



The Waterfront

EID Hosts Meeting of the Mountain Counties Water Resources Association



On December 9, EID hosted the Mountain Counties Water Resources Association (MCWRA) quarterly meeting at its Placerville headquarters. EID board member and MCWRA president, Bill George, kicked off the meeting with a recap of Mountain Counties legislative efforts. Guest speakers included Senator Ted Gaines, who spoke on water issues and the status of state government; Chair of the El Dorado County Supervisors, Ray Nutting, who talked about the importance of water in El Dorado and surrounding mountain counties; and Dale K. Hoffman-Floerke, deputy director, Delta and Statewide Water Management, California Department of Water Resources, who spoke on the Bay Delta Conservation Plan (BDCP) process. The BDCP is a comprehensive plan expected to be completed in 2013. The plan addresses ways to improve water supply reliability and ecosystem restoration in northern California. This is an important initiative for the District to follow as we need to ensure that we do not lose water rights during the BDCP process. A copy of the BDCP presentation may be found by going to <http://bit.ly/sKCZ3T>.

A Quarter of EID Customers Are Signed Up for Online Bill Pay—Sign Up Today!

"I just used this feature for the first time. Very nice. Thanks for this convenience!" —E-mail from EID customer

Head over to EID's website (graphic at right) and sign up for online billing. It takes just a few moments to set up. This service allows you to view your account at any time of the day or night—from your home or anywhere in the world. Online bill pay allows you to pay your bill with a Visa or MasterCard. And when your statement is available, you'll receive an e-mail notification. You can choose to completely automate by signing up for a recurring payment. You'll find details about how to read your billing statement and receive information from EID—including the *Waterfront* newsletter, the annual water quality report, and other important notifications.

"Customers had been asking for the ability to pay their EID bills online for quite some time," said Lori Grace, EID's customer service manager. "Online bill pay improves customer service by offering more payment choices—and it gives our customers the ability to make payments 24/7 in the privacy of their own home."

When you first sign up, only the current statement will be available, but after you are on the system for a while, you will be able to see the three most recent statements at any time.

As of December of 2011, 25% of EID customers were signed up for the service. And more than two-thirds of those signed up have requested to go paperless.

Paperless is a great option for many customers. It also benefits EID—fewer bills to print and send through the mail. Go to the EID website today and click on the "Online Billing" icon to sign up.

The screenshot shows the El Dorado Irrigation District website. The header includes the district name and tagline: "Serving people, agriculture, business, and the environment in northern California's El Dorado County since 1925". Navigation links for Home, Site Map, Contact Us, and Español are visible. A search bar is present. The main content area features a video player with a play button and a red callout box pointing to it that says "Click here to access online billing." Below the video is a "Cost of Services Study" link. On the right sidebar, there is a "Click on the images" section with a "Click here to access online billing" button highlighted in a red box, and a "VIEW AND PAY" button below it. Other links include "Click for the latest Waterfront newsletter" and "RECREATION".



Message from the General Manager

Cost-of-Services Study Completed

Jim Abercrombie

In the fall of 2011, the District completed an extensive Cost-of-Services Study to review our rates and ensure that costs were fairly allocated for all of

our customers. As a result of the Study, a model was developed to allocate the District’s operating and debt costs equitably among water, wastewater, recycled water, and customer classes. We discussed the Study at 13 public Board meetings and two community workshops.

As reported in October of 2011, in order to ensure more reliable revenue that is not heavily influenced by wet or dry years and allows the District to meet our financial needs, the model for calculating rates was changed from a 70-30 to a 50-50 formula, which means that 50 percent of the rate will be based on variable (commodity) charges and 50 percent will be based on fixed (base) charges. This change moves the formula back to what was used prior to 2008, when it changed to a 70-30 formula. As this newsletter goes to press, staff will be doing final refinements to the Study model, which we will share with our customers in early 2012.

What does this mean to you as a customer? It means that we will need to make some changes in our rate structure. The overall impacts will differ among rate classes. For some customers, monthly bills will go up, and for others monthly bills will go down.

For instance, medium-use single family residential wastewater customer rates will go down about \$3.70 per month. For medium-use dual-plumbed (water, wastewater, and recycled water) customers; rates will go down by \$1.13 per month. For medium-use single family residential water and wastewater customers, rates would increase by about \$2.37 per month. For medium-use single family residential water customers, rates would increase by approximately \$6.08 per month. Because of the change to the 50-50 allocation method and changes in customer classes, there is no across-the-board percentage increase proposed. The proposed changes depend on individual customer class and each customer’s water use.

