



EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

SPECIAL BOARD MEETING

May 20, 2020 at 5:30 PM

VIA TELECONFERENCE

In an effort to prevent the spread of COVID-19 and in accordance with Governor Newsom's Executive Order N-25-20 and N-29-20, this meeting is being conducted via teleconference. There will be no public location for attending this meeting in person. Members of the public may listen and provide public comment telephonically and/or submit a Speaker/Comment Card prior to the start of the meeting.

Anyone wishing to join the meeting may do so using the following information:

DIAL: 1-510-338-9438 and enter ACCESS CODE: 620 062 386##

You may also join via webex.com: [Link](#)

MEETING# 620 062 386 and PASSWORD: EVWD2020

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF BOARD MEMBERS

PUBLIC COMMENTS

Any person wishing to speak to the Board of Directors is asked to complete a Speaker Card and submit it to the District Clerk prior to the start of the meeting. Each speaker is limited to three (3) minutes, unless waived by the Chairman of the Board. Under the State of California Brown Act, the Board of Directors is prohibited from discussing or taking action on any item not listed on the posted agenda. The matter will automatically be referred to staff for an appropriate response or action and may appear on the agenda at a future meeting.

1. Review FY 2020-21 Revenue Projections

REPORTS

2. General Manager/CEO

3. Legal Counsel Report
4. Board of Directors' Comments

ADJOURN

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above agenda public meeting should be directed to the District Clerk at (909) 885-4900.



EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

SPECIAL BOARD AGENDA STAFF REPORT

Agenda Item #1.
Meeting Date: May 20, 2020
Discussion Item

To: Governing Board Members

From: General Manager/CEO

Subject: Review FY 2020-21 Revenue Projections

RECOMMENDATION:

This item is presented as information only.

BACKGROUND / ANALYSIS:

At a teleconference workshop held on April 22, 2020 Executive Management presented to the Board of Directors (Board) their proposed program goals and objectives for fiscal year (FY) 2020-21. Staff is now working to determine the funding needed, which will be presented to the Board at a workshop on June 10, 2020.

Before completing an operational spending plan, staff needed to project the amount of revenue and other funding sources that will be available to meet program commitments. Therefore, the purpose of this teleconference is to review revenue projections for the upcoming FY beginning with the rates that support them.

The Board will recall canceling the scheduled public hearing for April 8, 2020, for the consideration of adopting water rates and wastewater collection rates. The meeting was canceled due to the Stay-At-Home Order issued by Governor Newsom, which prohibited public access to businesses and community facilities like the District. Although a comprehensive rate study and cost of service analysis were completed and presented to the Board on January 22, 2020, staff has taken a conservative approach in developing the FY 2020-21 revenue projection by using rates effective January 1, 2020, for the full fiscal year. Once new rates are adopted, staff will present a revenue adjustment to the Board to re-align projections, which will increase funding to cover operating and capital costs identified in the cost of service analysis.

WATER FUND REVENUE PROJECTIONS

The District will provide water services through approximately 21,579 domestic and irrigation connections in FY 2020-21. In addition, 252 commercial fire services and 21 temporary hydrant meters are connected to the District's system. Water demand is estimated at 7,094,000 hundred cubic feet of water (HCF = 748 gallons) for FY 2020-21. The estimate is based on actual consumption from FY 2018-19. The consumption data from this year was selected because of its consumption model's three-year average. Staff is confident that the above projection will allow significant funding for program goals and objectives without significant risk of projections that are overstated.

Annual water demand projections are based on estimated usage in each customer class and tier. Usage estimates are then multiplied by tier rates in order to calculate projected sales. Total water sales for FY 2020-21 is projected to be \$16,868,000 and are allocated as follows:

<u>Customer Class</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Residential	\$ 3,936,000	\$ 3,744,000	\$ 1,707,000
Multi-Family	1,788,000	1,020,000	916,000
Commercial	926,000	89,000	398,000
Irrigation / Construction	-	1,178,000	1,166,000
Total	\$ 6,650,000	\$ 6,031,000	\$ 4,187,000

Meter Charge revenue for FY 2020-21 is projected to be \$9,020,000. Projections for this revenue source are determined based on the customer counts discussed above, segregated by meter size, and then multiplied by the fixed monthly rates in effect. Revenue results for Meter Charges for the last three years have exceeded projections. FY 2019-20 Meter Charge is projecting to end the year at \$9,009,000, resulting in an increase of \$11,000 for FY 2020-21.

WASTEWATER FUND REVENUE PROJECTIONS

The District provides wastewater collection services to customers through approximately 20,205 connections. Of these connections, 19,125 serve single-family residential units, with the remaining 1,080 consisting of various commercial and multi-family customers. The number of wastewater connections has not increased significantly over the last five years.

Wastewater System Charges are projected at \$4,656,000 for FY 2020-21. These revenues are the source of funds used by the District to maintain and replace wastewater collection lines, pay a portion of the District’s general and administrative costs, and pay debt service on wastewater bonds.

