



**Del Paso Manor
Water District**

CM
Community Meeting



March 20, 2018

Meeting Purpose and Format

Welcome & introductions

Meeting purpose

- Recap and share where we are now
- Review updated rate alternatives
- Obtain your input and address questions

Meeting format

- PPT
- Q&A @ end
- Board to close meeting with formal discussion



Meet Your Water District Team



Debra Sedwick
General Manager



Rich Bolton
Field Manager



Lori Hensley
Office Assistant



Ken Ingle
O&M Tech/
Construction
Coordinator

About Your Water District

- History dates to late 1940s
- Provide safe drinking water in that meets or exceeds state and federal regulations for drinking water standards
- Work to maintain a reliable water supply for water consumption and fire protection for 1,800 customers



Background

History Snapshot

- Issued Prop 218 rate proposal last year for operations, maintenance and planned system maintenance to address aging infrastructure
- Rate increases were necessary for increased operational costs and to improve aging pipelines and wells
- Customers opposed rate increase proposal through prop 2018 process



Customer Engagement Approach

District Listened

- Engaged third-party financial consultant to conduct cost of service analysis for O&M only
- Conducting rate planning at community level for **full transparency**
- Held first community meeting Feb. 22 to review and obtain input on rate alternatives
- Board agreed to review the data in more detail and provide direction to BW at March 5 board meeting





Water Cost of Service Rate Study

*2nd Community Meeting
March 20, 2018*



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

Presentation Overview

- Review updated rate alternatives
- **Tonight's goal: Receive public input**





Why Rates Need to Increase

To Eliminate Operating Deficits

- *Increase in operation costs*
 - *Increase in testing requirements*
 - *Increase in repair costs*
 - *Unfunded pension liabilities*
- Upcoming Well Maintenance at Wells #3, 5, 8, 2 & Others
 - Staff Succession Planning Costs
 - Last Rate Increase was May 2012 (nearly 6 years ago)



Operating Deficits

- 2016/17 Operating Results*:
 - Revenues - Operating: \$0.80M
 - Annual Operating Costs: \$1.00M
 - \$0.20M Operating Deficit
- 2017/18 Budget*:
 - Projected Operating Revenues: \$0.80M
 - Annual Operating Budget: \$1.04M
 - \$0.24M Operating Deficit



