

# Resort Improvement District #1 Board Presentation

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*Rate Study and Capital  
Improvement Planning for:  
Electric  
Water  
Sewer*

ALL RESULTS AND RECOMMENDATIONS ARE PRELIMINARY  
AND SUBJECT TO CHANGE BASED ON FURTHER REVIEW,  
INPUT FROM THE PROPERTY OWNERS, AND UNTIL  
APPROVED BY THE BOARD

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June 20, 2019

# Today

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- Presentation of 40 page report
- Three Segments: Electric, Water, then Sewer
- Questions, answers and comments after each segment
- No action by board today

# “Resort Improvement District #1”

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- No debt
- Ongoing property tax revenue
- Positive cash balances
- Dedicated, experienced, skilled staff

# Property Taxes: Ad Valorem

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- Last fiscal year Ad Valorem Tax revenue \$470,000:

|            |                |            |
|------------|----------------|------------|
| Parks:     | \$130,000      | 27%        |
| Utilities: | <u>340,000</u> | <u>73%</u> |
| Total      | \$470,000      | 100%       |

# Property Taxes: Special

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1. Special Utilities Improvement and Operation Tax: \$80/yr parcel
  - \$30 for utility maintenance and operations
  - \$50 for utility capital expenditures
2. Fire Protection Tax:
  - \$99 /yr vacant parcel
  - \$125 /yr residential developed parcel
  - \$250 /yr multi-family and commercial parcel

# Property Taxes: Special

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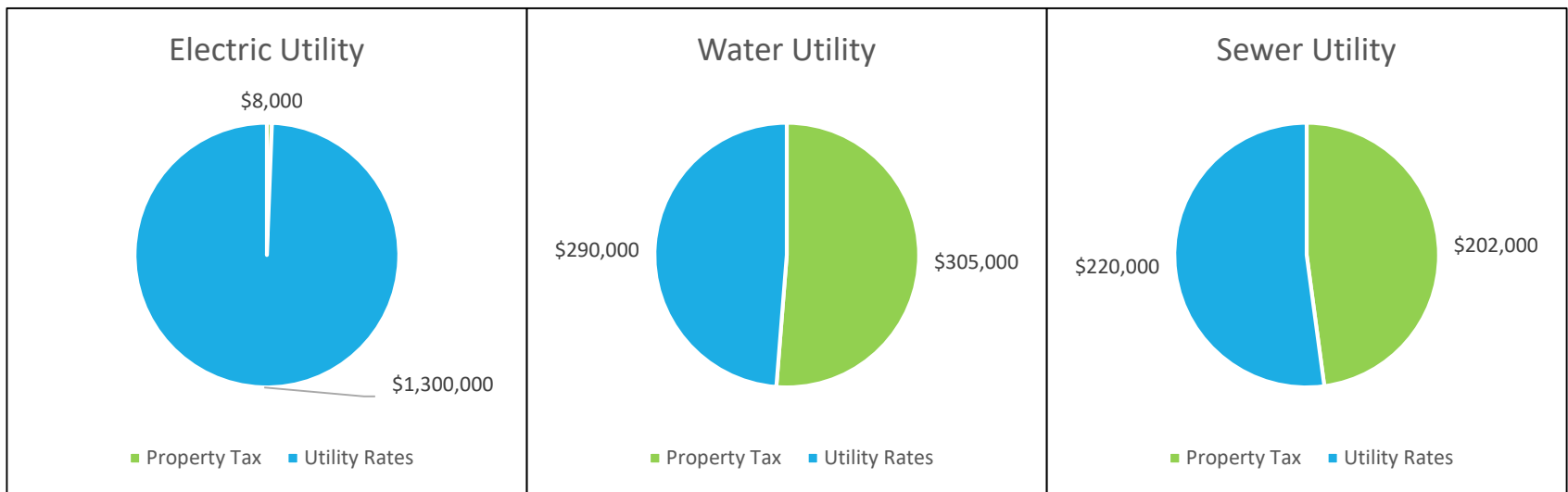
- 3. Water Standby Fee: \$8.00 /yr undeveloped parcels
- 4. Sewer Standby Fee: \$8.00 /yr undeveloped parcels

*Total contribution of Ad Valorem and Special Taxes to utilities:*

*Approximately \$600,000 per year*

# Property Tax Benefits to Utilities

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*Property taxes cover roughly half Water and Sewer operating costs.  
(Property Taxes total \$515,000 above. Additional applied directly to capital projects)*

# Fund Balance Estimates

(April 2019)

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|            |                  |
|------------|------------------|
| • Electric | \$450,000        |
| • Water    | \$1,800,000      |
| • Sewer    | <u>\$200,000</u> |
|            | \$2,450,000      |



# Utility Accounts

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- Electric: 722
  - 620 Residential
  - 54 RID accounts
  - 48 Commercial
  - 722
- Water: 630
- Sewer: 500

... of 4,000+ parcels

# Cost of Service Rate Setting: “The Rules” under Proposition 218

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1. Rate revenue can't subsidize general fund
2. Customers pay based on cost to serve them
3. Customers sent 45-day notice followed by rate hearing (Water and Sewer)

# Rate Setting Process

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1. Evaluate historical financial results
2. Evaluate rate history and comparisons
3. Work with staff to create five-year projection of Operating costs (e.g. personnel, maintenance, electricity)

# Rate Setting Process (cont.)

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4. Work with staff and community to create five-year projection for Capital Improvement Projects (e.g. construction, new equipment, major repair)
5. Create rate-setting scenarios for consideration by board and the public
6. Prop 218 compliant notice and hearing (water and sewer)

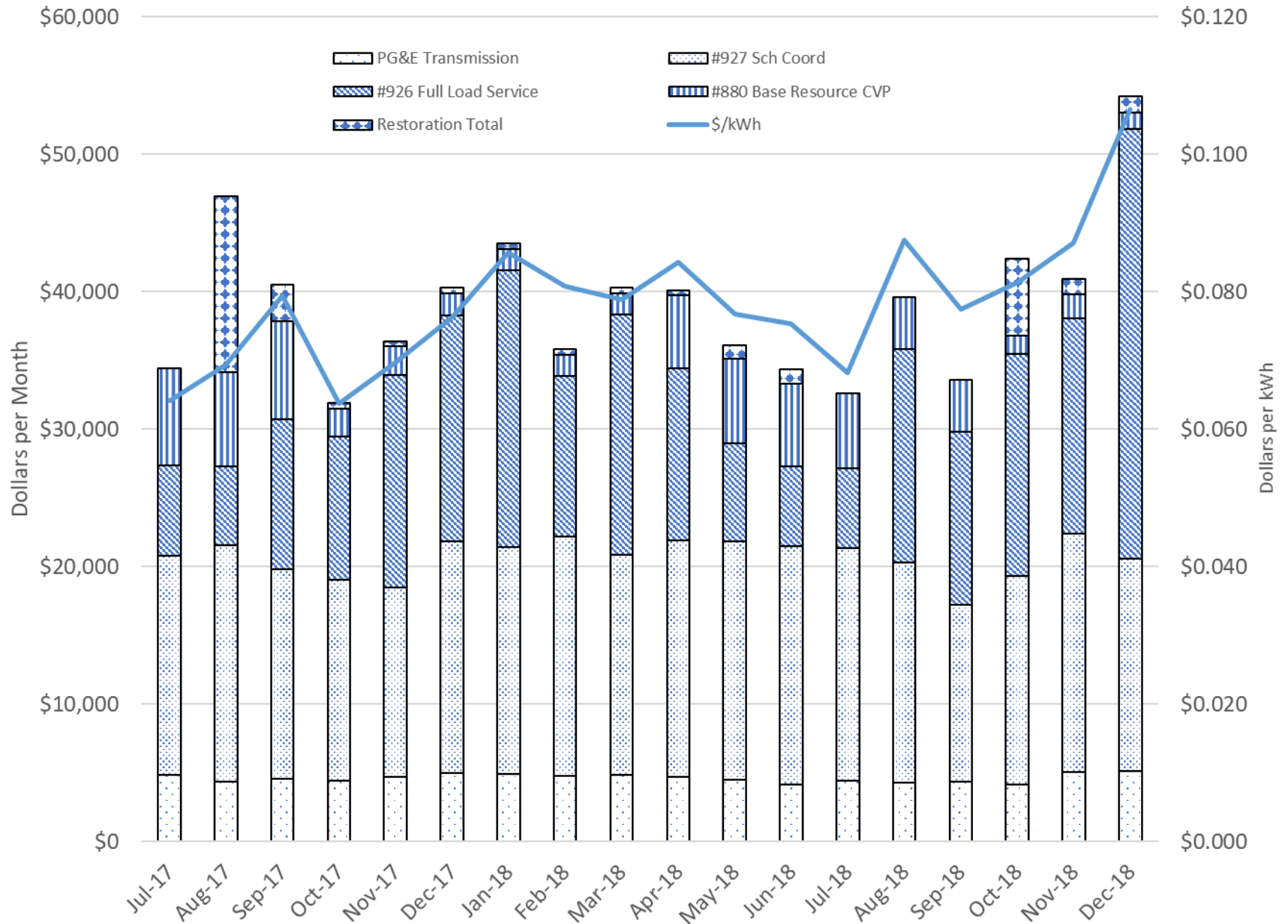
# Electric: Wholesale Supply

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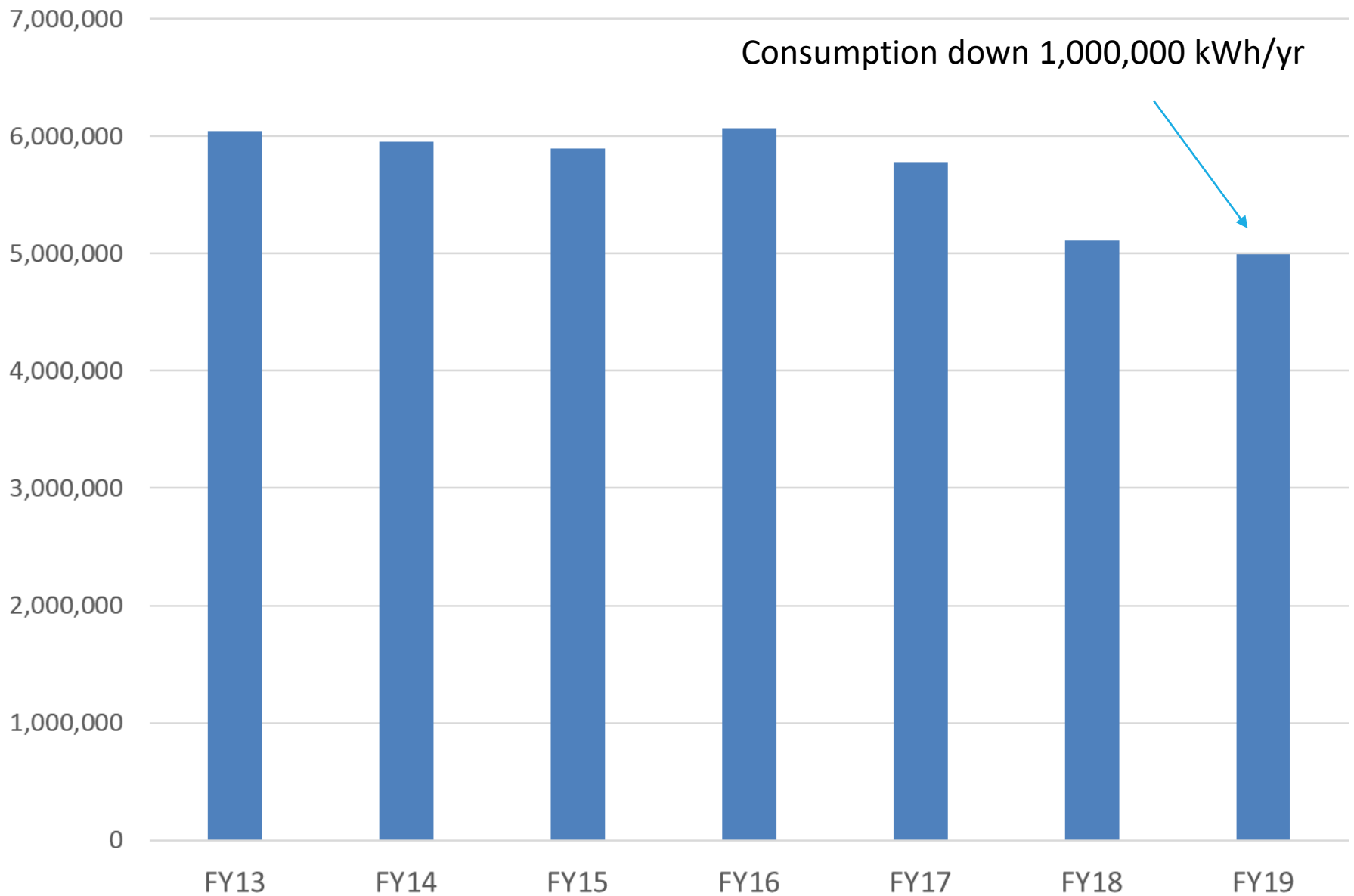
- RID buys its power from the Western Area Power Administration (WAPA)
- Supply divided between “Base Resource” (lower cost) and “Full Load Service” (to meet load)
- Base Resource \$0.07 /kWh below average for 2,000,000 kWh (45% approx.)
- PG&E provides only transmission service