Projected residential revenues for FY 2020-21 were calculated by multiplying the single-family residential count by the monthly flat charge of \$15.36 for 12 months to derive estimated revenue of \$3,552,000.

Commercial customer projected revenues were calculated by multiplying the number of commercial accounts by the District’s monthly flat charge of \$3.90 for twelve months, and then estimating total water usage by commercial customers, in HCF, and multiplying the total usage by the volumetric rate of \$0.55. Commercial billings make up \$1,104,000 of projected revenue.

Wastewater Treatment Charges are assessed in accordance with rates set by the City of San Bernardino (City), which currently treats all wastewater generated by District customers. All Treatment Charges collected are remitted to the City and therefore have no effect on District operations. Treatment Charges and off-setting payments to the City are estimated at \$8,586,000 for FY 2020-21.

OTHER CHARGES & OTHER REVENUE SOURCE

Other Charges & Other Revenue include fees related to the collection of delinquent accounts, investment revenue, reimbursements from other agencies, facility rentals, and other miscellaneous revenue. The total revenue projected for FY 2020-21 is \$735,000, down \$272,000 from FY 2019-20. Initiation of Service, Delinquent, and NSF Fees have decreased to \$428,000 down \$212,000, influenced by two factors, the Discontinuation of Residential Water Service Policy required by SB 998 and the impact the pandemic has on Disconnection/Reconnection charges collected during the delinquency collection process.

Investment Income has decreased to \$255,000 down \$45,000. The Investment Income decline is due to loss of time between the withdrawals for paying SNRC construction invoices and the time it takes to re-deposit reimbursement checks from SRF loan proceeds and grant funds. Facility Rental Fees and Other Miscellaneous Revenue decreased \$51,000 down \$15,000. Staff has reduced Facility Rentals by half compared to FY 2019-20 due to the uncertainty the pandemic may have on public use of District facilities.

<u>Other Revenue</u>	<u>Total</u>
Initiation of Service, Delinquent, and NSF Fees	\$ 428,000
Investment Income	255,000
Facility Rental Fees and Other Miscellaneous Revenue	51,000
Total	\$ 734,000

Total Financial Resources available for FY 2020-21 include the \$39,865,000 in rate revenues outlined above, plus \$157,000,000 in State Revolving Fund financing and Grants for the Sterling Natural Resource Center.

At the next budget workshop on June 10, 2020, staff will present a spending plan to utilize these financial resources, entrusted to the District by our stakeholders, in an effective and fiscally responsible manner.

AGENCY GOALS AND OBJECTIVES:

Goal and Objectives II - Maintain a Commitment to Sustainability, Transparency, and Accountability

- a) Practice Transparent and Accountable Fiscal Management

REVIEW BY OTHERS:

This agenda item has been reviewed by the Administration, Finance, and Public Affairs Departments and the Community Advisory Commission.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item.

Recommended by:

John Mura
General Manager/CEO

Respectfully submitted:

Brian Tompkins
Chief Financial Officer

ATTACHMENTS:

