

**VALLEY SPRINGS PUBLIC
UTILITY DISTRICT**

**FINAL
WASTEWATER RATE
COST OF SERVICE STUDY**

September 1, 2016

Weber, Ghio & Associates, Inc.
P.O. Box 251
San Andreas, CA 95249
(209) 754-1824

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LIST OF ACRONYMS & ABBREVIATED TERMS

CPUC: California Public Utility Commission

Depreciation of Treatment Plant, Distribution System and Equipment: Costs of depreciation of existing District assets (Treatment plant, distribution/collection lines, etc.)

District: Valley Springs Public Utility District

EDU: Equivalent Dwelling Unit, 1 EDU is equivalent to a single family residence

Fixed Operation and Maintenance Costs: Costs which do not vary directly with flows. (i.e. labor, testing, etc.)

Indirect Costs: Costs directly attributable to system administration, including billing/collection, state fees, and other indirect costs.

Operating Reserve Fund: Costs to cover unanticipated price increases, additional chemical usage, etc. Agencies normally operate with reserve being in the 25 to 75 percent range depending on the size of the agency.

Proposition 218: California Constitution Article XIII C

Variable Operation and Maintenance Costs: Costs which vary directly with flows (i.e. chemicals, utility costs, etc.)

VSPUD: Valley Springs Public Utility District

WGA: Weber, Ghio & Associates, Inc.

WWTP: Wastewater Treatment Plant

WASTEWATER RATES

Section 1: Executive Summary

The study incorporates Regional Water Quality Control Board and industry standard methodologies tailored to meet the District’s unique characteristics and develops wastewater rates that proportionately allocate the cost of providing wastewater service for each customer class. The objectives of the wastewater rate study are to:

- Recover the District’s annual revenue requirement and costs of providing wastewater service.
- Provide adequate funding for the District’s local wastewater project capital needs including the proposed Effluent Management and Wastewater Treatment Project.
- Develop a wastewater rate structure that proportionately allocates the cost of service to all customers.
- Comply with the legal requirements of Proposition 218 and other pertinent California law.

This study reviews the costs and expenses of the wastewater system, summarizes procedural requirements of Proposition 218, details the rate study process, and provides final study conclusions and rate recommendations.

Current Rate Structure

The existing wastewater rates are based on a traditional fixed charge (base rate) rate structure with a variable rate component for large users. The current wastewater rates are summarized in Table 1.

Fixed base rate - based on customer class.

Variable rate – based upon usage.

Table 1: Current Monthly Wastewater Rates

CUSTOMER CLASS	CURRENT MONTHLY FIXED BASE RATE
Residential	\$49.50
Commercial	\$49.50
Mobile Home Parks	\$49.50/occupied lot space
Trailer Park Laundromats	\$20.00/Machine
Standby	\$20.00
Infrastructure Fee	\$5.00

Infrastructure Fee: Flat rate adjusted yearly on change in the Consumer Price Index for California

All other uses shall be charged a monthly rate of \$49.50/unit

Variable Rates:

Residential: Continual over consumption of the 6,000 gallons per month during December, January, and February will result in being charged commercial rate

Commercial: Consumption of over 6,000 gallons of water per month will result in an additional \$8.25 charge per 1,000 gallons usage

Mobile Home Parks: Non-occupied spaces must be inspected by District Personnel prior to monthly billing in order to be reduced to the \$20 Standby Fee

Procedural Requirements of Proposition 218

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. For many years, there was no legal consensus on whether wastewater service fees met the definition of “property-related fees.” In July 2007, the California Supreme Court essentially confirmed that Proposition 218 applies to wastewater service fees.

The District must follow the procedural requirements of Proposition 218 for all wastewater rate increases. These requirements include:

1. **Noticing Requirement:** The District must mail a notice of the proposed rate increases to all affected property owners. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.

2. **Public Hearing:** The District must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest:** At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rate increases, the increases cannot be adopted.

