$ 12,619	\$ 130,395	0%	4%	4%	8%	84%
Communications	\$ 214,566	\$ -	\$ -	\$ -	\$ 202,406	\$ 12,160	0%	0%	0%	94%	6%
Office of the General Manager	\$ 1,206,737	\$ 181,011	\$ 60,337	\$ 60,337	\$ 836,663	\$ 68,389	15%	5%	5%	69%	6%
Finance	\$ 2,130,603	\$ -	\$ -	\$ -	\$ 2,009,856	\$ 120,747	0%	0%	0%	94%	6%
Human Resources	\$ 856,964	\$ 337,067	\$ 128,545	\$ 128,545	\$ 214,241	\$ 48,567	39%	15%	15%	25%	6%
Information Technology	\$ 870,329	\$ 255,291	\$ 174,066	\$ 174,066	\$ 217,582	\$ 49,324	29%	20%	20%	25%	6%
Letter of Credit fee-Dexia Bank	\$ 529,498	\$ 238,274	\$ 132,374	\$ 132,374	\$ -	\$ 26,475	45%	25%	25%	0%	5%
	----	----	----	----	----	----					
Total Indirect Expenses	\$ 6,869,558	\$ 1,317,034	\$ 616,971	\$ 616,971	\$ 3,794,456	\$ 524,126					
	----	----	----	----	----	----					
Total Operating and Maintenance Expenses	\$ 16,350,766	\$ 5,811,440	\$ 2,861,153	\$ 2,861,153	\$ 3,836,293	\$ 980,727					
<i>Debt Service Installments</i>											
Total Wastewater Debt Service	\$ 8,722,675	\$ 4,361,338	\$ 2,180,669	\$ 2,180,669	\$ -	\$ -	50%	25%	25%	0%	0%
<i>Capital Projects</i>											
Rate-Funded CIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	50%	25%	25%	0%	0%
TOTAL REVENUE REQUIREMENTS	\$ 25,073,441	\$ 10,172,777	\$ 5,041,822	\$ 5,041,822	\$ 3,836,293	\$ 980,727	41%	20%	20%	15%	4%
<i>Less: Non-Rate Revenue</i>	\$ 6,646,829	\$ 2,785,409	\$ 1,380,502	\$ 1,380,502	\$ 1,050,416	\$ 50,000	42%	21%	21%	16%	1%
NET REVENUE REQUIREMENTS	\$ 18,426,613	\$ 7,387,368	\$ 3,661,320	\$ 3,661,320	\$ 2,785,877	\$ 930,727	40%	20%	20%	15%	5%

SEWER – DRAFT 6.13.2011

Table 6 (cont.) - Functionalization and Classification of Expenses
 Adjustments to Functionalization and Classification of Expenses

							variable	variable	variable	fixed	other
							VOL	BOD	TSS	CA	DA
Revenue to be Collected through fixed and variable charges											
Fixed (customer, flow)	\$ 3,685,323	\$ -	\$ -	\$ -	\$ 3,499,177	\$ 186,145	0%	0%	0%	20%	20%
Variable (treatment, flow)	\$ 14,741,290	\$ 6,998,355	\$ 3,499,177	\$ 3,499,177	\$ -	\$ 744,581	40%	20%	20%	0%	80%
	----	----	----	----	----	----					
Total	\$ 18,426,613	\$ 6,998,355	\$ 3,499,177	\$ 3,499,177	\$ 3,499,177	\$ 930,727					
<i>check</i>											
Adjustment for Current Rate Level:											
2011 COS Net Rev. Reqt.	\$18,426,612.86										
2011 Current Rate Revenue	\$20,415,854.00	<i>DA - Recycled</i>									
Adjustment Factor	1.1080										
Adjusted Net Revenue Req'ts	\$ 20,415,854	\$ 7,753,860	\$ 3,876,930	\$ 3,876,930	\$ 3,876,930	\$ 1,031,203					
<i>Sewer Customers</i>	\$ 19,384,651										
<i>Recycled (DA)</i>	\$ 1,031,203										
	\$ 20,415,854										

Table 7 - Allocation of Revenue Requirements

Classification Components	Net Revenue Requirements	Customer Classes								
		Single Family Residential	Multi Family Residential	Commercial - Laundromat	Commercial - Repair Shops/Service Stations	Commercial - Light Industrial	Commercial - Market	Commercial - Restaurant	Commercial - Other	Schools
Volume	\$ 7,753,860	\$ 5,883,330	\$ 877,980	\$ 6,565	\$ 46,080	\$ 43,524	\$ 92,241	\$ 166,755	\$ 514,266	\$ 123,119
Treatment										
- BOD	\$ 3,876,930	\$ 2,570,517	\$ 383,603	\$ 2,868	\$ 20,133	\$ 55,637	\$ 105,594	\$ 286,340	\$ 417,002	\$ 35,235
- TSS	\$ 3,876,930	\$ 2,674,652	\$ 399,143	\$ 3,193	\$ 25,614	\$ 58,755	\$ 109,872	\$ 198,627	\$ 377,744	\$ 29,330
Customer-Related	\$ 3,876,930	\$ 3,668,596	\$ 62,917	\$ 740	\$ 11,843	\$ 10,363	\$ 2,961	\$ 17,765	\$ 101,037	\$ 709
Direct Assignment	\$ 1,031,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Revenue Requirement	\$ 20,415,854	\$14,797,095	\$ 1,723,643	\$ 13,366	\$ 103,671	\$ 168,279	\$ 310,668	\$ 669,486	\$ 1,410,049	\$ 188,394

