



San Juan Water District
Fiscal Year 2010 – 2011
Retail Budget Summary

Prepared by the Finance and Administrative Service Department
Under the Direction of the General Manager and Assistant General Manager



“Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.”

Elected Officials

Dave Peterson, President/Director
Ted Costa, Vice President/Director
Ken Miller, Director
Pamela Tobin, Director
Bob Walters, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Marcia L. Schnapp, Finance & Administrative Services Manager
Rick Hydrick, Operations Manager
William Sadler, Water Treatment Plant Manager
Judy Johnson, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager



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Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

We are pleased to present to you the Fiscal Year 2010-2011 Budget for the San Juan Water District ("District"). Over the years, we have made and will continue to make improvements to the budget format. The intent is to provide a user-friendly document that conveys the dedication as well as the goals and accomplishments of the District Board of Directors ("Board") and staff.

The Budget Process

The District's official budget process begins each year with a Manager's meeting to establish the overall District goals and provide a basic timeline. Any guidelines from the Board are discussed at this time to set the parameters. Subsequently, the Finance & Administrative Services Manager provides the Division and Department Managers with their respective projected personnel budgets and the current fiscal year's adopted budget compared to the current fiscal year's projected actual expenses. The managers then prepare draft budgets and submit them for compilation.

The proposed budget is then reviewed by all Division and Department Managers to determine whether:

- ✓ District goals will be met within the budget;
- ✓ all necessary items have been included;
- ✓ revenues will be sufficient to cover projected expenses.

Typically, a summary of the proposed budget is reviewed with the Finance Committee in March and/or April. The proposed budget is then discussed with the Board of Directors in April/May and the draft document is distributed to the Board. The Finance & Administrative Services Manager presents the proposed wholesale budget and rates to the Board in May and the proposed retail budget and rates in June. The District holds the public hearings for wholesale budget/rates in May and retail budget/rates in June at which time the rate consultant is available for questions. The wholesale budget/rates and retail budget/rates are anticipated to then be adopted by the end of June.

Budgetary Control and Budget Format

District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. The General Manager controls the budget at the operating level.

The budget has been prepared using a program budget format versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service: Wholesale Operations, Retail Operations, and Non-Operating Activities. The budget is further broken down by program area: Administrative & General, Conservation, Customer Service, Engineering, Pumping & Telemetry, Source of Supply, Transmission, and Water Treatment. The program area budget places the focus on overall District operations, leaving District management responsible for day-to-day operations and expenses.

Once the budget has been approved, staff distributes the budget into detailed accounts for entry into the District's accounting system. The line item detail has been provided for reference purposes only.

Funds

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations.

Investment Policy and Investments

The District's current Investment Policy was developed and approved in accordance with California Government Code Section 53600. This Policy is reviewed and approved annually, and was last approved by the Board in December 2008.

Authority for the investment program has been delegated to the General Manager or his/her designee. The District is currently authorized to invest in the following instruments, as allowed under the Investment Policy (see the Investment Policy for specific restrictions):

- \$ United States Treasury Securities maturing in five years or less;
- \$ Agencies of the Federal Government;
- \$ Obligations of the State of California and any Local Agency within the state;
- \$ Banker's Acceptances;
- \$ Commercial Paper;
- \$ Certificates of Deposit;
- \$ State of California Local Agency Investment Fund;
- \$ Medium-term notes or Corporate issues maturing in five years or less;
- \$ Mutual funds; and
- \$ Interest bearing, FDIC-insured checking and savings accounts.

Accounting System and Controls

The District utilizes project cost accounting in the Microsoft Dynamics SL Solomon Professional 6.5 financial information system to record financial transactions throughout the year. At the end of the fiscal year, June 30, the District prepares a Comprehensive Annual Financial Report ("CAFR") containing financial statements and other financial

and operational information. An independent auditing firm audits this report, as well as District records and documentation, each year and reports its findings to the Board.

State-of-the-State

In November 2004, in order to protect local revenues from being transferred to the State, the voters passed Proposition 1A. The proposition went into effect in 2006. Prior to Prop 1A taking effect, in 2005 and 2006, the State of California took \$2,110,000 in the District's local property revenues and shifted them to education. Subsequent to Prop 1A becoming law, the proposition allows the State to "borrow" up to 8% of property tax revenues in any 3 year period. The State must repay those monies fully before being able to "borrow" again. In addition, the State may only "borrow" twice in any 10-year period.

