



**ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, ZONE 7**

100 NORTH CANYONS PARKWAY • LIVERMORE, CA 94551 • PHONE (925) 454-5000 • FAX (925) 454-5727

**ORIGINATING DIVISION: ADMINISTRATIVE SERVICES**  
**CONTACT PERSON: TOM HUGHES/TAMARA BAPTISTA**

**AGENDA DATE:** October 15, 2014

**ITEM NO. 10**

**SUBJECT: Treated Water/Recharge Rate Schedules for 2015 and 2016**

**SUMMARY:**

- The proposed treated water rate schedules apply to calendar year 2015 and 2016.
- At the October 1, 2014 Board meeting, the Board directed staff to forward three proposals.
- If adopted, the 2015 rates will become effective on January 1, 2015 and the 2016 rate would become effective on January 1, 2016.

	Proposals					
	A		B*		C	
Treated Water Rate Year	2015	2016	2015	2016	2015	2016
Treated Water Rate Increase	7%	7%	3%	3%	5%	5%
Drought Surcharge					2%	2%

\* Includes a reduction of \$3.5M for the transfer to Fund 120 for AMP

**RECOMMENDED ACTION:**

Staff recommends adopting the attached resolution approving the following Treated Water Service Rates for 2015 and 2016 based on the 7% -7% for two years rate proposal:

- a) Delta charge for 2015 and 2016 of \$6 per acre-foot to be included for all treated water rates.
- b) Treated Water rate schedule for 2015; based on \$1,038 per acre-foot (7%) which includes the Delta charge. Treated Water rate schedule for 2016; based on \$1,111 per acre-foot (7%), which includes the Delta charge.
- c) Recharge Fee for 2015 of \$702 per acre-foot, which includes the Delta charge.
- d) Temporary Treated Water rate schedule for 2015 of \$4.26/100CF, which includes the Delta charge. Temporary Treated Water rate schedule for 2016 of \$4.56/100CF.
- e) Treated Water rate schedule for Private Fire and Standby Service for 2015 of \$4.26/100CF which includes the Delta charge and for 2016, a rate of \$4.56/100CF.
- f) In-Lieu Water Rate for 2015 of \$112 per acre-foot.

## MEMORANDUM

**DATE:** October 15, 2014

**TO:** Jill Duerig, General Manager

**FROM:** Tom Hughes, Assistant General Manager, Administrative Services  
Tamara Baptista, Financial & Systems Services Manager

**SUBJECT: Treated Water/Recharge Rate Schedules for 2015 and 2016**

### SUMMARY/BACKGROUND:

Water rates for 2015 and 2016 were discussed at the Finance Committee meetings on August 28, 2014 and September 9, 2014. Staff also held retailer meetings on September 4. Based upon input and feedback at these meetings, staff has calculated three different calculations. Staff met with the retailers again on September 25, 2014 and on October 9, 2014 to continue the discussions. At the October 1, 2014 Board meeting, the Board directed staff to bring two proposals for the preliminary 2015 and 2016 treated water rates to the October 15, 2014 Board meeting for consideration as well as develop a third proposal based on a base rate plus a Drought Surcharge:

○ Proposal A – 7% increase for 2015 and 7% increase for 2016

This is staff's recommendation. This calculation covers the two years cost of service and was reserve neutral. Staff believes that this is the lowest possible rate increase with minimal impact on Fund 100 reserves during the two-year period of analysis.

○ Proposal B – 3% CPI increase for 2015 and 3% CPI increase for 2016, reducing the transfer to Fund 120 for AMP to \$7M in FY 15/16

This is in response to the Finance Committee's request to find a creative way to keep rate increases as low as possible. The projected addition of use of reserves during the two-year period of analysis is \$1.8M from Fund 100 and \$3.5M from Fund 120.

○ Proposal C – 5% increase plus a 12-month 2% Drought Surcharge for 2015 and a 5% increase plus a 12-month 2% Drought Surcharge for 2016

The 5% increase covers the non-drought related cost of service, including scheduled AMP transfers and the 2% Drought Surcharge partially covers the drought-related cost of service and projected loss of revenue.) The 2% Drought Surcharge is temporary and will sunset at the end of each year. The projected additional use of Fund 100 reserves during the two-year period of analysis is \$1.3M.