Table 7 (cont.) - Allocation of Revenue Requirements

Customer Class	Cost of Service Allocated Costs - 2011					Total Revenue		
	(CA)	(VOL)	(BOD)	(TSS)	(DA)	COS Req't	at Present Rates	Percent Difference
Single Family Residential	\$3,668,596	\$5,883,330	\$2,570,517	\$2,674,652	-	\$14,797,095	\$15,094,406	-2%
Multi Family Residential	\$62,917	\$877,980	\$383,603	\$399,143	-	\$1,723,643	\$1,773,810	-3%
Commercial - Laundromat	\$740	\$6,565	\$2,868	\$3,193	-	\$13,366	\$10,187	31%
Commercial - Repair Shops/Service Stations	\$11,843	\$46,080	\$20,133	\$25,614	-	\$103,671	\$153,005	-32%
Commercial - Light Industrial	\$10,363	\$43,524	\$55,637	\$58,755	-	\$168,279	\$204,961	-18%
Commercial - Market	\$2,961	\$92,241	\$105,594	\$109,872	-	\$310,668	\$248,208	25%
Commercial - Restaurant	\$17,765	\$166,755	\$286,340	\$198,627	-	\$669,486	\$764,235	-12%
Commercial - Other	\$101,037	\$514,266	\$417,002	\$377,744	-	\$1,410,049	\$1,280,041	10%
Schools	\$709	\$123,119	\$35,235	\$29,330	-	\$188,394	\$132,603	42%
Total	\$3,876,930	\$7,753,860	\$3,876,930	\$3,876,930	-	\$19,384,651	\$19,661,456	-1%

Table 8 - Annual COS Revenue Requirements by Customer Class

Customer Class	Customer Costs				Effluent Flow			BOD			TSS		
	No. of Accts	\$/Acct/yr	\$/Acct/bi-mo	Annual Rev. Req't	ccf/yr	\$/ccf	Annual Rev. Req't	Load (lb/yr)	\$/lb	Annual Rev. Req't	Load (lb/yr)	\$/lb	Annual Rev. Req't
Single Family Residential	19,825	\$185.05	\$30.84	\$3,668,596	2,206,697	\$2.67	\$5,883,330	3,118,697	\$0.82	\$2,570,517	3,956,195	\$0.68	\$2,674,652
Multi Family Residential	340	\$185.05	\$30.84	\$62,917	329,309	\$2.67	\$877,980	465,409	\$0.82	\$383,603	590,390	\$0.68	\$399,143
Commercial - Laundromat	4	\$185.05	\$30.84	\$740	2,462	\$2.67	\$6,565	3,480	\$0.82	\$2,868	4,723	\$0.68	\$3,193
Commercial - Repair Shops/Service Station	64	\$185.05	\$30.84	\$11,843	17,284	\$2.67	\$46,080	24,427	\$0.82	\$20,133	37,887	\$0.68	\$25,614
Commercial - Light Industrial	56	\$185.05	\$30.84	\$10,363	16,325	\$2.67	\$43,524	67,502	\$0.82	\$55,637	86,907	\$0.68	\$58,755
Commercial - Market	16	\$185.05	\$30.84	\$2,961	34,598	\$2.67	\$92,241	128,112	\$0.82	\$105,594	162,516	\$0.68	\$109,872
Commercial - Restaurant	96	\$185.05	\$30.84	\$17,765	62,546	\$2.67	\$166,755	347,404	\$0.82	\$286,340	293,798	\$0.68	\$198,627
Commercial - Other	546	\$185.05	\$30.84	\$101,037	192,889	\$2.67	\$514,266	505,931	\$0.82	\$417,002	558,738	\$0.68	\$377,744
Schools	23	\$30.84	\$5.14	\$709	46,179	\$2.67	\$123,119	42,750	\$0.82	\$35,235	43,384	\$0.68	\$29,330
Total	20,970	--	--	\$3,876,930	2,908,289	--	\$7,753,860	4,703,712	--	\$3,876,930	5,734,538	--	\$3,876,930

Table 9 - Monthly Fixed and Variable Wastewater Rates

Customer Class	Cust. Cost Rev. Req't	No. of Accounts	Bi-Mo. Customer Service (Flat Rate) per Acct.	Annual Volume-Based Revenue Requirement (\$/yr)					Annual Water Use/Delivery (Recycled), ccf	ADA Rate School (\$/ADA/yr)	Volume-Based Rate (\$/ccf)	
				Flow	BOD	TSS	DA	Total			Flow	Treatment (BOD & TSS)
				Single Family Residential	\$3,668,596	19,825	\$30.84	\$5,883,330				
Multi Family Residential	\$62,917	340	\$30.84	\$877,980	\$383,603	\$399,143	-	\$1,660,726	329,309	-	\$2.67	\$2.38
Commercial - Laundromat	\$740	4	\$30.84	\$6,565	\$2,868	\$3,193	-	\$12,626	2,462	-	\$2.67	\$2.46
Commercial - Repair Shops/Service Station	\$11,843	64	\$30.84	\$46,080	\$20,133	\$25,614	-	\$91,828	17,284	-	\$2.67	\$2.65
Commercial - Light Industrial	\$10,363	56	\$30.84	\$43,524	\$55,637	\$58,755	-	\$157,916	16,325	-	\$2.67	\$7.01
Commercial - Market	\$2,961	16	\$30.84	\$92,241	\$105,594	\$109,872	-	\$307,707	34,598	-	\$2.67	\$6.23
Commercial - Restaurant	\$17,765	96	\$30.84	\$166,755	\$286,340	\$198,627	-	\$651,722	62,546	-	\$2.67	\$7.75
Commercial - Other	\$101,037	546	\$30.84	\$514,266	\$417,002	\$377,744	-	\$1,309,012	192,889	-	\$2.67	\$4.12
Schools	\$709	23	\$5.14	\$123,119	\$35,235	\$29,330	-	\$187,685	46,179	\$10.16	\$2.67	\$1.40
Total	\$3,876,930	20,970	--	\$7,753,860	\$3,876,930	\$3,876,930	-	\$15,507,721	2,908,289	--	--	--