Proposition 218 also established a number of substantive requirements that apply to wastewater rates and charges, including:

1. **Cost of Service** - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** - The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** - No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** - No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water, sewer and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

Rate Study Process

This section details the development of the District’s wastewater rates and compliance with Proposition 218 through a comprehensive cost of service and rate design study process.

The following is a brief description of the wastewater financial plan and rate design process:

- **Financial Plan Projections/Revenue Requirements:** Revenue requirements are analyzed through the development of a five-year financial plan. Based on the best information currently available, the financial plan incorporates projected operation and maintenance costs, capital expenditures, debt service, and growth assumptions to estimate annual revenue requirements. The plan serves as a roadmap for funding the wastewater enterprise's future operating and capital programs while maintaining long-term fiscal stability. The financial plan projections determine the annual wastewater revenue requirements to be recovered through wastewater rates and other revenue sources.
- **Cost of Service:** The cost of service process builds on the financial plan analysis and assigns wastewater system costs to functional cost components which are then allocated to the various customer classes. This process is intended to proportionately allocate costs associated with each customer class.
- **Rate Design:** Rate design involves developing a rate structure that proportionately recovers costs from wastewater system customers. Final rate recommendations are designed to (a) fund the utility's short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; (c) provide a prudent balance of revenue stability; and (d) comply with the substantive requirements of Proposition 218.

Findings and Recommendations

The financial projections and rate recommendations include modifications to the wastewater rates and cost allocations. The final rates are designed to recover the wastewater utility's cost of service and proportionately recover costs from all customer classes. Rate increases are implemented in a five-year period. The first rate adjustments will take effect on December 1, 2016. Rate increases thereafter will be effective on July 1, beginning on July 1, 2017 through January 1, 2020.

Cost of Service Analysis

The cost of service analysis for the traditional rate structure is based on Regional Water Quality Control Board and industry standard methodologies.

For the fixed and variable charges, the proposed rate structure maintains the District's existing customer class breakdown with proportional rate increases for all customers.

Final Rate Recommendation

After considering the District’s need to fund the wastewater system, the Board of Directors voted to notice five years of rate increases. The final proposed rates which were included in the Proposition 218 notice are shown in Table 2.

Table 2: Final Proposed Monthly Wastewater Rates

CUSTOMER CLASS	FIXED MONTHLY BASE RATE				
	December 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
Residential	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05
Commercial	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05
Commercial usage over 4,600 gal (per 1,000 gallons)	\$12.51	\$14.78	\$17.13	\$17.69	\$18.27
Mobile Home Parks (per occupied lot space)	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05
Trailer Park Laundromats(per machine)	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Standby	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00

Variable Rates:

Residential: Continual over consumption of the 4,600 gallons per month during December, January, and February will result in being charged commercial rate

Commercial: Consumption of over 4,600 gallons of water per month will result in an additional charge per 1,000 gallons usage as defined above.

Mobile Home Parks: Non-occupied spaces must be inspected by District Personnel prior to monthly billing in order to be reduced to the \$20 Standby Fee

All other uses shall be charged a monthly rate equivalent to the residential rate.

All other existing District fees/rates (including infrastructure fee) are not proposed to be modified with this study.

SECTION 2: Wastewater Enterprise Overview

VSPUD Current Wastewater System

The District's wastewater system is responsible for the collection, treatment, and disposal of wastewater from its customers. Wastewater is treated at the wastewater treatment and disposal facility adjacent to State Highway 12 to secondary standards and disposed of through spray irrigation.

Current Wastewater Rates

The District bills wastewater service on a monthly basis on a combined bill that includes charges for water and sewer. The current wastewater rates are based on a traditional fixed charge (base rate) rate structure with a variable rate component for large users.

Fixed base rate - based on customer class.

Variable rate – based upon usage.

