



AUGUST 9, 2022

COMMUNITY FORUM ON RATES

FINANCIAL RESPONSIBILITY



HOUSEHOLD BUDGET

- HOUSEHOLD INCOME.
- MONTHLY EXPENSES.
- SAVINGS.



FINANCIAL RESPONSIBILITY



HOUSEHOLD BUDGET – EXAMPLE

- SAVINGS FOR FUTURE LARGE EXPENSES.
 - NEW ROOF
 - COST TODAY – \$12,000
 - EXPECTED LIFE – 40 YEARS
 - COST IN 40 YEARS – \$32,220
 - MONTHLY SAVINGS NEEDED @2% APR – \$43 (\$20,640 TOTAL)
 - PAY WITH A CREDIT CARD (18%) AND PAY OFF IN 5 YEARS
 - \$820 MONTHLY PAYMENT (+\$17,009 INTEREST = \$49,229)



FINANCIAL RESPONSIBILITY



APCWD BUDGET

- REVENUES FROM RATES.
- MONTHLY EXPENSES.
- RESERVES FOR FUTURE EQUIPMENT AND INFRASTRUCTURE REPLACEMENT.



FINANCIAL RESPONSIBILITY



APCWD BUDGET – EXAMPLE

- RESERVES FOR FUTURE LARGE EQUIPMENT REPLACEMENT.
 - EQUIPMENT – NEW DUMP TRUCK
 - COST WHEN PURCHASED IN 2017– \$85,500
 - EXPECTED LIFE – 15 YEARS
 - COST IN 15 YEARS – \$133,206
 - ANNUAL RESERVES NEEDED – \$8,880



FINANCIAL RESPONSIBILITY



APCWD BUDGET – EXAMPLE

- SAVINGS FOR FUTURE LARGE EXPENSES.
- INFRASTRUCTURE – PIPELINES 2015–2021
 - COST TODAY – \$770,578
 - EXPECTED LIFE – 70 YEARS
 - COST IN 70 YEARS – \$6,101,300
 - ANNUAL RESERVES NEEDED (20%) – \$14,573



Default Funding of CRP

		Cash	Grant	Loan
\$0	\$10,000	100%	0%	0%
\$10,001	\$100,000	100%	0%	0%
\$100,001	\$500,000	20%	25%	55%
\$500,001	\$9,999,999	20%	50%	30%

FINANCIAL RESPONSIBILITY



Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	% Belonging to Water	Estimated Historic Cost (Water only)	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
2015	\$ 23,547	H	65%	\$15,305	20	7	17,581	13	14	27,643	100%	0%	0%	3,322	1,674
2019	\$ 632	H	65%	\$411	20	3	436	17	18	742	100%	0%	0%	82	Not Cap.
2017	2,800	H	65%	\$1,820	15	5	2,009	10	11	2,836	100%	0%	0%	380	217
2017	85,500	H	65%	\$55,575	15	5	61,359	10	11	86,584	100%	0%	0%	11,593	6,623
2014	26,123	H	65%	\$16,980	15	8	19,895	7	8	26,454	100%	0%	0%	3,759	2,779
2014	25,922	H	65%	\$16,849	15	8	19,742	7	8	26,251	100%	0%	0%	3,730	2,758
2006	18,150	H	65%	\$11,798	15	16	15,195	-1	1	18,380	100%	0%	0%	3,060	15,320
2019	26,000	H	65%	\$16,900	15	4	18,293	11	12	26,330	100%	0%	0%	3,456	1,846
2020	11,000	H	55%	\$6,050	20	2	6,294	18	19	10,927	100%	0%	0%	1,189	487
2003	500	H	65%	\$325	20	19	473	1	2	587	100%	0%	0%	89	Not Cap.
2020	900	H	65%	\$585	15	2	609	13	14	911	100%	0%	0%	115	Not Cap.
1990	1,000	H	65%	\$650	20	32	1,225	-12	2	1,174	100%	0%	0%	231	Not Cap.
2014	3,868	H	65%	\$2,514	15	8	2,946	7	8	3,917	100%	0%	0%	557	412
2007	78,000	H	65%	\$50,700	20	15	68,236	5	6	91,570	100%	0%	0%	12,892	12,923
2014	2,495	H	65%	\$1,622	20	8	1,900	12	13	2,929	100%	0%	0%	359	191
2014	3,814	H	100%	\$3,814	15	8	4,469	7	8	5,942	100%	0%	0%	844	624
2019	3,300	H	100%	\$3,300	15	3	3,502	12	13	5,141	100%	0%	0%	662	333
2010	9,000	H	100%	\$9,000	12	12	11,414	0	1	12,832	100%	0%	0%	2,157	10,675
2008	39,358	H	100%	\$39,358	40	14	51,932	26	27	128,387	20%	25%	55%	1,962	818
2004	34,000	H	100%	\$34,000	20	18	48,560	2	3	61,408	100%	0%	0%	9,175	17,309
2019	450	H	100%	\$450	10	3	478	7	8	605	100%	0%	0%	90	Not Cap.
1989	66,135	H	100%	\$66,135	40	33	127,127	7	8	215,735	20%	25%	55%	4,804	4,699
2012	112,657	H	100%	\$112,657	40	10	137,328	30	31	367,491	20%	25%	55%	5,189	2,030
1989	65,000	H	100%	\$65,000	30	33	124,945	-3	5	157,772	20%	25%	55%	4,721	5,304
2010	65,000	H	100%	\$65,000	30	12	82,436	18	19	157,772	20%	25%	55%	3,115	1,423
1954	52,000	H	100%	\$52,000	80	68	199,901	12	13	553,326	20%	50%	30%	7,554	7,679
1963	43,000	H	100%	\$43,000	80	59	138,318	21	22	457,558	20%	25%	55%	5,227	3,708
1996	150,000	H	100%	\$150,000	80	26	251,013	54	55	1,596,134	20%	50%	30%	9,485	4,885
1977	150,000	H	100%	\$150,000	80	45	365,678	35	36	1,596,134	20%	50%	30%	13,818	7,732
2000	6,200	H	100%	\$6,200	30	22	9,585	8	9	15,049	100%	0%	0%	1,811	1,438
2020	86,000	H	100%	\$86,000	15	2	89,474	13	14	133,985	20%	25%	55%	3,381	1,611
1997	4,603	H	100%	\$4,603	10	25	7,552	-15	1	6,186	100%	0%	0%	1,427	4,759
2012	10,500	H	100%	\$10,500	10	10	12,799	0	1	14,111	100%	0%	0%	2,418	11,693
2009	8,000	H	100%	\$8,000	10	13	10,349	-3	4	10,751	100%	0%	0%	1,955	2,179
2009	5,754	H	100%	\$5,754	10	13	7,443	-3	4	7,733	100%	0%	0%	1,406	1,567
2003	5,000	H	100%	\$5,000	10	19	7,284	-9	2	6,720	100%	0%	0%	1,376	2,663
1981	\$ 25,000	H	100%	\$25,000	70	41	56,305	29	30	197,946	20%	25%	55%	2,128	1,156
1984	\$ 75,000	H	100%	\$75,000	70	38	159,172	32	33	593,837	20%	50%	30%	6,015	3,137
1981	\$ 16,000	H	100%	\$16,000	70	41	36,035	29	30	126,685	20%	25%	55%	1,362	740
1987	\$ 8,000	H	100%	\$8,000	70	35	15,999	35	36	63,343	100%	0%	0%	3,023	1,526
1990	\$ 28,400	H	100%	\$28,400	70	32	53,521	38	39	224,866	20%	25%	55%	2,022	995
1991	\$ 777,000	H	100%	\$777,000	70	31	1,435,577	39	40	6,152,148	20%	50%	30%	54,246	26,508
2005	\$ 80,900	H	100%	\$80,900	70	17	113,280	53	54	640,552	20%	50%	30%	4,280	1,993
2018	\$ 418,155	H	100%	\$418,155	70	4	452,624	66	67	3,310,877	20%	50%	30%	17,103	8,089
2021	\$ 352,423	H	100%	\$352,423	70	1	359,471	69	70	2,790,423	20%	50%	30%	13,583	6,484
1956	\$ 450,000	H	100%	\$450,000	70	66	1,662,738	4	5	3,563,020	20%	50%	30%	62,830	128,537
1956	\$ 2,500	H	100%	\$2,500	70	66	9,237	4	5	19,795	100%	0%	0%	1,745	3,570
				\$3,351,233			6,282,741			23,521,496	22%	47%	32%	295,729	321,095