Description
Presentation

Type
Presentation

REVENUE PROJECTIONS

Fiscal Year 2020-21

May 20, 2020





2019-20 REVENUE

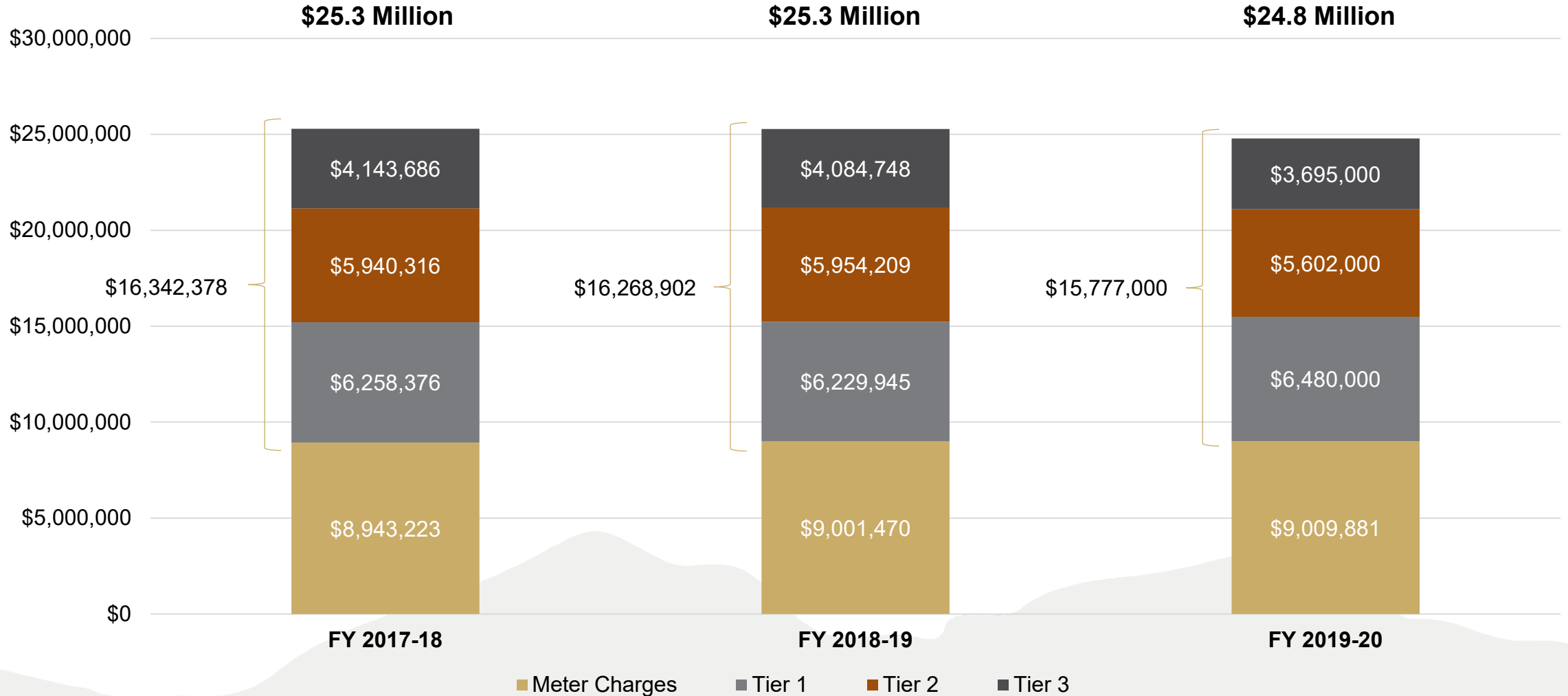
2019-20 REVENUE

- Water Sales
 - Mid-Year Projected Water Sales of 7,184,000 HCF for \$16,100,000
 - Revised Projected Water Sales of 6,941,000 HCF for \$15,777,000
- Water System (Meter) Charges
 - \$8,884,155 on Customer Connections
 - \$125,726 on Temporary Connections
- Wastewater System (Collection) Charges Projected Revenue
 - \$3,551,934 on 19,125 SFR Accounts
 - \$1,113,646 on 1,080 MF/Commercial Accounts

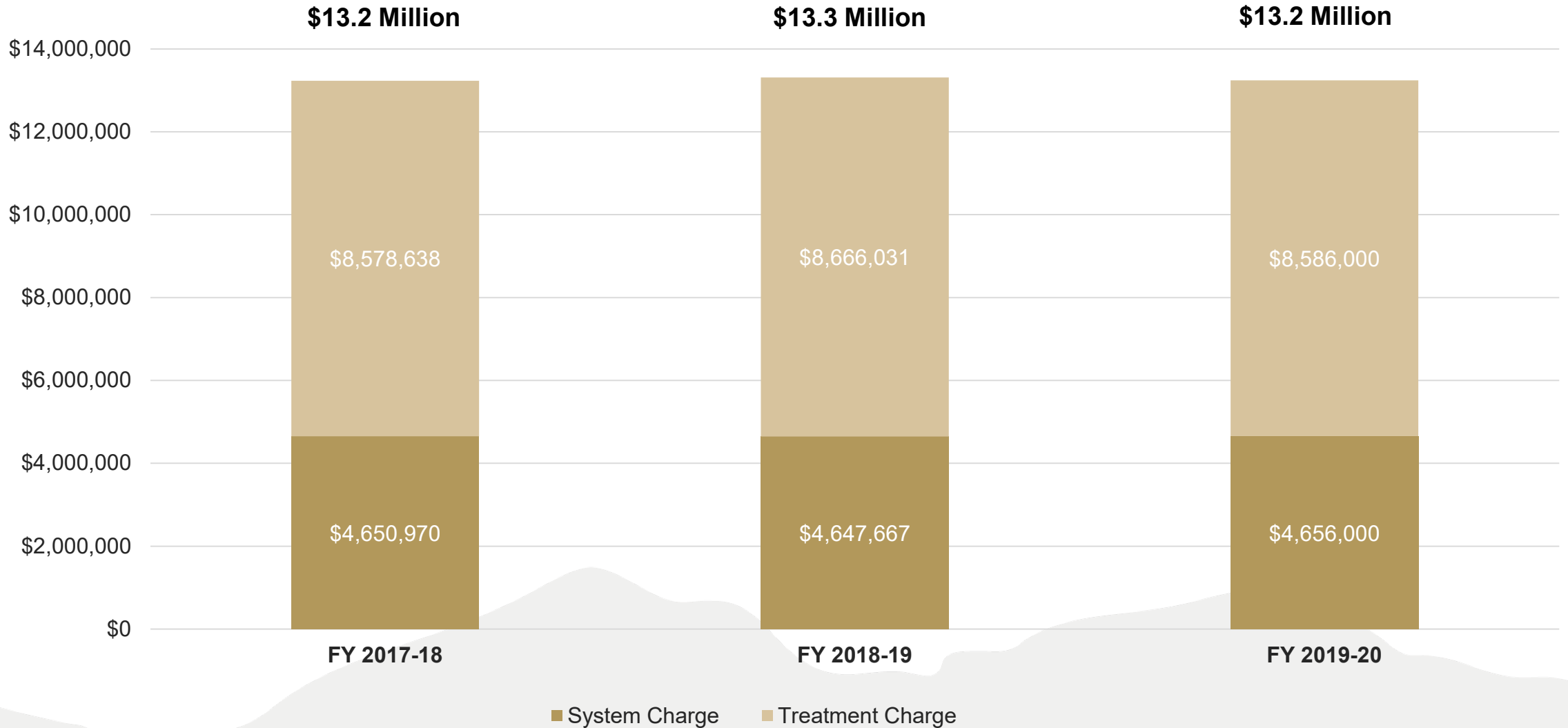
2019-20 REVENUE (CONTINUED)