### DISCUSSION:

**Tiered Rate Structure:** In order to maintain a focus on operations as a wholesale water agency, the base treated water rate has historically been tiered with increasing rates for smaller volume

service, thus encouraging smaller users to seek service from the major retailers. Additionally, as invoicing has traditionally referenced volume in 100 cubic foot (CF) units, the basic treated water rate is converted from \$X per AF to \$Y per 100 CF (1 AF = 43,560 CF = 435.60 100 CF). The highest tier, at 179% of the base, applies to each customer taking up to 3,300 CF monthly. The next lower tier, at 143% of the base, applies to the next 30,000 CF, then the next tier, at 114% of the base, applies to the next 300,000 CF. The base tier applies to customers taking delivery of more than 333,300 CF monthly.

#### **Recharge Fee:**

The annual rate schedule includes a recharge fee for retailer pumping beyond their respective independent/groundwater pumping quota. This rate applies to the retail agencies with which we have treated water delivery contracts and includes the Delta charge. The proposed rate is \$702 per acre-foot (AF) based on the volume of estimated water delivery. This fee applies only when the Retailers exceed their respective groundwater-pumping quota (GPQ). Historically, this fee has been rarely used and then only for small quantities since the retailers generally do not exceed their independent quota.

#### **In-Lieu Water Rate**

In the event staff concludes that surplus surface water is available in 2015 and that it would be cost-effective to offer it to retailers at a reduced rate to achieve groundwater management objectives, in-lieu treated water could be offered. In-lieu water is treated water that the Retailers can purchase from Zone 7 instead of pumping their respective GPQ. This rate was established in 1993 to encourage artificial recharge when surplus surface water is available. The rate is based on the power and chemical costs at the Del Valle and Patterson Pass Water Treatment plants and is proposed at \$112 per AF for 2015.

#### **Temporary Treated:**

The temporary treated water rate is based on the first tier of the scheduled treated water rate schedule. The need for temporary services stems from the inability of customers to obtain water in the outlying areas of the valley. The use of these services is limited. Please see the table below for the temporary treated water rates based on the three proposals.

#### **Fire and Standby Service:**

Each year the Board also sets a treated water schedule for fire and standby service for the Lawrence Livermore National Laboratory (LLNL). In 2004, the Board adopted the recommendation by staff that this rate be set at the first tier of the treated water rate, which is equivalent to the temporary treated water rate, with the added requirement that LLNL must also pay the same monthly service charge of \$144 per connection as the regular treated water contractors. Low volume users pay a higher unit cost due to the fixed costs being spread over a smaller volume of water, thereby increasing the cost per unit. Please see the table below for the temporary treated water rates based on the three proposals.

	Proposals					
	A		B		C	
Treated Water Rate Year	2015	2016	2015	2016	2015	2016
Temporary Treated Water (CCF)	\$4.26	\$4.56	\$4.10	\$4.22	\$4.26	\$4.47
Fire and Standby (CCF)	\$4.26	\$4.56	\$4.10	\$4.22	\$4.26	\$4.47

**RECOMMENDED ACTION:**

Staff recommends adopting the attached resolution approving the following Treated Water Service Rates for 2015 and 2016 based on the 7% -7% for two years rate proposal:

- a) Delta charge for 2015 and 2016 of \$6 per acre-foot to be included for all treated water rates.
- b) Treated Water rate schedule for 2015; based on \$1,038 per acre-foot (7%) which includes the Delta charge. Treated Water rate schedule for 2016; based on \$1,111 per acre-foot (7%), which includes the Delta charge.
- c) Recharge Fee for 2015 of \$702 per acre-foot, which includes the Delta charge.
- d) Temporary Treated Water rate schedule for 2015 of \$4.26/100CF, which includes the Delta charge. Temporary Treated Water rate schedule for 2016 of \$4.56/100CF.
- e) Treated Water rate schedule for Private Fire and Standby Service for 2015 of \$4.26/100CF which includes the Delta charge and for 2016, a rate of \$4.56/100CF.
- f) In-Lieu Water Rate for 2015 of \$112 per acre-foot.

