

*Purissima Hills Water District
2010 Rate Study , Slide 1
March 10, 2010*

Purissima Hills Water District Presentation on 2010 Water Rate Study

Joubin Pakpour
District Engineer

*Purissima Hills Water District
2010 Rate Study, Slide 2
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Winter Usage, \$5.50 increase per month
Average Usage, \$33.50 increase per month

High End Usage, \$476.00 increase per month

Billed Units	Existing PHWD Rate*	Proposed PHWD Rate	% Change	Mid Peninsula Water District	City of Palo Alto	Town of Hillsborough	City of Mt. View	Calwater Los Altos	Calwater Menlo Park	City of Sunnyvale
5 CCF	\$25.75	\$28.50	11%	\$28.22	\$24.75	\$38.35	\$16.27	\$33.13	\$34.73	\$26.34
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200 CCF	\$1,139.00	\$1,425.00	25%	\$1,038.62	\$1,118.08	\$1,272.65	\$1,209.39	\$706.88	\$807.95	\$638.73
300 CCF	\$1,944.00	\$2,420.00	24%	\$1,565.62	\$1,680.48	\$2,001.65	\$1,854.09	\$1,059.78	\$1,215.58	\$964.73

Formed in 1955

Local Government Entity – Special District (Not for Profit)

2,060 Residential and 53 Institutional Services

District maintains over 107 miles of pipe, 10 tanks and 5 pump stations.

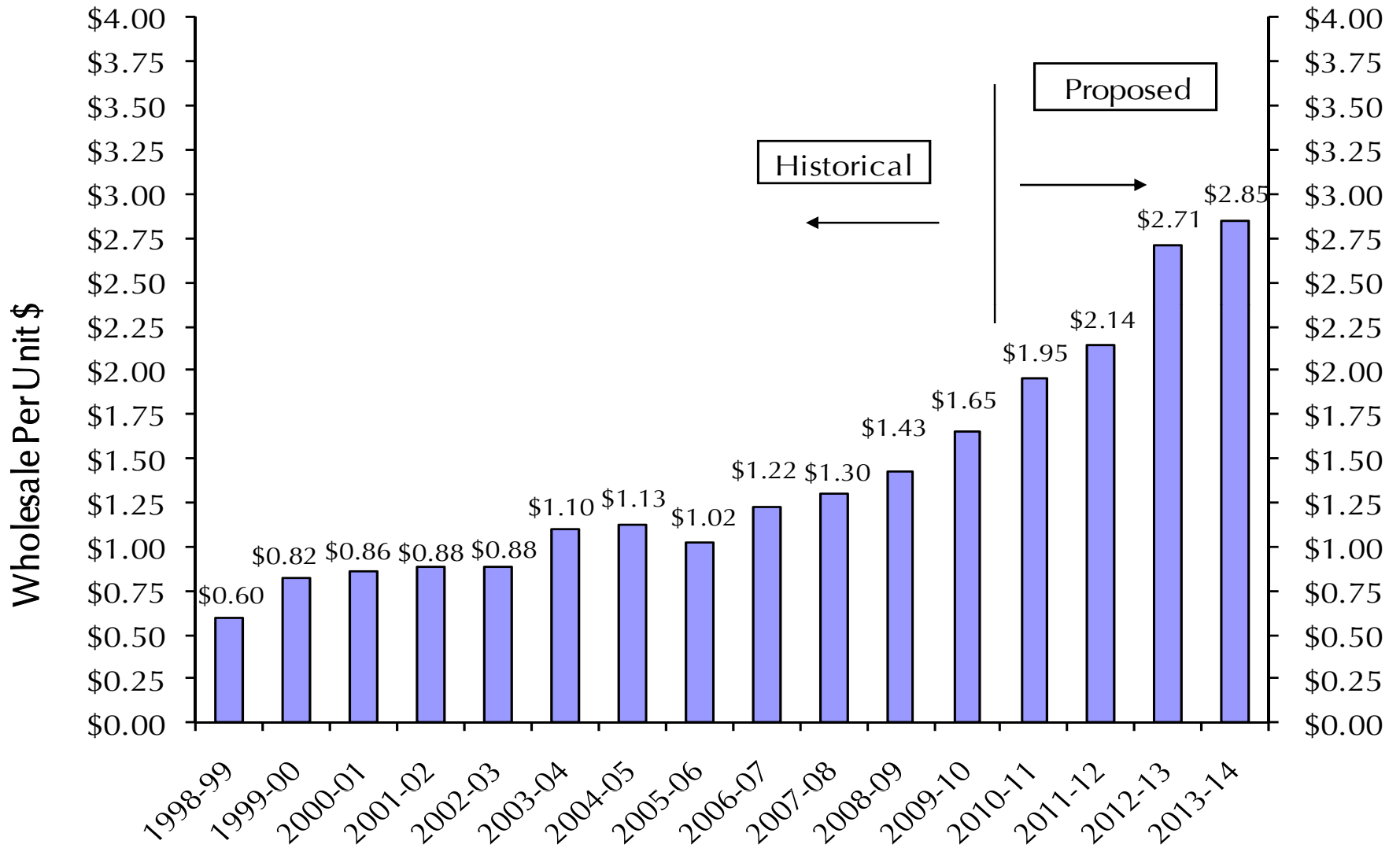
Purchases 100% of water from SFPUC Hetch Hetchy System

