



# The Waterfront

## EID Board Adopts New Rates under “Plan B” and Sets New Financial Practices in Motion

On February 4, the EID board of directors adopted a resolution that approved new rates for water, wastewater, and recycled water services. The resolution also directed staff to initiate a series of new business practices to strengthen the district’s financial footing and involve customers before any proposed new debt is issued. **See general manager Jim Abercrombie’s column on page 2** for an explanation of the new practices.

Under the new rates, water-only residential customers using 2,700 cubic feet of water every two months—fairly typical in the district’s service area—will see an increase of about \$8.56 on their 2010 two-month bills. The bills for residential customers who have water and wastewater services, again using 2,700 cubic feet of water, will rise about \$29.20 every two months.

The original rate increase proposal, contained in the Proposition 218 notice sent to customers this past December, called for a 35% rate increase in 2010, but customers made it clear that proposal was too high in their comments at a series of public workshops in January and in their protest letters. Staff returned to the drawing board and developed “Plan B,” which cut the 2010 rate increase by about half.

The new rate structure also includes a 15% increase in 2011, and a 5% increase each year from 2012-2014. But the board implemented only the first three years and will reconsider the district’s financial situation before enacting increases in 2013 and 2014.

To arrive at Plan B, staff significantly narrowed the nearly \$13 million gap between projected revenues in 2010 and the net revenues needed to meet the legal requirements in EID’s bond

## Protest Validation Process and Results

Under Proposition 218, parcel owners or tenants of parcels affected by proposed increases in property-related fees or charges—like water and wastewater rates—can protest the increases. If valid written protests are submitted for 50% plus 1 of the parcels affected by the proposals, rates cannot be raised.

The results of the validation process for EID’s proposed rate increases follow.\*

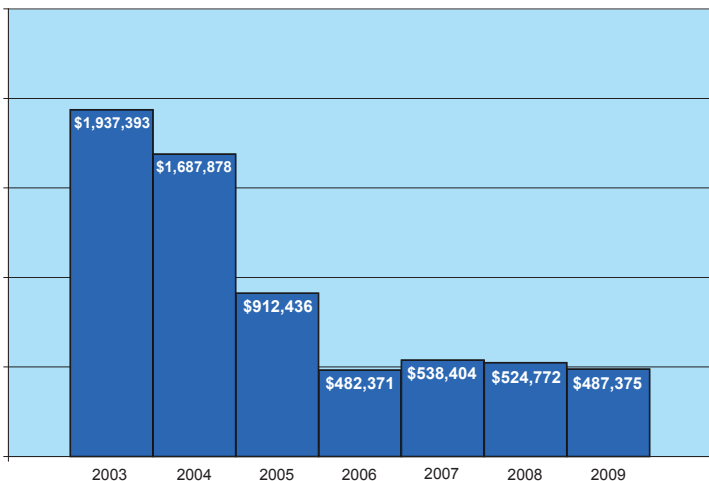
# of parcels per type of service	# of protests per type of service	% of protests
<u>Water</u> 38,774	6,810	17%
<u>Wastewater</u> 20,612	4,294	21%
<u>Recycled water</u> 3,980	645	16%

\* If a parcel has more than one service (e.g., water, wastewater, and recycled water), the protest counted in each category.

covenants. This was done through even more budget reductions and through higher revenue projections because of improved prices for the state-certified renewable hydroelectric power the district generates.

You can read more about the rate increase, Proposition 218 process, public workshops, and other related issues at [www.eid.org](http://www.eid.org). Just click at the top of the home page under “New rates for water, wastewater, and recycled water.”

Workers’ Compensation Premiums: 2003–2009



## “Safety First” Reduces Employee Injuries/ Accidents and Workers’ Compensation Costs

Through their ongoing commitment to safety, EID employees have greatly reduced injuries and accidents over the past six years. The diligence of employees in adhering to “safety first” practices was key to the declining number of safety incidents recorded and the smaller workers’ compensation premiums paid since 2003.

Back then, the district spent more than \$1.9 million on workers’ compensation premiums. If that amount had persisted from 2004 through 2009, the total would have been \$11.6 million. Instead, the total for the past six years was \$4.6 million—a \$7 million savings.

“We have an excellent cost-efficiency rating for comparably sized agencies,” says human resources director Rob DiNunzio. “And our safety-minded employees are the reason.”