**ATTACHMENTS:**

- Resolution A
- Resolution B
- Resolution C
- Proposals for 2015 & 2016 Water Rates

# ***Revised Resolution – Proposal A***

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY  
SECONDED BY

## **Adoption of the Treated Water Service Rates for 2015 & 2016 (7%-7%)**

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Recharge, Temporary Treated Water, Fire and Standby and In-Lieu services be adopted:

BE IT FURTHER RESOLVED that the 2015 & 2016 Delta Charge shall be \$6 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of \$144.00 per month per metered service for 2015, and \$148.00 per month per metered service for 2016; and

A delivery charge, based on \$1,038 per acre-foot for 2015, and \$1,111 per acre-foot for 2016 in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

	<b>2015</b>	<b>2016</b>
For the first 3,300 cubic feet	\$4.256 per CCF	\$4.555 per CCF
For the next 30,000 cubic feet	\$3.408 per CCF	\$3.647 per CCF
For the next 300,000 cubic feet	\$2.717 per CCF	\$2.908 per CCF
For all over 333,300 cubic feet	\$2.383 per CCF	\$2.551 per CCF

SECOND, for Recharge services a recharge fee of \$702 per acre-foot for 2015, which includes the Delta charge, which is the unit cost of replenishment water to achieve full cost of recovery when it is necessary to replenish the main groundwater basin when water is pumped in excess of a retailers Groundwater Pumping Quota or Independent Quota.

THIRD, for Temporary Treated Water service an initial service establishment charge of \$144.00 per turnout for 2015, and \$148.00 per turnout for 2016 or each new direct connection to the Zone system; and

A monthly meter service charge of \$21.00 per turnout for 2015 & 2016; and

A charge of \$4.26 per CCF for 2015, and \$4.56 per CCF for 2016, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

FOURTH, for Fire and Standby services a service charge of \$144.00 per month for 2015, and \$148.00 per month for 2016 for the connection; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at \$4.26 per CCF for 2015, and \$4.56 per CCF for 2016, which includes the additional Delta charge.

FIFTH, for In-Lieu water services, a water rate of \$112 for calendar year 2015 and authorize the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District to offer to any treated water contractor who takes delivery of treated water from Zone 7 in lieu of pumping groundwater per their Groundwater Pumping Quota should appropriate circumstances be identified; and

Zone 7 may offer this rate to its treated water contractors who have a Groundwater Pumping Quota (GPQ) (including well pumping capacity) if sufficient surface water is available and if it is deemed financially and operationally prudent; and, In-Lieu quantities will be limited to each contractor's GPQ plus any accumulated carry-over.

BE IT FURTHER RESOLVED that said rate schedules for treated water service as adopted herein shall be effective on January 1, 2015 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of the Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on October 15, 2014.

By \_\_\_\_\_  
President, Board of Directors

# ***Revised Resolution – Proposal B***

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY  
SECONDED BY

## **Adoption of the Treated Water Service Rates for 2015 & 2016 (3%-3%)**

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Recharge, Temporary Treated Water, Fire and Standby and In-Lieu services be adopted:

BE IT FURTHER RESOLVED that the 2015 & 2016 Delta Charge shall be \$6 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of \$144.00 per month per metered service for 2015, and \$148.00 per month per metered service for 2016; and

A delivery charge, based on \$999 per acre-foot for 2015, and \$1,029 per acre-foot for 2016 in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

	<b>2015</b>	<b>2016</b>
For the first 3,300 cubic feet	\$4.097 per CCF	\$4.220 per CCF
For the next 30,000 cubic feet	\$3.280 per CCF	\$3.379 per CCF
For the next 300,000 cubic feet	\$2.615 per CCF	\$2.694 per CCF
For all over 333,300 cubic feet	\$2.294 per CCF	\$2.363 per CCF

SECOND, for Recharge services a recharge fee of \$702 per acre-foot for 2015, which includes the Delta charge, which is the unit cost of replenishment water to achieve full cost of recovery when it is necessary to replenish the main groundwater basin when water is pumped in excess of a retailers Groundwater Pumping Quota or Independent Quota.