Currently 24% over SFPUC supply assurance to District

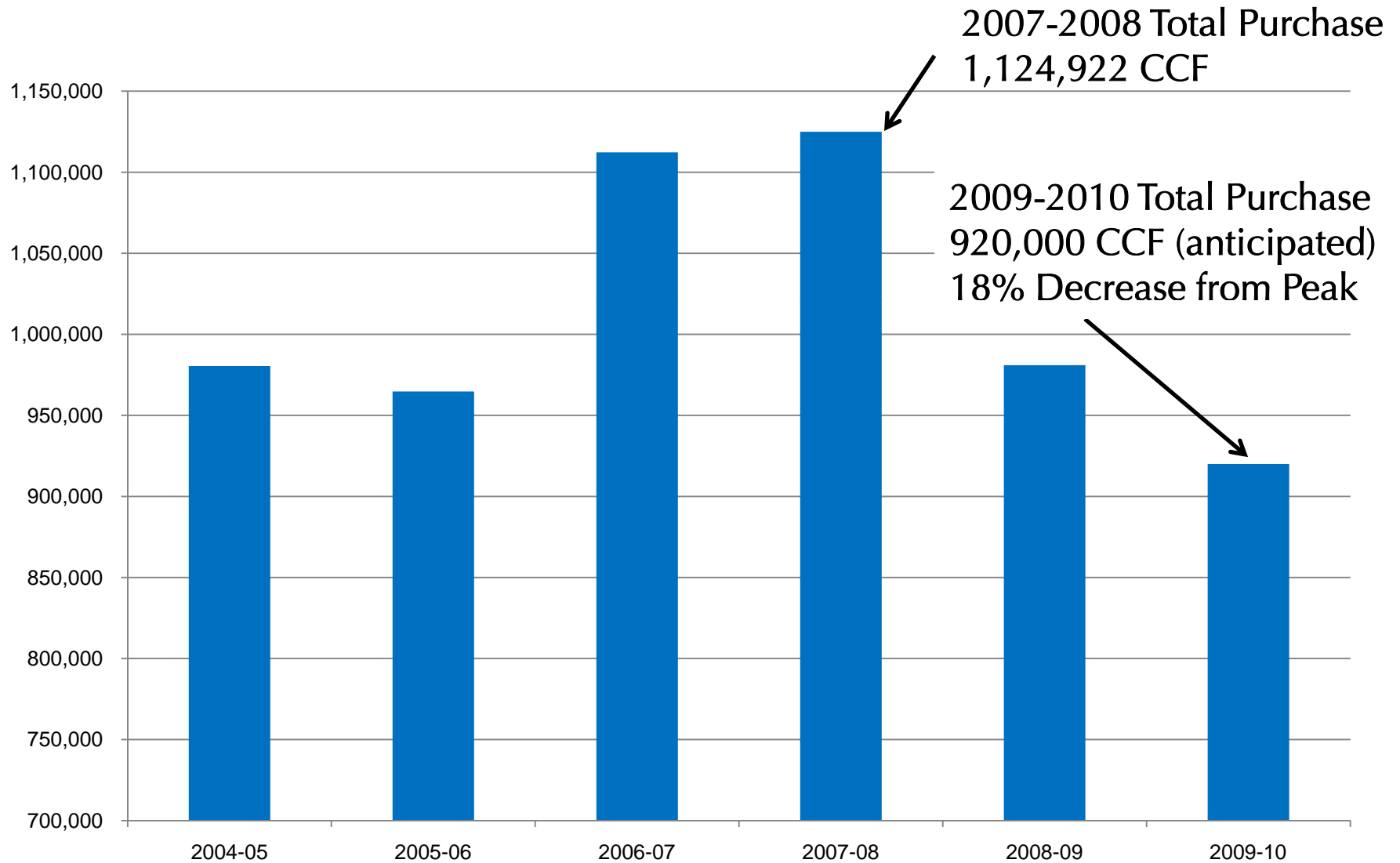
Why Must the District Raise Rates?

1. It is anticipated SFPUC will raise rates from \$1.65 to \$2.14 per CCF (30% increase) during the next two years.
2. During the past three years the District's active conservation program has resulted in a reduction in high usage customers' water demands and its related revenues by 18%.
3. The majority of the District's water mains are 40 years old. District updated its comprehensive Capital Improvement Program which identified a need for \$1.0 million in capital projects per year to maintain its infrastructure and find new sources of water.