DPMWD Well #4

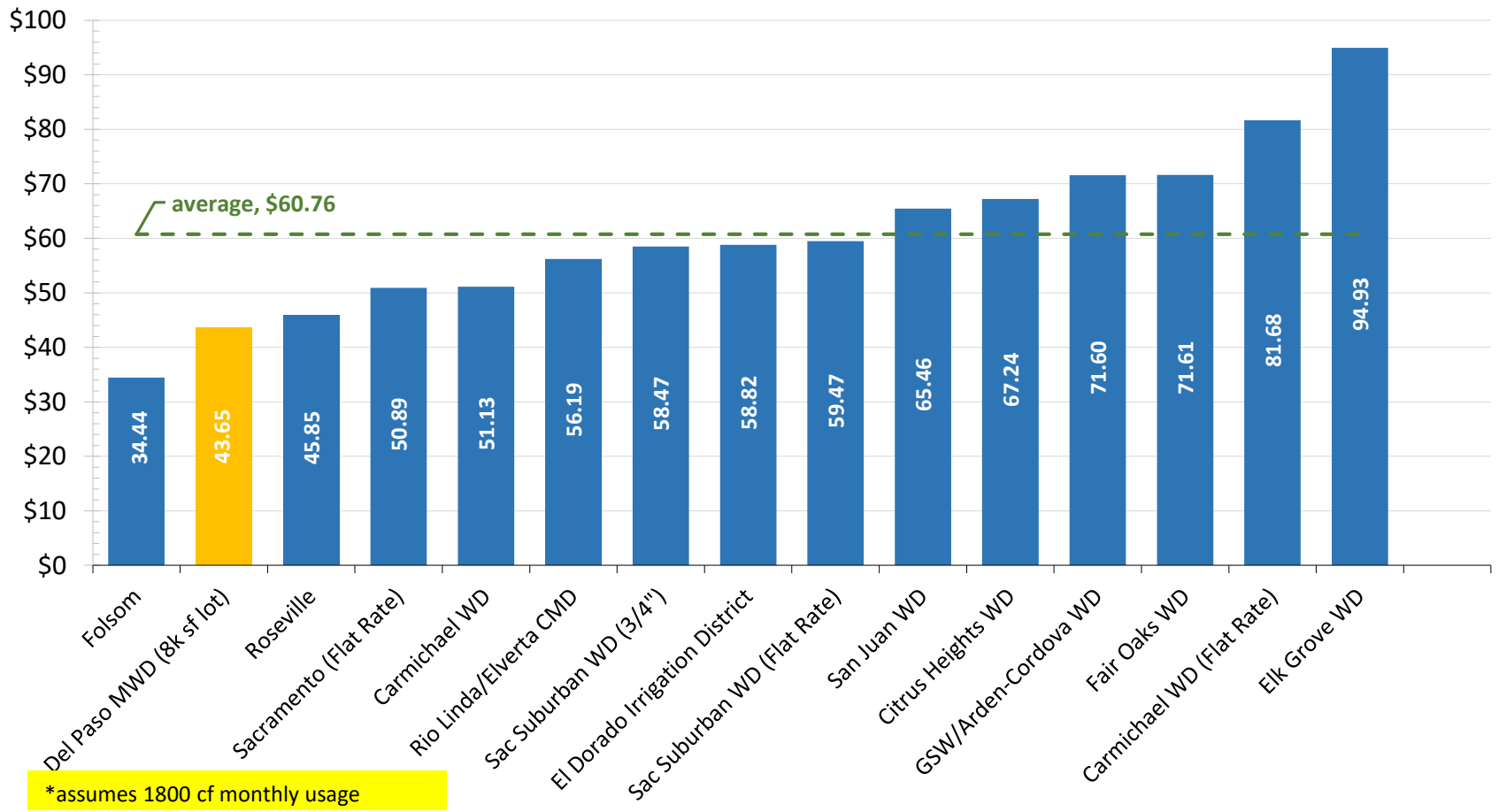
*** Does not include System Maintenance Charge revenues or capital projects**





Water Rate Survey Results

Single Family Residential Monthly Water Rate Survey, Feb 2018*





Background

- Current rate study addresses operating expenses only
 - *Need to address operating deficits now*
 - *District will look at capital needs after Master Plan update is completed*
- Held community meeting on February 22nd ; received input
- Further input received at March 5th Board Meeting
- Rates have been refined based on input received
- District is seeking further input on rate proposals before engaging in Prop 218 process