THIRD, for Temporary Treated Water service an initial service establishment charge of \$144.00 per turnout for 2015, and \$148.00 per turnout for 2016 or each new direct connection to the Zone system; and

A monthly meter service charge of \$21.00 per turnout for 2015 & 2016; and

A charge of \$4.10 per CCF for 2015, and \$4.22 per CCF for 2016, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

FOURTH, for Fire and Standby services a service charge of \$144.00 per month for 2015, and \$148.00 per month for 2016 for the connection; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at \$4.10 per CCF for 2015, and \$4.22 per CCF for 2016, which includes the additional Delta charge.

FIFTH, for In-Lieu water services, a water rate of \$112 for calendar year 2015 and authorize the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District to offer to any treated water contractor who takes delivery of treated water from Zone 7 in lieu of pumping groundwater per their Groundwater Pumping Quota should appropriate circumstances be identified; and

Zone 7 may offer this rate to its treated water contractors who have a Groundwater Pumping Quota (GPQ) (including well pumping capacity) if sufficient surface water is available and if it is deemed financially and operationally prudent; and, In-Lieu quantities will be limited to each contractor's GPQ plus any accumulated carry-over.

BE IT FURTHER RESOLVED that said rate schedules for treated water service as adopted herein shall be effective on January 1, 2015 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of the Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on October 15, 2014,

By \_\_\_\_\_  
President, Board of Directors

# ***Revised Resolution – Proposal C***

ZONE 7  
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO.

INTRODUCED BY  
SECONDED BY

## **Adoption of the Treated Water Service Rates for 2015 & 2016 (5% plus a 12-month 2% Drought Surcharge for each year)**

BE IT RESOLVED by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District that the following rate schedule for Treated Water, Recharge, Temporary Treated Water, Fire and Standby and In-Lieu services be adopted:

BE IT FURTHER RESOLVED that the 2015 & 2016 Delta Charge shall be \$6 per acre-foot for all categories of Zone 7's water rates and the Board does hereby reserve the right to, by resolution, increase, decrease or eliminate this Delta Charge at any time based on actual experience.

FIRST, for Treated Water service a service charge of \$144.00 per month per metered service for 2015, and \$148.00 per month per metered service for 2016; and

A delivery charge, based on \$1,019 per acre-foot for 2015, and \$1,070 per acre-foot for 2016 in 100 cubic feet (CCF) units for all metered water delivered to each customer per month, which includes the Delta Charge as follows:

	<b>2015</b>	<b>2015 Drought Surcharge</b>	<b>2016 (per CCF)</b>	<b>2015 Drought Surcharge</b>
For the first 3,300 cubic feet	\$4.178 per CCF	\$0.082 per CCF	\$4.387 per CCF	\$0.086 per CCF
For the next 30,000 cubic feet	\$3.345 per CCF	\$0.066 per CCF	\$3.513 per CCF	\$0.069 per CCF
For the next 300,000 cubic feet	\$2.667 per CCF	\$0.052 per CCF	\$2.800 per CCF	\$0.055 per CCF
For all over 333,300 cubic feet	\$2.339 per CCF	\$0.046 per CCF	\$2.456 per CCF	\$0.048 per CCF

SECOND, for Recharge services a recharge fee of \$702 per acre-foot for 2015, which includes the Delta charge, which is the unit cost of replenishment water to achieve full cost of recovery when it is necessary to replenish the main groundwater basin when water is pumped in excess of a retailers Groundwater Pumping Quota or Independent Quota.

THIRD, for Temporary Treated Water service an initial service establishment charge of \$144.00 per turnout for 2015, and \$148.00 per turnout for 2016 or each new direct connection to the Zone system; and

A monthly meter service charge of \$21.00 per turnout for 2015 & 2016; and

A charge of \$4.18 per CCF for 2015 plus \$0.08 per CCF for a 2% Drought Surcharge for a total charge of \$4.26, and \$4.39 per CCF for 2016 plus \$0.08 per CCF for a 2% Drought Surcharge for

a total charge of \$4.47, which includes the Delta Charge for all water delivered monthly based on total meter readings or as may be otherwise determined by Zone 7.

FOURTH, for Fire and Standby services a service charge of \$144.00 per month for 2015, and \$148.00 per month for 2016 for the connection; and

There shall be no charge for water used for extinguishing accidental fires. All other water used shall be charged for, based on metered amounts, at \$4.18 per CCF for 2015 plus \$0.08 per CCF for a 2% Drought Surcharge for a total charge of \$4.26, and \$4.39 per CCF for 2016 plus \$0.08 per CCF for a 2% Drought Surcharge for a total charge of \$4.47.