CALCULATED ANNUAL RESERVES NEEDED

- WATER – \$321,095
- SEWER – \$111,708



APCWD RATE HISTORY

- 1986, 1999, 2008, & 2013

CURRENT REVENUE (RATES) – CURRENT
OPERATING EXPENSES = RATE INCREASE.

- 2015, 2017, & 2019

3 INCREASES APPROVED TO PAY FOR SPECIFIC
INFRASTRUCTURE REPLACEMENT (START PIPELINE
PROJECTS AND WWTP CAPITAL IMPROVEMENTS).

RATE SETTING & PROP. 218



- PASSED BY CALIFORNIA VOTERS.
- REQUIRED VOTER APPROVAL FOR ANY/ALL TAX INCREASES.
- EXCEPTION FOR RATES/FEEES FOR SERVICES (WATER, SEWER, ETC.).
- RATE/FEE INCREASES REQUIRED COST JUSTIFICATION, NOTIFICATION, AND PROTEST PROCESS.
- REQUIRED THAT RATES/FEEES FOR SERVICES:
 1. DID NOT EXCEED THE COST TO PROVIDE THE SERVICE (INCLUDING OPERATING COSTS, DEBT SERVICE, AND FUTURE CAPITAL EXPENSES)
 2. ARE CHARGED EQUITABLY TO ALL RECEIVING THE SERVICES

RATE SETTING & PROP. 218



- THE WORDING OF PROP. 218 IS VERY GENERAL.
- THE FAIR AND EQUITABLE CLAUSE STATES “THE AMOUNT OF A FEE OR CHARGE IMPOSED UPON ANY PARCEL OR PERSON AS AN INCIDENT OF PROPERTY OWNERSHIP SHALL NOT EXCEED THE PROPORTIONAL COST OF THE SERVICE ATTRIBUTABLE TO THE PARCEL.”
- BECAUSE THE WORDING IS GENERAL, IT HAS BEEN LEFT UP TO THE COURTS TO DETERMINE IF COSTS ARE “PROPORTIONAL”.
- IT HAS TAKEN YEARS SINCE THE PASSAGE OF PROP. 218 FOR CHALLENGES TO PROPORTIONALITY TO MAKE THEIR WAY THROUGH THE COURTS AND BECOME PRECEDENCE.
- WHILE MANY PARTICULAR INSTANCES OF NON-PROPORTIONALITY MAY NOT HAVE MADE THEIR WAY THROUGH THE COURTS, APCWD HAS BEEN CAUTIONED BY ITS LEGAL COUNSEL THAT AVOIDING ANY POTENTIAL RATES OR RATE STRUCTURE THAT MIGHT BE CONSTRUED AS UNFAIR OR UNEQUITABLE IS WISE.
- EVEN AN UNSUCCESSFUL PROP. 218 CHALLENGE TO THE DISTRICT WOULD BE A HUGE LEGAL EXPENSE FOR OUR RATEPAYERS.

COST JUSTIFICATION

– RATE STUDY –



- PROP. 218 REQUIRES THAT AGENCIES MUST JUSTIFY THE RATES THEY COLLECT AND FAIRLY ALLOCATE THE COSTS OF SERVICE AMONG THEIR RATEPAYERS.
- A PROFESSIONALLY PREPARED RATE STUDY PROVIDES A FAIR AND DEFENSIBLE FRAMEWORK FOR A DISTRICT'S RATES.
- CALIFORNIA UTILITY RATES CONTINUE TO BE SUBJECT TO CLASS ACTION LAWSUITS AND RECENT LITIGATION HAS BROUGHT A RENEWED FOCUS ON THE METHODOLOGIES USED WHEN ESTABLISHING WATER AND WASTEWATER RATES. A WELL-DESIGNED PLAN MUST CONSIDER THE IMPACT OF RECENT LEGAL DECISIONS AND THE THREATS POSED BY CERTAIN CURRENT CASES IN ORDER TO BEST REDUCE THE RISKS, LEGAL COSTS, AND LIABILITIES RELATED TO PROPOSITION 218 CHALLENGES.
- AN INDEPENDENT CONSULTANT SHOULD BE UTILIZED TO PERFORM A RATE STUDY AND RECOMMEND A PROP. 218 COMPLIANT RATE STRUCTURE AND RATES.
- SHOULD BE DONE EVERY 5 YEARS.

COST JUSTIFICATION

– RATE STUDY –



- PRIOR TO 2021 APCWD HAD NOT ENGAGED AN INDEPENDENT ORGANIZATION TO DO A RATE STUDY.
- CAN BE COSTLY
 - 2019 RSWD SPENT \$72,000
 - 2021 LACSD SPENT \$32,340.

Rate Study Request for Proposals

Consultant	Pricing
RDN	\$ 32,340
HDR	67,585
Lechowicz&Tseng (unsolicited)	
IB Consulting	91,020
NBS Government Finance Group	74,900
Raftelis Financial Consultants	87,478

COST JUSTIFICATION

– RATE STUDY –



- AUGUST 2021 APCWD RECEIVED A GRANT (NO COST TO APCWD) FOR RURAL COMMUNITY ASSISTANCE CORP. (RCAC) TO PERFORM A WATER AND SEWER RATE STUDY.
- APCWD WORKED WITH RCAC AND PROVIDED OPERATING EXPENSE BUDGETS, FINANCIAL STATEMENTS, AND EQUIPMENT AND INFRASTRUCTURE INVENTORIES (INCLUDING AGES AND PROJECTED LIFESPANS).
- RCAC USED ESTABLISHED METHODOLOGIES TO PRODUCE THE RATE STUDIES.
- AT THE FEB. 2022 BOARD MEETING RCAC PRESENTED THE BOARD WITH THE PRELIMINARY RATE STUDY FINDINGS AND RATE STRUCTURE AND RATE AMOUNT OPTIONS THAT WOULD FULFILL PROP. 218 REQUIREMENTS FOR FAIR AND EQUITABLE RATES AND PROVIDE FISCAL SUSTAINABILITY FOR THE FUTURE.