Revenue shortfall of 25% by 2012



Total Water Purchased

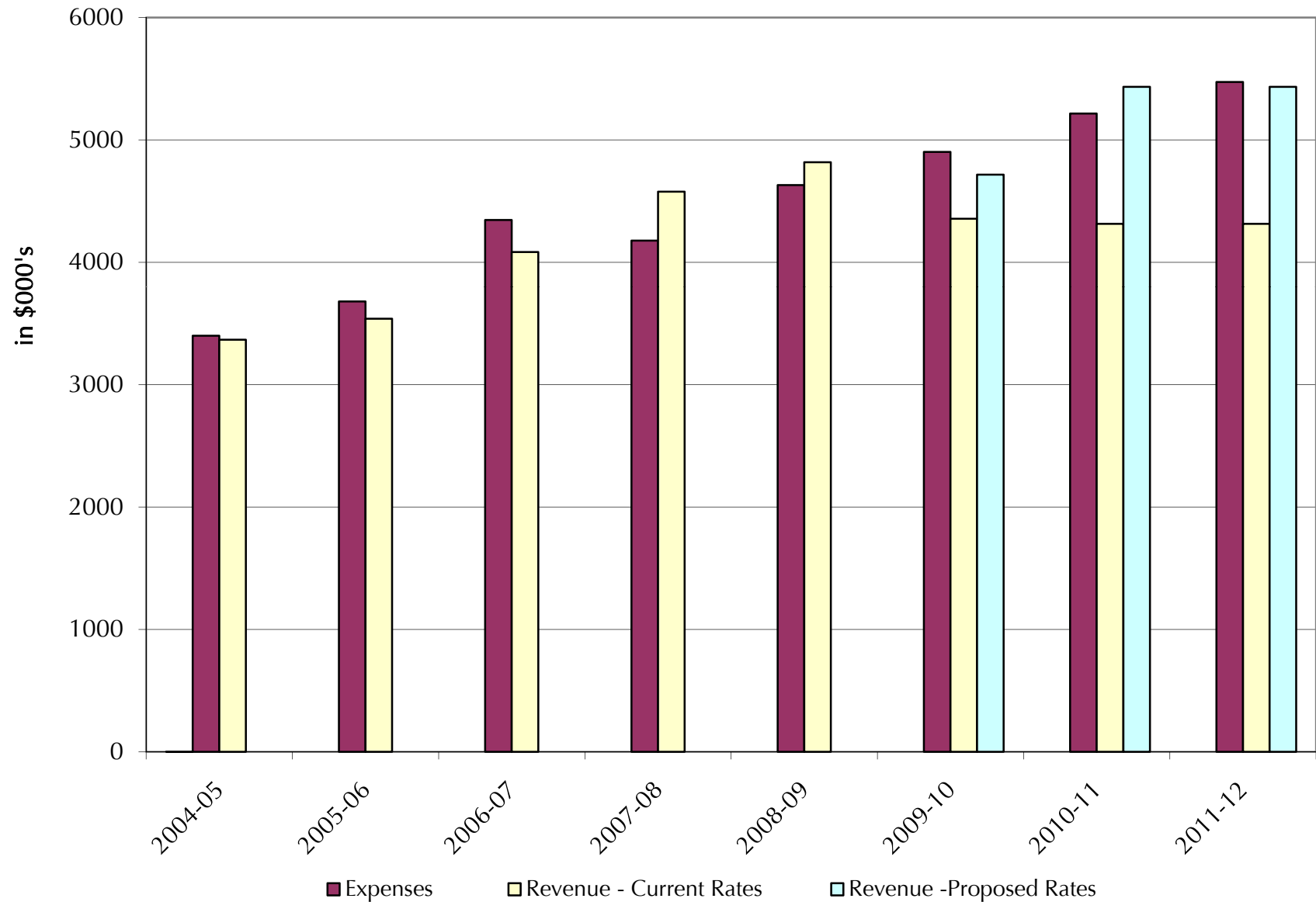


1. Replace aging and seismically vulnerable facilities (50% of the District watermains are over 40 years old)
2. Develop supplemental water supplies (Groundwater, Santa Clara Valley Water District, Reclaimed Water, Quarry Lake)
3. Upgrade facilities to meet increased water demands
4. Comply with current and new fire protection standards
5. Pay as you go, no long term debt.

Five year, five million dollar capital improvement program (\$1.0 million per year). Highlights include:

- Replacement / installation of 18,000 lf (3.4 miles) of watermain.
- Supplemental water supply.
- Upgrades to tanks and pump stations.
- Partnering with local agencies such as the Los Altos Hills County Fire District.

