

SOUTH TAHOE PUBLIC UTILITY DISTRICT

WELCOME



BOARD WORKSHOP SEPTEMBER 5, 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.



DISTRICT MISSION STATEMENT

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

STRATEGIC GOALS



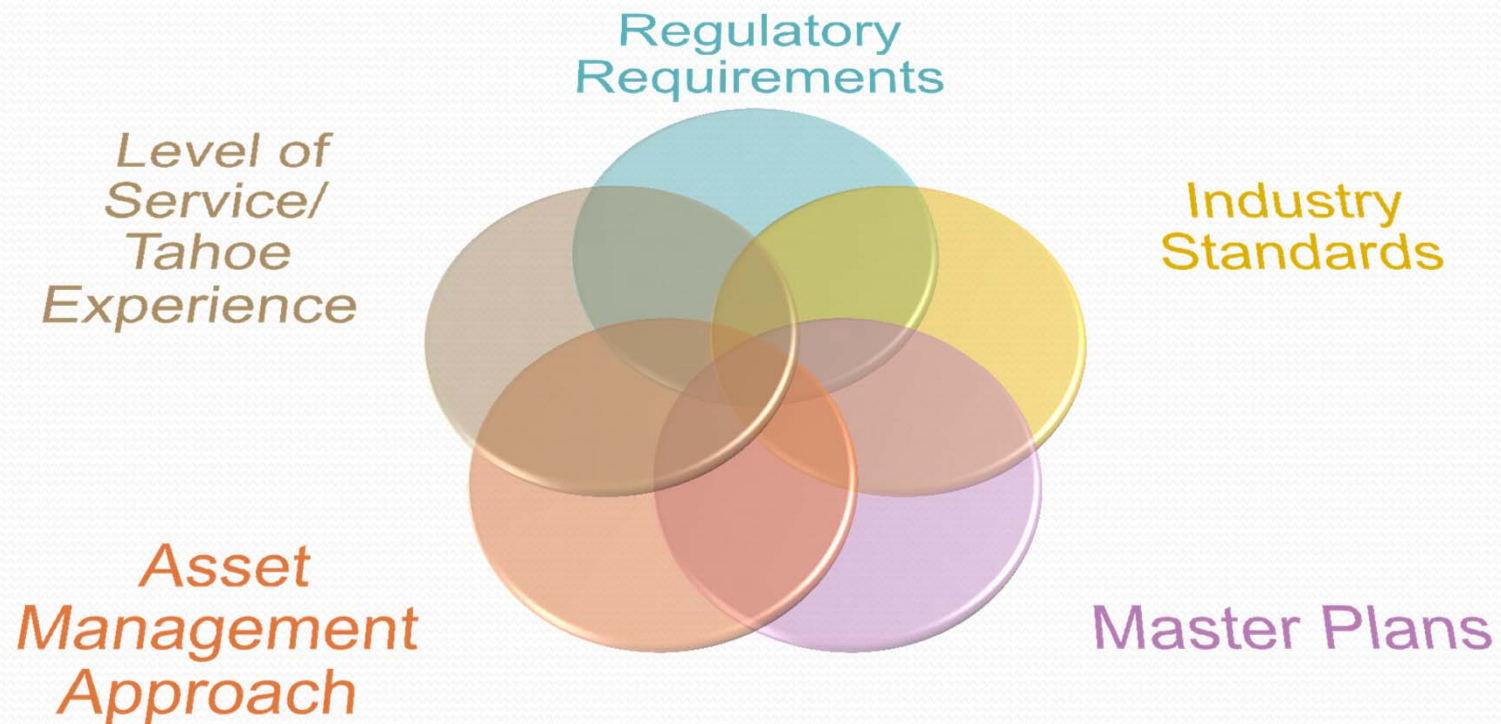
- Provide exemplary customer service
 - Phone call answering times
 - Leak response times
 - Spill response times
 - Odor complaints