# Message from the General Manager

## New Actions Target Financial Stability and Customer Involvement

**Jim Abercrombie**

Over the past couple of months, our customers and employees have gone through the difficult business of raising rates during tough economic times. At four public workshops, in meetings with numerous community groups, through protest letters, and during our public hearing, many of you let us know—loud and clear—that the original proposed increases, particularly the 35% increase for 2010, were simply too much. We listened. And we came up with the alternative—“Plan B,” prepared in mid-January—that is summarized on the front page of this newsletter.

I asked for more space than usual on this page to give you my perspective on the rate increases and also to explain the new steps that the board has directed staff to take to put the district on a more solid financial footing.

EID is like many other California utilities that are facing the need to replace aging infrastructure in an economic downturn—while keeping rates as reasonable as possible. In our case, as with other utilities in “growth” areas, we are feeling the repercussions of the crash of the new home construction market. Nobody predicted the severity of the crash, and it has had major impacts on our revenues. In the past, we counted on new hook-up fees to pay a portion of our capital costs and hold down rates for existing customers.

Seeing the slowdown and then the abrupt near-cessation of new construction, we began two years ago to cut our operating expenses, including a 20% reduction in the workforce. The 2010 budget adopted by the board in late November 2009 was lower than any since 2006, and the revised 2010 budget adopted in early February, which includes the new rate increases, is even less.

We needed to adopt the 2010 budget before the start of the new year, and the budget had to project sufficient net revenue to exceed our debt service costs by 25%. This is a legal requirement in our bond covenants. But the budget reductions we achieved by late last fall were not enough to overcome the gap between our projected revenues and the bond requirement—at least, not without a rate increase. Even as we looked for new ways to further reduce operating expenses and enhance revenue other than through rate increases, we had to show the original higher rate increase proposal to meet the 25% net revenue requirement and avoid defaulting on our bond obligations.

We issued the Proposition 218 notice, and immediately continued our efforts to lessen the impact on customers. We restructured our debt payments, leveling out the higher payments scheduled for the next three years. We also made enough progress in negotiations with our employees’ union and with buyers of our hydroelectric power to project more cuts in personnel expenses and higher prices for the power we sell.

“Plan B” was the result. We firmly believe this alternative will put us on a more stable financial path and help to avoid rate shock in the future. Others agree. The plan earned letters of thanks from some customers, the El Dorado County Board of Supervisors, and the El Dorado County Chamber of Commerce, with concurrence by the Shingle Springs/ Cameron Park Chamber of Commerce.

And we described the plan to members of the Joint Legislative Audit Committee on February 17 in response to a request by Assemblymember Ted Gaines for a state audit of the district. The committee seemed satisfied with our financial plan and denied the request.

Below are the major actions required in the February 4 resolution adopted by the board, which contained Plan B. The actions focus on new financial practices and greater customer involvement in our financial decisions.

- The board directed me to find at least \$1 million in additional cuts in operating expenses, without compromising safe, reliable services. The recommendations are due by April 12, and I will meet that deadline.
- The board directed that all authorized rate increases be reduced commensurate with projected additional reductions in expenses.
- In the future, the district will hold public workshops before going out for new borrowing. This gives customers a chance to discuss the need for the borrowing, and the district a chance to ask customers to support it. Any changes in rates would be fully explained and approved (in compliance with Proposition 218) in advance of the borrowing.
- The board will appoint a community-based ratepayer advisory committee to assist in a new cost-of-service study. We’ll hire an independent expert, well versed in accepted standards, to conduct the study. The recommendations will be presented to the board and public before the end of the year.
- We have established a new internal financial control test to require that projected annual revenues will fully cover annual operating expenses and debt payments, even if the district receives no new hook-up revenues. This will prevent the district from becoming overly reliant on new hook-up fees in the future.
- Staff will prepare a report that reconciles past capital expenditures against bond proceeds, new hook-up revenues, rates, and other funding sources and present the report this year.

We are making tough decisions while keeping in mind the responsibility we have to deliver safe, reliable, essential services. Any reduction in our operating budget must take into account our obligations to you, our customers, and to our regulators and bondholders.

And we’re not done yet. Look for columns in this newsletter and news releases posted to our website to keep up to date on the progress I pledge we will continue to make.

## The News—Briefly

### District Receives Certificate of Achievement for Excellence in Financial Reporting

EID's 2008 Comprehensive Annual Financial Report (CAFR) has earned the Certificate of Achievement for Excellence in Financial Reporting. "This is the thirteenth year we've received the award," said finance director Mark Price. "Our goal is always transparency in our financial reporting, and this award signifies we're meeting that goal."

