



## **EID Mid-Cycle Operating Budget and 2016-2020 Financial Plan**

The El Dorado Irrigation District Board of Directors adopted the District's current operating budget during the November 9, 2015, regularly scheduled Board meeting, also included and adopted is the 2016-2020 Financial Plan

The Board adopted the budget and plan as recommended in Option 1. The Agenda Item Summary (AIS) and PowerPoint presented at that meeting are contained in this document.

**EL DORADO IRRIGATION DISTRICT**

**Subject:** Consideration to Adopt the 2016 Mid-Cycle Operating Budget and the 2016-2020 Financial Plan, including the implementation of water and recycled water rate increases of 5, 5, 4, 3, 3% and 0, 5, 4, 3, 3% for wastewater rates, and revising the Small Farm and Agriculture with Residence water rate to include Tier II potable water pricing.

**Previous Board Action:**

March 20, 2000: The Board adopted a multi-year operating budget process.

December 8, 2014: The Board adopted the 2015-2016 operating budget in the amount of \$45.482 million for 2015 and \$46.310 million for 2016 and the 2015-2019 Financial Plan using 0, 5, 5, 4, 3% annual rate increases for the water and recycled water utilities and 0, 0, 5, 4, 3% annual rate increases for the wastewater utility (Scenario 3).

October 26, 2015: The Board held a workshop on the update to the 2016 mid-cycle operating budget and the 2016-2020 financial plan.

**Board Policies (BP), Administrative Regulations (AR), and Board Authority:**

BP 3010: It is the responsibility of the General Manager to inform the Board about financial operations of the District so the Board can make informed decisions and fully discharge its legal responsibilities in a fiscally sound manner. The Board shall adopt a two-year operating budget and may modify it prior to the end of the year.

AR 3011: It is the responsibility of the General Manager to develop the budget based on the priorities and needs of the District and its customers. The budget and any budget modification shall:

1. include, but not be limited to, operating expenses, debt, construction, and reserve funds;
2. meet all legal requirements;
3. support the District's mission;
4. maintain prudent levels of reserves in water, wastewater, hydroelectric, and recreation to fund contingencies that meet the District's debt service requirements;
5. allow the District to meet its financial obligations, including bond covenants;
6. be consistent with a financial plan that guides the District in satisfying its multi-year commitments; and
7. encourage public participation through required disclosures and public hearings.

Responsibility for overseeing the budget development process is assigned to the Director of Finance. Once the annual budget is prepared, the Board shall act on it.

AR 3012: The purpose of the 5-Year Financial Plan is to establish the cost of funding the operations and maintenance, capital expenditures, and debt expenses required to meet the Districts' mission of providing high quality water, wastewater treatment, recycled water, hydro-power, and recreational services in an environmentally and fiscally responsible manner, meeting the District's debt covenant requirements to its bondholders and matching future revenues to those costs.

### **Summary of Issues-Budget:**

In accordance with Board Policy 3010, the Board adopts a two-year budget and conducts a mid-cycle review to determine any changes that may be needed in the second year of the cycle. On October 26, 2015 staff presented to the Board in a workshop a revision to the 2015 revenue and expense forecast, proposed revisions to the previously adopted 2016 budget and the 2016-2020 financial plan. As discussed in the workshop the economy within the District's service area appears to be continuing its recovery as reflected in the projected Facility Capacity Charge (FCC) revenues for 2015 of about \$12.1 million – about \$7.0 million higher than originally budgeted. Based on the workshop staff has revised the total projected 2015 revenues. They are now estimated to be about \$6.8 million higher than originally budgeted while projected 2015 year-end expenditures are trending to be slightly lower than the adopted budget, approximately \$44.7 million.

The District continues to benefit from the weak financial market. In 2015, the rate on the District's variable rate debt obligations (VRDO), which reset weekly, has ranged between 0.01% and 0.13%. For 2016, the budgeted interest rate for this debt is estimated at 1% on an annual basis.

The rate increase adopted for 2014 at the March 26, 2012 Board meeting included an 11% increase for the water utility and a 5% increase for the wastewater and recycled water utilities. Staff originally proposed, and the Board adopted, to adjust the water rate increase scheduled for January 1, 2014 downward to 5% from the original 11%. The Financial Plan for 2015 called for a 5% rate increase for the water, wastewater and recycled water utilities. The Board, upon final adoption of the 2015 budget, eliminated all 2015 rate increases for each of the utilities (water, recycled water and wastewater) but approved a financial plan that forecasted a \$46 million water bond sale to be issued in 2016 and small annual rate increases beginning in 2016.

The 2015-2016 operating budget and 2015-2019 financial plan were unanimously adopted in December of 2014 and reflected a 2% growth in operating expenses for each year beginning in 2016 through 2019. Staff was directed to prepare their 2016 updated budgets accordingly. The 2016 proposed operating budget reflects a 2.35% overall increase from the 2015 adopted budget.

2016 revenue projections were revised and presented at the Board workshop. At the workshop staff explained the changes from the original 2015-2016 budget adopted in December 2014. As discussed at the workshop FCC revenues for 2016, projected at \$5 million, reflect staff's tempered optimism concerning the extent of the building recovery and its reluctance to project higher revenues to avoid an over-reliance on them to meet coverage requirements for the District's bondholders. As the recession proved, FCC revenues are volatile and speculative, and conservative revenue assumptions are prudent strategies.

Although the District did receive \$1.8 million in revenue related to a water transfer in 2015 the 2016 revised budget does not include any of these revenues. A Board member recommended staff add these revenues in future projections. However, since there is not a signed water transfer agreement for 2016, no regulatory agency approval for a transfer or any guarantee there will be capacity in the State's water conveyance system or sufficient refill of District reservoirs, staff has not included transfer income in the 2016 revision.

After some discussion in the workshop related to property tax revenues, staff revised the forecast for 2016 upward from \$10.5 million to \$10.9 million. This 4% increase matches projections in El Dorado County's 2015-2016 budget. For the financial forecast years of 2017-2020 a 2% annual growth rate has been applied.

When staff began the 2016 revised budget process, total District revenues for 2015 were projected to be around \$81.4 million. Although the drought continued through the year impacting water revenues and hydroelectric production, total 2015 revenues are projecting to be \$6.8 million higher, in total, than the original budget. The projected increase is primarily related to the increased FCCs.

Based on some Board input at the workshop, projected 2016 revenues within this revised budget proposal are about \$0.3 million higher than the 2015-2016 adopted budget and \$0.8 million higher than as presented on October 26. The inclusion of a forecasted 5% water and recycled water rate increase for 2016 (as reflected in the unanimously approved 2015-2019 financial forecast) adds about \$1.7 million to revenues (though the revenue projection for water sales is \$1.0 million lower than previously adopted). There was a Board recommendation that we forecast water sales revenue based on acre foot usage instead of using revenue projections. Due to the variation in base versus commodity charges and the numerous customer classes, staff prepared the water sale revenue forecast based upon prior year revenue collection information. Staff believes that forecasting by commodity class using estimates of annual consumption in acre feet for each class would produce less accurate results.

Again, based on input received at the workshop, wastewater sales have been modified showing an increase of about \$0.2 million to reflect revenue growth through new sewer connections in 2015 as discussed in the October workshop. FCCs, as stated earlier, are projected to be the same, budget to budget, at \$5.0 million; hydropower sales are estimated at \$8.0 million or \$3.0 million higher than the 2015 budget. Staff increased property taxes by about \$0.9 million, budget to budget, recreation revenues are about \$0.2 million higher and the remaining revenue categories, collectively, will remain approximately the same.

Also included in this budget proposal is a proposed change to the rates charged to Small Farms and Agricultural users with a residence, as well as the percentage increases proposed in the 2016-2020 financial plan. Each of these rate changes is dependent upon prior compliance with Proposition 218.

### **Proposed Rate Change-Small Farms and Agricultural Users with a Residence**

In February 2010, the Board adopted new rates and a resolution containing a commitment to conduct a Cost of Service (COS) study using a community-based ratepayer advisory committee to assist in the oversight of the study with District staff. As part of the study the committee evaluated various rate options.

On March 14, 2011, the consultant and the COS committee recommended that customers, including Small Farms and Agricultural users with a residence, be billed for potable water used depending upon usage. Usage was to be broken into tiers of use and billed at increasing rates. The committee and consultant recommended that the first two tiers of single-family residential water rates also apply to Small Farms and Agricultural users with a residence. For usage over Tier 2, the committee and consultant recommended that Small Farms and Agricultural users with a residence be billed at the agricultural usage rate.

On April 25, 2011, the committee brought back to the Board a revised proposal to charge Small Farms and Agricultural users with a residence the residential rate only for usage in Tier 1 (up to 1,800 cf). Usage in excess of Tier 1 was to be charged at the Agricultural rate. The Board adopted this recommendation and the remaining COS study recommendations on November 14, 2011.

Staff has reviewed water usage since the rates and rate structure were put in place in 2012 and is now recommending a change for the Small Farms and Agricultural users with a residence. Staff is recommending Small Farms and Agricultural users with a residence be charged residential usage rates for both Tiers 1 and 2 as originally proposed by the COS committee on March 14, 2011.

Currently 76% of single-family residential customers are billed for usage up to Tier 3. Staff believes it would be appropriate to implement the Tier 2 residential rates for the Small Farm and Agricultural users with residences because usage with a residence for either small farms or agriculture with a residence would be similar to single-family usage. Usage above Tier 2 for Small Farms and Agricultural users with a residence would stay at the agricultural rates following the COS principles. If approved, this change would increase water sales revenues approximately \$155,000 per year.

The above proposal is included in revenue projections for the 2016 water revenue budget submittal and will be identified in the Proposition 218 process, if authorized.

### **Conclusion**

As discussed at the workshop staff was given the direction to develop their program budgets using a 2% or less growth rate over the current, adopted 2015 operating budget. The 2% growth rate was also used in the projections for the Cost of Service Study and in the 2014A bond refinancing. This budget revision reflects a 2.35% increase over the 2015 adopted budget for operating expenses including the letter of credit fee (LOC). The proposed budget maintains the full-time equivalent (FTE) employee count at 216, down from the high of 306 FTE on January 1, 2008.

Continued diligence by staff to contain costs has allowed the District to continue to stay on course with the financial plan built within the cost of service study, despite the effects of the drought upon water and hydroelectric power revenues. The proposed 2.35% increase in the 2016 budget from 2015 is a testament to staff's continued commitment to cost-containment.

The District also continues to benefit from the weak financial market. Throughout 2015, the rate on the District's VRDO, which reset weekly, stayed below 0.25%. Interest rates are widely expected to begin rising at the end of this year or early in 2016. For 2016, the budgeted rate for this debt will be estimated, on an annual basis, at 1.0% and for the 2017 forecast year, at 3%.

Staff developed the proposed 2016 operating budget using the revenue forecast from the Cost of Service Study, adjusted for known differences, and using the COS expenditure budgets with the revised 2016 operating budget targets.

The 2016 proposed budget is 4.2% higher than the adopted 2009 budget. For comparison, the Consumer Price Index (CPI) for the period January 1, 2009 to December 31, 2014 increased by 11.7%.

### **Summary of Issues-Financial Plan:**

The Board annually adopts an ongoing five-year capital improvement plan (CIP) for the District. Additionally the District prepares a two-year budget which, in the off years, is adjusted and reapproved to meet changes in the District's financial situation for the upcoming year as staff is proposing with the current mid-cycle budget. As described in previous budget workshops and Board meetings, a long-term financing plan is used to balance the ongoing operational financing needs with the capital needed to fund the ongoing CIP while providing safe and reliable services to our customers.

Using a long-term financial plan can avoid making volatile rate adjustments, better manage the use of debt financing, structure debt payments, assist in planning for the funding of capital projects and create a plan to meet bondholder obligations.

The goals and objectives of EID's financial plan are to:

- Establish necessary operating and maintenance costs, debt expenses and funding available for pay-as-you-go projects.
- Generate sufficient revenues to fund those costs, meet bondholder obligations and maintain adequate cash reserves.
- Avoid customer "rate shock" through the use of small, annual rate adjustments.
- Maintain strong credit ratings to obtain better interest rates when debt is issued (S&P, A+; Moody's, A1).
- Maintain cash reserves between \$60 million and \$80 million.
- Maintain CIP funding levels to replace high-priority capital assets prior to end of life in order to avoid critical asset failures and provide safe and reliable services to our customers.
- Fund more costly, long-lived assets via debt while using excess operational cash for smaller, pay-as-you-go projects.
- Maintain a 1.7x to 2.0x debt service coverage ratio with FCC revenue added in.
- Maintain a 1.25x to 1.50x debt coverage ratio when FCC revenue is excluded

### **Compliance with Proposition 218:**

Earlier this year, a California appellate court issued an important decision regarding water rates in a case called *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*. Staff has reviewed this case and its implications for EID. The review was specifically focused on the tiered water rate structure used by the District for both potable and recycled customers.

The court decision clearly allows for tiered rates but requires entities to analyze the rates in each tier, not just as a whole, to ensure not only that "Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service" but also that "The amount of a fee or charge imposed on any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel." (See Cal. Const. Art. XIID, §§ 6(b)(1), 6(b)(3).)

Like many California water agencies, the District has tiered rates for some of its water rate classifications. It is clear from the January 2012 COS study that in aggregate, the District's water rate revenues are considerably less than the actual costs required to provide the water service. Table 2-1 (page 11) of the study shows the revenue required to provide the cost of the water service. For 2012 the revenue generated from water rates was projected to be \$17.7 million less than the combined cost of water operations and required debt service. The remaining \$17.7 million is provided by non-rate revenue comprised of property taxes, hydroelectric power sales, fees from recreation activities and other miscellaneous revenues.

The *San Juan Capistrano* case also required an analysis to ensure that none of the individual tiered rates produced revenues that exceeded the cost of providing the service at that tier to the affected ratepayers. The District can perform that analysis for the customer classes with tiered water rates by using the data and assumptions of the COS study.

Almost 99% of the District customers in a tiered rate class are in the single-family residential class. In the Appendix section of the COS study, the proposed water rates show both a uniform water rate and the tiered water rates for this rate class, (Page 1-15). These tables show the uniform rate would be \$1.374/ccf (one hundred cubic feet) if the District did not adopt inclining rates.

The inclining rates were:

Tier 1	\$1.1540/ccf
Tier 2	\$1.3929/ccf
Tier 3	\$1.6327/ccf

Each of these rate structures was intended to furnish the *net* revenue requirement of \$8,404,451 attributed to single-family residential water consumption. (See page 1-13.) However, the *gross* revenue requirement attributed to single-family residential water consumption is considerably higher: \$13,370,729. (See pages 1-3 [total revenue requirement of \$37,400,641], 1-13 [50/50 split of revenue requirements between commodity and capacity charges], and 1-6 [SFR commodity allocation factor of 71.5%.])

Breaking rate revenues and gross revenue requirements down to the tier level, the COS study concludes that the District will sell approximately 41% of all single-family residential water at Tier 1, 26% at Tier 2, and 33% at Tier 3. (See page 1-15.) Assuming conservatively that the cost of water service at each tier is identical – rather than more costly at the higher tiers – apportioning the gross revenue requirements pro rata over the three tiers produces approximate gross revenue requirements of \$5,482,000 for Tier 1, \$3,476,300 for Tier 2, and \$4,412,300 for Tier 3. In contrast, the expected revenue from each tier is \$2,281,501 from Tier 1, \$2,248,074 from Tier 2, and \$3,274,876 from Tier 3. (See page 1-15.) Thus, the rate revenue recovered from each tier of the single-family residential water rate is far less than the gross costs attributable to providing service to customers at each tier of the rate class: Proposition 218 requirements, as interpreted by the *San Juan Capistrano* case, are easily met.

It is notable that under this assumed cost split, the District’s inclined tiers could be considerably steeper than they are, without violating Proposition 218. Conversely, even if somehow the gross commodity costs of service for Tiers 2 and 3 were lower than those of Tier 1, they would have to be more than one-third less at Tier 2, and one-quarter less at Tier 3, before the compliance of the District’s tiered rates with Proposition 218 would become a close question.

In summary, because of the substantial non-rate revenue the District receives, and because the District’s tiered rates feature only modestly higher commodity charges at each new tier, the District has ample basis to demonstrate not only that total rate water revenues recovered do not exceed the cost of providing service, but also that the rate revenues recovered from each tier of consumption do not exceed the proportional cost of providing service at that tier.

### **Staff Analysis/Evaluation:**

In anticipation of each two-year budget cycle and mid-cycle review, staff prepares projected operating revenues and expenditures for Board consideration. The Finance Department estimates items based on relevant economic factors such as interest rates, investments, and market trends. At the beginning of the budget review, Finance staff provides department heads and division managers with actual operating costs for the past two years through the most recent month of the current year, along with projections to the current year’s end. Based on past and current expenditures, operational commitments for the coming year, workload indicators, and budget goals, department heads and division managers develop proposed budgets for the upcoming year.

### Analysis of Revenue Projections for Fiscal Years 2015 and 2016:

Due to the ongoing drought and Governor Brown’s mandate for 25% statewide water conservation the revised 2015 water service charge revenues will be lower by about \$2.4 million from the adopted budget. Also related to reduced water availability and the Esmeralda Tunnel repair, hydroelectric revenues will be lower by about \$0.5 million from the same adopted budget although offset by an increase in property tax revenues originally projected at about \$10.0 million and now estimated to be \$10.5 million. Projected property tax revenues in 2016 will increase approximately 4% to \$10.9 million and going forward projections for 2017-2020 will reflect a 2% growth rate per year. The final significant revenue increase is from the \$1.8 million in revenue received (net of hydro revenues) from the successful water transfer negotiations completed this past summer.

Table 1 compares the revenue projections for 2015 and 2016.

In addition to the other changes to revenue described earlier, FCC revenue is significantly higher than the budget by \$7.1 million for 2015.

The proposed rate increases included in the previously approved 2015-2019 financial forecast are included in the proposed 2016-2020 financial plan and will be discussed during the 5-year financial plan later in this AIS.

Hydroelectric power revenues for 2016 are projected to return to the \$6-\$10 million range and are included at \$8 million with the hopeful return of a more normal winter. No revenue projection is included for water transfers as discussed earlier because no contracts are in place for 2016 and they are dependent on regulator actions and approvals as well as hydrology.

The projections discussed above are shown in Table 1 below:

**Table 1: Revenue Projections for 2015 and 2016 (in millions)**

	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Adopted Budget</b>	<b>2016 Revised Budget</b>
Water Sales and Services <sup>(1)</sup>	\$ 27.892	\$ 25.500	\$ 29.287	\$ 28.350
Wastewater Sales and Services <sup>(1)</sup>	19.635	19.635	19.635	19.856
Recycled Water Sales <sup>(1)</sup>	1.560	1.560	1.638	1.638
Hydropower Sales	5.000	4.500	8.000	8.000
Investment Income	0.550	0.550	0.750	0.750
FCCs	5.000	12.085	5.000	5.000
Debt Surcharges	1.979	1.979	1.979	1.979
Property Tax	9.955	10.500	10.154	10.900
Other Income	2.006	3.806	2.006	2.006
Recreation	1.102	1.330	1.125	1.357
<b>Total Revenues</b>	<b>\$ 74.679</b>	<b>\$ 81.445</b>	<b>\$ 79.574</b>	<b>\$79.836</b>

(1) 2016 projections include a 5% rate increase for water and recycled water rates and 0% for wastewater as previously included in the 2015-2019 financial plan and a minor revenue adjustment for a change in Tier 2 pricing for Small Farm and Agricultural users with a residence.



**Analysis of 2015 and 2016 Budgeted Expense Projections:**

Table 2 compares the adopted 2015 budget and 2015 year-end expense projections by department and the originally adopted 2016 budget to a 2016 revised budget proposal. As illustrated in the table, the proposed 2016 operating budget is forecasted to increase 2.35% over the 2015 adopted budget. Staff continues to control costs and has reduced staffing from 306 budgeted FTEs in 2008 to 216 in 2015.

**Table 2: Operating Budget Expenses for 2015 and 2016 by Department (in millions)**

<b>Departments</b>	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Proposed Budget</b>	<b>2016 Revised Budget</b>
Office of the General Manager	\$ 3.104	\$ 2.369	\$ 3.165	\$ 3.124
Communications	0.418	0.472	0.427	0.433
Finance	7.000	6.434	7.135	6.659
Human Resources	1.973	2.150	2.013	2.260
Information Technology	2.082	2.159	2.124	2.151
Engineering				
-Engineering Administration	0.362	0.369	0.369	0.372
-Development Service	0.000	0.199	0.000	0.270
-Water / Hydro Engineering	0.182	0.048	0.185	0.016
-Wastewater / Recycled Engineering	0.277	0.258	0.283	0.249
-Drafting/GIS Services	0.383	0.393	0.391	0.390
-Construction Inspection	0.186	0.183	0.190	0.153
-Environmental Compliance	1.265	1.323	1.291	1.299
Operations				
-Administration	0.520	0.379	0.531	0.523
-Water Operations	10.961	11.064	11.183	11.227
-Wastewater Operations	10.475	10.501	10.685	10.808
-Recycled Water Operations	0.519	0.411	0.530	0.473
-Hydroelectric Operations	3.354	3.592	3.421	3.652
-Recreation Operations	1.313	1.266	1.339	1.384
<b>Subtotal</b>	<b>44.374</b>	<b>43.570</b>	<b>45.262</b>	<b>45.443</b>
Letter of Credit Fee	1.108	1.108	1.108	1.108
<b>Total Expenses</b>	<b>\$ 45.482</b>	<b>\$ 44.678</b>	<b>\$ 46.370</b>	<b>\$ 46.551</b>

Table 3 identifies budget expense by type. The proposed 2016 budget projects about \$278,000, or 1.1%, higher personnel expenses compared to the adopted 2015 budget. This is related to merit increases earned by employees, an increase of over \$300,000 in health benefits paid for retiree health insurance and offset by an increase in projected capitalized salaries to construction projects.

At the workshop, a Board member expressed concern that the proposed Salaries and Benefits increased over 9% from the 2014 personnel expense (as reported in the 2014 audit). As briefly mentioned at the workshop, and confirmed in this AIS, capitalized labor was not considered in that calculation. The 2016 Salaries and Benefits are budgeted at \$29.491 million and subtracting \$2.833 million of capitalized labor nets an operating personnel cost of \$26.658 million for the 2016 budget.

The 2014 net personnel expense was \$26.997 million which was actually 1.3% higher (\$339,000), not lower. Table 3 has been revised to more clearly reflect this category of expense. Making up the capitalized labor for 2016 are charges from Engineering-\$1.729 million, Operations-\$0.506 million, Development Services-\$0.383 million, IT-\$0.189 million, and welding fabrication-\$0.026 million.

As Table 3 shows, Materials and Service expenses are proposed to increase by about \$870,000, or 4.4%. As discussed at the workshop the drivers for a majority of the increase in expenses are electricity charges, insurance premiums, bank charges for credit cards, and software license fees.

