

**NOTICE AND AGENDA
BIG PLAINS WATER AND SEWER SPECIAL SERVICE DISTRICT
Special Meeting**

Notice is given that a special meeting of the Big Plains Water and Sewer Special Service District will be held on **Thursday, May 14th 2020**, commencing at **6:00 PM** or shortly thereafter.

Pursuant to the Executive Order issued by Governor Gary Herbert on March 18, 2020 regarding Electronic Public Meetings, please be advised that the meeting will be held electronically and broadcast via Zoom. Persons allowed to comment during the meeting may do so via Zoom. Login to the meeting by visiting <https://us02web.zoom.us/j/81449776599>

To call into the meeting, dial (253) 215 8782 and use Meeting ID 814 4977 6599

The Agenda is as follows:

Call to Order/ Pledge of Allegiance/ Roll Call

DISCUSSION AND ACTION

1. Discussion and action regarding adoption of the Fiscal Year 2020-2021 Tentative Budget, and set the date for a public hearing
2. Discussion on water rates and the recently completed RCAC Rate Study

ADJOURNMENT

CERTIFICATE OF POSTING: I, Ben Billingsley, as duly appointed Deputy Clerk for the Town of Apple Valley, hereby certify that this notice was posted at the Utah Public Notice website <http://pmn.utah.gov> and the Town Website www.applevalleyut.gov on the **12th day of May, 2020**.

Dated this 12th day of May, 2020

Ben Billingsley, Deputy Clerk
Town of Apple Valley

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL COMMUNITY EVENTS AND MEETINGS
In compliance with the American with Disabilities Act, individuals needing special accommodations (Including auxiliary communicative aids and services) during this meeting should notify the Town of Apple Valley at 435-877-1190.

Big Plains Water & Sewer Special Service District						
FY 2020-2021 Tentative Budget						
	FY18 Actual	FY19 Actual	FY20 YTD Mar20	FY20 Estimate/Budget	FY21 Budget	Notes
Income or Expense						
Income From Operations:						
Operating income						
5140 Water Sales	185,729	185,422	148,555	186,048	232,840	Includes \$10/month base rate increase
5150 Water Standby Fees	37,998	36,694	24,766	32,886	43,524	Includes \$10/month standby fee increase
5310 Connection Fees	21,650	34,888	16,500	65,000	2,000	
5410 Late Penalties and Fees	19,310	5,257	0	5,000	3,000	
5490 Other Operating Income	22,594	30,565	11,873	12,000	18,000	
Total Operating income	287,281	292,826	201,693	300,934	299,364	
Operating expense						
6010 Clerical Contractor Labor	20,407	0	0	0	12,000	Interlocal - Proposed 30k (included all components), reduced to 12k
6011 Town Payroll Services	45,369	430	0	0	0	
6013 Water Salaries and Wages	866	45,006	32,889	45,000	45,006	
6014 Water Benefits	226	24,845	18,374	26,193	25,883	Retirement/HSA/FICA/Workers Comp/SUI/Insurance (wasn't included in
6015 Admin Salaries and Wages	0	23,705	0	0	0	
6016 Admin Benefits	0	12,831	0	0	0	
6021 Public Postings	787	807	51	100	500	Cross connection control - \$500
6023 Travel/Fuel	3,100	821	829	1,200	1,200	
6024 Training	0	295	0	300	800	CEU's \$200/2 conf attendees
6025 Books/Subscriptions/Memberships	0	990	716	750	1,000	
6030 Office Supplies and Expenses	4,893	7,322	3,297	5,009	3,034	Printer/Misc, Interlocal building share
6032 Postage	412	908	72	0	2,904	Interlocal postage
6035 Bank Service Charges	68	2,440	1	0	100	No longer processing CC payments
6036 Bad Debt	0	0	0	0	0	
6040 Professional Service	35,821	10,716	18,734	18,734	0	Canaan SPP, Resident engineer as assigned - Reduced to zero per Harold
6043 Accounting & Audit Fees	4,473	6,611	6,921	7,000	7,000	Single Audit? Grant is <\$750k
6044 Water Testing	1,241	7,308	3,201	4,000	5,200	New Canaan Schedule +rad 226, nitrates, VOC's, pesticides \$2k
6045 Legal Fees	11,410	5,549	776	1,600	3,000	
6050 System Maintenance and Repairs	7,372	3,488	2,524	3,000	3,500	Tools \$1,000, Misc backup equip (Hydrant knockoff kit) \$2,000
6051 System Equipment	4,034	10,824	3,872	4,700	4,000	Replace half of old meters in Cedar Point 16@\$3200, Barricades - \$1000
6052 Well Maintenance and Repairs	877	3,572	1,305	1,900	2,000	
6053 Tank Maintenance and Repairs	4,400	4,350	0	500	0	Canaan 50k tank \$5k, Tank cleaning \$14k
6060 Equipment Maintenance	73	2,993	3,947	4,500	1,000	Truck Repairs \$1,000
6061 Equipment Fuel	0	2,847	1,729	2,900	2,500	
6067 Utilities	15,538	10,039	10,582	15,482	16,000	
6068 Telephone & Internet	1,271	553	0	0	900	Interlocal phone/internet share