FIFTH, for In-Lieu water services, a water rate of \$112 for calendar year 2015 and authorize the General Manager of Zone 7 of Alameda County Flood Control and Water Conservation District to offer to any treated water contractor who takes delivery of treated water from Zone 7 in lieu of pumping groundwater per their Groundwater Pumping Quota should appropriate circumstances be identified; and

Zone 7 may offer this rate to its treated water contractors who have a Groundwater Pumping Quota (GPQ) (including well pumping capacity) if sufficient surface water is available and if it is deemed financially and operationally prudent; and, In-Lieu quantities will be limited to each contractor's GPQ plus any accumulated carry-over.

BE IT FURTHER RESOLVED that said rate schedules for treated water service as adopted herein shall be effective on January 1, 2015 and shall end on the next effective date for such water rates as adopted by the Board.

BE IT FURTHER RESOLVED that said Drought Surcharge rates for treated water service as adopted herein for 2015 shall be effective on January 1, 2015 and shall end December 31, 2015 and Drought Surcharge rates for treated water service as adopted herein for 2016 shall be effective on January 1, 2016 and shall end December 31, 2016.

BE IT FURTHER RESOLVED that the General Manager of Zone 7 of the Alameda County Flood Control and Water Conservation District is hereby authorized to continue to enter into, renew, modify and otherwise administer all Temporary Treated Water service agreements in accordance with said rate schedules adopted herein and as may be modified from time to time.

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of Alameda County Flood Control and Water Conservation District on October 15, 2014.

By \_\_\_\_\_  
President, Board of Directors

**7% water rate increase for two years**

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$1,038	\$1,111
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
<b>Fund 100 - Water Enterprise</b>					
Beginning Fund Balance:	27,289,110	31,495,970	30,634,290	19,908,337	18,800,886
<u>Sources of Funds</u>					
Treated Water Revenue	37,494,692	34,965,126	33,124,468	41,071,041	44,850,477
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
Total Sources	39,469,513	36,450,292	33,907,770	41,989,548	45,780,590
<u>Uses of Funds</u>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	10,500,000	12,661,760
Total Uses	35,262,653	37,311,973	44,633,723	43,096,999	44,448,260
<b>Ending Fund Balance:</b>	<b>31,495,970</b>	<b>30,634,290</b>	<b>19,908,337</b>	<b>18,800,886</b>	<b>20,133,216</b>
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(10,725,953)	(1,107,451)	1,332,330
<u>Reserves Balances(End of Period)</u>					
Operating Reserve	8,308,044	7,182,825	8,067,130	7,823,280	7,628,760
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	4,353,940	4,492,920	4,666,820
Rate Stabilization Reserve	13,213,227	13,392,411	7,487,266	6,484,686	7,837,635
Total	31,495,970	30,634,290	19,908,337	18,800,886	20,133,216

**Assumptions:**

The Board authorized a significant use of reserves in the FY 14/15 budget.  
Drought is a one-year event (2014).  
Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

**Notes:**

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

This option uses \$1M of the Rate Stabilization reserves from FY 14/15 to FY 15/16 and then adds \$1.35M of the Rate Stabilization reserves from FY 15/16 to FY 16/17 for a net increase of \$0.35M.

**Operating Expenses:**

All expense categories were reviewed to determine an appropriate discounted budgeted amount.

### 3% Water Rate Increase for 2 years/transfer for AMP \$7M

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$999	\$1,029
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
<b>Fund 100 - Water Enterprise</b>					
Beginning Fund Balance:	27,289,110	31,495,970	30,634,290	19,258,321	19,415,239
<u>Sources of Funds</u>					
Treated Water Revenue	37,494,692	34,965,126	32,474,452	38,835,410	41,577,542
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
Total Sources	39,469,513	36,450,292	33,257,754	39,753,917	42,507,655
<u>Uses of Funds</u>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	7,000,000	12,661,760
Total Uses	35,262,653	37,311,973	44,633,723	39,596,999	44,448,260
<b>Ending Fund Balance:</b>	<b>31,495,970</b>	<b>30,634,290</b>	<b>19,258,321</b>	<b>19,415,239</b>	<b>17,474,634</b>
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(11,375,969)	156,918	(1,940,605)
<u>Reserves Balances(End of Period)</u>					
Operating Reserve	8,308,044	7,182,825	8,067,130	7,823,280	7,628,760
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	4,353,940	4,492,920	4,666,820
Rate Stabilization Reserve	13,213,227	13,392,411	6,837,250	7,099,039	5,179,053
Total	31,495,970	30,634,290	19,258,321	19,415,239	17,474,634

#### Assumptions:

The Board authorized a significant use of reserves in the FY 14/15 budget.

