

Alleghany County Water District
Minutes of Special Meeting and Public Hearing of the Board of Directors
Thursday, November 17th, 2015

A special meeting of the Board of Directors of The Alleghany County Water District and Public Hearing was held at the Alleghany Firehouse, 105 Plaza Court. The meeting was called to order by President Rae Bell at 6:02 p.m.

Present were Directors Rae Bell, Robbin DeWeese, Larry Vieira and Madeleine Hamb, Sherrie Allen was absent. Water Treatment Operator Bruce Coons and Assistant Ed Snyder were present. Secretary Baker was present and took the minutes. 3 staff members of the California Rural Water Association, Georgette Lynch, Julia Martinez and Jesse Lawson were present, as were 8 members of the public.

A presentation was given by Georgette Lynch explaining the basis of the rate analysis. It was noted by them that the state of California requires all metered water services be billed at a flat rate plus a usage rate. They explained that the State funding source uses the rate analysis to help them verify that the district is and will continue to be financially solvent. They explained that the first rate analysis recommended a base rate of \$60 plus usage but that Rae Bell said the community could not afford it. They redid the analysis and took out the capital replacement program and were able to whittle it down to a \$40 base rate but it is a very "bare bones" budget. The analogy used was: "we have money to put gas in the car but not maintain the car".

A member of the public asked what would happen if the district decided not to follow the recommended rate structure. Answer: Most likely the district would not qualify for funding from the State Revolving Fund.

The board asked if it might be possible to push the first usage tier from 3,000 gallons to 5 or 6 thousand gallons but to compensate by using a higher rate per gallon for the next tiers. Georgette Lynch of CRWA said that she would try to do that.

There were questions and answers about the prop. 218 process. The board found out that the prop 218 public hearing notice has to be reviewed by an attorney. One of the reasons that CRWA recommends including an inflation factor in the proposed rates is to avoid having to go through the prop. 218 process any more often than is necessary.

It was stressed that there is a certain amount of urgency to adopt new rates because the district is so low on funds. The goal will be to come up with a proposal at the December 8th regular meeting.

It was noted by Rae Bell that November was an especially expensive month with \$5,000 in extra bills (\$2,000 to the auditor and \$3,390 to USDA for the loan payment). In order to maintain a minimum balance of \$2,500 in the bank and avoid monthly fees she suggested that money be temporarily moved from the Library/Park account to the Main account. From a cash-flow perspective January is usually a good month because several customers pay annually in January and the first property tax check comes in. Also the district paid the insurance in full this year, so there will be no monthly insurance bill. Motion made by Robbin to borrow \$3,000 from the library/church bank account for the operational bank account. Madeleine seconds, ayes unanimous.

The next regular meeting is scheduled for Tuesday, December 8th at 5:30 pm at the Firehouse in Alleghany.

There being no further business before the board, the meeting was adjourned at 8:00 PM.

Respectfully submitted:



Leslie D. Baker III
Board Secretary

NOTICE

OF SPECIAL MEETING & PUBLIC HEARING

ALLEGHANY COUNTY WATER DISTRICT

Tuesday, November 17, 2015 at 6:00 pm
Alleghany Firehouse 105 Plaza Court Alleghany

This agenda has been prepared and posted at least 48 hours prior to the special meeting of the Board of Directors in accordance with the Ralph M. Brown Act. Details and supporting materials concerning agenda items are available for public reference by calling 530-287-3204 or email: alleghanywater@gmail.com

1. Call to Order
2. Roll call
3. Public Forum with Representatives of The California Rural Water Association regarding the rate analysis and recommendations for Alleghany's water rates.
4. Formulate and approve Rate Proposal to be sent out with Proposition 218 notices
5. Set public hearing date
6. Permission to hold funds from Library/Park account in Main account to help with loan payment and minimum balance requirement.
7. Next meeting date, Items for next agenda
8. Adjournment

Note: The public may speak on any agenda item at all Special Meetings of the Board as defined by the Brown Act. For special meetings there is no open public response time for items not listed on the agenda.

