

Wild Wings CSA
Financial Recommendation for Prop 218
Proposed Rate Adjustments Effective FY 2014

1/17/2013

CSA Water

Old Flat Rate New Flat Rate

Act FY2010 Act FY2011 Act FY2012 Proj FY2013

CASH				
WATER:				
Unrestricted Funds	\$ (30,263)	\$ (150,170)	\$ (193,729)	\$ (241,902)
Restricted Funds	\$ 423,966	\$ 583,658	\$ 542,004	\$ 522,299
Total Funds	\$ 393,703	\$ 433,488	\$ 348,275	\$ 280,397
Restricted Required June 2013				\$ 829,261
Total Funds less Restricted Required				\$ (548,864)
SEWER:				
Unrestricted Funds	\$ 118,423	\$ 191,460	\$ 87,711	\$ 50,444
Restricted Funds	\$ 216,515	\$ 297,655	\$ 413,390	\$ 447,507
Total Funds	\$ 334,938	\$ 489,115	\$ 501,101	\$ 497,951
Restricted Required June 2013				\$ 422,721
Total Funds less Restricted Required				\$ 75,230
Total Shortfall for Restricted Funded				\$ (473,634)
Less: Debt Payment FY2014				\$ 75,000
Net Restricted Shortfall				\$ (398,634)

Recommendation 1.

Operating P/L				
WATER:				
Operating P/L	\$ (27,617)	\$ (20,742)	\$ (125,508)	\$ (108,173)
Restricted Funding	\$ (97,560)	\$ (97,560)	\$ (97,560)	\$ (97,560)
Total Funding Required	\$ (125,177)	\$ (118,302)	\$ (223,068)	\$ (205,733)
Average Annual Cash Shortfall - past 4 years				\$ (166,650)
Annual Cal Am \$437*52 weeks				\$ (22,724)
Less: Additional Revenue increase average \$.06 to \$.30				\$ 54,000
Total Annual Cash Shortfall - \$388/yr/home				\$ (135,374)
				\$ 486 \$ 875 \$ 32 Per Month
				\$ 163,782 \$ 294,875
SEWER:				
Operating P/L	\$ (155,132)	\$ 56,573	\$ (22,132)	\$ (37,267)
Restricted Funding	\$ (49,880)	\$ (49,880)	\$ (49,880)	\$ (49,880)
Total Funding Required	\$ (205,012)	\$ 6,693	\$ (72,012)	\$ (87,147)
Average Annual Cash Shortfall - past 3 years				\$ (50,822)
Annual Cal Am - chemical cost for odor control				\$ (7,104)
Total Annual Cash Shortfall - \$172/yr/home				\$ (57,926)
				\$ 1,079 \$ 1,250 \$ 14 Per Month
				\$ 363,623 \$ 421,250

Recommendation 3.

Recommendation 2.

Recommendation 4.

Rate Change Recommendation:

1. CSA Water - Restricted Fund		
Flat Rate for 3 years (FY2014-FY2016) of \$350/home/yr	\$ 353,850	\$29 Per Month
2. CSA Water - Annual Flat Rate \$486 to \$875	\$ 131,093	
3. CSA Water - Over usage Rate \$.06 to \$.30	\$ 54,000	
4. CSA Sewer - Annual Flat Rate \$1079 to \$1250	\$ 57,627	
5. CSA Water & Sewer - Annual CPI Increase 2%	\$ 14,325	

Total Increase \$ 76 Per Month
Plus CPI \$ 4 Per Month

#488 - WW CSA Water

GENERAL ISSUES

Cost of Prop. 218 Election
Timeline
 Operational Losses
 Arsenic Remediation - Future Years Plant & Operating Cost
 Inadequate Reserves - for existing needs and new projects
 No Contingency Funds

FINANCIAL ISSUES

Operating Loss in FY 2012 of \$126,000
 Annual Reserve Funding should be \$97,560
 Low funding of Depreciating Assets - Reserves Funded @ 60% - under funded by \$332,000 June 2013
 Insufficient Funding for Arsenic Remediation Issue
 Cal Am contract cost increase 4/1/13 - \$437/week (\$22,724/yr)
 No Contingency Funds

STATISTICS

#488 - WW CSA Water

FY 2013 Current Resident Rate \$486/year
FY 2013 Current Resident Rate \$241/year - Restricted Reserve for Arsenic Remediation (Total \$81,217/yr)