Table 9 (cont.) - Summary of COS Bi-Monthly Sewer Charges

Customer Class	Customer Service Flat Rate (bi. mo.)	Volume-Based Rate (\$/ccf)		
		Flow	Treatment	Total (\$/ccf)
Single Family Residential	\$30.84	\$2.67	\$2.38	\$5.04
Multi Family Residential	\$30.84	\$2.67	\$2.38	\$5.04
Commercial - Laundromat	\$30.84	\$2.67	\$2.46	\$5.13
Commercial - Repair Shops/Service Station	\$30.84	\$2.67	\$2.65	\$5.31
Commercial - Light Industrial	\$30.84	\$2.67	\$7.01	\$9.67
Commercial - Market	\$30.84	\$2.67	\$6.23	\$8.89
Commercial - Restaurant	\$30.84	\$2.67	\$7.75	\$10.42
Commercial - Other	\$30.84	\$2.67	\$4.12	\$6.79
Schools	\$5.14	\$2.67	\$1.40	\$4.06

Table 10 - Adjustments to Fixed vs. Variable Sewer Charges

Customer Class	Existing 2010 Rates		2011 C.O.S. Rates (50% of Resid. Revenue comes from Basic Charges)		
	Basic Charge	Variable (per cf)	Basic Charge	Variable (per cf)	Rate Rev. Generated
<i>% Allocation of Revenue</i>			50%	50%	<i>\$/yr.</i>
Single Family Residential	\$ 77.33	\$ 0.02898	\$ 62.20	\$ 0.03353	\$14,797,095
<i>% Allocation of Revenue</i>			50%	50%	
Multi Family Residential ¹	\$ 77.33	\$ 0.02898	\$ 30.42	\$ 0.02617	\$1,723,643
<i>% Allocation of Revenue</i>			<i>fixed</i>	<i>calculated</i>	
Commercial - Laundromat	\$ 69.76	\$ 0.03853	\$ 69.76	\$ 0.04748	\$13,366
Commercial - Repair Shops/Service S	\$ 69.76	\$ 0.05798	\$ 69.76	\$ 0.04448	\$103,671
Commercial - Light Industrial	\$ 69.76	\$ 0.07759	\$ 69.76	\$ 0.08872	\$168,279
Commercial - Market	\$ 69.76	\$ 0.08320	\$ 69.76	\$ 0.08786	\$310,668
Commercial - Restaurant	\$ 69.76	\$ 0.10731	\$ 69.76	\$ 0.10062	\$669,486
Commercial - Other	\$ 69.76	\$ 0.04969	\$ 69.76	\$ 0.06125	\$1,410,049
<i>% Allocation of Revenue</i>			100%	0%	
Schools (Billed Annually/student)	.52/Student	N.A.	\$ 10.20	\$ -	\$188,394
<i>% Allocation of Revenue</i>					
1. Number of multi-family units =	4,722				

Table 11 - Comparison of Current and Proposed Sewer Charges

Customer Class	Existing 2011 Rates		Proposed New Rates	
	Basic	Variable (\$ per cf)	Basic	Variable (\$ per cf)
Single Family Residential	\$77.33	\$0.02898	\$62.20	\$0.03353
Multi Family Residential	\$77.33	\$0.02898	\$30.42	\$0.02617
Commercial - Laundromat	\$69.76	\$0.03853	\$69.76	\$0.04748
Commercial - Repair Shops/Service Station	\$69.76	\$0.05798	\$69.76	\$0.04448
Commercial - Light Industrial	\$69.76	\$0.07759	\$69.76	\$0.08872
Commercial - Market	\$69.76	\$0.08320	\$69.76	\$0.08786
Commercial - Restaurant	\$69.76	\$0.10731	\$69.76	\$0.10062
Commercial - Other	\$69.76	\$0.04969	\$69.76	\$0.06125
Schools	\$5.52/student	\$4.80000	\$10.20/student	--