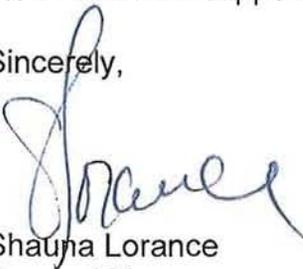
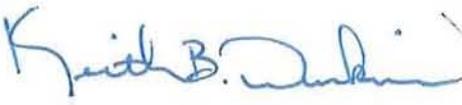
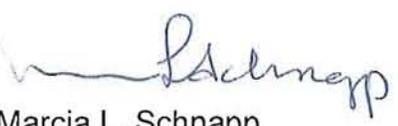
In FY2009-10, due to the 2008 recession, and in order to help balance a burgeoning budget deficit, the State did borrow 8% of the District's property tax revenues under Prop 1A. Since then, the State's budget has yet to be balanced. It is unknown what the potential impact on the State's continuing deficit will be on the District and all other local public agencies going forward. Staff continues to monitor this issue and will communicate any changes as they arise.

In Summary

We hope this budget provides useful information on the District's operations to readers.

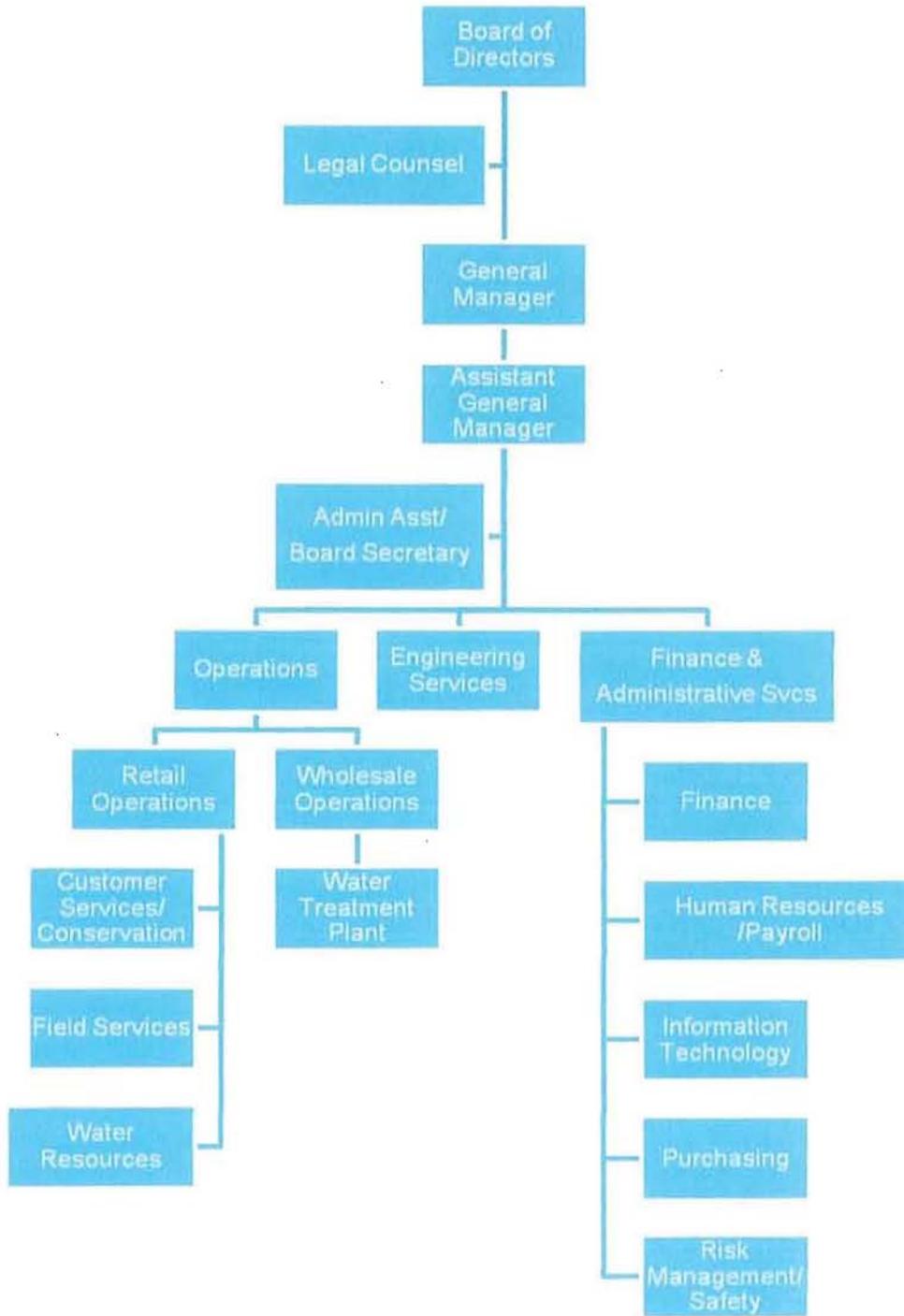
We would like to thank the District's Management Team for their diligence in preparing and managing their budgets. We would also like to thank the Board of Directors for their continued support of the important services that the District provides.

