

# Groveland CSD



## Wastewater Rate Discussion Rate Alternatives

October 9th, 2017



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# Presentation Overview

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- Current Rate
- Planned Capital Improvements
- Reasons for Increase
- Cash Flow Projection
- Proposition 218 Process



# Current Wastewater Rates

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<u>Rate Category</u>	<u>FY2017 Current Rates</u>
Monthly Minimum Charge	\$53.10
2014 Wastewater Debt Service Charge	\$25.75
Volume Usage Charge (\$/gallon metered water use)	
Residential	\$0.00698
Commercial	\$0.01121

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# 5-Yr Capital Improvement Plan

Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	5 Year Total
Force Main Inspection	-	22,969	22,969	22,969	22,969	-	\$91,876
A. LS 7 to Treatment Plant	-	85,963	85,963	85,963	85,963	-	343,850
B. LS 13	-	137,750	137,750	137,750	137,750	-	551,000
C. LS 2	-	20,500	20,500	20,500	20,500	-	82,000
D. LS 1	-	6,165	6,165	6,165	6,165	-	24,660
E. LS 14	-	36,990	36,990	36,990	36,990	-	147,960
F. LS 15	-	10,275	10,275	10,275	10,275	-	41,100
G. LS 8	-	30,825	30,825	30,825	30,825	-	123,300
H. LS10	-	104,805	104,805	104,805	104,805	-	419,220
I. LS 11	-	123,300	123,300	123,300	123,300	-	493,200
J. LS 3	-	18,495	18,495	18,495	18,495	-	73,980
K. LS 4	-	4,110	4,110	4,110	4,110	-	16,440
L. LS 9	-	26,715	26,715	26,715	26,715	-	106,860
M. LS 12	-	18,495	18,495	18,495	18,495	-	73,980
N. LS 5	-	69,870	69,870	69,870	69,870	-	279,480
O. LS 6	-	49,320	49,320	49,320	49,320	-	197,280
P. LS 16 [1]	-	-	-	-	-	-	-
Flume 1400' [1]	-	-	-	-	-	-	-
WWTP Headworks	-	-	250,000	-	-	-	250,000
WWTP Repair	-	-	-	225,000	225,000	180,000	630,000
Gravity Sewer Line Rehab	-	-	-	-	344,531	344,531	689,062
Satellite lift station rehab	-	-	-	-	-	100,000	100,000
Admin Building	-	-	25,000	25,000	25,000	25,000	100,000
HUB Lift Station 6	-	-	-	-	-	-	-
<b>TOTAL</b>	-	<b>\$766,547</b>	<b>\$1,041,547</b>	<b>\$1,016,547</b>	<b>\$1,361,078</b>	<b>\$649,531</b>	<b>\$4,835,248</b>





## Reasons for Wastewater Increase

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- Groveland CSD has an aging wastewater collection and treatment system and needs to invest more in system replacement.
  - A significant amount of equipment is at or beyond its useful life
  - Projects, including Lift Station #16 and Downtown Groveland/BOF Sewer Project completed to proactively address infrastructure needs
- **The wastewater enterprise is currently operating at an annual deficit of \$351,655 per year.**



# Wastewater Expense Assumptions

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- All CIP projects are fully funded with debt, grants and Pay-as-You Go
- Customer base remains relatively constant based on existing conditions; significant future growth is not anticipated
- Personnel, supplies, and services expenses have increased by 3% annually



# Debt Surcharge Reduction

Rate Category	FY2017	
	Current Rates	Restructured
Monthly Minimum Charge	\$53.10	
2014 Wastewater Debt Service Charge [1]	\$25.75	\$20.42
Volume Usage Charge (\$/gallon metered water use)		0.793
Residential	\$0.00698	
Commercial	\$0.01121	

[1] Not applicable to Groveland/Big Oak Flat accounts not tributary to Lift Station 7

- 2014 Bond debt service surcharge is currently generating 410,000 in Revenue while the annual debt service cost is around 325,000. The debt service surcharge should be lowered to \$20.42/month from the original \$25.75 for the remainder of the bond.