- January 2020 - Implemented Last Half of Phase III Tiered Rates
- Refrained from Implementation of Phase III Meter Charges
- Most Recent Adjustments
 - Water Rates:
 - July 2017 - Commodity Rate Increased - ½ of Phase III Adopted Rate (6%)
 - July 2016 - Water System (Meter Charge) - Phase II Implemented
 - Wastewater Rates:
 - October 2012 - Wastewater System (Collection) Charges Increased 9%
 - July 1, 2017 - Wastewater Treatment Rate Increase - \$0.70 per SFR (3%)

EVALUATING RESULTS – WATER REVENUE



EVALUATING RESULTS – WASTEWATER REVENUE





REVENUE PROJECTIONS

WATER RATES

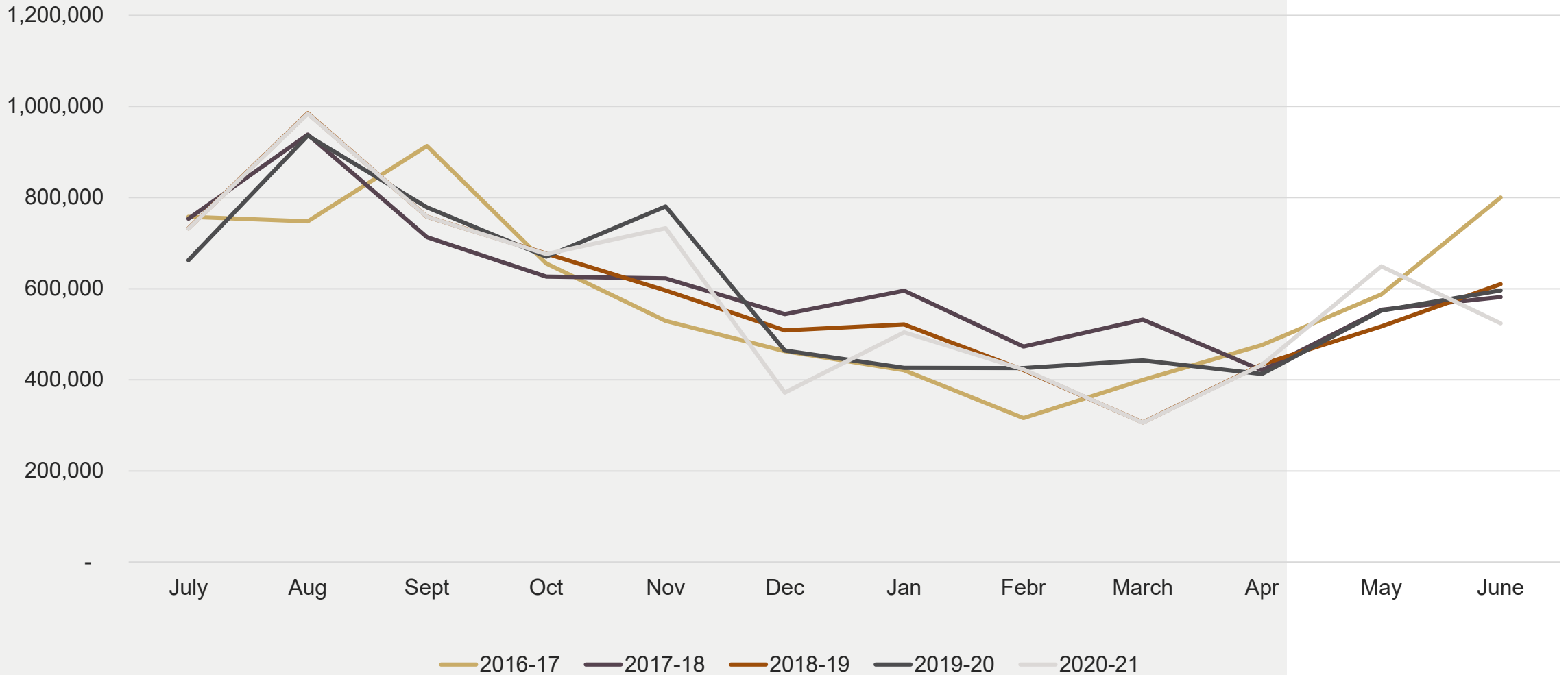
RATE TYPE	CURRENT RATES
Tier 1	\$ 1.83
Tier 2	\$ 2.61
Tier 3	\$ 3.64