2012 **Total** Operating Cost \$438,513/total production of 154,048,600 gallons = **\$.2847/100 gallons**
 2012 **Golf Course** Paid \$151,623/total Canvas Back production of 61,425,900 gallons = **\$.2468/100 gallons**
 2012 **Residents** Paid \$159,064/total Pintail production of 92,622,700 gallons = **\$.1717/100 gallons**

2012 charges \$.06/100 gallons for excess usage (67 homes w/extra 50,000 gallons (\$27.50), (some w/extra 300,000 gallons (\$165.00) and a few w/extra 800,000 gallons (\$300.00). For total est. \$13,500 charges for usage greater than 250,000/year.

RATE CHANGE OPTIONS/Impact

Change rate of \$.06/100 gallons for excess usage over 250,000/year/resident to \$.30/100 gallons (\$54,000)

Increase current annual flat rate of \$486/resident to \$875/resident (\$131,093)

\$389 increase per resident per year in base rate

Annual CPI increase estimate 2% * \$875 * 337 = \$5,900

By June 2013 Operating Cash with balance (\$223,000) will need transfer from Restricted Funds, bringing Restricted balance to \$300,000 which is only 36% funded of the \$829,000 balance for 100% funding (\$529,000 short)

#487 - WW CSA Sewer

GENERAL ISSUES

Cost of Prop. 218 Election
Timeline
 Operational Loss in FY 2012
 Odor Issue at waste treatment plant - Air Quality Board concerns
 Reserves not set aside to deal with Odor Issue
 No Contingency Funds

FINANCIAL ISSUES

Operating Loss in FY 2012 of \$22,000
 Annual Reserve Funding should be \$49,880
 Excess Reserves Funded by \$25,000 June 2013
 No Funding in Reserves for Odor Issue - Chemical Treatment Cost:
 Year 1 Installation \$23,000 + \$7,100/yr chemicals + labor?
 No Contingency Funds

STATISTICS

#487 - WW CSA Sewer

FY 2013 Current Resident Rate \$1,079/year

RATE CHANGE OPTIONS/Impact

Increase current annual flat rate of \$1,079 to \$1,250 (\$57,600)

\$171 increase per resident per year in base rate

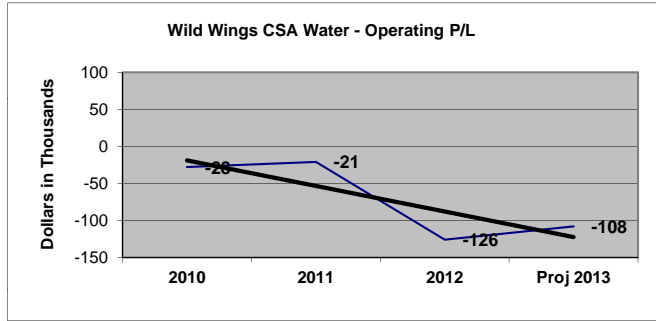
Annual CPI increase estimate 2% * \$1250 * 337 = \$8,425