RATE STRUCTURE



- TO BE PROP. 218 COMPLIANT, THE SAME RATE FOR THE SAME AMOUNT OF USAGE HAD TO BE CHARGED.
 1. THE CURRENT RATE STRUCTURE WITH A 600 CU FT ALLOTMENT WAS INHERENTLY INEQUITABLE
 - $\$30.50 / 150 \text{ CU FT} = \0.20 PER CU FT
 - $\$30.50 / 600 \text{ CU FT} = \0.05 PER CU FT
- BASE RATE – COVERS FIXED OPERATING COSTS AND FIXED PROJECTED FUTURE INFRASTRUCTURE AND AND EQUIPMENT REPLACEMENT COSTS.
- WATER USAGE RATE – COVERS CURRENT OPERATING COSTS TO PROVIDE THE WATER. (AS PROPOSED, WILL INCREASE IF APCWD IS IN A DROUGHT EMERGENCY AND HAS TO PURCHASE WATER FROM THE STATE WATER PROJECT THROUGH CLAWA).
- SEWER RATE EQUITY – DETERMINED BY EQUIVALENT DWELLING UNIT (EDU) STANDARDS BASED ON POTENTIAL WASTEWATER GENERATED (SINCE WASTEWATER IS NOT METERED). 1 HOUSE = 1 EDU



RATE IMPACTS

- UNPRECEDENTED INFLATION (FY 20–21 4.1% / FY 21–22 10.0%).
- MANY COSTS OUTPACING INFLATION IN THE LAST 12 MONTHS:
 1. MATERIAL COSTS UP 12–40%,
 2. FUEL COSTS UP 37%,
 3. ELECTRICITY COSTS UP 28%,
 4. OTHER UTILITY COSTS UP 10–15%,
 5. POSTAGE UP 13%,
 6. WASTEWATER TREATMENT COSTS UP 11%,
 7. WORKERS COMP. INSURANCE UP 79%,
 8. PROPERTY/AUTO/LIABILITY INSURANCE UP 76%.

RATE AFFORDABILITY



- AFFORDABILITY INDEX

- USES THE AMERICAN COMMUNITY SURVEY ESTIMATES FOR 2019 WITH THE MEDIAN HOUSEHOLD INCOME (MHI) OF APCWD'S SERVICE AREA – \$56,591.
- THE "AFFORDABILITY INDEX" IS CALCULATED BY DIVIDING THE AVERAGE ANNUAL WATER BILL OF ALL RESIDENCES BY THE MHI.
- ANY NUMBER BELOW 4 PERCENT INDICATES AN 'AFFORDABLE' RATE AND ANY NUMBER BELOW 1.5 PERCENT IS CONSIDERED TOO LOW.
- WHEN APCWD APPLIES FOR GOVERNMENT LOANS OR GRANTS FOR REPLACEMENT PROJECTS GOVERNMENT ENTITIES QUALIFY RECIPIENTS BY THE AFFORDABILITY INDEX, IF THE RATE PAYERS ARE NOT CONTRIBUTING RATES SUFFICIENTLY HIGH ENOUGH THE DISTRICT WILL NOT BE ELIGIBLE FOR CERTAIN GRANTS AND LOW INTEREST LOANS.

ACCORDING TO THESE STANDARDS OF AFFORDABILITY, AT YEAR 5, WITH ALL PROPOSED RATE INCREASES COMPLETED, OUR AFFORDABILITY INDEX FOR WATER WILL BE 1.41% AND SEWER 1.22%. THE PROPOSED RATES WILL BE BELOW THE AFFORDABILITY RANGE (1.5% – 4.0%) DESPITE THE PROPOSED INCREASES.



TRANSPARENCY

- APCWD HAS BEEN FULLY TRANSPARENT THROUGHOUT THE PROCESS.
 1. DISCUSSED EXTENSIVELY IN PUBLIC BOARD MEETINGS OVER THE PAST YEAR.
 2. BOARD MEETING AGENDAS POSTED ON OFFICE WINDOW AND WEBSITE AT LEAST 72 HOURS BEFORE MEETINGS.
 3. BOARD MEETINGS HAVE BEEN HELD ON THE SAME DAY/TIME FOR YEARS.
 4. REGULAR BOARD MEETINGS ARE HELD IN THE EVENING TO FACILITATE COMMUNITY INVOLVEMENT FOR PEOPLE WHO WORK.
 5. BOARD MEETING MINUTES ARE POSTED ON THE WEBSITE THE DAY AFTER APPROVAL.
 6. BOARD MEETING SUMMARIES ARE INCLUDED IN QUARTERLY NEWSLETTERS.
 7. RATE STUDIES HAVE BEEN POSTED ON THE WEBSITE.
 8. COMMUNITY PARTICIPATION IN BOARD MEETINGS HAS BEEN MINIMAL TO NONE.
- PROP. 218 NOTICE OF PUBLIC HEARING FOR PROPOSED RATE INCREASES INCLUDED IN BILLS MAILED TO APCWD PROPERTY OWNERS.
- STAFF HAS ANSWERED CUSTOMERS' QUESTIONS REGARDING THE PROCESS, THE RATE STUDIES, AND THE PROPOSED RATES AND ENCOURAGED PARTICIPATION IN THE PROCESS.

**WHAT WOULD THE COMMUNITY LIKE TO SEE REGARDING
EVEN MORE TRANSPARENCY?**

QUESTIONS



Q: HOW DOES THE FIRE DEPARTMENT FACTOR INTO WATER OR SEWER RATES?

A: THE FIRE DEPARTMENT'S FUNDING COMES FROM A PORTION OF PROPERTY TAXES AS WELL AS SOME GRANTS AND REIMBURSEMENTS FROM WILDFIRE DEPLOYMENTS. WATER AND SEWER RATES/REVENUES DO NOT GO TO THE FIRE DEPARTMENT. A PORTION OF THE FIRE DEPARTMENT'S BUDGET FROM THESE FUNDS (TAXES, GRANTS, ETC.) GOES TO REIMBURSE THE DISTRICT FOR MANAGEMENT, ADMINISTRATIVE, AND FACILITIES COSTS SO THEY ARE NOT PASSED ON TO THE WATER AND SEWER CUSTOMERS. SEGREGATED ACCOUNTING IS DONE TO GASB STANDARDS AND VERIFIED ANNUALLY BY INDEPENDENT AUDITORS.

Q: SINCE THE PRIMARY FUNCTION OF THE DISTRICT IS TO PROVIDE WATER AND SEWER SERVICES DOESN'T IT MAKE SENSE TO DIVIDE TAX REVENUE AND SHARE IT WITH THE FIRE DEPARTMENT RATHER THAN ALLOCATE ALL TAX REVENUE TO THE FIRE DEPARTMENT?

A: WHILE THE NAME OF THE DISTRICT INCLUDES THE WORD WATER, THAT DOES NOT PLACE A HIGHER OR PRIMARY FUNCTION ON WATER. THE DISTRICT HAS 5 FUNCTIONS, WATER, SEWER, FIRE, PARKS, AND TRASH (THE LATTER 2 ARE LATENT, OR NOT EXERCISED). OF THESE FUNCTIONS THERE ARE NOT ANY THAT HAVE A STATED HIGHER FUNCTION THAN ANOTHER.

A: THE ALLOCATION OF TAX REVENUES IS ALSO A MATTER OF POLICY DETERMINED BY THE BOARD. BASED ON PAST INPUT FROM THE COMMUNITY, THE BOARD FEELS THAT THE COMMUNITY VALUES THE LEVEL OF SERVICES PROVIDED BY THE AMOUNT OF TAX REVENUES ALLOCATED TO THE DISTRICT RATHER THAN HAVE THOSE TAX REVENUES SUBSIDIZE WATER AND SEWER RATES. ALSO, PROP. 218 DICTATES THAT WATER AND SEWER RATES SHOULD BE SUFFICIENT TO PROVIDE THE SERVICES.

QUESTIONS



Q: A RECENT REPORT FROM THE FIRE DEPARTMENT INDICATED THAT FOR JUNE 2022 THE FIRE DEPARTMENT HAD TEN CALLS FOR THE MONTH, ONE OUT OF JURISDICTION AND 9 MEDICAL-AID CALLS. DO WE KNOW IF THIS IS TYPICAL AND DO WE KNOW HOW MANY STRUCTURE FIRES IN OUR COMMUNITY THE FIRE DEPARTMENT HANDLES ON AN ANNUAL BASIS?