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Service Types:

- 1 = Single Family under emergency drought ordinance.**
- 2 = Commercial and multi- family under emergency drought ordinance.**
- 3 = Single Family prior to emergency drought ordinance.**
- 4 = Commercial and multi-family prior to emergency drought ordinance.**
- 5 = CRWA recommended rate structure (same for single family, multi-family and commercial)**

(bold underline indicates rate tier)

Water Usage in Gallons	Monthly Bill for service type:					Net Change compared to 5	
	1	2	3	4	5	3	4
zero	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 40.00	\$ 4.00	\$ -
500	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 40.25	\$ 4.25	\$ 0.25
1,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 40.50	\$ 4.50	\$ 0.50
2,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 41.00	\$ 5.00	\$ 1.00
3,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 41.50	\$ 5.50	\$ 1.50
4,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 44.00	\$ 8.00	\$ 4.00
5,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 47.50	\$ 11.50	\$ 7.50
6,000	\$ 36.00	\$ 40.00	\$ 36.00	\$ 40.00	\$ 52.00	\$ 16.00	\$ 12.00
6,001	\$ 37.50	\$ 41.50	\$ 36.00	\$ 40.00	\$ 52.00	\$ 16.00	\$ 12.00
6,500	\$ 37.50	\$ 41.50	\$ 36.00	\$ 40.00	\$ 53.00	\$ 17.00	\$ 13.00
7,000	\$ 39.00	\$ 43.00	\$ 36.00	\$ 40.00	\$ 54.00	\$ 18.00	\$ 14.00
8,000	\$ 42.00	\$ 46.00	\$ 36.00	\$ 40.00	\$ 56.00	\$ 20.00	\$ 16.00
9,000	\$ 45.00	\$ 49.00	\$ 36.00	\$ 40.00	\$ 58.00	\$ 22.00	\$ 18.00
10,000	\$ 48.00	\$ 52.00	\$ 36.00	\$ 40.00	\$ 60.00	\$ 24.00	\$ 20.00
11,000	\$ 51.00	\$ 55.00	\$ 36.00	\$ 40.00	\$ 62.00	\$ 26.00	\$ 22.00
12,000	\$ 54.00	\$ 58.00	\$ 36.00	\$ 40.00	\$ 64.00	\$ 28.00	\$ 24.00
12,001	\$ 55.50	\$ 59.50	\$ 37.50	\$ 41.50	\$ 64.00	\$ 26.50	\$ 22.50
12,500	\$ 55.50	\$ 59.50	\$ 37.50	\$ 41.50	\$ 65.00	\$ 27.50	\$ 23.50
13,000	\$ 57.00	\$ 61.00	\$ 39.00	\$ 43.00	\$ 66.00	\$ 27.00	\$ 23.00
14,000	\$ 60.00	\$ 64.00	\$ 42.00	\$ 46.00	\$ 68.00	\$ 26.00	\$ 22.00
15,000	\$ 63.00	\$ 67.00	\$ 45.00	\$ 49.00	\$ 70.00	\$ 25.00	\$ 21.00
20,000	\$ 78.00	\$ 82.00	\$ 60.00	\$ 64.00	\$ 80.00	\$ 20.00	\$ 16.00
30,000	\$ 108.00	\$ 112.00	\$ 100.00	\$ 94.00	\$ 100.00	\$ -	\$ 6.00

Details:

- 1. Flat rate \$36.00 usage over 6,000 gallons billed at \$1.50 per 500 gallons or fraction thereof.**
- 2. Flat rate \$40.00 usage over 6,000 gallons billed at \$1.50 per 500 gallons or fraction thereof.**
- 3. Flat rate \$36.00 usage over 12,000 gallons billed at \$1.50 per 500 gallons or fraction thereof and \$1.00 for each 250 gallons or fraction thereof over 20,000 gallons.**
- 4. Flat rate \$40.00 usage over 12,000 gallons billed at \$1.50 per 500 gallons or fraction thereof.**
- 5. \$40 flat rate does not include usage. Usage billed at the following rates: Up to 3,000 Gallons = .50 per 1,000 gallons - Up to 4,000 Gallons = \$1.00 per 1,000 gallons -Up to 5,000 Gallons = \$1.50 per 1,000 gallons -5,001 gallons and up \$2.00 per 1,000 gallons**