Sincerely,

		
Shauna Lorance General Manager	Keith B. Durkin Assistant General Manager	Marcia L. Schnapp Finance & Administrative Services Manager

Organization Chart

San Juan Water District
Functional Organization



FISCAL YEAR 2010-11
RETAIL BUDGET

RESOLUTION NO. 10-15

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE RETAIL BUDGET, RATES AND FEES
FOR THE FISCAL YEAR 2010-2011**

WHEREAS, District staff has prepared a retail budget for the fiscal year 2010-2011 that estimates operating and maintenance, capital improvement program and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2010-2011 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including maintaining prudent reserves; and

WHEREAS, staff has determined that the District's retail water rates, retail capital facilities (connection) fees, alternative retail capital facilities fees, other fees and deposits need to be adjusted for fiscal year 2010-2011 to account for the increased costs for providing such services.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

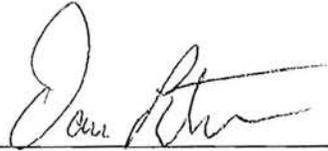
1. The Board of Directors finds that the retail budget as proposed by staff fairly and accurately represents the estimated expenses and revenues of the District for the fiscal year beginning on July 1, 2010 and ending on June 30, 2011 and that the budget adequately ensures that the District will be able to cover its expenses and maintain prudent reserves, and on that basis the Board hereby adopts the District's fiscal year 2010-2011 budget (with any revisions that the Board may deem prudent as a condition of adopting said budget). A copy of the fiscal year 2010-2011 District budget is attached as "Exhibit A" and made a part of this Resolution.

2. The Board of Directors finds that the proposed retail water rates, retail capital facilities (connection) fees, alternative retail capital facilities fees, other fees and deposits for fiscal year 2010-2011 are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services, and on that basis the Board hereby adopts the proposed rates and fees for the 2010-2011 fiscal year (with any revisions that the Board may deem prudent as a condition of adopting said rates and fees). The fiscal year 2010-2011 retail water rates, retail capital facilities (connection) fees, alternative retail capital facilities fees, other fees and deposits are shown on "Exhibit B", which is attached to and made a part of this Resolution.

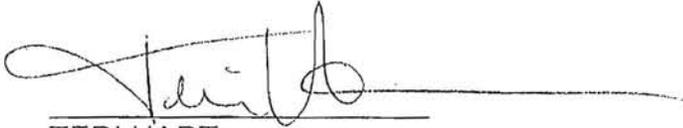
3. The General Manager and staff are directed to take all actions necessary to implement and follow the fiscal year 2010-2011 budget shown in Exhibit A and to impose and collect the rates and fees shown in Exhibit B, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 23rd day of June 2010, by the following vote:

AYES: DIRECTORS: Costa, Tobin and Walters
NOES: DIRECTORS: Miller and Peterson
ABSENT: DIRECTORS:



DAVE PETERSON
President, Board of Directors

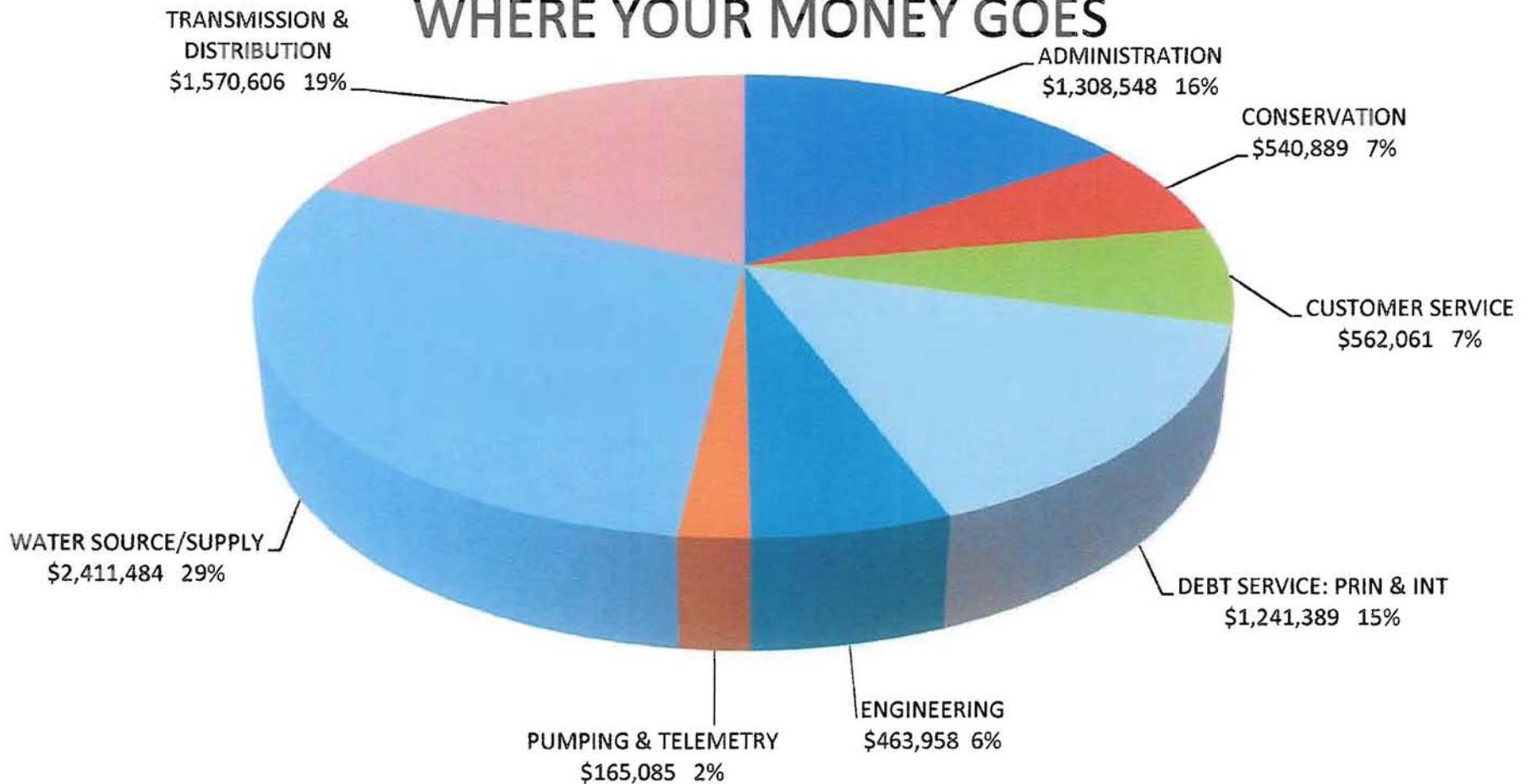


TERI HART
Secretary, Board of Directors

EXHIBIT A
FISCAL YEAR 2010-2011
RETAIL BUDGET
OPERATING, NON-OPERATING AND CAPITAL
IMPROVEMENT

FISCAL YEAR 2010-11
RETAIL OPERATING BUDGET

SAN JUAN WATER DISTRICT FY2010-2011 RETAIL BUDGET WHERE YOUR MONEY GOES



SAN JUAN WATER DISTRICT OPERATING BUDGET FOR FISCAL YEAR 2010-2011	Retail Dept 02 07/01/09- 06/30/10 Budget	Retail Dept 02 07/01/09- 03/31/10 Actual	Retail Dept 02 07/01/09- 06/30/10 Projected Yr End	Retail Dept 02 07/01/10- 06/30/11 Bd Approved Budget
OPERATING REVENUE				
CITRUS HEIGHTS WATER DISTRICT			-	
CITY OF FOLSOM			-	
FAIR OAKS WATER DISTRICT			-	
ORANGEVALE WATER COMPANY			-	
CITY OF ROSEVILLE			-	
SAC SUBURBAN			-	
GRANITE BAY GOLF CLUB			-	
INTERDEPARTMENTAL SJWD RSA			-	
PILOT WATER PROJECT			-	
TOTAL WHOLESALE WATER REVENUES	-	-	-	-
WATER SALES - RETAIL	8,681,202	5,655,098	7,132,416	7,350,726
OTHER REVENUES	115,928	118,204	157,605	100,000
TOTAL OPERATING REVENUES	8,797,130	5,773,302	7,290,021	7,450,726
EXPENSES				
SOURCE OF SUPPLY				
WATER CHARGED TO RETAIL AREA (RSA)	2,956,176	1,766,756	2,167,136	2,411,484
PCWA WATER			-	
BUREAU RECLAMATION CVP WATER			-	
WHEELING			-	
WATER FORUM			-	
BUREAU PUMPING (WAPA ENERGY)			-	
ENERGY ASSESSMENTS/COT			-	
OTHER			-	
PUMPING & TELEMTRY	174,947	78,610	104,813	165,085
WATER TREATMENT		-	-	
TRANSMISSION & DISTRIBUTION	1,496,028	1,107,997	1,497,329	1,570,606
CUSTOMER SERVICE	568,890	478,850	588,466	562,061
CONSERVATION	470,349	290,183	436,911	540,889
ENGINEERING	417,739	211,626	362,169	463,958
ADMINISTRATION & GENERAL	1,322,647	761,888	1,065,851	1,195,171
OVERHEAD COST ALLOCATION (CREDIT)	(275,000)	(57,501)	(76,669)	(80,000)
INTEREST EXPENSE				
OPEB EXPENSE		122,235	162,980	193,377
PILOT WATER PROJECT				
TOTAL OPERATING EXPENSES	7,131,776	4,760,643	6,308,986	7,022,631
INCOME (LOSS) FROM OPERATIONS - BEFORE DEPREC	1,665,354	1,012,658	981,035	428,095