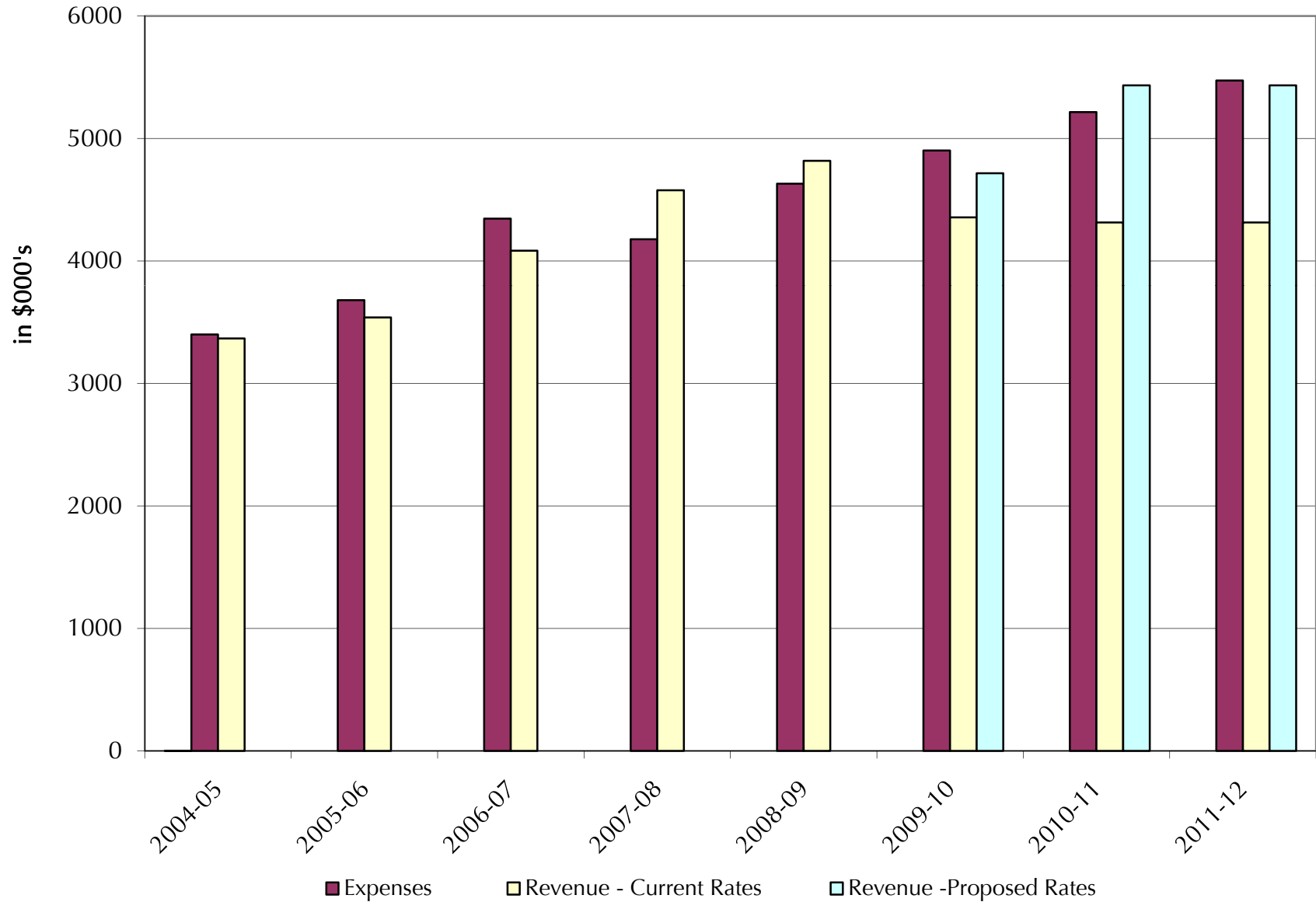
Revenue and Expenditures



Revenue Without Rate Increase

	<u>09/10</u>	
Water Sales – Residential	\$2,872.7	66.0%
Water Sales - Institutional	\$192.7	4.4%
Water Rates – RTS	\$530.8	12.2%
Other Income	\$759.4	17.4%
Total:	100%	\$4,355.7 100%

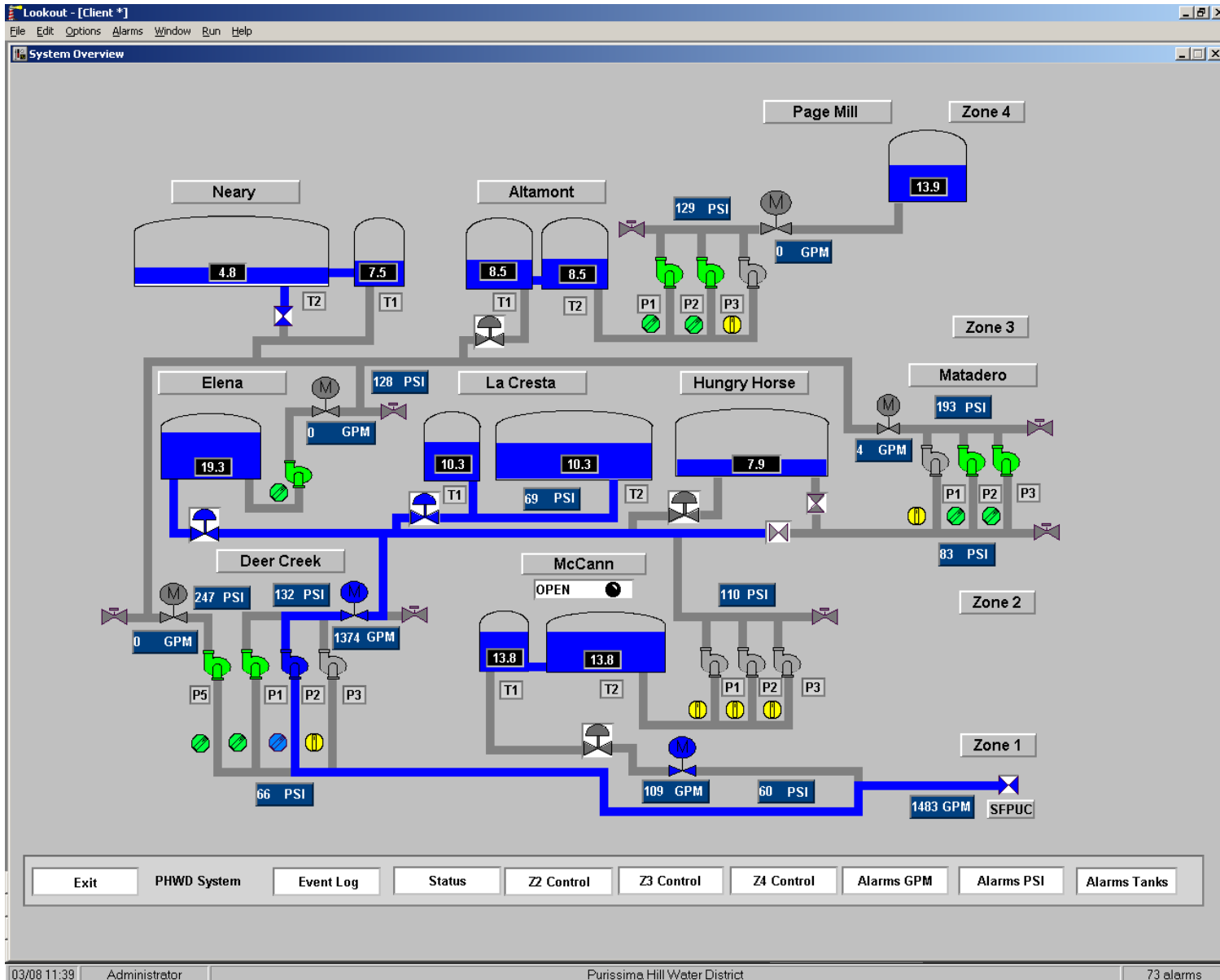
Revenue and Expenditures



		<u>09/10</u>	<u>11/12</u>	<u>Change</u>
Operations	37%	\$1,812.8	\$2,317.8	\$505.0
Administration	20%	\$978.5	\$1,158.9	\$180.4
Maintenance	22%	\$1,103.5	\$996.6	-\$106.9
CIP	21%	\$1,007.0	\$1,000.0	-\$7.0
Total:	100%	\$4,901.8	\$5,473.3	\$571.5

Steps the District is taking to reduce its Operations Expense:

- Reducing “unaccounted for water”. Currently 5%, industry standard for our age District 8% to 10%. Saves the District \$165,000 in 3 years.
- Reduce power costs by switching to high efficient pump motors when pumps are reconstructed.
- Reduce power cost by switching to off peak pumping, using advanced telemetry.



