

Amador Water Agency
Lake Camanche Water ID No. 7 Rate Study
DRAFT REPORT

February 14, 2011

WATER RATE RECOMMENDATIONS

This report presents water rate recommendations for the Lake Camanche Water System (Improvement District No. 7). Rate recommendations are based on the revenue needs for FY 11-12 through FY 13-14.

Agency staff has determined that the water rates in Lake Camanche should generate about \$347,000 in FY 11-12 to meet financial obligations and objectives reflected in the multi-year financial plan. It is recommended that we adopt a rate plan which initiates with a 4% rate increase July 1, 2011 and then only increases based on the inflation index listed below.

In order to meet the full financial obligations of the water utility and close a structural operating deficit an inter-fund loan of \$780,000 was provided from the Amador Water System. Annual payments of about \$28,500 are included in this financial plan. In addition, an annual assessment totaling \$59,000 (\$80yr/customer) is required to rehabilitate well #14 (\$30k), repair service lines (\$20k), and to replace fire hydrants (\$9k) in FY 11-12. In future years this annual assessment would be reduced to \$29,000 (\$40yr/customer) and allow for the continuation of service line repairs and to replace fire hydrants.

The impact on monthly water bills for a typical single-family customer using 12 units of water is presented in the table below:

	Current *	FY 11-12	FY 12-13	FY 13-14
Monthly Water Service Charges		4%	COLA**	COLA **
5/8 or 3/4 inch meter	\$ 23.75	\$ 24.70	\$ 24.70	\$ 24.70
1 inch meter	\$ 47.00	\$ 48.90	\$ 48.90	\$ 48.90
Commodity Rate (per 100 cubic feet)				
0-5,000 cf (0-50 units)	\$ 1.16	\$ 1.21	\$ 1.21	\$ 1.21
5,000 cf and over (50+ units)	\$ 1.94	\$ 2.02	\$ 2.02	\$ 2.02
Annual Assessments				
All Unconnected Parcels	\$ -	\$100.00	\$100.00	\$100.00
All Connected Customers (FH & Service Lines)	\$ -	\$ 80.00	\$ 40.00	\$ 40.00
Typical Single Family Bill (12 Units)	\$ 37.65	\$ 39.20	\$ 39.20	\$ 39.20

* last rate adjustment was July 1, 2006

\$ 1.55

** rates will be adjusted on July 1 of each year, beginning July 1, 2012, based on the change listed in Engineering News-Record Construction Cost Index 20-Cities Average, as this index historically represents a reasonable relationship to the cost increases experienced by the Agency due to inflation.