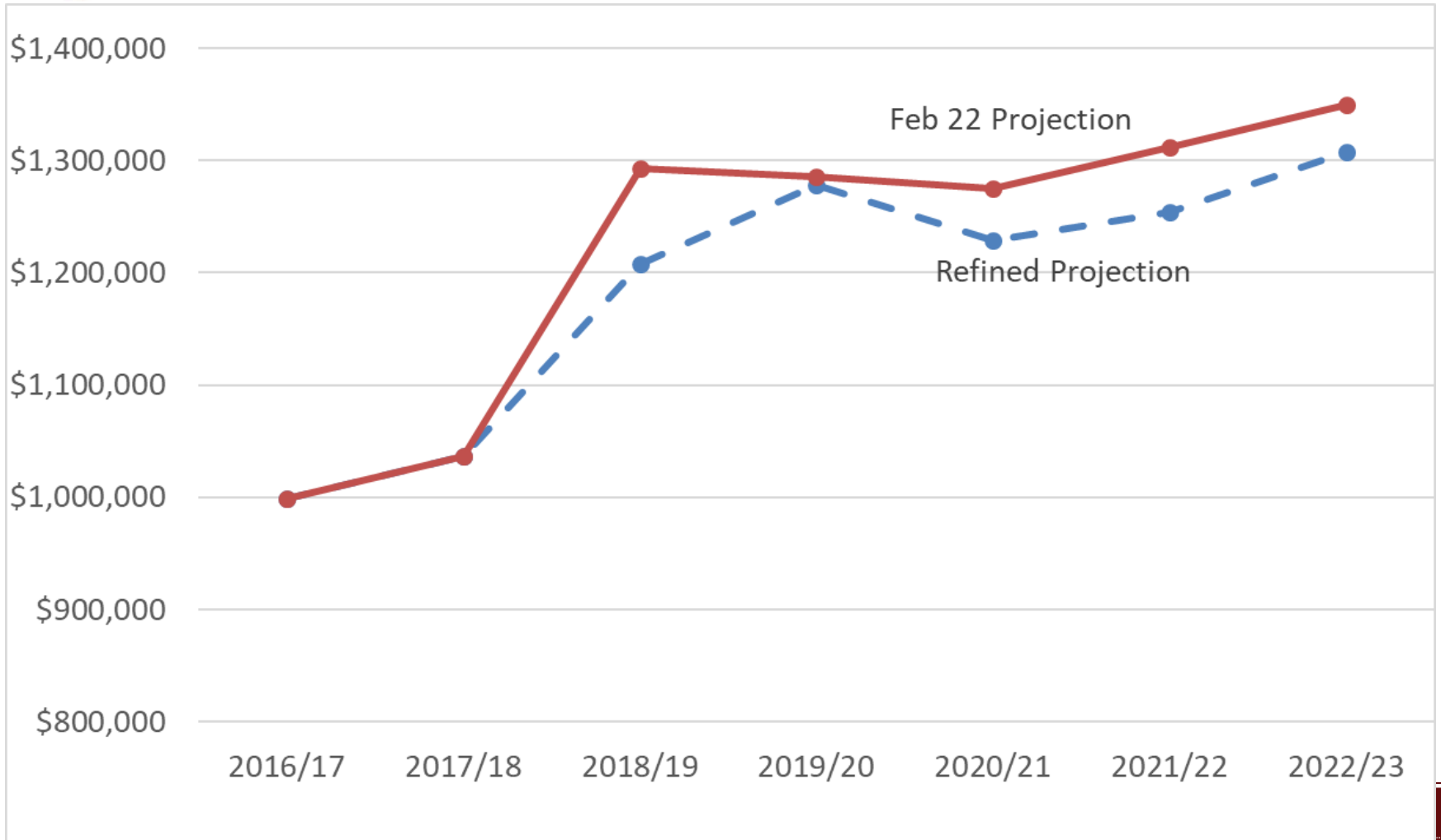


What's Changed Since Last Meeting?

- Reduced projected O&M Expenses
 - *Modernization of financial software shifted to Master Plan Update*
 - *Lowered costs for truck replacement*
 - *Professional dues costs lowered (SGMA costs expected to be lower)*
 - *Management transition costs reduced*
- Refined beginning fund balance for operations, +\$40k