Effective January 2020

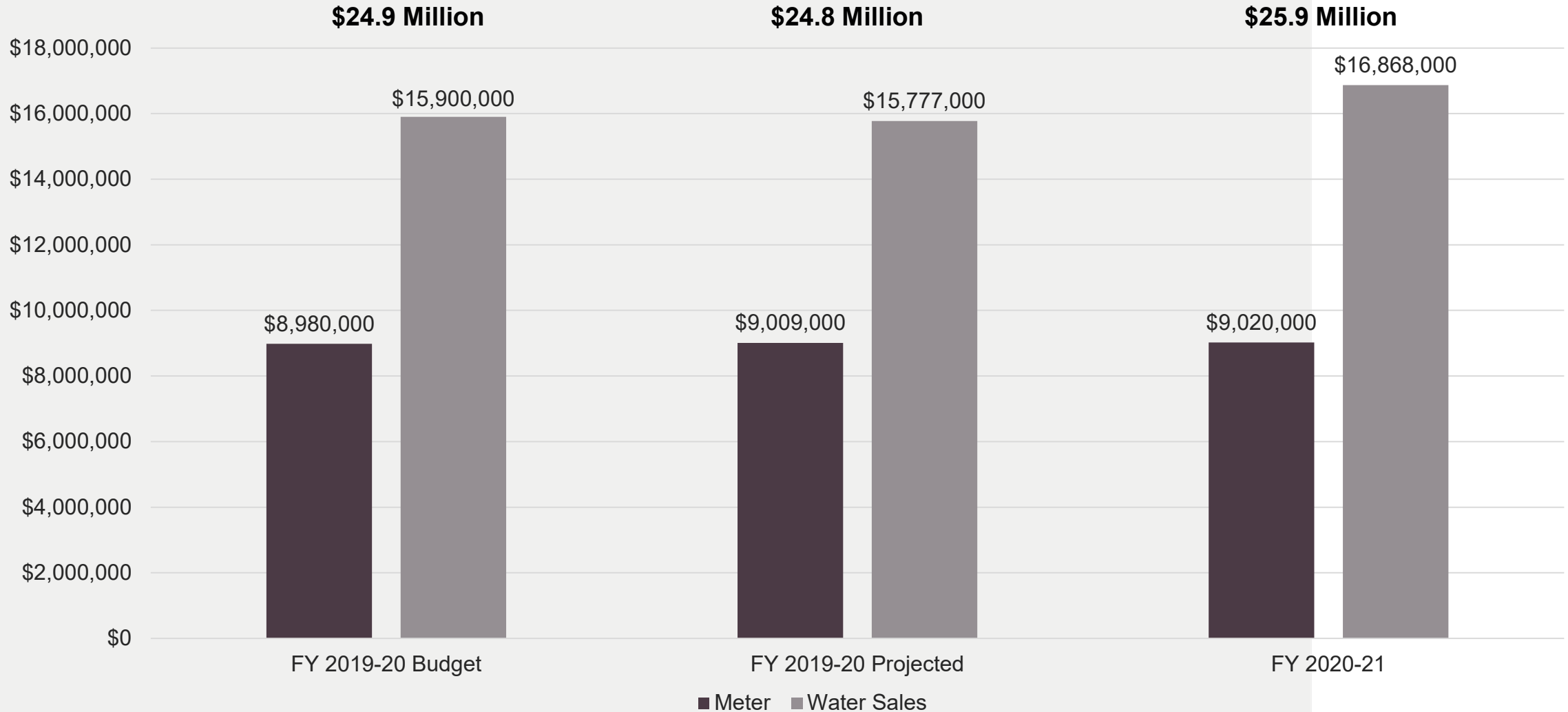
METER SIZE	CURRENT RATES
5/8"	\$ 23.06
3/4"	\$ 29.27
1"	\$ 41.71
1 1/2"	\$ 72.81
2"	\$ 110.13
3"	\$ 228.30
4"	\$ 402.44
6"	\$ 819.44
8"	\$ 1,503.28
Commercial Fire Service	\$ 8.78 to 87.84

