

BROAD CREEK PSD RATE OVERVIEW

July 1, 2010





RATE CHANGES

Effective July 1, 2010

New Single Family four increasing tier structure. Lowest tier is 0-21,000 gallons at \$1.45/1000.

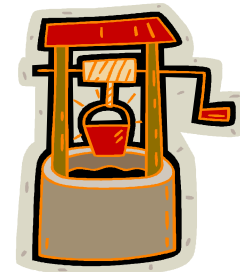
Single Family, Regime, Timeshare, Hotel per unit sewer charge increase from \$31 to \$33 per unit per month.

Regimes will be billed for usage (2.51/1000) on budget bill basis with true-up in 12th month of fiscal year billing cycle.

Arriving at the New Rates . . . Rate Revenue Requirement Formula

- + Operations and Maintenance Expenses (O&M)
- + 50% Debt Service Obligation
- + District Operating Reserve Projection (Goal - 90 Days of Expenses)
- Other Revenue (i.e. Tower Leases, Interest Income)
- = Rate Revenue Requirements

Note: Rate Revenue Requirements split 35/65, Water/Sewer. Millage used to fund capital projects and 50% of debt service



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Total Rate Revenue Requirements FY2011

+ \$3,880,468	O&M Expenses *
+ \$ 446,173	50% Debt Service **
+ \$ 175,515	Operating Reserve Funding ***
- \$ 186,306	<u>Other Revenue</u>
= \$4,315,850	Total Rate Revenue Requirements

* 3% increase over fy10 budget.
CPI March 2010 increased 2.3% over last 12 months.

** Estimated millage (\$1.4 million) to fund 50% debt service and FY2011 capital projects.

*** Current Operating Reserves = \$824,485
Goal = \$1,000,000 (90 days O&M)



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Water Rate Revenue Requirements FY2011

+ \$1,358,164	35% O&M Expenses
+ \$ 223,087	25% Debt Service
+ \$ 175,515	100% Operation Reserves *
- \$ 65,207	35% Other Revenue
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= \$1,691,559	Total Revenue Requirements Funded By Water Rates

* Operating Reserves funded through any excess usage revenue



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Sewer Rate Revenue Requirements FY2011

+ \$2,522,304	65% O&M Expenses
+ \$ 223,087	25% Debt Service
<u>- \$ 121,099</u>	<u>65% Other Revenue</u>
= \$2,624,292	Total Revenue Requirements Funded By Sewer Rates



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Customer Class WATER Rate Revenue Requirements Allocation

<u>CUSTOMER CLASS</u>	<u>USAGE</u>	<u>% OF USAGE</u>	<u>RATE REV REQ</u>
Single Family Residential	243,279,230	36.0%	\$608,962
Regime	215,115,320	31.9%	\$539,607
Commercial	216,658,968	32.1%	\$542,990
Total	675,057,518	100.0%	\$1,691,559



Usage rates average \$2.51/1000, our current usage charge.
FY2011 changes: new SF tier structure by eliminating lowest tier,
Regimes to be billed for usage (2.51/1000) on budget bill basis
with true-up in 12th month. No usage charge change to Commercial.

Usage based on actual fy2009

STEP 1- BROAD CREEK PSD
Customer Class SEWER Rate Revenue Requirements Allocation and Charges

<u>Class</u>	<u>* Allocation %</u>	<u>Required Rate Rev</u>	<u>Rate Rev</u>
Single Family	25.7%	\$513,427	
1284 units x \$33/mo			\$508,464
Regime	45.4%	\$906,988	
2264 units x \$33/mo			\$896,544
Commercial	28.9%	\$577,357	
1361 H/TS units x \$33/mo			\$538,956
79 Businesses x \$85/mo			\$ 80,580
109 Irrigation x \$10/mo			\$ 13,080
Total Proposed Commercial			\$632,616
TRU		\$626,520	
1132 under 4 baths x \$20/mo			\$271,680
228 4 or more baths x \$70/mo			\$191,520
1361 H/TS x \$10/mo			\$163,320
Total TRU			\$626,520
Total	100.0%	\$2,624,292	\$2,664,144