Table 12 - Functionalization and Classification of Expenses

RECYCLED WATER CUSTOMERS ONLY

	Recycled Water Revenue Req't	Commodity	Capacity	Fire Protection	Customer	Basis of Classification				
	2011	(COM)	(CAP)	(FP)	(CA)	(COM)	(CAP)	(FP)	(CA)	
<i>Account Type</i>										
Operation and Maintenance Expense										
<i>Direct Expenses (Operations)</i>										
Administration	\$ 8,757	\$ -	\$ 8,757	\$ -	\$ -	0%	100%	0%	0%	
Wastewater Operations	\$ -	\$ -	\$ -	\$ -	\$ -	40%	60%	0%	0%	
Recycled Water Operations	\$ 497,136	\$ 173,998	\$ 173,998	\$ -	\$ 149,141	35%	35%	0%	30%	
Anticipated New Staff (Salary and Benefits)	\$ -	\$ -	\$ -	\$ -	\$ -	0%	80%	0%	20%	
	----	----	----	----	----					
Total Direct Expenses	\$ 505,893	\$ 173,998	\$ 182,754	\$ -	\$ 149,141					
<i>Indirect Expenses</i>										
Natural Resources: Environmental Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	0%	100%	0%	0%	
Management	\$ 5,732	\$ 2,293	\$ 3,439	\$ -	\$ -	40%	60%	0%	0%	
Wastewater	\$ 25,751	\$ 7,725	\$ 10,301	\$ -	\$ 7,725	30%	40%	0%	30%	
Development	\$ -	\$ -	\$ -	\$ -	\$ -	0%	100%	0%	0%	
Recycled water	\$ 7,866	\$ 5,507	\$ -	\$ -	\$ 2,360	70%	0%	0%	30%	
GIS	\$ 7,397	\$ 2,219	\$ 2,959	\$ -	\$ 2,219	30%	40%	0%	30%	
Inspection	\$ 759	\$ 228	\$ 303	\$ -	\$ 228	30%	40%	0%	30%	
Records	\$ 12,027	\$ 3,608	\$ 4,811	\$ -	\$ 3,608	30%	40%	0%	30%	
Facilities Management										
Environmental Review	\$ 15,885	\$ 4,766	\$ 6,354	\$ -	\$ 4,766	30%	40%	0%	30%	
Environmental Compliance	\$ 144,471	\$ 43,341	\$ 57,789	\$ -	\$ 43,341	30%	40%	0%	30%	
Communications	\$ 13,473	\$ -	\$ -	\$ -	\$ 13,473	0%	0%	0%	100%	
Office of the General Manager	\$ 75,772	\$ 34,097	\$ 34,097	\$ -	\$ 7,577	45%	45%	0%	10%	
Finance	\$ 133,782	\$ 66,891	\$ 66,891	\$ -	\$ -	50%	50%	0%	0%	
Human Resources	\$ 53,810	\$ 24,214	\$ 24,214	\$ -	\$ 5,381	45%	45%	0%	10%	
Information Technology	\$ 54,649	\$ 24,592	\$ 24,592	\$ -	\$ 5,465	45%	45%	0%	10%	
Letter of Credit fee-Dexia Bank	\$ 29,333	\$ 13,200	\$ 13,200	\$ -	\$ 2,933	45%	45%	0%	10%	
	----	----	----	----	----					
Total Indirect Expenses	\$ 580,708	\$ 232,681	\$ 248,950	\$ -	\$ 99,076					
	----	----	----	----	----					
Total Operating and Maintenance Expenses	\$ 1,086,601	\$ 406,679	\$ 431,705	\$ -	\$ 248,217					
<i>Debt Service Installments</i>										
Total Wastewater Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	50%	50%	0%	0%	
<i>Capital Projects</i>										
Rate-Funded CIP	\$ -	\$ -	\$ -	\$ -	\$ -	50%	50%	0%	0%	
TOTAL REVENUE REQUIREMENTS	\$ 1,086,601	\$ 406,679	\$ 431,705	\$ -	\$ 248,217	37%	40%	0%	23%	
<i>Less: Non-Rate Revenue</i>	\$ 55,398	\$ 20,734	\$ 22,009	\$ -	\$ 12,655	37%	40%	0%	23%	
NET REVENUE REQUIREMENTS	\$ 1,031,203	\$ 385,945	\$ 409,695	\$ -	\$ 235,562	37%	40%	0%	23%	
						<i>variable</i>	<i>variable</i>	<i>variable</i>	<i>fixed</i>	

Table 13 - Allocation of Recycled Water Revenue Requirements

Classification Components	Net Revenue Requirements	Customer Classes			Basis of Classification
		Commercial Landscape (Recycled Only)	Recreational Turf (Recycled Only)	Residential - Dual Plumbed (Recycled Only)	
Commodity	\$ 385,945	\$ 136,922	\$ 57,499	\$ 191,525	(COM)
Capacity	\$ 409,695	\$ 102,142	\$ 83,922	\$ 223,631	(CAP)
Fire Protection	\$ -	\$ -	\$ -	\$ -	(FP)
Customer Related	\$ 235,562	\$ 10,224	\$ 802	\$ 224,536	(CA)

Table 14 - Proposed Dual-Plumbed RECYCLED Rates for 2011

Recycled Water Customer Class	Customers	Dual-Plumbed Basic Charge (\$/bi-mo.)	Water Consumption (ccf/yr) ²	Commodity Rates (Tied to Potable Rates) ³		Rate Revenue	
				(\$/ccf)	(\$/cf)		
<i>Total Dual-Plumbed - Basic Charges</i>		3,360	\$20.00	--	--	\$403,200	
<i>Tiered Dual-Plumbed Recycled Rates</i>		<u>Breakpoint</u>			<u>Dual-Plumbed Tiered Rates</u>		
<i>Tier 1 (50% of Potable Water -Tier 1)</i>		3,000 c.f./mo.	--	272,000	\$0.5096	\$0.00510	\$138,606
<i>Tier 2 (70% of Potable Water -Tier 2)</i>		4,500 c.f./mo.	--	69,000	\$0.8611	\$0.00861	\$59,417
<i>Tier 3 (90% of Potable Water -Tier 3)</i>		-	--	<u>122,000</u>	<u>\$1.4419</u>	<u>\$0.01442</u>	<u>\$175,916</u>
<i>Total - Commodity Rates</i>		--		463,000	--	--	\$373,938
<i>Total Dual-Plumbed</i>							\$777,138