A: THE NUMBER OF CALLS AND TYPE OF CALLS IS TYPICAL FOR A DEPARTMENT AND COMMUNITY OF OUR SIZE. FORTUNATELY THERE ARE VERY FEW STRUCTURE FIRES WITHIN THE DISTRICT. THE SMALL AVERAGE NUMBER OF CALLS CANNOT DICTATE THE OVERALL COST TO PROVIDE THE AVAILABILITY OF OUR DEPARTMENT TO RESPOND WHEN NEEDED, REGARDLESS OF THE FREQUENCY OF NEED.

Q: ARE THE RATE INCREASES DUE TO EMPLOYEES GETTING RAISES?

A: THE PROPOSED RATE INCREASES WERE BEING LOOKED INTO THROUGH THE RATE STUDIES BEGINNING LAST AUGUST.

A: LABOR COSTS ARE ONLY ONE OF MANY FACTORS THAT AFFECT RATES.

A: EMPLOYEES ARE NOT RECEIVING A RAISE UNLESS THEY QUALIFY FOR A PROMOTION.

A: THE FY 22-23 BUDGET INCLUDES A POLICY MANDATED COST OF LIVING ADJUSTMENT (COLA) THAT IS DETERMINED BY THE CONSUMER PRICE INDEX (CPI) FOR A 12-MONTH PERIOD ENDING IN MARCH. THE COLA IS NOT A 'RAISE', IT IS AN ADJUSTMENT THAT KEEPS THE EMPLOYEES' WAGES EVEN WITH INFLATION.

QUESTIONS



Q: WHY DOES ANY THIRD PARTY GET TO DECIDE WHAT IS "AFFORDABLE" FOR ARROWBEAR FAMILIES AND RESIDENTS, AND WHO IS BETTER EQUIPPED TO DECIDE WHAT IS "AFFORDABLE" FOR ANYONE EXCEPT THE CUSTOMERS THEMSELVES?

A: THE STATEMENT 'AFFORDABLE' IS ALSO A SUBJECTIVE (NOT OBJECTIVE) STATEMENT. 'AFFORDABLE' IS A RELATIVE TERM, 'AFFORDABLE' FOR WHO? FOR ONE PERSON, 'AFFORDABLE' MIGHT BE \$10 PER MONTH, FOR ANOTHER, 'AFFORDABLE' MIGHT BE \$50 PER MONTH, AND FOR YET ANOTHER, 'AFFORDABLE' MIGHT BE \$150 PER MONTH. INCREASES.

A: IN THE CASE OF RATE SETTING, THERE IS AN OBJECTIVE STANDARD – THE AFFORDABILITY INDEX. THIS STANDARD IS USED UNIVERSALLY TO DETERMINE WHETHER A COMMUNITY'S RATES ARE 'AFFORDABLE' AND IS BASED ON A COMMUNITY'S MHI (COMMUNITY SPECIFIC). THIS INDEX IS ALSO UNIVERSALLY USED BY PRIVATE AND GOVERNMENT FINANCING SOURCES – THIRD PARTIES (BANKS, USDA, EPA, AND THE CA STATE REVOLVING FUND) TO DETERMINE ELIGIBILITY FOR BONDS, LOANS, LOW-INTEREST (SUBSIDIZED) LOANS, AND GRANTS. THE RATIONALE BEING, IF THE COMMUNITY HAS LOWER THAN AFFORDABLE RATES, THEY CAN AFFORD TO PAY A LITTLE MORE IN RATES TO FUND THEIR NEEDS AND THUS DO NOT NEED, OR QUALIFY, FOR GOVERNMENTAL ASSISTANCE IN THE WAY OF LOW-INTEREST (SUBSIDIZED) LOANS OR GRANTS.

QUESTIONS



Q: DOES THE DISTRICT UNDERSTAND THAT THE GENERAL MANAGER'S STATEMENT THAT THOSE SIMPLY SAYING THE RATE INCREASES ARE "TOO HIGH" SHOULD BE DISMISSED AS BEING SIMPLY "EMOTIONAL" VERSUS THE "FACTS" IS BOTH BIASED AND UNTRUE GIVEN THE FACT THAT IT APPEARS THAT MANY DOMICILED RESIDENTS HAVE CLEARLY INDICATED THAT THEY JUDGE THE RATE INCREASES TO BE IN FACT, "TOO HIGH"?

FACT: THE STATEMENT 'TOO HIGH' IS A SUBJECTIVE (NOT OBJECTIVE) STATEMENT. 'TOO HIGH' IS A RELATIVE TERM, 'TOO HIGH' AS COMPARED TO WHAT? FOR ONE PERSON, 'TOO HIGH' MIGHT BE \$10 PER MONTH, FOR ANOTHER, 'TOO HIGH' MIGHT BE \$50 PER MONTH, AND FOR YET ANOTHER, 'TOO HIGH' MIGHT BE \$150 PER MONTH.

FACT: THE TERM 'MANY' DOMICILED RESIDENTS IS ALSO BEING USED VERY LOOSELY. LESS THAN 12% OF THE DISTRICT'S CUSTOMERS (WE DO NOT KNOW HOW MANY OF THESE WERE DOMICILED RESIDENTS VS. VACATION HOME OWNERS) RETURNED A WRITTEN PROTEST TO THE PROPOSED RATE INCREASE AND AN EVEN FEWER NUMBER, LESS THAN 5% ATTENDED THE PROP. 218 PUBLIC HEARING.

FACT: THE DISTRICT HAS AN OBLIGATION TO SHOW THAT THE PROPOSED RATES ARE BASED IN ACTUAL EXPENSES OR JUSTIFIABLE ESTIMATES OF FUTURE EXPENSES IN ORDER TO PASS A RATE INCREASE. RATES CANNOT AND SHOULD NOT BE SET BASED ON WHAT A FEW CUSTOMERS DEEM AS 'TOO HIGH' OR TO LOW OR JUST RIGHT. THOSE ARE NOT A FACT-BASED DETERMINATIONS. DO THE PROPOSED RATES TAKE INTO ACCOUNT OUR COMMUNITY AND THE COMMUNITY MEMBERS' ABILITY TO PAY THE PROPOSED RATES?



QUESTIONS

Q: WHILE THOSE RESPONSIBLE FOR THE RATE STUDY "STAND BY" IT AND IT'S METHODOLOGY, HOW DO THEY THEN ACCOUNT FOR THE UNIQUE NATURE OF OUR COMMUNITY WHERE MANY "HOMEOWNERS" ARE NOT DOMICILED VERSUS THE FULL TIME RESIDENTS, AND HOW CAN MERELY CALCULATING THE MEDIAN INCOME OF ALL PROPERTY OWNERS VERSUS USING ONLY ACTUAL YEAR ROUND RESIDENTS FOR THOSE CALCULATIONS ACCURATELY REFLECT ANY TYPE OF "AFFORDABILITY" INDEX REPRESENTATIVE OF ACTUAL PERMANENT RESIDENTS? WILL THE DISTRICT CONCEDE THAT ANY AFFORDABILITY INDEX SHOULD BE CALCULATED USING ONLY HOUSEHOLDS THAT INCLUDE ONLY FULL TIME RESIDENTS?