There was a brief discussion in the workshop concerning bank charges for ratepayer payments using credit cards and a Board suggestion that increasing credit-card payments would lead to more efficiencies. The District does encourage on-line payments for its ratepayers as a customer convenience option. Currently payments made by check are not processed by District staff. They are sent to our lockbox service which costs the District approximately \$12,000 per year and also creates an electronic interface file for posting payments to customer accounts just like the system process for credit card payments. Staff efficiencies were gained when this was implemented several years ago.

**Table 3: Adopted Operating Budget Expenses for 2015 and 2016 by Expense Type (in millions)**

	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Adopted Budget</b>	<b>2016 Revised Budget</b>
Salaries	\$ 17.694	\$ 17.876	\$ 18.048	\$ 17.936
Benefits (Table 4)	11.186	11.564	11.410	11.555
Salaries and Benefits	<b>28.880</b>	<b>29.440</b>	<b>29.458</b>	<b>29.491</b>
CIP and Development Reimbursement Labor Offsets	(2.500)	(2.782)	(2.550)	(2.833)
Net personnel expense	<b>26.380</b>	<b>26.658</b>	<b>26.908</b>	<b>26.658</b>
Materials and Services				
-Operating Supplies	3.325	3.410	3.393	3.524
-Chemicals	1.050	0.778	1.071	0.896
-Administration	3.099	2.674	3.161	3.427
-Utilities	4.224	3.941	4.308	4.601
-Professional Services	3.347	3.824	3.414	3.546
-Repair Services	1.333	1.158	1.360	1.047
-Insurance	0.785	0.830	0.801	0.922
-Operating Capital Outlay	0.331	0.297	0.336	0.322
-Contingency	0.500	0.000	0.510	0.500
Total Materials and Services	<b>17.994</b>	<b>16.912</b>	<b>18.354</b>	<b>18.785</b>
<b>Subtotal All</b>	<b>44.374</b>	<b>43.570</b>	<b>45.262</b>	<b>45.443</b>
Letter of Credit Fee	1.108	1.108	1.108	1.108
<b>Total Expenses</b>	<b>\$ 45.482</b>	<b>\$ 44.678</b>	<b>\$ 46.370</b>	<b>\$ 46.551</b>

Table 4 details the breakdown of employee benefits by type. Overall, the Revised 2016 proposed budget for benefits is 3.3% higher than the 2015 budget, or about \$369,000. This increase is almost entirely attributable to the retiree health insurance paid by the District and will cover approximately 160 retirees in 2016. The number of retirees 2014 was 154.

**Table 4: 2014 Adopted Employee Benefits by Type with Proposed 2015-2016 Benefits Budgets (in millions)**

<b>Type</b>	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Adopted Budget</b>	<b>2016 Revised Budget</b>
Medical	\$ 3.426	\$ 3.440	\$ 3.495	\$ 3.550
Retiree Health	1.010	1.011	1.030	1.331
Dental	0.297	0.336	0.303	0.356
Vision	0.038	0.042	0.039	0.042
EAP	0.006	0.007	0.006	0.006
Life	0.043	0.045	0.044	0.043
Workers' Compensation	0.384	0.418	0.392	0.293
FICA	1.307	1.368	1.333	1.325
PERS	4.545	4.745	4.636	4.515
Medical Reimbursement	0.060	0.038	0.061	0.040
Vehicle Allowance	0.036	0.041	0.037	0.030
Other Employee Costs	0.034	0.073	0.034	0.024
<b>Total Benefits</b>	<b>\$ 11.186</b>	<b>\$ 11.564</b>	<b>\$ 11.410</b>	<b>\$ 11.555</b>

**Debt Service Coverage:**

The Installment Purchase Agreements associated with the District’s debt issuances require the District—to the fullest extent permitted by law—to fix, prescribe, and collect rates and charges so that the ratio of revenues to operating expenditures, including debt payments, is at least 1.25. The District may make adjustments from time to time in its rates and charges, but cannot reduce those rates and charges unless the District’s net revenues from reduced rates and charges will at all times be sufficient to meet the debt service coverage ratio of 1.25.

The District’s recent weekly interest rates for the VRDO debt have continued to range below 0.25% for the year. This expense is budgeted for 2016 at 1%. Table 5 shows that the revised projected debt service coverage for 2015 will meet requirements and the District will meet its requirements for 2016 as well.

**Table 5: Revised Debt Service Coverage Projections for 2015 and 2016 (in millions)**

	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Proposed Budget</b>	<b>2016 Revised Budget</b>
Estimated Revenues	\$ 74.679	\$ 81.445	\$ 79.574	\$ 79.836
Estimated Operating Expenses	(45.482)	(44.678)	(46.370)	(46.551)
Net Revenues	\$ 29.197	\$ 36.767	\$ 33.204	\$ 33.285
State Loans (preexisting)	1.079	1.079	1.079	1.079
Available Net Revenues	28.118	35.688	32.125	32.206
Debt Service <sup>(1)</sup>	17.718	15.504	18.765	16.628
Debt Service Ratio	1.59	2.30	1.71	1.94
Internal (1.0) Debt Service Ratio <sup>(2)</sup>	1.30	1.51	1.45	1.64

<sup>(1)</sup>Proposed budgets for 2016 assume the prepayment on the following year’s maturing debt of \$3 million in each year. The District’s prepayment in 2015 will reduce the debt service in 2016 by \$3 million.

<sup>(2)</sup>Internal 1.0 test is based upon Available net revenues being equal to, or greater than, the debt service in a given year. Being equal to would be (available net revenues)/(debt service)=1.00 (District goal = 1.25-1.50x)

Beginning with the first Certificate of Participation bond sale in 2003, the District has included FCC revenue in meeting its debt coverage requirements. In 2010, however, the Board also imposed an internal requirement that its debt service ratio, excluding FCCs, be at least 1.0 with the goal between 1.25 and 1.50x. The test is identical to the bond document test of 1.25x, except it excludes FCCs from the calculation. By creating budgets that meet this test, the District is assured it is meeting all of its obligations for a given year, including operating expenses and debt payments, without relying on volatile FCC revenue.

As reflected in Table 5, above, the District is projecting it will exceed this internal 1.0 ratio requirement for 2015 – 2016. As detailed in Table 6, below, the District exceeded the 1.25x coverage requirement for every year since 2003, except for 2004, when the State of California took local property tax revenues to help meet the State’s debt obligations, and in 2009. If the District had not received any FCCs during those years, however, the coverage test would not have been met prior to 2010 except for 2006, when the District received approximately \$8.0 million in reimbursements from the Federal Emergency Management Agency. Beginning in 2010 with extensive cost-cutting to operating expenses, the new power sales contract with PG&E, restructuring some of the outstanding debt and the adoption of a series of rate increases, the District has met the coverage test without FCCs.

**Table 6: Debt Service Coverage FY2003-2014 (in millions)**

Fiscal Year	Net Revenues	Debt Service	Coverage	FCCs	Coverage if FCCs Excluded
2003	\$13.044	\$7.414	1.76	\$12.775	0.04
2004	10.312	11.435	0.90	9.835	0.04
2005	18.578	11.624	1.60	15.884	0.23
2006	36.284	15.561	2.33	11.470	1.59
2007	27.349	15.276	1.79	15.237	0.79
2008	25.919	17.792	1.46	11.453	0.81
2009	12.125	14.755	0.82	1.099	0.75
2010	22.224	16.133	1.40	0.577	1.37
2011	32.888	19.865	1.69	2.773	1.55
2012	27.681	17.777	1.59	2.301	1.46
2013	35.886	16.406	2.27	5.453	1.92
2014	29.301	15.189	1.93	4.543	1.63

**5 Year Financial Plan Review:** The 2015-2019 financial plan has been updated to reflect some revenue assumption changes for 2016-2020 discussed in the budget workshop as well as an increase in the proposed 2016 water bond issuance resulting from increases to the engineering cost of construction estimates for the identified, bondable projects. During recent meetings concerning the Capital Improvement Plan (CIP), some Board members continue to express their concern about how the District would be able to add another bond issuance to finance the identified water projects included in the 2016-2020 CIP and therefore have suggested delaying these or other capital projects further into the future to avoid borrowing. Although this issue was addressed in the 2015-2019 financial plan adoption last year – which showed the proposed 2016 debt would be serviced by the proposed rates included in that plan – the topic will again be addressed in the new proposed 2016-2020 financial plan. Following is a brief review of the previously adopted financial plan and some proposed changes.

*Purpose of a Financial Plan*

In November 2014, staff made a presentation to the Board discussing reasons the District needed to prepare long-term financial plans in order to balance the financial needs of operations with the need for capital improvements. The plan would be used to establish necessary costs for operations and maintenance, debt service, and pay-as-you-go construction projects. It would also establish the amount of total revenues needed to fund the operating costs, fund debt payments while also meeting bond covenants, and maintain adequate cash reserves.

Long-term financial plans are also used to plan, by year, rate adjustments needed to meet the financial goals of the District through the use of small annual rate increases without creating rate shock with large, double-digit increases. Additional financial plan goals include maintaining strong credit ratings and maintaining funding for critical asset replacement prior to end of life, to avoid asset failures. With multiyear financial plans in place including rate increases showing the ability of an utility to meet its operational and financing obligations the bond rating agencies become more secure in rating the utility higher and ultimately reducing the cost of borrowing.

At the workshop, a Board member asked whether the allocation of debt between the water and wastewater utilities was still valid, or needed updating based on how past proceeds have been spent. Debt payments within the plan are allocated between the water and wastewater utilities based upon each bond issuance’s assignment to those utilities. The allocation for each issue does not change over time between the utilities but remains constant within the financial plan. If a bond issue is refinanced the allocation of the new replacement issue to each utility follows the proportion of the originating issue. For the new proposed \$49.3 million bond issue the debt payments will be entirely allocated to the water utility and therefore will only impact the cash flow of the water utility until it is retired. The impact of the proposed \$49.3 million water bond does not alter the need for the proposed rate increases contained within the 2016-2020 financial plan.

*Adopted Financial Plan*

In September 2014, the District was on the threshold of paying significant sums for flume repairs that would appropriately be paid for with external financing. Staff proposed at that time that the Board adopt a resolution stating its intention to issue tax-exempt obligations so that those expenditures could later be reimbursed and therefore shared by future ratepayers who would also benefit from the flume repairs, rather than falling exclusively on existing customers. Federal tax law allows the District to use the proceeds of the debt issuance to reimburse project funds expended prior to the issuance. To do so, however, the District must have first adopted a resolution declaring its intent to issue the debt, generally describing the projects it will finance, and estimating the principal amount of the issuance – before the project funds are expended.

The projects applicable to the bond sale are all water utility-related. The projects are the Forebay Remediation project (100 year useful life), the Sly Park Intertie project (50 year useful life), the Main Ditch Piping project (50 year useful life), Flumes 42 through 45, (50 year useful life) and the Esmeralda Tunnel rehabilitation (50-100 year useful life). All of these projects are water-related and most are payable from rates since there is little expansion (growth) related costs, so debt payments for this future issue will be 100% from the water fund.

The Board approved that resolution by a 3-2 vote. Funds expended for the flume projects in 2014 and currently under construction, as well as the Esmeralda remediation phases 1 and 2, can be reimbursed to the District from the bond issuance—if it is authorized—with the remaining proceeds used exclusively for the other projects previously stated.

In December 2014, staff brought to the Board a two-year budget with several financial plan scenarios. Each plan scenario anticipated the issuance of the tax-exempt debt in late 2015 or early 2016, as previously mentioned, to finance the long-lived capital assets that will benefit both current and future ratepayers.

The Board unanimously adopted the third scenario proposed by staff. The scenario included funding the \$46 million of debt for the five major water projects and projected the following rate increases:

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Avg/Year
Water	0%	5%	5%	4%	3%	3.38%
Wastewater	0%	0%	5%	4%	3%	2.38%
Recycled water	0%	5%	5%	4%	3%	3.38%

At the September 2014 meeting, the Board was also informed that at the end of 2013, the District's total long-term bonds outstanding as well as its State Revolving Fund (SRF) loans, excluding general obligation debt of \$2.26 million, was about \$360.0 million. By the end of 2014, the debt was reduced by \$16 million, to about \$344.0 million. This reduction was achieved through principal payments and the very successful refinancing earlier in 2014 of all of the remaining 2004A bonds plus a significant portion of the 2009A bonds. By the end of 2015, the balance on this debt will be reduced by approximately another \$7.5 million, to about \$336.5 million.

In summary, the District has decreased its outstanding debt from a high of \$394 million in 2010 down to about \$336 million currently, a \$58 million reduction.

With the recent adoption of the 2016-2020 CIP, the bond sale projected in last year's financial plan has increased to about \$49.3 million to cover the projected increases in the construction costs for the projects identified to be funded by bond proceeds. During 2016, an additional \$10.8 million of outstanding debt principal will be paid. With a bond issue of \$49.3 million in 2016, the combined bond and SRF balances outstanding at 2016 year end would be near \$375.0 million. Based upon estimates of asset additions and depreciation expense for 2014-2016, the ratio of total debt to total net capital assets would be about 55%-57%, which remains within the moderate range for water and sewer utilities, according to Standard & Poor's "Key Water and Sewer Utility Credit Ratio Ranges."

The five-year financial plan included in this proposal includes rate increases shown in last year's financial plan, without modification for 2016-2019 and now includes a projected 3% rate increase for 2020 as reflected below:

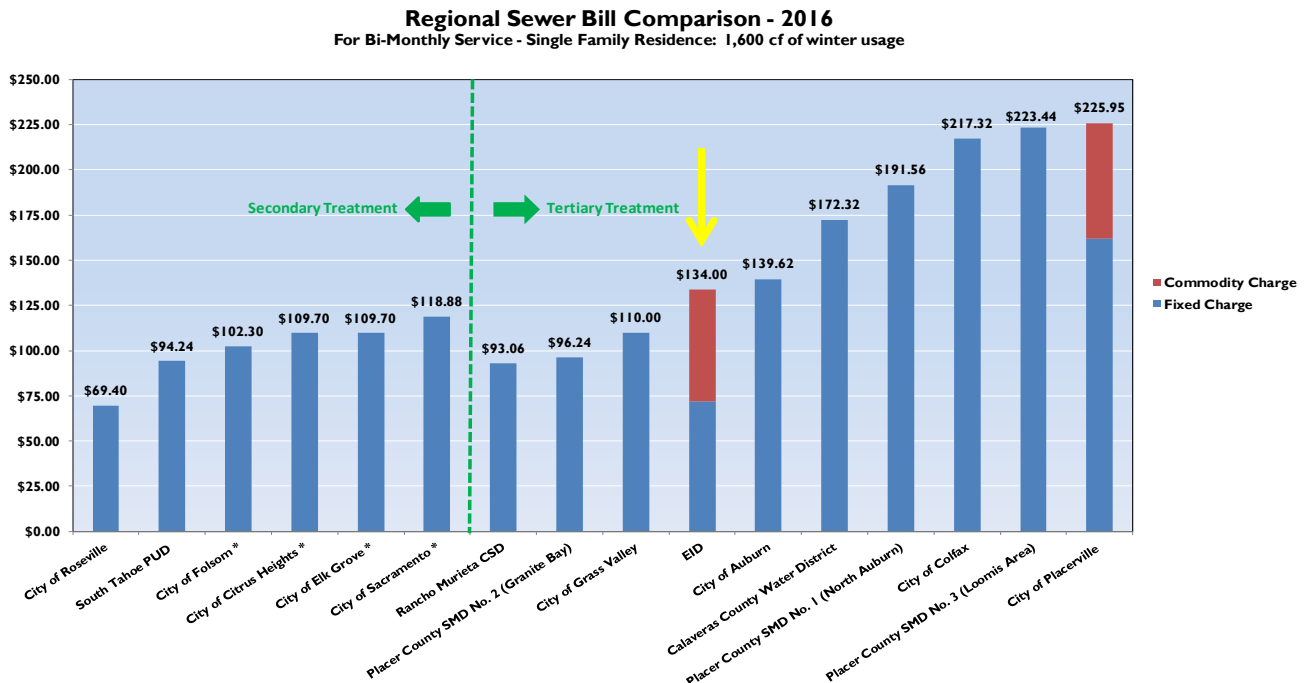
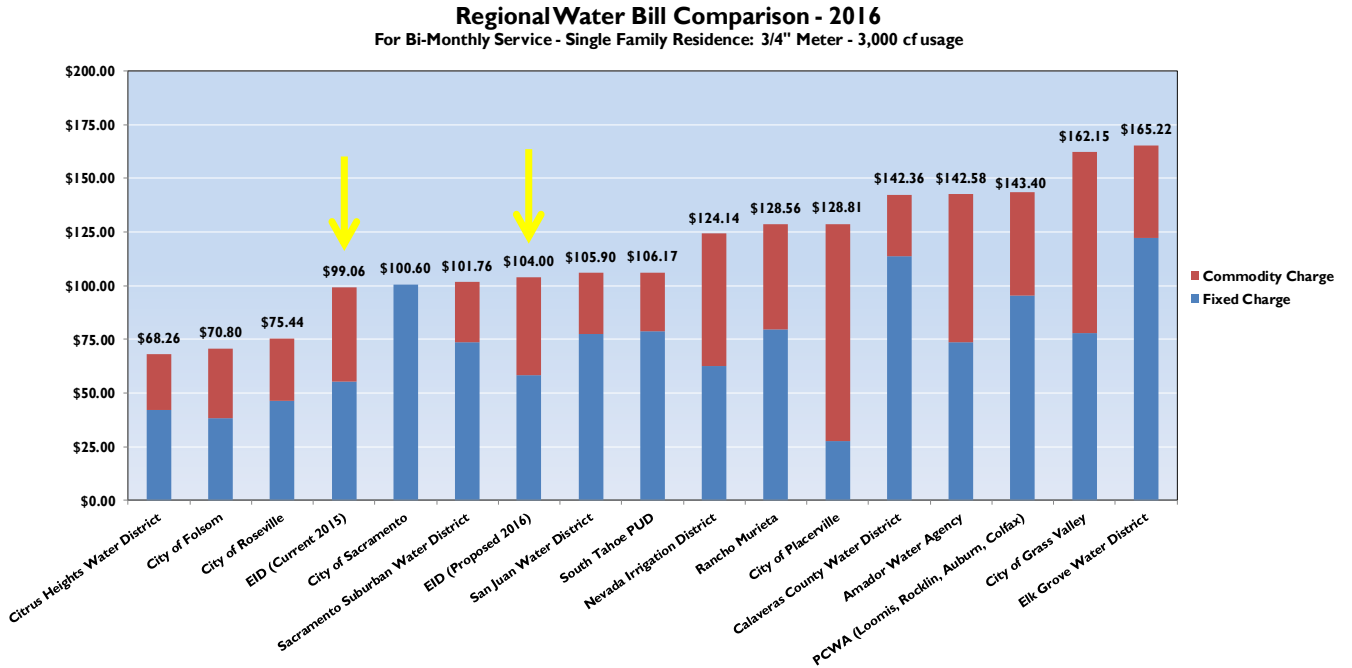
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Avg/Year
Water	5%	5%	4%	3%	3%	3.99%
Wastewater	0%	5%	4%	3%	3%	3.00%
Recycled water	5%	5%	4%	3%	3%	3.99%

In comparison the Consumer Price Index for all Urban Customers-expenditure category, Water and Sewerage Maintenance, is averaging almost 6% per year over the past six years.

The proposed bond sale and rate increases that were unanimously adopted in the 2015-2019 financial plan at the December 14, 2014 Board meeting are required to meet future debt service coverages in 2017 and 2018. Even with the nominal rate increases included in the plan, the unrestricted cash balance is expected to decline from around \$18.7 million at the end of 2016 to a negative balance of (\$1.1) million in 2020. The unrestricted cash balance can be mitigated through additional non-rate revenue increases, such as water transfers, continued favorable interest rates on the VRDO debt beyond 2017, or through an additional bond issuance in 2020 to fund the next phased CIP for 2021-2025.

At the workshop the Board expressed interest in reviewing projections for the average bi-monthly bills by each customer class for the next 5 years. That information is contained in Appendix 13.

Customers also like to see how the average bi-monthly bill as an EID customer compares to other nearby utilities. The two charts below show that EID’s proposed 2016 bi-monthly water bill for an average customer is still in the lower 1/3 of bills issued by neighboring utilities. Also, the average customer’s proposed 2016 bi-monthly sewer bill is in the lower 1/3 of bills issued by utilities treating wastewater to tertiary treatment levels.

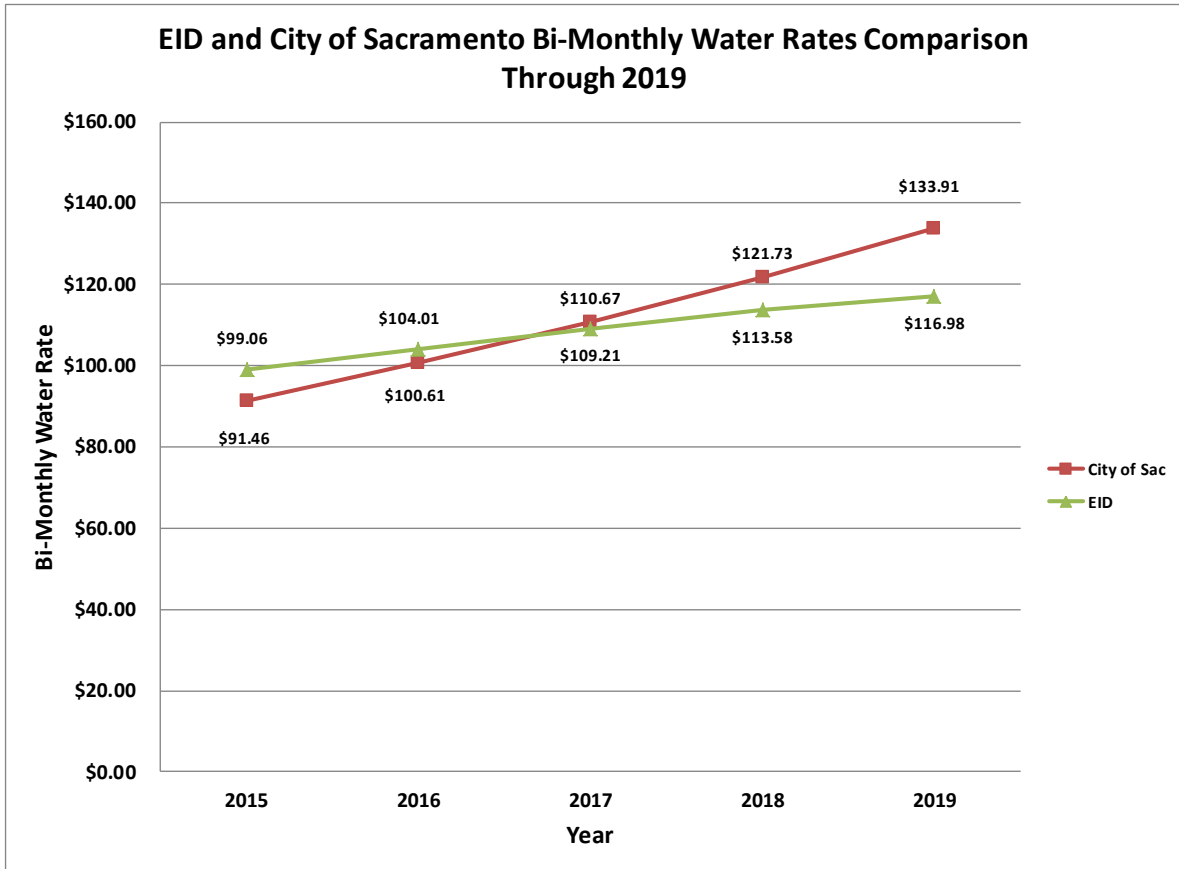


\* Cities serviced by the Sacramento Regional County Sanitation District's (SRCSDD) regional wastewater treatment facility. Mandated treatment facility improvements from secondary to tertiary are estimated to be completed by 2023.