**Wild Wings CSA Water & Sewer
Fiscal Issues/Data/Trends before the Advisory Committee**

HISTORICAL FINANCIAL DATA

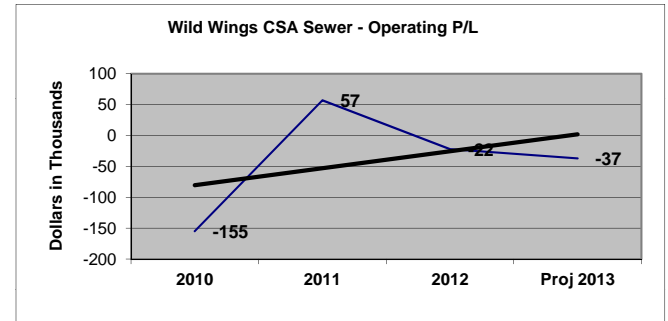
Operating P/L

2010	-28
2011	-21
2012	-126
Proj 2013	-108



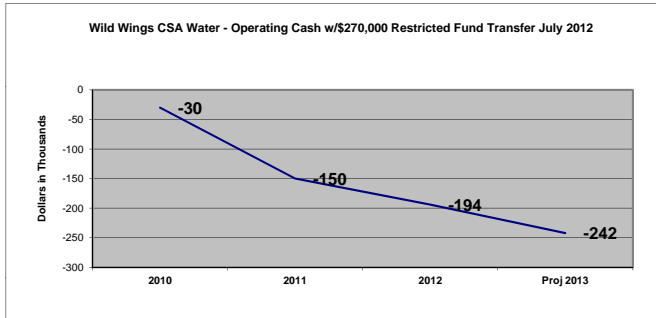
Operating P/L

2010	-155
2011	57
2012	-22
Proj 2013	-37



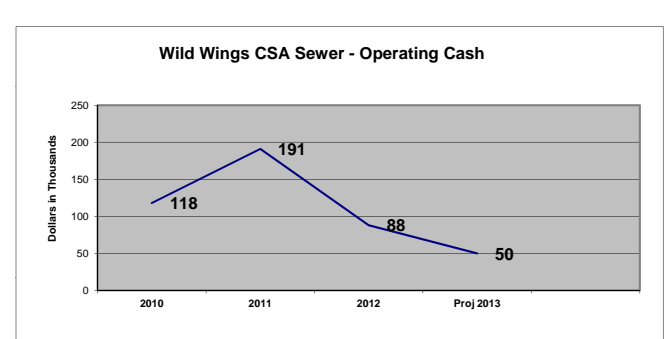
Operating Cash

2010	-30
2011	-150
2012	-194
Proj 2013	-242



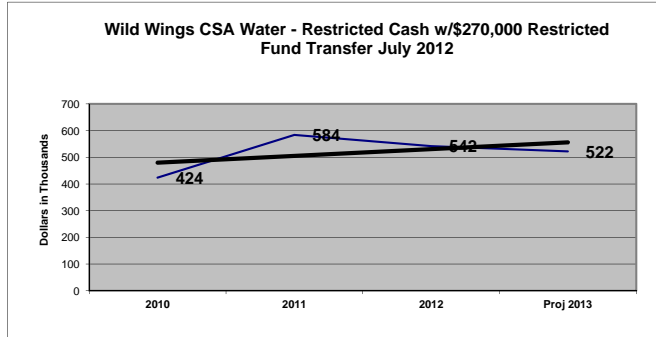
Operating Cash

2010	118
2011	191
2012	88
Proj 2013	50



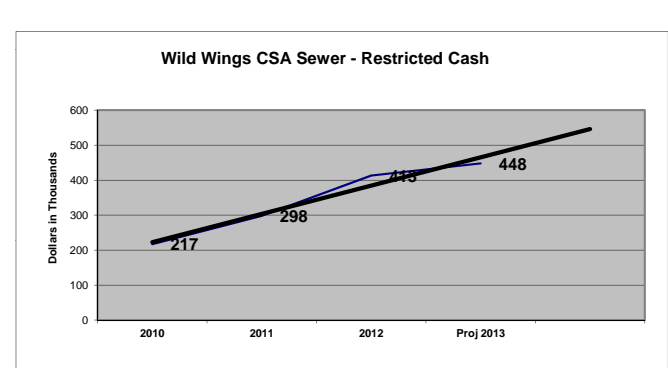
Restricted Cash

2010	424
2011	584
2012	542
Proj 2013	522



Restricted Cash

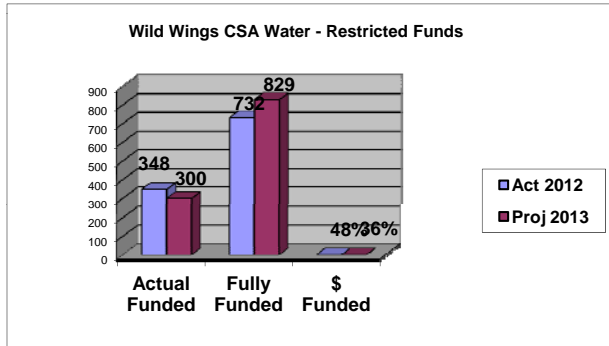
2010	217
2011	298
2012	413
Proj 2013	448



Wild Wings CSA Water & Sewer
Fiscal Issues/Data/Trends before the Advisory Committee