SAN JUAN WATER DISTRICT OPERATING BUDGET FOR FISCAL YEAR 2010-2011	Retail Dept 02 07/01/09- 06/30/10 Budget	Retail Dept 02 07/01/09- 03/31/10 Actual	Retail Dept 02 07/01/09- 06/30/10 Projected Yr End	Retail Dept 02 07/01/10- 06/30/11 Bd Approved Budget
INCOME (LOSS) FROM OPERATIONS - PREVIOUS PAGE	1,665,354	1,012,658	981,035	428,095
NON OPERATING REVENUES				
TAXES	850,000	492,223	856,297	850,000
INTEREST INCOME	319,230	114,130	152,173	87,500
CONNECTIONS AND ANNEXATIONS	135,849	75,578	100,771	50,000
OTHER				
TOTAL NON-OPERATING REVENUES	1,305,079	681,931	1,109,241	987,500
NON OPERATING EXPENSES				
COP PAYMENTS FROM AGENCIES-WHOLESALE	587,704	440,778	587,704	586,463
COP PAYMENTS FROM SJWD RSA - RETAIL DEBT		-		
BOND/NOTE INTEREST - 2009 COP NEW MONIES	285,771	272,289	363,052	615,051
BOND/NOTE INTEREST - 2003 COP NEW MONIES		-		
BOND INTEREST DIRECT/REFUNDING PORTION - 2003		-		
CEC/EDA INTEREST (RETAIL ONLY)	10,707	7,954	10,605	10,290
OTHER MISCELLANEOUS EXPENSES		-		
TOTAL NON OPERATING EXPENSES	884,182	721,021	961,361	1,211,804
NET INCOME (LOSS) B4 CAP CONTRIBS AND DEPREC	2,086,251	973,568	1,128,915	203,791
OTHER CASH SOURCES (USES)				
FINANCING SOURCES (USES)				
PRINCIPAL PAYMENT - EDA Loan	(19,979)	(15,061)	(20,081)	(20,396)
PRINCIPAL PAYMENT - CEC Loan	(5,274)	(3,956)	(5,274)	(5,589)
PRINCIPAL PAYMENT - 2003 COP		-		
PRINCIPAL PAYMENT - 2009 COP	(145,800)	(109,350)	(145,800)	(3,600)
OTHER FINANCING SOURCES (USES)	(171,053)	(128,366)	(171,155)	(29,585)
NET SOURCES (USES) TO (FROM) RESERVES	1,915,198	845,202	957,760	174,206
AMOUNTS TO RESERVES				
CAPITAL CONTRIBUTION REVENUE				
CIP RESERVE	(1,441,031)	(527,077)	(583,593)	
KOKILA RESERVOIR	(10,000)	(7,500)	(10,000)	(10,000)
HINKLE RESERVOIR		-		
EMERGENCY RESERVE	(214,167)	(160,625)	(214,167)	
PERS STABILIZATION	(100,000)	(75,000)	(100,000)	(100,000)
CONNECTION RESERVE				(50,000)
NET SURPLUS (DEFICIT)	150,000	75,000	50,000	14,206

SAN JUAN WATER DISTRICT - COMPARISON OF ACTUAL TO BUDGET

Category	Actual FY 2008-09	Budgeted FY 2009-10	Projected FY 2009-10	Proposed FY 2010-11	Change From FY 2009-10 Budget	Change From FY 2009-10 Projected	\$ DIFF FY 2009-10 Projected Vs. FY2010-11 Budget
<u>RETAIL</u>							
Salaries/Benefits	\$ 3,066,979	\$ 3,194,775	\$ 2,783,493	\$ 2,984,188	-6.59%	7.21%	\$ 200,695
OPEB		-	162,980	193,377			30,397
Less: Overhead Costs Allocated to Capital Projects	(202,753)	(275,000)	(76,669)	(80,000)	-70.91%	4.34%	(3,331)
Net Salaries/Benefits	\$ 2,864,226	\$ 2,919,775	\$ 2,869,804	\$ 3,097,565	6.09%	7.94%	\$ 227,761
Services/Supplies - excluding outside engineering support services	1,169,515	1,255,825	1,271,966	1,513,581	20.52%	19.00%	241,615
Water Supply	2,451,426	2,956,176	2,167,136	2,411,484	-18.43%	11.28%	244,348
Total Expenditures before Debt Service	\$ 6,485,166	\$ 7,131,776	\$ 6,308,906	\$ 7,022,630	-1.53%	11.31%	\$ 713,724
Debt Service	851,194	-	1,132,831	1,241,389		9.58%	108,558
Total Expenditures including Debt Service	\$ 7,336,360	\$ 7,131,776	\$ 7,441,737	\$ 8,264,019	15.88%	11.05%	
Difference: Projected FY09-10 vs Budget FY10-11							\$ 822,282

