

# El Dorado Irrigation District—Meeting Our Commitments

JANUARY 2012

Back in early 2010, EID made commitments to reduce costs in order to lessen the rate impacts on our customers. Fast forward to January 2012—here is a summary of the actions we have taken:

- ✓ **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 four years. Savings were achieved through wage freezes, changes in the retiree pension and health benefits for new employees, and other actions.
- ✓ **Prepay Other Post Employment Benefit (OPEB) costs.** The district will prepay OPEB costs to the CalPERS California Employer's Retiree Benefit Trust Fund (CERBT) in the amount of \$6 million in 2012 in order to reduce the pension obligations for the future.
- ✓ **Employee furloughs:** In an effort to reduce costs, EID employees took 40 hours of furloughs between July 2 and December 31, 2011, generating a quarter million dollars in savings and helping increase the District's debt coverage.
- ✓ **More dollars for hydroelectric power:** In April of 2010, the district completed negotiations with buyers to improve the price we are paid for the hydroelectric power we generate. Under a new contract, we projected \$6 to \$10 million power revenue per year; much more than the \$3.5 million estimated in the 2010 budget. Due to the 2011 wet winter and slow snowpack melt, we earned approximately \$11 million in non-rate revenue from hydroelectric power generation.
- ✓ **Savings from debt restructure:** In late February, 2010, the district completed the process of restructuring a portion 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. By using extra revenues from the hydroelectric power generation in 2011, we have made a prepayment on 2012's debt payment of \$2 million.
- ✓ **Defer capital improvement projects:** After holding a public workshop, the board adopted a new 2012-2016 Capital Improvement Plan (CIP) in September of 2011 that reduces the CIP budget by \$55 million over a five-year period, compared to the 2011-2015 CIP budget.
- ✓ **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 will rent EID's lab facility. This is in addition to the 30 percent cut in workforce in mid-2008; reducing staff below that of 2000.
- ✓ **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.
- ✓ **Operating budget reductions:** Expect to under-spend the 2011 operating budget by approximately \$300,000. Under-spent the 2010 operating budget by approximately \$3 million.
- ✓ **Flat operating budget:** Even with substantial increases in electrical, fuel, and chemical costs, which comprise a substantial portion of the operating budget, the 2011 budget that was adopted by the board was flat compared to the 2010 budget. Expect to have another flat operating budget in 2012.
- ✓ **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:** Completed in January 2012. In conjunction with a community-based ratepayer advisory panel and an independent expert well versed in accepted standards, the draft results were presented to the board in a series of three public workshops in the summer of 2011, with public outreach meetings occurring in the fall of 2011. The board took action on the study in November 2011.

These commitments and accomplishments will guide EID financial management well into the future. They are aimed at ensuring that the district continues to deliver safe, reliable services in a financially responsible way.



Securing water rights



Providing high-quality water



Rebuilding the water conveyance system



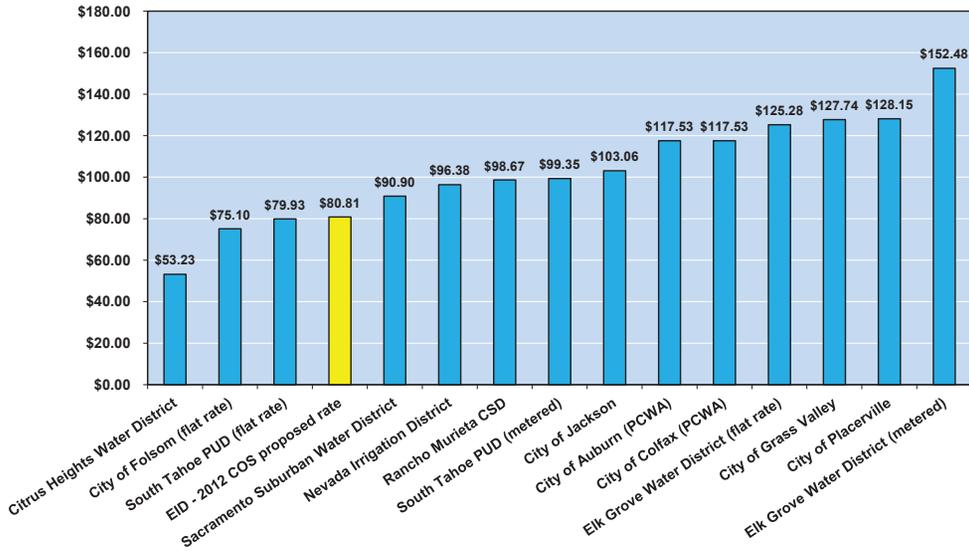
Revitalizing the wastewater collection system



