

SOUTH TAHOE PUBLIC UTILITY DISTRICT

WELCOME



BOARD WORKSHOP OCTOBER 16, 2013



VISION/MISSION STATEMENTS AND STRATEGIC GOALS



DISTRICT VISION STATEMENT

- Maintain a dynamic organization that can quickly and proactively meet an ever increasing environment of regulations and scarce resources.

DIRECTION: NO CHANGE



DISTRICT MISSION STATEMENT

- Furnish our customers with reliable water and wastewater services, and provide those services safely, efficiently, and cost effectively.

DIRECTION: NO CHANGE

STRATEGIC GOALS



- Provide exemplary customer service
- Provide reliable and safe water distribution, wastewater collection and treatment, and recycled water land application

Direction: No change

STRATEGIC GOALS

- Foster a culture of efficient water use in our community and promote public awareness of all District activities and the value of District services.

Directed change:

- *Promote public awareness of all District activities and the value of District services* and foster a culture of efficient water use in our community.

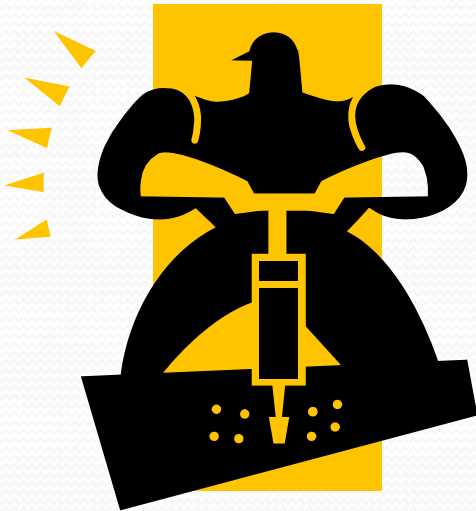


STRATEGIC GOALS

- Develop staff to ensure professionalism and continuity of organizational knowledge.

Directed change:

- *Attract, retain*, and develop staff to ensure professionalism and continuity of organizational knowledge.

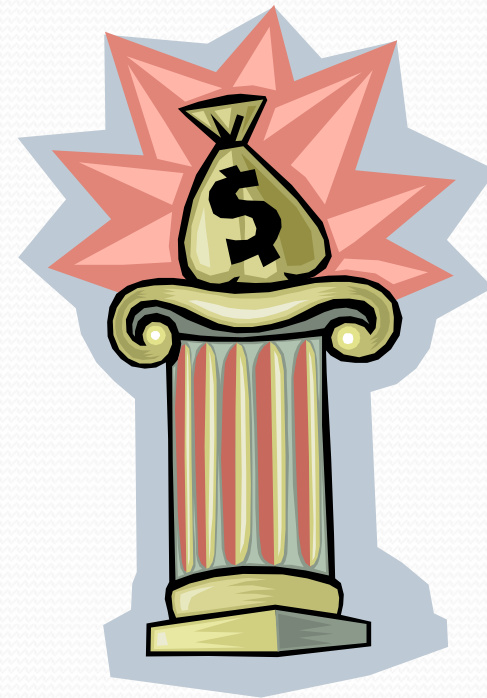


STRATEGIC GOALS

- Continue to be outstanding financial stewards.

Directed change:

- Continue to be outstanding financial stewards *while looking for revenue generation opportunities.*





STRATEGIC GOALS

- Provide a safe and harmonious work environment for our employees.

Directed change:

- Provide a safe and *respectful* work environment for our employees.

- Maximize appropriate use of technology to improve operational efficiency and prioritize asset replacement.

Direction: No change



FINANCIAL POLICIES

DISTRICT RESERVE POLICY – Three Types

- **Operating Reserves**
 - Minimum amount is equal to two months of operating expenditures
- **Capital Reserves**
 - Minimum amount will equal one year's capital spending

Direction: No change



DISTRICT RESERVE POLICY – Three Types



- Rate Stabilization Funds
 - Sewer: Minimum amount equal to one year's property tax receipts
 - Water: Minimum amount equal to 10% of one year's service charge revenue

Direction: No change



CAPACITY CHARGES

- Capacity Charge studies completed in 2006 (water) and 2008 (sewer) by Municipal Financial Services
- Charges were to be phased in over several years
- Scheduled increases have been postponed for several years as a result of Board action

Direction: Draft ordinance to freeze charges at current levels



CAPITAL IMPROVEMENT FUNDING AND RATE IMPACT



CURRENT METER POLICY

- Waterline replacement for improved fire protection is a higher priority than meter installations
- Meters will be installed on all waterline replacement projects
- Meters will be installed with awarded grant funds
- If grants are not available, the District assumes borrowing funds to complete large scale projects beginning approximately 2020/21



METER INSTALLATION SCENARIO

| | |
|-------------------------------|-----------|
| Current Number of Meters | 5,502 |
| 13/14 State Streets Waterline | 353 |
| 13/14 Sierra Tract Waterline | 120 |
| 15/16 Brockway Waterline | 59 |
| 16/17 Black Bart Waterline | 38 |
| 17/18 Sierra Tract (S) Line | 113 |
| 18/19 Sierra Tract (M) Line | 165 |
| 19/20 Sierra Tract (T) Line | 109 |
| 20/21 Gardner Mountain Line | 30 |
| 20/21 Large Project | 3,886 |
| 22/23 Glen Road Waterline | <u>67</u> |
| Remaining Needed | 3,488 |