The certificate was issued by the national Government Finance Officers Association after an impartial panel judged that EID's CAFR demonstrated "a constructive 'spirit of full disclosure' to clearly communicate its financial story," according to the Association's letter announcing the award.

Visit [www.eid.org](http://www.eid.org) and click on "Document Library" to read the reports, dating back to 1999. Each CAFR contains the audits conducted every year by independent firms.

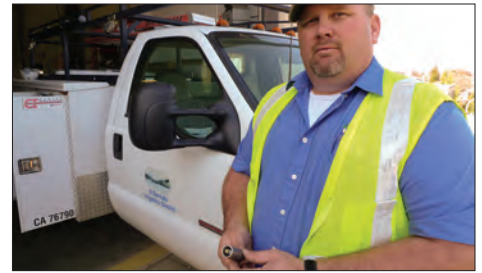
### Miwoks and EID at Sly Park

This past December, members of the Shingle Springs Band of Miwok and the El Dorado Miwok joined EID staff to restore a special trail in Sly Park Recreation Area. The trail, a long-time cultural resource located near Scout Hill in the park, has exceptional educational value and is also a quiet place to enjoy native flora and fauna. Work included the installation of trail water bars and the restoration of a model bark house and granary along the trail. The district thanks the Miwoks for their enthusiastic support, and we look forward to continuing this partnership.



### EID Welcomes Two From AmeriCorps

Readers may remember Melissa Marquez, EID's first-ever AmeriCorps volunteer, who successfully completed her stint with the district in December. This year, the district is pleased to welcome two new AmeriCorps volunteers, Sara Kaner (top) and Shelby Perry (below). Sara studied natural resources and environmental education at the University of Minnesota. As a watershed and recreation assistant, she is working on the regional watershed plan and helping to coordinate volunteer and educational programs at Sly Park Recreation Area. Shelby is a recent graduate of Rensselaer Polytechnic Institute in environmental engineering and a returned Peace Corps volunteer. She too is working on implementing the regional watershed plan, including water quality sampling, outreach and educational activities, and greenhouse gas emissions tracking and reporting.



Emil's award-winning solution to design and fabricate a "locking nut" provides an extra layer of security for EID's water tanks and, eventually, to all appropriate facilities throughout the district.

### EID at Work—Employee's Innovation Helps to Secure Facilities

Senior mechanic Emil Hickman, one of four plant mechanics at the district, takes care of a lot of machinery and equipment at EID's facilities—from El Dorado Hills all the way to Highway 49. And when Ron Kilburg, the district's safety/security officer, was looking for a way to make bolts on water tanks less susceptible to vandalism, he knew who to go to.

"We wanted to add an extra layer of protection to our water tanks," Ron said. "Emil's solution is simple and effective. It makes it difficult for trespassers to use regular tools on the nut."

Emil's solution was to take the original bolt—concrete anchors in this case—and install a stainless steel sleeve over it. Instead of being easily accessible with a crescent wrench or pliers, the new design now requires a specially machined socket to remove it.

For his innovative idea, Emil was honored in early January with the Association of California Water Agencies/Joint Powers Insurance Authority's "H.R. LaBounty Safety Award." The award recognizes safe work behavior and rewards employees whose actions contribute to reducing the potential for liability, property, or workers' compensation losses. Emil's solution will be shared at the 2010 JPIA spring and fall conferences and in publications.

Emil's design was nominated for the award by EID's internal safety committee, which consists of employees from all district departments.

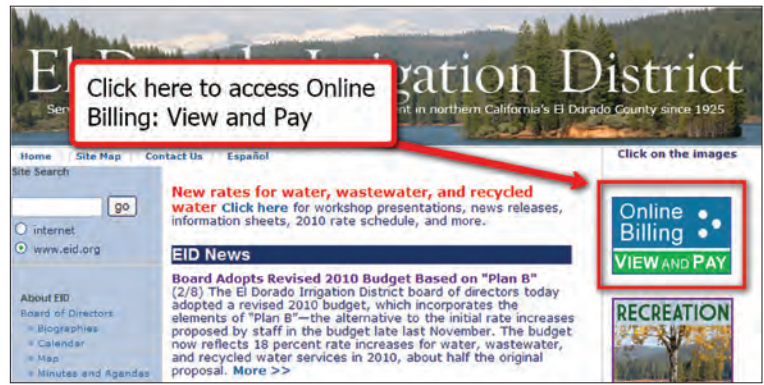
Emil has worked at EID for 8 of his 22 years in the industrial mechanics field. Fitting work on the innovation into an already busy schedule has been a challenge. But he and his colleagues rose to the occasion. "There are nearly 250 open work orders, so we learn to prioritize jobs," Emil explained. "We pride ourselves on quality work, done safely and efficiently."