Current				number with zero usage	Notes
Rate	number of services	Monthly revenue does not include any overage	Annual revenue	usage	Notes
\$ 65	1	\$ 65	\$ 780	0	County Yard
\$ 40	13	\$ 520	\$ 6,240	4	13 services = 6 commercial and 7 multi-family
\$ 36	43	\$ 1,548	\$ 18,576	8	75% of the customers are in this category.
\$ 23	2	\$ 46	\$ 552	2	Probably don't want to mess with these, if anything they would go away under prop 218 (no service provided)
\$ 10	1	\$ 10	\$ 120		We just raised the cemetery from \$100 per year to \$10 per month, very little usage, do we change this or leave it alone?
Total	60	\$ 2,189	\$ 26,268	14	On the last rate analysis that was done on 8/8/15 I had them reduce the number of active services to 57 because of the 2 unimproved @ \$23 and the cemetery. (The one that was handed out at the Aug. meeting showed 59 it was dated 8/6/15).
Annual revenue		\$ 26,268	(without overages or late fees)		
CRWA Recommendation					
Rate	number of services	Monthly revenue	Annual revenue		
\$ 40	57	\$ 2,280	\$ 27,360		
\$ 23	2	\$ 46	\$ 552		Not actually part of recommendation (they just shake their heads on these ones)
\$ 10	1	\$ 10	\$ 120		These (cemetery and unimproved) show no change.
Total annual revenue			\$ 28,032		
Total increase in flat rate revenue			\$ 1,764		
(usage not taken into account, estimates are on rate study)					



SPECIALIZED UTILITY SERVICES PROGRAM

4131 Northgate Boulevard
Sacramento, CA 95834
toll-free: 800.833.0322
phone: 916.553.4900
fax: 916.553.4904
www.calruralwater.org

Allegheny CWD Rate Review

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3. Rate Study Summary and Conclusions



1. Rate Review Introduction

I was asked by the District staff to take a look at the water rates, and to provide some information on where the system currently stands and what the future holds for the system.

Rates are always controversial and difficult to deal with from the perspective of the public versus the District. I have attended many public meetings, Prop 218 meetings, committee meetings, and staff meetings over the years and they all typically have the same set of issues:

- Public perception
- Regulatory requirements
- Rate amount or increment amounts
- Implementation plans
- Public information and education

In most cases, the individuals involved in the process consist of a mixture of District staff, public committee members, and board members. The issues are typically straight forward, but almost always get lost in the politics and personal concerns of all those involved, including the general public, and in this case, the District's customers.

When I look at the rates and rate structures in any situation, I will try and answer specific questions such as:

- Are they currently able to fund expenditures?
- Do they have appropriate reserves and CIP/CRP reserves?
- What kind of shape is the infrastructure in?
- Are they in regulatory compliance?
- Are they able to schedule needed projects as identified in a master plan?
- Do they have a master plan?

All of these issues create a picture of the system that will dictate the financial requirements of the enterprise accounts, be it water or sewer. So it is really up to the system where they want the rates to be. You have to do just a couple of things; pay the bills and be in compliance with regulatory requirements. Anything else is a choice made by the District staff.

In most cases, you also have certain financial criteria mandated by all of the different funding agencies within the State. So if you intend to seek public funding for infrastructure projects, the terms and conditions of receiving any loans or grants will apply to the District, and typically carry certain criteria for reserves of debt service and insurance requirements that will ultimately affect the cost of providing service to your customers.

There are also accepted standards and practices within municipal finance and operations that are considered good business; such as establishing reserves for equipment, funding preventative maintenance programs, funding normal system infrastructure maintenance, funding system depreciation, establishing and funding capital improvement plans (CIP), etc. There is a big difference between paying the bills and managing your District's infrastructure.

Based on my review of the District's operating budgets and financial information, I believe that overall the system is meeting financial obligations, but it is not setting enough money aside for reserves and needed projects to keep up with the system's maintenance needs.

The rate study as presented is divided into 4 sections as follows:

Section 1. Capital Replacement and Reserve Calculations

This section is used to calculate several items that are instrumental in determining the appropriate rates. We utilize this worksheet to determine the annual and monthly payments for any new loans or debt service, and to perform capital improvement calculations to ensure the funds are set aside and in place for both short term and long term needed improvements to the system. We also can calculate the value of your current infrastructure and determine the amount the system would like to set aside to fund capital improvements to the existing system.

In this case, we used existing water master information and amounts for the Capital Replacement section (CRP) and the Capital Improvement section (CIP). These numbers represent the approximate cost of the various improvement projects amortized over 5 years.