Major Differences from Projected FY09-10 to Proposed FY10-11

1) Salaries & Benefits: Pay-for-Performance re-instated, plus 1% COLA plus increases in Insurance/Benefits Costs*	Item Increases	\$ 200,695
Wage Increases:		
CPI/COLA	17,385	
Merit/Promotions	26,253	
Pay-for-Performance	88,742	
Benefits:		
PERS Pension	28,462	
Other Benefit Increase (Health Insurance Premiums, etc)	39,853	
2) OPEB increase		30,397
3) Overhead cost allocation change		(3,331)
4) Services and supplies		
a) Engineering - Addl cost for outside services (surveying, etc)		64,500
b) Other Increases (utility, commodity, insurance expenses, etc)		177,115
5) Water Supply Cost Increase		244,348
6) Debt Service		108,558
Total Major Differences from Projected FY2009-10 vs. Budget FY2010-11		\$ 822,282

RETAIL “CIP”
(CAPITAL IMPROVEMENT PROJECTS)

San Juan Water District
Retail CIP
BUDGET FY 2010-2011

Project	2010 Balance to Carryforward	2011 New Amt	2011 Total Budget Amt
<u>District-Wide:</u>			
Information Signboard w/changeable display	5,000.00		5,000.00
Network Software and Hardware	-	20,503.00	20,503.00
District Fiber Optic Upgrade (50/50 split-Wholesale/Retail)	8,100.00		8,100.00
Admin Office Rewire (50/50 split-Wholesale/Retail)	3,275.00		3,275.00
Administration Building Roof (36/64 split-Wholesale/Retail)	21,120.00		21,120.00
			-
District-wide CIP	37,495.00	20,503.00	57,998.00
<u>Engineering:</u>			
SCADA Software System (Treatment) - Retail Share		100,000.00	100,000.00
AFR T-Main - Middle Phase		400,000.00	400,000.00
AFR T-Main - GB BPS Onsite 24" - Retail Share		331,000.00	331,000.00
Stevens Ave Main & Services Replacement		400,000.00	400,000.00
Golden Gate Services Improvements		180,000.00	180,000.00
Keats Circle Services Replacements		95,000.00	95,000.00
Kezar Street Services Replacements		45,000.00	45,000.00
Cherry Ave Services Replacements		55,000.00	55,000.00
Vane Court Main Replacement		120,000.00	120,000.00
Bacon BPS Hydrant Installation		20,000.00	20,000.00
Generator Load Bank Unit		9,000.00	9,000.00
Main Replacements Contingency Fund	244,000.00		244,000.00
Engineering CIP	244,000.00	1,755,000.00	1,999,000.00
<u>Field Services:</u>			
Vehicle Replacement		162,300.00	162,300.00
Safety Trailer (Night Work)	10,000.00	5,000.00	15,000.00
Depreciable Maintenance Items		43,500.00	43,500.00
Regulatory		9,000.00	9,000.00
Mainline Extension Contingency Funding	100,000.00		100,000.00
Touch Read Meter Conversion Project	110,000.00		110,000.00
New Construction Contractor Materials	55,000.00		55,000.00
New Service Taps/Improvements	30,000.00		30,000.00
Miscellaneous Equipment	15,500.00		15,500.00
Sub-Total Field Services Projects	320,500.00	219,800.00	540,300.00
Total Retail Capital Improvement Program Budget	601,995.00	1,995,303.00	2,597,298.00
<u>Capital Improvement Program Summary:</u>			
District-wide	37,495.00	20,503.00	57,998.00
Engineering Services	244,000.00	1,755,000.00	1,999,000.00
Field Services	320,500.00	219,800.00	540,300.00
Total Capital Improvement Program Budget	601,995.00	1,995,303.00	2,597,298.00