Table 15 - Commercial Landscape Options *(Assumes Fixed & Commodity Charges)*^a

Commercial Landscape - Options	<u>% of Potable Fixed Charge</u>	<u>% of Potable Variable Rate</u>	Fixed Charge (3/4" Meter)	Commodity Rates		Target Volum. Rev. Reqt
				(\$/ccf)	(\$/cf)	
Option 1	80%	86%	\$32.80	\$1.1836	\$0.01184	\$136,922
Option 2	70%	91%	\$28.70	\$1.2554	\$0.01255	\$136,922
Option 3 (Selected)	60%	96%	\$24.60	\$1.3272	\$0.01327	\$136,922

Table 16 - Current vs. Proposed Commercial Recycled Rates

Customer Class	Existing 2011 Rates			
	Basic	Variable (\$ per cf)		
Commercial Landscape	\$143.84	\$0.00831		
Meter Size	Proposed Rates (w/ Basic Charge)		Proposed Commodity Rate (w/o Basic Charge)	
	Basic ^a	(\$ per cf)		
5/8"	\$24.60	\$0.01327	\$0.01230	
3/4"	\$24.60	"	"	
1"	\$36.19	"	"	
1.5"	\$62.68	"	"	
1.5" T	\$74.27	"	"	
2"	\$95.79	"	"	
2" T	\$95.79	"	"	
3"	\$185.19	"	"	
3" T	\$201.75	"	"	
4"	\$284.53	"	"	
4" T	\$355.72	"	"	
6"	\$559.36	"	"	
6" T	\$781.21	"	"	
8" T	\$1,332.52	"	"	
12" T	\$2,767.92	"	"	

a. Proportionally adjusted Rec Turf (Potable) Fixed charges.

AVERAGE BILL COMPARISON

HOW PROPOSED CHANGES AFFECT OUR CUSTOMERS



DRAFT RATE MODELS

- Committee comments
 - Fair methodology
 - Well documented
 - Fact-based process
 - Great model
 - Reasonable proposals for Board consideration
 - 9 to 1 majority vote

REVENUE REQUIREMENTS DRAFT MODEL

- Water
 - Overall water revenue may require a 6% increase in addition to the previously Board adopted 5% rate increase based on several contingencies
 - District CIP
 - District Budget
 - DI customer class results
 - Debt service coverage targets
 - The proposed cost of services allocation methodology will have a different affect on each customer class

REVENUE REQUIREMENTS DRAFT MODEL

- Wastewater
 - The previously Board adopted 5% rate increase in overall wastewater revenue appears to be adequate
 - Single family residence rates may not require the previously adopted 5% increase in 2012 based on several contingencies
 - District CIP
 - District Budget
 - Regulatory requirements
 - The proposed cost of services allocation methodology will have a different affect on each customer class

SINGLE FAMILY WATER AND SEWER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	1,053 cf	\$140.19	\$147.20	\$155.10	\$ 7.90	5.37%
Medium	3,057 cf	\$199.62	\$209.60	\$219.51	\$ 9.91	4.73%
High	7,686 cf	\$330.69	\$347.22	\$360.01	\$12.79	3.68%

CF = CUBIC FEET

SINGLE FAMILY WATER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	1,053 cf	\$ 39.67	\$ 41.66	\$ 61.62	\$ 19.97	47.93%
Medium	3,057 cf	\$ 70.13	\$ 73.63	\$ 90.83	\$17.20	23.36%
High	7,686 cf	\$151.93	\$159.53	\$171.48	\$11.95	7.49%

CF = CUBIC FEET

SINGLE FAMILY SEWER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	800 cf	\$100.51	\$105.54	\$ 93.48	\$(12.06)	(11.43%)
Medium	1,800 cf	\$129.49	\$135.97	\$128.68	\$ (7.29)	(5.36%)
High	3,500 cf	\$178.76	\$187.70	\$188.53	\$ 0.83	0.44%

CF = CUBIC FEET

SINGLE FAMILY DUAL PLUMBED

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	1,053 cf	\$144.34	\$151.56	\$156.53	\$ 4.97	3.28%
Medium	3,057 cf	\$232.86	\$244.50	\$243.38	\$ (1.13)	(0.46%)
High	7,686 cf	\$496.89	\$521.73	\$623.08	\$101.35	19.42%

DUAL PLUMBED = WATER, SEWER AND RECYCLED
CF = CUBIC FEET

MULTI FAMILY WATER 1" METER 2 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	1,000 cf	\$39.93	\$ 41.93	\$ 90.93	\$49.00	116.88%
Medium	2,500 cf	\$61.37	\$ 64.43	\$113.97	\$49.54	76.89%
High	5,000 cf	\$97.09	\$101.94	\$152.38	\$50.44	49.47%

CF = CUBIC FEET

MULTI FAMILY WATER 1 1/2" METER

12 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	7,000 cf	\$253.87	\$266.56	\$240.23	\$(26.34)	(9.88%)
Medium	15,000 cf	\$368.19	\$386.60	\$363.13	\$(23.47)	(6.07%)
High	20,000 cf	\$439.64	\$461.62	\$439.94	\$(21.68)	(4.70%)