The totals in each area are then carried over to the next section.

Item	Quantity	Unit Cost	Total Cost	Amortized Cost (5 years)
Water Service Tank	1	\$20,000	\$20,000	\$4,000
1/2" water pipeline	100	\$200	\$20,000	\$4,000
2" water pipeline	100	\$500	\$50,000	\$10,000
1/2" CIP Cover and Conductor Pipe	100	\$300	\$30,000	\$6,000
1" Gate Valve Assembly	10	\$1,000	\$10,000	\$2,000
2" Gate Valve Assembly	10	\$1,000	\$10,000	\$2,000
4" Gate Valve Assembly	10	\$1,000	\$10,000	\$2,000
Fire hydrant Assembly	10	\$1,000	\$10,000	\$2,000
Single Service Assembly with meter	10	\$1,000	\$10,000	\$2,000
Double Service Assembly with meter	10	\$1,000	\$10,000	\$2,000
Single fire hydrant assembly with meter	10	\$1,000	\$10,000	\$2,000
1" service water meter	10	\$1,000	\$10,000	\$2,000
treatment plant	1	\$10,000,000	\$10,000,000	\$2,000,000
Subtotal New Capital Replacement Program			\$200,000	\$40,000
Subtotal Existing Capital Replacement Program			\$100,000	\$20,000
Total			\$300,000	\$60,000



Exhibit 1

Exhibit 1

**Capital Replacement Program
Reserve Calculation**

Date: 10/29/2015

System Number:

System Name: Alleghany CWD

Service Connections: 57

Qty	Component	Unit Cost	Installed Cost	Existing Reserve	Avg. Life Rem.	Annual Reserve	Mon. Res.	Res. Per Cust.
Capital Replacement Program								
1	Water Storage Tank	\$26,912	\$26,912	\$0	5	\$5,382.30	\$448.53	\$7.87
5850	6" water pipeline	\$9	\$50,837	\$0	5	\$10,167.30	\$847.28	\$14.86
2750	2" water pipeline	\$2	\$4,950	\$0	5	\$990.00	\$82.50	\$1.45
26	12" CMP Culvert and Conductor Pipe	\$16	\$416	\$0	5	\$83.20	\$6.93	\$0.12
4	6" Gate Valve Assembly	\$253	\$1,012	\$0	5	\$202.40	\$16.87	\$0.30
4	2" Gate Valve Assembly	\$168	\$672	\$0	5	\$134.40	\$11.20	\$0.20
2	Air Release Valve Assembly	\$337	\$674	\$0	5	\$134.80	\$11.23	\$0.20
9	Fire Hydrant Assembly	\$1,045	\$9,405	\$0	5	\$1,881.00	\$156.75	\$2.75
42	Single Service Assembly w/o meter	\$350	\$14,700	\$0	5	\$2,940.00	\$245.00	\$4.30
7	Double Service Assembly w/o meter	\$430	\$3,010	\$0	5	\$602.00	\$50.17	\$0.88
2	Single Service Assembly with meter	\$808	\$1,616	\$0	5	\$323.20	\$26.93	\$0.47
2	2" service w/o meter	\$500	\$1,000	\$0	5	\$200.00	\$16.67	\$0.29
1	treatment plant	\$173,000	\$173,000	\$0	20	\$8,650.00	\$720.83	\$12.65
Subtotal New Capital Replacement Program			\$0			\$0.00	\$0.00	\$0.00
New Project Program								
1			\$0	\$0	30	\$0.00	\$0.00	\$0.00
1			\$0	\$0	30	\$0.00	\$0.00	\$0.00
Subtotal New project Program			\$0	\$0		\$0.00	\$0.00	\$0.00
Total Capital Programs			\$0			\$0.00	\$0.00	\$0.00

Section 2. System Budget

This worksheet utilizes the system's current budget numbers, the CIP numbers from Section 1, and any reserves or set asides that the system desires for future improvements or additions to the system's infrastructure.

In Section 2, we determine the total amount of the desired revenue that the system needs to operate on a day to day basis, fund any infrastructure loans - meaning debt service and reserve requirements of the loans, and set aside reserve funds for needed improvements to the system over a given time.