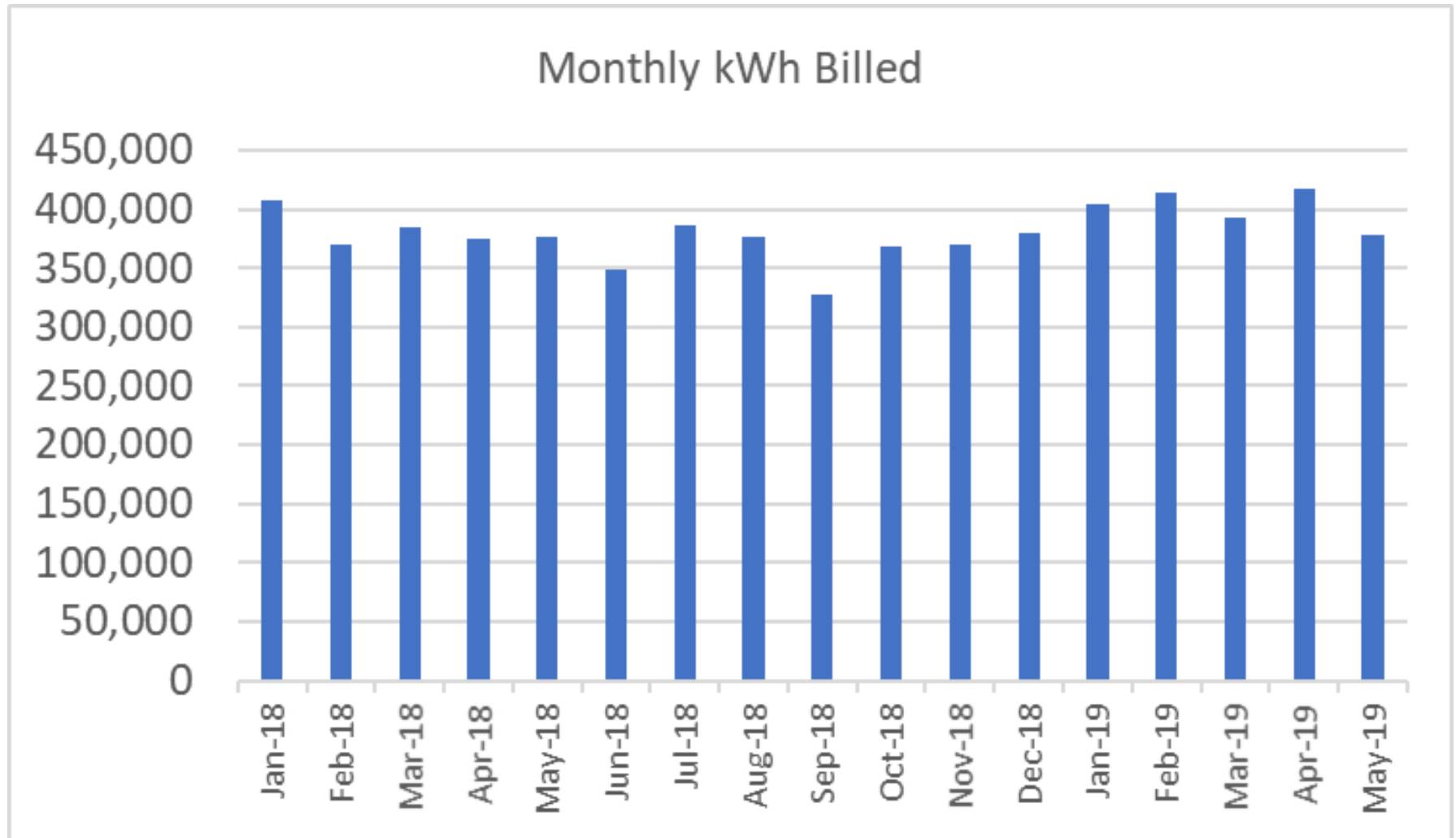
# Wholesale Power Cost Components

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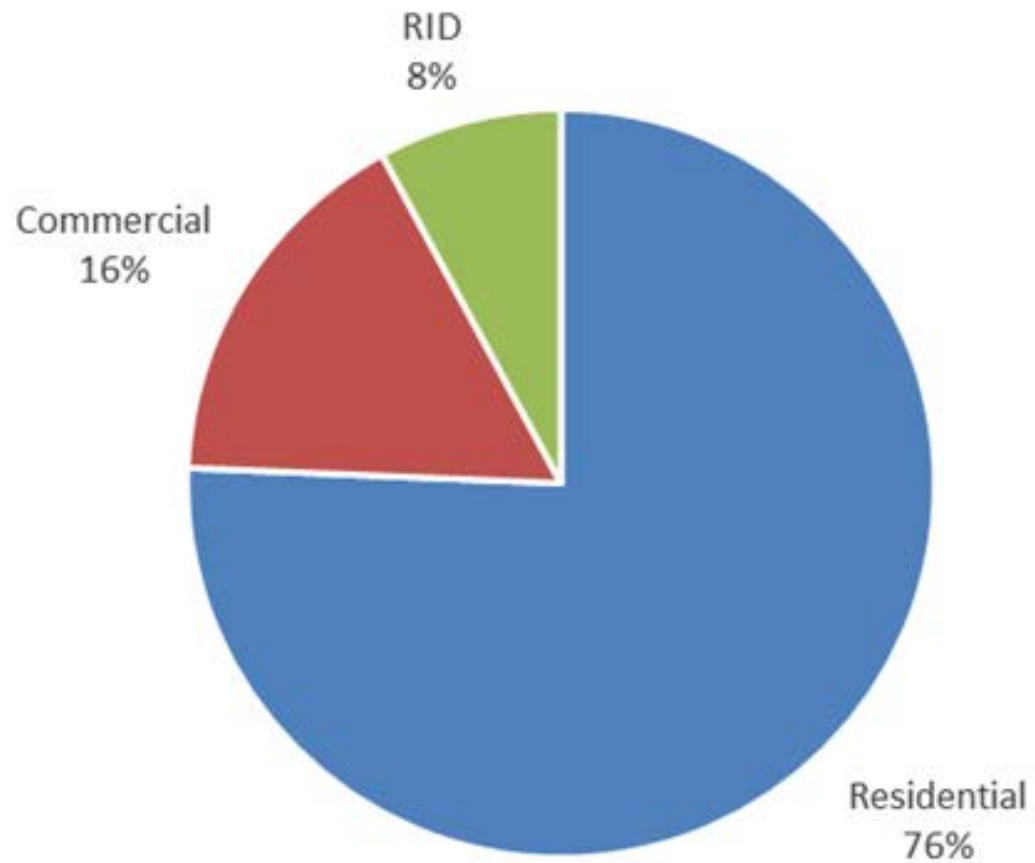
## RID Total Annual Wholesale kWh





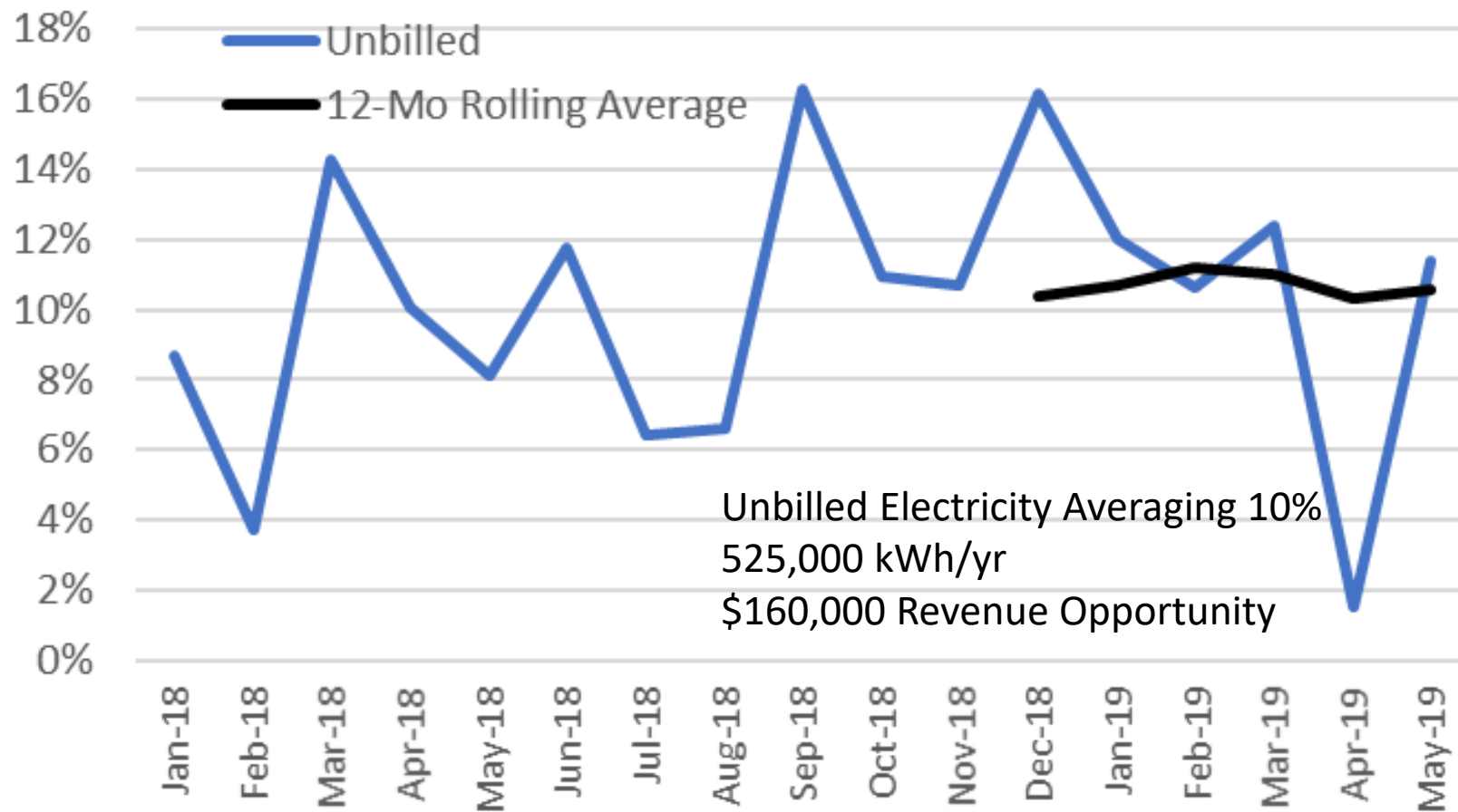


Allocation of kWh Sales (FY18)