Drought is a one-year event (2014).

Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

#### Notes:

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

This option adds \$0.3M to the Rate Stabilization reserves from FY 14/15 to FY 15/16 and then uses \$1.9M of the Rate Stabilization reserves from FY 15/16 to FY 16/17 for a net decrease of \$1.6M.

#### Operating Expenses:

All expense categories were reviewed to determine an appropriate discounted budgeted amount.

## 5% and a 2% Drought Surcharge for 2015 and 2016

Calendar Year	2013	2014	2015	2016
Water Rate per AF	\$945	\$970	\$1,019	\$1,070
Proposed Drought Surcharge per AF	n/a	n/a	\$20	\$21
Water Rate and Drought Surcharge per AF			\$1,039	\$1,091
Volume of Water Sales (AF)	41,476	28,911	37,038	39,056

	FY12/13 Audited Actual	FY13/14 Unaudited Actual	FY14/15 Discounted Budget	FY15/16 Forecast Budget	FY16/17 Forecast Budget
<b>Fund 100 - Water Enterprise</b>					
<b>Beginning Fund Balance:</b>	<b>27,289,110</b>	<b>31,495,970</b>	<b>30,634,290</b>	<b>19,925,005</b>	<b>18,486,422</b>
<b>Sources of Funds</b>					
Treated Water Revenue	37,494,692	34,965,126	33,141,136	40,739,909	43,665,106
Other Revenue	1,974,821	1,485,166	783,302	918,507	930,113
<b>Total Sources</b>	<b>39,469,513</b>	<b>36,450,292</b>	<b>33,924,438</b>	<b>41,658,416</b>	<b>44,595,219</b>
<b>Uses of Funds</b>					
Operating Expenses	28,662,653	28,811,973	31,809,799	32,596,999	31,786,500
Transfer to Fund 120	6,600,000	8,500,000	12,823,924	10,500,000	12,661,760
<b>Total Uses</b>	<b>35,262,653</b>	<b>37,311,973</b>	<b>44,633,723</b>	<b>43,096,999</b>	<b>44,448,260</b>
<b>Ending Fund Balance:</b>	<b>31,495,970</b>	<b>30,634,290</b>	<b>19,925,005</b>	<b>18,486,422</b>	<b>18,633,381</b>
Net Additions/(Uses) of Reserves	4,206,860	(861,681)	(10,709,285)	(1,438,583)	146,959
<b>Reserves Balances(End of Period)</b>					
Operating Reserve	8,308,044	7,182,825	8,067,130	7,823,280	7,628,760
Drought Contingency Reserve	5,861,673	5,861,673	0	0	0
Emergency Reserve	4,113,026	4,197,380	4,353,940	4,492,920	4,666,820
Rate Stabilization Reserve	13,213,227	13,392,411	7,503,934	6,170,222	6,337,800
<b>Total</b>	<b>31,495,970</b>	<b>30,634,290</b>	<b>19,925,005</b>	<b>18,486,422</b>	<b>18,633,381</b>

### Assumptions:

The Board authorized a significant use of reserves in the FY 14/15 budget.

Drought is a one-year event (2014).

Post drought recovery is based on the 1990 drought which was two years, with the first year 14% less than normal and the second year at pre-drought level.

### Notes:

For purposes of calculating reserves for this rate model, actual and discounted budget numbers in the rate model are used rather than the adopted budget numbers.

This option uses \$1.33M of the Rate Stabilization reserves from FY 14/15 to FY 15/16 and then adds \$0.17M of the Rate Stabilization reserves from FY 15/16 to FY 16/17 for a net decrease of \$1.16M.

### Operating Expenses:

All expense categories were reviewed to determine an appropriate discounted budgeted amount.