Why does the District have to do this so soon after the last round of rate changes? The District is only proposing this after eliminating 30 percent of our workforce over the last few years

and reducing our expenditures from \$46.7 million in 2008 to \$42.9 million in 2012. However, the short answer is that we have to have money to pay for the required infrastructure replacements that have been constructed over the last 10 years which were mostly mandated by the state and federal government; we have to continue to replace deteriorated infrastructure; and we need revenue stability to provide safe and reliable water, wastewater, and recycled water services even during wet years, as we experienced last winter.

EID is not alone in facing the challenge of rebuilding necessary infrastructure and coping with revenue shortages. Other agencies in our region and across the country struggle with the same thing. The utility infrastructure in the United States, much of it built in the mid-1900s, is wearing out as evidenced by the tragic pipeline failures at PG&E, as well as the numerous water main breaks throughout the country or the canal failure that happened in Placer County last fall. EID does not want to end up in the same predicament as these agencies with water shortages or service interruptions, that’s why we are “planning forward” to replace infrastructure before catastrophic failure looms and costs District ratepayers even more.

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Each customer will receive detailed information in the form of a Proposition 218 letter describing all proposed changes to our rate structure prior to a rate change implementation. Customers will have an opportunity to provide feedback to the District prior to rate changes, which we are planning in early spring of 2012.

I look forward to presenting you with the detailed report on the Cost-of-Services Study which outlines exactly what changes we will be proposing. In the meantime, if you would like to review materials produced in the 15-month study, please visit our website at www.eid.org and click on the Cost-of-Services tab.

The News—Briefly

2012 Operating Budget Nearly Flat Compared to 2011 and \$5 Million Less Than 2008 Budget

At its November 14 meeting, the EID Board of Directors adopted the 2012 mid-cycle operating budget in the amount of \$42.970 million. In accordance with board policy, the board adopts a two-year budget and conducts a mid-cycle review to determine any changes that may be needed in the second year of the cycle. Mark Price, EID’s finance director, reported that the 2012 operating expense budget was nearly flat compared to the 2011 adopted budget and is \$1.1 million less than the previously adopted second year of the 2011–2012 biennial budget and \$5 million less than the one in 2008.

Questions and Answers: CIP and EID's Aging Infrastructure

Left: EID Communications and Community Relations Director Mary Lynn Carlton talks with Operations Director Tom McKinney. Right: Tom McKinney and Drinking Water Operations Supervisor Kurt Mikkola at the Pleasant Valley Fort Jim Grange Pressure Reducing Station



In our November/December 2011 Waterfront newsletter, we reviewed what constitutes capital improvement plan (CIP) expenditures as well as an example of a very important CIP that receives annual investments—the Project 184 water conveyance system. Project 184 not only provides one third of the District's water supply, it provides the District with very senior water rights. That's why it's critical to keep it running with annual capital expenditures. In this issue we will review some of the other very important capital projects that the District has undertaken in the last decade to ensure that we provide safe and reliable services for our customers.

Can you discuss some of the most important capital projects the District has undertaken in the last decade and why those projects were necessary to do?

Before I do so, I want to revisit what a CIP is and why we need to have one. As mentioned in the last *Waterfront*, a CIP is a five-year plan that is updated each year to identify and plan for



Workers place a section of pre-cast concrete flume

necessary improvements that ensure the safety and reliability of the District's infrastructure. The Board of Directors reviews and adopts an updated plan every year, only approving specific project funding on an as-required basis. Through the preparation and adoption of the CIP, the District can ensure that adequate long-term funding is secured to pay for these service reliability projects.

That being said, I would say that in addition to Project 184, we have had to make investments in projects in all segments of our business—hydroelectric, water, wastewater, and recycled water. Some of the major projects associated with Project 184 are powerhouse repairs and improvements, flume and tunnel replacements and repairs, slope stabilization as a part of flume work, and installation of a fish screen on Alder Creek, which is a regulatory requirement. Total costs on the Project 184 system thus far are approximately \$100 million. These projects ensure that the water conveyance system is reliable and it safely brings the water down from its source in the high Sierra mountains.

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What were some of the wastewater projects completed and why were they needed?

Some examples of major wastewater projects are: 1) the upgrade of the El Dorado Hills wastewater plant from 2007–2009, making it compliant with newly mandated state and federal standards. This was also necessary to ensure that the District had capacity for processing the wastewater for the fast-growing El Dorado Hills and surrounding communities and to be able to take units out of service for maintenance and repairs. Other examples are the Mother Lode forcemain project and the Coach Lane sewer line replacement project. Mother Lode forcemain's phase 2A/4 project, completed in 2010 at a cost of \$1.7 million, was to replace over 1.5 miles of sewer line that had been disintegrated due to hydrogen sulfide corrosion. Those costs, combined with earlier phases of the project in the last decade, brought the total project cost to approximately \$5.0 million. The Coach Lane sewer line replacement project, completed in mid-2011, was necessary to repair a sewer line that had totally disintegrated over the years. The cost on that project was \$1.07 million.