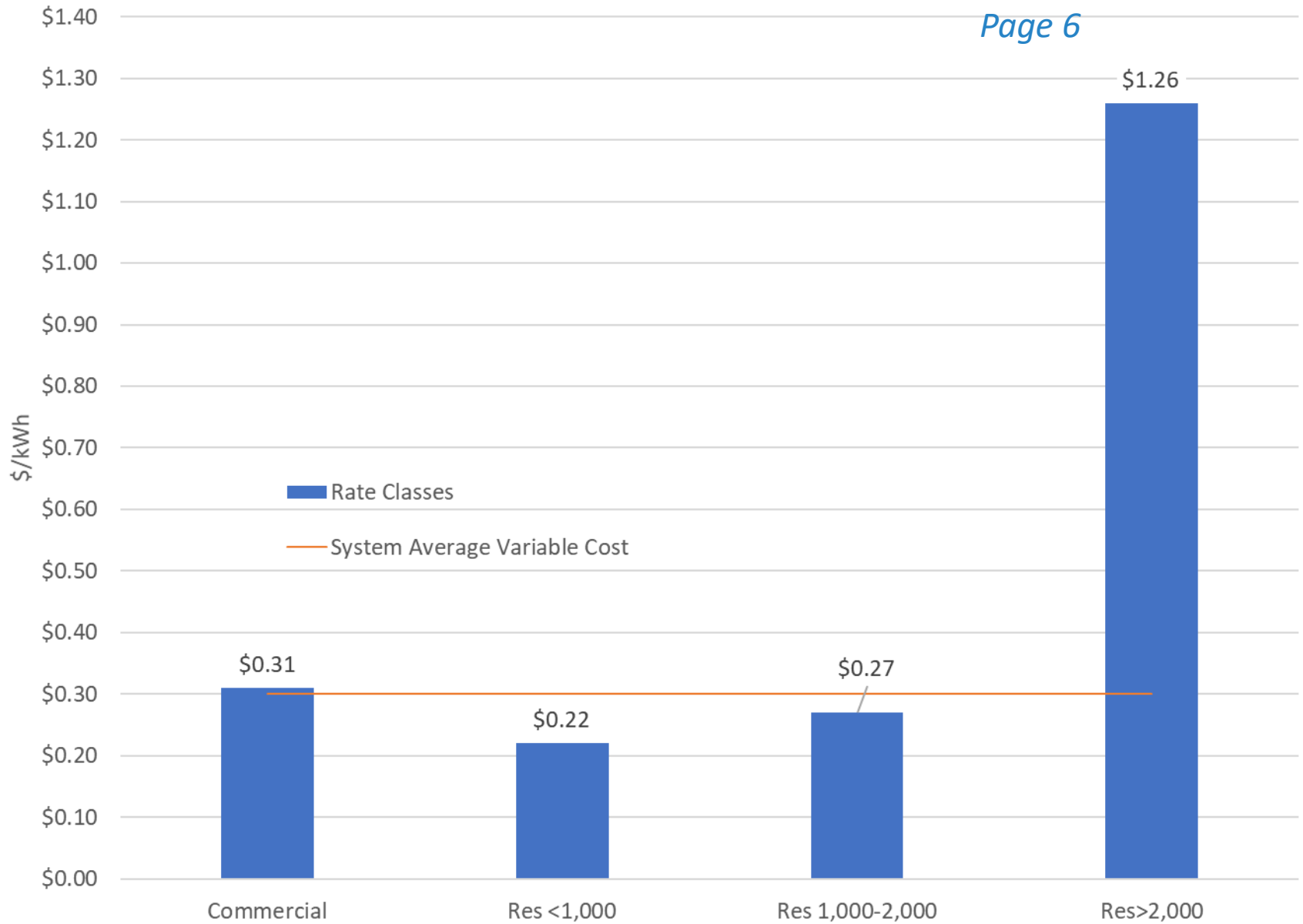
## Unaccounted-for Electricity

*Page 10. This version is updated. Page 29 for data.*

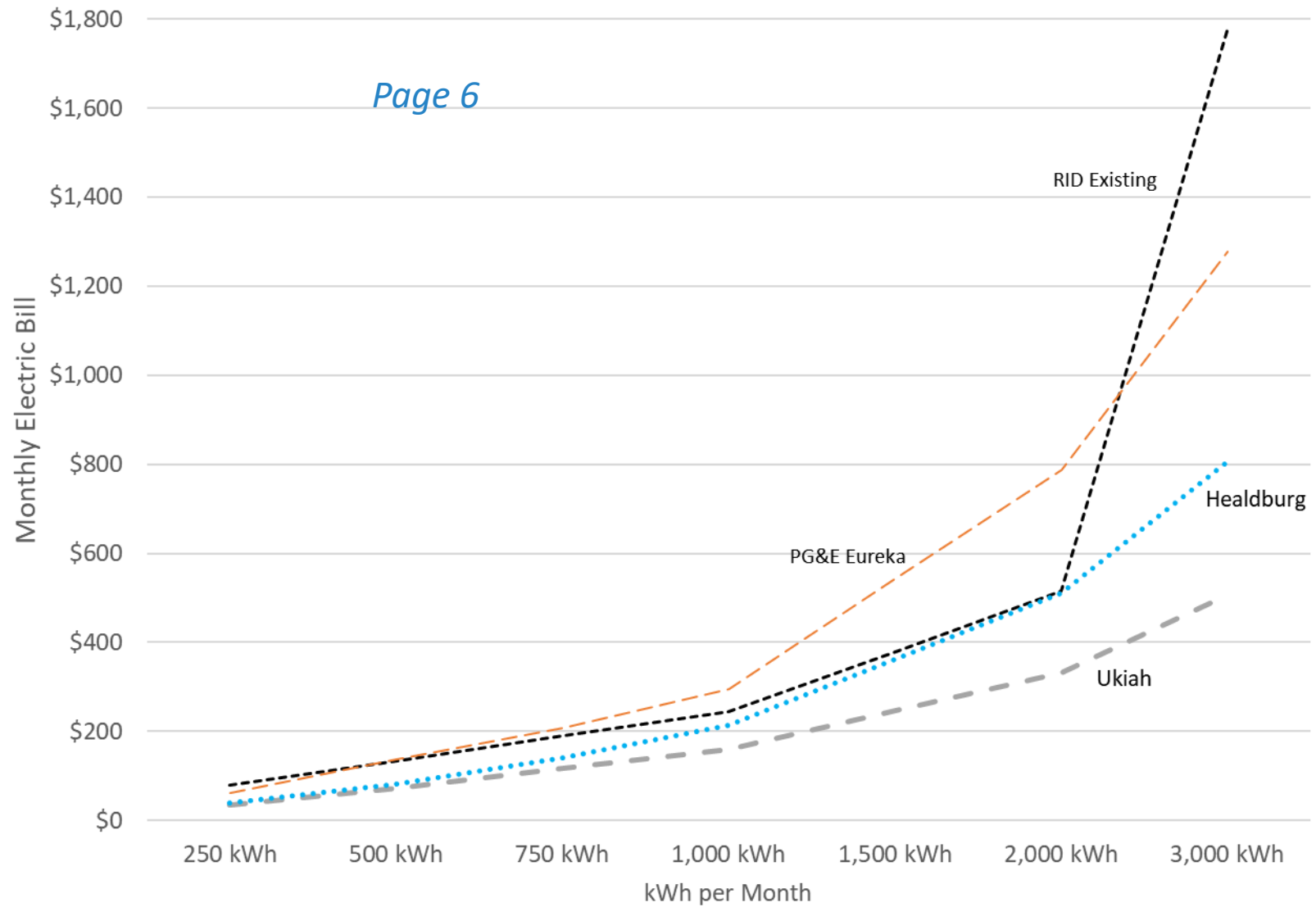


## RID Existing Electric Rates

Page 6

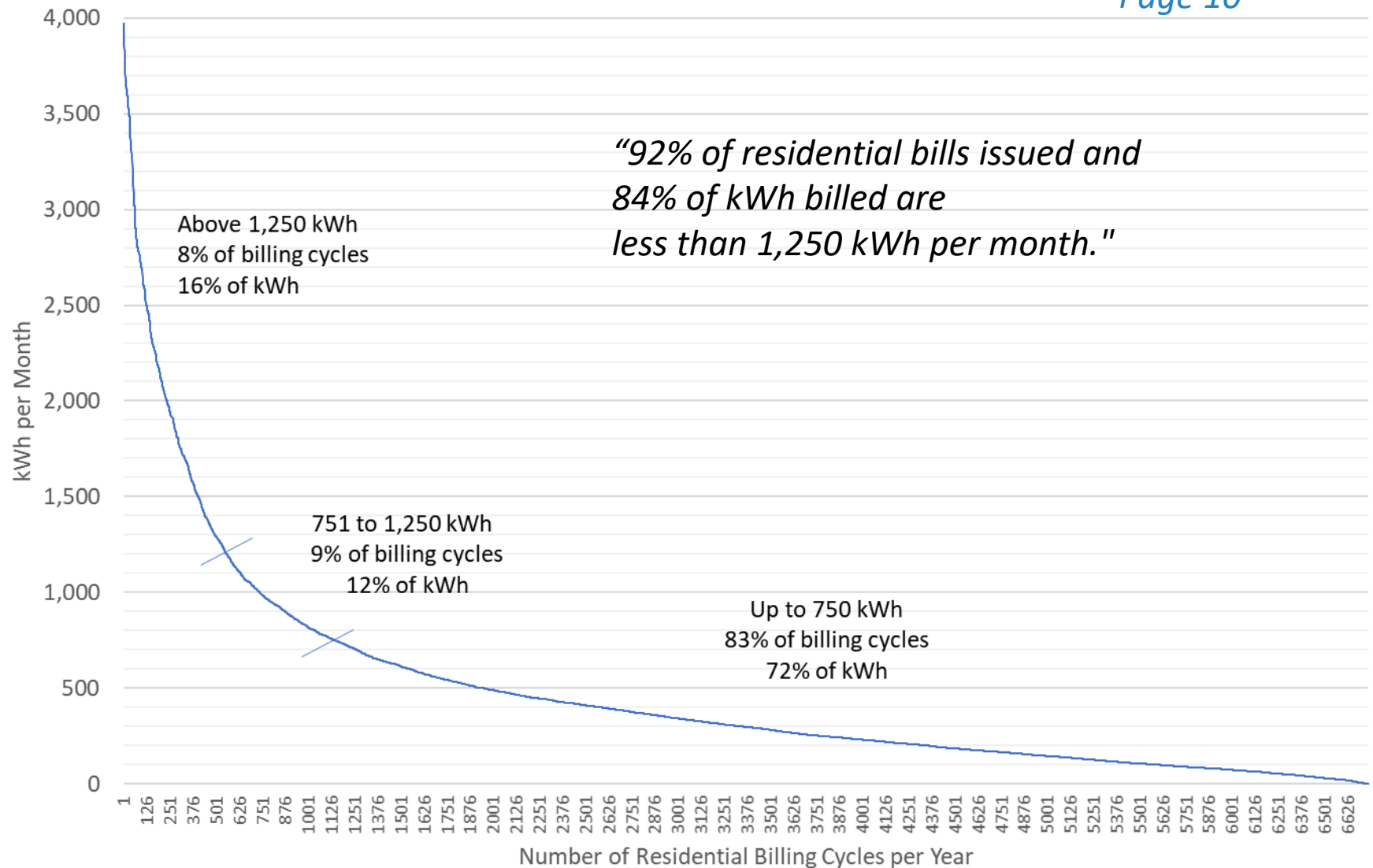


## Residential Electric Cost Comparisons

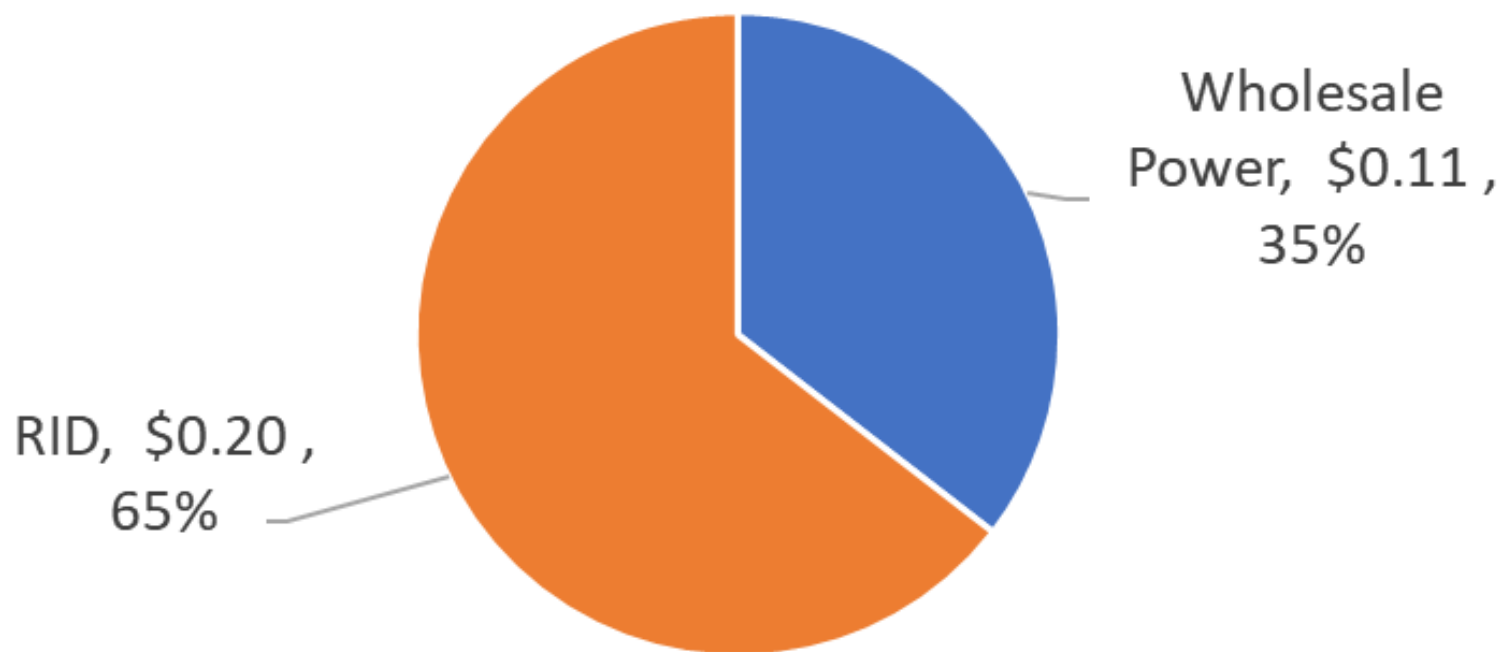


## Residential Non-Zero Electric Bill Cycles up to 4,000 kWh/mo

Page 10



Added Sales Help: \$0.20/kWh stays with RID



## RID Electric Enterprise Fund

### Major Expense and Project Planning

*Page 30*

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|  |           | Year 1    | Year 2    | Year 3    | Year 4   | Year 5   |  |
|--|-----------|-----------|-----------|-----------|----------|----------|--|
| Project or Purpose   | FY18/19   | FY19/20   | FY20/21   | FY21/22   | FY22/23  | FY23/24  | Comments   |
| Underground Cable Design and Construction  | \$340,000 | -         | -         | -         | -        | -        | Lower Pacific area   |
| Replace underground tie-line Paradise Ridge  | -         | -         | \$150,000 | -         | -        | -        | Based on RID staff doing the work using the existing conduit   |
| Fuse Coordination Study  | -         | -         | \$100,000 | -         | -        | -        | To determine where District can install new fuses with spark arresters to isolate sections of RID Grid |
| Underground replacement phase #4 S/E side runway   | -         | -         | -         | \$25,000  | -        | -        | Based on RID staff doing the work  |
| Underground replacement phase #7 Marina area   | -         | -         | -         | \$50,000  | -        | -        | Based on RID staff doing the work  |
| Hillside Road Reroute and Upgrade  | -         | -         | \$35,000  | -         | -        | -        | Based on RID staff adding six wood poles to reroute  |
| Alternate underground feed for deli and brewery  | -         | -         | -         | \$25,000  | -        | -        | To increase service reliability  |
| Pavement Resurfacing   | \$28,000  | -         | -         | -         | -        | -        | Generator yard   |
| Equipment Storage Building   | -         | -         | -         | \$33,000  |          |          | One-third of \$100,000 shared between Water/Sewer/Electric   |
| Bucket Truck Replacement   | \$153,000 | -         | -         | -         | -        | -        | 100 percent electric enterprise  |
| Truck replacement (passenger and line)   | \$13,000  | \$40,000  | \$40,000  | \$40,000  | \$40,000 | \$40,000 | Based on 10-year life except 20 for line trucks. Covers a portion of 11 vehicles used for electric.    |
| Back-hoe replacement (shared)  | -         | -         | -         | -         | \$40,000 | -        | One-third of \$120,000 shared between Water/Sewer/Electric   |
| Totals   | \$534,000 | \$40,000  | \$325,000 | \$173,000 | \$80,000 | \$40,000 |  |
| Five-Year Average, rounded   |           | \$132,000 |           |           |          |          |  |
| Note: This CIP schedule assumes \$50,000 per year ongoing pole replacement included as an operating expense. |           |           |           |           |          |          |  |

# Revenue / Expense Projections for Electric with Gradual Increases

Page 31 w/ adjustment to revenue

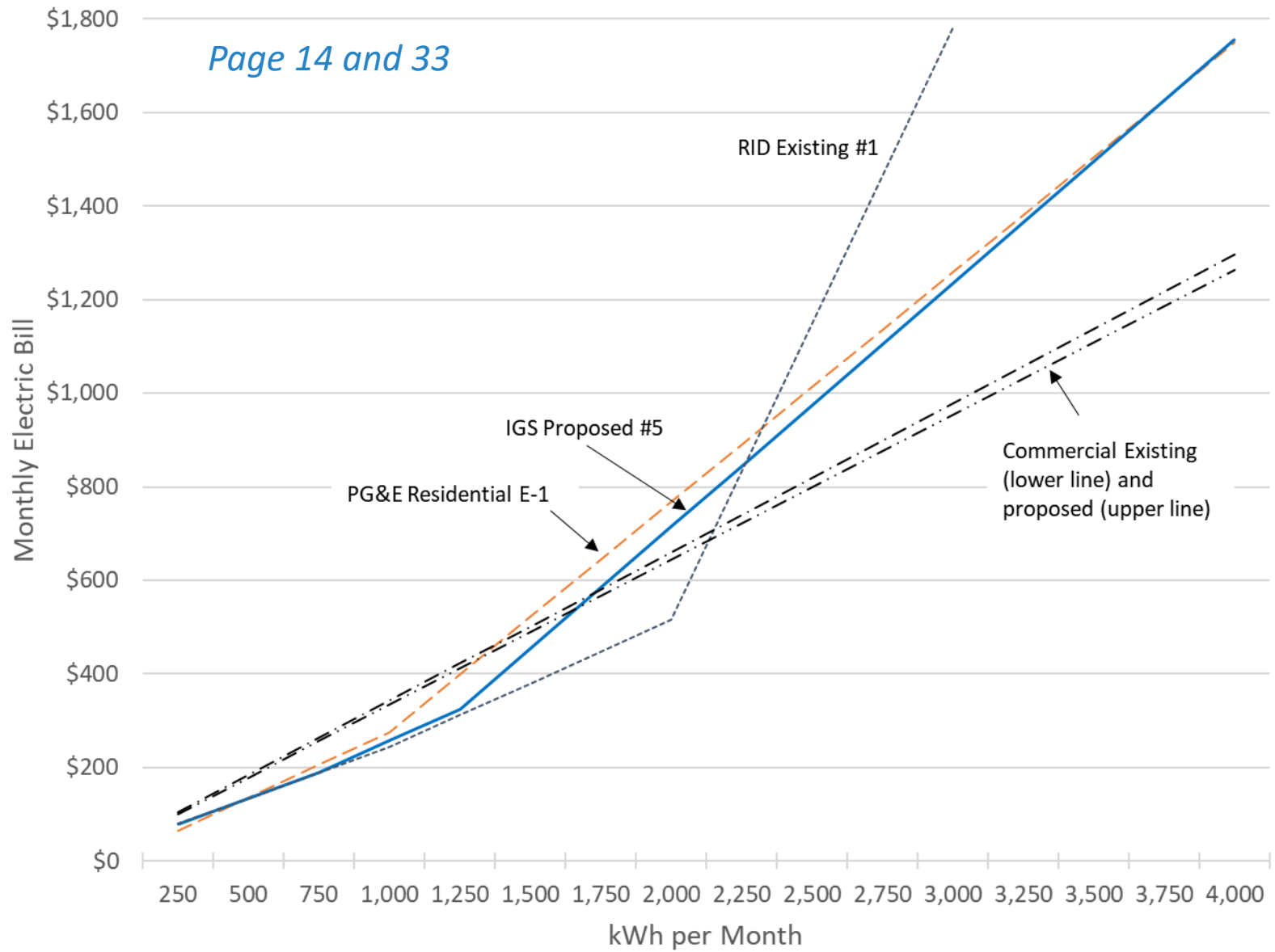
| RID Electric Enterprise Fund: Revenues, Expenses and Cash Balances |  |                    |             |             |             |           |           |           |           |           |
|--|--|--------------------|-------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|
|  | Total of \$1,535,000 used for rate setting | FY15/16            | FY16/17     | FY17/18     | FY18/19     | FY19/20   | FY20/21   | FY21/22   | FY22/23   | FY23/24   |
|  |  | Audited            | Audited     | Preliminary | Projected   | Forecast  | Forecast  | Forecast  | Forecast  | Forecast  |
|  |  | Revenue Increases: |             |             |             |           | 3.0%      | 3.0%      | 3.0%      | 3.0%      |
| Operating Revenues   |  |                    |             |             |             |           |           |           |           |           |
| Utility Service Charges  |  | \$1,585,706        | \$1,550,350 | \$1,397,000 | \$1,311,000 | 1,350,000 | 1,391,000 | 1,433,000 | 1,476,000 | 1,520,000 |
| Capital Facility Charges   |  | 18,000             | 45,000      | 68,000      | 70,000      | 72,000    | 74,000    | 76,000    | 78,000    | 80,000    |
| Water and Sewer Ent. Charges                                       |  | -                  | -           | -           | -           | 113,000   | 116,000   | 119,000   | 123,000   | 127,000   |
| Connection, Extension and Other Fees                               |  | 80,119             | 74,006      | 45,230      | 45,000      | 45,000    | 45,000    | 45,000    | 45,000    | 45,000    |
| Total Operating Revenue  |  | 1,683,825          | 1,669,356   | 1,510,230   | 1,426,000   | 1,580,000 | 1,626,000 | 1,673,000 | 1,722,000 | 1,772,000 |
| Operating Expenses   |  |                    |             |             |             |           |           |           |           |           |
| Human Resources  |  | 571,395            | 821,534     | 563,759     | 650,000     | 676,000   | 703,000   | 731,100   | 760,300   | 790,700   |
| Materials, Supplies and Services                                   |  | 202,453            | 165,244     | 154,201     | 235,000     | 240,000   | 244,800   | 249,700   | 254,700   | 259,800   |
| Power  |  | 515,670            | 444,294     | 465,780     | 480,000     | 494,000   | 508,800   | 524,100   | 539,800   | 556,000   |
| Insurance  |  | 11,338             | 11,327      | 13,580      | 14,000      | 14,000    | 14,300    | 14,600    | 14,900    | 15,200    |
| Allocated Administrative Costs                                     |  | 72,157             | 76,243      | 75,000      | 75,000      | 84,000    | 85,700    | 87,400    | 89,100    | 90,900    |
| Total Operating Expenses   |  | 1,373,013          | 1,518,642   | 1,272,320   | 1,454,000   | 1,508,000 | 1,556,600 | 1,606,900 | 1,658,800 | 1,712,600 |
| Net Operating Income   |  | 310,812            | 150,714     | 237,910     | (28,000)    | 72,000    | 69,400    | 66,100    | 63,200    | 59,400    |
| Non-Operating Income (Expense)                                     |  |                    |             |             |             |           |           |           |           |           |
| Property Taxes   |  | 7,786              | 37,660      | 31,871      | 8,000       | 8,000     | 8,000     | 8,000     | 8,000     | 8,000     |
| Transfers / Grants   |  | 184,666            | (19,978)    | 201,890     | -           | -         | -         | -         | -         | -         |
| Total Non-Operating  |  | 192,452            | 17,682      | 233,761     | 8,000       | 8,000     | 8,000     | 8,000     | 8,000     | 8,000     |
| Net Income (Loss)  |  | 503,264            | 168,396     | 471,671     | (20,000)    | 80,000    | 77,400    | 74,100    | 71,200    | 67,400    |
| Capital Improvement Projects                                       |  | (165,000)          | (633,000)   | (82,000)    | (534,000)   | (132,000) | (132,000) | (132,000) | (132,000) | (132,000) |
| Cash and Cash Equivalents Year End                                 |  | 1,147,162          | 839,136     | 1,228,807   | 674,807     | 622,807   | 568,207   | 510,307   | 449,507   | 384,907   |
| Notes:   |  |                    |             |             |             |           |           |           |           |           |
| Projected Capital Facility Charges based on historical trend       |  |                    |             |             |             |           |           |           |           |           |
| Depreciation is excluded from operating costs                      |  |                    |             |             |             |           |           |           |           |           |
| Values in italics are projections                                  |  |                    |             |             |             |           |           |           |           |           |