CF = CUBIC FEET

MULTI FAMILY WATER 4" METER

100 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	130,000 cf	\$3,139.70	\$3,296.69	\$2,608.21	\$(688.47)	(20.88%)
Medium	150,000 cf	\$3,425.50	\$3,596.78	\$2,915.46	\$(681.32)	(18.94%)
High	190,000 cf	\$3,997.10	\$4,196.96	\$3,529.96	\$(667.00)	(15.89%)

CF = CUBIC FEET

MULTI FAMILY WATER AND SEWER

1" METER 2 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	1,000 cf	\$221.19	\$232.25	\$189.32	\$(42.94)	(18.49%)
Medium	2,500 cf	\$266.83	\$280.17	\$229.80	\$(50.37)	(17.98%)
High	5,000 cf	\$363.55	\$381.17	\$312.17	\$(69.57)	(18.22%)

CF = CUBIC FEET

MULTI FAMILY WATER AND SEWER 1 1/2" METER 12 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	7,000 cf	\$1,346.35	\$1,413.67	\$ 834.06	\$(579.61)	(41.00%)
Medium	15,000 cf	\$1,528.16	\$1,604.57	\$1,005.60	\$(598.97)	(37.33%)
High	20,000 cf	\$1,762.71	\$1,850.85	\$1,199.95	\$(650.90)	(35.17%)

CF = CUBIC FEET

MULTI FAMILY WATER AND SEWER 4" METER 100 UNITS

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	130,000 cf	\$12,060.88	\$12,663.92	\$ 7,425.08	\$(5,238.85)	(41.37%)
Medium	150,000 cf	\$13,940.58	\$14,637.61	\$ 8,880.97	\$(5,756.64)	(39.33%)
High	190,000 cf	\$15,316.38	\$16,082.19	\$10,075.01	\$(6,007.18)	(37.35%)

CF = CUBIC FEET

AGRICULTURE NON IMS WITHOUT RESIDENCE

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	18,835 cf	\$ 55.86	\$ 58.66	\$ 41.91	\$(16.75)	(28.56%)
Medium	73,751 cf	\$131.10	\$137.65	\$126.03	\$ (11.63)	(8.45%)
High	332,533 cf	\$485.63	\$509.91	\$522.43	\$ 12.52	2.45%

IMS = IRRIGATION MANAGEMENT SERVICES

CF = CUBIC FEET

AGRICULTURE NON IMS WITH RESIDENCE

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	18,835 cf	\$ 76.96	\$ 80.81	\$103.97	\$23.16	28.66%
Medium	73,751 cf	\$152.19	\$159.80	\$188.09	\$28.28	17.70%
High	332,533 cf	\$506.73	\$532.06	\$584.49	\$52.43	9.85%

IMS = IRRIGATION MANAGEMENT SERVICES

CF = CUBIC FEET

AGRICULTURE IMS WITHOUT RESIDENCE

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	18,835 cf	\$ 52.29	\$ 54.90	\$ 41.91	\$(12.99)	(23.67%)
Medium	73,751 cf	\$117.09	\$122.94	\$126.03	\$ 3.08	2.51%
High	332,533 cf	\$422.45	\$443.57	\$522.43	\$ 78.86	17.78%

IMS = IRRIGATION MANAGEMENT SERVICES

CF = CUBIC FEET

AGRICULTURE IMS WITH RESIDENCE

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	18,835 cf	\$ 73.72	\$ 77.41	\$103.97	\$ 26.56	34.31%
Medium	73,751 cf	\$138.52	\$145.45	\$188.09	\$ 42.64	29.31%
High	332,533 cf	\$443.89	\$466.08	\$584.49	\$118.41	25.41%

IMS = IRRIGATION MANAGEMENT SERVICES

CF = CUBIC FEET

SMALL FARM WATER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	5,831 cf	\$ 54.21	\$ 56.92	\$ 77.43	\$20.51	36.04%
Medium	16,252 cf	\$ 68.36	\$ 71.78	\$ 93.40	\$21.62	30.12%
High	49,176 cf	\$113.46	\$119.14	\$143.83	\$24.69	20.72%

CF = CUBIC FEET

SMALL FARM WATER AND SEWER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	5,831 cf	\$183.71	\$192.89	\$170.91	\$(21.99)	(11.40%)
Medium	16,252 cf	\$197.86	\$207.75	\$222.08	\$ 14.33	6.90%
High	49,176 cf	\$242.96	\$255.11	\$332.36	\$ 77.25	30.28%

CF = CUBIC FEET

DOMESTIC IRRIGATION WATER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	3,366 cf	\$ 76.59	\$ 80.42	\$ 73.66	\$ (6.76)	(8.41%)
Medium	8,635 cf	\$ 85.56	\$ 89.84	\$ 81.73	\$ (8.11)	(9.03%)
High	24,991 cf	\$115.16	\$120.92	\$106.78	\$(14.14)	(11.69%)

CF = CUBIC FEET

DOMESTIC IRRIGATION WATER AND SEWER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	3,366 cf	\$206.09	\$216.39	\$167.13	\$(49.26)	(22.76%)
Medium	8,635 cf	\$215.06	\$225.81	\$210.41	\$(15.40)	(6.82%)
High	24,991 cf	\$244.66	\$256.90	\$295.31	\$ 38.42	14.95%