# Wastewater Rate Scenarios

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## Base Scenario:

- Low grant funding with a bond issuance of \$ 2.8 million dollars in FY 18
- Low grant funding with 100% Pay-As-You-Go Funding

## 50% Grant Funding Scenario:

- 50% Grant Funding with the bond issuance of \$1.2 million in FY 18 and another \$800,000 issuance in FY 21
- 50% Grant Funding with 100% Pay-As-You-Go Funding

## 75% Grant Funding Scenario:

- 75% Grant Funding with the bond issuance of \$800,000 in FY 18 and another \$500,000 in FY21
- 75% Grant Funding with 100% Pay-As-You-Go Funding





# Base Scenario – With Debt

Scenario 1: Debt Funding Updated CIP  
Table 4a: Preliminary Debt Estimates

GCS D

Sewer Rate Study

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2014 Bond	324,300	324,300	324,300	324,300	324,300	324,300	324,300
<b>Proposed Loans</b>							
2018 Debt [1]	0	0	277,110	277,110	277,110	277,110	277,110
2022 Debt [2]						0	0
<b>Total</b>	<b>324,300</b>	<b>324,300</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>

[1] \$2.8 Million 15 yr Bond at 5%

<b>Proposed Loans</b>	
Amount to be Financed	2,800,000
Interest	5%
years	15
semi-annual	2
Issuance Costs	100,000
<b>Total Issuance</b>	<b>2,900,000</b>
	<b>277,110</b>





## Revenues Base Scenario - With Debt

	Projected					
	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$1,372,409	\$3,466,944	\$2,719,287	\$2,288,730	\$1,604,942
<b>Rate Adjustment</b>						
Growth	0%	34%	15%	15%	5%	5%
Debt service charge	0%	0%	0%	0%	0%	0%
Debt service charge	25.75	20.42	20.42	20.42	20.42	20.42
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,882,300	2,164,600	2,489,300	2,613,800	2,744,500
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	325,000
Misc. revenues [4]	35,400	32,000	32,000	32,000	32,000	32,000
Grants	520,684	17,691	0	0	0	0
Loan Proceeds	0	2,800,000	0	0	0	0
<b>Total Revenues</b>	<b>2,370,784</b>	<b>5,056,991</b>	<b>2,521,600</b>	<b>2,846,300</b>	<b>2,970,800</b>	<b>3,101,500</b>



# Base Scenario With Debt - Rate Increases

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Total Revenue Requirement</b>		\$1,882,300	\$2,164,600	\$2,489,300	\$2,613,800	\$2,744,500
<b>Total Number of Billing Units</b>		19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit		\$96.70	\$111.20	\$127.88	\$134.28	\$140.99
Debt Service		\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$117.12	\$131.62	\$148.30	\$154.70	\$161.41





## Revenues Base Scenario - Pay-GO

	Projected					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$862,166	\$518,950	\$244,542	\$198,535	(\$147,304)
<b>Rate Adjustment</b>	0%	40%	20%	10.0%	3.0%	3%
<b>Growth</b>	0%	0%	0%	0%	0%	0%
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,966,600	2,359,900	2,595,900	2,673,800	2,740,600
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	325,000
Misc. revenues	<u>35,400</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
<b>Total Revenues</b>	1,850,100	2,323,600	2,716,900	2,952,900	3,030,800	3,097,600
Grants [4]	<u>530,286</u>	<u>17,691</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b>	<b>2,380,386</b>	<b>2,341,291</b>	<b>2,716,900</b>	<b>2,952,900</b>	<b>3,030,800</b>	<b>3,097,600</b>