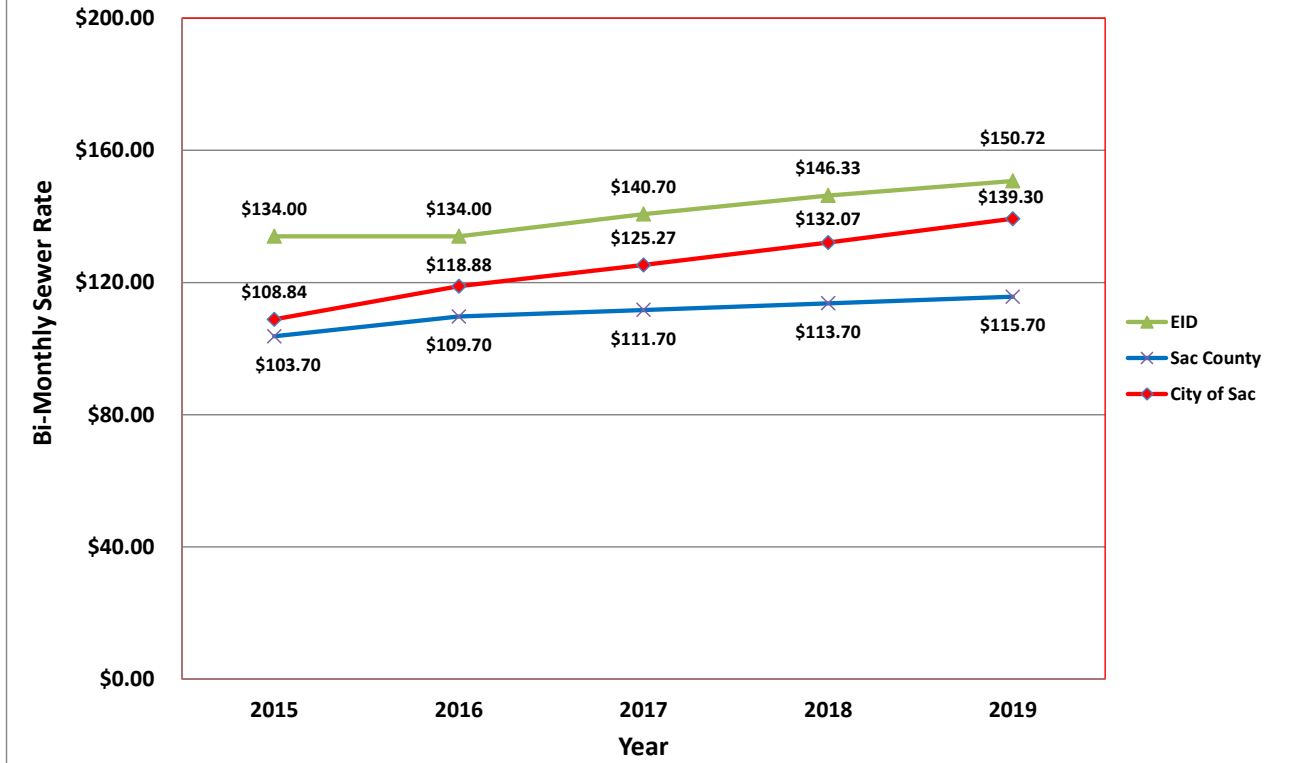


Lastly, EID is not the only utility trying to fix its aging infrastructure. A recent article in the Sacramento Bee reported that the City of Sacramento is proposing to increase its water rates by 10% each year for four years, and its wastewater rates 9% per year for four years. This proposal is after the City had already imposed double digit rate hikes on its water and wastewater rates over the prior three years.

Staff has prepared two graphs that depict how these rate increases would compare to EID’s monthly bills over the next several years. The average bi-monthly sewer bill would be slightly less than EID’s and the average bi-monthly water bill would be much higher than EID’s.



### EID, Sacramento County, and City of Sacramento Bi-Monthly Sewer Rates Comparison through Year 2019



<sup>1</sup> EID projected rate calculations: 0% rate increase for 2016, 5% rate increase for 2017, 4% rate increase for 2018, 3% rate increase for 2019.

<sup>2</sup> Sacramento County 2019 projected rate calculation: \$38.00/month for SRCSD wastewater treatment service + \$19.85/month for SASD sewer collection service. Source: SRCSD and SASD published Comprehensive Long-term Financial.

<sup>3</sup> City of Sacramento 2019 projected rate calculation: \$38.00/month for SRCSD wastewater treatment service + \$31.65/month for City's sewer collection service (annual 9% rate increase through 2019). Source: Sacramento City Council Report

The City of Roseville is also proposing to raise water rates over the next year. It plans on a 21% rate increase on January 1, 2016 and 12% on July 1, 2016 representing a cumulative 35.5% increase in 2016.

What does the 2016 proposed rate increase for water and recycled water rates mean to our customers on a bi-monthly bill? For 90% of our customers, it means an increase of less than \$2.50 per month in 2016 and in following years it means, \$2.62 in 2017, \$2.20 in 2018, \$1.71 in 2019 and \$1.77 in 2020.

For the wastewater customers there is no rate increase for 2016. For 2017-2020 the proposal for 94% of the wastewater customers, on a monthly basis is an increase of \$3.35 in 2017, \$2.82 in 2018, \$2.20 in 2019 and \$2.26 in 2020.

Water Customers

SINGLE FAMILY RESIDENTIAL			5% RATE INCREASE			CHANGE TO BILL
<b>LOW USER - 1,053 cf</b>			<b>LOW USER - 1,053 cf</b>			<b>LOW USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,053	\$ 14.16	Tier 1, 0-1,800 cf	1,053	\$ 14.87	
<b>Total</b>	<b>1,053</b>	<b>\$ 69.53</b>	<b>Total</b>	<b>1,053</b>	<b>\$ 73.01</b>	<b>\$ 3.48</b>
<b>MEDIUM USER - 3,057 cf</b>			<b>MEDIUM USER - 3,057 cf</b>			<b>MEDIUM USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,800	\$ 24.21	Tier 1, 0-1,800 cf	1,800	\$ 25.42	
Tier 2, 1,801-4,500 cf	1,257	\$ 20.40	Tier 2, 1,801-4,500 cf	1,257	\$ 21.42	
<b>Total</b>	<b>3,057</b>	<b>\$ 99.98</b>	<b>Total</b>	<b>3,057</b>	<b>\$ 104.98</b>	<b>\$ 4.99</b>
<b>HIGH USER - 7,686 cf</b>			<b>HIGH USER - 7,686 cf</b>			<b>HIGH USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,800	\$ 24.21	Tier 1, 0-1,800 cf	1,800	\$ 25.42	
Tier 2, 1,801-4,500 cf	2,700	\$ 43.82	Tier 2, 1,801-4,500 cf	2,700	\$ 46.01	
Tier 3, > 4,500 cf	3,186	\$ 60.66	Tier 3, > 4,500 cf	3,186	\$ 63.69	
<b>Total</b>	<b>7,686</b>	<b>\$ 184.06</b>	<b>Total</b>	<b>7,686</b>	<b>\$ 193.25</b>	<b>\$ 9.19</b>

All base charges are determined using the 3/4" rate

Low, medium, and high user values were determined in the 2007-2010 Combined Annual Potable Usage Summary report

Dual Plumbed Customers

SINGLE FAMILY RESIDENTIAL DUAL			5% RATE INCREASE			CHANGE TO BILL
<b>LOW USER - 2,212 cf</b>			<b>LOW USER - 2,212 cf</b>			<b>LOW USER</b>
WA Base		\$ 33.32	WA Base		\$ 34.99	
Tier 1, 0-1,800 cf	574	\$ 7.72	Tier 1, 0-1,800 cf	574	\$ 8.10	
RC Base		\$ 22.05	RC Base		\$ 23.15	
Tier 1, 0-3,000 cf	1,638	\$ 10.42	Tier 1, 0-3,000 cf	1,638	\$ 10.94	
<b>Total</b>	<b>2,212</b>	<b>\$ 73.51</b>	<b>Total</b>	<b>2,212</b>	<b>\$ 77.19</b>	<b>\$ 3.68</b>
<b>MEDIUM USER - 4,030 cf</b>			<b>MEDIUM USER - 4,030 cf</b>			<b>MEDIUM USER</b>
WA Base		\$ 33.32	WA Base		\$ 34.99	
Tier 1, 0-1,800 cf	1,175	\$ 15.80	Tier 1, 0-1,800 cf	1,175	\$ 16.59	
RC Base		\$ 22.05	RC Base		\$ 23.15	
Tier 1, 0-3,000 cf	2,855	\$ 18.16	Tier 1, 0-3,000 cf	2,855	\$ 19.07	
Tier 2, 3,001-4,500 cf	0	\$ -	Tier 2, 3,001-4,500 cf	0	\$ -	
<b>Total</b>	<b>4,030</b>	<b>\$ 89.33</b>	<b>Total</b>	<b>4,030</b>	<b>\$ 93.80</b>	<b>\$ 4.47</b>
<b>HIGH USER - 7,901 cf</b>			<b>HIGH USER - 7,901 cf</b>			<b>HIGH USER</b>
WA Base		\$ 33.32	WA Base		\$ 34.99	
Tier 1, 0-1,800 cf	1,800	\$ 24.21	Tier 1, 0-1,800 cf	1,800	\$ 25.42	
Tier 2, 1,801-4,500 cf	487	\$ 7.90	Tier 2	487	\$ 8.30	
RC Base		\$ 22.05	RC Base		\$ 23.15	
Tier 1, 0-3,000 cf	3,000	\$ 19.08	Tier 1, 0-3,000 cf	3,000	\$ 20.04	
Tier 2, 3,001-4,500 cf	1,500	\$ 16.13	Tier 2, 3,001-4,500 cf	1,500	\$ 16.94	
Tier 3, > 4,500 cf	1,114	\$ 18.04	Tier 3, > 4,500 cf	1,114	\$ 18.94	
<b>Total</b>	<b>7,901</b>	<b>\$ 140.72</b>	<b>Total</b>	<b>7,901</b>	<b>\$ 147.77</b>	<b>\$ 7.04</b>

All base charges are determined using the 3/4" rate

Low, medium, and high user values were determined in the 2007-2010 Combined Annual Potable Usage Summary report

**Financial Plan Update:** The District's five year financial plan is below with separate water and wastewater plans following.

	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
<b>Total Debt Proceeds</b>	49.3	-	-	-	-
<b>Total revenues</b>	79.8	82.8	84.7	87.4	89.6
<b>Total maintenance and operation costs</b>	46.6	47.5	48.4	49.3	50.3
<b>Net revenues</b>	33.2	35.3	36.3	38.1	39.3
<b>Pre-existing state obligations</b>	1.1	1.1	1.1	1.1	1.1
<b>Net revenues available after pre existing obligations</b>	32.1	34.2	35.2	37.0	38.2
<b>Senior debt service</b>	16.6	25.3	27.5	27.5	27.5
<b>Cash Available from Current Year Activities for Capital Projects or Other Improvements</b>	64.8	8.9	7.7	9.5	10.7
<b>Cash balance - January 1</b>	72.9	117.9	101.7	84.5	76.4
<b>Total Cash Available for Capital Projects or Debt PrePayment</b>	137.7	126.8	109.4	94.0	87.1
<b>total CIP</b>	(16.8)	(22.1)	(21.9)	(14.6)	(14.2)
<b>Pre funding debt</b>	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
<b>Cash balance - December 31</b>	117.9	101.7	84.5	76.4	69.9
<b>Senior debt service coverage (1.25x test)</b>	1.93	1.35	1.28	1.35	1.39
<b>Alternative senior debt coverage</b>					
<b>Total FCCs in revenue above</b>	5.00	5.00	5.00	5.00	5.00
<b>\$\$\$ of FCCs removed from calculation</b>	5.00	5.00	5.00	5.00	5.00
<b>Potential senior debt coverage (1.0x test)</b>	1.63	1.15	1.10	1.16	1.21
	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
Breakdown of end of year cash balance					
Unrestricted/Unreserved	19.7	14.4	8.9	4.3	-1.1
Restricted-debt reserves	13.4	13.4	13.4	13.4	13.4
Restricted-Growth CIP (FCCs)	13.9	16.4	18.9	21.4	23.9
Restricted-CIP from bonds	38.0	24.4	9.9	3.7	-0.1
	65.3	54.2	42.3	38.6	37.3
Reserved					
Operating	11.7	11.9	12.1	12.3	12.6
Capital replacement reserves	16.8	16.8	16.8	16.8	16.8
Routine capital replacement reserves	3.4	3.4	3.4	3.4	3.4
Self insurance reserves	1.0	1.0	1.0	1.0	1.0
	32.9	33.1	33.3	33.5	33.8
<b>Total</b>	117.9	101.7	84.5	76.4	69.9

Water Utility only	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
Total Debt Proceeds	49.3	-	-	-	-
Total revenues	49.0	50.5	51.9	53.0	54.1
Total maintenance and operation costs	28.5	29.0	29.6	30.2	30.8
Net revenues	20.5	21.5	22.3	22.8	23.3
Pre-existing state obligations	1.1	1.1	1.1	1.1	1.1
Net revenues available after pre existing obligations	19.4	20.4	21.2	21.7	22.3
Senior debt service	10.0	15.6	16.9	16.9	16.9
Cash Available from Current Year Activities for Capital Projects or Other Improvements	58.7	4.9	4.3	4.8	5.4
Cash balance - January 1	47.0	91.5	75.3	58.0	49.9
Total Cash Available for Capital Projects or Debt PrePayment	105.6	96.3	79.6	62.9	55.3
total CIP	(12.6)	(19.4)	(20.0)	(11.4)	(10.7)
Pre funding debt	(1.6)	(1.6)	(1.6)	(1.6)	(1.6)
Cash balance - December 31	91.5	75.3	58.0	49.9	43.0
Senior debt service coverage (1.25x test)	1.93	1.31	1.25	1.29	1.32
Alternative senior debt coverage					
Total FCCs in revenue above	2.39	2.39	2.39	2.39	2.39
\$\$\$ of FCCs removed from calculation	2.39	2.39	2.39	2.39	2.39
Potential senior debt coverage (1.0x test)	1.70	1.16	1.11	1.14	1.18

Wastewater Utility only	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
Total Debt Proceeds	-	-	-	-	-
Total revenues	30.9	32.2	32.9	34.4	35.5
Total maintenance and operation costs	18.1	18.4	18.8	19.2	19.5
Net revenues	12.8	13.8	14.1	15.3	16.0
Pre-existing state obligations	-	-	-	-	-
Net revenues available after pre existing obligations	12.8	13.8	14.1	15.3	16.0
Senior debt service	6.6	9.7	10.6	10.6	10.6
CIP expenditures	-	-	-	-	-
CIP - IT Master Plan	-	-	-	-	-
Cash Available from Current Year Activities for Capital Projects or Other Improvements	6.2	4.1	3.5	4.7	5.4
Cash balance - January 1	26.6	27.1	27.1	27.3	27.3
Total Cash Available for Capital Projects or Debt PrePayment	32.8	31.2	30.6	32.0	32.7
total CIP	(4.2)	(2.7)	(1.9)	(3.2)	(3.5)
Pre funding debt	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)
Cash balance - December 31	27.1	27.1	27.3	27.3	27.8
Senior debt service coverage (1.25x test)	1.94	1.42	1.33	1.44	1.51
Alternative senior debt coverage					
Total FCCs in revenue above	2.61	2.61	2.61	2.61	2.61
\$\$\$ of FCCs removed from calculation	2.61	2.61	2.61	2.61	2.61
Potential senior debt coverage (1.0x test)	1.55	1.15	1.08	1.20	1.26

**Conclusion:**

The 2016 revised operating budget process presents a number of challenging financial issues because of uncertainty surrounding national, state, and local economic conditions, as well as the local drought situation. Like all of EID’s budgets, staff approached the process with two overriding priorities: maintaining a reliable level of service to customers that protects public health and safety, and the environment; and demonstrating fiscal responsibility. Staff believes both of these objectives are met under the revised proposed 2016 operating budget. Staff also believes that if the projected revenues are met and the operating budgets are not significantly exceeded because of unforeseen circumstances, the 1.25 coverage requirements in the District’s bond covenants will be met while the District’s internal 1.25-1.5x goal, excluding FCCs, will also be met.

This proposed revised budget and the 2016-2020 financial plan accomplish the following:

1. Limit future rate increases to 5% or less thereby avoiding rate spikes,
2. Generate cash flow each year to fund annual pay-as-you-go construction projects while using debt financing judiciously for specific large, long-lived capital projects, and
3. Meet the required coverage tests for our bond holders (1.25x) and the internal coverage goal of 1.25 to 1.50x.

The modest proposed rate increases are needed to adequately fund infrastructure replacement and normal operations. Even with these rate increases, debt coverage for 2018 is barely met and there is a negative \$1.1 million unrestricted cash balance projected in 2020. The unrestricted cash balance can be mitigated through additional non-rate revenues such as water transfers, continued favorable interest rates on the variable debt or through an additional bond sale in 2020 to fund long-lived assets planned for rehabilitation in the next phase of capital investment in years 2021-2025.

**Board Decision/Options:**

**Option1:** Adopt the 2016 Mid-Cycle Operating Budget and the 2016-2020 Financial Plan, including the implementation of water and recycled water rate increases of 5, 5, 4, 3, 3% and 0, 5, 4, 3, 3% for wastewater rates, and revision of the Small Farm and Agriculture with Residence water rates to include Tier II potable water pricing; direct staff to issue a Proposition 218 notice for the proposed rate increases and changes.

**Option 2:** Take other action as directed by the Board.

**Option 3:** Take no action.

**Staff / General Manager Recommendation**

Option 1



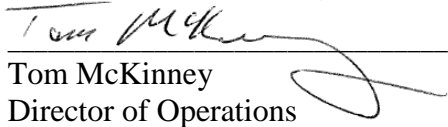
**Supporting Documents Attached:**

- Appendix 1: Total District Summary of Materials and Services by Account
- Appendix 2: Office of the General Manager Materials and Services by Account
- Appendix 3: Communications Materials and Services by Account
- Appendix 4: Finance Materials and Services by Account
- Appendix 5: Human Resources Materials and Services by Account
- Appendix 6: Information Technology Materials and Services by Account
- Appendix 7: Engineering Materials and Services by Account
- Appendix 8: Water Operations Materials and Services by Account
- Appendix 9: Wastewater Operations Materials and Services by Account
- Appendix 10: Recycled Water Operations Materials and Services by Account
- Appendix 11: Hydroelectric Operations Materials and Services by Account
- Appendix 12: Recreation Materials and Services by Account
- Appendix 13: Water and wastewater rate comparisons by Customer Class



---

Mark T. Price  
Director of Finance



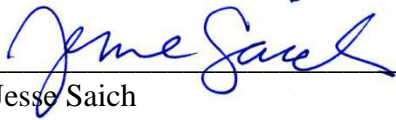
---

Tom McKinney  
Director of Operations



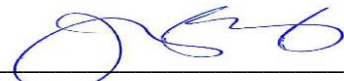
---

Brian Mueller  
Director of Engineering



---

Jesse Saich  
Public Information Officer



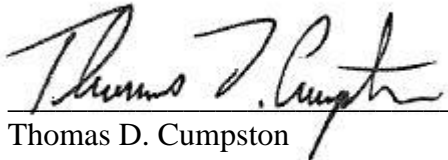
---

Jose C. Perez  
Manager, Human Resources



---

Tim Ranstrom  
Director of Information Technology



---

Thomas D. Cumpston  
General Counsel



---

Jim Abercrombie  
General Manager

**2016 OPERATING BUDGET  
TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 77,546.75	\$ 73,972.96	\$ 78,050.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	13,947.94	27,945.46	24,850.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	123,204.07	84,151.20	104,900.00
52110	OPERATING SUPPLIES	464,621.91	558,483.30	590,200.00
52115	TELECOM SUPPLIES	25,626.95	61,368.21	55,525.00
52120	FUEL, OIL AND LUBRICATION	554,509.58	473,824.27	469,650.00
52122	PROPANE	47,186.85	24,810.98	26,950.00
52125	REPAIR AND MAINTENANCE SUPPLIES	1,367,792.65	1,411,250.21	1,478,650.00
52130	CLOTHING/UNIFORMS	25,558.45	27,548.82	25,065.00
52135	SAFETY SUPPLIES	77,606.04	105,812.32	97,110.00
52140	METER REPAIR SUPPLIES	60,000.00	60,313.52	80,300.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	166,642.25	193,828.39	196,250.00
52150	SMALL TOOLS	133,918.80	123,860.71	118,350.00
52155	TIRES	71,827.53	65,026.84	65,000.00
52160	RESALE SUPPLIES	27,833.76	12,182.14	20,000.00
52165	SECURITY SUPPLIES	14,420.26	17,275.55	15,790.00
52170	FREIGHT CHARGES	50,165.71	61,994.16	68,350.00
52175	WAREHOUSE ISSUES	5,000.00	0.00	5,000.00
52185	COMPLIANCE REQUIREMENTS	18,300.68	26,575.23	4,150.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>3,325,710.18</b>	<b>3,410,224.29</b>	<b>3,524,140.00</b>
52210	CHEMICALS	1,050,372.02	777,700.16	896,200.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>1,050,372.02</b>	<b>777,700.16</b>	<b>896,200.00</b>
52305	TELEPHONE	405,741.35	397,188.14	406,310.00
52310	POSTAGE	136,180.52	139,208.96	156,090.00
52315	ADVERTISING	19,326.45	31,403.11	30,350.00
52320	MEETINGS	19,652.72	7,973.91	19,870.00
52325	TRAVEL	62,587.10	55,926.00	86,450.00
52330	TRAINING	229,780.18	153,151.68	293,650.00
52335	DUES AND SUBSCRIPTIONS	190,157.10	258,416.30	214,050.00
52340	BOOKS AND PUBLICATIONS	10,717.69	8,422.62	10,195.00
52345	PRINTING, BINDING AND COPYING	79,151.83	89,282.54	89,320.00
52350	INTERNET SERVICES	22,660.00	25,691.93	34,300.00
52355	PUBLIC RELATIONS EVENTS	10,000.00	6,009.98	47,000.00
52357	RECRUITMENT	6,500.00	5,812.36	8,000.00
52360	ALARM SERVICES	33,864.29	16,135.66	33,000.00
52365	SOFTWARE LICENSES	172,140.00	68,769.21	145,140.00
52370	SOFTWARE MAINTENANCE	476,757.14	587,914.27	582,450.00
52390	MISCELLANEOUS PERMITS	110,751.07	96,889.57	94,570.00
52391	MISCELLANEOUS PERMITS	67,351.20	0.00	67,350.00
52395	OFFICE, STORAGE AND LAND RENTS	35,553.57	37,285.00	31,000.00
52400	BANK SERVICE CHARGES	275,000.00	23,252.32	25,700.00
52405	CREDIT CARD DISCOUNT CHARGES	0.00	260,221.52	324,000.00
52415	WATER PURCHASES-USBR	600,000.00	309,539.00	590,000.00
52420	PROPERTY TAXES	101,859.66	53,975.54	102,000.00
52431	SMART IRRIGATION REBATE	25,000.00	39,981.73	35,000.00
52435	MISCELLANEOUS PENALTIES	4,726.50	35.65	0.00
52499	MISCELLANEOUS ADMIN EXP.	3,461.56	1,992.71	1,350.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>3,098,919.93</b>	<b>2,674,479.71</b>	<b>3,427,145.00</b>
52505	WATER	12,472.71	127,228.30	99,800.00
52510	SEWER	10,000.00	3,702.02	5,000.00
52515	NATURAL GAS	3,600.00	11,081.84	11,200.00
52520	ELECTRICITY	4,056,550.00	3,653,658.90	4,337,710.00
52525	GARBAGE	85,651.95	90,955.02	91,650.00
52530	OTHER UTILITY CHARGES	56,000.00	53,986.78	55,200.00
	<b>SUBTOTAL - UTILITIES</b>	<b>4,224,274.66</b>	<b>3,940,612.86</b>	<b>4,600,560.00</b>
52605	LEGAL FEES	52,900.00	21,821.43	51,500.00
52610	OTHER LEGAL EXPENSE	1,600.00	1,600.00	1,600.00
52620	ENGINEERING SERVICES	50,000.00	11,535.86	54,000.00
52625	AUDIT AND ACCOUNTING SERVICES	34,695.00	35,400.00	38,000.00
52630	LAUNDRY SERVICE	54,160.12	71,019.68	69,600.00
52635	CONSULTING SERVICES	232,500.00	357,329.18	648,300.00
52640	OTHER CONTRACTUAL SERVICES	1,257,862.06	1,262,839.07	1,091,280.00