CF = CUBIC FEET

RECREATIONAL TURF 1 1/2" METER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	12,343 cf	\$ 123.09	\$ 129.24	\$ 305.57	\$ 176.33	136.43%
Medium	51,140 cf	\$ 408.88	\$ 429.32	\$ 901.58	\$ 472.26	110.00%
High	202,469 cf	\$1,761.59	\$1,849.67	\$3,283.20	\$1,433.54	77.50%

CF = CUBIC FEET

RECREATIONAL TURF 3" METER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	12,343 cf	\$ 151.64	\$ 159.22	\$ 532.22	\$ 373.00	234.26%
Medium	51,140 cf	\$ 432.04	\$ 453.64	\$1,128.23	\$ 674.59	148.70%
High	206,169 cf	\$1,646.04	\$1,728.35	\$3,509.85	\$1,781.51	103.08%

CF = CUBIC FEET

RECREATIONAL TURF 4" METER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	12,343 cf	\$ 173.70	\$ 182.39	\$ 715.99	\$ 533.60	292.57%
Medium	51,140 cf	\$ 451.10	\$ 473.66	\$1,312.01	\$ 838.35	177.00%
High	206,169 cf	\$1,559.56	\$1,637.54	\$3,693.62	\$2,056.09	125.56%

CF = CUBIC FEET

COMMERCIAL RECYCLED LANDSCAPE

3/4" METER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	2,500 cf	\$164.62	\$172.85	\$ 60.66	\$(112.18)	(64.90%)
Medium	15,000 cf	\$268.49	\$281.91	\$234.83	\$ (47.08)	(16.70%)
High	35,000 cf	\$434.69	\$456.42	\$513.50	\$ 57.08	12.51%

CF = CUBIC FEET

COMMERCIAL RECYCLED LANDSCAPE

2" METER

Usage	Bi-monthly Average Consumption	Current Rate	Previously Adopted 2012 Rates	Proposed 2012 Rates	Difference	
					Cost	%
Low	2,500 cf	\$164.62	\$172.85	\$135.41	\$(37.43)	(21.66%)
Medium	15,000 cf	\$268.49	\$281.91	\$309.58	\$ 27.67	9.81%
High	35,000 cf	\$434.69	\$456.42	\$588.25	\$131.83	28.88%