A: THE RATE STUDY PROVIDERS, RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC) ARE THE STATE WATER RESOURCE CONTROL BOARD'S (SWRCB) PROVIDER OF CHOICE FOR RATE STUDIES DONE UNDER THEIR TECHNICAL ASSISTANCE GRANTS AND HAVE DONE THOUSANDS OF RATE STUDIES USING INDUSTRY BEST PRACTICES AND AMERICAN WATER WORKS ASSOCIATION (AWWA) STANDARDS (METHODOLOGIES). WHILE OUR COMMUNITY HAS SOME UNIQUE DEMOGRAPHICS, THE MHI USED FOR THE RATE STUDY ONLY USED INCOMES FROM THOSE WHO USED THE ARROWBEAR AREA AS THEIR PRIMARY RESIDENCY. RCAC DID NOTE THAT NEW STATE REQUIREMENTS (AS OF THIS YEAR) FOR CALCULATIONS OF THE MHI WOULD TAKE INTO ACCOUNT ALL PROPERTY OWNERS UNLESS THE PROPERTY IS A STR.



QUESTIONS

Q: DO THE PROPOSED RATES TAKE INTO ACCOUNT OUR COMMUNITY AND THE COMMUNITY MEMBERS' ABILITY TO PAY THE PROPOSED RATES?

A: IN THE WATER RATE STUDY ON PAGE 23 UNDER AFFORDABILITY INDEX IT EXPLAINS, "ACCORDING TO AMERICAN COMMUNITY SURVEY ESTIMATES FOR 2019, THE MEDIAN HOUSEHOLD INCOME (MHI) OF THE APCWD'S SERVICE AREA IS \$56,591. THE "AFFORDABILITY INDEX" WAS CALCULATED BY DIVIDING THE AVERAGE ANNUAL WATER BILL OF ALL RESIDENCES BY THE MHI. ANY NUMBER BELOW 4 PERCENT INDICATES AN 'AFFORDABLE' RATE AND ANY NUMBER BELOW 1.5 PERCENT IS CONSIDERED TOO LOW, AND ANY REPLACEMENT PROJECT MAY NOT BE ELIGIBLE FOR CERTAIN GRANTS AND LOW INTEREST LOANS."

ACCORDING TO THESE STANDARDS OF AFFORDABILITY, AT YEAR 5, WITH ALL PROPOSED RATE INCREASES COMPLETED, OUR AFFORDABILITY INDEX FOR WATER WILL BE 1.41% AND SEWER 1.22%. THE PROPOSED RATES WILL BE BELOW THE AFFORDABILITY RANGE (1.5% – 4.0%) DESPITE THE PROPOSED INCREASES.

QUESTIONS



Q: DOES THE DISTRICT UNDERSTAND THAT MANY OF IT'S CUSTOMERS MAY VIEW THE USE OF THE THIRD-PARTY, OFF -MOUNTAIN FIRM THAT DID THE RATE STUDY OFFENSIVE, UNNECESSARY, AND A DEVICE TO DEFLECT RESPONSIBLY FOR THE RATE INCREASES FROM THE DISTRICT ITSELF?

A: WHILE THE DISTRICT ENDEAVORS TO USE LOCAL CONTRACTORS, VENDORS, AND SUPPLIERS WHENEVER POSSIBLE, THERE ARE TIMES WHERE THERE ARE NOT LOCAL COMPANIES THAT PROVIDE NEEDED SERVICES. IN THE CASE OF THOSE PROVIDING THE RATE STUDY, SINCE WE RECEIVED A GRANT FROM STATE WATER RESOURCE CONTROL BOARD'S (SWRCB) TO HAVE THE RATE STUDY PERFORMED, THEY CHOSE RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC) TO PERFORM IT.

A: DESPITE AN OPINION THAT THE RATE STUDY WAS "OFFENSIVE, UNNECESSARY, AND A DEVICE TO DEFLECT RESPONSIBLY FOR THE RATE INCREASES FROM THE DISTRICT ITSELF," RATES STUDIES ARE AN INDUSTRY BEST PRACTICE USED TO PROVIDE A FACTUALLY BASED JUSTIFICATION THAT THE RATES CHARGED ARE APPROPRIATE FOR THE COSTS INCURRED TO PROVIDE THE SERVICES. HAVING AN INDEPENDENT, THIRD-PARTY ORGANIZATION PERFORM THE RATE STUDY ALSO REDUCES THE RISK OF A PROP. 218 CHALLENGE AND COSTLY LEGAL DEFENSE. THE DISTRICTED ACTED IN GOOD FAITH AND WITHIN THEIR FIDUCIARY RESPONSIBILITY IN HAVING THE RATE STUDY PERFORMED. THE RATE STUDY WAS PERFORMED AT NO COST TO THE DISTRICT; AN ADDITIONAL EXAMPLE OF HOW SERIOUSLY THE DISTRICT TAKES FISCAL CONSERVATISM TO HEART.



QUESTIONS

Q: WHY NOW?

A: THERE HAVE NOT BEEN RATE INCREASES TO COMPENSATE FOR RISING COSTS FOR 9 YEARS. APCWD HAS BEEN VERY COST CONSCIOUS AND FRUGAL BUT THERE ARE MANY COSTS THAT ARE NOT WITHIN THEIR CONTROL THAT HAVE RISEN SHARPLY. THE TIME TO PREPARE FINANCIALLY FOR THE FUTURE IS NOW.

Q: WHY IS THE RATE INCREASE PLAN FIVE YEARS IN DURATION RATHER THAN A LONGER PERIOD WHICH WOULD SPREAD INFRASTRUCTURE COSTS FARTHER OUT THEREBY HAVING A LESSER RATE IMPACT ON CUSTOMERS? WHY NOT 6 YEARS OR 7 YEARS?

A: PROP 218 LIMITS SCHEDULED INCREASES TO THE NEXT 5 YEARS. IT IS ALSO RECOMMENDED (INDUSTRY BEST PRACTICES) THAT DISTRICTS REVIEW THEIR RATES, INFRASTRUCTURE AND EQUIPMENT NEEDS, AND REVENUES AND EXPENSES EVERY 5 YEARS WITH AN INDEPENDENTLY PERFORMED RATE STUDY.



QUESTIONS

Q: HAS THE DISTRICT CONSIDERED THAT IF IT PREFERS ANY OF THE RECOMMENDED PLANS PUT FORTH BY THE RATE STUDY OR ANY MODIFIED VERSION THEREOF, THAT THE PARTIAL IMPLEMENTATION AND APPROVAL OF THE RATE INCREASES FOR PERHAPS THE FIRST TWO YEARS ONLY; (WHILE TABLING OR WITHHOLDING THE REMAINING YEARS IN ABEYANCE IN ORDER TO ASSESS THE STATE OF THE ECONOMY AT A LATER DATE AFTER THE 2024 ELECTIONS) WOULD BE BOTH REASONABLE AND BENEFICIAL TO IT'S CUSTOMERS AS WELL AS BUILDING BETTER RELATIONS WITH THE DISTRICT? CAN THE DISTRICT AT LEAST CONSIDER NOT IMPLEMENTING SUCH AN AMBITIOUS INFRASTRUCTURE REPLACEMENT PLAN AT THIS TIME UNTIL THE ECONOMY IMPROVES?

A: THE DISTRICT'S DECISION TO TABLE THE PROPOSED RATE INCREASE WAS MADE SO THEY COULD GATHER ADDITIONAL INPUT FROM THE COMMUNITY AS WELL AS LOOK AT OTHER RATE STRUCTURE OPTIONS. DELAYING THE NEEDED RATE INCREASES PAST THE TIME NEEDED TO ACCOMPLISH THESE GOALS DOES NOT SEEM PRUDENT OR IN FOLLOWING WITH THEIR OBLIGATION TO THE DISTRICT TO PROVIDE FISCAL RESPONSIBILITY IN THEIR ROLE AS DIRECTORS.