CALIFORNIA DEPT. OF PUBLIC HEALTH ZERO PERCENT LOAN

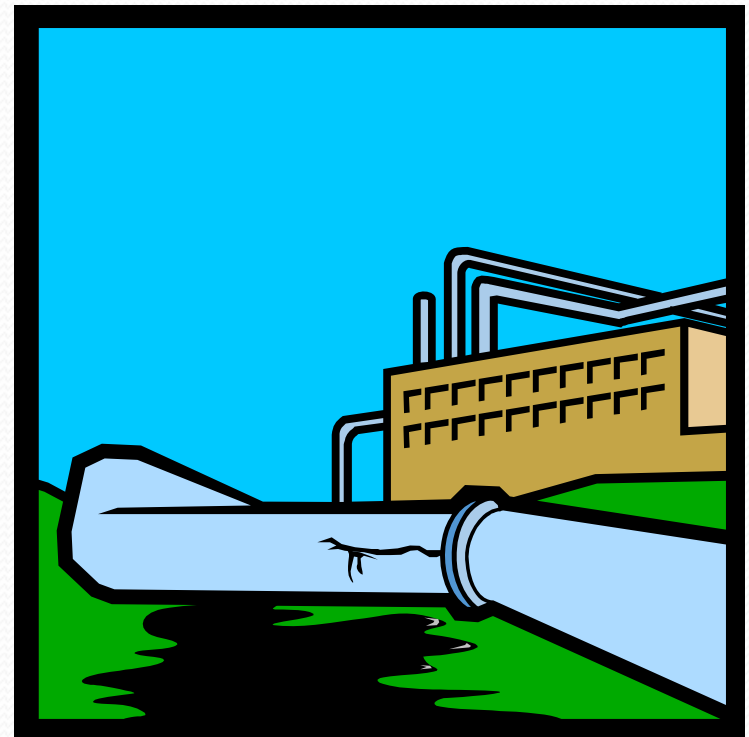
- Available for meter installations
 - District is currently approved for \$3 Million
 - District is eligible to borrow up to remaining amount needed to complete meter installations – Approximately \$18 Million
 - District can submit multiple applications over multiple years or one for the entire amount
 - Three years to spend the money with a two-year extension if progress is being made

METER INSTALLATION FUNDING SCENARIO

| Start Year | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Total |
|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Amount | \$3,000,000 | \$4,500,000 | \$4,635,000 | \$4,774,050 | \$16,909,050 |
| 3% Inflation | | 135,000 | 139,050 | 143,222 | 417,272 |
| Design & Inspection | | 695,250 | 716,108 | 737,591 | 2,148,949 |
| 10% Contingency | | <u>463,500</u> | <u>477,405</u> | <u>491,727</u> | <u>1,432,632</u> |
| TOTAL | \$3,000,000 | \$5,793,750 | \$5,967,563 | \$6,146,589 | \$20,907,902 |
| Approx. Rate Impact | 1.7% \$2.08/qtr | 3.2% \$3.98/qtr | 3.2% \$4.11/qtr | 3.2% \$4.24/qtr | 11.8% \$14.41/qtr |

WATERLINE REPLACEMENT PROGRAM – REPLACING OLD UNDERSIZED LINES

- Will meter installations postpone or be in addition to waterline replacements?
 - Supplement District resources with consultants to design and inspect meter projects while staff proceeds with waterline replacement projects?
 - Use all District resources towards meter projects for next five years instead of waterlines?





WATERLINE REPLACEMENT PROGRAM – REPLACING OLD UNDERSIZED LINES (Continued)

- Will meter installations postpone or be in addition to waterline replacements?
 - EDCWA grant funds for waterline design?
 - Waterlines will require rate increases in addition to meter projects



WATER RATE STUDY UPDATE

- Input recent consumptive data
- Input results of Board direction from this workshop
 - Meter projects only, and to what extent?
 - Meter projects and continued waterline replacement?
 - A reduced scope of both projects?
 - No meters?
 - Fixed/Variable split?
 - Multiple scenarios can be prepared by rate consultant
 - Results will be presented and discussed at a future workshop



PROPOSITION 218 NOTICE

- Following rate study results, Board direction to be provided to staff for budget implementation
- Begin public outreach process
- Board direction received for Prop 218 development
 - Multi-year or single year?
 - Amount for meters only?
 - Amount for meters and waterlines?
 - Amount for CPI or ENR?
 - Some other combination?



BOARD DIRECTION



BOARD DIRECTION

Water Meter Policy

- No change
- Speed up installation – reprioritize projects
 - Prioritize above all other capital projects
- How to fund
 - Customer responsible to have meter installed at their cost
 - New debt paid with rate increases



BOARD DIRECTION

Water Rate Study

- Move forward with study
- Provide the Board with multiple scenarios
 - Meters only
 - Meters and other water projects currently in the ten-year plan
 - A combination of both, but with reduced scope



BOARD DIRECTION

Capital Improvement Plan

- Does the Board agree with need to replace/renew infrastructure?
 - If so, to what extent?
- To what extent should we mitigate potential liability and address regulatory requirements?
- To properly address asset management planning, do we account for needed projects or shift projects off ten-year plan?



MISCELLANEOUS TOPICS



MISCELLANEOUS TOPICS

- Public Outreach Program
 - Two proposals received
- Board Member Training Workshop
- MTBE Update
- Alpine County Monitoring Fees

Questions and Next Steps



THANK YOU



The End