| Rate Alternatives and Revenue Results   |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
|---|-----------|-------------|----------|----------|----------|----------|-----------|-----------|----------|----------|----------|----------|-------------|------------|-----------|---------------|---------------------|--------------|------------|
| FY17/18 kWh Distribution  |           | Residential |          |          |          |          |           |           |          |          |          |          |             | Commercial | Wtr/Swr   | Fixed Revenue | Total               | FY19/20 Goal |            |
| From  | 0         | 251         | 501      | 751      | 1,001    | 1,251    | 1,501     | 2,001     | 3,001    | 4,001    | 5,001    |          |             |            |           |               | (rounded)           |              | Over       |
| To  | 250       | 500         | 750      | 1,000    | 1,250    | 1,500    | 2,000     | 3,000     | 4,000    | 5,000    | 6,000    | Above    |             |            |           |               |                     |              | (Under)    |
| % nonzero cycles  | 43.7%     | 27.1%       | 11.8%    | 5.9%     | 3.0%     | 1.8%     | 2.5%      | 2.6%      | 0.9%     | 0.4%     | 0.1%     | 0.0%     | 100.0%      |            |           |               |                     |              |            |
| % kWh   | 39.5%     | 20.9%       | 11.3%    | 7.1%     | 4.9%     | 3.7%     | 5.2%      | 4.9%      | 1.9%     | 0.5%     | 0.1%     | 0.0%     | 100.0%      |            |           |               |                     |              |            |
| kWh   | 1,332,000 | 705,000     | 381,000  | 239,000  | 164,000  | 124,000  | 176,000   | 167,000   | 65,000   | 18,000   | 3,000    | 1,000    | 3,375,000   | 731,000    | 355,000   |               | 4,461,000           |              |            |
| 1) Existing Rates before changes  |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.2200  | \$0.2200    | \$0.2200 | \$0.2200 | \$0.2700 | \$0.2700 | \$0.2700  | \$1.2600  | \$1.2600 | \$1.2600 | \$1.2600 | \$1.2600 |             | \$0.3100   |           |               |                     |              |            |
| Revenue   | \$293,040 | \$155,100   | \$83,820 | \$52,580 | \$44,280 | \$33,480 | \$47,520  | \$210,420 | \$81,900 | \$22,680 | \$3,780  | \$1,260  | \$1,029,860 | \$226,610  | \$199,000 | \$1,455,000   | \$1,535,000         | (\$80,000)   |            |
| 2) 9/1/19 Assumed 2.5% CPI Increase from August 2015 Minutes 1.025  |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.2255  | \$0.2255    | \$0.2255 | \$0.2255 | \$0.2768 | \$0.2768 | \$0.2768  | \$1.2915  | \$1.2915 | \$1.2915 | \$1.2915 | \$1.2915 |             | \$0.3177   |           |               |                     |              |            |
| Revenue   | \$300,366 | \$158,978   | \$85,916 | \$53,895 | \$45,387 | \$34,317 | \$48,708  | \$215,681 | \$83,948 | \$23,247 | \$3,875  | \$1,292  | \$1,055,607 | \$232,239  | \$203,975 | \$1,492,000   | \$1,535,000         | (\$43,000)   |            |
| 3) Alternative 2) above, but with shift of cost to Water and Sewer  |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
|   |           |             |          |          |          |          |           |           |          |          |          |          | \$1,055,607 | \$232,239  | \$112,784 | \$203,975     | \$1,605,000         | \$1,535,000  | \$70,000   |
| Increased kWh based on Lowering of the Tier 3, \$1.26 rate  |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| kWh (from above)  | 1,332,000 | 705,000     | 381,000  | 239,000  | 164,000  | 124,000  | 176,000   | 167,000   | 65,000   | 18,000   | 3,000    | 1,000    | 3,375,000   |            |           |               | Increased Total kWh |              |            |
| Added kWh   | 0         | 0           | 0        | 0        | 0        | 0        | 0         | 35,000    | 35,000   | 35,000   | 35,000   | 35,000   | 175,000     | 5%         |           |               |                     |              |            |
| New Total kWh   | 1,332,000 | 705,000     | 381,000  | 239,000  | 164,000  | 124,000  | 176,000   | 202,000   | 100,000  | 53,000   | 38,000   | 36,000   | 3,550,000   | 731,000    | 355,000   |               | 4,636,000           |              |            |
| Rate for Wholesale Power  |           |             |          |          |          |          |           | \$0.11    | \$0.11   | \$0.11   | \$0.11   | \$0.11   |             |            |           |               |                     |              |            |
| Cost of added Wholesale Power   |           |             |          |          |          |          |           | \$3,850   | \$3,850  | \$3,850  | \$3,850  | \$3,850  | \$19,250    |            |           |               |                     |              |            |
| 4) Recommended by IGS at April 24th Community Workshop, INCLUDES INCREASED USAGE ESTIMATE                                   |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.20    | \$0.22      | \$0.22   | \$0.22   | \$0.27   | \$0.27   | \$0.48    | \$0.48    | \$0.48   | \$0.48   | \$0.48   | \$0.48   | \$0.2554    | \$0.3177   | \$0.3177  |               |                     |              |            |
| Revenue   | \$266,400 | \$155,100   | \$83,820 | \$52,580 | \$44,280 | \$33,480 | \$84,480  | \$93,110  | \$44,150 | \$21,590 | \$14,390 | \$13,430 | \$906,810   | \$232,239  | \$112,784 | \$203,975     | \$1,456,000         | \$1,535,000  | (\$79,000) |
| 5) Revised Recommendation by IGS, shift to Sewer and Water, INCLUDES INCREASED USAGE ESTIMATE                               |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.22    | \$0.22      | \$0.22   | \$0.27   | \$0.27   | \$0.52   | \$0.52    | \$0.52    | \$0.52   | \$0.52   | \$0.52   | \$0.52   | \$0.2819    | \$0.3177   | \$0.3177  |               |                     |              |            |
| Revenue   | \$293,040 | \$155,100   | \$83,820 | \$64,530 | \$44,280 | \$64,480 | \$91,520  | \$101,190 | \$48,150 | \$23,710 | \$15,910 | \$14,870 | \$1,000,600 | \$232,239  | \$112,784 | \$203,975     | \$1,550,000         | \$1,535,000  | \$15,000   |
| 6) Reset Tier 3 to \$0.75, shift to Sewer/Water, INCLUDES INCREASED USAGE ESTIMATE  |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.22    | \$0.22      | \$0.22   | \$0.22   | \$0.27   | \$0.27   | \$0.75    | \$0.75    | \$0.75   | \$0.75   | \$0.75   | \$0.75   | \$0.2852    | \$0.3177   | \$0.3177  |               |                     |              |            |
| Revenue   | \$293,040 | \$155,100   | \$83,820 | \$52,580 | \$44,280 | \$33,480 | \$47,520  | \$147,650 | \$71,150 | \$35,900 | \$24,650 | \$23,150 | \$1,012,320 | \$232,239  | \$112,784 | \$203,975     | \$1,561,000         | \$1,535,000  | \$26,000   |
| 7) Hold existing Tiers, shift to Sewer/Water, reset \$1.26 to lower number that works. NO INCREASED USAGE ESTIMATE INCLUDED |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.22    | \$0.22      | \$0.22   | \$0.22   | \$0.27   | \$0.27   | \$0.27    | \$1.09    | \$1.09   | \$1.09   | \$1.09   | \$1.09   | \$0.2923    | \$0.3177   | \$0.3177  |               |                     |              |            |
| Revenue   | \$293,040 | \$155,100   | \$83,820 | \$52,580 | \$44,280 | \$33,480 | \$47,520  | \$182,030 | \$70,850 | \$19,620 | \$3,270  | \$1,090  | \$986,680   | \$232,239  | \$112,784 | \$203,975     | \$1,536,000         | \$1,535,000  | \$1,000    |
| 8) Hold existing Tiers, shift to Sewer/Water, leave third tier higher than IGS #5, INCLUDES INCREASED USAGE ESTIMATE        |           |             |          |          |          |          |           |           |          |          |          |          |             |            |           |               |                     |              |            |
| Rate  | \$0.20    | \$0.20      | \$0.20   | \$0.26   | \$0.26   | \$0.26   | \$0.65    | \$0.65    | \$0.65   | \$0.65   | \$0.65   | \$0.65   | \$0.2802    | \$0.3100   | \$0.3100  |               |                     |              |            |
| Revenue   | \$266,400 | \$141,000   | \$76,200 | \$62,140 | \$42,640 | \$32,240 | \$114,400 | \$127,450 | \$61,150 | \$30,600 | \$20,850 | \$19,550 | \$994,620   | \$226,610  | \$110,050 | \$203,975     | \$1,535,000         | \$1,535,000  | \$0        |

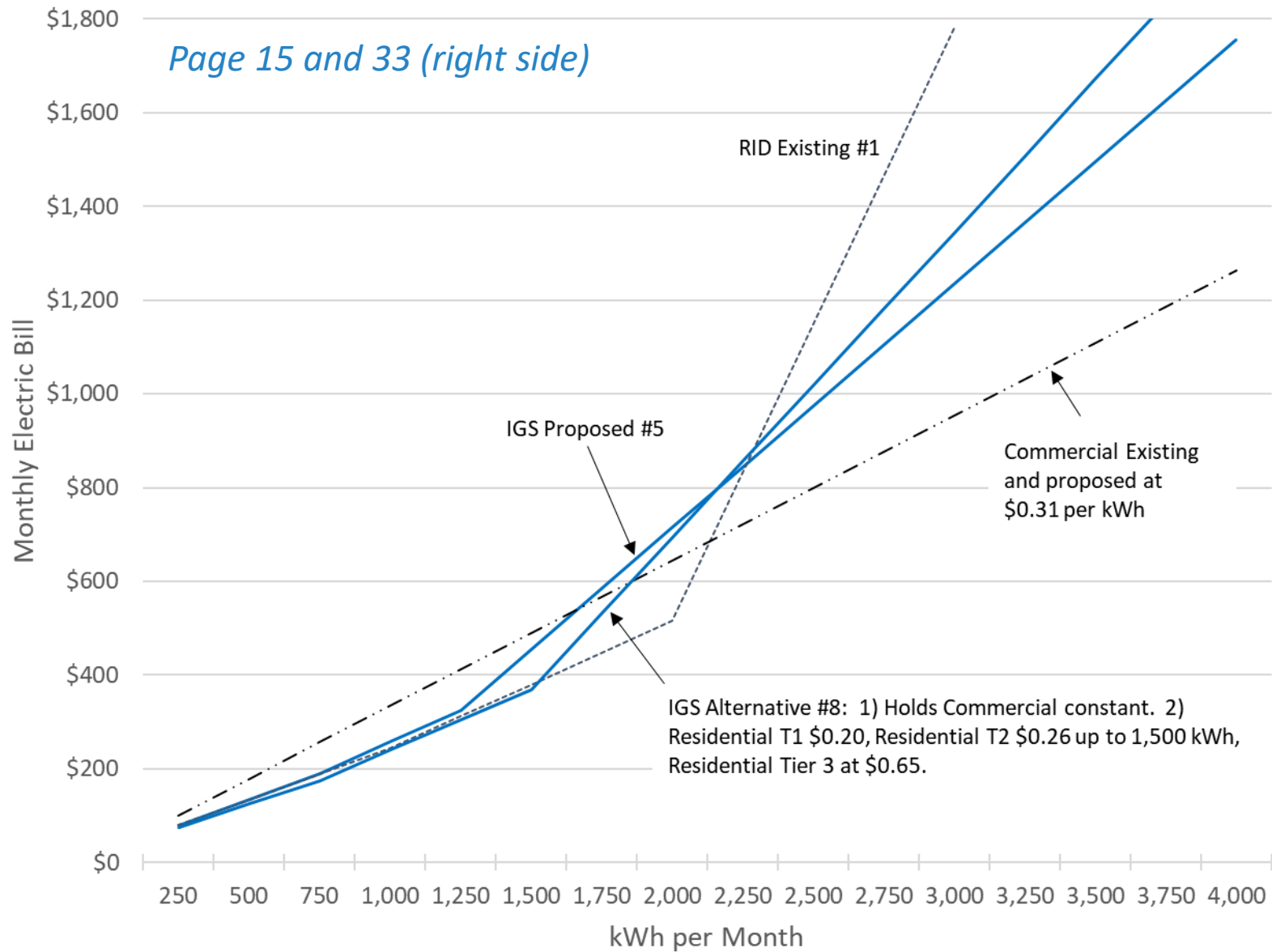
## Monthly Electric Bill Comparison

*Page 14 and 33*

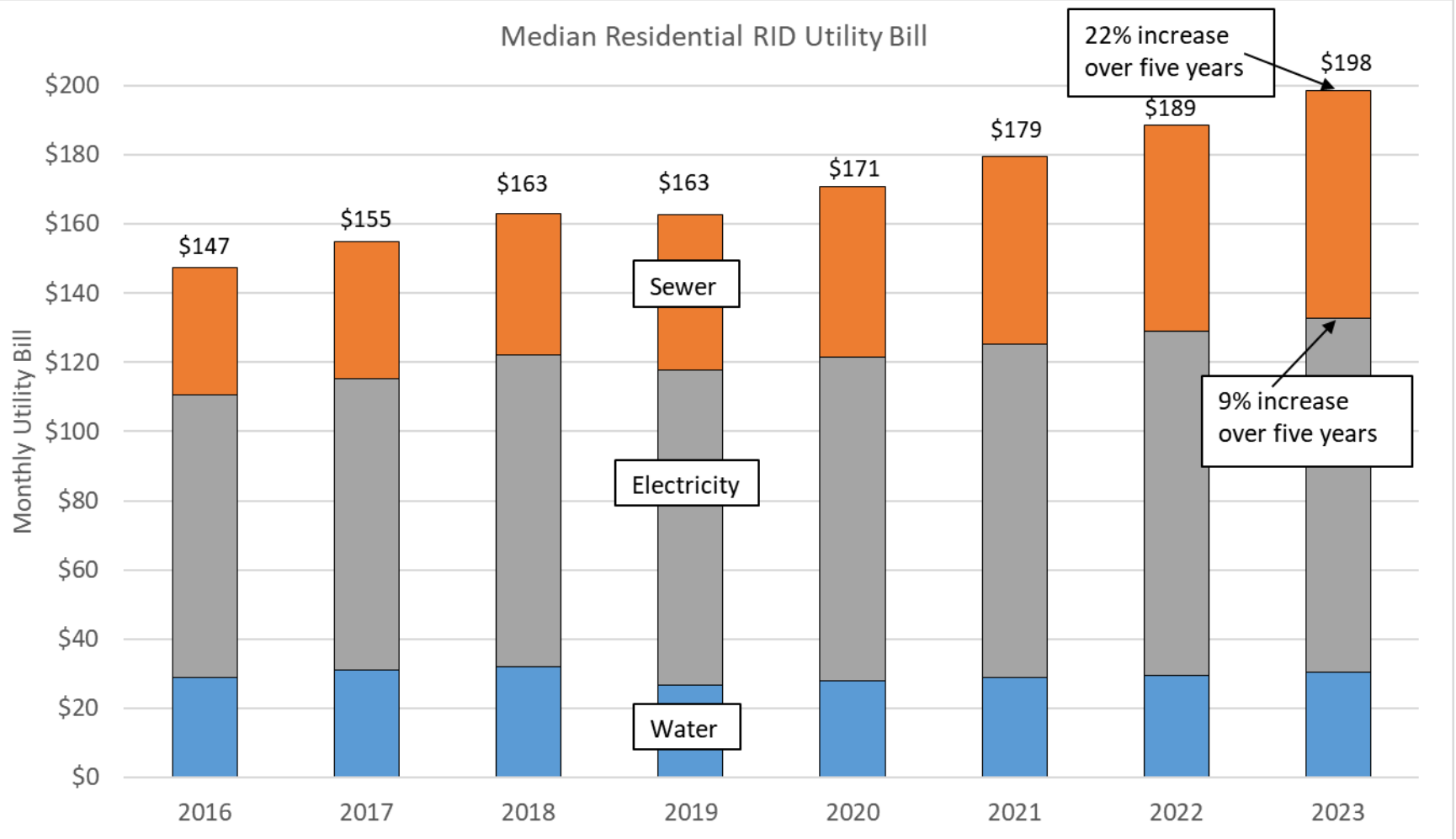


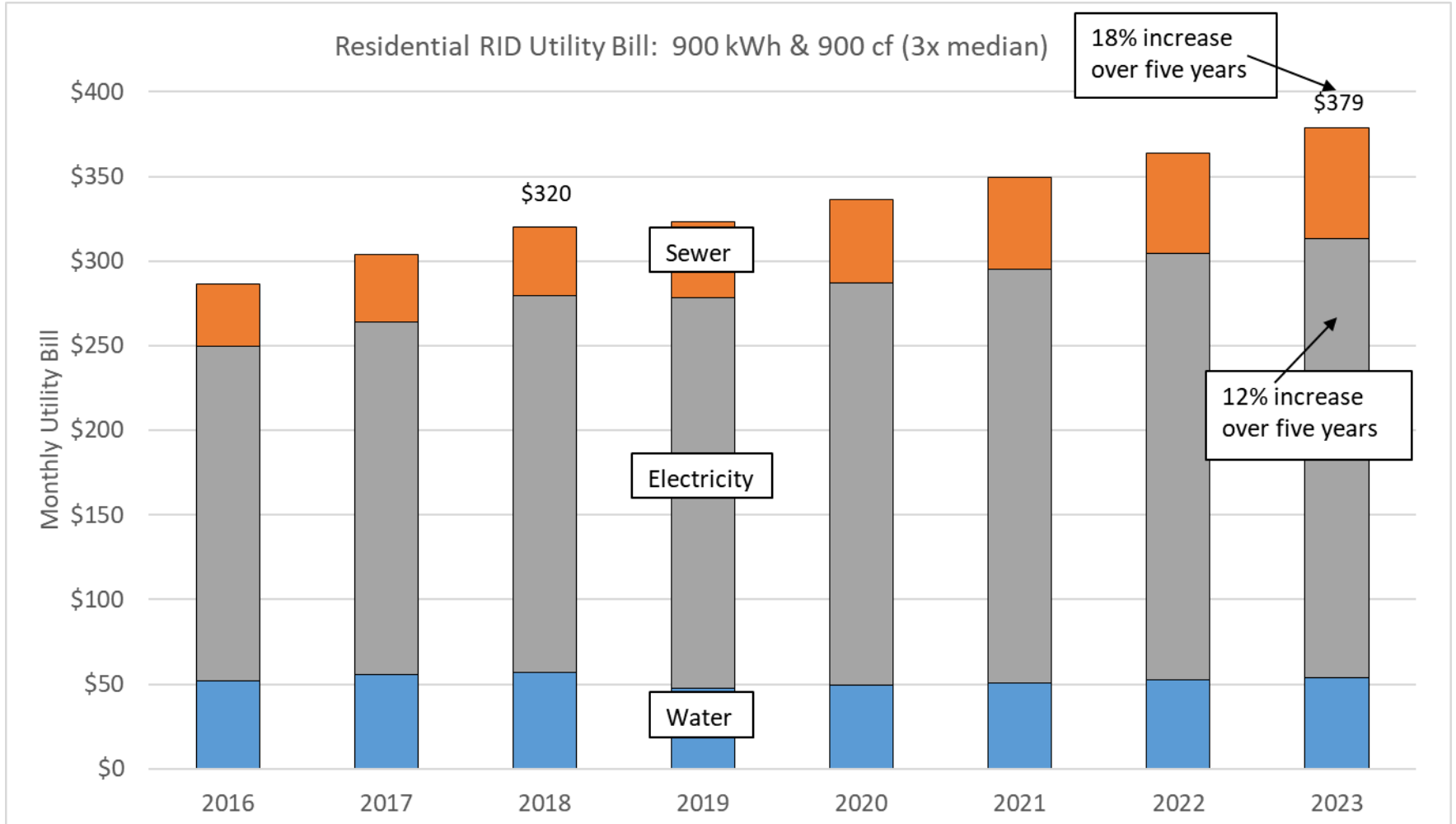
## Monthly Electric Bill Comparison

*Page 15 and 33 (right side)*



Median Residential RID Utility Bill





# Commercial Service

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- RID Commercial rate increase from \$0.31 to \$0.3177 /kWh
- Comparison (summer rate)