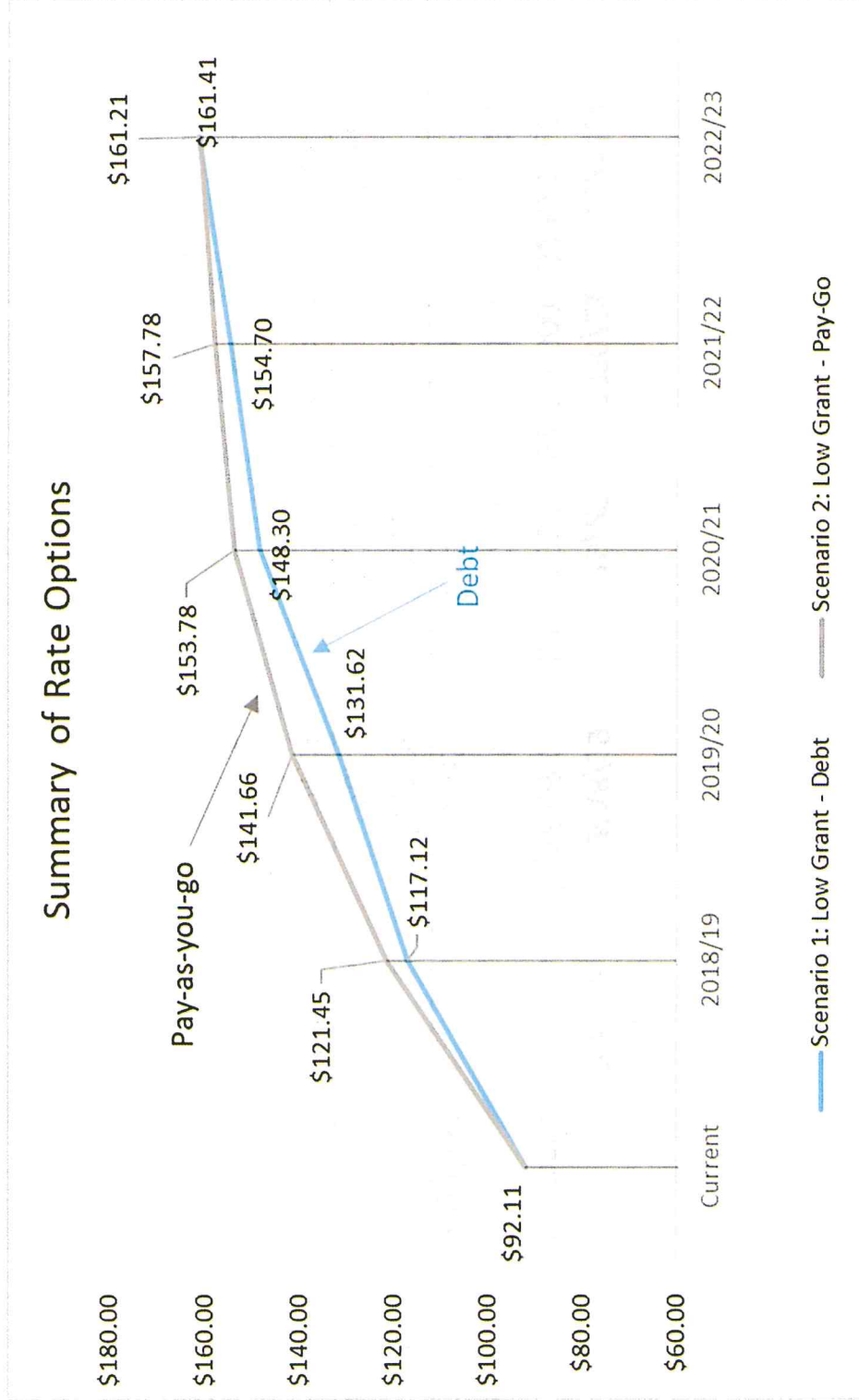


# Base Scenario - Pay Go Rate Increases

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Total Revenue Requirement</b>		\$1,966,600	\$2,359,900	\$2,595,900	\$2,673,800	\$2,740,600
% increase		40%	20%	10%	3%	3%
<b>Total Number of Billing Units</b>		19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit		\$101.03	\$121.24	\$133.36	\$137.36	\$140.79
Debt Service		\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$121.45	\$141.66	\$153.78	\$157.78	\$161.21



# Base Scenario Rate Comparison





# 50% Grant Funded Scenario With Debt

## Scenario 1: Debt Funding Updated CIP

Table 4a: Preliminary Debt Estimates

GCSD

### Sewer Rate Study

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2014 Bond	324,300	324,300	324,300	324,300	324,300	324,300	324,300
<b>Proposed Loans</b>							
2018 Debt [1]	0	0	124,222	124,222	124,222	124,222	124,222
2022 Debt [2]						86,000	86,000
<b>Total</b>	<b>324,300</b>	<b>324,300</b>	<b>448,522</b>	<b>448,522</b>	<b>448,522</b>	<b>534,522</b>	<b>534,522</b>