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Discussion of Administration Budget:

- With the exception of a part-time conservation specialist, District staffing levels have been flat for the past 15 years.
- Salaries have been essentially flat, increasing 3% per year for the past four years.
- Pension and Benefits have remained flat. However the main increase is due to health insurance costs which have increased by \$95,000 in the past three years. We are anticipating an increase of \$75,000 over the next two years. The District is aggressively attempting to reduce its premiums.

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Discussion of Maintenance Budget:

- Same staffing levels for the past 15 years while faced with new regulatory compliance requirements.
- Using technology, such as radio read meters, to become more efficient.
- Unfunded mandates by the State and Federal government.
- Salaries have been essentially flat, increasing 3% per year for the past four years.
- District is investing in engineering studies to find an additional water source.

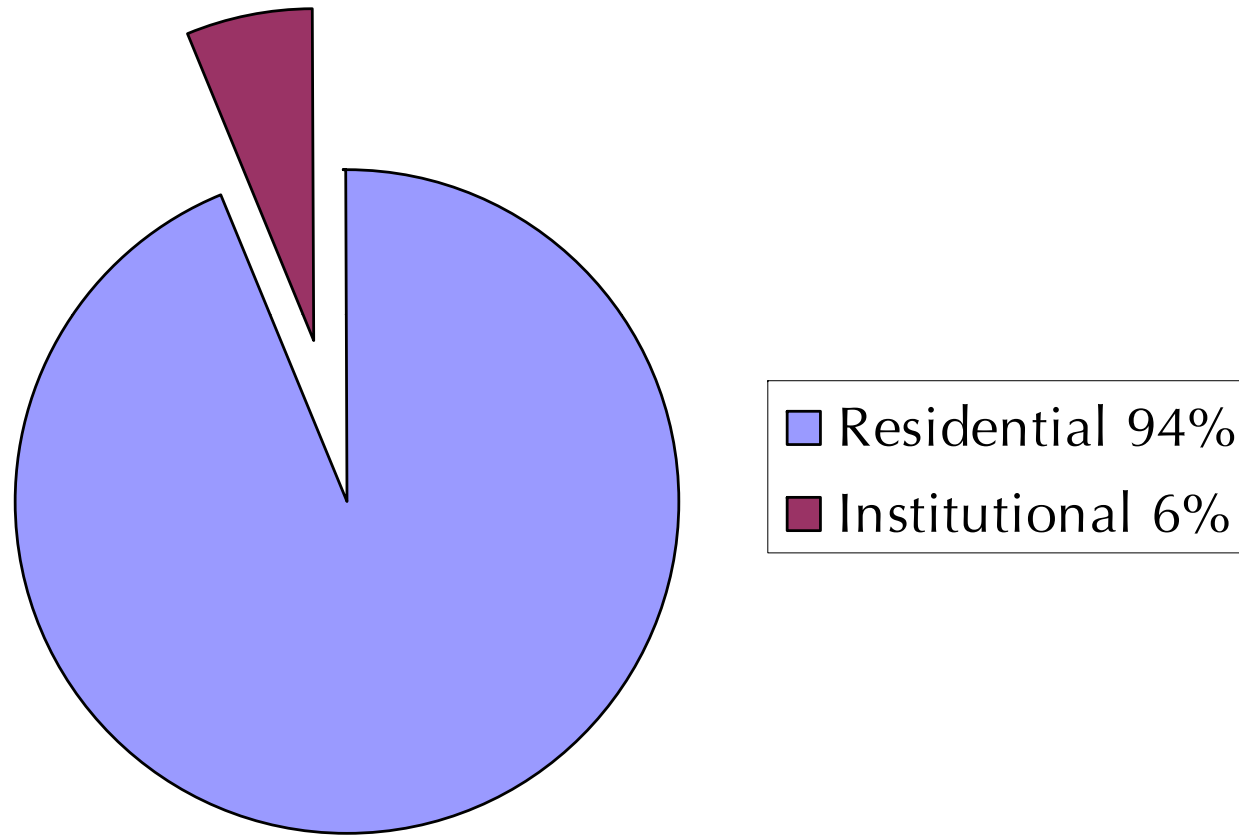
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Steps the District is taking to reduce its CIP Budget:

- CIP was reduced from \$1.3 million to \$1.0 million dollars (23% decrease), while maintaining the same level of water main replacement due to lower construction cost.
- It cost \$175 per linear feet to construct a 12-inch water main in 2007. In 2010 that cost is down to \$120.

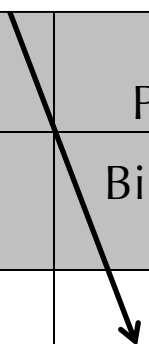
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Where Does Our Water Sales Go?



Proposed Water Rates Residential

Revised from 5 CCF to
10 CCF due to
customer feedback



Existing Rate Schedule		Proposed Rate Alternative		
Billed Units (CCF)	Unit Rate	Billed Units (CCF)	Unit Rate	% Increase
1-10	\$2.15	1-10	\$2.70	26%
11-30	\$2.75	11-30	\$4.15	51%
31-60	\$3.75	31-60	\$5.60	49%
61-100	\$5.25	61-100	\$7.05	34%
101-200	\$7.25	101-200	\$8.50	17%
200+	\$8.05	200+	\$9.95	24%