The current wastewater rates are shown in Table 3:

Table 3: Current Monthly Wastewater Rates

CUSTOMER CLASS	CURRENT MONTHLY FIXED BASE RATE
Residential	\$49.50
Commercial	\$49.50
Mobile Home Parks	\$49.50/occupied lot space
Trailer Park Laundromats	\$20.00/Machine
Standby	\$20.00
Infrastructure Fee	\$5.00

Infrastructure Fee: Flat rate adjusted yearly on change in the Consumer Price Index for California

All other uses shall be charged a monthly rate of \$49.50/unit

Variable Rates:

Residential: Continual over consumption of the 6,000 gallons per month during December, January, and February will result in being charged commercial rate

Commercial: Consumption of over 6,000 gallons of water per month will result in an additional \$8.25 charge per 1,000 gallons usage

Mobile Home Parks: Non-occupied spaces must be inspected by District Personnel prior to monthly billing in order to be reduced to the \$20 Standby Fee

Existing Customers and Usage

Residential accounts (single family and multi-family residential) account for nearly 77 percent of all wastewater customers as shown in Table 4. Commercial customers (commercial and multi-unit commercial) comprise nearly 23 percent of all accounts.

Table 4: Current Wastewater Accounts

CUSTOMER CLASS	# CONNECTIONS/CUSTOMERS	% OF TOTAL
Residential	292	76.8%
Commercial	88	23.2%

Table 5 presents usage information for all customers for the months of January, February, and March for both 2015 and 2016 as well as the calculation of number of equivalent dwelling units for each customer class for 2016.

Table 5: Customer Usage/EDUs

CUSTOMER CLASS	NO. OF CUSTOMERS	AVERAGE MONTHLY USAGE (GAL.) ⁽¹⁾		AVERAGE MONTHLY USAGE PER CONNECTION (GAL.) ⁽¹⁾		2016
		2015	2016	2015	2016	NO. OF EDU
Residential	292	1,367,400	1,344,773	4,699	4,605	292
Commercial	70	666,367	654,700	9,520	9,353	142
Multi-Unit Commercial	18	33,867	36,233	1,992	2,013	8
TOTAL:						442

(1) January, February, March

Based upon the analysis of usage presented in Table 5, the baseline EDU usage for rate calculations is 4,600 gals/month. The current rate structure utilizes a baseline EDU usage of 6,000 gals/month, which is proposed to be revised to 4,600 with this study to provide for fair and equitable distribution of monthly service fees to all customers in accordance with Prop. 218.

Existing and proposed usage charges are based upon the cost to treat wastewater as defined in this study and are not intended to promote conservation. In order to provide for fair and equitable rates, the usage charges are intended to capture the additional costs of operations, treatment, and disposal associated with increased volumes of wastewater.

SECTION 3: FINANCIAL PLAN PROJECTIONS/ REVENUE REQUIREMENTS

WGA developed multi-year financial plan projections through 2020/2021 to estimate annual revenue requirements and necessary rate adjustments to fund the wastewater system’s operating and capital needs. As a self-supporting enterprise fund, the majority of revenues are derived from wastewater service charges (rates). This section details the revenue and expenditure assumptions used to estimate and project the wastewater utility’s annual revenue requirements.

Wastewater Fund Reserves

As of February 2016, the wastewater funds held a working capital of nearly \$500,000 in operations capital (approximately 145% of current annual operation and maintenance expenses and approximately 97% of proposed annual operation and maintenance expenses). As a condition of the CWSRF financing for the proposed Effluent Management and Wastewater Treatment Project, the District will be required to establish a loan reserve fund equal to one year’s loan payment which will reduce the District’s overall reserves available for use. Maintaining a prudent minimal level of fund reserves provides a financial cushion for dealing with unanticipated expenses, revenue shortfalls, debt requirements, and emergency capital repairs.

WGA recommends continuation of a minimum wastewater fund operating reserve balance equivalent to 50 to 75 percent of annual operating and maintenance expenses. This is a reasonable level of operating reserves and is consistent with wastewater industry practices for small agencies. Based upon District reserve fund balances referenced above, additional funding of the wastewater operations reserves is not proposed in this rate study.

Projected Future Growth

The District anticipates a minimal level of future growth over the five-year planning period. The projections include growth of one (1) percent per year through fiscal year 2020/2021 on residential customers only.