**2016 OPERATING BUDGET**  
**TOTAL DISTRICT SUMMARY - M&S BY ACCOUNT (continued)**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52641	BLM-GABBRO PAYMENTS	25,000.00	0.00	25,000.00
52645	TEMPORARY LABOR SERVICES	511,749.51	698,685.30	636,950.00
52650	ON CALL CONSULTANTS	243,498.49	455,815.89	8,500.00
52652	COMPLIANCE REQUIREMENTS SERVICES	443,379.60	552,957.74	470,000.00
52655	GRIT HAULING/DISPOSAL	26,886.90	32,206.61	39,550.00
52660	SLUDGE HAULING/DISPOSAL	412,000.00	323,000.00	412,000.00
52665	INFORMATION AND CREDIT SERVICES	276.00	0.00	200.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>3,346,507.68</b>	<b>3,824,210.75</b>	<b>3,546,480.00</b>
52705	EQUIPMENT RENT	27,958.17	69,478.85	58,150.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	1,296,555.95	1,086,493.77	979,575.00
52715	BACKFLOW REPAIR SERVICES	8,000.00	1,858.57	8,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>1,332,514.12</b>	<b>1,157,831.19</b>	<b>1,045,725.00</b>
52805	INSURANCE PREMIUMS	710,200.00	792,257.07	852,200.00
52810	DAMAGE CLAIMS - 3RD PARTY	75,000.00	38,026.63	70,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>785,200.00</b>	<b>830,283.70</b>	<b>922,200.00</b>
55030	BUILDINGS AND IMPROVEMENTS	0.00	0.00	25,000.00
55090	TOOLS AND EQUIPMENT	330,888.62	297,130.48	296,850.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>330,888.62</b>	<b>297,130.48</b>	<b>321,850.00</b>
58110	CONTINGENCY	500,000.00	0.00	500,000.00
	<b>SUBTOTAL - CONTINGENCY</b>	<b>500,000.00</b>	<b>0.00</b>	<b>500,000.00</b>
	<b>TOTAL</b>	<b>\$17,994,387.21</b>	<b>\$16,912,473.14</b>	<b>\$18,784,300.00</b>

**2016 OPERATING BUDGET  
OFFICE OF THE GENERAL MANAGER - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 5,350.00	\$ 2,631.70	\$ 6,100.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	9,300.00	4,359.50	8,000.00
52115	TELECOM SUPPLIES	0.00	0.00	500.00
52170	FREIGHT CHARGES	213.66	250.00	200.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>14,863.66</b>	<b>7,241.20</b>	<b>14,800.00</b>
52305	TELEPHONE	9,400.00	8,738.02	9,675.00
52310	POSTAGE	750.00	652.80	1,750.00
52315	ADVERTISING	326.45	0.00	0.00
52320	MEETINGS	11,700.00	6,910.54	14,670.00
52325	TRAVEL	15,500.00	12,026.00	15,000.00
52330	TRAINING	18,000.00	7,595.00	16,600.00
52335	DUES AND SUBSCRIPTIONS	13,000.00	14,558.93	15,000.00
52340	BOOKS AND PUBLICATIONS	5,000.00	2,500.00	3,250.00
52345	PRINTING, BINDING AND COPYING	500.00	6.07	250.00
52350	INTERNET SERVICES	1,000.00	1,428.57	2,500.00
52370	SOFTWARE MAINTENANCE	3,500.00	6,000.00	6,000.00
52420	PROPERTY TAXES	300.00	0.00	0.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	500.00	500.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>78,976.45</b>	<b>60,915.93</b>	<b>85,195.00</b>
52605	LEGAL FEES	34,900.00	17,000.00	33,500.00
52610	OTHER LEGAL EXPENSE	1,600.00	1,600.00	1,600.00
52635	CONSULTING SERVICES	164,000.00	114,000.00	210,000.00
52640	OTHER CONTRACTUAL SERVICES	38,500.00	38,066.13	35,000.00
52650	ON CALL CONSULTANTS	0.00	16,910.71	0.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>239,000.00</b>	<b>187,576.84</b>	<b>280,100.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	700.00	0.00	0.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>700.00</b>	<b>0.00</b>	<b>0.00</b>
52805	INSURANCE PREMIUMS	482,000.00	422,341.00	482,000.00
52810	DAMAGE CLAIMS - 3RD PARTY	75,000.00	38,026.63	70,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>557,000.00</b>	<b>460,367.63</b>	<b>552,000.00</b>
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
58110	CONTINGENCY	500,000.00	0.00	500,000.00
	<b>SUBTOTAL - CONTINGENCY</b>	<b>500,000.00</b>	<b>0.00</b>	<b>500,000.00</b>
	<b>TOTAL</b>	<b>\$ 1,390,540.11</b>	<b>\$ 716,101.59</b>	<b>\$ 1,432,095.00</b>

**2016 OPERATING BUDGET  
COMMUNICATIONS - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 1,500.00	\$ 93.38	\$ 500.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	750.00	0.00	1,000.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	1,000.00	59.86	1,000.00
52130	CLOTHING/UNIFORMS	0.00	0.00	500.00
52135	SAFETY SUPPLIES	0.00	35.68	50.00
52170	FREIGHT CHARGES	1,500.00	467.84	1,500.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>4,750.00</b>	<b>656.75</b>	<b>4,550.00</b>
52305	TELEPHONE	2,220.00	2,562.50	2,700.00
52310	POSTAGE	2,000.00	29,806.66	30,000.00
52315	ADVERTISING	4,000.00	7,667.86	8,500.00
52320	MEETINGS	1,400.00	26.79	1,500.00
52325	TRAVEL	1,500.00	221.43	1,500.00
52330	TRAINING	2,500.00	1,776.79	3,000.00
52335	DUES AND SUBSCRIPTIONS	1,000.00	1,526.29	2,000.00
52340	BOOKS AND PUBLICATIONS	250.00	0.00	250.00
52345	PRINTING, BINDING AND COPYING	23,000.00	30,964.11	31,000.00
52350	INTERNET SERVICES	7,000.00	0.00	7,000.00
52355	PUBLIC RELATIONS EVENTS	4,000.00	4,186.32	44,500.00
52365	SOFTWARE LICENSES	0.00	0.00	1,500.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>48,870.00</b>	<b>78,738.73</b>	<b>133,450.00</b>
52640	OTHER CONTRACTUAL SERVICES	1,500.00	12,703.55	13,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>1,500.00</b>	<b>12,703.55</b>	<b>13,000.00</b>
	<b>TOTAL</b>	<b>\$ 55,120.00</b>	<b>\$ 92,099.04</b>	<b>\$ 151,000.00</b>

**2016 OPERATING BUDGET  
FINANCE - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 25,610.00	\$ 17,397.63	\$ 24,750.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	700.00	3,838.95	300.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	10,785.00	1,667.59	7,700.00
52110	OPERATING SUPPLIES	37,725.00	31,786.13	39,700.00
52115	TELECOM SUPPLIES	750.00	3,375.00	5,875.00
52120	FUEL, OIL AND LUBRICATION	544,500.00	460,670.79	460,500.00
52122	PROPANE	15,300.00	9,708.79	10,300.00
52125	REPAIR AND MAINTENANCE SUPPLIES	15,050.00	14,122.41	16,500.00
52130	CLOTHING/UNIFORMS	2,600.00	2,295.60	2,415.00
52135	SAFETY SUPPLIES	5,351.00	4,170.18	10,860.00
52140	METER REPAIR SUPPLIES	60,000.00	60,000.00	80,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	165,000.00	190,000.00	195,000.00
52150	SMALL TOOLS	16,000.00	15,664.06	16,200.00
52155	TIRES	70,000.00	65,000.00	65,000.00
52165	SECURITY SUPPLIES	300.00	1,529.98	1,490.00
52170	FREIGHT CHARGES	4,585.00	4,531.88	6,000.00
52175	WAREHOUSE ISSUES	5,000.00	0.00	5,000.00
52185	COMPLIANCE REQUIREMENTS	0.00	0.00	2,500.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>979,256.00</b>	<b>885,758.97</b>	<b>950,090.00</b>
52305	TELEPHONE	18,787.50	20,990.98	21,775.00
52310	POSTAGE	129,114.23	105,422.18	120,615.00
52315	ADVERTISING	0.00	388.09	350.00
52320	MEETINGS	845.00	0.00	300.00
52325	TRAVEL	3,250.00	343.93	3,900.00
52330	TRAINING	16,920.00	9,215.39	26,000.00
52335	DUES AND SUBSCRIPTIONS	114,085.00	152,719.29	127,800.00
52340	BOOKS AND PUBLICATIONS	2,000.00	1,243.23	1,745.00
52345	PRINTING, BINDING AND COPYING	45,785.00	43,669.88	46,620.00
52360	ALARM SERVICES	500.00	0.00	0.00
52365	SOFTWARE LICENSES	500.00	0.00	0.00
52370	SOFTWARE MAINTENANCE	20,000.00	28,035.71	21,000.00
52390	MISCELLANEOUS PERMITS	3,300.00	5,632.14	4,670.00
52400	BANK SERVICE CHARGES	250,000.00	22,600.32	25,000.00
52405	CREDIT CARD DISCOUNT CHARGES	0.00	238,528.61	300,000.00
52431	SMART IRRIGATION REBATE	25,000.00	39,981.73	35,000.00
52435	MISCELLANEOUS PENALTIES	4,726.50	25.82	0.00
52499	MISCELLANEOUS ADMIN EXP.	300.00	582.00	350.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>635,113.23</b>	<b>669,379.30</b>	<b>735,125.00</b>
52505	WATER	4,000.00	1,506.64	2,000.00
52510	SEWER	10,000.00	3,702.02	5,000.00
52520	ELECTRICITY	125,160.00	125,302.20	143,160.00
52525	GARBAGE	7,000.00	7,242.02	7,500.00
52530	OTHER UTILITY CHARGES	56,000.00	53,837.01	1,200.00
	<b>SUBTOTAL - UTILITIES</b>	<b>202,160.00</b>	<b>191,589.89</b>	<b>158,860.00</b>
52625	AUDIT AND ACCOUNTING SERVICES	34,695.00	35,400.00	38,000.00
52630	LAUNDRY SERVICE	8,000.00	9,907.77	8,500.00
52635	CONSULTING SERVICES	5,500.00	5,325.00	15,000.00
52640	OTHER CONTRACTUAL SERVICES	347,950.00	177,942.11	163,000.00
52645	TEMPORARY LABOR SERVICES	29,500.00	58,594.25	55,000.00
52652	COMPLIANCE REQUIREMENTS SERVICES	500.00	0.00	0.00
52665	INFORMATION AND CREDIT SERVICES	276.00	0.00	200.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>426,421.00</b>	<b>287,169.12</b>	<b>279,700.00</b>
52705	EQUIPMENT RENT	0.00	0.00	2,500.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	60,000.00	76,390.32	75,025.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>60,000.00</b>	<b>76,390.32</b>	<b>77,525.00</b>
52805	INSURANCE PREMIUMS	1,200.00	1,428.57	1,200.00
	<b>SUBTOTAL - INSURANCE</b>	<b>1,200.00</b>	<b>1,428.57</b>	<b>1,200.00</b>
55090	TOOLS AND EQUIPMENT	77,000.00	60,000.00	57,400.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>77,000.00</b>	<b>60,000.00</b>	<b>57,400.00</b>
	<b>TOTAL</b>	<b>\$ 2,381,150.23</b>	<b>\$ 2,171,716.17</b>	<b>\$ 2,259,900.00</b>

**2016 OPERATING BUDGET  
HUMAN RESOURCES - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 5,500.00	\$ 961.95	\$ 3,000.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	1,000.00	0.00	1,000.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	7,000.00	613.18	5,000.00
52110	OPERATING SUPPLIES	300.00	0.00	0.00
52125	REPAIR AND MAINTENANCE SUPPLIES	800.00	1.79	0.00
52130	CLOTHING/UNIFORMS	0.00	22.98	0.00
52135	SAFETY SUPPLIES	1,500.00	182.63	500.00
52165	SECURITY SUPPLIES	4,000.00	3,254.79	4,000.00
52170	FREIGHT CHARGES	500.00	130.04	250.00
52185	COMPLIANCE REQUIREMENTS	500.00	0.00	500.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>21,100.00</b>	<b>5,167.34</b>	<b>14,250.00</b>
52305	TELEPHONE	4,200.00	1,875.00	2,700.00
52310	POSTAGE	650.00	0.00	650.00
52315	ADVERTISING	10,000.00	9,541.84	12,000.00
52320	MEETINGS	3,500.00	363.95	1,750.00
52325	TRAVEL	6,000.00	5,567.29	12,500.00
52330	TRAINING	75,000.00	17,171.11	70,000.00
52335	DUES AND SUBSCRIPTIONS	3,500.00	7,807.05	5,500.00
52340	BOOKS AND PUBLICATIONS	1,250.00	967.89	1,400.00
52345	PRINTING, BINDING AND COPYING	250.00	0.00	150.00
52350	INTERNET SERVICES	500.00	0.00	0.00
52355	PUBLIC RELATIONS EVENTS	1,000.00	0.00	0.00
52357	RECRUITMENT	6,500.00	5,812.36	8,000.00
52360	ALARM SERVICES	33,000.00	16,135.66	33,000.00
52365	SOFTWARE LICENSES	3,500.00	0.00	3,500.00
52370	SOFTWARE MAINTENANCE	7,000.00	6,496.66	7,000.00
52390	MISCELLANEOUS PERMITS	500.00	357.14	500.00
52499	MISCELLANEOUS ADMIN EXP.	0.00	892.86	500.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>156,350.00</b>	<b>72,988.80</b>	<b>159,150.00</b>
52605	LEGAL FEES	18,000.00	4,821.43	18,000.00
52635	CONSULTING SERVICES	10,000.00	571.43	10,000.00
52640	OTHER CONTRACTUAL SERVICES	75,000.00	55,099.21	75,000.00
52645	TEMPORARY LABOR SERVICES	2,500.00	0.00	2,500.00
52650	ON CALL CONSULTANTS	4,000.00	0.00	0.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>109,500.00</b>	<b>60,492.07</b>	<b>105,500.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	750.00	0.00	500.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>750.00</b>	<b>0.00</b>	<b>500.00</b>
	<b>TOTAL</b>	<b>\$ 287,700.00</b>	<b>\$ 138,648.21</b>	<b>\$ 279,400.00</b>



**2016 OPERATING BUDGET  
INFORMATION TECHNOLOGY - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 500.00	\$ 168.14	\$ 200.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	500.00	0.00	0.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	25,000.00	30,000.00	25,000.00
52110	OPERATING SUPPLIES	400.00	189.00	200.00
52115	TELECOM SUPPLIES	2,992.01	6,000.00	6,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	2,000.00	5.79	500.00
52150	SMALL TOOLS	100.00	8,000.00	5,000.00
52165	SECURITY SUPPLIES	106.23	0.00	0.00
52170	FREIGHT CHARGES	200.00	0.00	0.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>31,798.24</b>	<b>44,362.93</b>	<b>36,900.00</b>
52305	TELEPHONE	250,000.00	215,169.79	215,000.00
52310	POSTAGE	221.85	188.27	200.00
52325	TRAVEL	9,000.00	15,000.00	15,000.00
52330	TRAINING	25,000.00	20,000.00	20,000.00
52335	DUES AND SUBSCRIPTIONS	5,000.00	5,000.00	5,000.00
52340	BOOKS AND PUBLICATIONS	185.60	200.00	200.00
52350	INTERNET SERVICES	13,200.00	23,364.75	23,800.00
52365	SOFTWARE LICENSES	40,000.00	299.95	5,000.00
52370	SOFTWARE MAINTENANCE	400,000.00	500,000.00	510,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>742,607.45</b>	<b>779,222.75</b>	<b>794,200.00</b>
52635	CONSULTING SERVICES	0.00	0.00	189,300.00
52640	OTHER CONTRACTUAL SERVICES	60,000.00	55,787.93	50,000.00
52645	TEMPORARY LABOR SERVICES	4,000.00	60,000.00	40,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>64,000.00</b>	<b>115,787.93</b>	<b>279,300.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	140,000.00	98,089.73	100,200.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>140,000.00</b>	<b>98,089.73</b>	<b>100,200.00</b>
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL</b>	<b>\$ 978,405.69</b>	<b>\$ 1,037,463.34</b>	<b>\$ 1,210,600.00</b>

**2016 OPERATING BUDGET  
ENGINEERING - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 4,390.00	\$ 5,370.21	\$ 4,950.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	500.00	3,191.89	2,450.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	8,165.00	1,473.39	7,700.00
52110	OPERATING SUPPLIES	5,181.91	10,306.68	6,550.00
52115	TELECOM SUPPLIES	0.00	2,426.79	2,500.00
52120	FUEL, OIL AND LUBRICATION	6.27	0.00	0.00
52125	REPAIR AND MAINTENANCE SUPPLIES	3,400.00	262.04	1,250.00
52130	CLOTHING/UNIFORMS	750.00	882.23	1,050.00
52135	SAFETY SUPPLIES	1,025.00	1,328.07	1,000.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	53.19	0.00	0.00
52150	SMALL TOOLS	1,600.00	80.27	900.00
52165	SECURITY SUPPLIES	7.30	0.00	0.00
52170	FREIGHT CHARGES	108.75	211.21	100.00
52185	COMPLIANCE REQUIREMENTS	0.00	1,428.57	1,000.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>25,187.42</b>	<b>26,961.36</b>	<b>29,450.00</b>
52305	TELEPHONE	18,117.38	22,662.11	23,150.00
52310	POSTAGE	1,026.52	1,018.82	1,000.00
52315	ADVERTISING	0.00	7,677.39	4,500.00
52320	MEETINGS	955.00	71.43	800.00
52325	TRAVEL	5,700.00	8,383.91	8,300.00
52330	TRAINING	23,080.00	8,222.25	12,650.00
52335	DUES AND SUBSCRIPTIONS	30,500.00	51,697.05	32,000.00
52340	BOOKS AND PUBLICATIONS	100.00	44.43	200.00
52345	PRINTING, BINDING AND COPYING	886.88	1,601.52	1,350.00
52355	PUBLIC RELATIONS EVENTS	5,000.00	0.00	2,500.00
52365	SOFTWARE LICENSES	31,940.00	8,125.27	25,440.00
52370	SOFTWARE MAINTENANCE	11,500.00	18,867.86	12,500.00
52390	MISCELLANEOUS PERMITS	250.00	7,250.00	4,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>129,055.78</b>	<b>135,622.04</b>	<b>128,390.00</b>
52525	GARBAGE	2,500.00	2,842.45	2,700.00
52530	OTHER UTILITY CHARGES	0.00	0.00	54,000.00
	<b>SUBTOTAL - UTILITIES</b>	<b>2,500.00</b>	<b>2,842.45</b>	<b>56,700.00</b>
52620	ENGINEERING SERVICES	50,000.00	9,135.86	54,000.00
52635	CONSULTING SERVICES	0.00	99,754.18	60,000.00
52640	OTHER CONTRACTUAL SERVICES	126,438.84	108,555.55	107,600.00
52641	BLM-GABBRO PAYMENTS	25,000.00	0.00	25,000.00
52645	TEMPORARY LABOR SERVICES	0.00	51,189.75	0.00
52650	ON CALL CONSULTANTS	77,000.00	105,707.02	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	0.00	41,978.57	20,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>278,438.84</b>	<b>416,320.93</b>	<b>266,600.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	1,000.00	0.00	250.00
52715	BACKFLOW REPAIR SERVICES	8,000.00	1,858.57	8,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>9,000.00</b>	<b>1,858.57</b>	<b>8,250.00</b>
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>TOTAL</b>	<b>\$ 444,182.04</b>	<b>\$ 583,605.34</b>	<b>\$ 489,390.00</b>