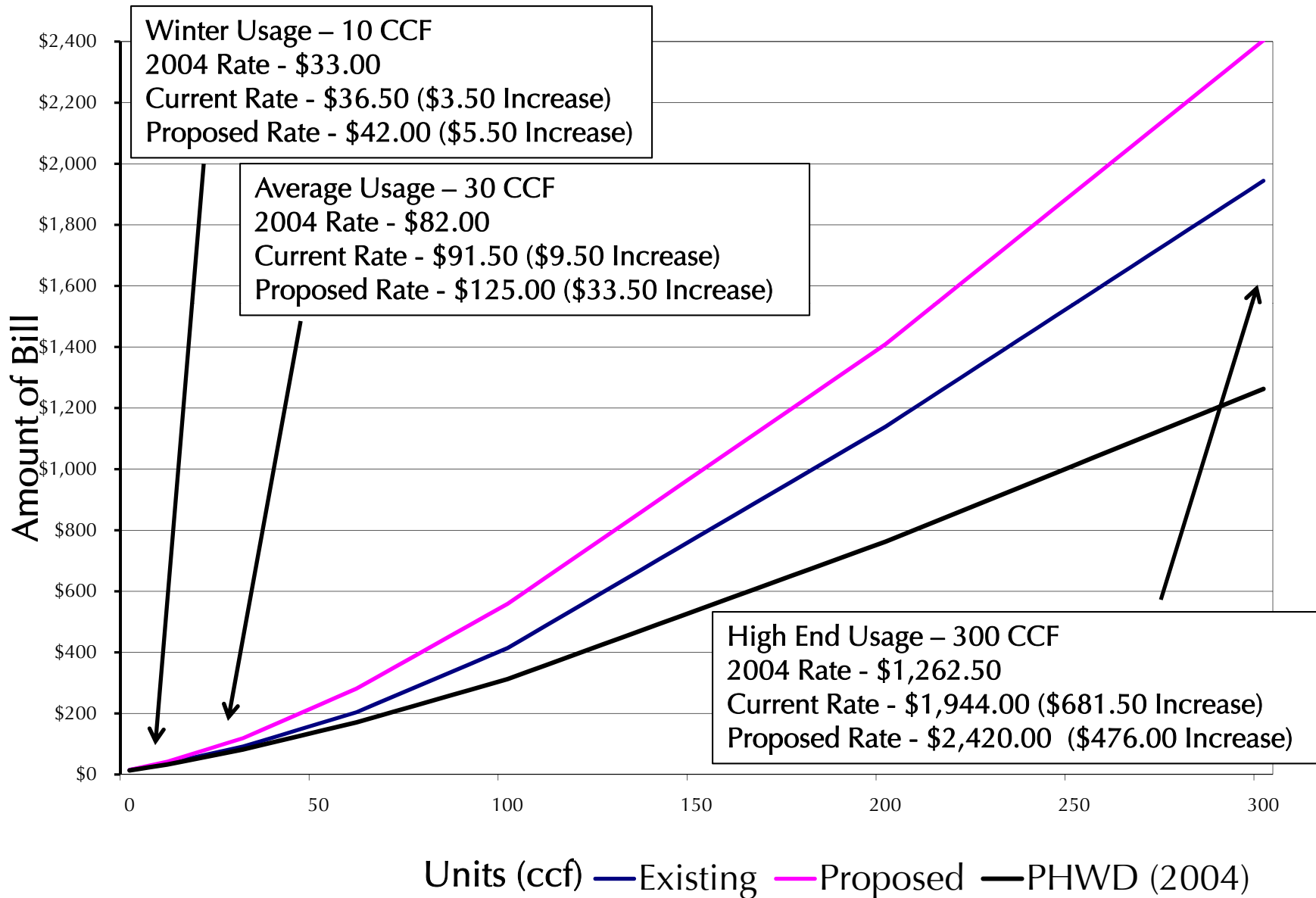
*Purissima Hills Water District
2010 Rate Study, Slide 24
March 10, 2010*

Winter Usage, \$5.50 increase per month
Average Usage, \$33.50 increase per month

High End Usage, \$476.00 increase per month

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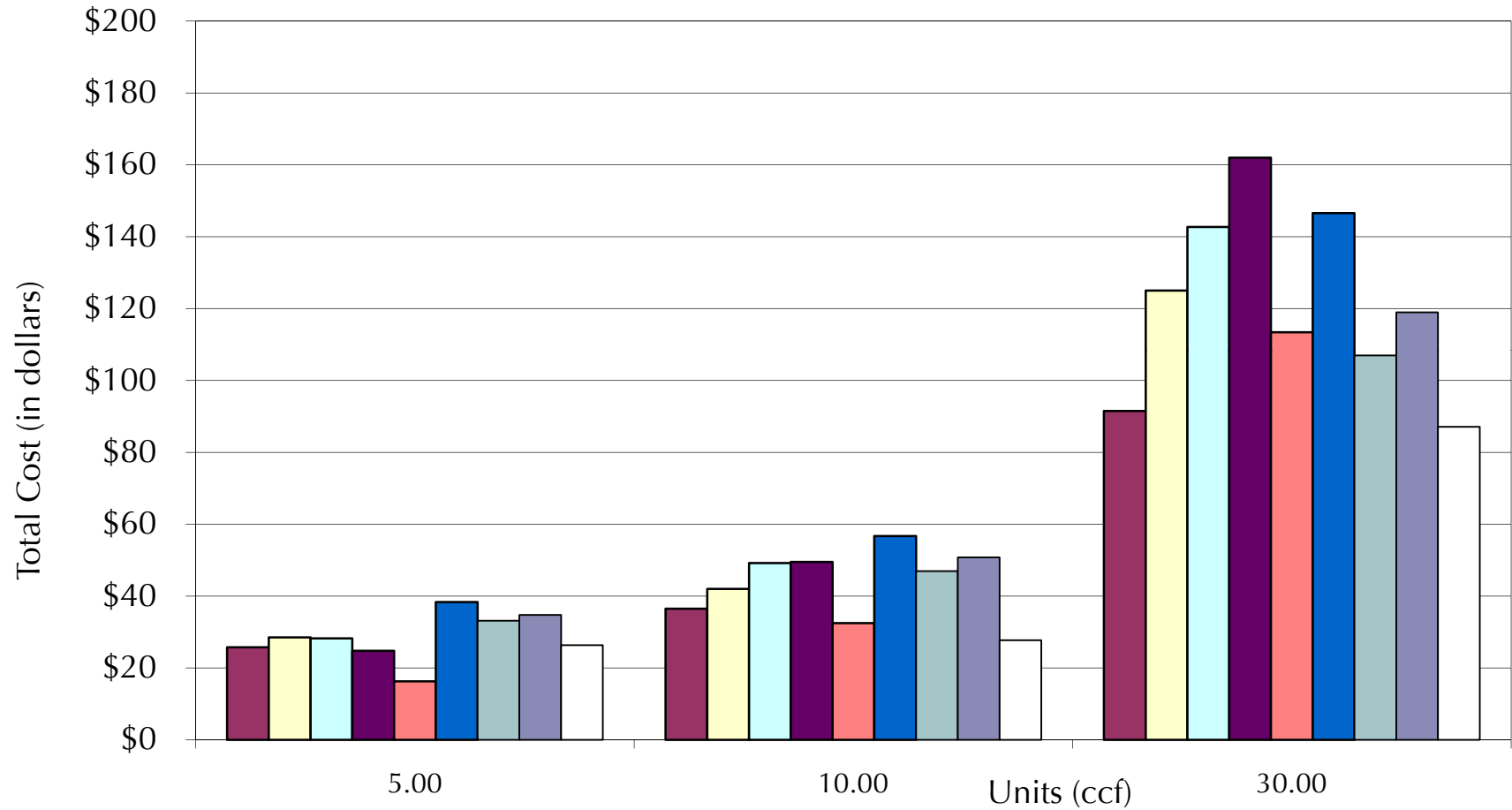
Proposed Water Rates Residential