Baseline Operating Expenses

Operating costs are expenditures the District incurs in the daily operations of the wastewater system. Baseline operating expenses are the wastewater system’s basic operating and capital costs that are incurred. These include employee salaries and wages, WWTP operations, general office, building maintenance, District vehicles, equipment, professional services, lab analysis, utilities, mechanical, and other miscellaneous expenses.

Table 6 presents the projected baseline operation expenses through 2020/2021 and are based upon the District’s 2015/2016 budget. All baseline expenses, except for debt service, are escalated by 5 percent per year to account for inflation.

No funds are proposed to be collected to increase the District’s operating reserve per Section 3 of this report. In addition, no depreciation is proposed to be collected under the proposed rates as the District utilizes a separate infrastructure fee for replacement of existing facilities.

Table 6: Baseline Operating Expenses

EXPENSE CATEGORY	2015/2016 EXPENSE PER YEAR	2016/2017 ⁽¹⁾	2017/2018	2018/2019	2019/2020	2020/2021
			1ST YEAR OPERATION ⁽¹⁾	2ND YEAR OPERATION ⁽¹⁾	3RD YEAR OPERATION ⁽¹⁾	4TH YEAR OPERATION ⁽¹⁾
TREATMENT/COLLECTION ⁽²⁾	\$114,174	\$119,883	\$145,877	\$153,171	\$160,829	\$168,871
GENERAL AND ADMINISTRATIVE	\$179,229	\$188,190	\$197,600	\$207,480	\$217,854	\$228,747
OPERATING RESERVE FUND	\$0	\$0	\$0	\$0	\$0	\$0
DEPRECIATION	\$0	\$0	\$0	\$0	\$0	\$0
USDA SHORT LIVED ASSET RESERVE	\$0	\$0	\$17,350	\$18,218	\$19,128	\$20,085
DEBT SERVICE ⁽³⁾	\$0	\$45,000	\$83,488	\$128,488	\$128,488	\$128,488
TOTAL:	\$293,403	\$353,073	\$444,315	\$507,356	\$526,300	\$546,190

(1) ASSUMES 5% INCREASE IN O&M EXPENSE PER YEAR

(2) INCLUDES \$20,000 INCREASE STARTING IN 2017/2018 FOR INCREASED WWTP COSTS

(3) ASSUMES \$9.5 M TOTAL PROJECT COST WITH \$3.0 M FINANCED OVER 30 YEARS AT 1.7% INTEREST (\$5.5M GRANT SWRCB, \$1 M GRANT USDA)
ASSUMES RATE INCREASE FOR 2016/2017 EFFECTIVE DEC. 1, 2016

Existing and Proposed Debt Service

The wastewater utility has no existing outstanding debt.

Assumed financing for the proposed Effluent Management and Wastewater Treatment Project will result in debt service as follows:

Total Project Cost:	\$9,500,000
CWSRF Grant:	\$5,500,000
USDA Grant:	\$1,000,000
CWSRF Loan (30 years at 1.7%):	\$3,000,000
Yearly Debt Service:	\$128,488

Based upon the requirements of the CWSRF financing, the interest rate on the CWSRF Loan is assumed at the current maximum of 1.7%. Upon completion of the CWSRF review of the District’s finances the interest rate may be lowered to between 1.7% and 0%. Should the final interest rate be lower than the 1.7% the Board of Directors may elect lower yearly rate increases than those shown herein without an additional Prop. 218 process.

In order to avoid a large increase in monthly fees in the first year of WWTP operation, the baseline operating expenses shown in Table 6 assume \$45,000 of the first year’s debt service will be collected during the 2016/2017 fiscal year, commencing on Dec. 1, 2016.

SECTION 4: COST OF SERVICE

The financial plan and cash flow projections detailed in the previous section determined the amount of revenue needed to be generated from wastewater rates. The cost of service analysis builds on the revenue requirements by providing a basis for recovering revenues from customers based on the unique demands they place on the wastewater system. Proposition 218 requires that agencies providing “property-related services” (including wastewater utility service) set rates and charges that are based on the cost of providing those services.