**2016 OPERATING BUDGET  
WATER OPERATIONS - M&S BY ACCOUNT**

	2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget	
52105	OFFICE SUPPLIES	\$ 8,400.00	\$ 4,919.87	\$ 5,750.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	500.00	2,263.38	400.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	16,950.00	12,976.94	8,300.00
52110	OPERATING SUPPLIES	74,250.50	113,333.25	110,100.00
52115	TELECOM SUPPLIES	10,200.00	31,495.38	27,200.00
52120	FUEL, OIL AND LUBRICATION	500.00	1,223.44	1,500.00
52122	PROPANE	7,500.00	4,198.79	4,800.00
52125	REPAIR AND MAINTENANCE SUPPLIES	642,526.18	676,734.20	683,000.00
52130	CLOTHING/UNIFORMS	7,200.00	6,633.52	6,600.00
52135	SAFETY SUPPLIES	29,600.00	26,684.68	29,850.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	0.00	2,500.00	0.00
52150	SMALL TOOLS	42,000.00	36,302.48	41,200.00
52165	SECURITY SUPPLIES	5,000.00	1,836.03	950.00
52170	FREIGHT CHARGES	10,991.06	20,965.63	20,600.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>855,617.74</b>	<b>942,067.56</b>	<b>940,250.00</b>
52210	CHEMICALS	400,691.58	346,584.00	421,600.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>400,691.58</b>	<b>346,584.00</b>	<b>421,600.00</b>
52305	TELEPHONE	50,381.39	59,712.43	59,200.00
52310	POSTAGE	0.00	622.87	400.00
52315	ADVERTISING	0.00	719.00	0.00
52325	TRAVEL	4,100.00	6,017.97	6,600.00
52330	TRAINING	20,100.00	40,649.09	36,100.00
52335	DUES AND SUBSCRIPTIONS	4,000.00	7,821.98	6,400.00
52340	BOOKS AND PUBLICATIONS	200.00	904.33	300.00
52345	PRINTING, BINDING AND COPYING	816.56	682.50	0.00
52365	SOFTWARE LICENSES	90,000.00	54,144.00	90,000.00
52370	SOFTWARE MAINTENANCE	16,300.00	16,862.96	17,000.00
52390	MISCELLANEOUS PERMITS	24,110.00	12,811.00	14,500.00
52391	MISCELLANEOUS PERMITS	67,351.20	0.00	67,350.00
52415	WATER PURCHASES-USBR	600,000.00	309,539.00	590,000.00
52435	MISCELLANEOUS PENALTIES	0.00	9.83	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>877,359.15</b>	<b>510,496.96</b>	<b>887,850.00</b>
52505	WATER	0.00	32,994.84	4,300.00
52515	NATURAL GAS	600.00	421.32	500.00
52520	ELECTRICITY	1,759,183.00	1,604,814.61	1,830,700.00
52525	GARBAGE	7,050.00	4,468.00	4,500.00
	<b>SUBTOTAL - UTILITIES</b>	<b>1,766,833.00</b>	<b>1,642,698.77</b>	<b>1,840,000.00</b>
52620	ENGINEERING SERVICES	0.00	2,400.00	0.00
52635	CONSULTING SERVICES	10,000.00	85,000.00	50,000.00
52640	OTHER CONTRACTUAL SERVICES	220,200.00	557,071.66	288,300.00
52645	TEMPORARY LABOR SERVICES	10,000.00	42,984.11	43,000.00
52650	ON CALL CONSULTANTS	30,000.00	27,490.71	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	88,000.00	61,449.22	54,600.00
52660	SLUDGE HAULING/DISPOSAL	35,000.00	25,000.00	35,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>393,200.00</b>	<b>801,395.70</b>	<b>470,900.00</b>
52705	EQUIPMENT RENT	5,000.00	10,235.22	5,000.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	304,200.00	444,154.46	388,200.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>309,200.00</b>	<b>454,389.69</b>	<b>393,200.00</b>
55090	TOOLS AND EQUIPMENT	80,000.00	80,772.23	81,400.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>80,000.00</b>	<b>80,772.23</b>	<b>81,400.00</b>
	<b>TOTAL</b>	<b>\$ 4,682,901.47</b>	<b>\$ 4,778,404.90</b>	<b>\$ 5,035,200.00</b>

**2016 OPERATING BUDGET  
WASTEWATER OPERATIONS - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 12,416.41	\$ 14,444.70	\$ 13,200.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	7,690.89	15,052.51	16,200.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	22,412.11	20,851.43	29,600.00
52110	OPERATING SUPPLIES	242,852.27	286,594.59	290,100.00
52115	TELECOM SUPPLIES	5,891.98	6,852.89	8,800.00
52120	FUEL, OIL AND LUBRICATION	8,636.09	6,242.82	6,750.00
52122	PROPANE	4,150.00	1,200.00	1,350.00
52125	REPAIR AND MAINTENANCE SUPPLIES	526,759.94	555,251.52	567,500.00
52130	CLOTHING/UNIFORMS	4,852.24	6,280.52	6,350.00
52135	SAFETY SUPPLIES	31,426.69	49,256.61	33,900.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	1,048.91	37.41	50.00
52150	SMALL TOOLS	45,061.86	46,339.80	42,000.00
52155	TIRES	327.53	0.00	0.00
52165	SECURITY SUPPLIES	498.26	3,720.41	3,000.00
52170	FREIGHT CHARGES	24,024.42	28,353.45	29,150.00
52185	COMPLIANCE REQUIREMENTS	5,100.00	25,000.00	0.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>943,149.60</b>	<b>1,065,478.65</b>	<b>1,047,950.00</b>
52210	CHEMICALS	510,692.20	301,500.00	345,000.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>510,692.20</b>	<b>301,500.00</b>	<b>345,000.00</b>
52305	TELEPHONE	25,867.68	36,822.52	44,750.00
52310	POSTAGE	1,016.74	1,135.32	1,175.00
52320	MEETINGS	668.46	250.00	550.00
52325	TRAVEL	15,737.10	2,116.25	17,350.00
52330	TRAINING	30,900.00	31,482.91	56,500.00
52335	DUES AND SUBSCRIPTIONS	13,013.96	13,560.71	14,950.00
52340	BOOKS AND PUBLICATIONS	983.28	1,943.32	2,550.00
52345	PRINTING, BINDING AND COPYING	36.88	733.16	750.00
52365	SOFTWARE LICENSES	6,200.00	6,200.00	19,700.00
52370	SOFTWARE MAINTENANCE	17,000.00	9,829.65	8,950.00
52390	MISCELLANEOUS PERMITS	80,500.00	67,989.29	68,000.00
52395	OFFICE, STORAGE AND LAND RENTS	35,553.57	37,285.00	31,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>227,477.67</b>	<b>209,348.13</b>	<b>266,225.00</b>
52505	WATER	7,529.56	62,741.75	62,150.00
52515	NATURAL GAS	1,000.00	9,000.00	9,000.00
52520	ELECTRICITY	1,892,000.00	1,722,926.72	2,092,250.00
52525	GARBAGE	7,337.44	8,652.07	8,550.00
	<b>SUBTOTAL - UTILITIES</b>	<b>1,907,867.00</b>	<b>1,803,320.54</b>	<b>2,171,950.00</b>
52630	LAUNDRY SERVICE	46,160.12	61,111.91	61,100.00
52635	CONSULTING SERVICES	43,000.00	52,678.57	84,000.00
52640	OTHER CONTRACTUAL SERVICES	291,022.22	190,977.25	250,880.00
52645	TEMPORARY LABOR SERVICES	50,583.43	56,085.25	55,000.00
52650	ON CALL CONSULTANTS	81,799.32	134,872.54	8,500.00
52652	COMPLIANCE REQUIREMENTS SERVICES	39,591.72	103,100.09	43,500.00
52655	GRIT HAULING/DISPOSAL	26,886.90	32,206.61	39,550.00
52660	SLUDGE HAULING/DISPOSAL	377,000.00	298,000.00	377,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>956,043.71</b>	<b>929,032.21</b>	<b>919,530.00</b>
52705	EQUIPMENT RENT	11,723.44	35,854.79	26,800.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	364,116.48	373,728.75	275,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>375,839.92</b>	<b>409,583.54</b>	<b>301,800.00</b>
55030	BUILDINGS AND IMPROVEMENTS	0.00	0.00	25,000.00
55090	TOOLS AND EQUIPMENT	48,200.00	110,606.47	91,200.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>48,200.00</b>	<b>110,606.47</b>	<b>116,200.00</b>
	<b>TOTAL</b>	<b>\$ 4,969,270.10</b>	<b>\$ 4,828,869.54</b>	<b>\$ 5,168,655.00</b>

**2016 OPERATING BUDGET  
RECYCLED WATER OPERATIONS - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 0.00	\$ 67.41	\$ 0.00
52110	OPERATING SUPPLIES	6,732.00	14,992.29	13,200.00
52125	REPAIR AND MAINTENANCE SUPPLIES	43,764.00	64,171.75	64,200.00
52135	SAFETY SUPPLIES	100.00	0.00	0.00
52140	METER REPAIR SUPPLIES	0.00	313.52	300.00
52150	SMALL TOOLS	8,000.00	0.00	0.00
52170	FREIGHT CHARGES	660.57	2,372.79	3,500.00
52185	COMPLIANCE REQUIREMENTS	8,770.00	0.00	0.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>68,026.57</b>	<b>81,917.75</b>	<b>81,200.00</b>
52210	CHEMICALS	138,972.78	129,616.16	129,600.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>138,972.78</b>	<b>129,616.16</b>	<b>129,600.00</b>
52305	TELEPHONE	339.62	406.82	400.00
52325	TRAVEL	1,800.00	0.00	0.00
52330	TRAINING	1,200.00	0.00	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>3,339.62</b>	<b>406.82</b>	<b>400.00</b>
52515	NATURAL GAS	2,000.00	1,660.52	1,700.00
52520	ELECTRICITY	200,489.00	123,708.64	180,500.00
52525	GARBAGE	0.00	2,050.61	0.00
	<b>SUBTOTAL - UTILITIES</b>	<b>202,489.00</b>	<b>127,419.77</b>	<b>182,200.00</b>
52640	OTHER CONTRACTUAL SERVICES	15,503.57	12,714.29	17,500.00
52650	ON CALL CONSULTANTS	0.00	4,017.86	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	5,000.00	0.00	5,000.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>20,503.57</b>	<b>16,732.14</b>	<b>22,500.00</b>
52710	CONTRACTED REPAIRS AND MAINTENANCE	25,965.18	45,451.79	46,100.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>25,965.18</b>	<b>45,451.79</b>	<b>46,100.00</b>
55090	TOOLS AND EQUIPMENT	59,911.97	9,850.00	10,950.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>59,911.97</b>	<b>9,850.00</b>	<b>10,950.00</b>
	<b>TOTAL</b>	<b>\$ 519,208.69</b>	<b>\$ 411,394.43</b>	<b>\$ 472,950.00</b>

**2016 OPERATING BUDGET  
HYDROELECTRIC OPERATIONS - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 9,080.34	\$ 14,753.32	\$ 14,800.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	1,907.05	3,076.21	3,100.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	21,091.96	11,993.82	12,000.00
52110	OPERATING SUPPLIES	55,680.23	90,534.20	90,550.00
52115	TELECOM SUPPLIES	2,292.96	3,115.16	3,150.00
52120	FUEL, OIL AND LUBRICATION	867.22	401.71	400.00
52122	PROPANE	13,636.85	5,480.04	5,500.00
52125	REPAIR AND MAINTENANCE SUPPLIES	76,992.53	89,095.66	89,200.00
52130	CLOTHING/UNIFORMS	4,356.21	4,104.45	4,150.00
52135	SAFETY SUPPLIES	5,887.13	18,272.95	18,250.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	75.15	639.34	700.00
52150	SMALL TOOLS	17,096.94	8,673.27	8,800.00
52155	TIRES	0.00	26.84	0.00
52165	SECURITY SUPPLIES	4,158.47	6,131.13	6,150.00
52170	FREIGHT CHARGES	3,598.00	4,211.41	4,450.00
52185	COMPLIANCE REQUIREMENTS	3,930.68	146.66	150.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>220,651.72</b>	<b>260,656.16</b>	<b>261,350.00</b>
52210	CHEMICALS	0.00	0.00	0.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
52305	TELEPHONE	22,467.78	23,771.18	23,800.00
52310	POSTAGE	1,401.18	344.82	300.00
52320	MEETINGS	184.26	0.00	0.00
52325	TRAVEL	0.00	6,249.23	6,300.00
52330	TRAINING	16,080.18	17,039.14	51,800.00
52335	DUES AND SUBSCRIPTIONS	4,058.14	3,337.50	3,400.00
52340	BOOKS AND PUBLICATIONS	742.51	323.09	300.00
52345	PRINTING, BINDING AND COPYING	13.77	108.48	100.00
52350	INTERNET SERVICES	0.00	0.00	0.00
52360	ALARM SERVICES	364.29	0.00	0.00
52370	SOFTWARE MAINTENANCE	1,457.14	0.00	0.00
52390	MISCELLANEOUS PERMITS	91.07	2,850.00	2,900.00
52420	PROPERTY TAXES	101,559.66	53,975.54	102,000.00
52499	MISCELLANEOUS ADMIN EXP.	3,161.56	17.86	0.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>151,581.54</b>	<b>108,016.84</b>	<b>190,900.00</b>
52505	WATER	943.15	1,333.20	1,350.00
52520	ELECTRICITY	61,700.00	65,095.11	72,200.00
52525	GARBAGE	4,264.51	7,042.54	7,000.00
	<b>SUBTOTAL - UTILITIES</b>	<b>66,907.66</b>	<b>73,470.84</b>	<b>80,550.00</b>
52635	CONSULTING SERVICES	0.00	0.00	30,000.00
52640	OTHER CONTRACTUAL SERVICES	57,047.43	42,997.82	64,000.00
52645	TEMPORARY LABOR SERVICES	8,606.25	27,795.41	27,850.00
52650	ON CALL CONSULTANTS	50,699.17	150,192.05	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	310,012.88	345,974.50	346,300.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>426,365.73</b>	<b>566,959.79</b>	<b>468,150.00</b>
52705	EQUIPMENT RENT	11,234.73	23,388.84	23,350.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	389,824.29	48,089.43	84,300.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>401,059.02</b>	<b>71,478.27</b>	<b>107,650.00</b>
52805	INSURANCE PREMIUMS	227,000.00	368,487.50	369,000.00
	<b>SUBTOTAL - INSURANCE</b>	<b>227,000.00</b>	<b>368,487.50</b>	<b>369,000.00</b>
55090	TOOLS AND EQUIPMENT	65,776.65	35,901.79	55,900.00
	<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>65,776.65</b>	<b>35,901.79</b>	<b>55,900.00</b>
	<b>TOTAL</b>	<b>\$ 1,559,342.32</b>	<b>\$ 1,484,971.18</b>	<b>\$ 1,533,500.00</b>

**2016 OPERATING BUDGET  
RECREATION - M&S BY ACCOUNT**

		2015 Adopted Budget	2015 Year End Projections	2016 Proposed Budget
52105	OFFICE SUPPLIES	\$ 4,800.00	\$ 13,164.66	\$ 4,800.00
52106	OFFICE EQUIPMENT (LESS THAN \$5,000)	400.00	522.52	400.00
52107	COMPUTER HW/SW (LESS THAN \$5,000)	1,500.00	155.50	600.00
52110	OPERATING SUPPLIES	41,500.00	10,747.18	39,800.00
52115	TELECOM SUPPLIES	3,500.00	8,103.00	1,500.00
52120	FUEL, OIL AND LUBRICATION	0.00	5,285.52	500.00
52122	PROPANE	6,600.00	4,223.38	5,000.00
52125	REPAIR AND MAINTENANCE SUPPLIES	56,500.00	11,605.07	56,500.00
52130	CLOTHING/UNIFORMS	5,800.00	7,329.52	4,000.00
52135	SAFETY SUPPLIES	2,716.22	5,881.54	2,700.00
52145	VEHICLE REPAIR/MAINT SUPPLIES	465.00	651.64	500.00
52150	SMALL TOOLS	4,060.00	8,800.84	4,250.00
52155	TIRES	1,500.00	0.00	0.00
52160	RESALE SUPPLIES	27,833.76	12,182.14	20,000.00
52165	SECURITY SUPPLIES	350.00	803.21	200.00
52170	FREIGHT CHARGES	3,784.25	499.93	2,600.00
	<b>SUBTOTAL - OPERATING SUPPLIES</b>	<b>161,309.23</b>	<b>89,955.64</b>	<b>143,350.00</b>
52210	CHEMICALS	15.46	0.00	0.00
	<b>SUBTOTAL - CHEMICALS</b>	<b>15.46</b>	<b>0.00</b>	<b>0.00</b>
52305	TELEPHONE	3,960.00	4,476.80	3,160.00
52310	POSTAGE	0.00	17.21	0.00
52315	ADVERTISING	5,000.00	5,408.93	5,000.00
52320	MEETINGS	400.00	351.21	300.00
52330	TRAINING	1,000.00	0.00	1,000.00
52335	DUES AND SUBSCRIPTIONS	2,000.00	387.50	2,000.00
52340	BOOKS AND PUBLICATIONS	6.30	296.32	0.00
52345	PRINTING, BINDING AND COPYING	7,862.74	11,516.82	9,100.00
52350	INTERNET SERVICES	960.00	898.61	1,000.00
52355	PUBLIC RELATIONS EVENTS	0.00	1,823.66	0.00
52370	SOFTWARE MAINTENANCE	0.00	1,821.43	0.00
52390	MISCELLANEOUS PERMITS	2,000.00	0.00	0.00
52400	BANK SERVICE CHARGES	25,000.00	652.00	700.00
52405	CREDIT CARD DISCOUNT CHARGES	0.00	21,692.91	24,000.00
	<b>SUBTOTAL - ADMINISTRATION</b>	<b>48,189.04</b>	<b>49,343.41</b>	<b>46,260.00</b>
52505	WATER	0.00	28,651.88	30,000.00
52520	ELECTRICITY	18,018.00	11,811.63	18,900.00
52525	GARBAGE	57,500.00	58,657.34	61,400.00
52530	OTHER UTILITY CHARGES	0.00	149.77	0.00
	<b>SUBTOTAL - UTILITIES</b>	<b>75,518.00</b>	<b>99,270.61</b>	<b>110,300.00</b>
52640	OTHER CONTRACTUAL SERVICES	24,700.00	10,923.57	27,000.00
52645	TEMPORARY LABOR SERVICES	406,559.83	402,036.54	413,600.00
52650	ON CALL CONSULTANTS	0.00	16,625.00	0.00
52652	COMPLIANCE REQUIREMENTS SERVICES	275.00	455.36	600.00
	<b>SUBTOTAL - PROFESSIONAL SERVICES</b>	<b>431,534.83</b>	<b>430,040.46</b>	<b>441,200.00</b>
52705	EQUIPMENT RENT	0.00	0.00	500.00
52710	CONTRACTED REPAIRS AND MAINTENANCE	10,000.00	589.29	10,000.00
	<b>SUBTOTAL - REPAIR SERVICES</b>	<b>10,000.00</b>	<b>589.29</b>	<b>10,500.00</b>
	<b>TOTAL</b>	<b>\$ 726,566.56</b>	<b>\$ 669,199.41</b>	<b>\$ 751,610.00</b>

SINGLE FAMILY RESIDENTIAL WATER			2016			BI-MONTHLY DIFFERENCE			2020			BI-MONTHLY DIFFERENCE		
CURRENT			2016			BI-MONTHLY DIFFERENCE			2020			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			BI-MONTHLY DIFFERENCE			LOW USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 55.37	WA Base		\$ 58.14				WA Base		\$ 67.35			
Tier 1	1053	\$ 14.16	Tier 1	1053	\$ 14.87				Tier 1	1053	\$ 17.23			
<b>Total</b>		<b>\$ 69.53</b>	<b>Total</b>		<b>\$ 73.01</b>			<b>\$ 3.48</b>	<b>Total</b>		<b>\$ 84.58</b>			<b>\$ 15.05</b>
MEDIUM USER			MEDIUM USER			BI-MONTHLY DIFFERENCE			MEDIUM USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 55.37	WA Base		\$ 58.14				WA Base		\$ 67.35			
Tier 1	1800	\$ 24.21	Tier 1	1800	\$ 25.42				Tier 1	1800	\$ 29.45			
Tier 2	1257	\$ 20.40	Tier 2	1257	\$ 21.42				Tier 2	1257	\$ 24.83			
<b>Total</b>		<b>\$ 99.98</b>	<b>Total</b>		<b>\$ 104.98</b>			<b>\$ 5.00</b>	<b>Total</b>		<b>\$ 121.63</b>			<b>\$ 21.65</b>
HIGH USER			HIGH USER			BI-MONTHLY DIFFERENCE			HIGH USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 55.37	WA Base		\$ 58.14				WA Base		\$ 67.35			
Tier 1	1800	\$ 24.21	Tier 1	1800	\$ 25.42				Tier 1	1800	\$ 29.45			
Tier 2	2700	\$ 43.82	Tier 2	2700	\$ 46.01				Tier 2	2700	\$ 53.33			
Tier 3	3186	\$ 60.66	Tier 3	3186	\$ 63.69				Tier 3	3186	\$ 73.76			
<b>Total</b>		<b>\$ 184.06</b>	<b>Total</b>		<b>\$ 193.26</b>			<b>\$ 9.20</b>	<b>Total</b>		<b>\$ 223.89</b>			<b>\$ 39.83</b>
Base charge for water is based on a 0.75" meter														
Water use is based on the 4 year summary average use														

SINGLE FAMILY RESIDENTIAL DUAL WATER			2016			BI-MONTHLY DIFFERENCE			2020			BI-MONTHLY DIFFERENCE		
CURRENT			2016			BI-MONTHLY DIFFERENCE			2020			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			BI-MONTHLY DIFFERENCE			LOW USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 33.32	WA Base		\$ 34.99				WA Base		\$ 40.54			
Tier 1	574	\$ 7.72	Tier 1	574	\$ 8.10				Tier 1	574	\$ 9.39			
RC Base		\$ 22.05	RC Base		\$ 23.15				RC Base		\$ 26.82			
Tier 1	1,638	\$ 10.42	Tier 1	1,638	\$ 10.94				Tier 1	1,638	\$ 12.68			
<b>Total</b>		<b>\$ 73.51</b>	<b>Total</b>		<b>\$ 77.18</b>			<b>\$ 3.67</b>	<b>Total</b>		<b>\$ 89.43</b>			<b>\$ 15.92</b>
MEDIUM USER			MEDIUM USER			BI-MONTHLY DIFFERENCE			MEDIUM USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 33.32	WA Base		\$ 34.99				WA Base		\$ 40.54			
Tier 1	1,175	\$ 15.80	Tier 1	1,175	\$ 16.59				Tier 1	1,175	\$ 19.22			
RC Base		\$ 22.05	RC Base		\$ 23.15				RC Base		\$ 26.82			
Tier 1	2,855	\$ 18.16	Tier 1	2,855	\$ 19.07				Tier 1	2,855	\$ 22.10			
Tier 2		\$ -	Tier 2	0	\$ -				Tier 2	0	\$ -			
<b>Total</b>		<b>\$ 89.33</b>	<b>Total</b>		<b>\$ 93.80</b>			<b>\$ 4.47</b>	<b>Total</b>		<b>\$ 108.68</b>			<b>\$ 19.35</b>
HIGH USER			HIGH USER			BI-MONTHLY DIFFERENCE			HIGH USER			BI-MONTHLY DIFFERENCE		
WA Base		\$ 33.32	WA Base		\$ 34.99				WA Base		\$ 40.54			
Tier 1	1,800	\$ 24.21	Tier 1	1,800	\$ 25.42				Tier 1	1,800	\$ 29.45			
Tier 2	487	\$ 7.90	Tier 2	487	\$ 8.30				Tier 2	487	\$ 9.62			
RC Base		\$ 22.05	RC Base		\$ 23.15				RC Base		\$ 26.82			
Tier 1	3,000	\$ 19.08	Tier 1	3,000	\$ 20.04				Tier 1	3,000	\$ 23.22			
Tier 2	1,500	\$ 16.13	Tier 2	1,500	\$ 16.94				Tier 2	1,500	\$ 19.61			
Tier 3	1,114	\$ 18.04	Tier 3	1,114	\$ 18.94				Tier 3	1,114	\$ 21.93			
<b>Total</b>		<b>\$ 140.73</b>	<b>Total</b>		<b>\$ 147.78</b>			<b>\$ 7.05</b>	<b>Total</b>		<b>\$ 171.19</b>			<b>\$ 30.46</b>