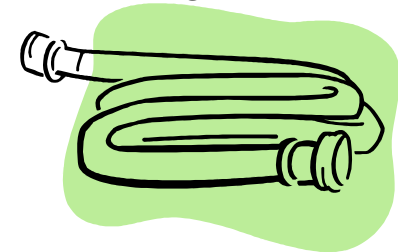
Note: SF, Regime, Commercial H/TS per unit charge increase from \$31 per unit to \$33 per unit as per Cost of Service Model. TRU total revenue not fixed due to constant change in TRU unit numbers. *Allocation % based on load factor considerations and number of units/accounts in each customer class.

BROAD CREEK PSD RATE DESIGN AND DISTRICT OBJECTIVES

Single Family Residential: Tier Structure for Water Usage

Objectives: Equitable rates, encourage conservation in lower tier, lower tier reflect more the cost of water.

<u>From</u>	<u>To</u>	<u>Charge/1000</u>	
0	21000	\$1.45	Normal indoor/outdoor usage
21001	36000	\$4.00	High usage
36001	100000	\$10.00	Penalty charge
100001	over	\$25.00	No excuse usage



Single Family Residential Water Required Rate Revenue = \$608,962

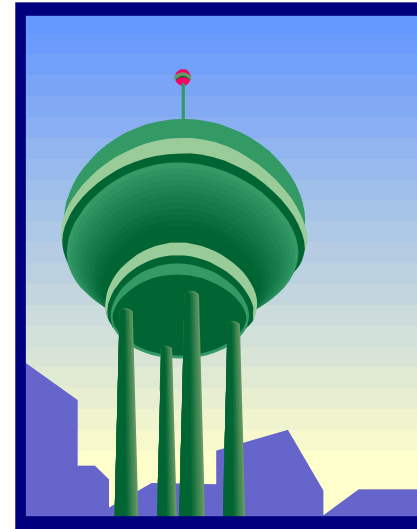
Single Family Residential Sewer Flat Rate = \$33

\$33 x 12 months x 1284 residences = \$508,464

Single Family Residential Sewer Required Rate Revenue = \$513,570

Single Family Residential Usage Revenue by Tier
(based on fy 09 usage)

Tier 1	\$1.45	\$263,395
Tier 2	\$4.00	\$152,820
Tier 3	\$10.00	\$218,110
Tier 4	\$25.00	\$40,341
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		\$674,666



Note: FY11 SF Req. Water Rate Rev = \$608,962, FY10 usage down by 12% from FY09 to date.

SAMPLE SINGLE FAMILY WATER BILLS USING NEW TIER STRUCTURE

<u>Gallons Used</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>%Total</u>
3,000	\$34.30	\$37.35	\$3.05	8.9%
6,000	\$37.60	\$41.70	\$4.10	10.9%
10,000	\$43.40	\$47.50	\$4.10	9.5%
21,000	\$59.35	\$63.45	\$4.10	6.9%
50,000	\$259.35	\$263.45	\$4.10	1.6%

Conclusion – Max increase on SF residential user bills due to new rates will be \$4.10 per month. Cost of water will be distributed more equitably to tier 1 users. In the event of decreased usage, more revenue captured in lower tier. *Based on 35% of O&M, estimated total cost of water distribution fy09 = \$1.95/1000.*

BROAD CREEK PSD RATE SUMMARY

Effective 7/1/2010

CUSTOMER CLASS	WATER RATE	SEWER RATE
SINGLE FAMILY REGIME	4 TIERS \$2.51/1000	\$33 \$33 – Budget billed with 12 th month true-up.
COMMERCIAL	\$2.51/1000	\$33, \$85, \$10
TRU	-	\$10, \$20, \$70

Total Water Rate Revenue Requirement = \$1,691,559
 Total Sewer Rate Revenue Requirement = \$2,624,291
 Total Rate Revenue Requirement = \$4,315,850