Big Plains Water & Sewer Special Service District						
FY 2020-2021 Tentative Budget						
	FY18 Actual	FY19 Actual	FY20 YTD Mar20	FY20 Estimate/Budget	FY21 Budget	Notes
6070 Insurance	4,241	4,644	4,776	5,000	5,000	
6095 Depreciation Expense	117,195	134,013	101,032	135,000	135,000	
Total Operating expense	284,072	327,905	215,628	282,868	277,527	
Total Income From Operations:	3,209	-35,079	-13,935	18,066	21,837	
Non-Operating Items:						
Non-operating income						
5510 Grants	243,125	38,000	0	0	615,000	
5515 Bond Proceeds	0	0	0	0	0	
5520 Impact Fees	36,000	197,573	46,528	234,000	231,283	Amount required to balance budget with \$10/month increase
5610 Interest Income	1,710	3,136	2,399	2,400	2,000	
5680 Contributed Capital Revenue	0	0	0	0	0	
5690 Sundry Revenue	0	0	0	0	0	
5700 Gain or Loss on Plant Retirement	0	0	0	0	0	
Total Non-operating income	280,835	238,709	48,927	236,400	848,283	
Non-operating expense						
6080 Interest Expense	92,730	94,609	67,369	93,282	91,723	
Total Non-operating expense	92,730	94,609	67,369	93,282	91,723	
Total Non-Operating Items:	188,106	144,100	-18,442	143,118	756,560	
Total Income or Expense	191,315	109,021	-32,377	161,184	778,397	
					16,250	
					147,147	
					615,000	
					778,397	

Big Plains WSSSD Rate Analysis

Proposed Alternatives

Budget:

The attached budget is based on the current water system budget and future year estimates in grey cells are increased based on an inflation factor of 2.3%. Several points to notice are:

- Total Refurbishing and Rebuilding Costs
 - This includes the wellhead rehab for the Jessop and Cooke Wells and a sandblast and recoat of the Canaan Springs Tank
- New Operator
 - The district anticipates hiring a part time operator in 2022. This is estimated at \$30,000 a year.
- Reserves
 - To be discussed in next section
- Debt Service
 - Annual principle and interest payments for outstanding loans
- Source Protection Plan Engineering
 - Approximate cost, to be funded by Well 59 Escrow funds
- Sales Revenue
 - From 2020 forward, calculated by model (above budget is with current rates)
- Impact Fees
 - Budgeted at \$60,000 a year. A one-off revenue line of \$90,000 in impact fees is added in 2021
- PTIF 7840 Well 59 Escrow
 - Restricted account that will be used to fund wellhead rehab and source protection plan
- Affordability
 - Based on MHI of \$41,415 (Calculated by RCAC in 2018)

Debt:

Existing Debt					
Description	Annual Payment	Maturity	Reserve Required	Reserve Allocated	Make Up Period
2012 Water Project	\$ 85,000	2054	\$ 85,000	\$ 68,000	2
2014 Water Project	\$ 126,480	2054	\$ 126,480	\$ 37,944	7
2016 Aquifer Study	\$ 8,200	2021	\$ 8,200	\$ 6,560	1
2018 Water Bond A	\$ 4,400	2037	\$ 4,400	\$ 880	8
2018 Water Bond B	\$ 14,100	2048	\$ 14,100	\$ 2,820	8
Total	\$ 238,180		\$ 238,180	\$ 116,204	

- BPWSSSD is a current borrower of both DDW State Revolving Loan Funds and USDA Rural Develop WEP Funds.
- Nominal annual payments for the multiple loans/bonds average \$238,180 each year. This will fluctuate annually as the SRF funding repayment varies slightly year to year.