SINGLE FAMILY RESIDENTIAL SEWER								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
SWR Base		\$ 71.95	SWR Base		\$ 71.95	SWR Base	\$ 83.36	
All Use	640	\$ 24.82	All Use	640	\$ 24.82	All Use	640	\$ 28.76
<b>Total</b>		<b>\$ 96.77</b>	<b>Total</b>		<b>\$ 96.77</b>	<b>Total</b>		<b>\$112.12</b>
								<b>\$ 15.35</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 71.95	SWR Base		\$ 71.95	SWR Base	\$ 83.36	
All Use	1600	\$ 62.05	All Use	1600	\$ 62.05	All Use	1600	\$ 71.89
<b>Total</b>		<b>\$ 134.00</b>	<b>Total</b>		<b>\$ 134.00</b>	<b>Total</b>		<b>\$155.25</b>
								<b>\$ 21.25</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 71.95	SWR Base		\$ 71.95	SWR Base	\$ 83.36	
All Use	3299	\$ 127.94	All Use	3299	\$ 127.94	All Use	3299	\$ 148.22
<b>Total</b>		<b>\$ 199.89</b>	<b>Total</b>		<b>\$ 199.89</b>	<b>Total</b>		<b>\$231.58</b>
								<b>\$ 31.69</b>

SMALL FARM AND AGRICULTURAL W/RESIDENCE - WATER														
CURRENT			2016			BI-MONTHLY DIFFERENCE			2020			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER						LOW USER					
WA Base	5,831	\$ 87.64	WA Base	5,831	\$ 92.02				WA Base		\$ 106.59			
Tier 1	1,800	\$ 24.21	Tier 1	1,800	\$ 25.42				Tier 1	1,800	\$ 29.45			
Tier 2	4,031	\$ 4.51	Tier 2	2,700	\$ 46.01				Tier 2	2,700	\$ 53.33			
Tier 3			Tier 3	1,331	\$ 1.57				Tier 3	1,331	\$ 1.82			
<b>Total</b>		<b>\$ 111.85</b>	<b>Total</b>		<b>\$ 117.44</b>			<b>\$ 5.59</b>	<b>Total</b>		<b>\$ 136.04</b>			<b>\$ 24.19</b>
<b>MEDIUM USER</b>			<b>MEDIUM USER</b>						<b>MEDIUM USER</b>					
WA Base	16,252	\$ 87.64	WA Base	16,252	\$ 92.02				WA Base		\$ 106.59			
Tier 1	1,800	\$ 24.21	Tier 1	1,800	\$ 25.42				Tier 1	1,800	\$ 29.45			
Tier 2	14,452	\$ 16.19	Tier 2	2,700	\$ 46.01				Tier 2	2,700	\$ 53.33			
Tier 3			Tier 3	11,752	\$ 13.87				Tier 3	11,752	\$ 16.10			
<b>Total</b>		<b>\$ 128.04</b>	<b>Total</b>		<b>\$ 163.45</b>			<b>\$ 35.41</b>	<b>Total</b>		<b>\$ 189.37</b>			<b>\$ 61.33</b>
<b>HIGH USER</b>			<b>HIGH USER</b>						<b>HIGH USER</b>					
WA Base	49,176	\$ 87.64	WA Base	49,176	\$ 92.02				WA Base		\$ 106.59			
Tier 1	1,800	\$ 24.21	Tier 1	1,800	\$ 25.42				Tier 1	1,800	\$ 29.45			
Tier 2	47,376	\$ 53.06	Tier 2	2,700	\$ 46.01				Tier 2	2,700	\$ 53.33			
Tier 3			Tier 3	44,676	\$ 52.72				Tier 3	44,676	\$ 61.21			
<b>Total</b>		<b>\$ 164.91</b>	<b>Total</b>		<b>\$ 216.17</b>			<b>\$ 51.26</b>	<b>Total</b>		<b>\$ 250.58</b>			<b>\$ 85.67</b>
Base charge for water is based on a 1.50" Turbo meter														
Water use is based on the 4 year summary average use														

MULTI FAMILY RESIDENTIAL								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
WA Base		\$ 177.12	WA Base		\$ 185.98	WA Base		\$ 215.46
All Use	2,294	\$ 36.73	All Use	2,294	\$ 38.56	All Use	2,294	\$ 44.69
<b>Total</b>		<b>\$ 213.85</b>	<b>Total</b>		<b>\$ 224.54</b>	<b>Total</b>		<b>\$ 260.15</b>
								<b>\$ 46.30</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
WA Base		\$ 177.12	WA Base		\$ 185.98	WA Base		\$ 215.46
All Use	6,190	\$ 99.10	All Use	6,190	\$ 104.05	All Use	6,190	\$ 120.58
<b>Total</b>		<b>\$ 276.22</b>	<b>Total</b>		<b>\$ 290.03</b>	<b>Total</b>		<b>\$ 336.04</b>
								<b>\$ 59.82</b>
HIGH USER			HIGH USER			HIGH USER		
WA Base		\$ 177.12	WA Base		\$ 185.98	WA Base		\$ 215.46
All Use	36,330	\$ 581.64	All Use	36,330	\$ 610.71	All Use	36,330	\$ 707.71
<b>Total</b>		<b>\$ 758.76</b>	<b>Total</b>		<b>\$ 796.69</b>	<b>Total</b>		<b>\$ 923.17</b>
								<b>\$ 164.41</b>
Base charge for water is based on a 1.5" Turbo meter								
Water use is based on the 4 year summary average use								

MULTI FAMILY RESIDENTIAL 2 UNITS								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
SWR Base		\$ 70.68	SWR Base		\$ 70.68	SWR Base		\$ 81.88
All Use	891	\$ 27.10	All Use	891	\$ 27.10	All Use	891	\$ 31.40
<b>Total</b>		<b>\$ 97.78</b>	<b>Total</b>		<b>\$ 97.78</b>	<b>Total</b>		<b>\$ 113.28</b>
								<b>\$ 15.50</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 70.68	SWR Base		\$ 70.68	SWR Base		\$ 81.88
All Use	1,739	\$ 52.88	All Use	1,739	\$ 52.88	All Use	1,739	\$ 61.28
<b>Total</b>		<b>\$ 123.56</b>	<b>Total</b>		<b>\$ 123.56</b>	<b>Total</b>		<b>\$ 143.16</b>
								<b>\$ 19.60</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 70.68	SWR Base		\$ 70.68	SWR Base		\$ 81.88
All Use	3,605	\$ 109.63	All Use	3,605	\$ 109.63	All Use	3,605	\$ 127.04
<b>Total</b>		<b>\$ 180.31</b>	<b>Total</b>		<b>\$ 180.31</b>	<b>Total</b>		<b>\$ 208.92</b>
								<b>\$ 28.61</b>

SWR use based on 2015 units on multi family sewer wqa

MULTI FAMILY RESIDENTIAL 8 UNITS								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
SWR Base		\$ 282.72	SWR Base		\$ 282.72	SWR Base		\$ 327.52
All Use	5,035	\$ 153.11	All Use	5,035	\$ 153.11	All Use	5,035	\$ 177.43
<b>Total</b>		<b>\$ 435.83</b>	<b>Total</b>		<b>\$ 435.83</b>	<b>Total</b>		<b>\$ 504.95</b>
								<b>\$ 69.12</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 282.72	SWR Base		\$ 282.72	SWR Base		\$ 327.52
All Use	7,490	\$ 227.77	All Use	7,490	\$ 227.77	All Use	7,490	\$ 263.95
<b>Total</b>		<b>\$ 510.49</b>	<b>Total</b>		<b>\$ 510.49</b>	<b>Total</b>		<b>\$ 591.47</b>
								<b>\$ 80.98</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 282.72	SWR Base		\$ 282.72	SWR Base		\$ 327.52
All Use	9,021	\$ 274.33	All Use	9,021	\$ 274.33	All Use	9,021	\$ 317.90
<b>Total</b>		<b>\$ 557.05</b>	<b>Total</b>		<b>\$ 557.05</b>	<b>Total</b>		<b>\$ 645.42</b>
								<b>\$ 88.37</b>

SWR use based on 2015 units on multi family sewer wqa

MULTI FAMILY RESIDENTIAL 12 UNITS								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
SWR Base		\$ 424.08	SWR Base		\$ 424.08	SWR Base		\$ 491.28
All Use	6,096	\$ 185.38	All Use	6,096	\$ 185.38	All Use	6,096	\$ 214.82
<b>Total</b>		<b>\$ 609.46</b>	<b>Total</b>		<b>\$ 609.46</b>	<b>Total</b>		<b>\$ 706.10</b>
								<b>\$ 96.64</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 424.08	SWR Base		\$ 424.08	SWR Base		\$ 491.28
All Use	8,569	\$ 260.58	All Use	8,569	\$ 260.58	All Use	8,569	\$ 301.97
<b>Total</b>		<b>\$ 684.66</b>	<b>Total</b>		<b>\$ 684.66</b>	<b>Total</b>		<b>\$ 793.25</b>
								<b>\$ 108.59</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 424.08	SWR Base		\$ 424.08	SWR Base		\$ 491.28
All Use	12,397	\$ 376.99	All Use	12,397	\$ 376.99	All Use	12,397	\$ 436.87
<b>Total</b>		<b>\$ 801.07</b>	<b>Total</b>		<b>\$ 801.07</b>	<b>Total</b>		<b>\$ 928.15</b>
								<b>\$ 127.08</b>

SWR use based on 2015 units on multi family sewer wqa

AGRICULTURAL								
CURRENT			2016		BI-MONTHLY DIFFERENCE	2020		BI-MONTHLY DIFFERENCE
<b>LOW USER</b>			<b>LOW USER</b>			<b>LOW USER</b>		
WA Base		\$ 49.93	WA Base	\$ 52.43		WA Base	\$ 60.74	
All Use	18,835	\$ 21.10	All Use	18,835	\$ 22.23	All Use	18,835	\$ 25.80
<b>Total</b>		<b>\$ 71.03</b>	<b>Total</b>		<b>\$ 74.66</b>	<b>Total</b>		<b>\$ 86.54</b>
								<b>\$ 15.51</b>
<b>MEDIUM USER</b>			<b>MEDIUM USER</b>			<b>MEDIUM USER</b>		
WA Base		\$ 49.93	WA Base	\$ 52.43		WA Base	\$ 60.74	
All Use	73,751	\$ 82.60	All Use	73,751	\$ 87.03	All Use	73,751	\$ 101.04
<b>Total</b>		<b>\$ 132.53</b>	<b>Total</b>		<b>\$ 139.46</b>	<b>Total</b>		<b>\$ 161.78</b>
								<b>\$ 29.25</b>
<b>HIGH USER</b>			<b>HIGH USER</b>			<b>HIGH USER</b>		
WA Base		\$ 49.93	WA Base	\$ 52.43		WA Base	\$ 60.74	
All Use	332,533	\$ 372.44	All Use	332,533	\$ 392.39	All Use	332,533	\$ 455.57
<b>Total</b>		<b>\$ 422.37</b>	<b>Total</b>		<b>\$ 444.82</b>	<b>Total</b>		<b>\$ 516.31</b>
								<b>\$ 93.94</b>
Base charge for water is based on a 2.0" Turbo meter								
Water use is based on the 4 year summary average use								

RECREATIONAL TURF			2016			BI-MONTHLY DIFFERENCE		2020			BI-MONTHLY DIFFERENCE	
CURRENT			2016			BI-MONTHLY DIFFERENCE		2020			BI-MONTHLY DIFFERENCE	
LOW USER			LOW USER					LOW USER				
WA Base		\$ 198.23	WA Base		\$ 208.14			WA Base		\$ 241.13		
All Use	12,343	\$ 197.61	All Use	12,343	\$ 207.49			All Use	12,343	\$ 240.44		
<b>Total</b>		<b>\$ 395.84</b>	<b>Total</b>		<b>\$ 415.63</b>		<b>\$ 19.79</b>	<b>Total</b>		<b>\$ 481.57</b>		<b>\$ 85.73</b>
MEDIUM USER			MEDIUM USER					MEDIUM USER				
WA Base		\$ 198.23	WA Base		\$ 208.14			WA Base		\$ 241.13		
All Use	51,140	\$ 818.75	All Use	51,140	\$ 859.66			All Use	51,140	\$ 996.21		
<b>Total</b>		<b>\$ 1,016.98</b>	<b>Total</b>		<b>\$ 1,067.80</b>		<b>\$ 50.82</b>	<b>Total</b>		<b>\$ 1,237.34</b>		<b>\$ 220.36</b>
HIGH USER			HIGH USER					HIGH USER				
WA Base		\$ 198.23	WA Base		\$ 208.14			WA Base		\$ 241.13		
All Use	206,169	\$ 3,300.77	All Use	206,169	\$ 3,465.70			All Use	206,169	\$ 4,016.17		
<b>Total</b>		<b>\$ 3,499.00</b>	<b>Total</b>		<b>\$ 3,673.84</b>		<b>\$ 174.84</b>	<b>Total</b>		<b>\$ 4,257.30</b>		<b>\$ 758.30</b>
Base charge for water is based on a 2" Turbo meter												
Water use is based on the 4 year summary average use												

RECYCLED RECREATIONAL TURF			2016			BI-MONTHLY DIFFERENCE		2020			BI-MONTHLY DIFFERENCE	
CURRENT			2016			BI-MONTHLY DIFFERENCE		2020			BI-MONTHLY DIFFERENCE	
LOW USER			LOW USER					LOW USER				
RC Base		\$ 112.51	RC Base		\$ 118.14			RC Base		\$ 136.87		
All Use	163,822	\$ 1,693.92	All Use	163,822	\$ 1,779.11			All Use	163,822	\$ 2,062.52		
<b>Total</b>		<b>\$ 1,806.43</b>	<b>Total</b>		<b>\$ 1,897.25</b>		<b>\$ 90.82</b>	<b>Total</b>		<b>\$ 2,199.39</b>		<b>\$ 392.96</b>
MEDIUM USER			MEDIUM USER					MEDIUM USER				
RC Base		\$ 112.51	RC Base		\$ 118.14			RC Base		\$ 136.87		
All Use	399,768	\$ 4,133.60	All Use	399,768	\$ 4,341.48			All Use	399,768	\$ 5,033.08		
<b>Total</b>		<b>\$ 4,246.11</b>	<b>Total</b>		<b>\$ 4,459.62</b>		<b>\$ 213.51</b>	<b>Total</b>		<b>\$ 5,169.95</b>		<b>\$ 923.84</b>
HIGH USER			HIGH USER					HIGH USER				
RC Base		\$ 112.51	RC Base		\$ 118.14			RC Base		\$ 136.87		
All Use	4,553,072	\$ 47,078.76	All Use	4,553,072	\$ 49,446.36			All Use	4,553,072	\$ 57,323.18		
<b>Total</b>		<b>\$ 47,191.27</b>	<b>Total</b>		<b>\$ 49,564.50</b>		<b>\$ 2,373.23</b>	<b>Total</b>		<b>\$ 57,460.05</b>		<b>\$ 10,268.78</b>
Base charge for water is based on a 2" Turbo meter												
Water use is based on the 4 year summary average use												

COMMERCIAL LANDSCAPE WATER								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	22,188	\$ 355.23	All Use	22,188	\$ 372.98	All Use	22,188	\$ 432.22
<b>Total</b>		<b>\$ 441.19</b>	<b>Total</b>		<b>\$ 463.24</b>	<b>Total</b>		<b>\$ 536.79</b>
								<b>\$ 95.60</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	94,520	\$ 1,513.27	All Use	94,520	\$ 1,588.88	All Use	94,520	\$ 1,841.25
<b>Total</b>		<b>\$ 1,599.23</b>	<b>Total</b>		<b>\$ 1,679.14</b>	<b>Total</b>		<b>\$ 1,945.82</b>
								<b>\$ 346.59</b>
HIGH USER			HIGH USER			HIGH USER		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	374,917	\$ 6,002.42	All Use	374,917	\$ 6,302.35	All Use	374,917	\$ 7,303.38
<b>Total</b>		<b>\$ 6,088.38</b>	<b>Total</b>		<b>\$ 6,392.61</b>	<b>Total</b>		<b>\$ 7,407.95</b>
								<b>\$ 1,319.57</b>
Base charge for water is based on a 1.00" meter								

COMMERCIAL LANDSCAPE RECYCLED WATER								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
WA Base		\$ 74.04	WA Base		\$ 77.74	WA Base		\$ 90.07
All Use	36,338	\$ 317.96	All Use	36,338	\$ 333.95	All Use	36,338	\$ 387.00
<b>Total</b>		<b>\$ 392.00</b>	<b>Total</b>		<b>\$ 411.69</b>	<b>Total</b>		<b>\$ 477.07</b>
								<b>\$ 85.07</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
WA Base		\$ 74.04	WA Base		\$ 77.74	WA Base		\$ 90.07
All Use	148,459	\$ 1,299.02	All Use	148,459	\$ 1,364.34	All Use	148,459	\$ 1,581.09
<b>Total</b>		<b>\$ 1,373.06</b>	<b>Total</b>		<b>\$ 1,442.08</b>	<b>Total</b>		<b>\$ 1,671.16</b>
								<b>\$ 298.10</b>
HIGH USER			HIGH USER			HIGH USER		
WA Base		\$ 74.04	WA Base		\$ 77.74	WA Base		\$ 90.07
All Use	497,015	\$ 4,348.88	All Use	497,015	\$ 4,567.57	All Use	497,015	\$ 5,293.21
<b>Total</b>		<b>\$ 4,422.92</b>	<b>Total</b>		<b>\$ 4,645.31</b>	<b>Total</b>		<b>\$ 5,383.28</b>
								<b>\$ 960.36</b>
Base charge for water is based on a 1.50" meter								

COMMERCIAL WATER								
CURRENT			2016			BI-MONTHLY DIFFERENCE		
LOW USER			LOW USER			2020		
						BI-MONTHLY DIFFERENCE		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	5,134	\$ 82.20	All Use	5,134	\$ 86.30	All Use	5,134	\$ 100.01
<b>Total</b>		<b>\$ 168.16</b>	<b>Total</b>		<b>\$ 176.56</b>	<b>Total</b>		<b>\$ 204.58</b>
								<b>\$ 36.42</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	24,616	\$ 394.10	All Use	24,616	\$ 413.79	All Use	24,616	\$ 479.52
<b>Total</b>		<b>\$ 480.06</b>	<b>Total</b>		<b>\$ 504.05</b>	<b>Total</b>		<b>\$ 584.09</b>
								<b>\$ 104.03</b>
HIGH USER			HIGH USER			HIGH USER		
WA Base		\$ 85.96	WA Base		\$ 90.26	WA Base		\$ 104.57
All Use	167,310	\$ 2,678.63	All Use	167,310	\$ 2,812.48	All Use	167,310	\$ 3,259.20
<b>Total</b>		<b>\$ 2,764.59</b>	<b>Total</b>		<b>\$ 2,902.74</b>	<b>Total</b>		<b>\$ 3,363.77</b>
								<b>\$ 599.18</b>
Base charge for water is based on a 1" meter								

**El Dorado Irrigation District - Commercial Wastewater Classifications****Commercial Low-Strength Classification Athletic/fitness clubs Barber/beauty shop**

Fitness clubs  
 Beauty shop  
 Business equipment rental  
 Business services - other  
 Car wash  
 Church - no kitchen  
 Community center/country club - no kitchen  
 Film lab  
 General merchandise - retail/wholesale  
 Laboratories commercial/industrial  
 Laundromat - coin, public  
 Malls/department stores (no food services)  
 Manufacturing - other  
 Market (no butcher, no baker, no grinder)  
 Mortuary  
 Nursery/greenhouse  
 Office medical supplies  
 Office with and without public access  
 Parks, public and private  
 Photo and portrait studios  
 Retail package food (no food disposal to sewer)  
 Schools  
 Storage warehouse  
 Theater/auditorium (no food)

**Commercial Medium/Low-Strength Classification**

Auto repair - no steam cleaning  
 Auto service station - no steam cleaning  
 Auto washing and polishing  
 Auto/vehicle sales  
 Bar without restaurant  
 Convalescent homes  
 Hospital  
 Hotel - no restaurant  
 Laundromat - commercial  
 Manufacturing - electric/electronic equipment  
 Manufacturing - rubber/plastic products  
 Meat packers  
 Other health services  
 Repair services - miscellaneous  
 Restaurant - preprocessed only



Theater/Auditorium (with food)

**Commercial Medium-Strength Classification**

Hotel (with restaurant)  
 Malls/shopping (including food sales)  
 Manufacturing - lumber and wood products  
 Manufacturing - machine shops/metal industry  
 Manufacturing - paint  
 Manufacturing - stone, clay, glass products  
 Reproduction/Mailing service

**Commercial Medium/High-Strength Classification**

Bakery/Donuts  
 Cafes and Ice Creams  
 Catering  
 Grocery (with butcher, baker, grinder)  
 Manufacturing - baked foods, wholesale  
 Manufacturing -beverages  
 Mortuary (with embalming)  
 Restaurant/Bar (with food preparation)

**Commercial High-Strength Classification**

Manufacturing - dairy products  
 Manufacturing - paper pulp products  
 Steam cleaning - auto  
 Wineries

**Number of accounts by category-**

Low strength	515
Low medium strength	181
Medium strength	101
Medium high strength	36
High strength	0

COMMERCIAL LOW								
CURRENT			2016		BI-MONTHLY DIFFERENCE	2020		BI-MONTHLY DIFFERENCE
LOW USER			LOW USER			LOW USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	5,134	\$ 228.87	All Use	5,134	\$ 228.87	All Use	5,134	\$ 265.12
<b>Total</b>		<b>\$ 305.78</b>	<b>Total</b>		<b>\$ 305.78</b>	<b>Total</b>		<b>\$ 354.23</b>
								<b>\$ 48.45</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	24,616	\$ 1,097.38	All Use	24,616	\$ 1,097.38	All Use	24,616	\$ 1,271.17
<b>Total</b>		<b>\$ 1,174.29</b>	<b>Total</b>		<b>\$ 1,174.29</b>	<b>Total</b>		<b>\$ 1,360.28</b>
								<b>\$ 185.99</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	167,310	\$ 7,458.68	All Use	167,310	\$ 7,458.68	All Use	167,310	\$ 8,639.89
<b>Total</b>		<b>\$ 7,535.59</b>	<b>Total</b>		<b>\$ 7,535.59</b>	<b>Total</b>		<b>\$ 8,729.00</b>
								<b>\$ 1,193.41</b>
Base charge for water is based on a 1" meter								