[1] \$1.2 Million 15 yr Bond at 5%

[2] \$800 Thousand 15yr Bond at 5%

<b>Proposed Loans</b>		
Amount to be Financed	1,200,000	800,000
Interest	5%	5%
years	15	15
semi-annual	2	2
Issuance Costs	100,000	100,000
Total Issuance	1,300,000	900,000
	124,222	86,000





# Revenues 50% Scenario With Debt

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$851,725	\$775,521	\$785,426	\$661,631	\$617,071
<b>Typical Monthly Bill [2]</b>						
Rate Adjustment	\$92.11	\$105.93	\$113.34	\$119.01	\$124.96	\$129.96
Growth	0%	15%	7%	5%	5%	4%
Debt service charge	\$25.75	\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,615,400	1,728,500	1,814,900	1,905,600	1,981,800
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	325,000
Misc. revenues [4]	35,400	32,000	32,000	32,000	32,000	32,000
Grants	520,684	400,964	520,773	508,273	680,539	324,766
Loan Proceeds	0	360,000	520,000	320,000	600,000	100,000
<b>Total Revenues</b>	<b>2,370,784</b>	<b>2,733,364</b>	<b>3,126,273</b>	<b>3,000,173</b>	<b>3,543,139</b>	<b>2,763,566</b>





## 50% Scenario With Debt - Rate Increases

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Total Revenue Requirement</b>		\$1,615,400	\$1,728,500	\$1,814,900	\$1,905,600	\$1,981,800
<b>Total Number of Billing Units</b>		19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit		\$82.99	\$88.80	\$93.24	\$97.90	\$101.81
Debt Service		\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$103.41	\$109.22	\$113.66	\$118.32	\$122.23



# Revenues 50% Scenario - Pay-GO

	Projected					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$862,166	\$761,723	\$748,189	\$798,555	\$730,855
<b>Rate Adjustment</b>	0%	30%	15%	4.0%	4.0%	0%
<b>Growth</b>	0%	0%	0%	0%	0%	0%
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,826,100	2,100,000	2,184,000	2,271,400	2,271,400
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	325,000
Misc. revenues	<u>35,400</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
Total Revenues	1,850,100	2,183,100	2,457,000	2,541,000	2,628,400	2,628,400
Grants [4]	<u>530,286</u>	<u>400,964</u>	<u>520,773</u>	<u>508,273</u>	<u>680,539</u>	<u>324,766</u>
<b>Total Revenue</b>	<u><b>2,380,386</b></u>	<u><b>2,584,064</b></u>	<u><b>2,977,773</b></u>	<u><b>3,049,273</b></u>	<u><b>3,308,939</b></u>	<u><b>2,953,166</b></u>