To read more feature articles about EID at work, visit [www.eid.org](http://www.eid.org) and click on District News. Or call and ask for copies. Recent titles include "Replacing the Motherlode Force Main," "Hydro Crews Keep the Water Flowing," "EID Meter Technicians at Work," "Maintaining the Water Lines 24/7 All Year Long," and "Meeting the Regs for Treating Wastewater."

## Online Billing Offers a Convenient Way to Access and Manage Your Account

It'll take just a few moments to set up. Head over to EID's website (graphic at right) and sign up for online billing. This service allows you to view your account at any time of the day or night. Here are some of the benefits:

- You can pay your bill with a Visa or MasterCard.
- You can choose to completely automate by signing up for a recurring payment.
- You'll receive an email notification when your statement is available.
- You will be able to view your three most recent statements at any time—the current statement and the two prior statements. When you first sign up, only the current statement will be available, but after you are on the system for a while, you will see all three.



- You will find details about how to read your billing statement and receive information from EID—including the Waterfront newsletter, the annual water quality report, and other important notifications.

And, you have the option of continuing to receive paper bills or go entirely paperless.

Visit beautiful **SLY PARK RECREATION AREA**

Voted best recreation facility by Mountain Democrat readers!

**Jenkinson Lake**

Black Oak equestrian trail and campground

Owned and operated by **EL DORADO IRRIGATION DISTRICT**

4771 SLY PARK ROAD, POLLOCK PINES, CA 95925  
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**What you can enjoy**

- Day use and overnight camping (191 group and individual sites—separate equestrian camping area with corral)
- 400 surface acres of lake water
- 9 miles of shoreline
- 2 boat ramps (no personal water craft)
- Boat rentals available (May–September)
- Over nine miles of hiking, mountain biking, equestrian trails, and winter play
- Event facility with full kitchen available (weddings, meetings, reunions)

Recreation for the whole family!

## Sly Park Recreation Area in Springtime

Make your plans now to visit Sly Park Recreation Area this year. Voted best recreation facility by readers of the *Mountain Democrat* newspaper, we're sure you'll agree when you visit: it's recreation for the whole family. Whether camping with friends or finding a nice spot to host an event, you'll find Sly Park has something to offer.

**2010 annual day use permits** make wonderful gifts. Go to the EID website and click on the recreation link to download an application.

**The event center at Sly Park's Jenkinson Lake** is a wonderful place for your get-togethers—workshops, retreats, family reunions, weddings/wedding receptions, and more. The event center is an affordable option in a beautiful setting. For more information, click on the "Event Center" link on the recreation page.

And don't forget: campers can always go online and reserve their camping spots up to a year in advance. **Use our online reservations page** to ensure you get the site that's right for you!

## Water Efficiency—Rebate Program for Irrigation Systems

With springtime comes changeable weather. If you have an automated irrigation system, your sprinklers may inadvertently run just after a good soaking from Mother Nature—or even while it is still raining.

To avoid wasting water during rainfall or overwatering any time, check out EID's weather-based irrigation controller rebate program. In partnership with the Sacramento Regional Water Authority and under a grant from the U.S. Bureau of Reclamation, we are able to offer up to \$500 in rebates for the purchase of a climate-driven irrigation controller (soil moisture or weather data). The rebate includes up to \$150 for installation by a qualified landscape contractor. The program also offers rebates of 50% (up to \$200) for irrigation system improvements—materials only, no labor costs—to assist you in your water efficiency efforts.

For program details or to download an application, visit our website at [www.eid.org](http://www.eid.org). From the menu on the left, select Water Efficiency and then Landscape. You can also contact us at [officeofwaterefficiency@eid.org](mailto:officeofwaterefficiency@eid.org) or 530-642-4126.

## 2 Regular Board Meetings

	January	February	March	April	May	June	July	August	September	October	November	December
0	11	8	8	12	—	14	—	9	—	12 (T)	8	13
1	25	22	22	26	24	28	26	23	27	25	—	—

Board meetings generally occur on the second and fourth Monday of each month. The first October meeting takes place on a Tuesday.

The Waterfront is a publication of EID's Communications Department.