STRATEGIC GOALS

- Provide reliable and safe water distribution, wastewater collection and treatment, and recycled water land application systems
 - Retire/Rehab facilities at the end of their useful life
 - FLL MCC/Alarm Panel
 - WWTP Large Generator
 - Tahoe Keys Pump Station
 - Upgrades to current standards
 - Waterline replacement program
 - LPPS Electrical/Controls
 - Reliability Improvements
 - DVR Irrigation Improvement Project
 - Regulatory Requirements
 - Water Meters

CAPITAL IMPROVEMENT PROJECT DECISION PROCESS



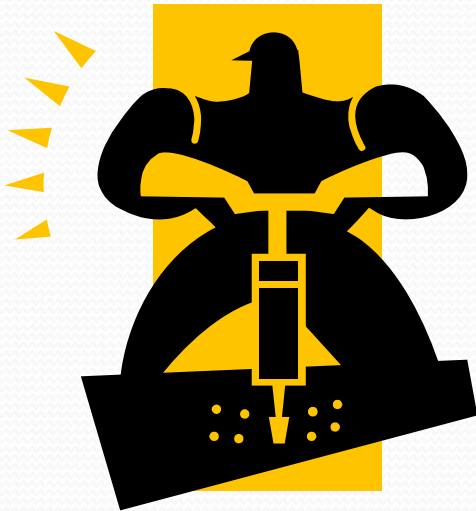
STRATEGIC GOALS

- Foster a culture of efficient water use in our community, and promote public awareness of all District activities and the value of District services
 - Public Outreach Master Plan
 - Water Conservation Program



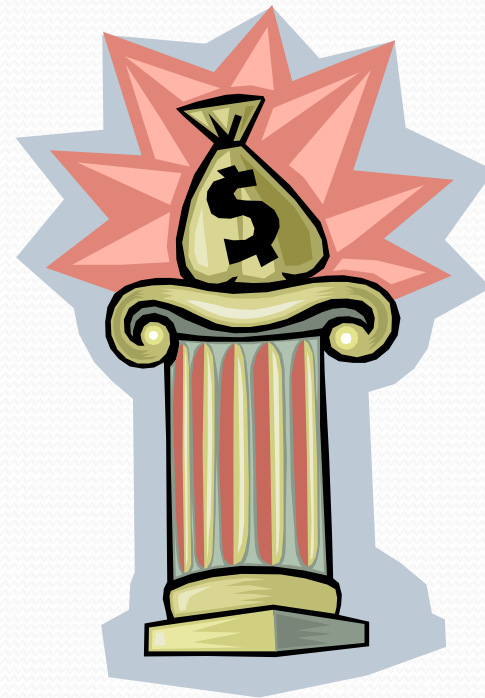
STRATEGIC GOALS

- Develop staff to ensure professionalism and continuity of organizational knowledge (Retain and Attract)
 - Wages within 1.5% of median comparables
 - Benefit package typical for public sector
 - Training for certifications and succession planning



STRATEGIC GOALS

- Continue to be outstanding financial stewards
 - Protect/enhance our credit rating
 - Maintain reserve policies





STRATEGIC GOALS

- Provide a safe and harmonious work environment for our employees
 - Provide sufficient training
 - Provide proper safety equipment
- Maximize appropriate use of technology to improve operational efficiency and prioritize asset replacement
 - Asset Management and CMMS
 - GIS
 - Regular IT equipment replacement program



