

SSC Rate Option

NSD Board of Directors
April 6, 2016

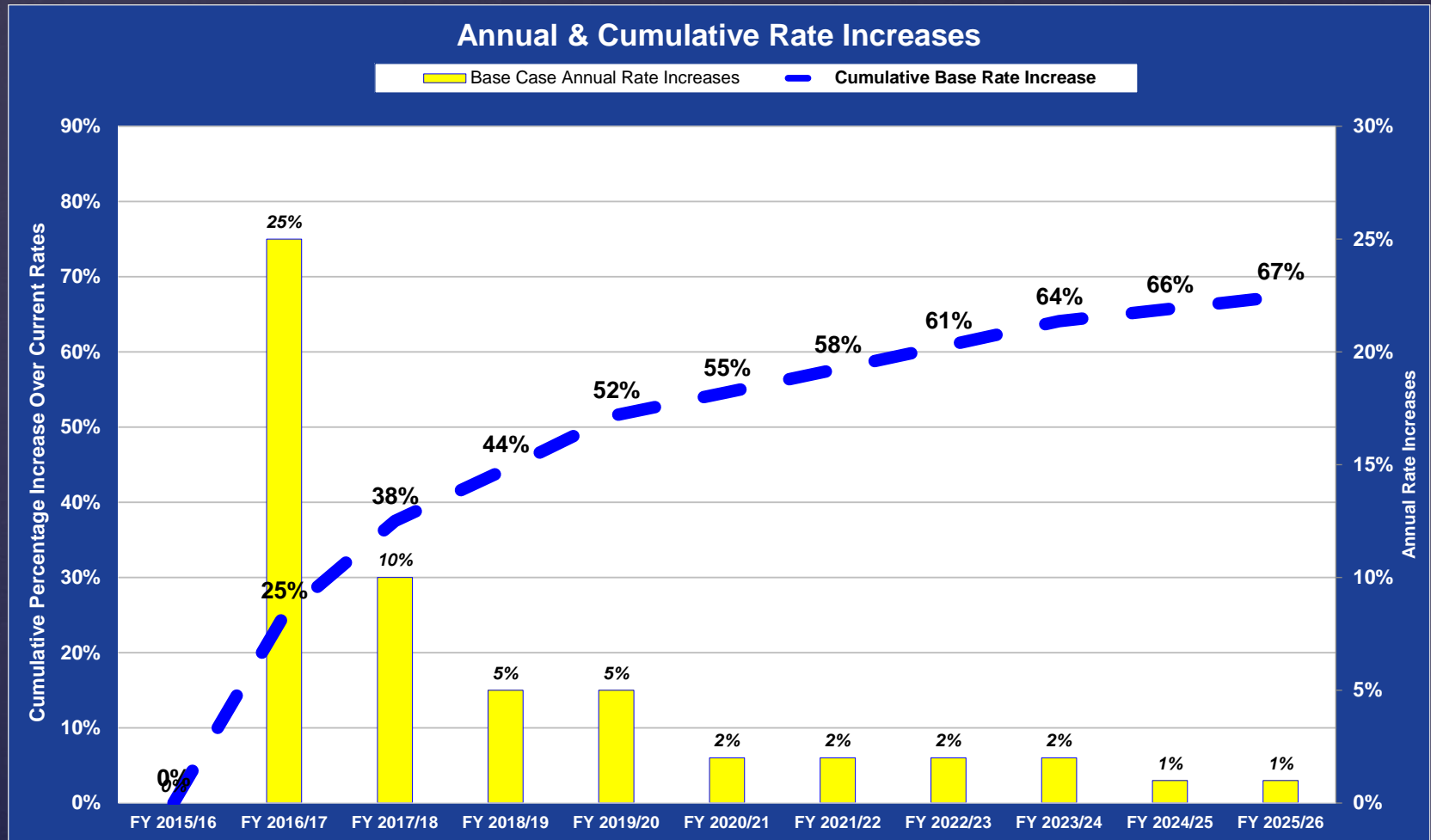


Discussion

- ❖ SSC Discussions in Fall
- ❖ Budget Assumptions
- ❖ Prop 218 Hearing
- ❖ Alternative to 15 – 15 – 6 – 5 – 4
- ❖ Impact on Operating Budget & CIP



SSC Discussion in Fall



SSC Discussion in Fall

6 “Alternatives” are CIP/R&R Choices*:

	<u>% I&I</u>	<u>% R&R</u>	<u>\$/yr. Above Current CIP</u>
1.	1%	0.75%	\$1.2 mil.
2.	1%	1%	\$1.9 mil.
3.	1%	1.25%	\$2.6 mil.
4.	1%	1.5%	\$3.3 mil.
5.	Alt. #1 - First 5 Yrs.; Alt. #3 - Last 5 Yrs.		
6.	Current CIP - First 3 Yrs.; Alt. #1 - Last 7 Yrs.		