Amador Water Agency - Lake Camanche Water ID No. 7 Water System Financial Plan Summary										
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
	Actuals	Actuals	Actuals	Budget	4%	COLA ²	COLA ²	COLA ²	COLA ²	COLA ²
OPERATING FUND										
Beginning Balance	\$ (204,383)	\$ (393,185)	\$ (618,380)	\$ 2,430	\$ 17,040	\$ 10,315	\$ 6,815	\$ 7,840	\$ 14,390	\$ 25,965
Revenues and Transfers In										
Water Sales	\$ 334,775	\$ 334,895	\$ 327,125	\$ 333,670	\$ 347,000	\$ 357,000	\$ 368,000	\$ 379,000	\$ 390,000	\$ 402,000
Meter Connection Fees	\$ 3,636	\$ -	\$ -	\$ 500	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Engineering & Inspection Fees	\$ 3,170	\$ 330	\$ 1,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest - Operating	\$ 4,041	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Revenue	\$ 151	\$ 39,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessment/Standby Fees	\$ 34,489	\$ -	\$ 27,855	\$ 33,500	\$ 32,500	\$ 31,000	\$ 30,500	\$ 30,000	\$ 29,500	\$ 29,000
From Other Funds (AWS Loan)	\$ -	\$ -	\$ 780,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues and Trans. In	\$ 380,262	\$ 374,980	\$ 1,136,685	\$ 367,670	\$ 380,250	\$ 388,750	\$ 399,250	\$ 409,750	\$ 420,250	\$ 431,750
Operating Expenditures										
Salaries and Benefits	\$ 306,812	\$ 327,630	\$ 337,585	\$ 199,565	\$ 230,000	\$ 232,000	\$ 234,000	\$ 236,000	\$ 238,000	\$ 240,000
System Operations & Maint.	\$ 119,079	\$ 135,505	\$ 107,510	\$ 75,340	\$ 77,000	\$ 79,000	\$ 81,000	\$ 83,000	\$ 85,000	\$ 87,000
Administrative Expend.	\$ 62,985	\$ 80,840	\$ 54,270	\$ 43,230	\$ 44,000	\$ 45,000	\$ 46,000	\$ 47,000	\$ 48,000	\$ 49,000
Total Expenditures	\$ 488,876	\$ 543,975	\$ 499,365	\$ 318,135	\$ 351,000	\$ 356,000	\$ 361,000	\$ 366,000	\$ 371,000	\$ 376,000
Debt Service Payments										
Interdepartmental Loan (AWS) ¹	\$ -	\$ -	\$ -	\$ 28,900	\$ 28,775	\$ 28,650	\$ 28,525	\$ 28,400	\$ 28,275	\$ 28,150
CSDA "Z" (ID # 7 share only)	\$ 7,899	\$ 10,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payment to Other Funds	\$ 21,811	\$ 20,695	\$ 10,250	\$ 90	\$ 200	\$ 500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Total Debt Service Payments	\$ 29,710	\$ 31,510	\$ 10,250	\$ 28,990	\$ 28,975	\$ 29,150	\$ 29,525	\$ 29,400	\$ 29,275	\$ 29,150
Fixed Asset Purchases										
Transfer to Other Funds	\$ 46,878	\$ 20,390	\$ 1,260	\$ 1,685	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
Transfers to Other Funds										
To Benefit Reserves	\$ 2,100	\$ 2,800	\$ 3,500	\$ 2,750	\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300
To Operating Reserves	\$ 1,000	\$ 1,000	\$ 500	\$ 500	\$ -	\$ -	\$ 500	\$ 500	\$ 1,000	\$ 1,000
To Replacement Reserves	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Total Transfers to Other Funds	\$ 3,600	\$ 4,300	\$ 5,000	\$ 4,250	\$ 5,300	\$ 5,400	\$ 6,000	\$ 6,100	\$ 6,700	\$ 6,800
Ending Balance	\$ (393,185)	\$ (618,380)	\$ 2,430	\$ 17,040	\$ 10,315	\$ 6,815	\$ 7,840	\$ 14,390	\$ 25,965	\$ 44,065
Operating Reserve Target (16.7%)	\$ 82,000	\$ 91,000	\$ 83,000	\$ 53,000	\$ 59,000	\$ 59,000	\$ 60,000	\$ 61,000	\$ 62,000	\$ 63,000

¹ Debt Service rate is assumed to be variable tied to LAIF (subject to Board approval)

² For purposes of this planning document the COLA is assumed @ 3%, however any increase would be based upon the actual COLA