Proposed Water Rates Residential

Billed Units	PHWD 2004 Rate	Existing PHWD Rate	Proposed PHWD Rate	% Change	% Change since 2004
5 CCF	\$23.25	\$25.75	\$28.50	11%	23%
10 CCF	\$33.00	\$36.50	\$42.00	15%	27%
25 CCF	\$69.75	\$77.75	\$104.25	34%	49%
30 CCF	\$82.00	\$91.50	\$125.00	37%	52%
50 CCF	\$141.00	\$166.50	\$237.00	42%	68%
100 CCF	\$312.50	\$414.00	\$575.00	39%	84%
200 CCF	\$762.50	\$1,139.00	\$1,425.00	25%	87%
300 CCF	\$1,262.50	\$1,944.00	\$2,420.00	24%	92%

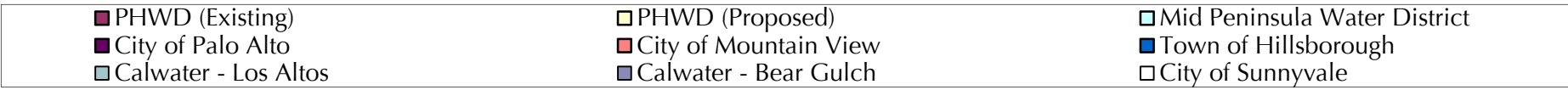
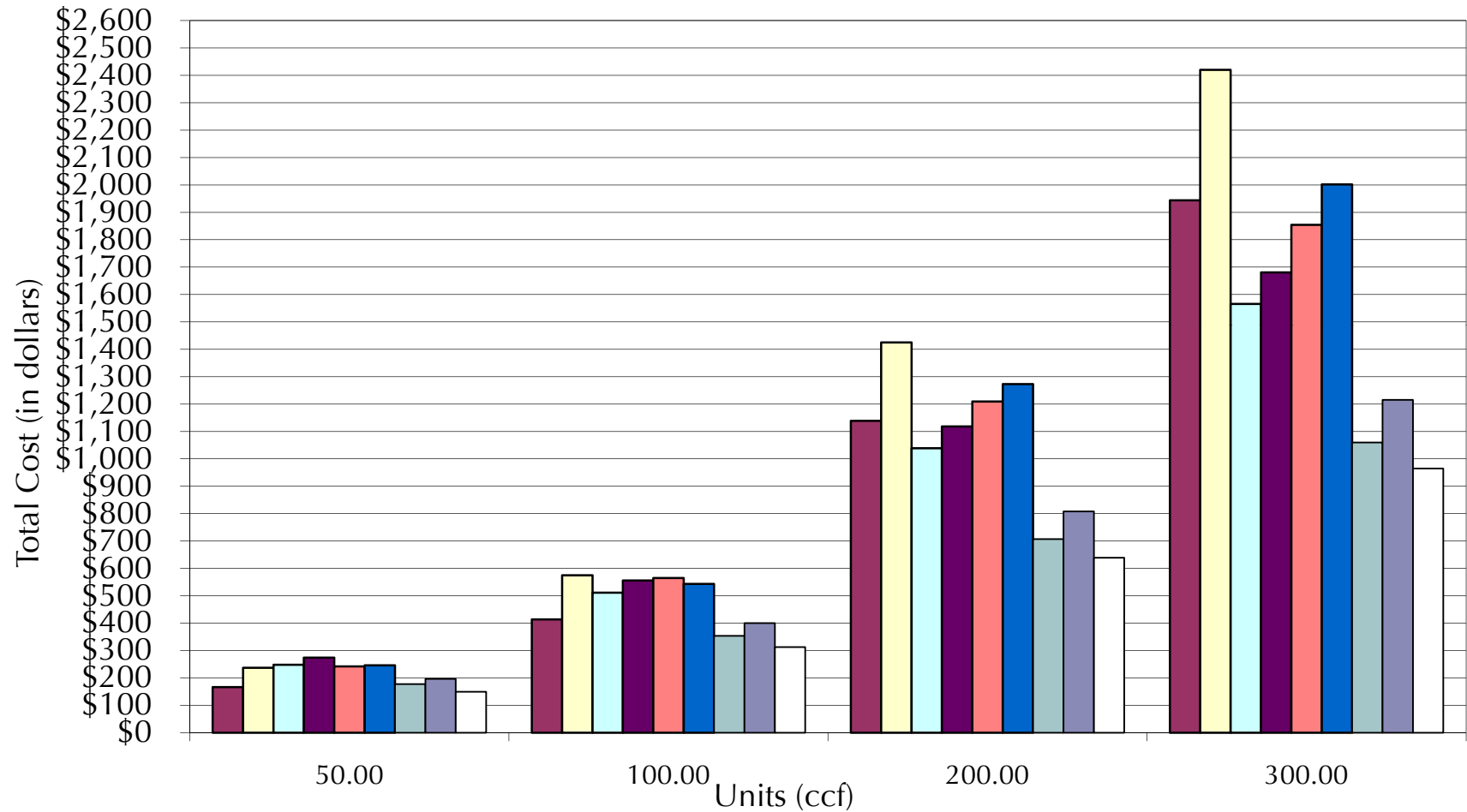
Residential Bill Comparison