Above: Mother Lode forcemain project
Below: Pleasant Oak Main project

Several sewer lift stations are on tap for replacement due to age. The Timberline lift station project, located in El Dorado Hills, is being worked on at this time and is expected to be completed in 2012. Originally built in 1989, it requires replacement of pumps, electrical gear, generators, and refurbishment of wet wells, as does the Summit 1 lift station which will be completed in 2013. Costs for both projects are approximately \$2.0 million. Additionally, in 2012 we will begin work on the complete

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INFRASTRUCTURE, *continued from page 3*

replacement of the El Dorado Hills Business Park sewer lift station. Cost is expected to be in the range of \$1.6 million and the project should be completed in late 2012.

Can you tell me about some water projects and why they were needed?

Recent water projects included the upgrade of the El Dorado Hills water treatment plant and pump station in 2009. Adding the additional 5 pumps provided redundant capacity so EID could still pump water out of Folsom Lake even if another pump failed. This was also needed to comply with state and federal mandates as well as service the fast growing communities in the western part of our service district. The cost was \$11.8 million. Other water projects include the Reservoir 1 and Reservoir A water treatment plant chlorine conversion projects.

The Reservoir 1 and Reservoir A water treatment plant chlorine conversion projects will convert the treatment process to the use of liquid sodium hypochlorite instead of chlorine gas in order to reduce public risk and District liability and improve safety and reliability. Reservoir 1 was completed in January 2012 and Reservoir A will be completed in 2013. Total costs of the projects are \$2.5 million. The District converted the El Dorado Hills plant as part of its upgrade in 2009.

Beginning in 2005 the District undertook the Pleasant Oak main project, a major waterline replacement, due to faulty material supplied by a supplier. The project took two years to complete and involved replacement of five miles of line at a total cost of approximately \$22 million. This project greatly improved the District's water service reliability and reduced our liability.

What are some future capital projects and why are they needed?

Future projects include repairing a high Sierra bridge that provides access to our water supply system; Forebay dam remediation, which will heighten the dam face by 10 feet and will bring us into compliance with the requirements of the Federal Energy Regulatory Commission and the California Department of Water Resources' Division of Safety of Dams, as well the Sly Park intertie lining project, which allows us to move water between Reservoir 1 and A, Echo conduit replacement, lining and piping the main ditch, as well as more work on Project 184 flumes and canals.



Above: Flume 9 project
Below: Coach Lane sewer line project

In these difficult economic times, what is the District doing to ensure that we remain vigilant in only spending CIP money on the most critical projects?

We are aware of the difficult economic times and are being diligent about our spending. We have instituted a priority system, as discussed in the last issue of the *Waterfront*. In essence, there are three levels of priorities, with a level 1 being considered mandatory from a health and safety, or regulatory, standpoint. A level 2 project is considered necessary for system reliability. A level 3 project increases service levels or improves efficiency, but does not affect health and safety nor is it required by legal mandate. All but one project planned for completion in 2012 is rated as a priority level 1 or 2. We are trying to extend the life of our assets while not jeopardizing our systems which could cause a catastrophic failure and/or create a public health or safety hazard. We also competitively bid all jobs and ensure that we select the contractor who offers the best price while meeting our project commitments.

How much money has the District spent on its CIP over the last decade?

We have spent about \$400 million of capital money to catch up on the deferred maintenance and service reliability projects, make improvements to our infrastructure to meet state and federal mandates, and a portion of it was spent to fund new capital expansion of infrastructure projects. Now that we have pretty much caught up on past deferrals, we will be returning to "normal" expenditures. The five-year 2012–2016 CIP is estimated at \$87 million. I might also add that this recent plan was reduced by \$55 million from last year's five-year plan.

EID has a lot of assets in the ground—about \$800 million worth, spread over 220 square miles. Assuming a 50-year life expectancy of these assets, the District should be spending an average of \$15 to \$20 million a year to replace or repair them each year to keep up with maintaining the system and providing safe and reliable service to our customers. That is our number one job, and we all take pride in providing excellent service to our customers.

2012 REGULAR BOARD MEETINGS

January	February	March	April	May	June	July	August	September	October	November	December
9	13	12	9	14	11	—	13	10	9 (T)	13 (T)	10
23	27	26	23	29 (T)	25	23	27	—	22	—	—

Board meetings generally occur on the second and fourth Monday of each month. The dates marked (T) take place on a Tuesday.

The *Waterfront* is written and designed by EID's Communications and Community Relations Department.