Water-saving Lawn Tips

Lawns use a lot of water, so there’s a fair amount of savings to capture outside. Here are some useful tips to consider to help save water outside your home.

- Select water efficient varieties suited for your local climate
- Replace nonessential turf with ground covers, mulches, decks and walkways.
- Adjust irrigation schedule to reflect EID’s watering restrictions (www.eid.org/WateringRestrictions).
- Water at night or in the early morning, before 10:00 a.m. and after 7:00 p.m., on your watering days, this reduces evaporation and wind will not be strong enough to interfere with sprinkler patterns.
- Mow lawns higher during very warm weather—it helps reduce growth rate, protects lawn from sunburn, promotes deeper root growth, shades soil, and reduces weeds.

Governor Brown has declared a drought emergency using the drought-fueled laws passed in 2014. But the Governor’s Executive Order is only a start. Customers can save through a variety of methods. Customers’ watering days remain based on street address ending number, with irrigation restrictions that District customers followed last summer. These restrictions are in effect from June 1 until September 30.

To help ensure adequate drinking water supplies for all customers it is crucial that our recycled water customers also meet the state-mandated 28% conservation requirement, even though your HOA may control the irrigation sprinklers in your front yard. When they learn that by reducing shower times from 10 minutes to 5 minutes they could save up to 12.5 gallons daily, this will be more meaningful in the context of their bills. Click on www.eid.org/save30 to read some simple ways you can save gallons inside and outside of your home or business.
Jim Abercrombie
Strong Customer Response, Strong District

As we head into the hot summer months of this fourth year of drought, I can’t help but think we’re in a strong place. In the face of a historic drought, EID remains on the front foot and leads the way on customer conservation. How did we get here? It comes down to outstanding customer conservation and careful near- and long-term financial planning.

Customers Understand the Severity of the Drought

In a June 3 article in the Sacramento Bee detailing water use conservation at California’s 100 largest water districts (for the period from June 2014 and April 2015), EID was ranked number 1 for conservation. Our customers achieved a 24 percent savings during that time under voluntary push for conservation. Let me state this again: you, our customers, helped make EID state leaders in conservation during this time period.

This incredible response shows clearly how well EID customers understand the severity of this drought. For 2015, our state-mandated reduction requirement is 28 percent. So we’ve got to go just a little bit further. With the kind of results we’ve been seeing, I have no doubt our customers can achieve this level of conservation. As this newsletter goes to press, year-to-date in June was at 29 percent. I know the heat of summer is ahead of us, but these results give me confidence.

Solid Financial Plan

Some water purveyors across the state are surely struggling, not only with water supplies but also the effects of reduced water sales on their agencies’ budgets. This is not the case at the district. EID has maintained a solid financial plan that allows us to weather the hits associated with historic droughts like the one we’re experiencing.

In 2010, EID’s board of directors directed staff to perform a rate study. With Governor Brown’s executive order, water providers across the state must cumulatively reduce water use by 25 percent. Different providers have higher or lower targets based upon their previous conservation and water usage per capita. EID’s mandatory conservation target is 28 percent. Please check www.eid.org/drought for the latest information.

Recycled Water Conservation

It is crucial that our recycled water customers also continue to meet the mandatory 28 percent conservation target to help ensure adequate drinking water supplies for all customers, especially if the drought continues another year.

Home Landscape Water Surveys

You can receive a complimentary landscape survey to learn more about irrigation efficiency and receive recommendations for system improvements. Leak detection assistance can also be performed using the water meter to help determine if you have an undetected leak.

Indoor efficiency upgrades can also be provided for customer installation during your landscape survey. Please call 530.642.4000 to schedule an appointment.

Water Efficiency Rebates

One $100 rebate per water service account is available for the purchase of qualifying devices such as a WaterSense rated toilet that replaces an older high-flush volume fixture. Other devices include high-efficiency clothes washer, weather-based irrigation controller, or irrigation efficiency upgrades. The rebate is for the device only and does not include labor.

Go to EID’s water efficiency web page to download this rebate application for additional details and instructions. Pre-qualification is not required; simply return the rebate application with your receipt or invoice. Upon approval, a rebate credit will be posted to your account and reflected on your next billing statement as confirmation. Rebates are processed on a first-come, first-served basis while funding remains.

Financial Health of the District

The 2014 annual financial audit was presented to the board at its June 8 meeting. An annual independent audit of the EID’s financial records is required by government code. Richardson & Company, the Sacramento-based certified public accounting firm that conducted the audit, issued an unqualified “clean” opinion that district financial statements present fairly, in all material respects, the financial position of the district as of December 31, 2014.