Amador Water Agency - Lake Camanche Water ID No. 7 Water System Financial Plan Summary											
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	
CAPITAL FUND											
Beginning Balance	\$ 235,708	\$ 62,098	\$ (56,855)	\$ (80,790)	\$ (45,790)	\$ (4,490)	\$ 7,510	\$ 19,510	\$ 31,510	\$ 43,510	
Revenues and Transfers In											
Transfer in from Operations	\$ 500	\$ 500	\$ 1,505	\$ 1,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Participation Fees	\$ 33,705	\$ 15,600	\$ -	\$ 64,000	\$ 11,300	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Engineering & Inspection Fees	\$ -	\$ -	\$ -	\$ 5,320	\$ 2,500	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900	\$ 2,900	\$ 3,000
Assessment (FH & Service Lines)	\$ -	\$ -	\$ -	\$ -	\$ 59,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000	\$ 29,000
Interest Earnings	\$ -	\$ 725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Grant/Other Proceeds	\$ -	\$ -	\$ -	\$ 247,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues & Trans. In	\$ 34,205	\$ 16,825	\$ 1,505	\$ 317,865	\$ 75,300	\$ 46,100	\$ 46,200	\$ 46,300	\$ 46,400	\$ 46,500	
Expenditures											
Capital Salaries & Overhead	\$ 111,698	\$ 68,095	\$ 14,770	\$ 12,320	\$ 20,500	\$ 20,600	\$ 20,700	\$ 20,800	\$ 20,900	\$ 21,000	
Annual Replac. Projects (Pay-As-You-Go)	\$ 96,117	\$ 67,683	\$ 10,670	\$ 247,545	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	\$ 13,500	
Well #14 Rehabilitation	\$ -	\$ -	\$ -	\$ 23,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Debt Financed Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transfer out to Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenditures & Trans. Out	\$ 207,815	\$ 135,778	\$ 25,440	\$ 282,865	\$ 34,000	\$ 34,100	\$ 34,200	\$ 34,300	\$ 34,400	\$ 34,500	
Ending Balance	\$ 62,098	\$ (56,855)	\$ (80,790)	\$ (45,790)	\$ (4,490)	\$ 7,510	\$ 19,510	\$ 31,510	\$ 43,510	\$ 55,510	

**Amador Water Agency -- Lake Camanche Water ID No. 7
Summary of Debt Service Obligations**

	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Series Z												
Total Debt Service		128,075	128,075	128,075	-	-						
ID # 7 share		10,245	10,245	10,245	-	-						
Principal						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Remain. Bal.						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Structural Deficit Internal Loan												
Principal						\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Interest						\$ 3,900	\$ 3,775	\$ 3,650	\$ 3,525	\$ 3,400	\$ 3,275	\$ 3,150
Total						\$ 28,900	\$ 28,775	\$ 28,650	\$ 28,525	\$ 28,400	\$ 28,275	\$ 28,150
Remain. Bal.						\$ 780,000	\$ 755,000	\$ 730,000	\$ 705,000	\$ 680,000	\$ 655,000	\$ 630,000

Amador Water Agency -- Lake Camanche Water ID No. 7				Amador Water Agency -- Lake Camanche Water ID No. 7 Assumptions for Internal AWS Loan (structural deficit)			
Amount of Loan	\$ -		no	Debt Service Reserve Req'd	Amount	\$ 780,000	no
Term	-	years	-	Issuance Costs	Term	30	years
Interest Rate	0.00%		\$ -	Annual Payment (approx.)	Interest Rate	0.50%	\$ 28,500
Net Proceeds	\$ -		\$ -	Capitalized Interest	Proceeds	\$ 780,000	\$ -

Amador Water Agency -- Lake Camanche Water ID No. 7

Capital Improvement Program

Project	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<i>Pay-As-You-Go Projects</i>										
Water Sustainability Study	\$ -	\$ 2,227	\$ -	\$ 29,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Well #14 Construction	\$ 184,430	\$ 17,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tank Repairs	\$ -	\$ 12,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Hydrant Replacement	\$ -	\$ -	\$ 9,585	\$ -	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
Well #14 Rehabilitation	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Service Line Replacements	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Annual Replac./Improv. Projects	\$ -	\$ -	\$ 19,130	\$ -	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
PayGo Total Costs	\$ 184,430	\$ 31,958	\$ 28,715	\$ 59,030	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500
<i>Debt Financed Projects</i>										
Water System Improv (Tank & piping)	\$ -	\$ 103,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financed Total Costs	\$ -	\$ 103,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL CIP	\$ 184,430	\$ 135,778	\$ 28,715	\$ 59,030	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500	\$ 31,500