FISCAL YEAR 2010-11
SAN JUAN WATER DISTRICT
DEBT OBLIGATIONS

Debt Obligations	FY 09/10	FY 09/10	FY 09/10	FY 10/11	FY 10/11	FY 10/11
2003 COP Issue	Interest	Principal	Total	Interest	Principal	Total
Refunding Portion	92,600.00	540,000.00	632,600.00	76,400.00	555,000.00	631,400.00
Direct Portion	245,789.00	147,798.00	393,587.00	241,355.02	151,317.00	392,672.02
New Portion	452,674.00	272,202.00	724,876.00	444,507.48	278,683.00	723,190.48
Total	791,063.00	960,000.00	1,751,063.00	762,262.50	985,000.00	1,747,262.50
2009 COP Issue	Interest	Principal	Total	Interest	Principal	Total
Wholesale Portion	645,426.00	259,200.00	904,626.00	1,093,424.00	6,400.00	1,099,824.00
Retail Portion	363,052.00	145,800.00	508,852.00	615,051.00	3,600.00	618,651.00
Total	1,008,478.00	405,000.00	1,413,478.00	1,708,475.00	10,000.00	1,718,475.00
Total Payments Due	Interest	Principal	Total	Interest	Principal	Total
Wholesale	1,436,489.00	1,219,200.00	2,655,689.00	1,855,686.50	991,400.00	2,847,086.50
Retail	363,052.00	145,800.00	508,852.00	615,051.00	3,600.00	618,651.00
Total	1,799,541.00	1,365,000.00	3,164,541.00	2,470,737.50	995,000.00	3,465,737.50
Retail Only - Other Debt	Interest	Principal	Total	Interest	Principal	Total
EDA	9,691.00	20,396.00	30,087.00	9,691.00	20,396.00	30,087.00
CEC	914.00	5,274.00	6,188.00	599.00	5,589.00	6,188.00
Total Retail - Other Debt	10,605.00	25,670.00	36,275.00	10,290.00	25,985.00	36,275.00

DISTRICT RESERVE BALANCES

SAN JUAN WATER DISTRICT
RESERVES BALANCES

	Projected	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
	<u>June 30, 2010</u>	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
Restricted - Debt Service		2,875,697	1,851,037	4,726,734
Operating		3,115,862	1,865,715	4,981,577
PERS		256,978	256,978	513,956
Compensated Absences+EE Restricted		326,234	411,918	738,152
Developer/Cust Deposits		-	50,000	50,000
Connection		25,103	2,399,510	2,424,613
Rate Stabilization		1,000,000	-	1,000,000
CIP - General		5,572,193	4,293,997	9,866,190
CIP - COPs		8,935,429	5,900,000	14,835,429
Hinkle Reserve		2,255,129	-	2,255,129
Kokila Reserve		-	326,738	326,738
Hydraulic/Raw Water Pipeline		276,305	-	276,305
Vehicle		50,000	50,000	100,000
Emergency CIP		-	584,007	584,007
Total		24,688,930	17,989,900	42,678,830

	Projected	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
	<u>June 30, 2011</u>	<u>Wholesale</u>	<u>Retail</u>	<u>Combined</u>
Restricted - Debt Service		2,875,697	1,851,037	4,726,734
Operating		3,265,862	1,879,921	5,145,783
PERS		356,978	356,978	713,956
Compensated Absences+EE Restricted		326,234	411,918	738,152
Developer/Cust Deposits		-	50,000	50,000
Connection		25,103	2,449,510	2,474,613
Rate Stabilization		1,000,000	-	1,000,000
CIP - General (includes \$331K+\$100K from RSA)		1,492,261	2,096,699	3,588,960
CIP - COPs		-	5,500,000	5,500,000
Hinkle Reserve		2,305,129	-	2,305,129
Kokila Reserve		-	336,738	336,738
Hydraulic/Raw Water Pipeline		276,305	-	276,305
Vehicle		50,000	50,000	100,000
Emergency CIP		-	584,007	584,007
Total		11,973,569	15,566,808	27,540,377

EXHIBIT B
WATER RATES AND CONNECTION FEES

Retail Budget Highlights

The adopted Retail budget includes a water rate increase of 2% effective January 1, 2011, to cover operations and maintenance increases, as well as funding the capital improvement program.

Note: This increase was adopted by the Board of Directors on June 23, 2010.

Retail Water Rate Study and Financial Plan

In 2007, the District contracted with the Reed Group, Inc. to update the Retail Water Rate Study and Financial Plan to determine water rates required to fund operations and the capital improvement program for the next ten years. This study was accepted by the Board. The study determined that a bond financing was necessary for projects, including pump stations and waterlines. The first retail rate increase resulting from that study was implemented on January 1, 2008 and the debt financing process completed in 2009. The financial plan is scheduled to be updated once again in late 2010.

This budget was prepared with the recommended rates from the Financial Plan; however, the Board adopts rates as part of the budget process each year and in accordance with Proposition 218 for retail rates. The Financial Plan called for a 5% rate increase for January 1, 2011. Due to the District's strong efforts to control costs, the Board was able to reduce the necessary rate increase to 2% instead.