RATES & METERS

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



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

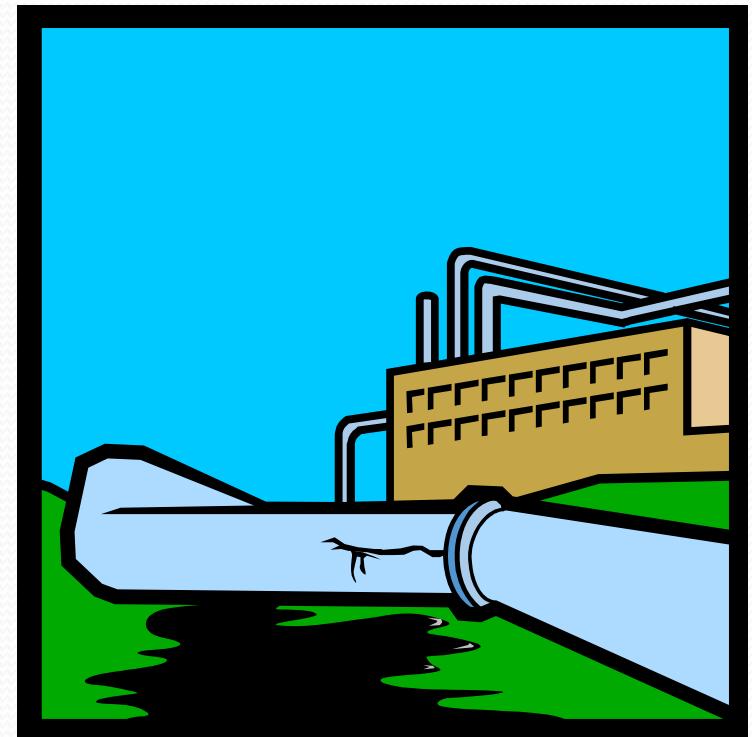


TEN-YEAR FINANCIAL AND CAPITAL IMPROVEMENT PLAN SCENARIOS

- If the ten-year plan remains unchanged and rates remain unchanged:
 - In Year 3 - the District will NOT meet the Capital Reserve Policy.
 - In Year 5 - the District will be operating in the **RED**.
- To meet Reserve Policies, the Capital Improvement Plan will have to be reduced by approximately **two-thirds** if rates remain unchanged.

TEN-YEAR FINANCIAL AND CAPITAL IMPROVEMENT PLAN SCENARIOS

- With **NO** Engineering Capital Improvement Plan, the District can operate beyond the ten-year forecast without raising rates.
- Should future ten-year forecasts be prepared without using rate increase assumptions?





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.



CAPACITY CHARGES

- Current Capacity Charges:
 - \$4,930 per sewer unit
 - \$6,833 per $\frac{3}{4}$ inch water connection
- According to the studies levels should be:
 - \$7,700 per sewer unit
 - \$9,291 per $\frac{3}{4}$ inch water connection
- Fiscal year 2013 Capacity Charge collections:
 - Water – Budget \$139,000
Actual \$419,506
 - Sewer – Budget \$221,000
Actual \$1,405,733 (includes Aspens at \$631,040 which is budgeted in Fiscal year 2014)

DISTRICT RATE HISTORY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Avg.
Water	0.0%	3.5%	4.0%	4.0%	4.0%	0.0%	2.5%	0.0%	2.0%	0.0%	2.0%
Sewer	0.0%	3.5%	4.0%	4.0%	4.0%	0.0%	2.0%	3.0%	5.0%	0.0%	2.55%
CPI	2.7%	3.7%	2.9%	4.7%	-1.7%	0.5%	3.5%	1.6%	0.7%		2.07%
ENR	4.7%	4.0%	3.3%	2.5%	5.3%	2.2%	3.1%	2.8%	2.4%		3.37%
Qtr. Water Bill	100.48	104.00	108.15	112.47	116.97	116.97	119.90	119.90	122.30	122.30	
Qtr. Sewer Bill	73.07	76.00	79.07	82.24	85.53	85.53	87.24	89.85	94.35	94.35	
Total	173.55	180.00	187.22	194.71	202.50	202.50	207.14	209.75	216.65	216.65	



DISTRICT RATE COMPARISON

Combined Water & Sewer

- Local Quarterly Rate Comparison – FY 2014
 - **STPUD** **\$216.65**
 - Incline Village \$235.92
 - North Tahoe PUD \$329.50
 - EID \$334.49
 - Tahoe City PUD \$373.53
 - Kingsbury GID \$399.61
 - **AVERAGE** **\$314.95**
 - **City of Sacramento** **\$183.72**
 - **Black & Veatch Survey (50 Largest US Cities)**
as of 2009 **\$340.11**