WATER USAGE BY MONTH

Projected Usage for FY 2019-20
6,941,000 HCF or 5,192 MG



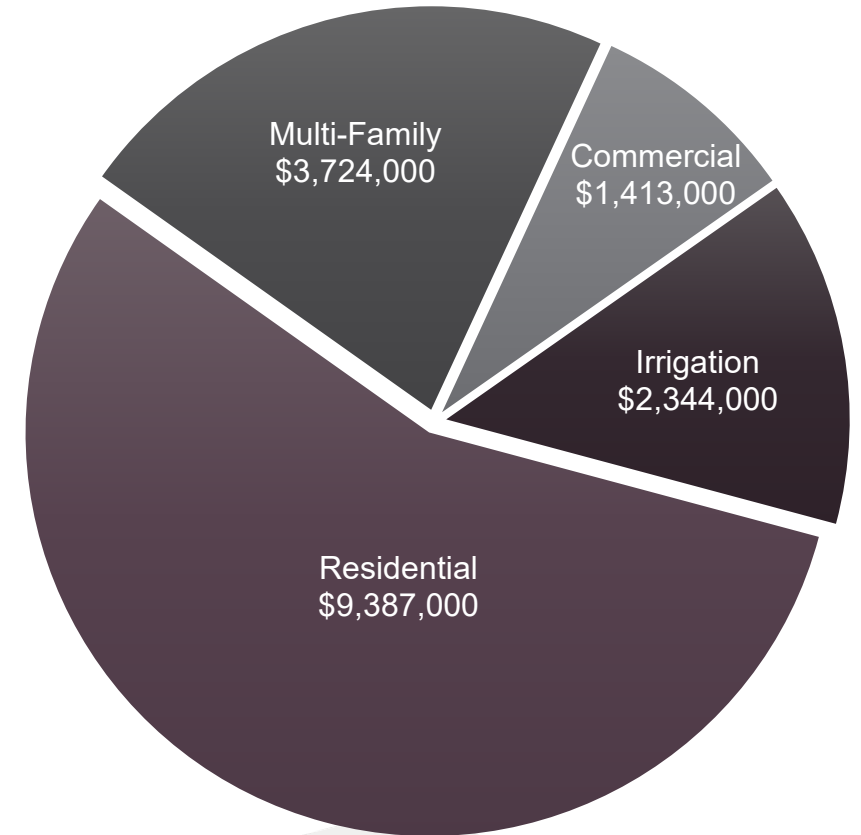
FY 2020-21 PROJECTED WATER REVENUE



FY 2020-21 WATER SALES

RATE TYPE	TIER 1	TIER 2	TIER 3
Residential	\$ 3,936,000	\$ 3,744,000	\$ 1,707,000
Multi-Family	\$ 1,788,000	\$ 1,020,000	\$ 916,000
Commercial	\$ 926,000	\$ 89,000	\$ 398,000
Irrigation / Construction	\$ 0	\$ 1,178,000	\$ 1,166,000

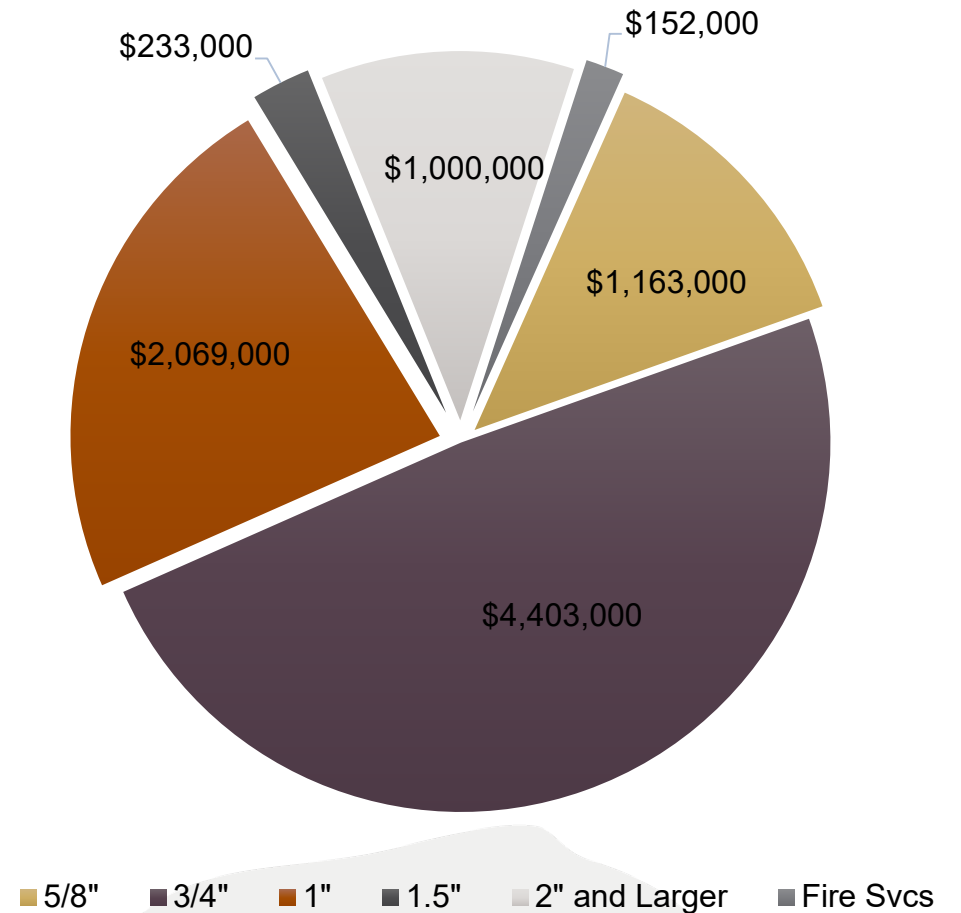
TOTAL - \$16,868,000



FY 2020-21 METER CHARGES

METER SIZE	COUNT	RATE
5/8"	4,202	\$ 23.06
3/4"	12,537	\$ 29.27
1"	4,134	\$ 41.71
1 1/2"	267	\$ 72.81
2"	294	\$ 110.13
3"	89	\$ 228.30
4"	26	\$ 402.44
6"	18	\$ 819.44
8"	12	\$ 1,503.28
Commercial Fire Services	255	Various