The rates proposed in this report were developed using Regional Water Quality Control Board and industry standard methodologies. In developing wastewater rates, it is important to know that there is no “one-size-fits-all” approach for establishing cost-based wastewater rates.

Fixed vs. Variable Charges

Wastewater utilities can recover costs from a combination of fixed and variable charges. The percentage of revenues derived from the fixed and variable charges varies for each agency and should be proportional to each system’s expenditures and must not exceed the cost of providing service. A higher level of fixed charges provides better revenue stability and less dependence on volumetric sales. The District’s existing rate structure meets the proportionality requirements of Prop. 218. Therefore, no change in the current rate structure, which consists of a fixed monthly charge to all customers and variable usage charges for large use customers, is proposed with this rate study other than increased monthly fee amounts.

SECTION 5: RATE DESIGN & RATE STRUCTURE ALTERNATIVES

The final step of the wastewater rate study process is the design of wastewater rates to generate the level of revenues needed to meet annual revenue requirements. The evaluation of rate structure alternatives takes into account both the level of rate increases and the structure of the rates. The level of increases refers to the amount of revenue to be collected from a specific rate design. The rate structure refers to the way in which the revenues are collected from the customers.

Rate Development Principles

The following criteria were used in developing the proposed rates:

1. *Revenue Sufficiency:* Rates should recover the annual cost of service and provide revenue stability.
2. *Proportionality:* Rates should be proportionately allocated among all customer classes based on their estimated demand characteristics, i.e. each user class only pays its proportionate share.
3. *Practical:* Rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer, and easy to understand.

Proposed Wastewater Rates and Calculations:

Table 7 provides the proposed wastewater rates and supporting calculations. The rates incorporate the existing District rate structure, allocate any increases proportionately to all customer classes as directed by the Board of Directors, and recover the proportionate costs of providing wastewater service to each customer class.

Table 7: Proposed Monthly Wastewater Rates Calculation

EXPENSE CATEGORY	2015/2016 EXPENSE PER YEAR	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
			1ST YEAR OPERATION	2ND YEAR OPERATION	3RD YEAR OPERATION	4TH YEAR OPERATION
TREATMENT/COLLECTION ⁽⁴⁾	\$114,174	\$119,883	\$145,877	\$153,171	\$160,829	\$168,871
GENERAL AND ADMINISTRATIVE	\$179,229	\$188,190	\$197,600	\$207,480	\$217,854	\$228,747
OPERATING RESERVE FUND	\$0	\$0	\$0	\$0	\$0	\$0
DEPRECIATION	\$0	\$0	\$0	\$0	\$0	\$0
USDA SHORT LIVED ASSET RESERVE	\$0	\$0	\$17,350	\$18,218	\$19,128	\$20,085
DEBT SERVICE ⁽³⁾	\$0	\$45,000	\$83,488	\$128,488	\$128,488	\$128,488
TOTAL:	\$293,403	\$353,073	\$444,315	\$507,356	\$526,300	\$546,190
MISC. INCOME:	\$56,200	\$56,200	\$56,200	\$56,200	\$56,200	\$56,200
ADD. INCOME - RESIDENTIAL USAGE:	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
ADD. INCOME - COMMERCIAL USAGE:	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
TOTAL INCOME W/O SERVICE FEES:	\$77,200	\$77,200	\$77,200	\$77,200	\$77,200	\$77,200
# EDU: ⁽²⁾	442	446	450	455	460	465
MONTHLY FEE/EDU:	\$49.50	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05

(1) ASSUMES 5% INCREASE IN O&M EXPENSE PER YEAR

(2) ASSUMES 1% INCREASE PER YEAR IN RESIDENTIAL CUSTOMERS

(3) ASSUMES \$9.5 M TOTAL PROJECT COST WITH \$3.0 M FINANCED OVER 30 YEARS AT 1.7% INTEREST (\$5.5M GRANT SWRCB, \$1 M GRANT USDA)