QUESTIONS

Q: WHILE I UNDERSTAND THE DISTRICT DOESN'T WANT TO LEAVE INFRASTRUCTURE HEADACHES TO POTENTIAL FUTURE RESIDENTS BY BEING PROACTIVE, IS IT NECESSARY TO PLACE THE FULL BURDEN OF THE CURRENT UPGRADES ON CURRENT RESIDENTS?

A: THE FULL BURDEN DOES NOT FALL ON JUST THE CURRENT RESIDENTS. RATES RAISED NOW TO SATISFY THE CRP NEEDS WILL CONTINUE WITH FUTURE RESIDENTS IN ORDER TO PROVIDE THE FUTURE FUNDS FOR FUTURE CRP NEEDS.

Q: WHILE I APPLAUD THE INTENT TO BE PROACTIVE IN MAKING IMPROVEMENTS COULD WE NOT SCALE BACK SOME OF THOSE IMPROVEMENTS FOR NOW CONSIDERING THE CURRENT ECONOMY?

A: AGING INFRASTRUCTURE DOES NOT STOP OR SLOW IN THE AGING PROCESS BASED ON THE CURRENT ECONOMY. THE DISTRICT MAKES EVERY EFFORT TO TAKE CARE OF CRP NEEDS IN THE MOST EFFICIENT AND COST-EFFECTIVE WAYS POSSIBLE.



QUESTIONS

Q: I HAVEN'T SEEN ANY EVIDENCE THAT FINANCING FOR INFRASTRUCTURE IS IN FACT, INCLUDED IN THE PLAN AND THE DISTRICT SEEMS ADAMANTLY OPPOSED TO IT. ARE THERE FIRM PLANS TO ATTEMPT USING BONDS FOR INFRASTRUCTURE?

A: THE RATE STUDY ON PAGE 15 DESCRIBES THE CAPITAL REPLACEMENT PROGRAM'S NEEDS AND PROPOSED FUNDING SOURCES.

CAPITAL REPLACEMENT PROGRAM (CRP) DESCRIPTION

THE CRP PROVIDES US WITH DETAILS OF THE RESERVES NEEDED TO REPLACE THE EXISTING, FUNDED, AND FUTURE UNFUNDED CAPITAL ASSETS. THE TOTAL LINE OF THE CRP TABLE (EXHIBIT 1, \$321,095) IS THE AMOUNT THE APCWD MUST PUT ASIDE EACH YEAR TO BE ABLE TO REPLACE THE ASSETS LISTED WHEN THEY REACH THE END OF THEIR LIFE EXPECTANCY. THIS AMOUNT VARIES EVERY YEAR WHEN OLD EQUIPMENT IS REPLACED AND WHEN NEW EQUIPMENT IS INSTALLED.

QUESTIONS



A: SOURCES OF FUNDING

FUNDING FOR THE REPLACEMENT OF COMPONENTS CAN ONLY COME FROM CASH SAVED BY THE DISTRICT, A GRANT, OR A LOAN. THE POSSIBILITY OF THE APCWD OBTAINING A GRANT IN THE NEAR FUTURE IS MODERATE, BUT DUE TO CHANGING FUNDING STREAMS, ACCESS TO GRANTS MAY CHANGE IN THE FUTURE. WITH THE CURRENT FUNDING INFORMATION, THE APCWD HAS A MODERATE CHANCE OF QUALIFYING FOR GRANTS BUT WILL ALSO NEED OUT-OF-POCKET CASH RESERVES. IT IS ASSUMED THAT THE REPLACEMENT OF SMALLER CAPITAL ASSETS VALUED LESS THAN \$100,000 WILL BE 100 PERCENT FUNDED WITH CASH AND THE REPLACEMENT OF LARGER CAPITAL ASSETS WILL BE FUNDED WITH A COMBINATION OF CASH, GRANTS AND LOANS AS SHOWN IN THE TABLE BELOW.

		Cash	Grant	Loan
\$0	\$10,000	100%	0%	0%
\$10,001	\$100,000	100%	0%	0%
\$100,001	\$500,000	20%	25%	55%
\$500,001	\$9,999,999	20%	50%	30%

QUESTIONS



Q: WHAT CAN WE DO TO REDUCE SEWER CHARGES AND OR WASTE WATER DISPOSAL?

A: THE COST FOR WASTEWATER TREATMENT IS DICTATED BY CONTRACT WITH THE COSTS INCURRED BY THE COSTS RUNNING SPRINGS BEING PASSED ON TO THE DISTRICT, PROPORTIONAL TO THE AMOUNT OF WASTEWATER TREATED. OVERALL WATER CONSERVATION CAN DECREASE THE AMOUNT OF WATER GOING DOWN THE DRAIN AND LESS WASTEWATER BEING SENT FOR TREATMENT, REDUCING OUR PROPORTIONAL COSTS. THE DISTRICT ALSO HAS DONE SEVERAL PROJECTS (MANHOLE RAISING AND SEALING AND SEWER LINE REPAIRS) IN ORDER TO REDUCE THE AMOUNT OF STORMWATER ENTERING THE WASTEWATER COLLECTION SYSTEM.

Q: IS THERE A MULTIPRONGED PLAN TO MITIGATE THE HUGE PROPOSED RATE INCREASES? AND, IF NOT WHY NOT?

A: THE DISTRICT'S PLANS TO MITIGATE RATE INCREASES HAVE BEEN ONGOING AND INCLUDE MANY 'PRONGS'. 'PRONGS' INCLUDE: ANNUAL ZERO BASED BUDGETING, IN-HOUSE PROJECT COMPLETION, EXTENSION OF PROJECTED LIFESPANS OF INFRASTRUCTURE AND EQUIPMENT, INNOVATIVE APPROACHES TO INFRASTRUCTURE REPLACEMENT, A FRUGAL APPROACH TO EXPENSES, AND BEING VERY FISCALLY CONSERVATIVE.

APCWD COST SAVING MEASURES



- RATE STUDY GRANTS – 2021
\$0 SPENT, \$32,000 SAVED
- IN-HOUSE MAIN REPLACEMENT – 2015 TO PRESENT
8,698 FEET REPLACED, 24 NEW FIRE HYDRANTS, \$801,154 SPENT, \$1,266,445 SAVED.
- IN-HOUSE MANHOLE RAISING – 2016 TO 2021
180 MANHOLES RAISED \$18,000 SPENT, \$342,000 SAVED.
- IN-HOUSE OFFICE REMODEL/SECURITY – 2015
\$15,536 SPENT, \$50,000 SAVED.
- ANNUAL SEWER SYSTEM CLEANING AND VIDEO INSPECTION USING IN-HOUSE LABOR
AROUND 12,000 FEET/YEAR, SPEND \$16,000/YEAR, SAVE 16,000/YEAR

ADDITIONAL QUESTIONS





CURRENT FISCAL STATUS

CURRENT BUDGET WITH NO RATE INCREASES

- CURRENT FY 2022–2023 BUDGET HAS LESS THAN \$74,000 (WATER & SEWER) TO ALLOCATE TOWARDS RESERVES/FUTURE NEEDS.
- WOULD NEED TO PUT FUTURE CAPITAL IMPROVEMENT PROJECTS (PIPELINES, ETC.) ON HOLD BEGINNING IN FY 2023–2024 AND BEYOND.