This worksheet also provides a yearly projection of budgeted expenses based on a 2% increase each year. The rate increase corresponds to the 2% inflation factor, and will go up each year. This will enable the District to keep the rates in tune with the rising cost of doing business, and eliminate that drastic increase that happens every 5 to 10 years when utility rates are not adjusted over a long period of time.

Category	2023	2024	2025	2026	2027	2028	2029	2030
Operating Expenses								
Personnel								
Materials								
Travel								
Printing								
Telephone								
Utilities								
Repairs & Maintenance								
Depreciation								
Insurance								
Professional Fees								
Miscellaneous								
Total Operating Expenses								
Capital Expenditures								
Infrastructure								
Equipment								
Total Capital Expenditures								
Debt Service								
Principal								
Interest								
Total Debt Service								
Reserve Funds								
Infrastructure								
Equipment								
Total Reserve Funds								
TOTAL REVENUE (Lines 21 through 29)								
TOTAL EXPENSES (Lines 1 through 20)								
NET FUND BALANCE								



Exhibit 2

Budget					Exhibit 2
Alleghany CWD		Inflation Factor (%):		2.00%	
		Date:		10/29/2015	
		System Number:		0	
EXPENSES AND SOURCES OF FUNDS	2014	2015	2016	2017	2018
OPERATIONS & MAINTENANCE EXPENSES					
Utilities	4,592.09	4,683.93	4,777.61	4,873.16	4,970.63
Water Tests	866.00	883.32	900.99	919.01	937.39
System Repairs & Maintenance	1,547.97	6,200.00	6,324.00	6,450.48	6,579.49
Chemicals	642.11	654.95	668.05	681.41	695.04
Total Operation and Maintenance Expenses:	7,648.17	12,422.20	12,670.65	12,924.06	13,182.54
GENERAL & ADMINISTRATIVE EXPENSES					
Personnel	9,117.00	10,000.00	10,200.00	10,404.00	10,612.08
Mileage	1,004.59	1,024.68	1,045.18	1,066.08	1,087.40
Rent Expense	72.00	73.44	74.91	76.41	77.94
Solid Waste Fee	77.94	79.50	81.09	82.71	84.36
Permit Fees/Dues	649.00	661.98	675.22	688.72	702.50
Office Expense	1,645.70	1,678.61	1,712.19	1,746.43	1,781.36
Bank Service Charges	36.00	36.72	37.45	38.20	38.97
Insurance	3,727.40	6,500.00	6,630.00	6,762.60	6,897.85
Debt Service - USDA Loan (P&I)	6,780.00	6,780.00	6,780.00	6,780.00	6,780.00
Capital Replacement Program	0.00	0.00	0.00	0.00	0.00
New Project Program	0.00	0.00	0.00	0.00	0.00
Total General and Administrative Expenses:	23,109.63	26,834.93	27,236.03	27,645.15	28,062.46
TOTAL EXPENSES (Line 12+ Line 26):	30,757.80	39,257.14	39,906.68	40,569.21	41,245.00
SOURCE OF FUNDS / REVENUES RECEIVED					
Cash Revenues (Water rates)	27,704.51	34,490.11	35,179.91	35,883.51	36,601.18
Other Income	0.00	0.00	0.00	0.00	0.00
Property Tax Revenue	4,982.28	5,081.93	5,183.56	5,287.24	5,392.98
TOTAL REVENUE (Lines 31 through 33):	32,686.79	39,572.03	40,363.48	41,170.75	41,994.16
NET LOSS OR GAIN:	1,928.99	314.90	456.79	601.53	749.16
NET CASH FLOW (Contribution to Reserves)	1,928.99	314.90	456.79	601.53	749.16
Total non-water rates revenue	\$4,982.28	\$5,081.93	\$5,183.56	\$5,287.24	\$5,392.98

Section 3. Fixed Vs Variable Expenses

In Section 3, we utilize the total budgeted expenses for the system, including funded reserves and CIP numbers, to determine the fixed versus variable expenses.

A fixed expense, by accounting definitions, is an expense that is regularly reoccurring for all of your customers. In determining fixed expenses for the rate study, we looked at the expenses that all customers should share in, no matter what size meter or classification the customer may be within the current billing system.


A variable expense, by accounting definitions, is an expense that fluctuates for whatever reason and is not typically the same from month to month. In determining the variable expenses for the rate study, we look at expenses that are directly related to water use, such as power or treatment chemicals.