Operating Cost Expense Projection



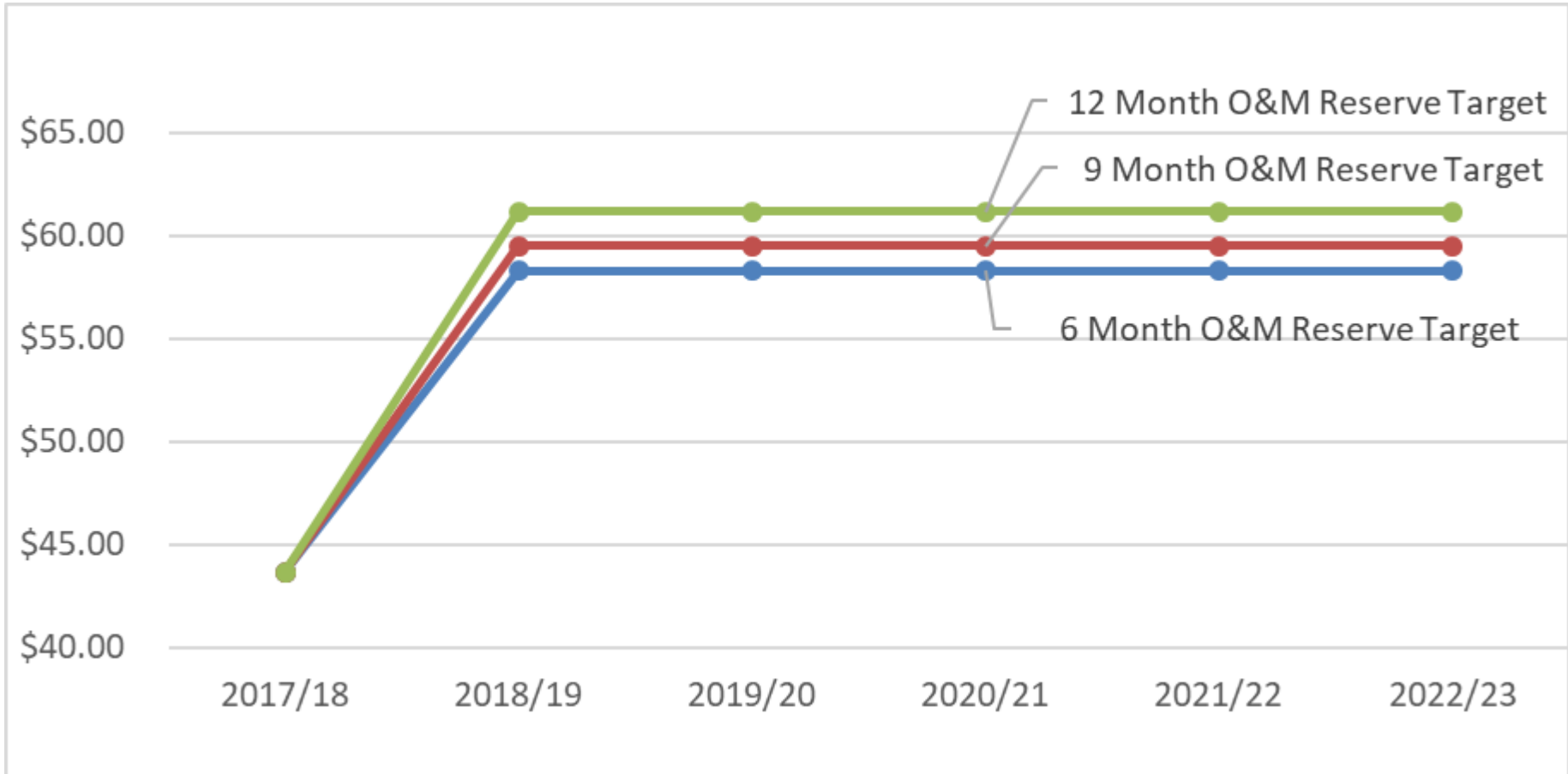


Summary of O&M Rate Scenarios

- Single year increase
- Spread increase over two years
- Target O&M Reserve Fund Balance
 - *6 months O&M*
 - *9 months O&M*
 - *12 months O&M*