“An unqualified opinion really is the highest level of assurance that an auditor can provide,” said EID Accounting Manager Tony Pasquarrello.

2014 Financial Highlights

As of December 31, 2013, total assets and deferred outflows of $794.1 million exceeded total liabilities and deferred inflows by $387.5 million. This figure shows the district’s “net position” is positive.

Operating revenue for the year decreased $5.8 million, with the majority of the decreased coming from lower water and hydroelectric sales. Water sales and services revenue decreased $3.3 million (almost 11 percent) from the prior year and hydroelectric sales decreased by $2.7 million (about 32 percent) compared to 2013.

“We took a big hit on water sales and hydro revenue because of the drought,” said EID General Manager Jim Abercrombie. “Customers are using less water—because the state’s mandating that they use less—and we proactively moved some water from our Project 184 hydro system into Jenkinson Lake to bolster carryover storage. Moving that water made sense during this drought, but it reduced hydro revenue significantly.”

“EID has put a lot of effort into developing a long-term financial plan that helps us navigate these budget hits,” continued Abercrombie. “One important component was the rate study done about five years ago. Out of that cost-of-service study, the board adopted a 50/50 rate structure that has helped us weather these hits to the budget. Also, a strong financial plan not only helps us weather the drought, it also provides revenues to reinvest almost $10 million a year in infrastructure replacement.”

“EID put in a lot of effort into developing a long-term financial plan that helps us navigate these budget hits,” continued Abercrombie. “One important component was the rate study done about five years ago. Out of that cost-of-service study, the board adopted a 50/50 rate structure that has helped us weather these hits to the budget. Also, a strong financial plan not only helps us weather the drought, it also provides revenues to reinvest almost $10 million a year in infrastructure replacement.”

EID’s rate structure is based on 50 percent fixed costs (base charges) and 50 percent variable (the commodity charges for water use). Water purveyors that have a higher proportion of their rates dependent on variable costs are more affected by reductions in water sales.

EID’s Financial Health

Year 2014’s financial statements and resulting key financial ratios reflect a continued strong and stable fiscal position for EID. The district is meeting or exceeding industry averages, as defined by the two major credit rating agencies Moody’s Investors Services and Standard and Poor’s Rating Services in all four categories of key financial ratios.

EID continues to operate efficiently and has sufficient working capital on hand to fund immediate needs on an ongoing basis. Additionally, EID’s capital structure of debt and equity and its ability to cover debt service obligations continues to be right in line with industry standards.

Purpose of financial ratios—Why use them and what do they mean?

A sustainable business and mission requires effective planning and financial management. Ratio analysis is a useful management tool that is used to improve the understanding of financial results and trends over time, and provide key indicators of organizational performance. EID uses ratio analysis to pinpoint strengths and weaknesses from which strategies and initiatives can be formed. Punders, investors, or credit rating agencies may use ratio analysis to measure results against industry standards and other similar organizations, or make judgments concerning management effectiveness.

Debt ratios vary widely across industries, with capital-intensive businesses such as utilities having much higher debt ratios than others. Industries like technology, EID’s debt ratios are lower than the industry average and falls within the industry’s strong to adequate range. The most scrutinized financial ratio that the bond investor community and credit rating agencies focus on is the debt service coverage ratio. This is an indicator of the ability to cover debt service requirements (bond principal and interest) with net operating revenues. Bond covenants require a ratio of at least 1.25. This means that annual net revenues must be 1.25 times the annual required debt service payments. In 2014, the district’s debt service coverage ratio was 2.00.

“Our high bond rating with the rating agencies helps us in a couple of key ways,” said Finance Director Mark Price. “A high rating indicates a safe investment for bond-hold investors. And this high rating is directly related to our strong financial plan and solid debt service coverage. In fact, based on EID’s strong financial plan, both Moody’s and Standard and Poor’s maintain a stable outlook on the District and kept their assigned ratings at A1 and A+, respectively.”

Capital Intensive

EID—like many utilities—is capital-intensive: assets such as water and wastewater treatment plants, distribution lines, and hydroelectric facilities were bought for $900,000,000. The pipelines and associated facilities that form our collection and distribution systems are expensive to build, maintain, and replace. That is why EID and other capital-intensive enterprises finance capital improvement projects
Message from the General Manager
Strong Customer Response, Strong District

Jim Abercrombie

As we head into the hot summer months of this fourth year of drought, I can’t help but think we’re in a strong place. In the face of a historic drought, EID remains on a strong financial footing and leads the way on customer conservation. How did we get here? It comes down to outstanding customer conservation and careful near- and long-term financial planning.

