

Manager's Agenda

Board Meeting

July 29, 2004

➤ **DOCUMENTS ATTACHED**

- Three pages; Proposal Information for Rate Schedule Changes

➤ **GENERAL INFORMATION**

- PURPOSE: For the preliminary review, input, and discussion of a newly proposed *Public Utility Rate Schedule* to replace the existing/original *Developer's Rate Schedule*.
- PRIOR MEETING NOTES:
 - Common Water/Sewer Department Issues:
 - **FINANCIAL PRIORITIES**: *All priorities must be fully funded to fully satisfy all aspects of a properly managed public utility.*
 - **Priority 1 = Debt Payment**
 - **Priority 2 = Operation & Maintenance (O&M)**
 - **Priority 3 = UPIS/Depreciation of infrastructure**
 - **PLANNING DOCKET CHANGES**: *A second version of the original Planning Dockets was created to show comparisons between INCOME and EXPENSES as outlined below:*
 - Version No.1 (Original 4/19/2004)
 - INCOME; *as Billed Revenue*
 - EXPENSES; *as Accumulated (all inclusive)*
 - Version No.2 (7/ 19/2004)
 - INCOME; *as Cash Receipts*
 - EXPENSES; *as Accumulated (w/adjustments)*
 - **PLANNING DOCKET REVIEWS; Budget v. Rates**: *Review of the current budget and rates versus estimated revenue/expense requirements, not inclusive of an inflation factor or unforeseen expense.*
 - **Planning Dockets** (13-Page document): *General discussion covering information provided*
 - **Sample Rate Increase Table**

○ FINANCIAL PRIORITIES

Priority No.1 = Debt (3500 customers)

- **Sewer = \$500,000/year;** **Water = \$161,000/year**

Priority No.2 = O&M (1439 customers)

- **Sewer = \$600,000/year;** **Water = \$510,000/year**

Priority No.3 = UPIS (3500 customers)

- **Sewer = \$50,000/year;** **Water = \$35,000/year**

Sub-totals:

- **Sewer = \$1,150,000/year;** **Water = \$706,000/year**

Total Water & Sewer Combined: \$1,856,000/year

○ CURRENT RATES (based on developer's original rate schedule)

- *Active User Rates:*
 - *Based on metered water usage (typical of many utilities)*
- *Availability Fees:*
 - *Based on water/sewer service being available to each property*
 - *\$5/month Sewer; \$3/month Water; Due Annually*
 - *Double/Multi-Lot Agreements given by Developer to eliminate these fees if property buyers would purchase multiple lots; typically adjoining.*
- *Miscellaneous Fees:*
 - *Based on service provided by fee title (typical of many utilities)*
- *Numerical Summary; to meet all revenue requirements including preliminary shortfall forecasting amounts equal to **\$1,856,000/year** for both the Water & Sewer utilities while honoring existing Double/Multi-Lot Agreements for Availability Fees:.*

- *Monthly bill for Active Accounts (1439@3,600-gallon usage):*

○ <i>Sewer:</i>	\$62.54
○ <i>Water:</i>	\$38.45
<i>Combined Bill:</i>	\$100.99/Month

- *Monthly bill for Availability Accounts (1489):*

○ <i>Sewer:</i>	\$5.00
○ <i>Water:</i>	\$3.00
<i>Combined Bill:</i>	(\$96.00/Year); \$8.00/Month

○ PROPOSED RATE SCHEDULE No.1

- *Active Users Rates (1439 customers):*
 - *Based on metered water usage (typical);*
 - *Paying toward all the Expense Priorities:*
 - *1) Debt*
 - *2) O&M*
 - *3) UPIS*
- *Inactive and Undeveloped Property Rates (2,500+ properties):*
 - *Paying toward an equal portion of Expense Priorities:*
 - *1) Debt*
 - *3) UPIS*
- *Miscellaneous Fees:*
 - *Based on service provided by fee title (typical)*
- *Numerical Summary; to meet all revenue requirements including preliminary shortfall forecasting amounts equal to **\$1,856,000/year** for both the Water & Sewer utilities while honoring existing Double/Multi-Lot Agreements for Availability Fees:.*

- **Monthly bill for All Property Accounts (3500):**
 - **Sewer:\$13.10**
 - **Water:\$4.67**
 - Combined W&S Bill:\$17.77/Month**
 - **Monthly bill for Active Accounts (1439@3,600-gallon usage):**
 - **Sewer:\$34.75**
 - **Water:\$29.53**
 - Combined W&S Bill:\$64.28/Month**
- TOTAL W&S BILL: \$82.05/month**

○ CUSTOMER ISSUES TO ADDRESS

- *Previously unbilled customers concerns*
- *Double/Multi-Lot Agreement holders concerns*
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○ FAIR & EQUITABLE

- *Eliminates Double/Multi-Lot Agreements by eliminating Availability Fees.*
- *All property owners benefit from the sewer and water utility lines being accessible to their properties;*
 - *Adds to property value and allows the properties to be built on.*
 - *All owners should share the burden of the debt along with the benefits.*
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