COMMERCIAL MED-LOW								
CURRENT			2016		BI-MONTHLY DIFFERENCE	2020		BI-MONTHLY DIFFERENCE
LOW USER			LOW USER			LOW USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	5,134	\$ 329.76	All Use	5,134	\$ 329.76	All Use	5,134	\$ 382.02
<b>Total</b>		<b>\$ 406.67</b>	<b>Total</b>		<b>\$ 406.67</b>	<b>Total</b>		<b>\$ 471.13</b>
								<b>\$ 64.46</b>
MEDIUM USER			MEDIUM USER			MEDIUM USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	24,616	\$ 1,581.09	All Use	24,616	\$ 1,581.09	All Use	24,616	\$ 1,831.68
<b>Total</b>		<b>\$ 1,658.00</b>	<b>Total</b>		<b>\$ 1,658.00</b>	<b>Total</b>		<b>\$ 1,920.79</b>
								<b>\$ 262.79</b>
HIGH USER			HIGH USER			HIGH USER		
SWR Base		\$ 76.91	SWR Base	\$ 76.91		SWR Base	\$ 89.11	
All Use	167,310	\$ 10,746.32	All Use	167,310	\$ 10,746.32	All Use	167,310	\$ 12,449.54
<b>Total</b>		<b>\$ 10,823.23</b>	<b>Total</b>		<b>\$ 10,823.23</b>	<b>Total</b>		<b>\$ 12,538.65</b>
								<b>\$ 1,715.42</b>
Base charge for water is based on a 1" meter								

COMMERCIAL MED													
CURRENT				2016				BI-MONTHLY DIFFERENCE					
LOW USER				LOW USER				2020					
								BI-MONTHLY DIFFERENCE					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	5,134	\$	491.73	All Use	5,134	\$	491.73	All Use	5,134	\$	569.67		
Total		\$	568.64	Total		\$	568.64	Total		\$	658.78		\$ 90.14
<b>MEDIUM USER</b>				<b>MEDIUM USER</b>				<b>MEDIUM USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	24,616	\$	2,357.72	All Use	24,616	\$	2,357.72	All Use	24,616	\$	2,731.39		
Total		\$	2,434.63	Total		\$	2,434.63	Total		\$	2,820.50		\$ 385.87
<b>HIGH USER</b>				<b>HIGH USER</b>				<b>HIGH USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	167,310	\$	16,024.95	All Use	167,310	\$	16,024.95	All Use	167,310	\$	18,564.72		
Total		\$	16,101.86	Total		\$	16,101.86	Total		\$	18,653.83		\$ 2,551.97
Base charge for water is based on a 1" meter													

COMMERCIAL MED-HI													
CURRENT				2016				BI-MONTHLY DIFFERENCE					
LOW USER				LOW USER				2020					
								BI-MONTHLY DIFFERENCE					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	5,134	\$	764.86	All Use	5,134	\$	764.86	All Use	5,134	\$	886.13		
Total		\$	841.77	Total		\$	841.77	Total		\$	975.24		\$ 133.47
<b>MEDIUM USER</b>				<b>MEDIUM USER</b>				<b>MEDIUM USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	24,616	\$	3,667.29	All Use	24,616	\$	3,667.29	All Use	24,616	\$	4,248.72		
Total		\$	3,744.20	Total		\$	3,744.20	Total		\$	4,337.83		\$ 593.63
<b>HIGH USER</b>				<b>HIGH USER</b>				<b>HIGH USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	167,310	\$	24,925.84	All Use	167,310	\$	24,925.84	All Use	167,310	\$	28,877.71		
Total		\$	25,002.75	Total		\$	25,002.75	Total		\$	28,966.82		\$ 3,964.07
Base charge for water is based on a 1" meter													

COMMERCIAL HI													
CURRENT				2016				BI-MONTHLY DIFFERENCE					
LOW USER				LOW USER				2020					
								BI-MONTHLY DIFFERENCE					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	5,134	\$	1,666.14	All Use	5,134	\$	1,666.14	All Use	5,134	\$	1,930.23		
Total		\$	1,743.05	Total		\$	1,743.05	Total		\$	2,019.34		\$ 276.29
<b>MEDIUM USER</b>				<b>MEDIUM USER</b>				<b>MEDIUM USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	24,616	\$	7,988.63	All Use	24,616	\$	7,988.63	All Use	24,616	\$	9,254.88		
Total		\$	8,065.54	Total		\$	8,065.54	Total		\$	9,343.99		\$ 1,278.45
<b>HIGH USER</b>				<b>HIGH USER</b>				<b>HIGH USER</b>					
SWR Base		\$	76.91	SWR Base		\$	76.91	SWR Base		\$	89.11		
All Use	167,310	\$	54,297.11	All Use	167,310	\$	54,297.11	All Use	167,310	\$	62,903.54		
Total		\$	54,374.02	Total		\$	54,374.02	Total		\$	62,992.65		\$ 8,618.63
Base charge for water is based on a 1" meter													



**Consideration of the 2016  
Mid-Cycle Operating Budget  
and  
2016-2020 Financial Plan**

**El Dorado Irrigation District  
November 9, 2015**

# Presentation Summary

- **Previous Board Action**
- **Board Policies/Administrative Regulations**
- **Summary of Issues**
- **Staff Analysis/Evaluation**
- **Board Discussion/Guidance**

# Previous Board Action

- **Mar. 20, 2000:** Board adopted a multi-year operating budget process
- **December 8, 2014:** Board adopted the 2015-2016 operating budget in the amount of \$45.482 million for 2015 and \$46.310 for 2016 and the 2015-2019 Financial Plan using 0, 5, 5, 4, 3 % annual rate increases for the water and recycled water utilities and 0, 0, 5, 4, 3% annual rate increases for the wastewater utility (Scenario 3)
- **October 26, 2015:** The Board held a workshop on the update to the 2016 mid-cycle operating budget and the 2016-2020 financial plan

# Board Policy/Administrative Regulations

- **BP 3010: Board shall adopt a two-year operating budget and may modify it prior to the end of the year. It is the responsibility of the General Manager to inform the Board about financial operations of the District so the Board can make informed decisions and fully discharge its legal responsibilities in a fiscally sound manner.**

# Board Policy/Administrative Regulations

- **AR 3011**: It is the responsibility of the General Manager to develop the budget based on the priorities and needs of the District and its customers.
- Responsibility for overseeing the budget development process is assigned to the Director of Finance.



# Board Policy/Administrative Regulations

- **AR 3012: Purpose of 5-Year Financial Plan**
  - Establishes the cost of funding required to meet the District's mission of providing high quality of services in a fiscally responsible manner for:
    - Operations and maintenance
    - Capital expenditures
    - Debt expenses
  - Meet requirements of District's outstanding debt obligations to the bondholders

# Summary of Issues

- **Staff analysis/evaluation**
- **2015–2016 revenue projections**
- **2015–2016 operating budget expense projections**
- **Debt service coverage**
- **2016-2020 five-year forecast**
- **Projected cash reserve balances**

# Staff Analysis/Evaluation

- **2016 Operating Budget Considerations**

- 2015 Revenue projection changes from 2015 adopted budget:

- Water revenues lower by \$2.4 million
- Wastewater revenues on track to forecast
- Hydro revenues lower by \$0.5 million
- FCCs revenue higher by \$7.1 million from budget
- Property tax revenue is \$0.5 million higher
- Recreation income higher by \$0.2 million
- Water transfer income is \$1.8 million

- Keep operating expenses near the 2% growth rate included in the 2015-2019 adopted financial forecast



# **2015-2016 Revenue Projections**



# Revisions to Projected Revenues for 2016

- Water revenues revised to reflect 2014 charges increased by 5% but a reduction from original budget of about \$0.94 million
- Wastewater revenues up \$0.22 million reflecting growth
- Recycled water revenues remain the same
- Property tax revenues revised upward approximately 4% over 2015 or \$0.40 million
- Recreation income 2% growth over projected 2015 income or \$0.23 million over original 2016 budget
- All remaining revenues to stay the same as originally adopted in the 2016 budget

# Revisions to Projected Revenues for 2016

(Continued)

- Water revenues also include revision for
  - Small Farm and Agricultural with Residence rates to add Tier 2 potable charge
  - Net revenues to increase - \$155,000

# Revenues for 2015-2016

(in millions)

	2015 Adopted Budget	2015 Revised Projections	2016 Adopted Budget	2016 Revised Budget
Water Sales and Services <sup>(1)</sup>	\$ 27.892	\$ 25.500	\$ 29.287	\$ 28.350
Wastewater Sales and Services	19.635	19.635	19.635	19.856
Recycled Water Sales <sup>(1)</sup>	1.560	1.560	1.638	1.638
Hydropower Sales	5.000	4.500	8.000	8.000
Investment Income	0.550	0.550	0.750	0.750
FCCs	5.000	12.085	5.000	5.000
Debt Surcharges	1.979	1.979	1.979	1.979
Property Tax	9.955	10.500	10.154	10.900
Other Income	2.006	3.806	2.006	2.006
Recreation	1.102	1.330	1.125	1.357
<b>Total</b>	<b>\$ 74.679</b>	<b>\$ 81.445</b>	<b>\$ 79.574</b>	<b>\$79.836</b>

<sup>(1)</sup> 2016 projections include a 5% rate increase for water and recycled water rates and 0% for wastewater as previously included in the 2015-2019 financial plan and a minor revenue adjustment for a change in Tier 2 pricing for Small Farm and Agricultural users with a residence who will pay the same as Single Family Residences through Tier 2

# **Operating Budget Development Process**





# Revised 2016 Budget Development Approach

- **12/31/15 Projected Year End Expenditures**
  - Projections based on:
    - 2015 actual expenditures as of July 31, annualized and adjusted for known differences
    - August and September budget status reports
- **2016 Revised Proposed Operating Budget**
  - Revised budget not to exceed 2% of 2015 budget
  - Personnel and material/service items to maintain current service levels

# Budget Development Approach

- **2016-2017 Proposed Operating Budget**
  - 2016 proposed budget is 2.35% higher than the adopted 2015 budget (about \$160,000 higher than 2%)
  - 2016 proposed budget is 4.2% higher than 2009 adopted budget (Consumer Price Index (CPI) change from 1/1/09 to 12/31/14=11.7%)

# Budget Development Approach

- **2016-2017 Proposed Operating Budget (con't)**
  - Drivers for the 2.35% growth
    - Merit increases \$250,000
    - Retiree health insurance increase \$330,000
    - Electrical costs \$380,000
    - Bank card charges \$75,000
    - Software license fees \$75,000
    - Insurance \$140,000
  - Staffing of 216 FTEs continues in the budget (represents an almost 30% reduction since January 1, 2008 of 306)



# **2015-2016 Operating Budget Expense Projections**



# 2015-2016 Operating Budget Expenses by Expense Type

(in millions)

	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Adopted Budget</b>	<b>2016 Revised Budget</b>
Salaries	\$ 17.694	\$ 17.876	\$ 18.048	\$ 17.936
Benefits (Table 4)	11.186	11.564	11.410	11.555
Salaries and Benefits	<b>28.880</b>	<b>29.440</b>	<b>29.458</b>	<b>29.491</b>
CIP and Development Reimbursement Labor Offsets	(2.500)	(2.782)	(2.550)	(2.833)
Net personnel expense	<b>26.380</b>	<b>26.658</b>	<b>26.908</b>	<b>26.658</b>
Materials and Services				
-Operating Supplies	3.325	3.410	3.393	3.524
-Chemicals	1.050	0.778	1.071	0.896
-Administration	3.099	2.674	3.161	3.427
-Utilities	4.224	3.941	4.308	4.601
-Professional Services	3.347	3.824	3.414	3.546
-Repair Services	1.333	1.158	1.360	1.047
-Insurance	0.785	0.830	0.801	0.922
-Operating Capital Outlay	0.331	0.297	0.336	0.322
-Contingency	0.500	0.000	0.510	0.500
Total Materials and Services	<b>17.994</b>	<b>16.912</b>	<b>18.354</b>	<b>18.785</b>
<b>Subtotal All</b>	<b>44.374</b>	<b>43.570</b>	<b>45.262</b>	<b>45.443</b>
Letter of Credit Fee	1.108	1.108	1.108	1.108
<b>Total Expenses</b>	<b>\$ 45.482</b>	<b>\$ 44.678</b>	<b>\$ 46.370</b>	<b>\$ 46.551</b>

# 2015-2016 Operating Budget by Department

(in millions)

<b>Departments</b>	<b>2015 Adopted Budget</b>	<b>2015 Revised Projections</b>	<b>2016 Adopted Budget</b>	<b>2016 Revised Proposed Budget</b>
Office of the General Manager	\$ 3.104	\$ 2.369	\$ 3.165	\$ 3.124
Communications / Community Relations	0.418	0.472	0.427	0.433
Finance	7.000	6.434	7.135	6.659
Human Resources	1.973	2.150	2.013	2.260
Information Technology	2.082	2.159	2.124	2.151
Engineering				
-Engineering Administration	0.362	0.369	0.369	0.372
-Development Service	0.000	0.199	0.000	0.270
-Water / Hydro Engineering	0.182	0.048	0.185	0.016
-Wastewater / Recycled Engineering	0.277	0.258	0.283	0.249
-Drafting/GIS Services	0.383	0.393	0.391	0.390
-Construction Inspection	0.186	0.183	0.190	0.153
-Environmental Compliance	1.265	1.323	1.291	1.299
Operations				
-Administration	0.520	0.379	0.531	0.523
-Water Operations	10.961	11.064	11.183	11.227
-Wastewater Operations	10.475	10.501	10.685	10.808
-Recycled Water Operations	0.519	0.411	0.530	0.473
-Hydroelectric Operations	3.354	3.592	3.421	3.652
-Recreation Operations	1.313	1.266	1.339	1.384
<b>Subtotal</b>	<b>44.374</b>	<b>43.570</b>	<b>45.262</b>	<b>45.443</b>
Letter of Credit Fee	1.108	1.108	1.108	1.108
<b>Total Expenses</b>	<b>\$ 45.482</b>	<b>\$ 44.678</b>	<b>\$ 46.370</b>	<b>\$ 46.551</b>

# 2015 – 2016 Employee Benefits by Type

(in millions)

	2015 Adopted Budget	2015 Revised Projections	2016 Adopted Budget	2017 Revised Proposed Budget
Medical	\$ 3.426	\$ 3.440	\$ 3.495	\$ 3.550
Retiree Health	1.010	1.011	1.030	1.331
Dental	0.297	0.336	0.303	0.356
Vision	0.038	0.042	0.039	0.042
EAP	0.006	0.007	0.006	0.006
Life	0.043	0.045	0.044	0.043
Workers' Compensation	0.384	0.418	0.392	0.293
FICA	1.307	1.368	1.333	1.325
PERS	4.545	4.745	4.636	4.515
Wellness	0.060	0.038	0.061	0.040
Vehicle Allowance	0.036	0.041	0.037	0.030
Other Employee Costs	0.034	0.073	0.034	0.024
<b>Total</b>	<b>\$ 11.186</b>	<b>\$ 11.564</b>	<b>\$ 11.410</b>	<b>\$ 11.555</b>

# Debt Service Coverage





# 2015-2016 Debt Service Coverage

(in millions)

	2015 Adopted Budget	2015 Revised Projection	2016 Adopted Budget	2016 Revised Proposed Budget
Estimated Revenues	\$ 74.679	\$ 81.445	\$ 79.574	\$ 79.836
Estimated Operating Expenses	(45.482)	(44.678)	(46.370)	(46.551)
Net Revenues	29.197	36.767	33.204	33.285
State Loans (preexisting)	1.079	1.079	1.079	1.079
Available Net Revenues	28.118	35.688	32.125	32.206
Debt Service <sup>(1)</sup>	17.718	15.504	18.765	16.628
Debt Service Ratio	1.59	2.30	1.71	1.94
Internal (1.0) Debt Service Ratio <sup>(2)</sup>	1.30	1.52	1.45	1.64

<sup>(1)</sup>Proposed budgets for 2016 assume the prepayment on the following year's maturing debt of \$3 million. The District's prepayment in 2015 will reduce the debt service in 2016 by \$3 million.

<sup>(2)</sup>Internal 1.0 test is based upon Available net revenues being equal to, or greater than, the debt service in a given year. Being equal to would be  $(\text{available net revenues})/(\text{debt service})=1.00$  (District goal = 1.25-1.50x)

# Debt Service Coverage

## FY 2004-2014

(in millions)

Year	Net Revenues	Debt Service	Coverage	FCCs	Coverage if FCCs Excluded
2004	10.312	11.435	0.90	9.835	0.04
2005	18.578	11.624	1.60	15.884	0.23
2006	36.284	15.561	2.33	11.470	1.59
2007	27.349	15.276	1.79	15.237	0.79
2008	25.919	17.792	1.46	11.453	0.81
2009	12.125	14.755	0.82	1.099	0.75
2010	22.224	16.133	1.40	0.577	1.37
2011	32.888	19.865	1.69	2.773	1.55
2012	27.681	17.777	1.59	2.301	1.46
2013	35.886	16.406	2.27	5.453	1.92
2014	29.301	15.189	1.93	4.543	1.63

# Financial Plan



# 5-Year Financial Plan

- November 2014 5-Year Financial Plan Workshop
  - Financial objectives were established so a plan must:
    - Generate adequate revenues to fund operating costs, pay debt, meet debt covenants and maintain adequate reserves
    - Maintain current service and reliability levels for ratepayers
    - Avoid customer “rate shock”
    - Maintain strong credit ratings
    - Maintain CIP funding levels to timely replace critical assets to avoid failures
    - Maintain strong debt coverage ratios (covenant and internal tests)

# 5-Year Financial Plan

- November 2014 5-Year Financial Plan Workshop
  - 5 scenarios presented
    - Scenario 3 unanimously adopted for the 2015-2019 financial plan reflecting 0, 5, 5, 4, 3 % annual rate increases for the water and recycled water utilities, a 0, 0, 5, 4, 3% annual rate increases for the wastewater utility and a water only bond sale of \$46 million
    - Annual Rate increases needed
      - To meet increasing debt payments beginning in 2017 as planned
      - Create the necessary revenue to service the new bond issue included in the plan
      - Meet annual operating expense increases related to inflation and legal requirements

# 5-Year Financial Plan

- November 2014 5-Year Financial Plan Workshop
  - Water bond adjusted to \$49.3 million reflective of 2016-2020 adopted CIP plan and would be issued specifically for long lived assets
  - Debt payments to be spread over time since the assets serve current and future ratepayers
  - Debt outstanding
    - December 31, 2009 \$392 million
    - December 31, 2014 \$345 million
    - December 31, 2016 (projected with new bond) \$375 million
  - Bond proceeds specifically for:
    - Esmeralda Tunnel rehabilitation
    - Several Flume rehabilitations
    - Forebay Remediation project
    - Main Ditch Piping project
    - Sly Park Intertie

# 5-Year Financial Plan 2016-2020

## Projected Rate Increases

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Avg/year
Water	5%	5%	4%	3%	3%	3.99%
Wastewater	0%	5%	4%	3%	3%	3.00%
Recycled water	5%	5%	4%	3%	3%	3.99%

Consumer Price Index for all Urban Customers-expenditure category, Water and Sewerage Maintenance, is averaging almost 6% per year over the past six years

What does the 2016 proposed rate increase for a water and dual plumbed customer mean?



# Effect of 5% rate increase on Bi-Monthly Single Family Residential Bill

SINGLE FAMILY RESIDENTIAL			5% RATE INCREASE			CHANGE TO BILL
<b>LOW USER - 1,053 cf</b>			<b>LOW USER - 1,053 cf</b>			<b>LOW USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,053	\$ 14.16	Tier 1, 0-1,800 cf	1,053	\$ 14.87	
<b>Total</b>	<b>1,053</b>	<b>\$ 69.53</b>	<b>Total</b>	<b>1,053</b>	<b>\$ 73.01</b>	<b>\$ 3.48</b>
<b>MEDIUM USER - 3,057 cf</b>			<b>MEDIUM USER - 3,057 cf</b>			<b>MEDIUM USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,800	\$ 24.21	Tier 1, 0-1,800 cf	1,800	\$ 25.42	
Tier 2, 1,801-4,500 cf	1,257	\$ 20.40	Tier 2, 1,801-4,500 cf	1,257	\$ 21.42	
<b>Total</b>	<b>3,057</b>	<b>\$ 99.98</b>	<b>Total</b>	<b>3,057</b>	<b>\$ 104.98</b>	<b>\$ 4.99</b>
<b>HIGH USER - 7,686 cf</b>			<b>HIGH USER - 7,686 cf</b>			<b>HIGH USER</b>
WA Base		\$ 55.37	WA Base		\$ 58.14	
Tier 1, 0-1,800 cf	1,800	\$ 24.21	Tier 1, 0-1,800 cf	1,800	\$ 25.42	
Tier 2, 1,801-4,500 cf	2,700	\$ 43.82	Tier 2, 1,801-4,500 cf	2,700	\$ 46.01	
Tier 3, > 4,500 cf	3,186	\$ 60.66	Tier 3, > 4,500 cf	3,186	\$ 63.69	
<b>Total</b>	<b>7,686</b>	<b>\$ 184.06</b>	<b>Total</b>	<b>7,686</b>	<b>\$ 193.25</b>	<b>\$ 9.19</b>

All base charges are determined using the 3/4" rate

Low, medium, and high user values were determined in the 2007-2010 Combined Annual Potable Usage Summary report

# Effect of proposed water rate increases on Monthly Single Family Residential Bills

- 2016- \$2.50/mo
- 2017- \$2.62/mo
- 2017- \$2.20/mo
- 2018- \$1.71/mo
- 2019- \$1.77/mo

# Effect of 5% rate increase on Bi-Monthly Single Family Residential Dual Plumbed Bill

SINGLE FAMILY RESIDENTIAL DUAL				5% RATE INCREASE				CHANGE TO BILL
<b>LOW USER - 2,212 cf</b>				<b>LOW USER - 2,212 cf</b>				<b>LOW USER</b>
WA Base		\$	33.32	WA Base		\$	34.99	
Tier 1, 0-1,800 cf	574	\$	7.72	Tier 1, 0-1,800 cf	574	\$	8.10	
RC Base		\$	22.05	RC Base		\$	23.15	
Tier 1, 0-3,000 cf	1,638	\$	10.42	Tier 1, 0-3,000 cf	1,638	\$	10.94	
<b>Total</b>	<b>2,212</b>	<b>\$</b>	<b>73.51</b>	<b>Total</b>	<b>2,212</b>	<b>\$</b>	<b>77.19</b>	<b>\$ 3.68</b>
<b>MEDIUM USER - 4,030 cf</b>				<b>MEDIUM USER - 4,030 cf</b>				<b>MEDIUM USER</b>
WA Base		\$	33.32	WA Base		\$	34.99	
Tier 1, 0-1,800 cf	1,175	\$	15.80	Tier 1, 0-1,800 cf	1,175	\$	16.59	
RC Base		\$	22.05	RC Base		\$	23.15	
Tier 1, 0-3,000 cf	2,855	\$	18.16	Tier 1, 0-3,000 cf	2,855	\$	19.07	
Tier 2, 3,001-4,500 cf	0	\$	-	Tier 2, 3,001-4,500 cf	0	\$	-	
<b>Total</b>	<b>4,030</b>	<b>\$</b>	<b>89.33</b>	<b>Total</b>	<b>4,030</b>	<b>\$</b>	<b>93.80</b>	<b>\$ 4.47</b>
<b>HIGH USER - 7,901 cf</b>				<b>HIGH USER - 7,901 cf</b>				<b>HIGH USER</b>
WA Base		\$	33.32	WA Base		\$	34.99	
Tier 1, 0-1,800 cf	1,800	\$	24.21	Tier 1, 0-1,800 cf	1,800	\$	25.42	
Tier 2, 1,801-4,500 cf	487	\$	7.90	Tier 2	487	\$	8.30	
RC Base		\$	22.05	RC Base		\$	23.15	
Tier 1, 0-3,000 cf	3,000	\$	19.08	Tier 1, 0-3,000 cf	3,000	\$	20.04	
Tier 2, 3,001-4,500 cf	1,500	\$	16.13	Tier 2, 3,001-4,500 cf	1,500	\$	16.94	
Tier 3, > 4,500 cf	1,114	\$	18.04	Tier 3, > 4,500 cf	1,114	\$	18.94	
<b>Total</b>	<b>7,901</b>	<b>\$</b>	<b>140.72</b>	<b>Total</b>	<b>7,901</b>	<b>\$</b>	<b>147.77</b>	<b>\$ 7.04</b>