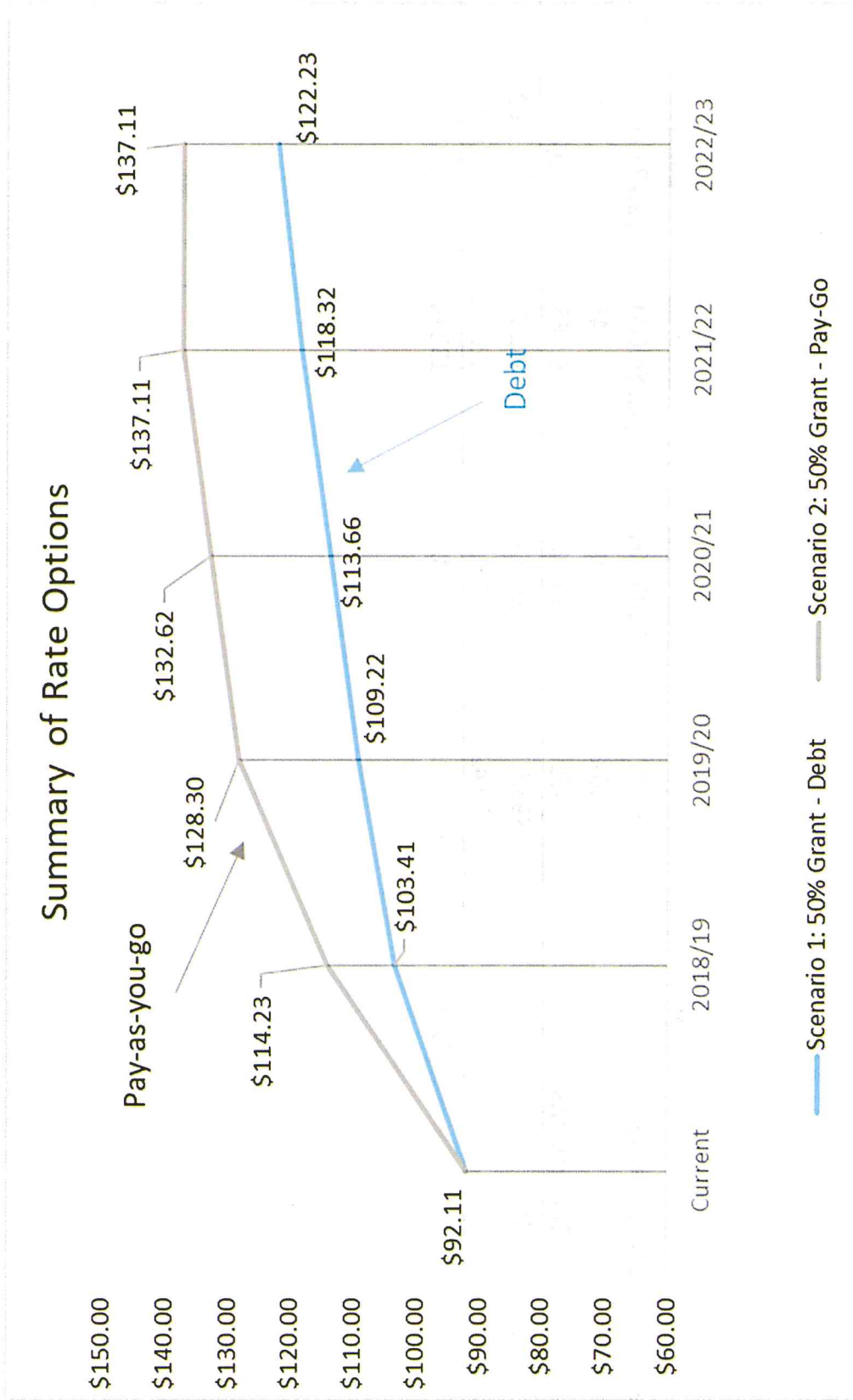


## 50% Scenario Pay Go - Rate Increases

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
Total Revenue Requirement		\$1,826,100	\$2,100,000	\$2,184,000	\$2,271,400	\$2,271,400
% increase		30%	15%	4%	4%	0%
Total Number of Billing Units		19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit		\$93.81	\$107.88	\$112.20	\$116.69	\$116.69
Debt Service		\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$114.23	\$128.30	\$132.62	\$137.11	\$137.11



# 50% Grant Funding Scenario Comparison





# 75% Grant Funded Scenario With Debt

Scenario 1: Debt Funding Updated CIP  
Table 4a: Preliminary Debt Estimates

GCSD

Sewer Rate Study

Description	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
2014 Bond	324,300	324,300	324,300	324,300	324,300	324,300	324,300
<b>Proposed Loans</b>							
2018 Debt [1]	0	0	277,110	277,110	277,110	277,110	277,110
2022 Debt [2]						0	0
<b>Total</b>	<b>324,300</b>	<b>324,300</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>	<b>601,410</b>

[1] \$2.8 Million 15 yr Bond at 5%

<b>Proposed Loans</b>	
Amount to be Financed	2,800,000
Interest	5%
years	15
semi-annual	2
Issuance Costs	100,000
<b>Total Issuance</b>	<b>2,900,000</b>
	<b>277,110</b>