- The loans require a debt service reserve equal to one annual payment. This reserve can be built up over a 5- to 15-year period, depending on the length and size of the loan.

Reserves:

Existing Reserves	Amount			
Debt Reserve	\$116,204	As per lending agreement(s)		
Operating Reserve	\$20,657	Often in Checking Account		
Emergency Reserve	\$0	Often in Savings Account		
Capital Reserve		Mostly in CDs or other investments		
Total	\$136,861			

- Reserve Calculations are based on BPWSSSD 2019 Year End Financial Report
- Debt Reserve is funded to current year requirements, but contributions will need to be made annually for the next 8 years to meet the eventual total.
 - Debt Service Reserve is based on loan agreement, letter of conditions (USDA) or bond covenants
 - As of 2020, debt service reserve requires at least \$116,204. A total debt service reserve of \$238,180 will be required within 8-13 years, determined by loan agreements.
 - Big Plains currently has \$64,571 in the PTIF 8667 Reserve Account, \$28,263 in PTIF 8339 Savings Account, \$15,036 in PTIF 8032 Impact Fees Account and \$28,990 in the Checking Account.
 - The District has a total of \$136,861. For the purposes of this rate study and to reflect compliance with loan terms, \$116,204 has been allocated to the debt reserve and the remaining \$20,657 to operating reserves and capital reserves
 - Operating Reserve
 - 1.5 times the expenses during a billing cycle
 - This can be met, with an excess of \$1,177 to be transferred to capital reserves
 - Emergency Reserve
 - Often the critical equipment replacement cost. With redundancies in Big Plains Water System, difficult to identify any one piece of equipment. In consultation with staff, determined \$18,000 as appropriate value to be able to respond to an emergency in the water system.
 - To be funded in three years
- Capital Reserve
 - Funds available to replace current system assets, or purchase future assets
 - Currently \$1,177 available
 - DEQ requires Capital Facilities Reserve contributions annually. Contributions are equal to 5% of annual OM budget
 - USDA requires Short-Lived Asset Reserve with contributions of \$6,667 annually
- Replacement of Existing Capital Assets
 - Calculates future replacement costs of current system assets and determines annual reserve requirements
 - Annual Reserve Required Column

- Annual contributions to reserve to cover cash replacement of asset at end of remaining life
 - System assets determined by BPWSSSD System Inventory completed by R Mills Engineering
 - Reviewed and updated by RCAC and Big Plains staff
- Replacement of Funded Capital Assets
 - Currently empty
 - If when ECWAG funding for Canaan Springs is finalized, this can be updated
- Reserves for Additional Capital Assets
 - Used to save for future capital purchases

Sales:

- Model uses 12 months of water use data from the system
- Using system data input customers by class and meter size
- Used to calculate base rate and sales revenue

Current Status:

- With current rates, the water system is not covering expenses
- In order to cover O&M expenses and current general and administrative expenses (including reserve funding), the system needs to generate \$502,000 in revenue. Currently, the system brings in approximately \$339,000 in total revenue (including impact, standby and connection fees)
- **It is recommended that Big Plains WSSSD increase rates to generate enough revenue**

Calculating Theoretical Base Rate:

Ideally, base rates charged to customers should be adequate to cover fixed costs in a water system. These base rates should be based on meter size, as larger meters have the capacity to put a greater demand on the system, and the system has certain fixed costs in order to be able to meet this demand. This allows us to determine base rates for all meters that would cover these fixed costs.

Meter Size in "	Decimal Size	Number of Meters	AWWA Safe Maximum Operating Cap. (GPM)	Max Demand (GPM)	% of Max Demand by Meter Size	Total Fixed Costs Allocated by Meter Size	Theoretical Base Rate by Meter Size per M
A	B	C	D	E= D * C	F= % of total	G= % * total	H=G/C/12
5/8"	0.625	0	20				
3/4"	0.750	360	30	10,800	98.18%	\$489,264	\$113.26
1"	1.000	2	50	100	0.91%	\$4,530	\$188.76
1.5"	1.500	1	100	100	0.91%	\$4,530	\$377.52
Total		363		11,000	100.00%	\$498,325	

Notes:

1. Safe maximum meter capacity for 5/8" through 2" meters (column D) based on AWWA C700 displacement meters.
2. Safe maximum meter capacity for 3" through 8" meters based on AWWA C702 compound meters.
3. Safe maximum meter capacity for 10" meter based on AWWA C704 propeller type meter.