This worksheet allows us to assign a percentage of each expense being a fixed or variable expense, and then calculates the total percentage of fixed versus variable expenses.

In the case of Allegheny County Water District, we took all of budgeted items and broke them down and assigned them in the model as a fixed or variable cost. The end results came back with 77% of your budgeted costs as fixed and 22% of costs as variable.



Exhibit 3

Fixed Vs Variable Expenses					Exhibit 3
		Amount	% Fixed	\$ Fixed	\$ Variable
OPERATIONS & MAINTENANCE EXPENSES					
Utilities	\$4,683.93	60%	\$2,810	\$1,874	
Water Tests	\$883.32	60%	\$530	\$353	
System Repairs & Maintenance	\$6,200.00	60%	\$3,720	\$2,480	
Chemicals	\$654.95	60%	\$393	\$262	
Total Operation and Maintenance Expenses:	\$12,422.20		\$7,453	\$4,969	
GENERAL & ADMINISTRATIVE EXPENSES					
Personnel	\$10,000.00	80%	\$8,000	\$2,000	
Mileage	\$1,024.68	80%	\$820	\$205	
Rent Expense	\$73.44	80%	\$59	\$15	
Solid Waste Fee	\$79.50	80%	\$64	\$16	
Permit Fees/Dues	\$661.98	80%	\$530	\$132	
Office Expense	\$1,678.61	80%	\$1,343	\$336	
Bank Service Charges	\$36.72	80%	\$29	\$7	
Insurance	\$6,500.00	80%	\$5,200	\$1,300	
Debt Service - USDA Loan (P&I)	\$6,780.00	100%	\$6,780	\$0	
Capital Replacement Program	\$0.00	80%	\$0	\$0	
New Project Program	\$0.00	80%	\$0	\$0	
Total General and Administrative Expenses:	\$26,834.93		\$22,823.95	\$4,010.99	
Total All Expenses	\$39,257.14		\$30,277.27	\$8,979.87	
Total Expense amount to be funded by rate revenue	\$34,175.21		\$27,736.31	\$6,438.91	
Fixed-Variable as % of all Expenses			77.13%	22.87%	

Assume this relationship between fix/var expenses remains the same over the next five years.

Section 4. Actual Calculated Rates

Base Rate Calculation

This section takes the total amount of the fixed costs and divides it by the number of customers. We will then calculate the monthly rate by dividing the total annual cost by 12 months. The monthly base rate that is established is for $\frac{3}{8}$ by $\frac{3}{4}$ inch residential meter size. We then calculate the base rate for larger meters based on the readily available amount of water that will flow through a 1 inch meter and larger increasing the base rate by the amount of water that is available based on the meter size. The goal is to represent all the meter sizes you have in your system. This is much more fair than using residential, business, or industrial classifications for customers.

In the case of Alleghany CWD, because we are already making significant adjustments to the existing rate structure, we decided to put in place a simplified version of the system's original base rate structure, and adjust the rate amounts.

Usage Rate Calculations

This section takes the variable amount from Section 3, and shows us the usage charge per 1,000/gallons of water. In this section, we utilize the water usage and production numbers to determine an appropriate average for each customer classification that the system has, and then that number is used to determine the price per 1,000/gallons. This then will calculate the amount of expected revenue from water sales based on the system's current usage numbers.

The District's water use information shows what is considered normal use, which is 100/gal per person per/day. However, given the size of the District, it may be that the usual water usage amounts don't apply. Also, normal use is almost always figured on a family of four and that may not be the standard household size in Alleghany.

Any time that you have a change in rates or rate structures, and in this case both, education of the District board and staff, as well as the public, is essential, and I would be glad to assist in any way that the District feels will help in that regard.



