

# **CITY OF GREENFIELD**

## *Water Financial Plan*

July 2009

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## **OVERVIEW OF WATER SYSTEM**

The City of Greenfield is located approximately 95 miles south of San Jose, in the center of California's Salinas Valley, and is governed by a five-member elected City Council. The City owns and operates a public water system that supplies potable water to its approximately 15,000 residents.

### ***Water Sources***

The City of Greenfield's water source has historically been from groundwater resources, specifically the Salinas Valley Groundwater Basin. The City does not use surface water as a supply source. The City pumps groundwater from its three existing wells. One of the wells has been converted into an irrigation well for Patriot Park, while the other two wells are used for domestic production.

### ***Water Quality***

The City monitors the quality of the groundwater that comprises its municipal water supply, and the City's supply meets all regulatory standards. The water system has never violated a maximum contaminant level or any other water quality standard.

### ***Water Supply***

The City's water system contains two primary water production wells (well #1 and #6), one well converted to irrigation use, one water storage tank, a water booster pump station, and over 17 miles of water distribution pipelines. The combined capacity of the two domestic production wells is 4,760 AFY. Estimated water demand at build out requires three additional wells similar in capacity to the two existing wells. The City is currently in the process of constructing well #7, and it is expected to be operational in the near future.

### ***Water Storage***

The water system contains a 1.0 MG ground level water storage tank. This provides water for the booster pumping plant that provides the City its required water pressure. The City's 2005-2025 Water CIP forecasts a build out storage need of 3.75 MG. The City is in the process of designing a 1.5 MG storage tank.

### ***Water Distribution***

The City's transmission and distribution pipelines vary from 4 to 16 inches in diameter and total more than 17 miles in length.

## CURRENT WATER RATES

Table 1 shows the City's current water rates. These rates were established in May of 2000 and have not been increased over the past nine years. The City's water rates consist of two components: (1) a fixed monthly charge based on meter size that is billed regardless of water use, and (2) a quantity charge based on the amount of water delivered.

The fixed monthly service charge can be thought of as a "readiness to serve" charge that provides a customer with access to water at all times, whether or not the water is actually used. It is a fair way of recovering fixed costs related to the number of customers and the size of meter installed rather than costs related to water use. The fixed monthly charge recognizes the City's obligation to serve a customer's potential water use and the fact that the City must be prepared to meet that demand for water availability at all times. The monthly charge provides a steady, predictable revenue stream to the City and recognizes the fixed nature of a portion of O&M costs that exist regardless of the amount of water delivered. The fixed services charges vary by meter size, with larger meters paying higher fixed charges based on meter capacity ratios.

The City's quantity charge is based on a tiered rate structure that has six different quantity rates based on the amount of water delivered. From an economic perspective, it is the marginal cost per unit of water that impacts a customer's decision to use an additional unit of water. Essentially, the higher the rate per thousand gallons is, the greater the conservation incentive. Utilizing a tiered rate structure, such as that adopted by Greenfield, provides a financial disincentive for "wasting" water. At the highest levels of water use, the greatest potential for conservation exists. Customers with low water use typically have little room to conserve, while customers with high water use presumably have more discretionary water use and thus much greater conservation potential. Furthermore, an inclining tier rate structure, where the rates increase with increased water use, may also provide a psychological incentive to conserve. People are arguably more likely to conserve water if they are aware of the general concept that rates increase with use. Given the statewide emphasis on water conservation due to the ongoing drought, the City's existing tiered rate

**Table 1**  
**City of Greenfield**  
**Water Rate Study**  
**Current Water Rates (effective May 2000)**

<b>Meter Size</b>	<b>Flat Monthly Rate</b>
5/8" or 3/4"	\$7.59
1"	8.46
1.5"	10.48
2"	12.46
3"	26.83
4"	32.93
6"	86.05
<b>Volume Rate (kgal per month)</b>	
0 to 5	\$0.40
5 to 10	0.65
10 to 15	0.81
15 to 20	0.95
20 to 25	1.00
over 25	1.50
<b>Service Connection Charges</b>	<b>Complete Service</b>
5/8"	\$571
3/4"	694
1"	815
1.5"	1,224
2"	1,714
Over 2" [1]	1,714
1 - plus \$172 for each additional 1/8" service	

structure is very appropriate and it is recommended that it be maintained.

An additional benefit of an inclining tier rate structure is that it results in comparatively lower water rates for lower levels of water use. If, for example, the City used a uniform block rate structure in which the rate for each unit of water is constant regardless of the amount of water used, the rate per thousand gallons for the first unit of water used would have to be increased to account for the decreased unit cost at the higher levels of water use. In addition to having a negative impact on conservation, this would also adversely impact those with more limited water use, who are frequently people on fixed incomes and/or the elderly.