Budget
Big Plains SSD

Date: 05/07/20 **Exhibit 2**
 Inflation Factor (%): 2.30
 Loan Interest Rate (%): 3.00
 System Number: 27069

EXPENSES AND SOURCES OF FUNDS	2020	% Belonging to Water	2021	2022	2023	2024	2025
OPERATIONS & MAINTENANCE EXPENSES							
6013 Water Salaries and Wages	45,000	100%	46,035	47,094	48,177	49,285	50,419
6014 Water Benefits	27,841	100%	28,481	29,136	29,807	30,492	31,193
6023 Travel/Fuel	1,500	100%	1,535	1,570	1,606	1,643	1,681
6044 Water Testing	2,500	100%	2,558	2,616	2,676	2,738	2,801
6050 System Maintenance and Repairs	8,500	100%	8,696	8,895	9,100	9,309	9,524
6051 System Equipment	8,580	100%	8,777	8,979	9,186	9,397	9,613
6052 Well Maintenance and Repairs	3,263	100%	3,338	3,415	3,493	3,574	3,656
6053 Tank Maintenance and Repairs	747	100%	764	782	800	818	837
6060 Equipment Maintenance	2,000	100%	2,046	2,093	2,141	2,190	2,241
6061 Equipment Fuel	3,500	100%	3,581	3,663	3,747	3,833	3,921
6067 Utilities	20,832	100%	21,311	21,801	22,303	22,816	23,340
6070 Insurance	5,100	100%	5,217	5,337	5,460	5,586	5,714
Total Refurbishing and Rebuilding Cost			23,500	0	0	0	0
New Operator				30,000	30,000	30,000	30,000
Total Operation and Maintenance Expenses:	129,363		155,838	165,382	168,496	171,681	174,940
GENERAL & ADMINISTRATIVE EXPENSES							
Operating Reserve Funding			0	0	0	0	0
Emergency Reserve Funding			6,000	6,000	6,000	0	0
Debt Reserve Funding			24,638	22,998	14,498	14,498	14,498
Replacement of Existing Capital Assets			22,901	22,901	22,901	22,272	22,272
Replacement of Funded Project Assets			0	0	0	0	0
Reserves for Additional Capital Assets			0	0	0	0	0
Debt Service			238,180	229,980	229,980	229,980	229,980
6010 Clerical Contractor Labor	20,557	100%	21,030	21,513	22,008	22,514	23,032
6011 Town Payroll Services	0	100%	0	0	0	0	0
6015 Admin Salaries and Wages	0	100%	0	0	0	0	0
6016 Admin Benefits	0	100%	0	0	0	0	0
6021 Public Postings	600	100%	614	628	642	657	672
6024 Training	500	100%	512	523	535	548	560
6025 Books/Subscriptions/Memberships	200	100%	205	209	214	219	224
6030 Office Supplies and Expenses	3,300	100%	3,376	3,454	3,533	3,614	3,697
6032 Postage	1,182	100%	1,209	1,237	1,265	1,295	1,324
6035 Bank Service Charges	20	100%	20	21	21	22	22
6036 Bad Debt	0	100%	0	0	0	0	0
6040 Professional Service	5,000	100%	5,115	5,233	5,353	5,476	5,602
6043 Accounting & Audit Fees	4,000	100%	4,092	4,186	4,282	4,381	4,482
6045 Legal Fees	16,700	100%	17,084	17,477	17,879	18,290	18,711
6068 Telephone & Internet	1,250	100%	1,279	1,308	1,338	1,369	1,401
Source Protection Plan Engineering			21,321				
Total General and Administrative Expenses:	53,309		367,575	337,668	330,451	325,135	326,478
TOTAL EXPENSES	182,672		523,413	503,050	498,947	496,817	501,418
SOURCE OF FUNDS / REVENUES RECEIVED							
Sales Revenue (Base + Usage)			200,992	203,133	205,286	207,450	209,622
Connection Fees	12,500	100%	12,788	13,082	13,382	13,690	14,005
Interest Income	3,000	100%	3,069	3,140	3,212	3,286	3,361
Uncollectable Receivables			-402	-406	-411	-415	-419
Standby Fees	39,500	100%	40,409	41,338	42,289	43,261	44,256
Impact Fees	60,000	100%	61,380	62,792	64,236	65,713	67,225
Late Fees	5,000	100%	5,115	5,233	5,353	5,476	5,602
Other Operating Income	15,000	100%	15,345	15,698	16,059	16,428	16,806
PTIF 7840 Well 59 Escrow			41,321				
Additional Impact Fees (\$90k)			90,000				
TOTAL REVENUE	135,000		380,016	344,009	349,407	354,890	360,459
NET LOSS OR GAIN:	-47,672		-143,397	-159,042	-149,541	-141,927	-140,959
NET CASH FLOW (Contribution to Reserves)	-47,672		-89,858	-107,143	-106,142	-105,157	-104,189
Affordability assuming MHI of \$41415 for residential meters.			1.42%	1.44%	1.46%	1.47%	1.49%
Does the Budget Balance?			No	No	No	No	No
Positive Annual Cash Flow?			No	No	No	No	No