**Exhibit 4.a
Rates**

Total Rate Revenue (Base and Estimated Usage)	
Needed Total Revenue	\$34,175.21
Estimated Water Revenue with Below rates	\$33,813.83

Base Rates

Recommened Average Yearly Base Rate Per Customer	\$486.60
Recommened Average Monthly Base Rate Per Customer	\$40.55
Recommened Total Yearly Base Rate Revenue	\$27,736.31

Base Rate Calculation

				2016	2017	2018	2019
Customer Class	# of Connections	Proposed Base Rate		2%	2%	2%	2%
Single Fmaily Residential	45.00	\$40.00		\$40.80	\$41.62	\$42.45	\$43.30
Multi-Family Residential	6.00	\$40.00		\$40.80	\$41.62	\$42.45	\$43.30
Commerical	6.00	\$40.00		\$40.80	\$41.62	\$42.45	\$43.30
	0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
	0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
	0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
	0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
	0.00	\$0.00		\$0.00	\$0.00	\$0.00	\$0.00
Average Total Monthly Base Rate Per Customer							
				\$40.00			
Average Total Yearly Base Rate Per Customer							
				\$480.00	489.6	499.392	509.37984
Total # of Connections							
				57.00	\$27,907.20	\$28,465.34	\$29,034.65
Total Yearly Revenue from Base Rate							
				\$27,360.00	\$27,907.20	\$28,465.34	\$29,034.65

Section 4. Final Study Summary and Conclusions

The Alachua County District is a good position to get projects funded as one of the State or Federal agencies that have infrastructure funding programs. One of the things that funding agencies will look at is the system's role and the structure and how they maintain and operate. Both in the field and from a management stand point. The critical they use to evaluate a District or City is an assessment tool related to a TMR. The key questions are: (1) What is the system's ability to operate efficiently in a Technical, Managerial, and Financial capacity.

Exhibit 4.b

Usage Rates

Recommended Yearly Usage Revenue	\$6,438.906
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Usage Rate Calculation							
				2016	2017	2018	2019
Tier	Tier Cap Amount in gallons	Price per 1000/gallons	Example Monthly Usage Bill	2%	2%	2%	2%
1 (up to)	3,000	\$0.50	\$1.50	\$0.51	\$0.52	\$0.53	\$0.54
2	4,000	\$1.00	\$4.00	\$1.02	\$1.04	\$1.06	\$1.08
3	5,000	\$1.50	\$7.50	\$1.53	\$1.56	\$1.59	\$1.62
4 (and up)	5,001	\$2.00	\$10.00	\$2.04	\$2.08	\$2.12	\$2.16

Estimated Yearly Usage Revenue=	\$6,453.83	\$6,582.91	\$6,714.57	\$6,848.86	\$6,985.84
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Section 5. Rate Study Summary and Conclusions

The Allegheny County Water District is in a good position to get projects funded via one of the State or Federal agencies that have infrastructure funding programs. One of the things that funding agencies will look at is the system's rates and rate structures and how they maintain and operate, both in the field and from a management stand point. The criteria they use to evaluate a District or a City is an assessment tool referred to as a TMF. This tool measures or rates the system in its ability to operate efficiently in a **T**echnical, **M**anagerial, and **F**inancial capacity.

The District is getting ahead of the curve in choosing to examine the rates and where they are to ensure the TMF capacity of the system is rated in a positive manner. A few of the questions you should be looking to answer when considering a rate increase are listed below:

- Are you able to fund expenditures/budget?
- Are you able to fund appropriate reserves and CIP reserves?
- Are you in regulatory compliance?
- Are you able to fund needed projects as identified in a master plan?

The District will need to educate the customers in an ongoing manner on:

- How to read the new water bills
- Water use information and conservation ideas
- Water use practices do's and don'ts for your customers
- Public information on upcoming projects for the system
- Promote the system's viability
- Partnering in the system's conservation efforts
- Promote water quality

The District will need to consult with legal counsel on the Prop 218 process and be prepared to answer questions and concerns regarding the rate increase and the reasons for the new rates.

I would encourage the District to have operations and administrative staff begin comparing the system's production with water sales through the meters, and track that every billing cycle. Most modern billing programs will provide you with that feature built into the program. This is valuable information to be able to confirm, as it will be an indicator of how efficiently your infrastructure moves the water from the source to your customers. You will also be able to analyze your water usage in ways that will assist you in tracking unauthorized and authorized uses of the water via appurtenances like hydrants and bulk filling stations within the distribution system. Currently the state considers 10% unaccounted for water as normal. This means that if you produce 1,000 gallons of water and you can only account for 900 gallons then that is an acceptable amount of water loss, or unaccounted for water.

If I or any other CRWA/SUSP staff can be of assistance in this process, please do not hesitate to contact us.