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In 2010, EID’s board of directors directed staff to perform a comprehensive cost-of-service study of the district’s water, wastewater, and recycled water rates. This helped the district implement a new business model to improve revenue stability and reduce debt. The stabilizing effect of the rate study is being felt especially during this intense drought.

As you can read in the article on our recent independent audit on page 3, EID’s finances are strong. We have planned for these events. We have planned to ensure EID can weather storms (or droughts)—just as their agencies’ budgets. This is not the case at the district. EID has associated even with historic droughts like the one we’re experiencing.

As of June 17, cumulative year-to-date conservation (from January 1) was at 29 percent below the 2013 level. With Governor Brown’s executive order, water providers across the state must cumulatively reduce water use by 25 percent. Different providers have higher or lower targets based upon their previous conservation and water usage per capita. EID’s mandatory conservation target is 28 percent. Please check www.eid.org/drought for the latest information.

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“Like” our EID Drought Information Facebook page. Go to www.eid.org/drought to find the link

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“EID has a strong financial plan not only helps us weather the drought, it also provides revenues to reinvest almost $10 million a year in infrastructure replacement.” —Jim Abercrombie

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Capital Intensive

EID—like many utilities—is capital-intensive: assets such as water and wastewater treatment plants, distribution lines, and hydroelectric facilities have a historical cost of approximately $900,000,000. The pipelines and associated facilities that form our collection and distribution systems are expensive to build, maintain, and replace. That is why EID and other capital-intensive enterprises finance capital improvement projects through

see FINANCIAL HEALTH, page 4
models, you can save a considerable amount of this water.

By retrofitting your showerheads with WaterSense-labeled use—for the average family, that adds up to nearly 40 gallons per accounting for nearly 17 percent of residential indoor water

Did you know that you can save an average of 18,000 gallons

Flower heads and lawns use a lot of water, so there’s a fair amount of savings to capture outside. Here are some useful tips to consider to help save water outside your home.

• Select water efficient varieties suited for your local climate
• Replace nonessential turf with ground covers, mulches, decks and walkways.
• Adjust irrigation schedule to reflect EID’s watering restrictions (www.eid.org/WateringRestrictions).
• Water at night or in the early morning, before 10:00 a.m. and after 7:00 p.m. on your watering days, this reduces evaporation and wind will not be strong enough to interfere with sprinkler patterns.
• Mow lawns higher during very warm weather—it helps reduce growth rate, protects lawn from sunburn, promotes deeper root growth, shades soil, and reduces weeds.

For more tips on reducing water use, visit saveourH2O.org!

Keep weeds away and discourage weeds.

They help feed your

GET EFFICIENT

PRIORITY YOUR LANDSCAPE

USE MUCH

CAN I PLANT?

RECYCLE INDOOR WATER OUTDOORS!

Water-saving Lawn Tips

Lawn use a lot of water, so there’s a fair amount of savings to capture outside. Here are some useful tips to consider to help save water outside your home.

Did you know that you can save an average of 18,000 gallons of water each year by switching to a low-flow showerhead and

EID’s customer addresses ending in an even number are required to limit outside irrigation to Wednesdays, Fridays, and Sundays. Customer addresses ending in an odd number are limited to Tuesdays, Thursdays, and Saturdays.

In an effort to prove additional tools for customers to better understand their household’s water usage, all billing statements will now show gallons and give a “gallons per day” better understand their household’s water usage, all

Customers’ watering days remain based on street address ending number, with irrigation restrictions that will again limit watering to only three days a week from June 1 until September 30. Go to www.eid.org/WateringRestrictions for the yearly schedule.

Due to the State Water Resources Control Board’s mandated 28 percent conservation requirement, the EID Board decided to return to the three-days-a-week watering schedule that District customers followed last summer. These restrictions are in effect from June 1 until September 30. Go to www.eid.org/WateringRestrictions for the yearly schedule.

Customer’s watering days remain based on street address ending number, with irrigation limited to before 10:00 am and after 7:00 pm each day. Customer addresses entering an in even number are required to limit outside irrigation to Wednesdays, Fridays, and Sundays. Addresses entering in an odd number are limited to Tuesdays, Thursdays, and Saturdays.

No outside irrigation is permitted on Mondays and irrigation systems must be turned off during and for 48 hours following measurable rainfall.

“Our customers did a great job in 2014 by reducing water demand by 24 percent,” said EID General Manager Jim Abercrombie. “For 2015, customers need only do a little bit better to achieve the state-mandated 28 percent reduction requirement. We are confident they can help us achieve that.”

To learn more and to find tips on how to reduce water use inside and outside of your home or business, go to www.eid.org/drought.