The following table represents 2011 Board adopted and Financial Plan 2012-2014 recommended rate increases. Rates are effective January 1st each year:

2011	2012	2013	2014
2%	5%	2%	2%

The study also updated the retail water connection fee that is assessed to new connections for purposes of "buying into" the system. This places new customers on par with existing customers. Effective July 1, 2010, this fee will increase by 2.18% as indexed to the 20 Cities Construction Cost Index ("CCI"). The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District retail system:

Retail Connection Fees – Effective July 1st

Meter Size	Retail Fee Component	Wholesale Fee Component	Total Combined Fee
¾" Meter	\$ 13,114	\$ 344	\$ 13,458
1" Meter	\$ 13,114	\$ 572	\$ 13,686
1 ½" Meter	\$ 26,227	\$ 1,145	\$ 27,372
2" Meter	\$ 41,963	\$ 1,832	\$ 43,795
3" Meter	\$ 83,926	\$ 3,663	\$ 87,589
4" Meter	\$ 130,241	\$ 5,724	\$ 135,965
6" Meter	\$ 262,269	\$ 14,309	\$ 276,579
8" Meter	\$ 472,095	\$ 20,606	\$ 492,701
10" Meter	\$ 760,598	\$ 33,198	\$ 793,796
12" Meter	\$ 1,127,782	\$ 49,225	\$ 1,177,007

SAN JUAN WATER DISTRICT
WATER RATES AND CHARGES EFFECTIVE JANUARY 1, 2011

RESIDENTIAL METERED RATES (BILLED BASED ON # OF DAYS IN READ PERIOD)

		<u>Up to 1"</u>	<u>1½"</u>	<u>2"</u>
- Daily Base Charge (Fixed)		\$1.15	\$3.07	\$4.90
Plus Consumption				
- Baseline Rate/unit*	0 to 20 ccf	\$0.44	\$0.44	\$0.44
- Standardized Residential Rate/unit*	21 to 200 ccf	\$0.74	\$0.74	\$0.74
- Landscape Efficiency Rate/unit*	201+ ccf	\$0.52	\$0.52	\$0.52

NON-RESIDENTIAL/COMMERCIAL METERED RATES (BILLED BASED ON READ PERIOD)

	<u>Up to 1"</u>	<u>1½"</u>	<u>2"</u>	<u>3"</u>	<u>4"</u>
- Daily Base Charge (Fixed)	\$1.15	\$3.07	\$4.90	\$9.75	\$15.19
- Plus Consumption / unit*	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63

NON-RESIDENTIAL/COMMERCIAL METERED RATES (BILLED BASED ON READ PERIOD)

	<u>6"</u>	<u>8"</u>	<u>10"</u>	<u>12"</u>	<u>Fire District</u>
- Daily Base Charge (Fixed)	\$30.36	\$54.58	\$87.90	\$130.33	\$5.91
- Plus Consumption / unit*	\$0.63	\$0.63	\$0.63	\$0.63	\$0.63

COMMERCIAL - OTHER (BILLED BASED ON # OF DAYS IN READ PERIOD)

PRIVATE FIRE LINE RATES:	<u>4-inch</u>	<u>6-inch</u>	<u>8-inch</u>	<u>10-inch</u>
- Daily Base Charge (Fixed)	\$0.44	\$0.65	\$0.88	\$1.05

* 1 unit = 100 cubic feet = 748 gallons

**San Juan Water District
FY10-11 Retail Connection Fees
Effective July 1, 2010**

Meter Size	Retail Fee Component	Wholesale Fee Component	Total Combined Fee
3/4 inch	\$ 13,114	\$ 344	\$ 13,458
1-inch	\$ 13,114	\$ 572	\$ 13,686
1.5-inch	\$ 26,227	\$ 1,145	\$ 27,372
2-inch	\$ 41,963	\$ 1,832	\$ 43,795
3-inch	\$ 83,926	\$ 3,663	\$ 87,589
4-inch	\$ 130,241	\$ 5,724	\$ 135,965
6-inch	\$ 262,269	\$ 14,309	\$ 276,578
8-inch	\$ 472,095	\$ 20,606	\$ 492,701
10-inch	\$ 760,598	\$ 33,198	\$ 793,796
12-inch	\$ 1,127,782	\$ 49,225	\$ 1,177,007

Alternative Retail Connection Fees (Acreage Agreements)

Per Acre Foot ("AF")	\$ 10,579
(Assuming 3 acre feet per year per acre)	
Example: Fees for an additional 0.25 acres:	
$\$10,579 \times 3 \text{ acre feet} \times 0.25 \text{ acres} =$	\$7,934

Calculation:

CC Index @ May 2010	8761
CC Index @ May 2009	8574

Difference	187
% Change	2.18%

Note: These fees are indexed utilizing the 20 Cities Construction Cost Index (CCI) as recommended in the Financial Plan.