<u>FY 2022-2023 BUDGET SUMMARY</u>	WATER	SEWER	FIRE	DISTRICT
REVENUE TOTALS	\$ 560,800.00	\$ 556,500.00	\$ 348,500.00	\$ 1,465,800.00
OPERATING EXPENSE TOTAL	\$ (541,233.45)	\$ (502,510.99)	\$ (320,213.61)	\$ (1,363,958.05)
NONOPERATING EXPENSE TOTAL	\$ -	\$ -	\$ -	\$ -
EXPENSE TOTALS	\$ (541,233.45)	\$ (502,510.99)	\$ (320,213.61)	\$ (1,363,958.05)
NET SURPLUS/(DEFICIT) TOTALS	\$ 19,566.55	\$ 53,989.01	\$ 28,286.39	\$ 101,841.95
NET ASSET ACCOUNT ALLOCATION TOTALS	\$ (19,566.55)	\$ (53,989.01)	\$ (28,286.39)	\$ (101,841.95)
NET BUDGET	\$ -	\$ -	\$ -	\$ -



CURRENT FISCAL STATUS

CURRENT RESERVES WITH NO RATE INCREASES

UNRESTRICTED NET ASSET ACCOUNTS					WATER	SEWER	FIRE	DISTRICT
3100	W	Unrestricted Replacement	Vehicles	Water	\$ 6,339.82			\$ 6,339.82
	S	Unrestricted Replacement	Vehicles	Sewer		\$ 7,401.91		\$ 7,401.91
	F	Unrestricted Replacement	Vehicles	Fire			\$ 50,457.27	\$ 50,457.27
3110	W	Unrestricted Replacement	Facilities	Water	\$ 11,112.45			\$ 11,112.45
	S	Unrestricted Replacement	Facilities	Sewer		\$ 41,225.76		\$ 41,225.76
	F	Unrestricted Replacement	Facilities	Fire			\$ 27,934.98	\$ 27,934.98
3115	W	Unrestricted Replacement	Equipment	Water	\$ 2,719.09			\$ 2,719.09
	S	Unrestricted Replacement	Equipment	Sewer		\$ 8,313.26		\$ 8,313.26
	F	Unrestricted Replacement	Equipment	Fire			\$ 36,792.78	\$ 36,792.78
3120	W	Unrestricted Replacement	System	Water	\$ 76,335.92			\$ 76,335.92
	S	Unrestricted Replacement	System	Sewer		\$ 55,729.95		\$ 55,729.95
	F	Unrestricted Replacement	System	Fire			\$ -	\$ -
3125	W	Unrestricted Reserve		Water	\$ 55,165.67			\$ 55,165.67
	S	Unrestricted Reserve		Sewer		\$ 24,214.60		\$ 24,214.60
	F	Unrestricted Reserve		Fire			\$ 144,867.78	\$ 144,867.78
3130	W	Unrestricted General Fund		Water	\$ 16,287.06			\$ 16,287.06
	S	Unrestricted General Fund		Sewer		\$ -		\$ -
	F	Unrestricted General Fund		Fire			\$ 108,586.28	\$ 108,586.28
3135	W	Unrestricted Unfunded Liabilities		Water	\$ 7,926.81			\$ 7,926.81
	S	Unrestricted Unfunded Liabilities		Sewer		\$ -		\$ -
	F	Unrestricted Unfunded Liabilities		Fire			\$ 11,987.08	\$ 11,987.08
3140	W	Unrestricted Capital Improvement		Water	\$ -			\$ -
	S	Unrestricted Capital Improvement		Sewer		\$ 33,821.60		\$ 33,821.60
	F	Unrestricted Capital Improvement		Fire			\$ -	\$ -
UNRESTRICTED TOTALS					\$ 175,886.82	\$ 170,707.08	\$ 380,626.17	\$ 727,220.07



OPTIONS

1. DO NOT INCREASE RATES

- WOULD NEED TO PUT FUTURE CAPITAL IMPROVEMENT PROJECTS (PIPELINES, ETC.) ON HOLD BEGINNING IN FY 2023–2024 AND BEYOND.
- IF INFLATIONARY PRESSURES CONTINUE TO INCREASE COSTS, THE DISTRICT WILL NEED TO USE RESERVE FUNDS TO COVER OPERATING COSTS.
- THE DISTRICT WILL NOT HAVE NEEDED RESERVES WHEN INFRASTRUCTURE AND EQUIPMENT NEEDS REPLACEMENT.



OPTIONS

2. MOVE FORWARD WITH PROPOSED RATES

Proposed Rate	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" Meter	\$33.55	\$ 36.91	\$ 40.60	\$ 44.66	\$ 49.12
1" Meter	\$71.05	\$ 78.16	\$ 85.97	\$ 94.57	\$ 104.02
1 1/2" Meter	\$142.10	\$ 156.31	\$ 171.94	\$ 189.14	\$ 208.05
2" Meter	\$227.36	\$ 250.10	\$ 275.11	\$ 302.62	\$ 332.88
6" Meter	\$376.00	\$ 413.60	\$ 454.96	\$ 500.46	\$ 550.50
Usage Rate per CF	\$ 0.050	\$ 0.0513	\$ 0.0525	\$ 0.0538	\$ 0.0552

Proposed Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total
Operating Revenue	\$ 608,179	\$ 649,933	\$ 699,718	\$ 752,033	\$ 811,412	\$ 3,521,275
Less Uncollectible Receivables	\$ (1,216)	\$ (1,300)	\$ (1,399)	\$ (1,504)	\$ (1,623)	\$ (7,043)
Total Operating Revenue	\$ 606,962	\$ 648,633	\$ 698,319	\$ 750,528	\$ 809,790	\$ 3,514,232
Operating Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Total Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Operating Revenue over/(Under) Operating Costs (Contributed to Reserves)	\$ 118,335	\$ 145,347	\$ 179,934	\$ 216,592	\$ 259,835	\$ 920,045
Non-Operating Revenue/(Expenses)	\$ 99,551	\$ 101,458	\$ 103,421	\$ 105,445	\$ 107,528	\$ 517,403
Net Revenue/ (Loss) (Contribution to Reserves)	\$ 217,886	\$ 246,805	\$ 283,355	\$ 322,037	\$ 367,363	\$ 1,437,448



OPTIONS

3. COME UP WITH AN ALTERNATE RATE INCREASE COMPARED TO THE PROPOSED RATE INCREASE

- A. HIGHER BASE RATE / LOWER USAGE RATE = TARGETED RESERVES
- B. SAME BASE RATE / LOWER THEN HIGHER USAGE RATE = TARGETED RESERVES
- C. LOWER BASE RATE / LOWER THEN EVEN HIGHER USAGE RATE = TARGETED RESERVES
- D. SAME BASE RATE / LOWER USAGE RATE = LESS THAN TARGETED RESERVES

OPTIONS



3.A ALTERNATE RATE INCREASE #1

Alternative Option #1	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" Meter	\$33.55	\$ 38.53	\$ 44.25	\$ 50.83	\$ 58.37
1" Meter	\$71.05	\$ 81.60	\$ 93.72	\$ 107.64	\$ 123.62
1 1/2" Meter	\$142.10	\$ 163.20	\$ 187.44	\$ 215.27	\$ 247.24
2" Meter	\$227.36	\$ 261.12	\$ 299.90	\$ 344.43	\$ 395.58
6" Meter	\$376.00	\$ 431.84	\$ 495.96	\$ 569.61	\$ 654.20
Usage Rate per CF	\$ 0.020	\$ 0.030	\$ 0.040	\$ 0.050	\$ 0.060