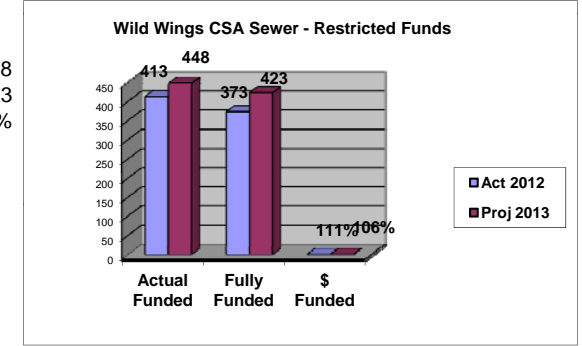
Restricted Funds

	Act 2012	Proj 2013
Actual Fun	348	300
Fully Funde	732	829
\$ Funded	48%	36%



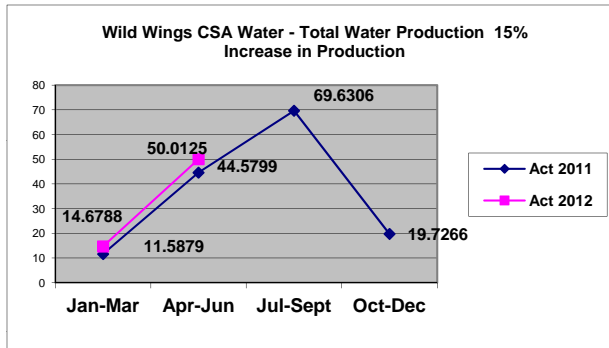
Restricted Funds

	Act 2012	Proj 2013
Actual Funded	413	448
Fully Funded	373	423
\$ Funded	111%	106%



Total Water Production

	Act 2011	Act 2012
Jan-Mar	11.5879	14.6788
Apr-Jun	44.5799	50.0125
Jul-Sept	69.6306	
Oct-Dec	19.7266	