PG&E A-1 Small Commercial:      \$0.27 / kWh

Ukiah General Service:      \$0.19

Healdsburg C-1      \$0.17

*RID is unique...*

# IGS Electric Comments

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- Pursue unaccounted-for electricity
- \$1.26 can no longer be supported by associated cost
- Various rate scenarios can be “right”
- Meter Charge and Capital Facility Charge combined into on fixed monthly charge for residential. Presently  $\$14.43 + \$10.06 = \$24.49$   
(See below)
- Gradual increases recommended to continue
- Revisit results after 12 months of new rates in place

|   |
|---|
| <b>Service Charge =</b><br>Capital Facility Charge (CFC) (\$) = |
|---|

DRAFT

## RID #1 Utility Rate Schedules (Proposed as of 6/7/19)

| RID #1 Utility Rate Schedules (Proposed as of 6/7/19) |                                    |               |                         |          |                 |           |           |           |           |
|---|------------------------------------|---------------|-------------------------|----------|-----------------|-----------|-----------|-----------|-----------|
| Category of Service                                   |                                    | Present Rates | Proposed 10/1/19        |          |                 | 10/1/2020 | 10/1/2021 | 10/1/2022 | 10/1/2023 |
| ELECTRICITY   |                                    |               |                         |          | Change:         | 3.0%      | 3.0%      | 3.0%      | 3.0%      |
| Residential Existing                                  |                                    |               | Residential Proposed    |          |                 |           |           |           |           |
|   | Service Charge (\$/Mo)             | \$14.43       | Service Charge          | \$25.10  | 2.5%            | \$25.85   | \$26.63   | \$27.43   | \$28.25   |
|   | Capital Facility Charge (\$/Mo)    | \$10.06       |                         |          |                 |           |           |           |           |
|   | Tier 1: 1 - 1,000 kWh (\$/kWh)     | \$0.2200      | Tier 1: 1 - 750 kWh     | \$0.2200 | Tiers and Rates | \$0.2266  | \$0.2334  | \$0.2404  | \$0.2476  |
|   | Tier 2: 1,001 - 2,000 kWh (\$/kWh) | \$0.2700      | Tier 2: 751 - 1,250 kWh | \$0.2700 |                 | \$0.2781  | \$0.2864  | \$0.2950  | \$0.3039  |
|   | Tier 3: Over 2,000 kWh (\$/kWh)    | \$1.2600      | Tier 3: Over 1,250 kWh  | \$0.5200 |                 | \$0.5356  | \$0.5517  | \$0.5682  | \$0.5853  |
| Commercial Existing                                   |                                    |               | Commercial Proposed     |          |                 |           |           |           |           |
|   | Energy Cost (\$/kWh)               | \$0.3100      | Energy Cost             | \$0.3177 | 2.5%            | \$0.3272  | \$0.3370  | \$0.3472  | \$0.3576  |
|   | Capital Facility Charge (\$/Mo)    | \$10.06       | Service Charge          | \$10.92  | 8.5%            | \$11.25   | \$11.59   | \$11.94   | \$12.30   |
|   | 10 kVA Transformer (\$/Mo)         | \$13.83       | 10 kVA Transformer      | \$14.18  | 2.5%            | \$14.61   | \$15.05   | \$15.50   | \$15.97   |
|   | 15 kVA Transformer (\$/Mo)         | \$20.76       | 15 kVA Transformer      | \$21.27  | 2.5%            | \$21.91   | \$22.57   | \$23.25   | \$23.95   |
|   | 25 kVA Transformer (\$/Mo)         | \$22.86       | 25 kVA Transformer      | \$35.45  | 55.1%           | \$36.51   | \$37.61   | \$38.74   | \$39.90   |
|   | 37 kVA Transformer (\$/Mo)         | \$51.69       | 37 kVA Transformer      | \$52.47  | 1.5%            | \$54.04   | \$55.66   | \$57.33   | \$59.05   |
|   | 50 kVA Transformer (\$/Mo)         | \$69.17       | 50 kVA Transformer      | \$70.90  | 2.5%            | \$73.03   | \$75.22   | \$77.48   | \$79.80   |
|   | 75 kVA Transformer (\$/Mo)         | \$103.76      | 75 kVA Transformer      | \$106.35 | 2.5%            | \$109.54  | \$112.83  | \$116.21  | \$119.70  |
|   | 100 kVA Transformer (\$/Mo)        | \$138.33      | 100 kVA Transformer     | \$141.80 | 2.5%            | \$146.05  | \$150.43  | \$154.94  | \$159.59  |
|   | 150 kVA Transformer (\$/Mo)        | \$207.50      | 150 kVA Transformer     | \$212.70 | 2.5%            | \$219.08  | \$225.65  | \$232.42  | \$239.39  |
|   | 225 kVA Transformer (\$/Mo)        | \$311.29      | 225 kVA Transformer     | \$319.05 | 2.5%            | \$328.62  | \$338.48  | \$348.63  | \$359.09  |



# Water Enterprise

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Half supply from Water Wells

Half supply from Telegraph Creek

After 55+ years Water Plant will require major work in the next five years...





Diversion Pond on Telegraph Creek below Water Treatment Plant





# Sedimentation Basin: Cracks and Rust



Chlorine gas added through gas cylinders. Need to convert to soluble tablets to increase safety and lower operational costs



Computer Controls: 20 years old!



# Existing Water Rates

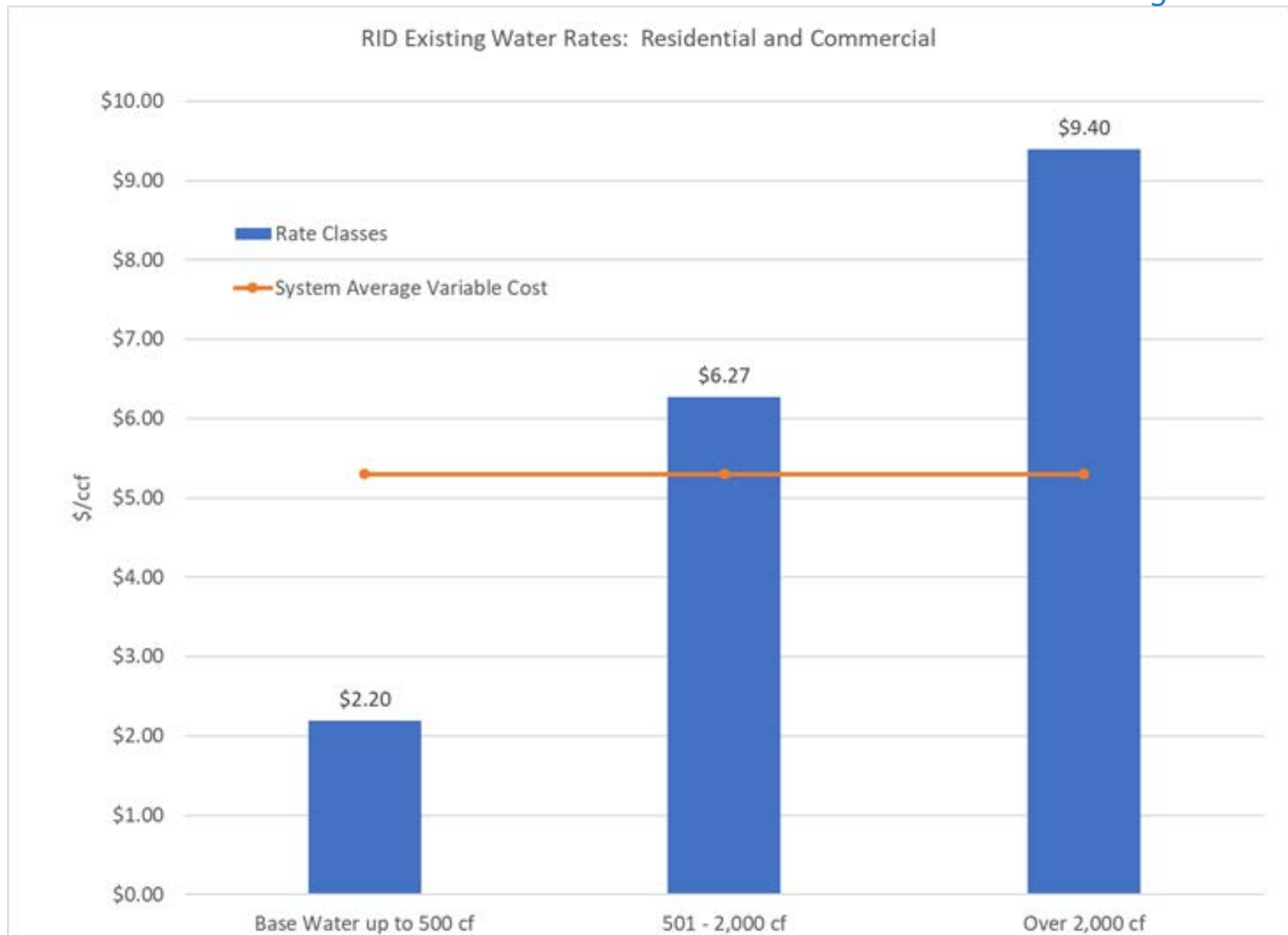
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Fixed Monthly + First 500:     \$21.01 + \$10.98 = \$31.99

501 to 2,000 CF:                     \$6.27 / HCF

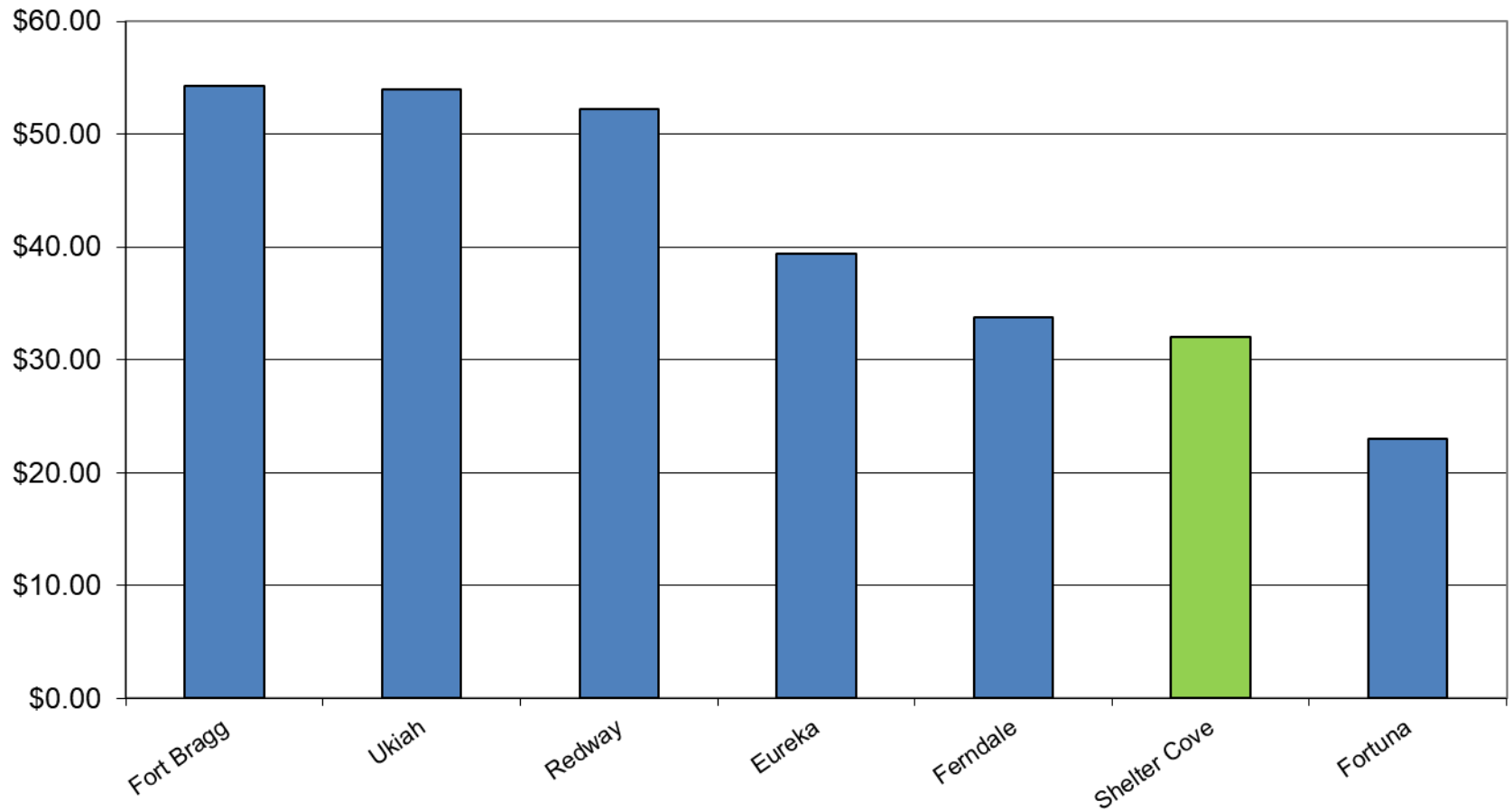
Over 2,000:                             \$9.40 / HCF