Table 1 also displays the City’s current service connection charge. This charge is not to be confused with the City’s impact fee, which is shown in Table 2. The connection charge reflects the cost of the meter itself and its installation. The impact fee shown in Table 2 is similar to the connection charge in that it is a one-time charge paid by new customers when they connect to the City’s water system, but the impact fee is calculated on the basis of the City’s proposed capital spending. Table 2 shows the current impact fee which was established in July of 2005. It is charged per water fixture unit (WFU) with dwelling units (DU) with 28 or fewer WFUs paying a fixed impact fee of \$3,110.24. The California Government Code Section 66013 establishes the requirements for setting impact fees, also known as development or capacity fees, and defines them in part as “charges for new facilities to be constructed in the future which are of benefit to the person or property being charged.” Essentially, the new customer is paying to offset the increased future capital costs due to the impact of development.

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**Table 2**  
**City of Greenfield**  
**Water Rate Study**  
**Current Impact Fees**

<b>Category</b>	<b>Current Charge [1]</b>
Residential Units (with 28 or fewer WFU)	\$3,110.24 per DU
Residential Units (with more than 28 WFU)	\$111.08 per WFU
Non-Residential Units	\$111.08 per WFU

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1 - Current water capacity charge (Resolution 2005-66) passed on July 19, 2005

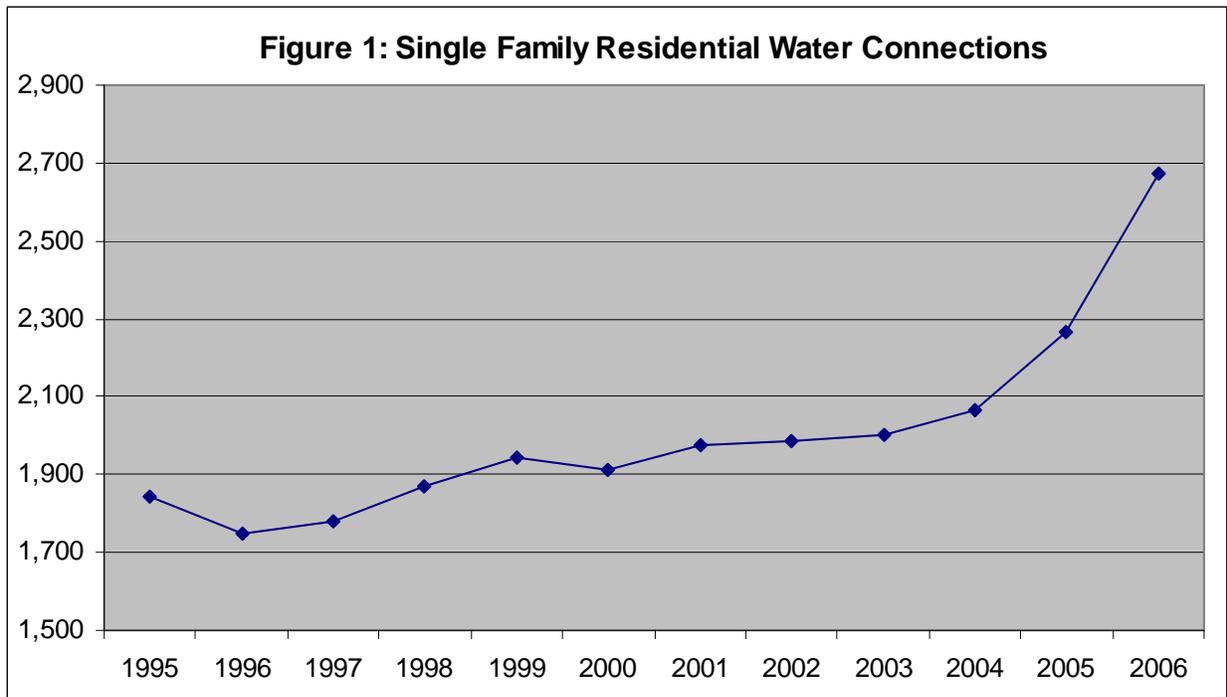
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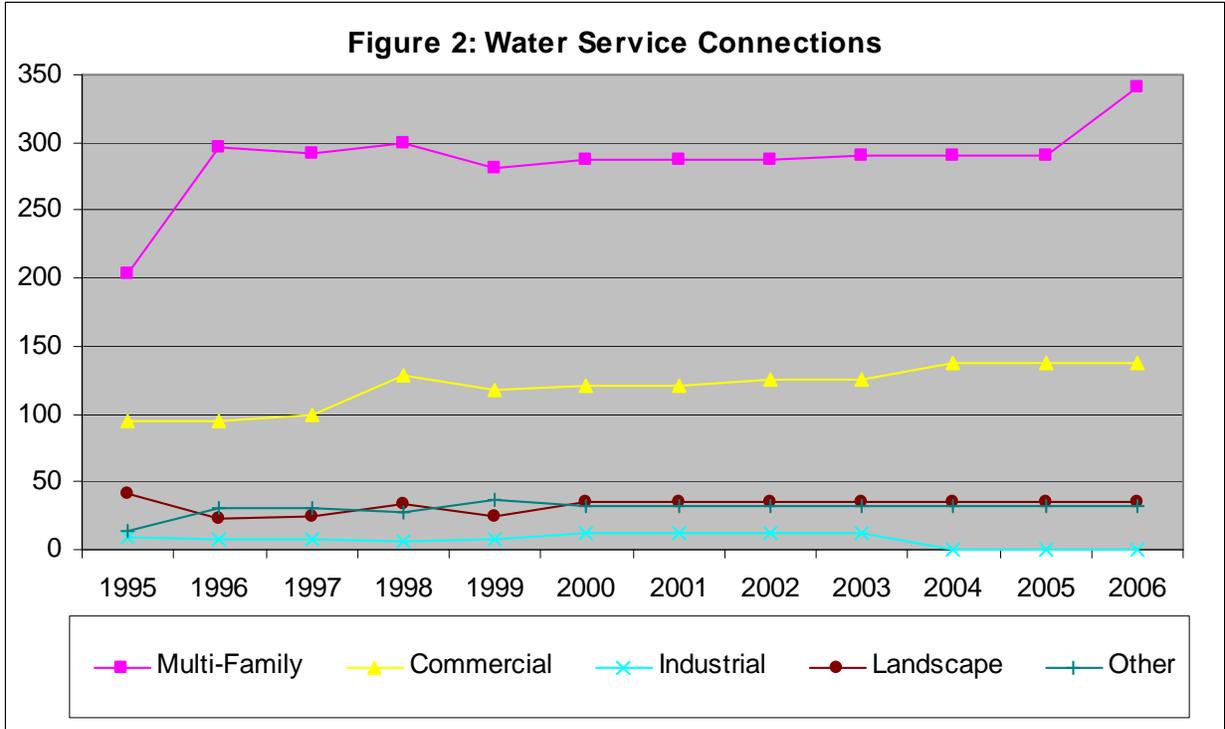
## WATER CUSTOMERS