Alternative #1	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total
Operating Revenue	\$ 487,173	\$ 585,569	\$ 694,070	\$ 811,247	\$ 941,782	\$ 3,519,840
Less Uncollectible Receivables	\$ (974)	\$ (1,171)	\$ (1,388)	\$ (1,622)	\$ (1,884)	\$ (7,040)
Total Operating Revenue	\$ 486,198	\$ 584,397	\$ 692,682	\$ 809,625	\$ 939,898	\$ 3,512,800
Operating Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Total Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Operating Revenue over/(Under) Operating Costs (Contributed to Reserves)	\$ (2,429)	\$ 81,112	\$ 174,297	\$ 275,689	\$ 389,944	\$ 918,613
Non-Operating Revenue/(Expenses)	\$ 99,551	\$ 101,458	\$ 103,421	\$ 105,445	\$ 107,528	\$ 517,403
Net Revenue/ (Loss) (Contribution to Reserves)	\$ 97,122	\$ 182,570	\$ 277,718	\$ 381,134	\$ 497,472	\$ 1,436,016

OPTIONS



3.B ALTERNATE RATE INCREASE #2

Alternative #2	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" Meter	\$33.55	\$ 36.91	\$ 40.60	\$ 44.66	\$ 49.12
1" Meter	\$71.05	\$ 78.16	\$ 85.97	\$ 94.57	\$ 104.02
1 1/2" Meter	\$142.10	\$ 156.31	\$ 171.94	\$ 189.14	\$ 208.05
2" Meter	\$227.36	\$ 250.10	\$ 275.11	\$ 302.62	\$ 332.88
6" Meter	\$376.00	\$ 413.60	\$ 454.96	\$ 500.46	\$ 550.50
Usage Rate per CF	\$ 0.020	\$ 0.034	\$ 0.052	\$ 0.070	\$ 0.087

Alternative #2	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total
Operating Revenue	487,173	581,680	699,040	813,919	936,241	\$ 3,518,053
Less Uncollectible Receivables	-974	-1,163	-1,398	-1,628	-1,872	\$ (7,036)
Total Operating Revenue	\$ 486,198	\$ 580,517	\$ 697,642	\$ 812,291	\$ 934,368	\$ 3,511,017
Operating Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Total Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Operating Revenue over/(Under) Operating Costs (Contributed to Reserves)	\$ (2,429)	\$ 77,231	\$ 179,258	\$ 278,355	\$ 384,414	\$ 916,829
Non-Operating Revenue/(Expenses)	\$ 99,551	\$ 101,458	\$ 103,421	\$ 105,445	\$ 107,528	\$ 517,403
Net Revenue/ (Loss) (Contribution to Reserves)	\$ 97,122	\$ 178,689	\$ 282,679	\$ 383,800	\$ 491,942	\$ 1,434,232



OPTIONS

3.C ALTERNATE RATE INCREASE #3

Alternative #3	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" Meter	38.58	39.74	40.93	42.16	43.42
1" Meter	81.71	84.16	86.68	89.28	91.96
1 1/2" Meter	163.42	168.32	173.37	178.57	183.93
2" Meter	261.46	269.31	277.39	285.71	294.28
6" Meter	432.40	445.37	458.73	472.50	486.67
Usage Rate per CF	\$ 0.020	\$ 0.034	\$ 0.052	\$ 0.070	\$ 0.087

Alternative #3	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total
Operating Revenue	\$ 548,148	\$ 616,029	\$ 703,120	\$ 783,690	\$ 867,231	\$ 3,518,218
Less Uncollectible Receivables	\$ (1,096)	\$ (1,232)	\$ (1,406)	\$ (1,567)	\$ (1,734)	\$ (7,036)
Total Operating Revenue	\$ 547,052	\$ 614,797	\$ 701,713	\$ 782,123	\$ 865,497	\$ 3,511,182
Operating Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Total Costs	\$ 488,627	\$ 503,286	\$ 518,384	\$ 533,936	\$ 549,954	\$ 2,594,188
Operating Revenue over/(Under) Operating Costs (Contributed to Reserves)	\$ 58,424	\$ 111,512	\$ 183,329	\$ 248,187	\$ 315,542	\$ 916,994
Non-Operating Revenue/(Expenses)	\$ 99,551	\$ 101,458	\$ 103,421	\$ 105,445	\$ 107,528	\$ 517,403
Net Revenue/ (Loss) (Contribution to Reserves)	\$ 157,975	\$ 212,970	\$ 286,750	\$ 353,632	\$ 423,070	\$ 1,434,397



OPTIONS

3.D ALTERNATE RATE INCREASE / LESS RESERVES

	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" Meter	\$33.55	\$ 36.91	\$ 40.60	\$ 44.66	\$ 49.12
1" Meter	\$71.05	\$ 78.16	\$ 85.97	\$ 94.57	\$ 104.02
1 1/2" Meter	\$142.10	\$ 156.31	\$ 171.94	\$ 189.14	\$ 208.05
2" Meter	\$227.36	\$ 250.10	\$ 275.11	\$ 302.62	\$ 332.88
6" Meter	\$376.00	\$ 413.60	\$ 454.96	\$ 500.46	\$ 550.50
Usage Rate per CF	\$ 0.020	\$ 0.030	\$ 0.040	\$ 0.050	\$ 0.060

Alternative #1	Year 1	Year 2	Year 3	Year 4	Year 5	Five Year Total
Operating Revenue	\$ 487,173	\$ 585,569	\$ 694,070	\$ 811,247	\$ 941,782	\$ 3,519,840
Less Uncollectible Receivables	\$ (974)	\$ (1,171)	\$ (1,388)	\$ (1,622)	\$ (1,889)	\$ (7,040)
Total Operating Revenue	\$ 486,198	\$ 584,397	\$ 692,682	\$ 809,625	\$ 939,893	\$ 3,512,800
Operating Costs	\$ 488,627	\$ 503,286	\$ 518,945	\$ 534,604	\$ 550,263	\$ 2,594,188
Total Costs	\$ 488,627	\$ 503,286	\$ 518,945	\$ 534,604	\$ 550,263	\$ 2,594,188
Operating Revenue over/(Under) Operating Costs (Contributed to Reserves)	\$ (2,429)	\$ 81,111	\$ 173,737	\$ 275,021	\$ 389,630	\$ 918,613
Non-Operating Revenue/(Expenses)	\$	\$	\$	\$ 105,445	\$ 107,528	\$ 517,403
Net Revenue/ (Loss) (Contribution to Reserves)	\$	\$	\$ 277,718	\$ 381,134	\$ 497,158	\$ 1,436,016

RESERVES WILL FALL SHORT BY ABOUT \$250,000 OVER THE 5-YEAR PERIOD

SUGGESTIONS / SOLUTIONS





CONCLUSIONS

- APCWD HAS BEEN AND WILL CONTINUE TO BE FINANCIALLY RESPONSIBLE.
- THE DISTRICT HAS A RESPONSIBILITY TO THE COMMUNITY TO SET RATES THAT ARE FAIR FOR ALL, AFFORDABLE, AND STILL PROVIDE FOR QUALITY SERVICES NOW AND SUSTAINABILITY FOR THE FUTURE.
- THE DISTRICT WANTS AND ENCOURAGES COMMUNITY PARTICIPATION IN THE GOVERNANCE PROCESSES (ASKING QUESTIONS, REGULAR MEETING ATTENDANCE, VOTING IN BOARD ELECTIONS, AND, IF SO INCLINED, STEPPING FORWARD TO SERVE THE COMMUNITY AS AN ELECTED OFFICIAL).

FILING DEADLINE FOR THE NOV. ELECTION IS THIS THUR., AUG. 12, 2022