*Commercial rates same as Residential*

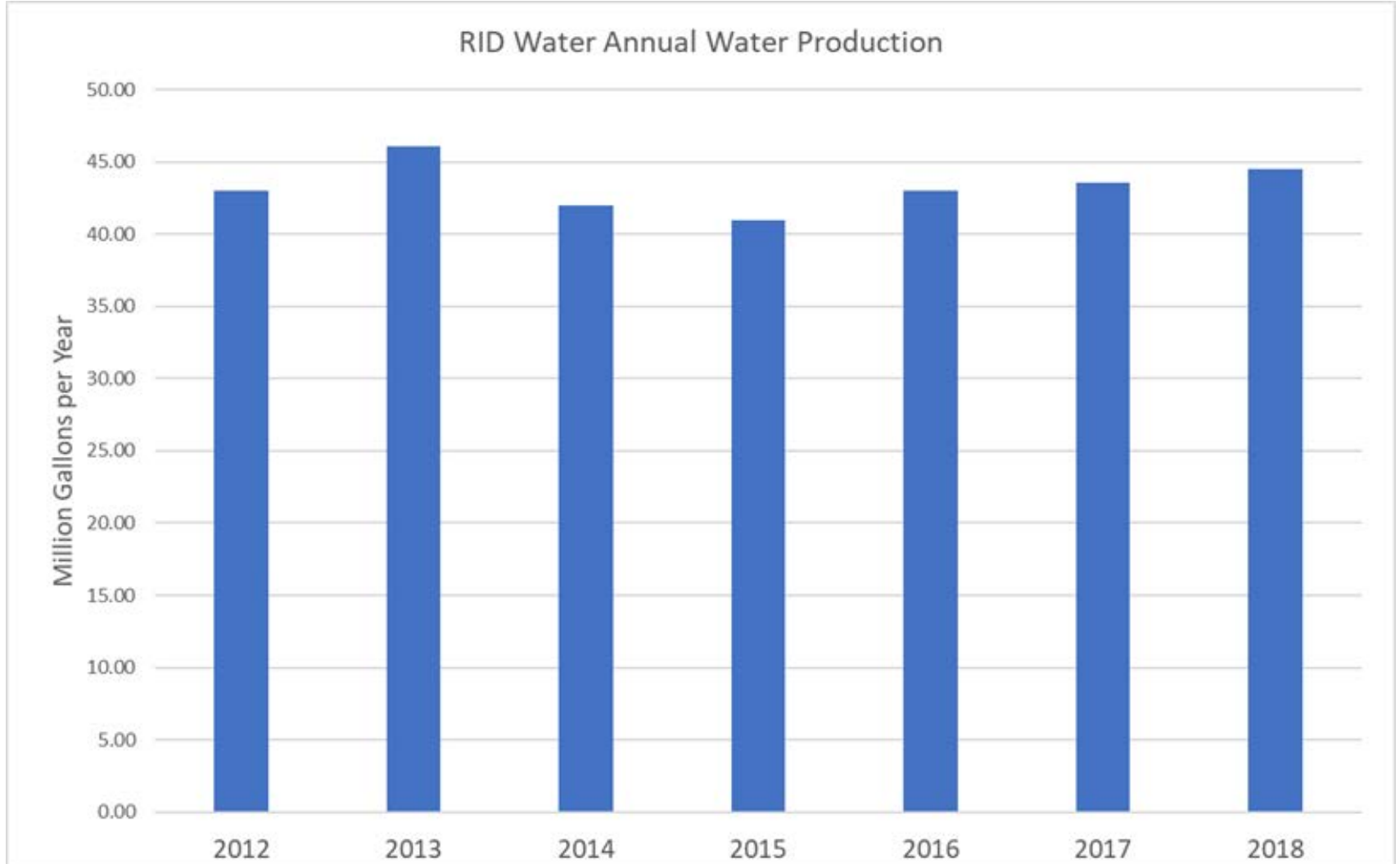


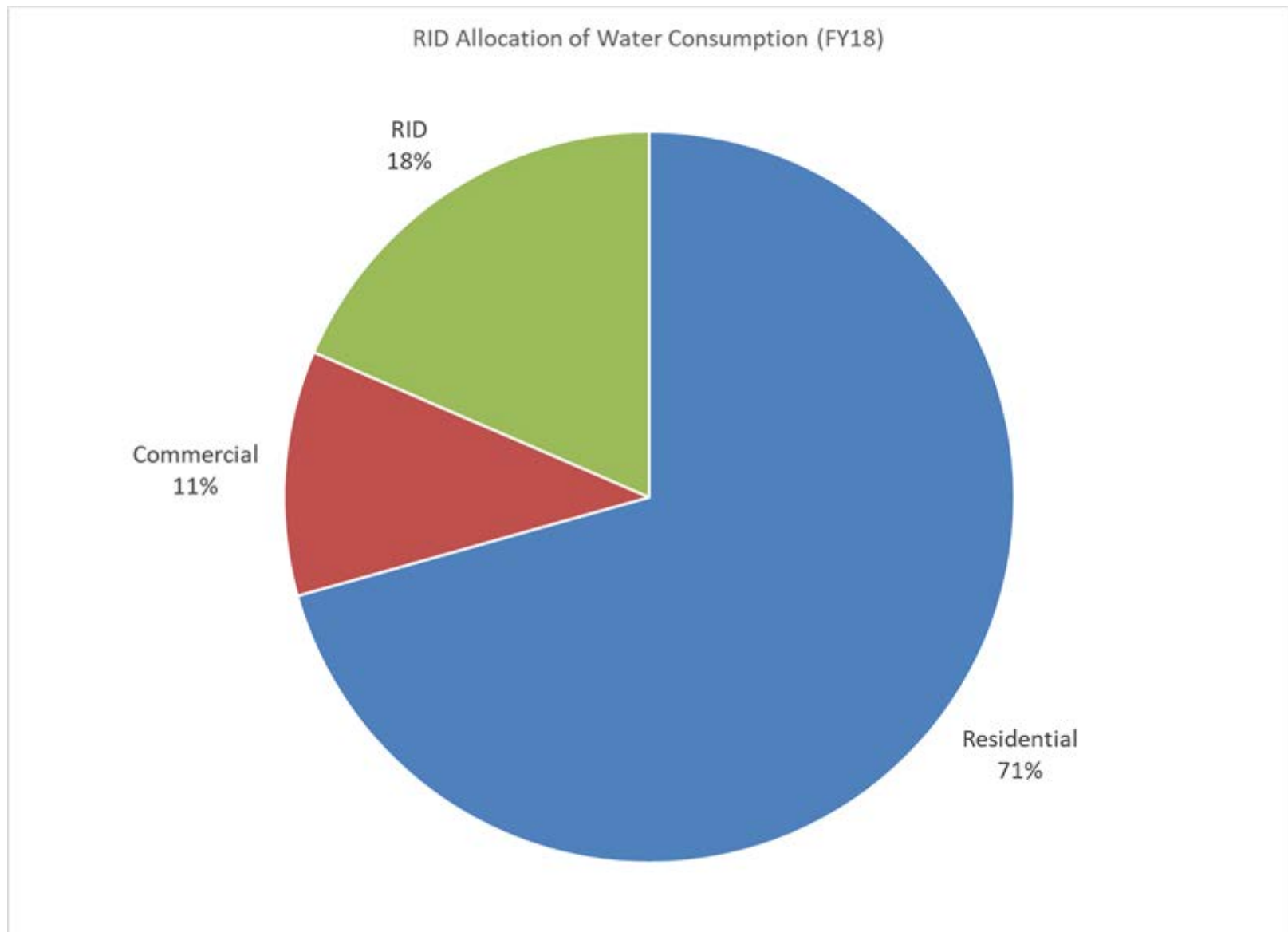
## Residential Water Cost Comparison 500 Cubic Feet

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## RID Water Enterprise Fund

### Major Expense and Project Planning

|   | <i>Year 1</i>  | <i>Year 2</i>  | <i>Year 3</i>  | <i>Year 4</i>  | <i>Year 5</i>  |   |
|---|----------------|----------------|----------------|----------------|----------------|---|
| <b>Project or Purpose</b>                         | <b>FY19/20</b> | <b>FY20/21</b> | <b>FY21/22</b> | <b>FY22/23</b> | <b>FY23/24</b> | <b>Comments</b>   |
| Water Plant Upgrade / Replacement                 | -              | \$500,000      | \$500,000      | \$500,000      | -              | Based on \$1,500,000  |
| Repair/upgrade telemetry for 25 wells and tanks   | \$75,000       | -              | -              | -              | -              | Less labor driving to tanks and wells. More reliable operations.  |
| Install Chlorine analyzers at 16 well sites       | \$44,000       | \$44,000       | \$44,000       | \$44,000       | -              | More efficient use of Chlorine. Less labor driving. Better quality control. Based on four installed per year. |
| Install variable speed drives on 10 booster pumps | \$12,000       | \$12,000       | \$12,000       | \$12,000       | \$12,000       | More efficient pumping. Less water hammer. Less labor driving. Based on two installed per year.               |
| Replace hydrants and risers with added valve      | \$10,000       | \$10,000       | \$10,000       | \$10,000       | \$10,000       | To upgrade approximately five hydrants and replace for corrosion damage                                       |
| Equipment Storage Building                        | -              | -              | \$33,000       | -              | -              | One-third of \$100,000 shared between Water/Sewer/Electric  |
| Vehicle replacement program                       | \$13,000       | \$13,000       | \$13,000       | \$13,000       | \$13,000       | Based on 10-year life for a portion of eight vehicles used partially for water.                               |
| Back-hoe replacement (shared)                     | -              | -              | -              | \$40,000       | -              | One-third of \$120,000 shared between Water/Sewer/Electric  |
| Totals  | \$154,000      | \$579,000      | \$612,000      | \$619,000      | \$35,000       |   |
| Five-Year Average, rounded                        | \$400,000      |                |                |                |                |   |

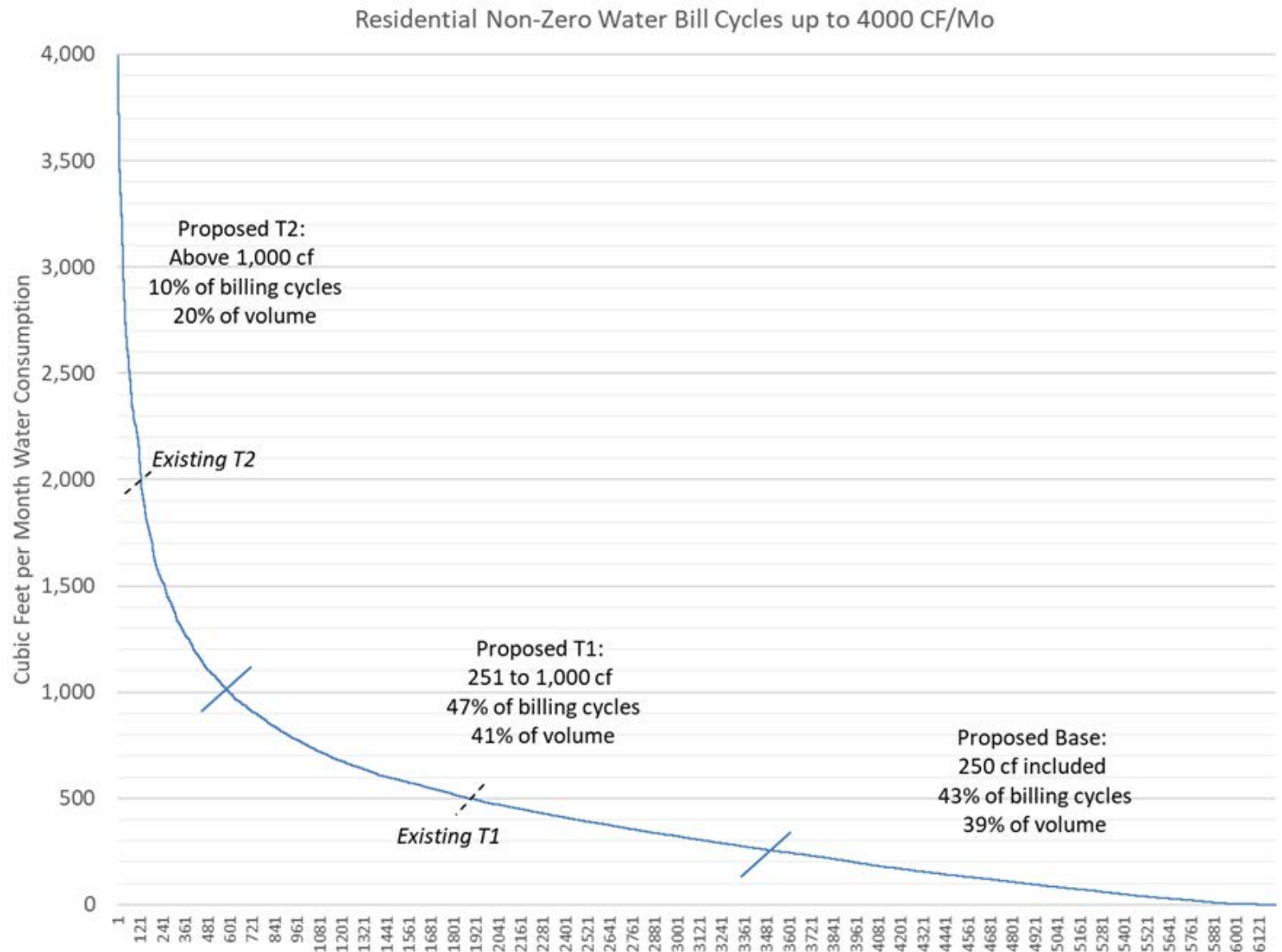
# Revenue / Expense Projections for Water with Gradual Increases

## RID Water Enterprise Fund: Revenues, Expenses and Cash Balances

|   | <u>FY15/16</u>   | <u>FY16/17</u>   | <u>FY17/18</u>     | <u>FY18/19</u>   | <u>FY19/20</u>        | <u>FY20/21</u>   | <u>FY21/22</u>   | <u>FY22/23</u>   | <u>FY23/24</u>   |                  |
|---|------------------|------------------|--------------------|------------------|-----------------------|------------------|------------------|------------------|------------------|------------------|
|   | <u>Audited</u>   | <u>Audited</u>   | <u>Preliminary</u> | <u>Budget</u>    | <u>Forecast</u>       | <u>Forecast</u>  | <u>Forecast</u>  | <u>Forecast</u>  | <u>Forecast</u>  |                  |
| <b>Operating Revenues</b>                 |                  |                  |                    |                  | Revenue Increases: 3% | 3%               | 3%               | 3%               | 3%               |                  |
| Utility Service Charges                   | \$215,733        | \$302,817        | \$337,000          | \$325,000        | \$302,000             | \$311,000        | \$320,000        | \$330,000        | \$340,000        |                  |
| Sewer Enterprise Charges                  | -                | -                | -                  | -                | \$33,000              | \$34,000         | \$35,000         | \$36,000         | \$37,000         |                  |
| Capital Facility Charges                  | 54,000           | 45,207           | 52,695             | 50,000           | 50,000                | 50,000           | 50,000           | 50,000           | 50,000           |                  |
| Special Assessments                       | \$0              | 224,168          | 225,000            | 225,000          | 225,000               | 225,000          | 225,000          | 225,000          | 225,000          |                  |
| Connection, Extension and Other Fees      | 23,694           | 8,995            | 15,771             | 20,000           | 20,000                | 20,000           | 20,000           | 20,000           | 20,000           |                  |
| <b>Total Operating Revenue</b>            | <b>293,427</b>   | <b>581,187</b>   | <b>630,466</b>     | <b>620,000</b>   | <b>630,000</b>        | <b>640,000</b>   | <b>650,000</b>   | <b>661,000</b>   | <b>672,000</b>   | Inflation Factor |
| <b>Operating Expenses</b>                 |                  |                  |                    |                  |                       |                  |                  |                  |                  |                  |
| Human Resources                           | 202,376          | 236,146          | 213,620            | 228,000          | 237,100               | 246,600          | 256,500          | 266,800          | 277,500          | 4%               |
| Materials, Supplies and Services          | 81,423           | 94,590           | 83,350             | 95,000           | 96,900                | 98,800           | 100,800          | 102,800          | 104,900          | 2%               |
| Power                                     | -                | -                | -                  | -                | 56,000                | 57,700           | 59,400           | 61,200           | 63,000           | 3%               |
| Insurance                                 | 8,246            | 8,238            | 9,876              | 9,500            | 9,700                 | 9,900            | 10,100           | 10,300           | 10,500           | 2%               |
| Allocated Administrative Costs            | 15,228           | 11,238           | 12,000             | 12,000           | 84,000                | 85,700           | 87,400           | 89,100           | 90,900           | 2%               |
| <b>Total Operating Expenses</b>           | <b>307,273</b>   | <b>350,212</b>   | <b>318,846</b>     | <b>344,500</b>   | <b>483,700</b>        | <b>498,700</b>   | <b>514,200</b>   | <b>530,200</b>   | <b>546,800</b>   |                  |
| <b>Net Operating Income</b>               | <b>(13,846)</b>  | <b>230,975</b>   | <b>311,620</b>     | <b>275,500</b>   | <b>146,300</b>        | <b>141,300</b>   | <b>135,800</b>   | <b>130,800</b>   | <b>125,200</b>   |                  |
| <b>Non-Operating Income (Expense)</b>     |                  |                  |                    |                  |                       |                  |                  |                  |                  |                  |
| Property Taxes                            | 81,845           | 79,336           | 66,584             | 80,000           | 80,000                | 80,000           | 80,000           | 80,000           | 80,000           |                  |
| Grant Revenue / Interest                  | 123,436          | 126,292          | -                  | -                | -                     | -                | -                | -                | -                |                  |
| Transfers                                 | 25,123           | (3,867)          | -                  | -                | -                     | -                | -                | -                | -                |                  |
| <b>Total Non-Operating</b>                | <b>230,404</b>   | <b>201,761</b>   | <b>66,584</b>      | <b>80,000</b>    | <b>80,000</b>         | <b>80,000</b>    | <b>80,000</b>    | <b>80,000</b>    | <b>80,000</b>    |                  |
| <b>Net Income (Loss)</b>                  | <b>216,558</b>   | <b>432,736</b>   | <b>378,204</b>     | <b>355,500</b>   | <b>226,300</b>        | <b>221,300</b>   | <b>215,800</b>   | <b>210,800</b>   | <b>205,200</b>   |                  |
| <b>Capital Improvement Projects</b>       | <b>(268,000)</b> | <b>(27,000)</b>  | <b>(20,000)</b>    | <b>(105,000)</b> | <b>(400,000)</b>      | <b>(400,000)</b> | <b>(400,000)</b> | <b>(400,000)</b> | <b>(400,000)</b> |                  |
| <b>Cash and Cash Equivalents Year End</b> | <b>1,768,685</b> | <b>2,200,614</b> | <b>2,558,818</b>   | <b>1,800,000</b> | <b>1,626,300</b>      | <b>1,447,600</b> | <b>1,263,400</b> | <b>1,074,200</b> | <b>879,400</b>   |                  |