RATE INCREASE SCENARIOS

<u>RATE INCREASE</u>	<u>REVENUE IMPACT ON FISCAL YEAR</u>	<u>REVENUE IMPACT OVER THE TEN-YEAR FINANCIAL PLAN</u>	<u>MONTHLY IMPACT TO A TYPICAL RESIDENTIAL CUST.</u>
SEWER			
1%	\$107,000	\$1,382,000	\$0.31
2%	\$215,000	\$2,745,000	\$0.63
3%	\$323,000	\$4,056,000	\$0.94
4%	\$430,000	\$5,389,000	\$1.26
5%	\$538,000	\$6,712,000	\$1.57



RATE INCREASE SCENARIOS

RATE INCREASE	REVENUE IMPACT ON FISCAL YEAR	REVENUE IMPACT OVER THE TEN-YEAR FINANCIAL PLAN	MONTHLY IMPACT TO A TYPICAL RESIDENTIAL CUST.
WATER			
1%	\$90,000	\$1,112,000	\$0.41
2%	\$181,000	\$2,203,000	\$0.82
3%	\$271,000	\$3,308,000	\$1.22
4%	\$361,000	\$4,411,000	\$1.63
5%	\$452,000	\$5,512,000	\$2.04



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 SCENARIOS

	<u>A</u>	<u>B</u>
Current # of Meters	5,502	5,502
13/14 State Streets Waterline	353	353
13/14 Sierra Tract Waterline	120	120
13/14 Bureau of Rec Grant		120
14/15 CDPH Grant		1,500
15/16 Brockway Waterline	59	59
16/17 Black Bart Waterline	38	38
17/18 Sierra Tract (S) Line	113	113
18/19 Sierra Tract (M) Line	165	165
19/20 Sierra Tract (T) Line	109	109
20/21 Gardner Mountain Line	30	30
20/21 – Large Project	3,886	3,886
22/23 Glen Road Waterline	67	67
Remaining Needed	3,488	1,868



METER INSTALLATION COSTS - \$16 Million to Complete

Borrowing and Rate Increase Scenarios:

1. - \$16 Million @ 4%, 10yrs = \$1,973,000 Annual Payment
- Requires a **22% Rate Increase**, Typical Impact \$8.97/mo.
2. - \$16 Million @ 4%, 20yrs = \$1,177,000 Annual Payment
- Requires a **13% Rate Increase**, Typical Impact \$5.30/mo.



BOARD DIRECTION



BOARD DIRECTION

Changes to Vision and Mission

- Vision Statement

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- Mission Statement

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BOARD DIRECTION

Changes to Strategic Goals

- Provide exemplary customer service.
- Provide reliable and safe water distribution, wastewater collection and treatment, and recycled water land application (Efficient?)
- Foster a culture of efficient water use in our community and promote public awareness of all District activities and the value of District services. (Switch order?)



BOARD DIRECTION

Changes to Strategic Goals

- Develop staff to ensure professionalism and continuity of organizational knowledge (Retain and Attract?)
- Continue to be outstanding financial stewards
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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 10-year plan?



BOARD DIRECTION Water Meter Policy

- No change
- Speed up installation – reprioritize projects
- How to fund
 - Charge the customer
 - New debt paid with rate increases
 - Prioritize above all other capital projects



BOARD DIRECTION

- Capacity Charges
 - Increase/decrease/no change
 - New studies completed
- Reserve Policies
 - No change
 - Increase/decrease/eliminate



BOARD DIRECTION Water and Sewer Rates

- Future Rate Increases
 - CPI adjustments
 - Based on future economic indicators
 - Multi-year Prop 218 notice
 - None
 - Prepare future long-term forecasts with or without rate increase assumptions

Questions and Next Steps



THANK YOU



The End