# Revenues 75% Scenario With Debt

	Projected					
	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$851,725	\$1,045,380	\$1,001,594	\$999,257	\$990,855
<b>Rate Adjustment</b>	0%	15%	5%	4%	4%	4%
<b>Growth</b>	0%	0%	0%	0%	0%	0%
Debt service charge	25.75	\$20.42	\$20.42	20.42	\$20.42	20.42
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,615,400	1,696,200	1,764,000	1,834,600	1,908,000
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	325,000
Misc. revenues [4]	35,400	32,000	32,000	32,000	32,000	32,000
Grants	520,684	592,601	781,160	762,410	1,020,808	487,148
Loan Proceeds	0	<u>400,000</u>	<u>200,000</u>	<u>200,000</u>	<u>300,000</u>	<u>100,000</u>
<b>Total Revenues</b>	<b>2,370,784</b>	<b>2,965,001</b>	<b>3,034,360</b>	<b>3,083,410</b>	<b>3,512,408</b>	<b>2,852,148</b>





## 75% Scenario With Debt – Rate Increases

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	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Total Revenue Requirement</b>	\$1,615,400	\$1,696,200	\$1,764,000	\$1,834,600	\$1,908,000	\$1,908,000
<b>Total Number of Billing Units</b>	19,465	19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit	\$82.99	\$87.14	\$90.62	\$94.25	\$98.02	\$98.02
Debt Service	\$20.42	\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$103.41	\$107.56	\$111.04	\$114.67	\$118.44

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# Revenues 75% Scenario - Pay-GO

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Beginning Fund Balance</b>						
Opening Balance [1]	\$368,541	\$862,166	\$728,660	\$637,012	\$589,514	\$495,984
Rate Adjustment	0%	14%	10%	4.0%	4.0%	4%
Growth	0%	0%	0%	0%	0%	0%
<b>Revenues</b>						
Sewer rate revenues [3]	1,404,700	1,601,400	1,761,500	1,832,000	1,905,300	1,981,500
Debt service charge revenues	410,000	325,000	325,000	325,000	325,000	324,300
Misc. revenues	35,400	32,000	32,000	32,000	32,000	32,000
Total Revenues	1,850,100	1,958,400	2,118,500	2,189,000	2,262,300	2,337,800
Grants [4]	530,286	592,601	781,160	762,410	1,020,808	487,148
<b>Total Revenues</b>	<b>2,380,386</b>	<b>2,551,001</b>	<b>2,899,660</b>	<b>2,951,410</b>	<b>3,283,108</b>	<b>2,824,948</b>





## 75% Scenario Pay Go - Rate Increases

	Current	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Total Revenue Requirement</b>		\$1,601,400	\$1,761,500	\$1,832,000	\$1,905,300	\$1,981,500
% increase		14%	10%	4%	4%	4%
<b>Total Number of Billing Units</b>	19,465	19,465	19,465	19,465	19,465	19,465
Fixed Rate per Unit		\$82.27	\$90.49	\$94.12	\$97.88	\$101.80
Debt Service		\$20.42	\$20.42	\$20.42	\$20.42	\$20.42
	\$92.11	\$102.69	\$110.91	\$114.54	\$118.30	\$122.22



# 75% Grant Funding Scenario Comparison





## Proposition 218

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- Proposition 218 establishes a procedure for rate payers to protest a proposed rate increase before the rate can be adopted.
- The process includes:
  - Development of a rate study which sets forth the proposed rates
  - Mailed notification of rate payers at least 45 days before the public hearing
  - A public rate hearing to consider the proposed rates and count written protests
- The Prop 218 notice must:
  - Identify the proposed rate increase
  - Explain the reason for the increase and how it is calculated
  - Explain how to submit a written protest against the proposed rate increase
  - Specify the date, location and time for the Prop 218 public hearing



# Rate Adoption

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- To consider the proposed rates, Board must:
  - Hold a public hearing
  - Invite public comments
  - Tally written protests
  
- If more than 50% of affected parcels submit written protests, the proposed rates cannot be adopted.
  
- If 50% or less of affected parcels submit written protests, the proposed rates can be adopted by the Board.



# Questions/Comments

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