ASSUMES RATE INCREASE FOR 2016/2017 EFFECTIVE DEC. 1, 2016 WITH \$45,000 OF DEBT SERVICE IN 2016/2017

(4) INCLUDES \$20,000 INCREASE STARTING IN 2017/2018 FOR INCREASED WWTP COSTS

PROPOSED MONTHLY SERVICE FEES:

CUSTOMER CLASS	2015/2016 # CUSTOMERS	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
		MONTHLY FEE	MONTHLY FEE	MONTHLY FEE	MONTHLY FEE	MONTHLY FEE
RESIDENTIAL	292	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05
COMMERCIAL	70	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05
MULTI-UNIT COMMERCIAL	18	\$57.55	\$67.98	\$78.78	\$81.36	\$84.05

For information purposes only, Table 8 presents monthly wastewater rate calculations assuming the CWSRF loan interest rate is lowered to 0% upon completion of review of the District’s finances.

Table 8: Monthly Wastewater Rates Calculation assuming CWSRF Loan at 0%

EXPENSE CATEGORY	2015/2016 EXPENSE PER YEAR	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
			1ST YEAR OPERATION	2ND YEAR OPERATION	3RD YEAR OPERATION	4TH YEAR OPERATION
TREATMENT/COLLECTION ⁽⁴⁾	\$114,174	\$119,883	\$145,877	\$153,171	\$160,829	\$168,871
GENERAL AND ADMINISTRATIVE	\$179,229	\$188,190	\$197,600	\$207,480	\$217,854	\$228,747
OPERATING RESERVE FUND	\$0	\$0	\$0	\$0	\$0	\$0
DEPRECIATION	\$0	\$0	\$0	\$0	\$0	\$0
USDA SHORT LIVED ASSET RESERVE	\$0	\$0	\$17,350	\$18,218	\$19,128	\$20,085
DEBT SERVICE ⁽³⁾	\$0	\$35,000	\$65,000	\$100,000	\$100,000	\$100,000
TOTAL:	\$293,403	\$343,073	\$425,827	\$478,868	\$497,812	\$517,702
MISC. INCOME:	\$56,200	\$56,200	\$56,200	\$56,200	\$56,200	\$56,200
ADD. INCOME - RESIDENTIAL USAGE:	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
ADD. INCOME - COMMERCIAL USAGE:	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
TOTAL INCOME W/O SERVICE FEES:	\$77,200	\$77,200	\$77,200	\$77,200	\$77,200	\$77,200
# EDU: ⁽²⁾	442	446	450	455	460	465
MONTHLY FEE/EDU:	\$49.50	\$54.35	\$64.56	\$73.57	\$76.20	\$78.94

(1) ASSUMES 5% INCREASE IN O&M EXPENSE PER YEAR

(2) ASSUMES 1% INCREASE PER YEAR IN RESIDENTIAL CUSTOMERS

(3) ASSUMES \$9.5 M TOTAL PROJECT COST WITH \$3.0 M FINANCED OVER 30 YEARS AT 0% INTEREST (\$5.5M GRANT SWRCB, \$1 M GRANT USDA)

ASSUMES RATE INCREASE FOR 2016/2017 EFFECTIVE DEC. 1, 2016 WITH \$35,000 OF DEBT SERVICE IN 2016/2017

(4) INCLUDES \$20,000 INCREASE STARTING IN 2017/2018 FOR INCREASED WWTP COSTS

PROPOSED MONTHLY SERVICE FEES:

CUSTOMER CLASS	2015/2016 # CUSTOMERS	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
		MONTHLY FEE	MONTHLY FEE	MONTHLY FEE	MONTHLY FEE	MONTHLY FEE
RESIDENTIAL	292	\$54.35	\$64.56	\$73.57	\$76.20	\$78.94
COMMERCIAL	70	\$54.35	\$64.56	\$73.57	\$76.20	\$78.94
MULTI-UNIT COMMERCIAL	18	\$54.35	\$64.56	\$73.57	\$76.20	\$78.94