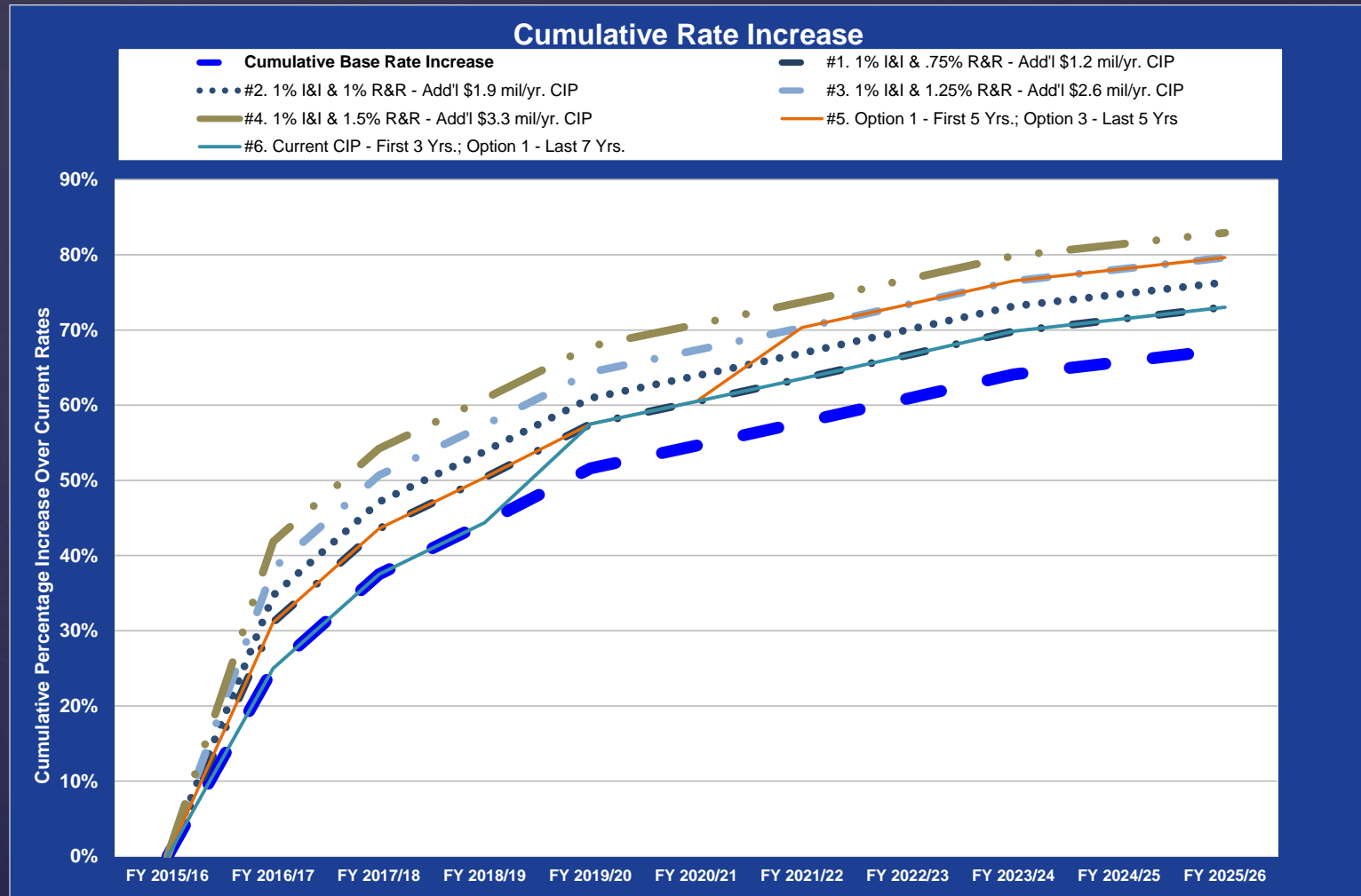
How Much
is being
Spent on
I&I/R&R?

* Base Case plus the following...

(Note: Tables of Base Case Financial Plan and Reserve Fund Balances are provided separately, along with tables of the Alternatives Results)



SSC Discussion in Fall



SSC Discussion in Fall

- ❖ Delay several CIP Projects

- ❖ Increase to 1% I&I and 1% R&R in Year 4

- ❖ 15% - 15% - 6% - 5% - 4%



Budget Assumptions

❖ 15% - 15% - 6% - 5% - 4%

❖ Approved by Board on February 3, 2016



Proposition 218 Hearing

❖ 15% - 15% - 6% - 5% - 4% = Maximum

❖ Comments at hearing:

- look into lower rates for FY 16/17
- evaluate annually as part of budget process



Alternative

❖ **10%** - 15% - **11%** - 5% - 4%

❖ Less revenue in first 2 years

❖ Loss of \$2.1 million in total revenue



Impacts of Alternative

❖ Potential ways to balance the budget:

- Postpone to FY 18/19:
 - 2 new Collection Workers (~ \$250k/yr)
 - Asset Management Analyst (~ \$150k/yr)
- Fewer CIP projects



Impacts of Alternative

❖ Impact to CIP:

- Pond Dredge – move 1 year
- RW Reservoir Liner – move 2 years
- Plant Buried Metallic Piping – move construction 1 year