- PHWD (Existing)
- PHWD (Proposed)
- Mid Peninsula Water District
- City of Palo Alto
- City of Mountain View
- Town of Hillsborough
- Calwater - Los Altos
- Calwater - Bear Gulch
- City of Sunnyvale

Mid Peninsula Water District is located in Belmont

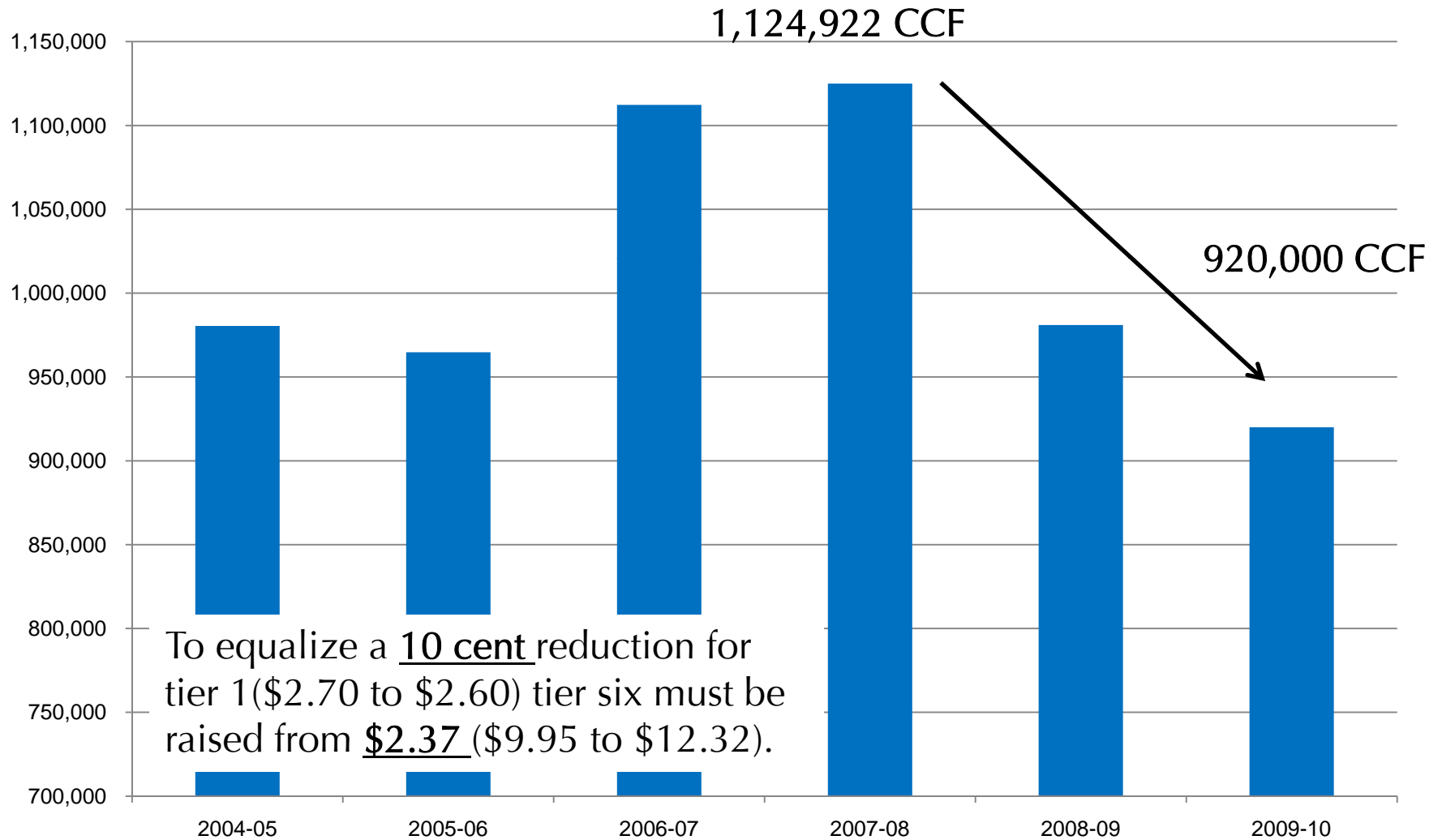
Residential Bill Comparison



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I'm already conserving, why are you increasing my low end rate?
Why don't you increase the higher tiers instead.

Total Water Purchased



Existing Rate Schedule		Proposed Rate Schedule		
Billed Units (ccf)	Unit Rate	Billed Units (ccf)	Unit Rate	% Increase
All	\$3.75	All	\$4.85	29%

The proposed rate for institutional customers is the average yearly residential cost per unit of water

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