Alternative 1 – No Change

- The attached budget includes projected revenue with current rates. Current rates are seen below.

Customer Class	Rate Structure	Base Rate	Usage Rates
Residential	Tiered Block	\$29.00	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Commercial	Tiered Block	¾" \$29.00 1" \$45.00 1.5" \$56.00 2" \$80.00 3" \$218.00 4" \$490.00	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Water Contract	Tiered Block	\$29.00 Includes 30,000 gallons	
Exempt Water	Flat	\$0.00	<i>Includes Town of Apple Valley</i>
SSD Board Member	Tiered Block	\$0.00 <i>Base rate waived</i>	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Standby	Flat	¾" \$29.00 1" \$45.00 1.5" \$56.00 2" \$80.00 3" \$218.00 4" \$490.00	

- It should be noted that in this scenario, revenue is adequate to cover operations and maintenance costs, but is not enough to cover all debt service and or any contributions to reserves.
 - In order to cover O&M expenses, debt service requirements, and debt service reserve contributions, an increase in revenue is needed
 - In order to adequately fund capital replacement and capital improvement reserves, an increase in revenue is needed
 - In order to have cash available for operational expenses and emergencies, an increase in revenue is needed
 - In order to comply with funding terms and audit findings, an increase in revenue is needed

- Overall, revenue needs to increase by approximately \$150,000 each year to cover system expenses. The current rates are not able to generate this revenue with the current customer base.

Results of the new rates	2021	2022	2023	2024	2025	5 Years
TOTAL EXPENSES	\$523,413	\$503,050	\$498,947	\$496,817	\$501,418	\$2,523,646
TOTAL REVENUE	\$380,016	\$344,009	\$349,407	\$354,890	\$360,459	\$1,788,780
NET LOSS OR GAIN: (Short/Over to Reserves)	-\$143,397	-\$159,042	-\$149,541	-\$141,927	-\$140,959	-\$734,866
NET CASH FLOW (Contribution to Reserves)	-\$89,858	-\$107,143	-\$106,142	-\$105,157	-\$104,189	-\$512,489
Affordability assuming MHI of \$41415 for residential meters.	1.42%	1.44%	1.46%	1.47%	1.49%	
Are you putting enough money in reserves?	No	No	No	No	No	
Positive Annual Cash Flow?	No	No	No	No	No	

Alternative 2 – Increase base rates to \$58 (double the base rate)

In this scenario, increase the base rate for residential customers to \$58.00. This is about 51% of the theoretical base rate. We apply this percentage to the theoretical base rate of the other meter sizes of 1” and 1.5”.

Customer Class	Rate Structure	Base Rate	Usage Rates
Residential	Tiered Block	\$58.00	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Commercial	Tiered Block	¾” \$58.00 1” \$97.00 1.5” \$193.00	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Water Contract	Tiered Block	\$58.00 Includes 30,000 gallons	
Exempt Water	Flat	\$0.00	<i>Includes Town of Apple Valley</i>
SSD Board Member	Tiered Block	\$0.00 <i>Base rate waived</i>	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Standby	Flat	¾” \$58.00 1” \$97.00 1.5” \$193.00	

In this scenario, all customers see a base rate increase, but the current customer classes are maintained and there is no change to usage rates. The base rates are based on meter size. With the increase in base rate, along with a scheduled 2% increase annually, the system brings in adequate revenue, as seen below.