All base charges are determined using the 3/4" rate

Low, medium, and high user values were determined in the 2007-2010 Combined Annual Potable Usage Summary report

# Effect of proposed wastewater rate increases on Monthly Single Family Residential Bills

- 2016- \$0.00/mo
- 2017- \$3.35/mo
- 2018- \$2.82/mo
- 2019- \$2.20/mo
- 2020- \$2.26/mo

# Proposition 218

- Rate increases are subject to Proposition 218
- There is a written analysis included within the AIS explaining the District's rates are in compliance using a tiered rate structure using the Cost of Service materials

## 2016-2020 Five-Year Forecast (in millions)

El Dorado Irrigation District	W	5.0%	5.0%	4.0%	3.0%	3.0%
	WW	0.0%	5.0%	4.0%	3.0%	3.0%
2016-2020 forecast	RW	5.0%	5.0%	4.0%	3.0%	3.0%
		<u>Projected 2016</u>	<u>Projected 2017</u>	<u>Projected 2018</u>	<u>Projected 2019</u>	<u>Projected 2020</u>
<b>Total Debt Proceeds</b>		<b>49.3</b>	-	-	-	-
<b>Total revenues</b>		<b>79.8</b>	<b>82.8</b>	<b>84.7</b>	<b>87.4</b>	<b>89.6</b>
<b>Total maintenance and operation costs</b>		<b>46.6</b>	<b>47.5</b>	<b>48.4</b>	<b>49.3</b>	<b>50.3</b>
<b>Net revenues</b>		<b>33.2</b>	<b>35.3</b>	<b>36.3</b>	<b>38.1</b>	<b>39.3</b>
<b>Pre-existing state obligations</b>		<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>
<b>Net revenues available after pre existing obligations</b>		<b>32.1</b>	<b>34.2</b>	<b>35.2</b>	<b>37.0</b>	<b>38.2</b>
<b>Senior debt service</b>		<b>16.6</b>	<b>25.3</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>
<b>Cash Available from Current Year Activities for Capital Projects or Other Improvements</b>		<b>64.8</b>	<b>8.9</b>	<b>7.7</b>	<b>9.5</b>	<b>10.7</b>
<b>Cash balance - January 1</b>		<b>72.9</b>	<b>117.9</b>	<b>101.7</b>	<b>84.5</b>	<b>76.4</b>
<b>Total Cash Available for Capital Projects or Debt PrePayment</b>		<b>137.7</b>	<b>126.8</b>	<b>109.4</b>	<b>94.0</b>	<b>87.1</b>
<b>total CIP</b>		<b>(16.8)</b>	<b>(22.1)</b>	<b>(21.9)</b>	<b>(14.6)</b>	<b>(14.2)</b>
<b>Pre funding debt</b>		<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>	<b>(3.0)</b>
<b>Cash balance - December 31</b>		<b>117.9</b>	<b>101.7</b>	<b>84.5</b>	<b>76.4</b>	<b>69.9</b>
<b>Senior debt service coverage (1.25x test)</b>		<b>1.93</b>	<b>1.35</b>	<b>1.28</b>	<b>1.35</b>	<b>1.39</b>
<b>Alternative senior debt coverage</b>						
Total FCCs in revenue above		<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
\$\$\$ of FCCs removed from calculation		<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b>Potential senior debt coverage (1.0x test)</b>		<b>1.63</b>	<b>1.15</b>	<b>1.10</b>	<b>1.16</b>	<b>1.21</b>

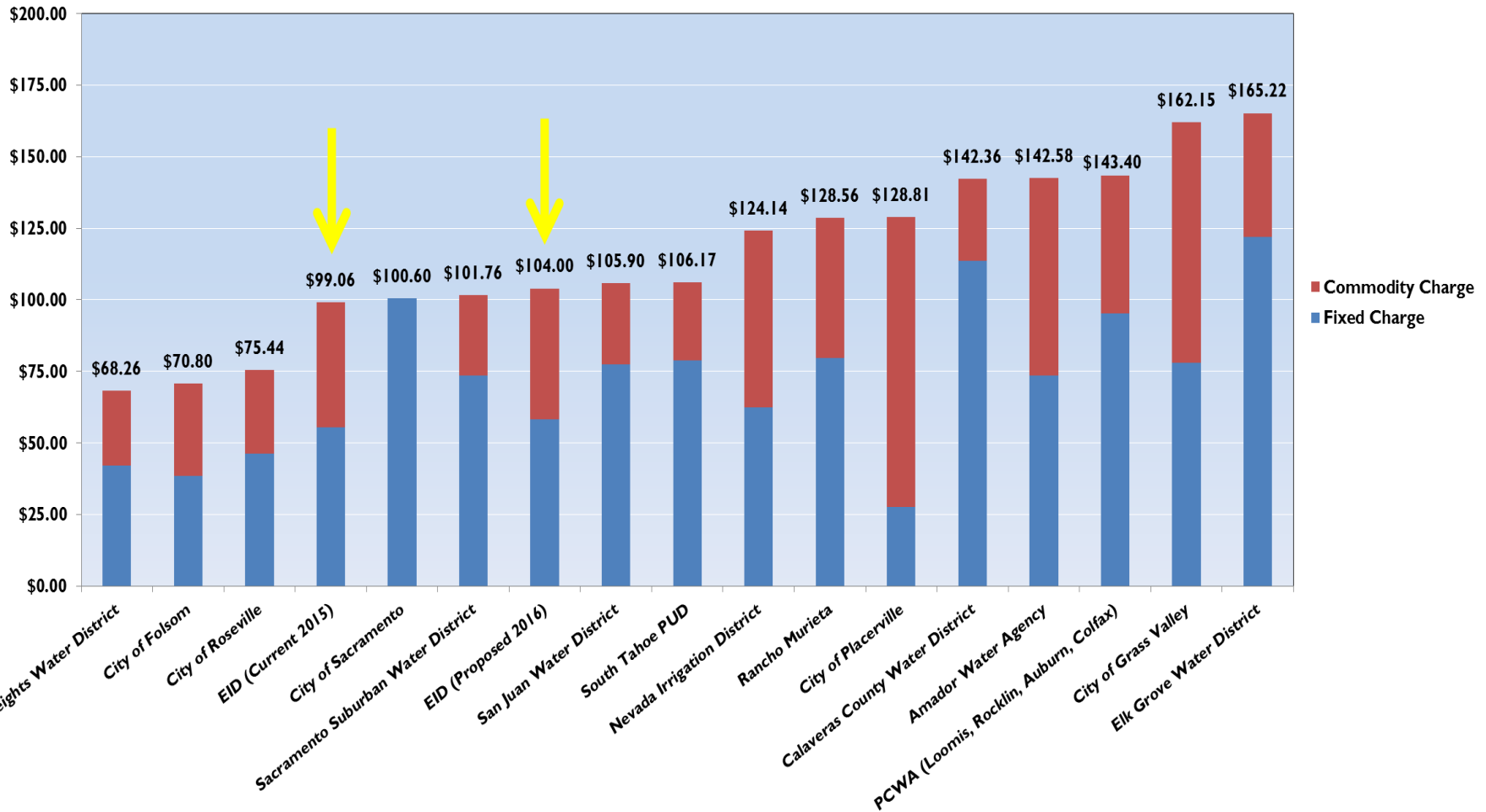
# 2016-2020 Five-Year Forecast

## End of year cash (in millions)

	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
Breakdown of end of year cash balance					
Unrestricted/Unreserved	19.7	14.4	8.9	4.3	-1.1
Restricted-debt reserves	13.4	13.4	13.4	13.4	13.4
Restricted-Growth CIP (FCCs)	13.9	16.4	18.9	21.4	23.9
Restricted-CIP from bonds	38.0	24.4	9.9	3.7	-0.1
	<b>65.3</b>	<b>54.2</b>	<b>42.3</b>	<b>38.6</b>	<b>37.3</b>
Reserved					
Operating	11.7	11.9	12.1	12.3	12.6
Capital replacement reserves	16.8	16.8	16.8	16.8	16.8
Routine capital replacement reserves	3.4	3.4	3.4	3.4	3.4
Self insurance reserves	1.0	1.0	1.0	1.0	1.0
	<b>32.9</b>	<b>33.1</b>	<b>33.3</b>	<b>33.5</b>	<b>33.8</b>
Total	<b>117.9</b>	<b>101.7</b>	<b>84.5</b>	<b>76.4</b>	<b>69.9</b>

## Regional Water Bill Comparison - 2016

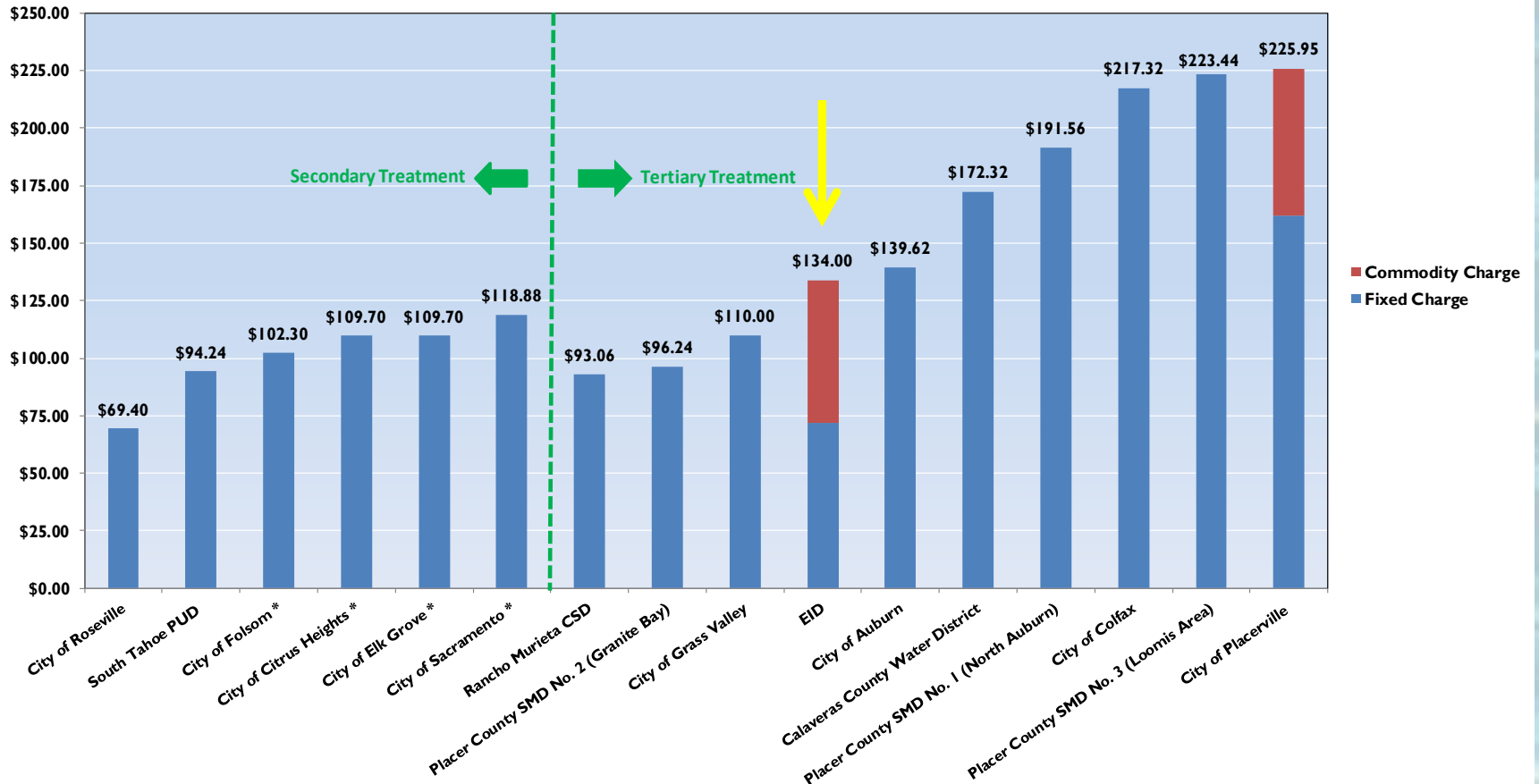
For Bi-Monthly Service - Single Family Residence: 3/4" Meter - 3,000 cf usage





## Regional Sewer Bill Comparison - 2016

For Bi-Monthly Service - Single Family Residence: 1,600 cf of winter usage

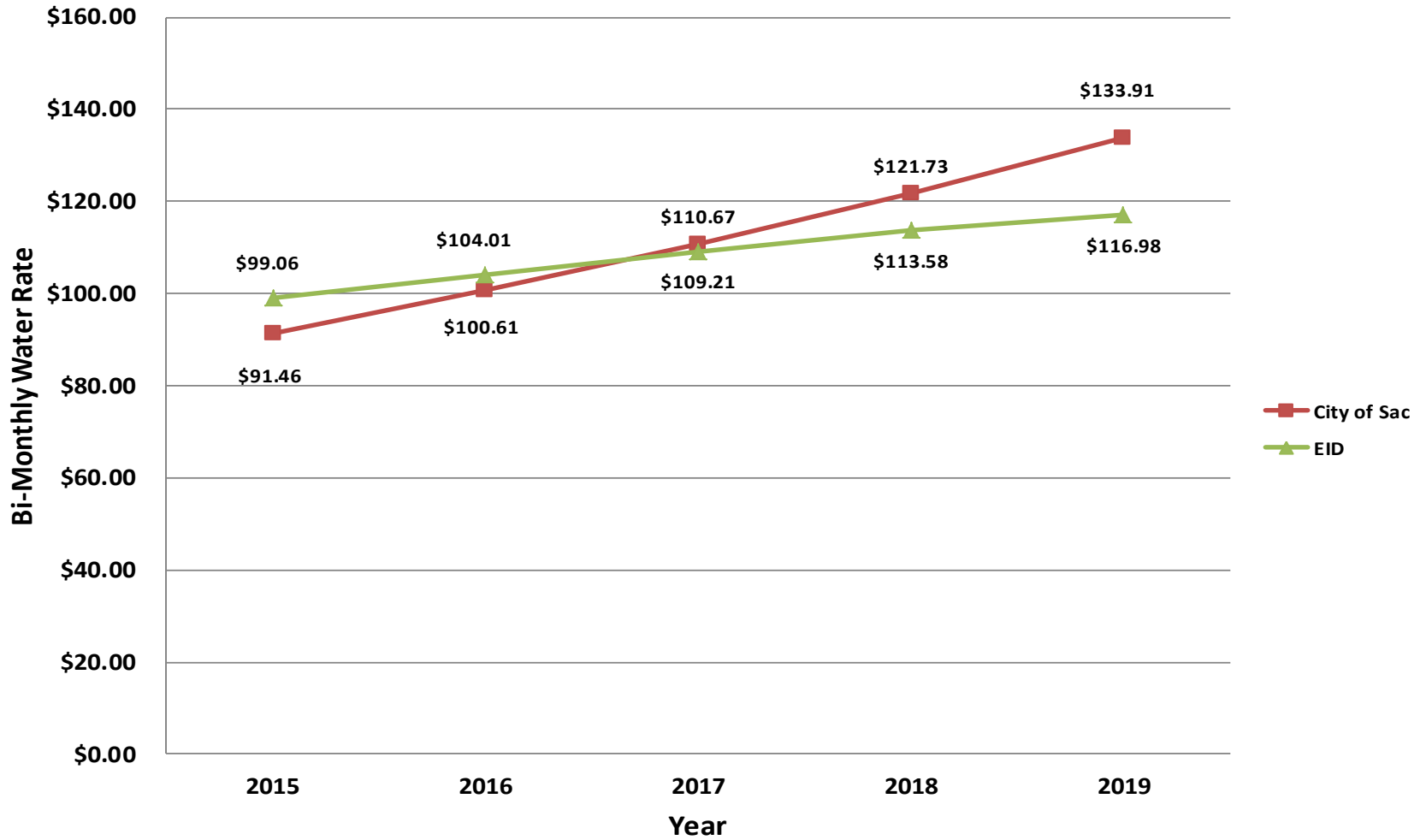


\* Cities serviced by the Sacramento Regional County Sanitation District's (SRCSD) regional wastewater treatment facility. Mandated treatment facility improvements from secondary to tertiary are estimated to be completed by 2023.

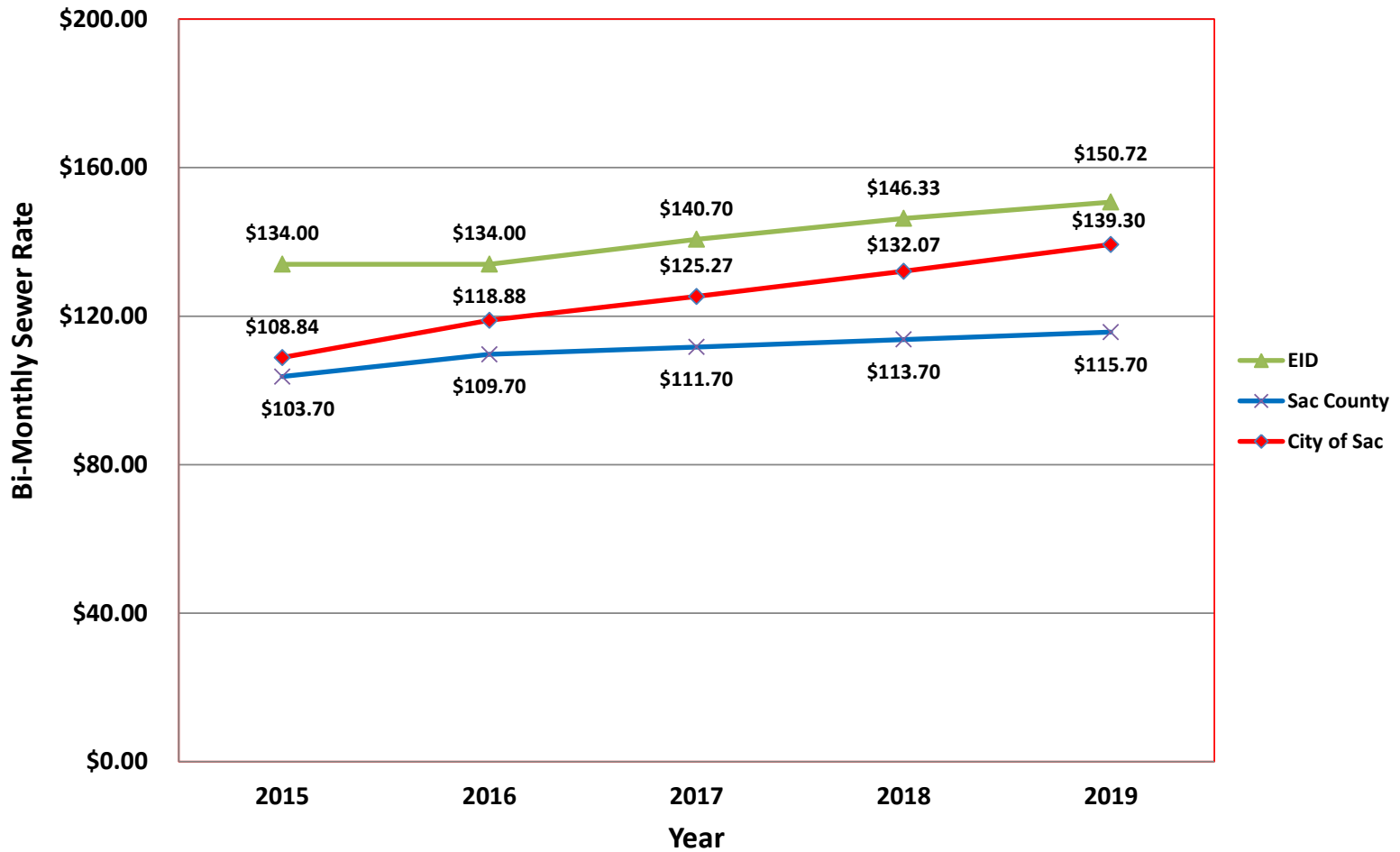
# Other Utilities Recognizing the Need to Replace Aging Infrastructure

- City of Roseville
  - January 1, 2016 proposed 21% water rate increase
  - July 1, 2016 proposed 12% water rate increase
- City of Sacramento
  - July 1, 2016, July 1, 2017, July 1, 2018 and July 1, 2019
    - proposed 10% annual water and 9% annual wastewater rate increases

## EID and City of Sacramento Bi-Monthly Water Rates Comparison Through 2019



## EID, Sacramento County, and City of Sacramento Bi-Monthly Sewer Rates Comparison through Year 2019



<sup>1</sup> EID projected rate calculations: 0% rate increase for 2016, 5% rate increase for 2017, 4% rate increase for 2018, 3% rate increase for 2019.

<sup>2</sup> Sacramento County 2019 projected rate calculation: \$38.00/month for SRCSD wastewater treatment service + \$19.85/month for SASD sewer collection service. Source: SRCSD and SASD published Comprehensive Long-term Financial.

<sup>3</sup> City of Sacramento 2019 projected rate calculation: \$38.00/month for SRCSD wastewater treatment service + \$31.65/month for City's sewer collection service (annual 9% rate increase through 2019). Source: Sacramento City Council Report

# Board Decision/Options

## Option 1:

Adopt the 2016 Mid-Cycle Operating Budget and the 2016-2020 Financial Plan, including the implementation of water and recycled water rate increases of 5, 5, 4, 3, 3% and 0, 5, 4, 3, 3% for wastewater rates, and revision of the Small Farm and Agriculture with Residence water rates to include Tier II potable water pricing; direct staff to issue a Proposition 218 notice for the proposed rate increases and changes.

## Option 2:

Take other action as directed.

## Option 3:

Take no action.