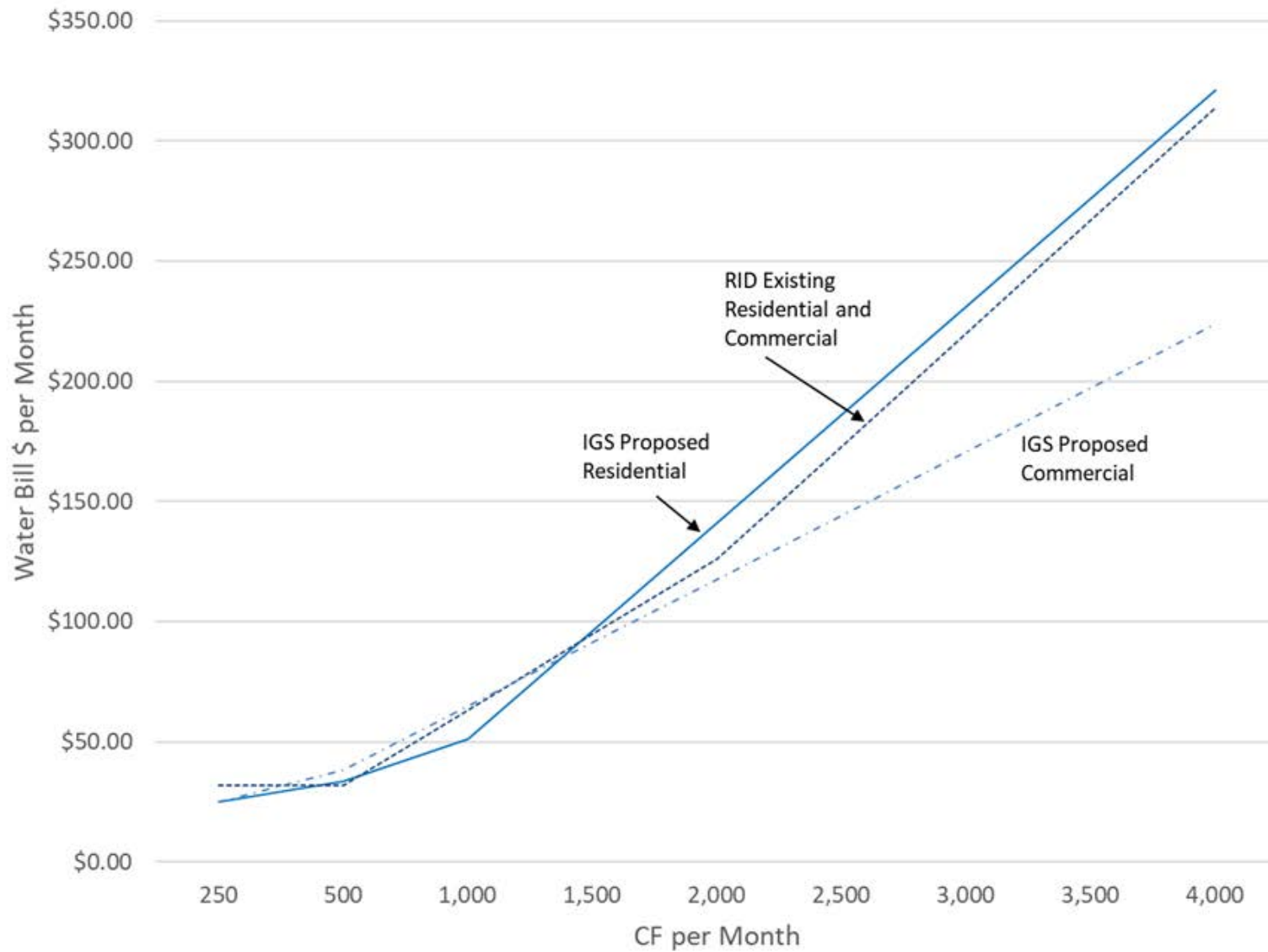
### Notes:

Projected Capital Facility Charges based on historical trend  
 Depreciation is excluded from operating costs  
 Values in italics are projections



## Residential Monthly Water Bill Comparison

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### Comparison of Residential Monthly Water Bills

| Comparison of Residential Monthly Water Bills |      |                             |          |          |          |                          |          |          |          |           |
|---|------|-----------------------------|----------|----------|----------|--------------------------|----------|----------|----------|-----------|
| Up To   | Tier | IGS Recommended Residential |          |          |          | RID Existing Residential |          |          |          | Change    |
|   |      | Rate                        | Vol \$   | \$ Fixed | \$ Total | Rate                     | Vol \$   | \$ Fixed | \$ Total | (Savings) |
| 250   |      |                             |          | \$25.00  | \$25.00  |                          |          | \$31.98  | \$31.98  | (\$6.98)  |
| 500   | 250  | \$3.50                      | \$8.75   | \$25.00  | \$33.75  |                          |          | \$31.98  | \$31.98  | \$1.77    |
| 1,000   | 500  | \$3.50                      | \$26.25  | \$25.00  | \$51.25  | \$6.27                   | \$31.35  | \$31.98  | \$63.33  | (\$12.08) |
| 1,500   | 500  | \$9.00                      | \$71.25  | \$25.00  | \$96.25  | \$6.27                   | \$62.70  | \$31.98  | \$94.68  | \$1.57    |
| 2,000   | 500  | \$9.00                      | \$116.25 | \$25.00  | \$141.25 | \$6.27                   | \$94.05  | \$31.98  | \$126.03 | \$15.22   |
| 2,500   | 500  | \$9.00                      | \$161.25 | \$25.00  | \$186.25 | \$9.40                   | \$141.05 | \$31.98  | \$173.03 | \$13.22   |
| 3,000   | 500  | \$9.00                      | \$206.25 | \$25.00  | \$231.25 | \$9.40                   | \$188.05 | \$31.98  | \$220.03 | \$11.22   |
| 3,500   | 500  | \$9.00                      | \$251.25 | \$25.00  | \$276.25 | \$9.40                   | \$235.05 | \$31.98  | \$267.03 | \$9.22    |
| 4,000   | 500  | \$9.00                      | \$296.25 | \$25.00  | \$321.25 | \$9.40                   | \$282.05 | \$31.98  | \$314.03 | \$7.22    |
|   |      |                             |          |          |          |                          |          |          |          |           |
| Up To   | Tier | IGS Recommended Commercial  |          |          |          | RID Existing Commercial  |          |          |          |           |
|   |      | Rate                        | Vol \$   | \$ Fixed | \$ Total |                          |          |          |          |           |
| 250   |      |                             |          | \$25.00  | \$25.00  |                          |          |          | \$31.98  | (\$6.98)  |
| 500   | 250  | \$5.30                      | \$13.25  | \$25.00  | \$38.25  |                          |          |          | \$31.98  | \$6.27    |
| 1,000   | 500  | \$5.30                      | \$39.75  | \$25.00  | \$64.75  |                          |          |          | \$63.33  | \$1.42    |
| 1,500   | 500  | \$5.30                      | \$66.25  | \$25.00  | \$91.25  | (From above)             |          |          | \$94.68  | (\$3.43)  |
| 2,000   | 500  | \$5.30                      | \$92.75  | \$25.00  | \$117.75 |                          |          |          | \$126.03 | (\$8.28)  |
| 2,500   | 500  | \$5.30                      | \$119.25 | \$25.00  | \$144.25 |                          |          |          | \$173.03 | (\$28.78) |
| 3,000   | 500  | \$5.30                      | \$145.75 | \$25.00  | \$170.75 |                          |          |          | \$220.03 | (\$49.28) |
| 3,500   | 500  | \$5.30                      | \$172.25 | \$25.00  | \$197.25 |                          |          |          | \$267.03 | (\$69.78) |
| 4,000   | 500  | \$5.30                      | \$198.75 | \$25.00  | \$223.75 |                          |          |          | \$314.03 | (\$90.28) |

# Water Rate Model *Page 34*

|                      |                      | RESIDENTIAL  |                |            |             |             |          | COMMERCIAL |                                  |         |          | RID<br>Sewer | Totals    |
|----------------------|----------------------|--|----------------|------------|-------------|-------------|----------|------------|----------------------------------|---------|----------|--------------|-----------|
|                      | Tiers:               | 1 - 250  | 251-500        | 501 -1000  | 1001 - 1500 | 1501 - 2000 | Above    | Totals     |                                  |         |          |              |           |
|                      | Bill Cycles          | 2,668  | 1,662          | 1,286      | 345         | 126         | 168      | 6,255      |                                  |         |          |              |           |
|                      | % of Cycles          | 43%  | 27%            | 21%        | 6%          | 2%          | 3%       | 100%       | (First 250)                      |         |          |              |           |
|                      | CF                   | 1,178,553  | 674,874        | 566,294    | 217,037     | 108,099     | 286,964  | 3,031,821  | 65,125                           |         | 399,905  | 625,000      | 4,121,851 |
|                      | % of CF              | 39%  | 22%            | 19%        | 7%          | 4%          | 9%       | 100%       |                                  |         |          |              |           |
|                      |                      | # of Cycles Billed   |                |            |             |             |          |            |                                  |         |          |              |           |
| 1) Actual FY17/18    |                      | 7,050  | 6,000          |            |             |             |          |            | 288                              | 288     | Volume   |              |           |
|                      | FY18 Actual          | \$20.40  | \$10.66        | \$6.09     | \$6.09      | \$6.09      | \$9.13   | \$4.76     | \$20.40                          | \$10.66 | \$6.50   |              | \$4.99    |
|                      |                      | \$143,820  | \$63,960       | \$34,487   | \$13,218    | \$6,583     | \$26,200 | \$288,268  | \$5,875                          | \$3,070 | \$27,148 | \$36,093     | \$324,361 |
| 2) Projected FY18/19 |                      | 7,050  | 6,000          |            |             |             |          | \$4.91     | 288                              | 288     |          |              |           |
|                      | FY19 Projected       | \$21.01  | \$10.98        | \$6.27     | \$6.27      | \$6.27      | \$9.40   | 1.030      | \$21.01                          | \$10.98 | \$6.69   | 1.03         |           |
|                      |                      | \$148,121  | \$65,880       | \$35,507   | \$13,608    | \$6,778     | \$26,975 | \$296,868  | \$6,051                          | \$3,162 | \$27,962 | \$37,176     | \$334,044 |
| 3) Projected FY19/20 |                      | 7,050  | 6,000          |            |             |             |          | \$5.05     | 288                              | 288     |          |              |           |
|                      | FY20 Projected       | \$21.64  | \$11.31        | \$6.46     | \$6.46      | \$6.46      | \$9.68   | 1.030      | \$21.64                          | \$11.31 | \$6.89   | 1.03         |           |
|                      |                      | \$152,564  | \$67,856       | \$36,572   | \$14,016    | \$6,981     | \$27,784 | \$305,774  | \$6,232                          | \$3,257 | \$28,801 | \$38,291     | \$344,065 |
| 4) IGS Recommended   |                      | 7,050  | volume         |            |             |             |          | \$3.25     | 288                              |         |          |              |           |
|                      | IGS Recommended      | \$25.00  | \$3.50         | \$3.50     | \$9.00      | \$9.00      | \$9.00   |            | \$25.00                          |         | \$5.30   | \$5.30       |           |
|                      | FY20                 | \$176,250  | \$23,621       | \$19,820   | \$19,533    | \$9,729     | \$25,827 | \$274,780  | \$7,200                          |         | \$21,195 | \$28,395     | \$33,125  |
|                      |                      |  |                |            |             |             |          |            |                                  |         |          |              |           |
|                      | Total cf:            | 3,031,821  | FY20 total \$: | \$274,780  |             |             |          |            |                                  |         |          |              |           |
|                      | Less up to 250 cf:   | -1,178,553   | Less 250 \$:   | -\$176,250 |             |             |          |            |                                  |         |          |              |           |
|                      | cf and \$ above base | 1,853,268  |                | \$98,530   |             |             |          |            |                                  |         |          |              |           |
|                      | Average              |  | \$5.32         |            |             |             |          |            |                                  |         |          |              |           |
|                      |                      |  |                |            |             |             |          |            |                                  |         |          |              |           |
|                      | NOW:                 | Res includes 500 CF for \$20.40 + \$10.66 = \$31.06. Tiers 500 / 2000 / above          |                |            |             |             |          |            | Same as residential              |         |          |              |           |
|                      |                      |  |                |            |             |             |          |            |                                  |         |          |              |           |
|                      | PROPOSED:            | Residential includes 250 cf for \$25, then goes to Tiers 250-500, 500-1,000, and above |                |            |             |             |          |            | 250 cf for \$25, then fixed rate |         |          |              |           |



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| RID #1 Utility Rate Schedules (Proposed as of 6/7/19) |                                 |               |                        |         |                 |           |           |           |           |
|---|---------------------------------|---------------|------------------------|---------|-----------------|-----------|-----------|-----------|-----------|
| Category of Service                                   |                                 | Present Rates | Proposed 10/1/19       |         |                 | 10/1/2020 | 10/1/2021 | 10/1/2022 | 10/1/2023 |
| WATER   |                                 |               |                        |         | Change:         | 3.0%      | 3.0%      | 3.0%      | 3.0%      |
| Residential Existing                                  |                                 |               | Residential Proposed   |         |                 |           |           |           |           |
|   | Service Charge (\$/Mo)          | \$21.01       | Service Charge         | \$25.00 | Tiers and Rates | \$25.75   | \$26.52   | \$27.32   | \$28.14   |
|   | Up to 500 cf (\$/Mo)            | \$10.98       | Up to 250 cf           |         |                 |           |           |           |           |
|   | Tier 1: 501 - 2,000 cf (\$/ccf) | \$6.27        | Tier 1: 251 - 1,000 cf | \$3.50  |                 | \$3.61    | \$3.72    | \$3.83    | \$3.94    |
|   | Tier 2: Over 2,000 cf (\$/ccf)  | \$9.40        | Tier 2: Over 1,000 cf  | \$9.00  |                 | \$9.27    | \$9.55    | \$9.84    | \$10.14   |
| Commercial Existing                                   |                                 |               | Commercial Proposed    |         |                 |           |           |           |           |
|   | Service Charge (\$/Mo)          | \$21.01       | Service Charge         | \$25.00 | Tiers and Rates | \$25.75   | \$26.52   | \$26.52   | \$26.52   |
|   | Up to 500 cf (\$/Mo)            | \$10.98       | Up to 250 cf           |         |                 |           |           |           |           |
|   | Tier 1: 501 - 2,000 cf (\$/ccf) | \$6.27        | Over 250 cf            | \$5.30  |                 | \$5.46    | \$5.62    | \$5.79    | \$5.97    |
|   | Tier 2: Over 2,000 cf (\$/ccf)  | \$9.40        |                        |         |                 |           |           |           |           |

# IGS Water Comments

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- Residential Tiers are consistent with water conservation pricing
- Median residential (non-zero) customer is 310 CF, less than 500
- Tiers restructured to match usage distribution
- Rates lowered first year for lower usage tier
- Commercial customers proposed to pay flat rate and exactly the same as residential up to 250 cf
- Gradual increases recommended

# Sewer Enterprise

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- Sewer system serves approximately 500 customers in the lower areas of the Cove
- New Wastewater plant built in 2000
- No major capital projects
- Golf Course benefits from treated water

Clarifier Tank: Separates smaller solids from waste stream





Contact Chamber: Allows chlorine to disinfect water in final treatment phase







Chlorine Gas Bottles same as water plant. Need to convert to soluble tablets to increase safety and lower operational costs