Growth Factor of Rates		Year 2	Year 3	Year 4	Year 5		
	Base Usage	2.00%	2.00%	2.00%	2.00%		
Results of the new rates		2021	2022	2023	2024	2025	5 Years
	TOTAL EXPENSES	\$523,413	\$503,050	\$498,947	\$496,817	\$501,418	\$2,523,646
	TOTAL REVENUE	\$595,848	\$474,851	\$485,360	\$496,056	\$506,942	\$2,559,056
	NET LOSS OR GAIN: (Short/Over to Reserves)	\$72,435	-\$28,199	-\$13,588	-\$761	\$5,524	\$35,411
	NET CASH FLOW (Contribution to Reserves)	\$125,973	\$23,699	\$29,811	\$36,009	\$42,294	\$257,787
	Affordability assuming MHI of \$41415 for residential meters.	2.26%	2.31%	2.36%	2.42%	2.47%	
	Are you putting enough money in reserves?	Yes	No	No	No	Yes	
	Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

The additional revenue brought in by the base rate increase brings the system very close to where revenue needs to be. With the increase, the system can contribute between \$23,000 and \$125,000 to reserves each of the next five years. In three of those years, this is not the full amount that should be contributed, but the overall amount balances after five years.

It should be noted that these projections are reliant on an additional \$90,000 in impact fees received in the next year.

Average customer bill (for residential, inside district)

Residential Bill	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$29.00	\$58.00	\$59.16	\$60.34	\$61.55	\$62.78
Average Bill	\$48.56	\$78.12	\$79.85	\$81.60	\$83.38	\$85.19
Percent Increase		60.88%	64.44%	68.05%	71.71%	75.43%
Affordability		2.26%	2.31%	2.36%	2.42%	2.47%

Alternative 3 – Increase rates over five years

In this alternative, the base rates are increased over five years, resulting in a more gradual change, but high rates by year five. In the first year, residential base rate increases by 50% and the 1” and 1.5” meters increase in a similar relationship as scenario two.

Customer Class	Rate Structure	Year 1 Base Rate	Usage Rates
Residential	Tiered Block	\$43.50	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Commercial	Tiered Block	¾” \$43.50 1” \$72.50 1.5” \$145.00	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Water Contract	Tiered Block	\$43.50 Includes 30,000 gallons	
Exempt Water	Flat	\$0.00	<i>Includes Town of Apple Valley</i>
SSD Board Member	Tiered Block	\$0.00 <i>Base rate waived</i>	0 – 5,000 - \$1.50/1,000 5,001-12,000 - \$1.75/1,000 12,001-25,000 - \$2.00/1,000 25,001-35,000 - \$2.25/1,000 35,001-45,000 - \$2.50/1,000 45,000+ - \$2.75/1,000
Standby	Flat	¾” \$43.50 1” \$72.50 1.5” \$145.00	

The base rate would then be raised by 25% in year 2, 15% in year 3, 10% in year 4, and 5% in year 5. Seen below.

Residential Bill	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$29.00	\$43.50	\$54.38	\$62.53	\$68.78	\$72.22
Average Bill	\$48.56	\$63.62	\$75.06	\$83.79	\$90.61	\$94.63
Percent Increase		31.02%	54.59%	72.55%	86.61%	94.88%
Affordability		1.84%	2.17%	2.43%	2.63%	2.74%

With the proposed changes, the system will bring in enough revenue to fully contribute reserves in most years. The two years in which reserves are not fully funded (2022 and 2023), will be balanced out by

other years. It should be noted that this scenario includes an additional \$90,000 in revenue in 2021 from anticipated impact fees. The results of the proposed changes are seen below.

Results of the new rates	2021	2022	2023	2024	2025	5 Years
TOTAL EXPENSES	\$523,413	\$503,050	\$498,947	\$496,817	\$501,418	\$2,523,646
TOTAL REVENUE	\$533,213	\$454,179	\$494,806	\$527,299	\$547,723	\$2,557,221
NET LOSS OR GAIN: (Short/Over to Reserves)	\$9,800	-\$48,872	-\$4,141	\$30,483	\$46,305	\$33,575
NET CASH FLOW (Contribution to Reserves)	\$63,339	\$3,027	\$39,258	\$67,253	\$83,075	\$255,952
Affordability assuming MHI of \$41415 for residential meters.	1.84%	2.17%	2.43%	2.63%	2.74%	
Are you putting enough money in reserves?	Yes	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	