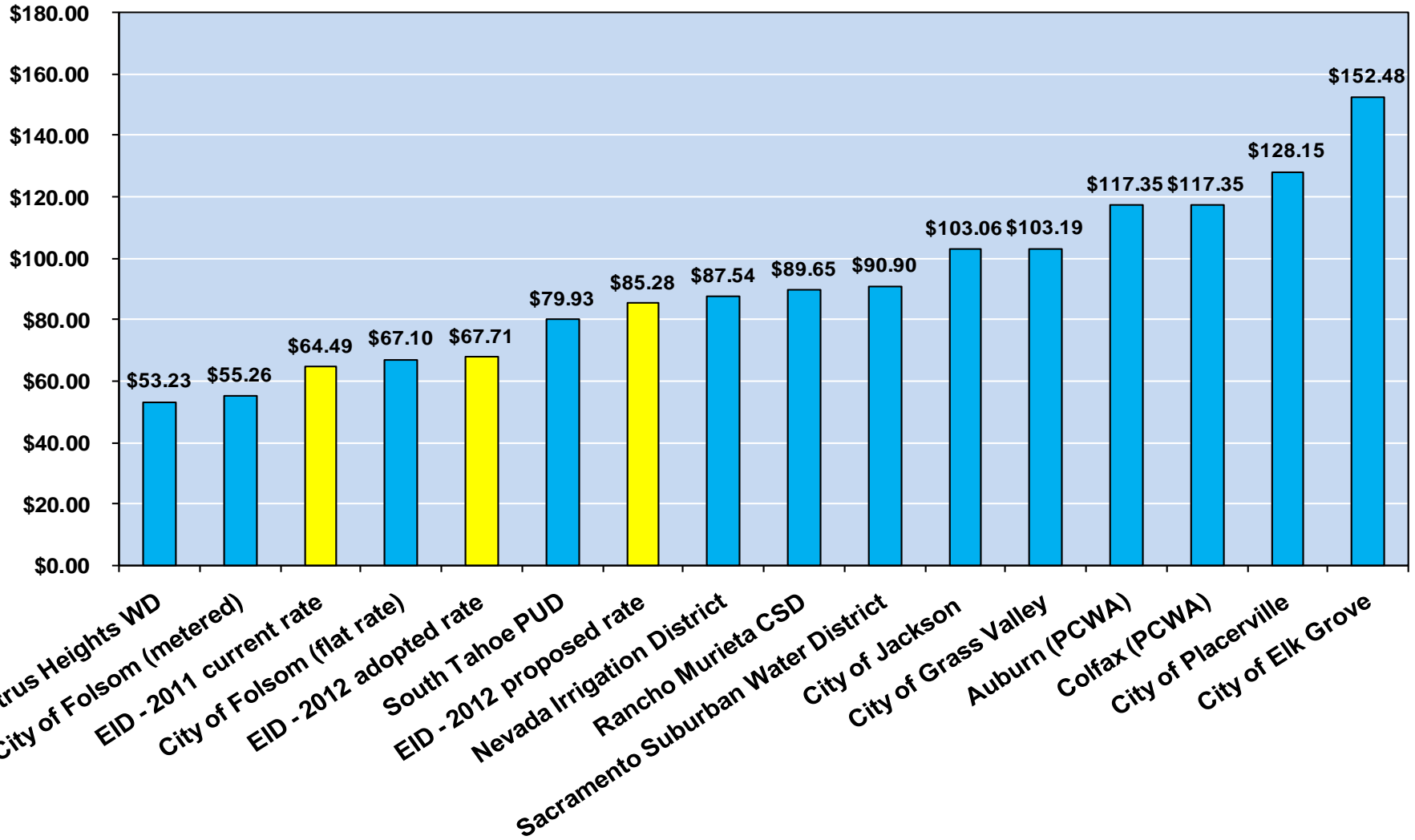
CF = CUBIC FEET

REGIONAL WATER BILL COMPARISON



Regional Water Bill Comparison, January 2011

For Bi-Monthly Service - Single Family Residence - 27 ccf usage

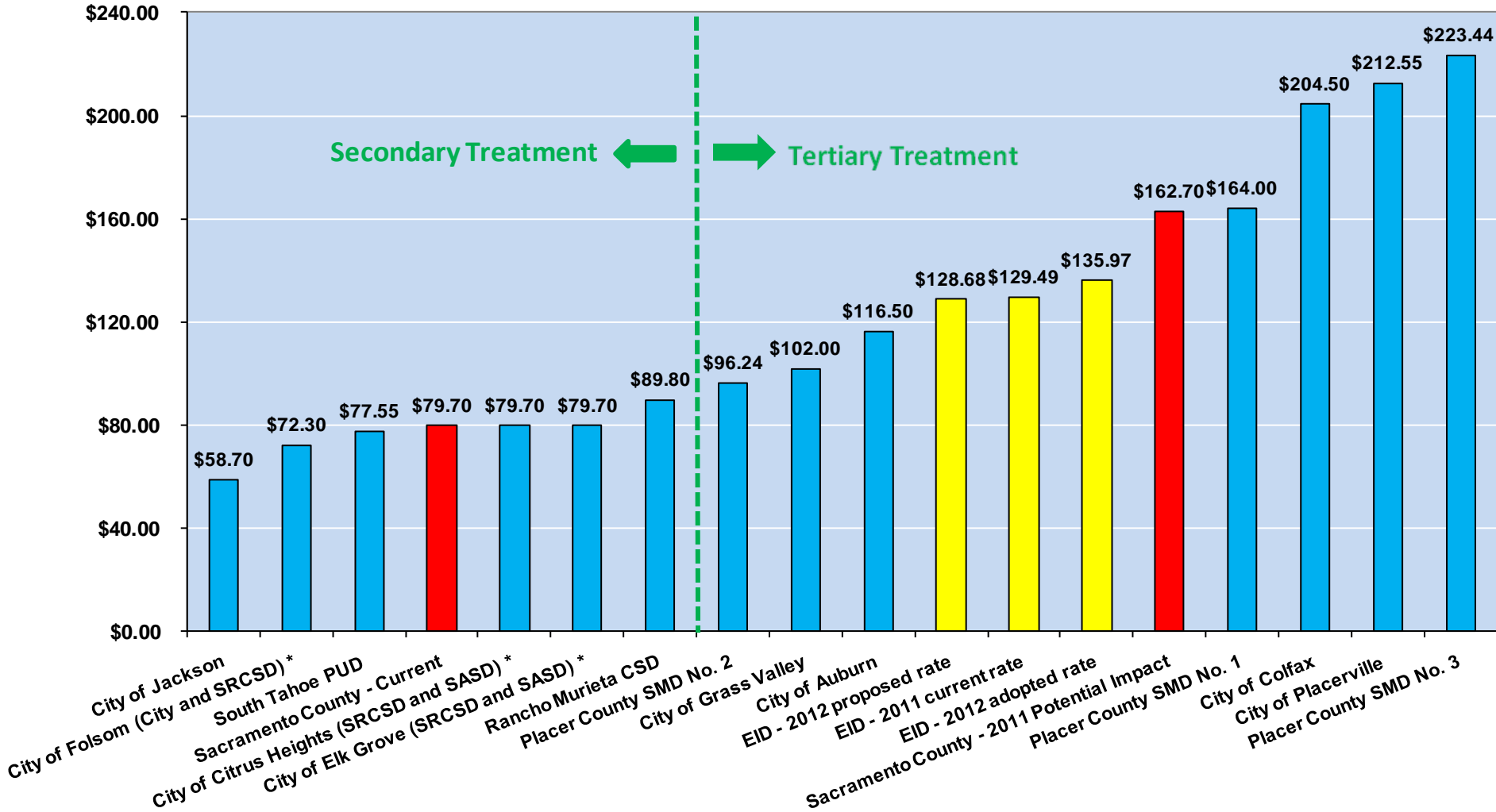


REGIONAL SEWER BILL COMPARISON



Regional Sewer Bill Comparison, January 2011

For Bi-Monthly Service - Single Family Residence - 18 ccf of winter usage



* Cities impacted by Sacramento Regional County Sanitation District's (SRCSD) 2011 rate increase consideration

NEXT STEPS

- Board direction on COS study and model
- Schedule Public Workshops (July/August)
- Board adoption of COS model (September)
 - with modifications as necessary
- Update CIP and feed results into model (July/August)
- Update 2012 Budget and feed results into model (September/October)
- Prop. 218 process (October-December)

DISCUSSION