TOTAL - \$9,020,000



FY 2020-21 WASTEWATER SYSTEM CHARGES

CUSTOMER TYPE	SERVICE CONNECTIONS	ESTIMATED USAGE	MONTHLY FIXED OR UNIT CHARGE	TOTAL REVENUE
Residential	19,125	N/A	\$ 15.36	\$ 3,552,000
Commercial / Multi-Family				
Fixed	1,080		\$ 3.90	\$ 50,500
Volumetric		2,007,000	\$ 0.55	\$ 1,053,500
Commercial Total				\$ 1,104,000
Wastewater System Charges Total				\$ 4,656,000

FY 2020-21 WASTEWATER TREATMENT CHARGES

- City of San Bernardino Rates Effective 7/1/2017
 - Residential: \$21.55 Monthly
 - Multi-Family: \$1.97, plus \$1.53 per HCF
 - Non-Residential: \$3.52, plus \$1.33 to \$3.28 per HCF

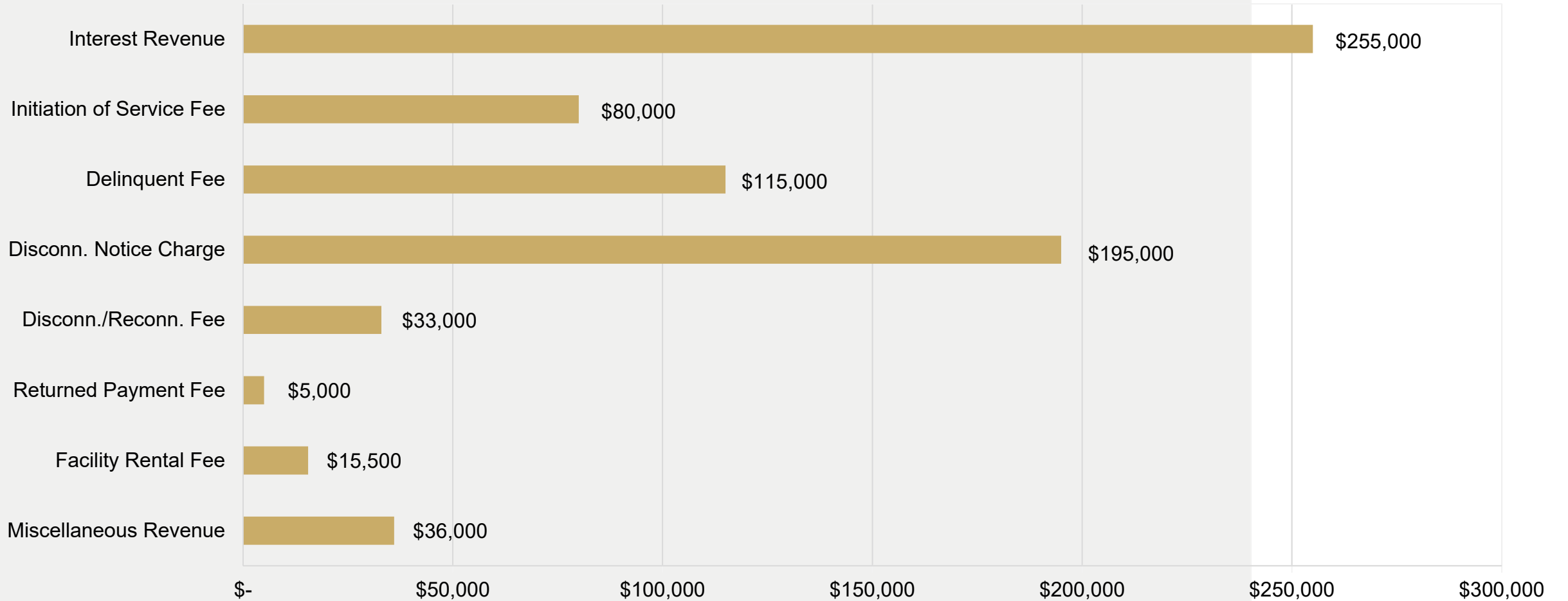
	FY 2019-20	FY 2020-21
Wastewater Treatment Charges	\$ 8,665,000	\$ 8,586,000
Contract Services – Wastewater Treatment	(8,665,000)	(8,586,000)
Net Effect on District Operations	\$ 0	\$ 0

FY 2020-21 WASTEWATER TREATMENT CHARGES (CONTINUED)