Wild Wings CSA											1/17/2013
Financial Data - Budget FY 2013											
WW CSA Water (Fund 488)					WW CSA Sewer (Fund 487)						
					Prorate Revenue						
					4 Months						
	Actual	Actual	Actual	Actual	Projected	Actual	Actual	Actual	Actual	Projected	
	FY2010	FY2011	FY2012	FY2013	FY2013	FY2010	FY2011	FY2012	FY2013	FY2013	
Cash:											
Restricted Funds (Includes \$270,000 transfer to Unrestricted - 2012)	\$ 423,966	\$ 583,658	\$ 542,004	\$ 543,307	\$ 522,299	\$ 216,515	\$ 297,655	\$ 413,390	\$ 414,384	\$ 447,507	
Unrestricted Funds (Includes \$270,000 transfer from Restricted - 2012)	\$ (30,263)	\$ (150,170)	\$ (193,729)	\$ (195,032)	\$ (241,902)	\$ 118,423	\$ 191,460	\$ 87,711	\$ 86,717	\$ 50,444	
Total Fund Balances	\$ 393,703	\$ 433,488	\$ 348,275	\$ 348,275	\$ 280,397	\$ 334,938	\$ 489,115	\$ 501,101	\$ 501,101	\$ 497,951	
Revenue:											
Investment Earnings	\$ 3,753	\$ 2,731	\$ 2,318	\$ 667	\$ 2,000	\$ 4,523	\$ 3,088	\$ 2,819	\$ 1,000	\$ 3,000	
Special Assessments - Water & Sewer \$1520/home + 3.0% in 2013	159,211	162,966	159,064	54,612	163,836	341,024	347,177	353,176	121,257	363,771	
Water Services - Golf Course Portion \$560/home + 3.0% in 2013	151,000	151,623	151,623	52,057	156,172	29,295	33,926	33,926	11,648	34,944	
Special Assessments - Water Over 250,000 gallons/yr per residence	10,907	14,202	-	-	12,365	-	-	-	-	-	
Payment of A/R from Golf Course (taxes & capital)	-	-	40,295	-	40,295	45,185	28,481	34,117	11,372	34,117	
Total Revenue	\$ 324,871	\$ 331,522	\$ 353,300	\$ 107,336	\$ 374,668	\$ 420,027	\$ 412,672	\$ 424,038	\$ 145,277	\$ 435,832	
Expenses:											
Maint. - Equip (CalAm R&M)	\$ 801	\$ -	\$ -	\$ 945	2,835	\$ -	\$ -	\$ -	\$ 6,307	\$ 18,921	
Maint. - Bldg & Impr (CalAm monthly fee - \$10,704 and \$16,419)	121,294	153,170	149,867	43,056	154,000	181,686	168,101	213,516	66,153	198,459	
Office - (CalAm)	3	35	1,288	43	129	-	-	-	-	-	
Office Exp - Postage	515	1,171	924	157	471	-	8	1	-	-	
Audit & Fiscal Services	337	337	337	-	-	337	337	337	-	-	
IT Services	-	-	2,436	-	-	-	-	-	-	-	
Legal	-	-	1,607	-	-	675	-	-	-	-	
Prof & Specialized Serv (R. Espinoza; Financial Consulting Solutions)	33,718	32,902	33,409	17,317	51,951	31,236	19,102	24,291	13,061	39,183	
Rent/Lease Equip	-	17	10,819	-	-	-	-	-	-	-	
Minor Equip	(2,873)	1,597	433	-	-	-	-	4,237	-	-	
Special Dept Exp - Other (CalAm chlorine \$1400/mo & sludge hauling)	91,861	120,624	132,176	34,666	124,998	186,967	27,610	54,385	21,673	65,019	
Chemicals should have been budgeted \$60,000 (\$5,000/mo.)	-	-	-	-	-	-	-	-	-	-	
Utilities (PG&E)	52,295	42,411	41,880	26,481	48,162	33,610	33,652	29,258	12,402	32,400	
Subtotal Expenses	\$ 297,951	\$ 352,264	\$ 375,176	\$ 122,665	\$ 382,546	\$ 434,511	\$ 248,810	\$ 326,025	\$ 119,596	\$ 353,982	
Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses	\$ 297,951	\$ 352,264	\$ 375,176	\$ 122,665	\$ 382,546	\$ 434,511	\$ 248,810	\$ 326,025	\$ 119,596	\$ 353,982	
Reserve Expense:											
General Reserve						\$ -	\$ -	\$ -		\$ -	
Fixed Asset Replacement Reserves			\$ 22,752	\$ -	\$ 30,000			\$ 37,043	-	35,000	
Fixed Asset Replacement Reserves - New approved Projects	\$ 54,537	\$ -	\$ 40,585	\$ -	\$ 30,000	95,463	78,808	48,985	-	50,000	
Total Reserves Expense	\$ 54,537	\$ -	\$ 63,337	\$ -	\$ 60,000	\$ 95,463	\$ 78,808	\$ 86,028	-	85,000	
Total Operating Cost	\$ 352,488	\$ 352,264	\$ 438,513	\$ 122,665	\$ 442,546	\$ 529,974	\$ 327,618	\$ 412,053	\$ 119,596	\$ 438,982	
Revenue Less Operating Costs	\$ (27,617)	\$ (20,742)	\$ (85,213)	\$ (15,329)	\$ (67,878)	\$ (109,947)	\$ 85,054	\$ 11,985	\$ 25,681	\$ (3,150)	
Less Revenue Transfers for Golf Course Debt Payment	\$ -	\$ -	\$ (40,295)	\$ -	\$ (40,295)	\$ (45,185)	\$ (28,481)	\$ (34,117)	\$ (11,372)	\$ (34,117)	
Adjusted Operating Income/Loss	\$ (27,617)	\$ (20,742)	\$ (125,508)	\$ (15,329)	\$ (108,173)	\$ (155,132)	\$ 56,573	\$ (22,132)	\$ 14,309	\$ (37,267)	
NOTE: Proposed Budget FY 2013 (488) reflects \$50,000 Cal Am Admin fee accounting change from Maint - Bldg & Impr to Special Dept Exp-Other. It appears County has not made change in 2013. Actual FY 2013 (488 and 487) reflects corrected cost accounting for Cal Am invoices #151 and #152. Needs to be corrected by County Accounting Dept.											
Per WW Schedule of Capital Assets & Accumulated Depreciation:											
As of June 30, 2012 Accum Depr for funding			\$ 731,701					\$ 372,841			
Actual Funded June 30 2012 less Op Cash Transfer			\$ 348,275					\$ 413,390			
			\$ (383,426)					\$ 40,549			
Estimate June 30, 2013 Accum Depr for funding					\$ 829,261					\$ 422,721	
Projected Funded June 30, 2013 less Op Cash Transfer					\$ 280,397					\$ 447,507	
Amount Under Funded					\$ (548,864)					\$ 24,786	