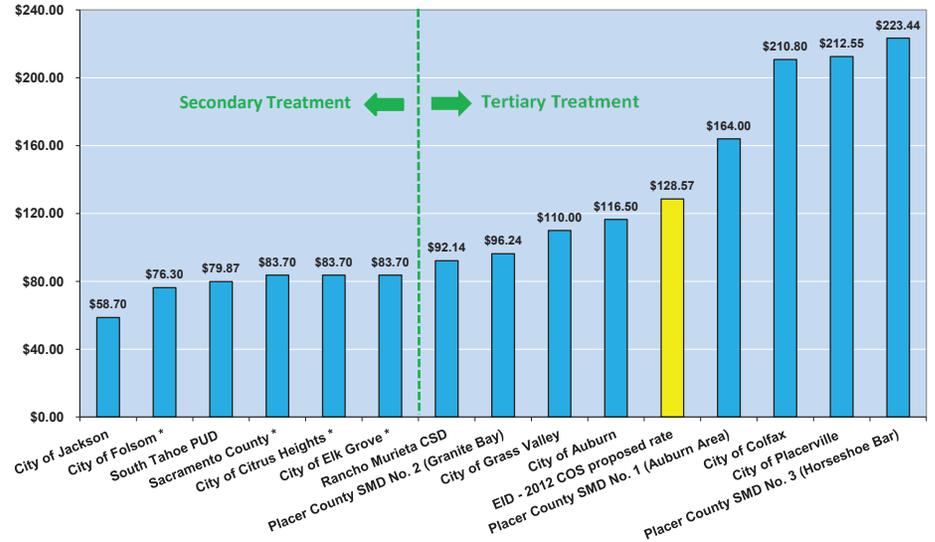
Generating energy and revenue

The following charts show how EID water rates compare with other utilities in the region for typical residential water use and residential wastewater services. PLEASE NOTE: All amounts are for two-month bills. Monthly amounts are half of what is shown.

**Regional Water Bill Comparison, January 2012**  
For Bi-Monthly Service - Single Family Residence - 2,700 cf usage



**Regional Sewer Bill Comparison, January 2012**  
For Bi-Monthly Service - Single Family Residence - 1,800 cf of winter usage



\* Agencies impacted by Sacramento Regional County Sanitation District's (SRCS) 2011-2020 tertiary treatment improvement plan rate increase. Sacramento County's sewer rate in 2020, reflecting tertiary treatment, is projected to be \$175.80; a 110% increase over 2012's \$83.70 rate.

**2000-2009 Major Capital Improvement Plan (CIP) Water Expenditures**

**Water Delivery, Reliability, and Storage**

Line and cover reservoir program	\$29,460,164
Pleasant Oak Main replacement	\$21,598,604
Sly Park water system	\$1,991,675
Oakridge water storage tanks	\$4,709,095
Silva Valley Pkwy 42" water main	\$8,512,970
Bass Lake Tanks / Waterlines	\$7,624,754
Promontory Tank / Waterlines	\$4,949,421
EDHWTP improvements	\$11,853,816
Canal and flume upgrades	\$4,929,769
Flume 31 / 31A replacement	\$4,752,922
Flume 51 Replacement	\$3,634,006
Slide at Flumes 6 and 7	\$1,270,008
Flume 49 / 50 replacement	\$5,841,949
Echo conduit and tunnel replacement	\$1,715,194
Hazel Creek downstream channel	\$1,117,541
Silver Lake dam remediation	\$698,152
Emergency landslide stabilization (canal/flume system)	\$3,633,440
Caples Lake main dam outlet remediation	\$2,247,153
Diversion dam upgrades	\$1,038,227
Water Rights for 17,000 acre-feet	\$2,815,657
SMUD/EI Dorado agreement for water rights	\$1,638,857
<b>Subtotal</b>	<b>\$126,033,375</b>

**Major Capital Improvement Plan (CIP) Wastewater and Other Expenditures**

**Wastewater Collections, Treatment, and Storage**

Mother Lode force main replacement	\$4,410,690
New York Creek lift station upgrade	\$1,800,000
DCWWTP regulatory compliance	\$25,348,275
Silva Valley sewer line replacement	\$2,986,703
EDHWTP Ph III improvements	\$63,286,081
Rancho Ponderosa wastewater treatment plant	\$3,892,394
<b>Subtotal</b>	<b>\$101,724,143</b>

**Recycled Water Delivery and Reliability**

Bass Lake recycled pump station	\$1,347,720
Seasonal storage for recycled water	\$1,287,610
<b>Subtotal</b>	<b>\$2,635,330</b>

**Energy Generation**

Solar photovoltaic project at EDHWTP	\$3,099,620
<b>Subtotal</b>	<b>\$3,099,620</b>

**Other General District Capital Improvement Plan (CIP) Expenditures**

**Public and Workplace Health and Safety**

Headquarters facility Phase II	\$6,499,245
<b>Subtotal</b>	<b>\$6,499,245</b>

**Economic Efficiencies**

Automated meter reading system	\$3,855,946
<b>Subtotal</b>	<b>\$3,855,946</b>

**Total \$243,847,659**