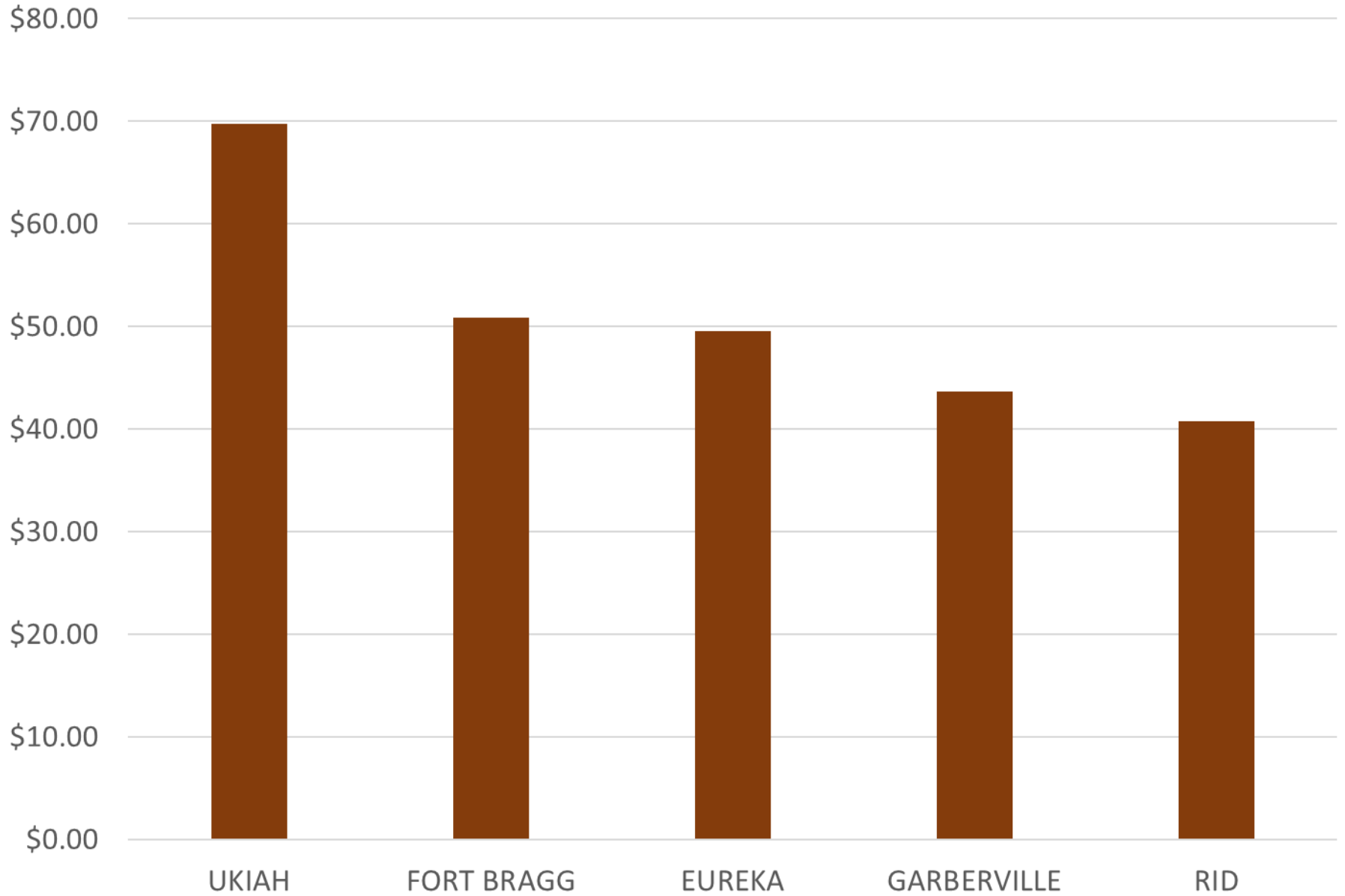
# Sewer Rates

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|              |                            |
|--------------|----------------------------|
| Residential  | \$40.79 per month          |
| Multi-Family | \$40.79 per unit per month |
| RUE*         | \$18.20 each               |

\*Residential Unit Equivalent: Measurement of added demand from non-residential customer

## Residential Sewer Rate Comparison





**RID Wastewater Enterprise Fund**  
**Major Expense and Project Planning**

|   | <i>Year 1</i>  | <i>Year 2</i>  | <i>Year 3</i>  | <i>Year 4</i>  | <i>Year 5</i>  |  |
|---|----------------|----------------|----------------|----------------|----------------|--|
| <b>Project or Purpose</b>   | <b>FY19/20</b> | <b>FY20/21</b> | <b>FY21/22</b> | <b>FY22/23</b> | <b>FY23/24</b> | <b>Comments</b>  |
| Replace telemetry with 10 lift stations                                       | \$25,000       | -              | -              | -              | -              | Increase reliability. Avoid fines from overflow events. Improve pumping efficiency.                        |
| New Chlorine and Dechlorine systems   | -              | \$90,000       | -              | -              | -              | Increase safety by eliminating toxic Chlorine gas. Decreased cost from shipping gas bottles.               |
| Update instrumentation at wastewater plant                                    | -              | \$74,000       | -              | -              | -              | To replace or install: Chlorine analyzers (2). Flow meters (6). Dissolved Oxygen probes (2). pH meter (1). |
| Remove nitrogen from influent by installing four underwater propellers        | -              | -              | \$100,000      | -              | -              | Necessary to meet state requirements   |
| Install variable speed pump drives and upgrade controls at four lift stations | -              | \$25,000       | \$25,000       | \$25,000       | \$25,000       | To be added to stations 5, 6, 7, and 9. Better control and efficiency.                                     |
| Equipment Storage Building  | -              | -              | \$33,000       | -              | -              | One-third of \$100,000 shared between Water/Sewer/Electric   |
| Vehicle replacement   | \$12,000       | \$12,000       | \$12,000       | \$12,000       | \$12,000       | Based on 10-year life cost of a portion of seven vehicles used for sewer.                                  |
| Back-hoe replacement (shared)   | -              | -              | -              | \$40,000       | -              | One-third of \$120,000 shared between Water/Sewer/Electric   |
| Totals  | \$37,000       | \$201,000      | \$170,000      | \$77,000       | \$37,000       |  |
| Five-Year Average, rounded  | \$104,000      |                |                |                |                |  |
|   |                |                |                |                |                |  |

Note: This CIP schedule assumes \$75,000 per year of Inflow and Infiltration (INI) work shown as an operating expense.

**RID Wastewater Enterprise Fund: Revenues, Expenses and Cash Balances**

|   | <b>FY15/16</b>        | <b>FY16/17</b>        | <b>FY17/18</b>            | <b>FY18/19</b>       | <b>FY19/20</b>         | <b>FY20/21</b>         | <b>FY21/22</b>         | <b>FY22/23</b>         | <b>FY23/24</b>         |                  |
|---|-----------------------|-----------------------|---------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------|
|   | <b><u>Audited</u></b> | <b><u>Audited</u></b> | <b><u>Preliminary</u></b> | <b><u>Budget</u></b> | <b><u>Forecast</u></b> | <b><u>Forecast</u></b> | <b><u>Forecast</u></b> | <b><u>Forecast</u></b> | <b><u>Forecast</u></b> |                  |
| <b>Operating Revenues</b>                 |                       |                       | <i>Revenue Increases:</i> | <i>10%</i>           | <i>10%</i>             | <i>10%</i>             | <i>10%</i>             | <i>10%</i>             |                        |                  |
| Utility Service Charges                   | \$207,202             | \$234,840             | \$250,000                 | \$260,000            | 286,000                | 315,000                | 347,000                | 382,000                | 420,000                |                  |
| Capital Facility Charges                  | 27,000                | 9,207                 | 7,694                     | 9,000                | 9,000                  | 9,000                  | 9,000                  | 9,000                  | 9,000                  |                  |
| Special Assessments / Other Income        | 216,271               | -                     | -                         | -                    | -                      | -                      | -                      | -                      | -                      |                  |
| Connection, Extension and Other Fee       | 6,150                 | 13                    | 2,050                     | 2,050                | 2,050                  | 2,050                  | 2,050                  | 2,050                  | 2,050                  |                  |
| <b>Total Operating Revenue</b>            | <b>456,623</b>        | <b>244,060</b>        | <b>259,744</b>            | <b>271,050</b>       | <b>297,050</b>         | <b>326,050</b>         | <b>358,050</b>         | <b>393,050</b>         | <b>431,050</b>         | <i>Inflation</i> |
| <b>Operating Expenses</b>                 |                       |                       |                           |                      |                        |                        |                        |                        |                        | <i>Factor:</i>   |
| Human Resources                           | 104,969               | 144,441               | 138,843                   | 127,000              | 132,100                | 137,400                | 142,900                | 148,600                | 154,500                | 4%               |
| Materials, Supplies and Services          | 144,301               | 160,891               | 124,223                   | 200,000              | 204,000                | 208,100                | 212,300                | 216,500                | 220,800                | 2%               |
| Electricity                               | -                     | -                     | -                         | -                    | 68,000                 | 70,000                 | 72,100                 | 74,300                 | 76,500                 | 3%               |
| Water                                     | -                     | -                     | -                         | -                    | 33,000                 | 33,700                 | 34,400                 | 35,100                 | 35,800                 | 2%               |
| Insurance                                 | 12,368                | 12,357                | 14,814                    | 15,000               | 15,300                 | 15,600                 | 15,900                 | 16,200                 | 16,500                 | 2%               |
| Allocated Administrative Costs            | 8,779                 | 7,039                 | 7,000                     | 7,000                | 20,000                 | 20,400                 | 20,800                 | 21,200                 | 21,600                 | 2%               |
| <b>Total Operating Expenses</b>           | <b>270,417</b>        | <b>324,728</b>        | <b>284,880</b>            | <b>349,000</b>       | <b>472,400</b>         | <b>485,200</b>         | <b>498,400</b>         | <b>511,900</b>         | <b>525,700</b>         |                  |
| <b>Net Operating Income</b>               | <b>186,206</b>        | <b>(80,668)</b>       | <b>(25,136)</b>           | <b>(77,950)</b>      | <b>(175,350)</b>       | <b>(159,150)</b>       | <b>(140,350)</b>       | <b>(118,850)</b>       | <b>(94,650)</b>        |                  |
| <b>Non-Operating Income (Expense)</b>     |                       |                       |                           |                      |                        |                        |                        |                        |                        |                  |
| Net Interest                              | 164                   | 0                     | 0                         | 0                    | 0                      | 0                      | 0                      | 0                      | 0                      |                  |
| Property Taxes                            | 197,776               | 174,813               | 202,000                   | 202,000              | 202,000                | 202,000                | 202,000                | 202,000                | 202,000                |                  |
| Transfers / Grants                        | 24,130                | (712)                 | -                         | -                    | -                      | -                      | -                      | -                      | -                      |                  |
| <b>Total Non-Operating</b>                | <b>222,070</b>        | <b>174,101</b>        | <b>202,000</b>            | <b>202,000</b>       | <b>202,000</b>         | <b>202,000</b>         | <b>202,000</b>         | <b>202,000</b>         | <b>202,000</b>         |                  |
| <b>Net Income (Loss)</b>                  | <b>408,276</b>        | <b>93,433</b>         | <b>176,864</b>            | <b>124,050</b>       | <b>26,650</b>          | <b>42,850</b>          | <b>61,650</b>          | <b>83,150</b>          | <b>107,350</b>         |                  |
| Capital Improvement Projects              | (7,000)               | (2,200)               | (100,000)                 | (100,000)            | (104,000)              | (104,000)              | (104,000)              | (104,000)              | (104,000)              |                  |
| <b>Cash and Cash Equivalents Year End</b> | <b>662,663</b>        | <b>520,776</b>        | <b>597,640</b>            | <b>621,690</b>       | <b>544,340</b>         | <b>483,190</b>         | <b>440,840</b>         | <b>419,990</b>         | <b>423,340</b>         |                  |

**Notes:**

*Projected Capital Facility Charges assume one new home per year*

*Depreciation is excluded from operating costs*

*Values in italics are projections*

| RID Sewer Enterprise Rates and Projected Revenues |  |             |                   |            |             |                   |                  |                  |
|---|--|-------------|-------------------|------------|-------------|-------------------|------------------|------------------|
| <b>1</b>  | <b>FY18 Revenue</b>                        |             |                   |            |             |                   |                  |                  |
|   |  |             | <b>Cust Count</b> | <b>RUE</b> | <b>Rate</b> | <b>Monthly \$</b> | <b>Annual \$</b> | <b>Annual \$</b> |
|   |  | Com Fixed   | 30                |            | \$39.60     | \$1,188           | \$14,256         |                  |
|   |  | Com RUE     |                   | 74         | \$17.67     | \$1,308           | \$15,691         | \$29,947         |
|   |  | Residential | 470               |            | \$39.60     | \$18,612          | \$223,344        | \$223,344        |
|   |  |             | 500               |            |             |                   | \$253,291        | \$253,291        |
| <b>2</b>  | <b>FY19 Projected Revenue</b>              |             |                   |            |             |                   |                  |                  |
|   |  |             | <b>Cust Count</b> | <b>RUE</b> | <b>Rate</b> | <b>Monthly \$</b> | <b>Annual \$</b> | <b>Annual \$</b> |
|   |  | Com Fixed   | 30                |            | \$40.79     | \$1,224           | \$14,684         |                  |
|   |  | Com RUE     |                   | 74         | \$18.20     | \$1,347           | \$16,162         | \$30,846         |
|   |  | Residential | 470               |            | \$40.79     | \$19,171          | \$230,056        | \$230,056        |
|   |  |             | 500               |            |             |                   | \$260,902        | \$260,902        |
| <b>3</b>  | <b>FY20 Projected Revenue with CPI inc</b> |             |                   |            | 3.00%       |                   |                  |                  |
|   |  |             | <b>Cust Count</b> | <b>RUE</b> | <b>Rate</b> | <b>Monthly \$</b> | <b>Annual \$</b> | <b>Annual \$</b> |
|   |  | Com Fixed   | 30                |            | \$42.01     | \$1,260           | \$15,125         |                  |
|   |  | Com RUE     |                   | 74         | \$18.75     | \$1,387           | \$16,646         | \$31,771         |
|   |  | Residential | 470               |            | \$42.01     | \$19,746          | \$236,957        | \$236,957        |
|   |  |             | 500               |            |             |                   | \$268,729        | \$268,729        |
| <b>4</b>  | <b>IGS Recommended FY19/20 Rates</b>       |             |                   |            | 10.00%      |                   |                  |                  |
|   |  |             | <b>Cust Count</b> | <b>RUE</b> | <b>Rate</b> | <b>Monthly \$</b> | <b>Annual \$</b> | <b>Annual \$</b> |
|   |  | Com Fixed   | 30                |            | \$44.87     | \$1,346           | \$16,153         |                  |
|   |  | Com RUE     |                   | 74         | \$20.02     | \$1,481           | \$17,778         | \$33,931         |
|   |  | Residential | 470               |            | \$44.87     | \$21,088          | \$253,061        | \$253,061        |
|   |  |             | 500               |            |             |                   | \$286,992        | \$286,992        |

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| RID #1 Utility Rate Schedules (Proposed as of 6/7/19) |                                   |               |                          |         |         |           |           |           |           |
|---|-----------------------------------|---------------|--------------------------|---------|---------|-----------|-----------|-----------|-----------|
| Category of Service                                   |                                   | Present Rates | Proposed 10/1/19         |         |         | 10/1/2020 | 10/1/2021 | 10/1/2022 | 10/1/2023 |
| SEWER   |                                   |               |                          |         | Change: | 10.0%     | 10.0%     | 10.0%     | 10.0%     |
| Residential Existing                                  |                                   |               | Residential Proposed     |         |         |           |           |           |           |
|   | Single-Family (per home)          | \$40.79       | Single-Family (per home) | \$44.87 | 10.0%   | \$49.36   | \$54.30   | \$59.73   | \$65.70   |
|   | Multi-Family (per unit)           | \$40.79       | Multi-Family (per unit)  | \$44.87 | 10.0%   | \$49.36   | \$54.30   | \$59.73   | \$65.70   |
|   | Residential Unit Equivalent (RUE) | \$18.20       | RUE                      | \$20.02 | 10.0%   | \$22.02   | \$24.22   | \$26.64   | \$29.30   |
| Commercial Existing                                   |                                   |               | Commercial Proposed      |         |         |           |           |           |           |
|   | Commercial "A" and "B"            | \$40.79       | All Commercial           | \$44.87 | 10.0%   | \$49.36   | \$54.30   | \$59.73   | \$65.70   |
|   | Residential Unit Equivalent (RUE) | \$18.20       | RUE                      | \$20.02 | 10.0%   | \$22.02   | \$24.22   | \$26.64   | \$29.30   |
|   |                                   |               |                          |         |         |           |           |           |           |

# IGS Sewer Comments

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- CIP project list scaled back to make the 10% increases work
- Higher percentage increases are necessary because rate-based revenue is only 50% of revenue

# Next Steps

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1. Comments and questions
2. Review and consideration following meeting
3. Opportunity for modifications
4. Finalize report
5. Revisit at next board meeting