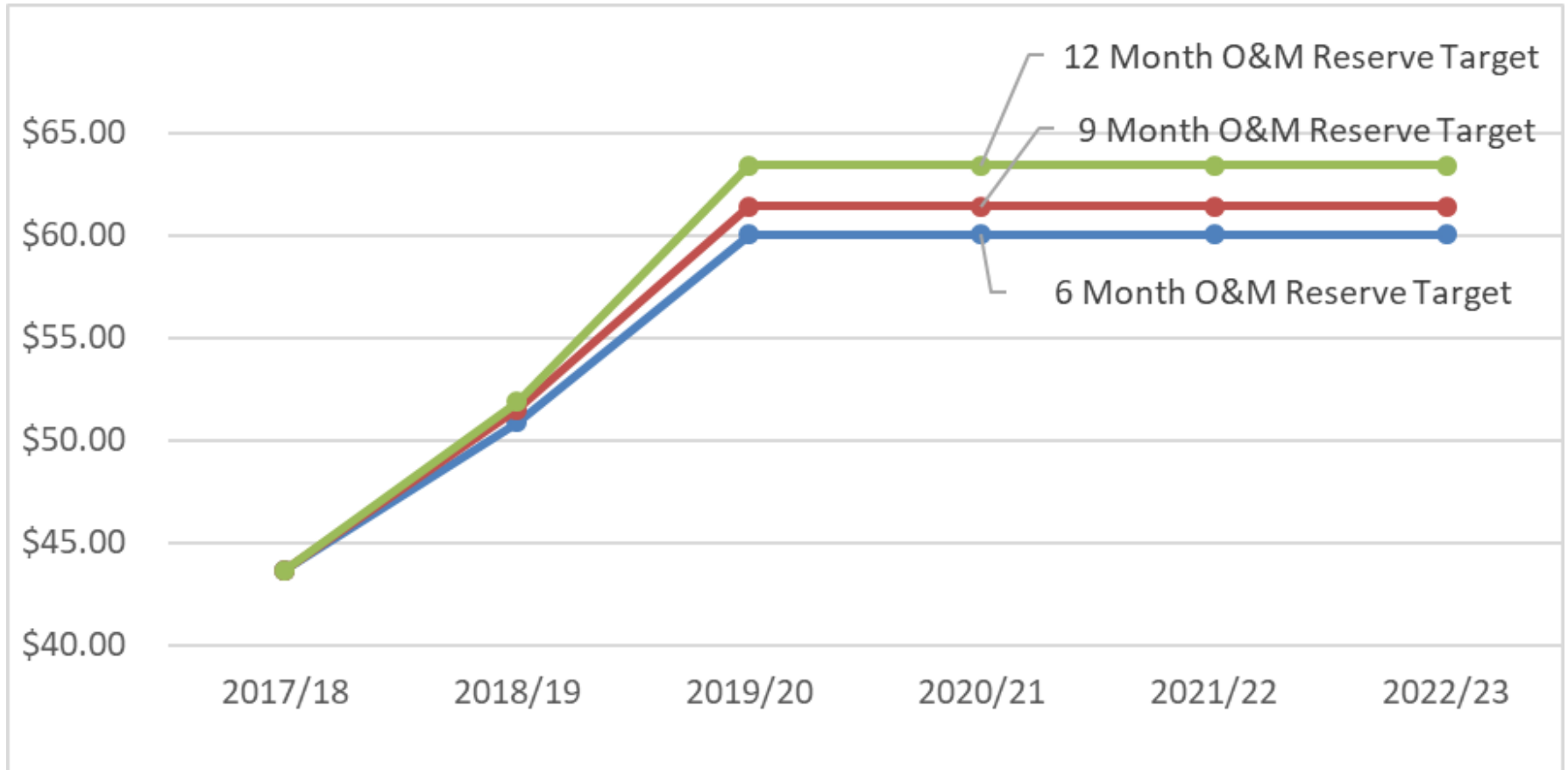


Typical Monthly Water Bill – 1 Year Adjustment



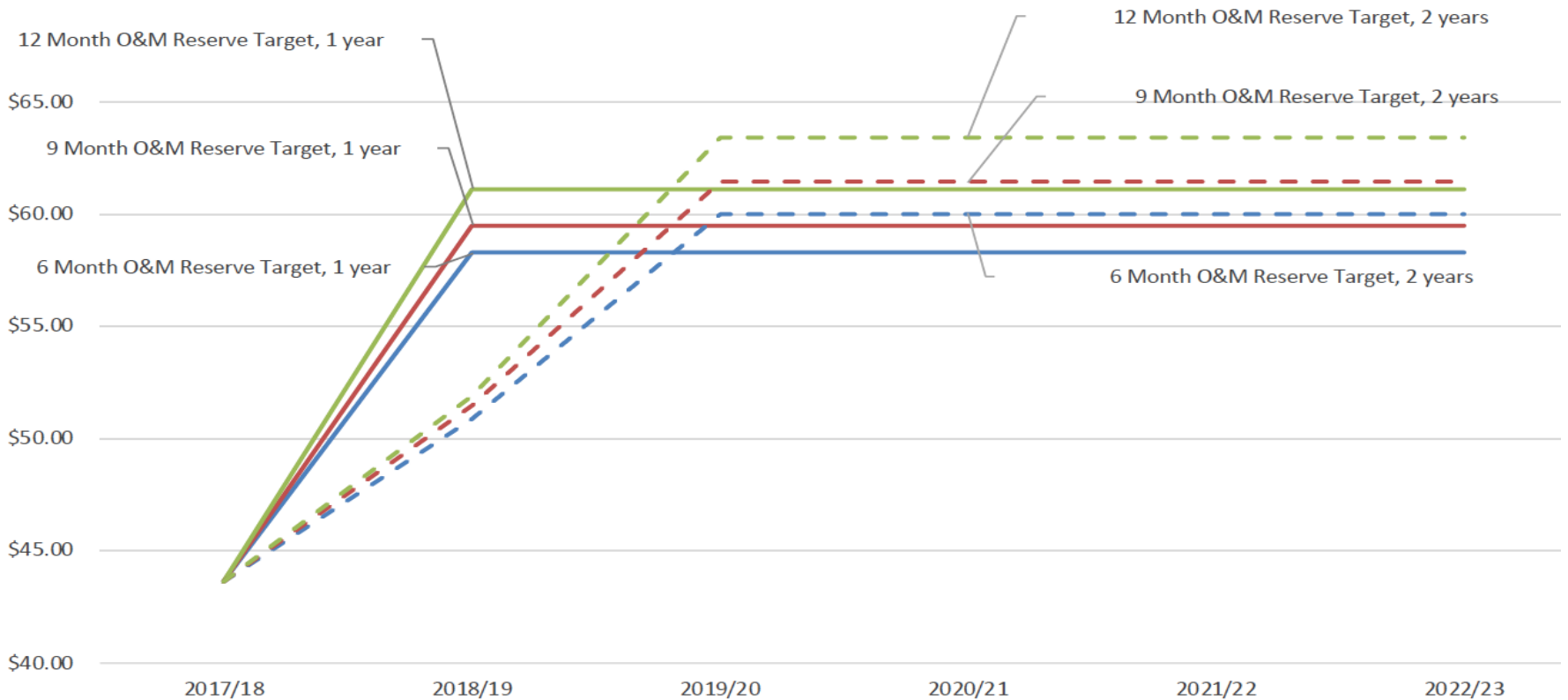


Typical Monthly Water Bill – 2 Year Phase-In





Typical Monthly Water Bill – All Options Comparison





Summary of O&M Rate Scenarios

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
6 Month O&M Reserve Target						
1 Year Increase Option	\$43.65	\$58.28	\$58.28	\$58.28	\$58.28	\$58.28
Percent Increase		33.5%	0.0%	0.0%	0.0%	0.0%
2 Year Increase Option	\$43.65	\$50.86	\$60.04	\$60.04	\$60.04	\$60.04
Percent Increase		16.5%	18.0%	0.0%	0.0%	0.0%
9 Month O&M Reserve Target						
1 Year Increase Option	\$43.65	\$59.51	\$59.51	\$59.51	\$59.51	\$59.51
Percent Increase		36.3%	0.0%	0.0%	0.0%	0.0%
2 Year Increase Option	\$43.65	\$51.48	\$61.43	\$61.43	\$61.43	\$61.43
Percent Increase		17.9%	19.3%	0.0%	0.0%	0.0%
12 Month O&M Reserve Target						
1 Year Increase Option	\$43.65	\$61.16	\$61.16	\$61.16	\$61.16	\$61.16
Percent Increase		40.1%	0.0%	0.0%	0.0%	0.0%
2 Year Increase Option	\$43.65	\$51.89	\$63.43	\$63.43	\$63.43	\$63.43
Percent Increase		18.9%	22.2%	0.0%	0.0%	0.0%

(Typical Monthly Bill for Single-Family Residence on 8,000 sf Lot)





Updated Rate Study Schedule

✓	February 22	1 st Community Meeting to review preliminary rate findings and receive input
✓	March 5	Regular Board Meeting
✓	Mar 20 th	2 nd Community Meeting to review updated rates
	April 2	Regular Board Meeting – possible direction to Manager to prepare and mail 218 notices
	April 13	Deadline for mailing out 218 notices
	May 1 st (week of)	3 rd Community Meeting to discuss rate proposal and answer questions (if needed)
	May 7	Regular Board Meeting – 1 st reading of rate ordinance
	May 29 or 30	Public Hearing for rate increase
	June 4	Regular Board Meeting – final date for rates to be adopted to be effective July 1



Questions and Comments



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