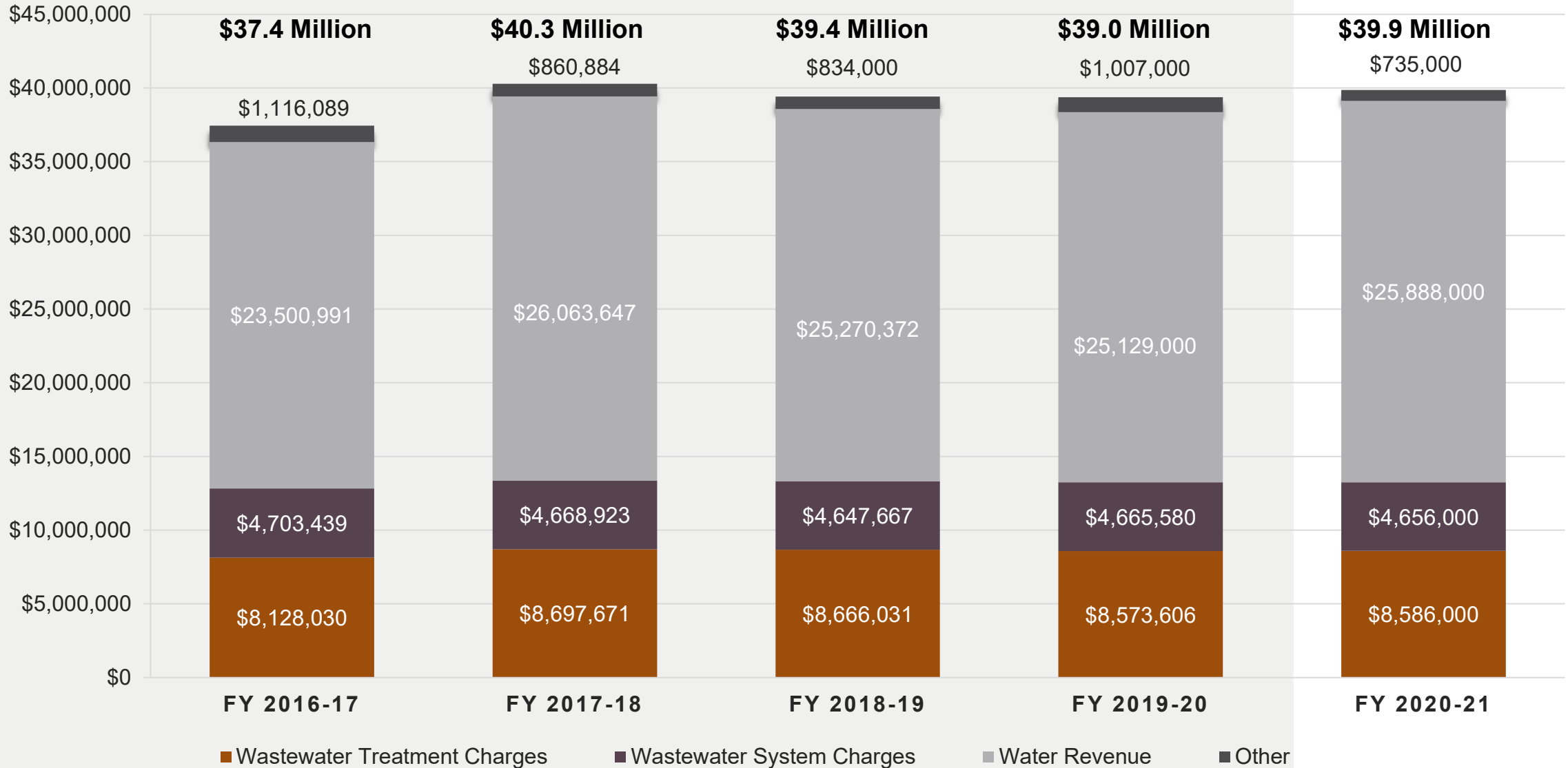
CUSTOMER TYPE	SERVICE CONNECTIONS	ESTIMATED USAGE (HCF)	MONTHLY FIXED OR UNIT CHARGE	TOTAL REVENUE
Residential	19,125	N/A	\$ 21.55	\$ 4,938,000
Multi-Family - Fixed	468		\$ 1.97	\$ 11,000
Multi-Family - Volumetric		1,286,000	\$ 1.53	\$ 1,967,000
Commercial - Fixed	612		\$ 3.52	\$ 26,000
Commercial - Volumetric		624,000	Various	\$ 1,644,000
Commercial Total				\$ 3,648,000
Wastewater Treatment Charges Total				\$ 8,586,000

FY 2020-21 OTHER CHARGES & REVENUE

TOTAL PROJECTED REVENUE - \$734,500



FY 2020-21 PROJECTED RATE REVENUE



FY 2020-21 OPERATING BUDGET SUMMARY

	WATER	WASTEWATER
Sales & Services	\$ 25,888,000	\$ 13,242,000
Other Charges	\$ 285,000	\$ 195,000
Investment & Miscellaneous Revenue	\$ 225,000	\$ 30,000
Total Revenue	\$ 26,398,000	\$ 13,467,000
Operations	\$ 18,837,000	\$ 12,324,000
Debt Service	\$ 4,066,000	\$ 313,000
Capital Expenditures	\$ 3,495,000	\$ 830,000
Total Expenditures	\$ 26,398,000	\$ 13,467,000



EAST VALLEY
WATER DISTRICT

Discussion