The City of Greenfield serves over 3,600 water meters. Table 3 shows the number of accounts by meter size, ranging from a 5/8" meter to a 6" meter. The overwhelming majority of the City's water connections are for single family residential (SFR) accounts. Figures 1 and 2 show the historical number of connections for SFR, multi-family, commercial, industrial, landscape, and other accounts. SFR accounts make up 83% of the service connections; multi-family customers (apartments, duplexes and trailer parks) make up approximately 11%; commercial (businesses, schools, churches and business parks) make up 4%; landscape (parks and medians) make up 1%; and 1% are "other" (fire protection, government, and hydrants).

**Table 3**  
**City of Greenfield**  
**Water Rate Study**  
**Number of Water Meters**

Meter Size	Number of Meters	Percentage
5/8"	2,198	61%
3/4"	5	0%
1"	1,196	33%
1.5"	39	1%
2"	44	1%
3"	37	1%
4"	36	1%
6"	55	2%
<b>Total Meters</b>	<b>3,610</b>	<b>100%</b>





**HISTORICAL WATER USE**

The City’s historical annual water use in acre-feet is shown in Figure 3.

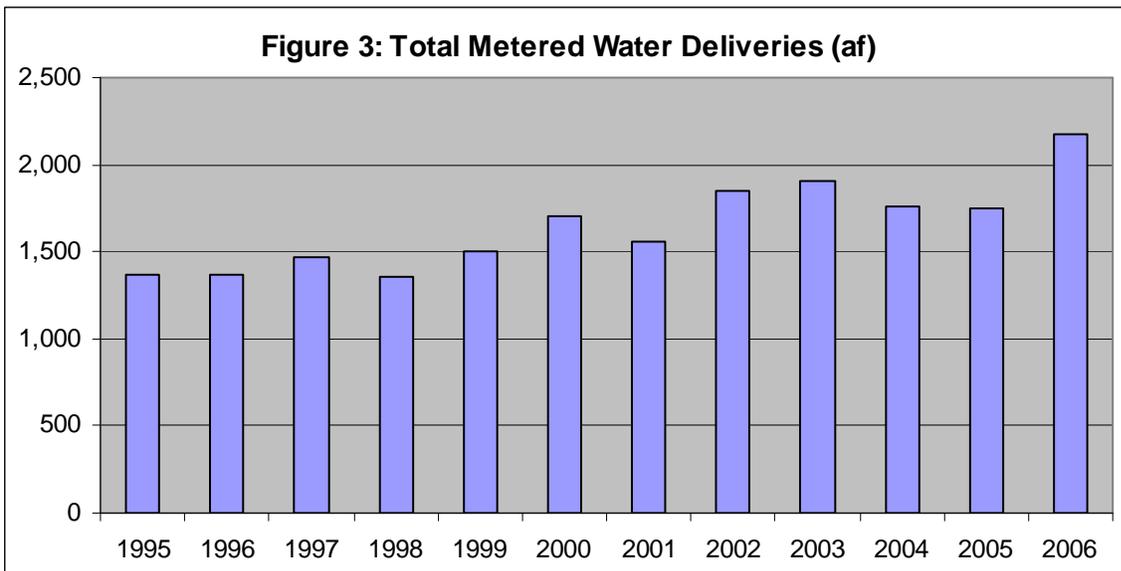
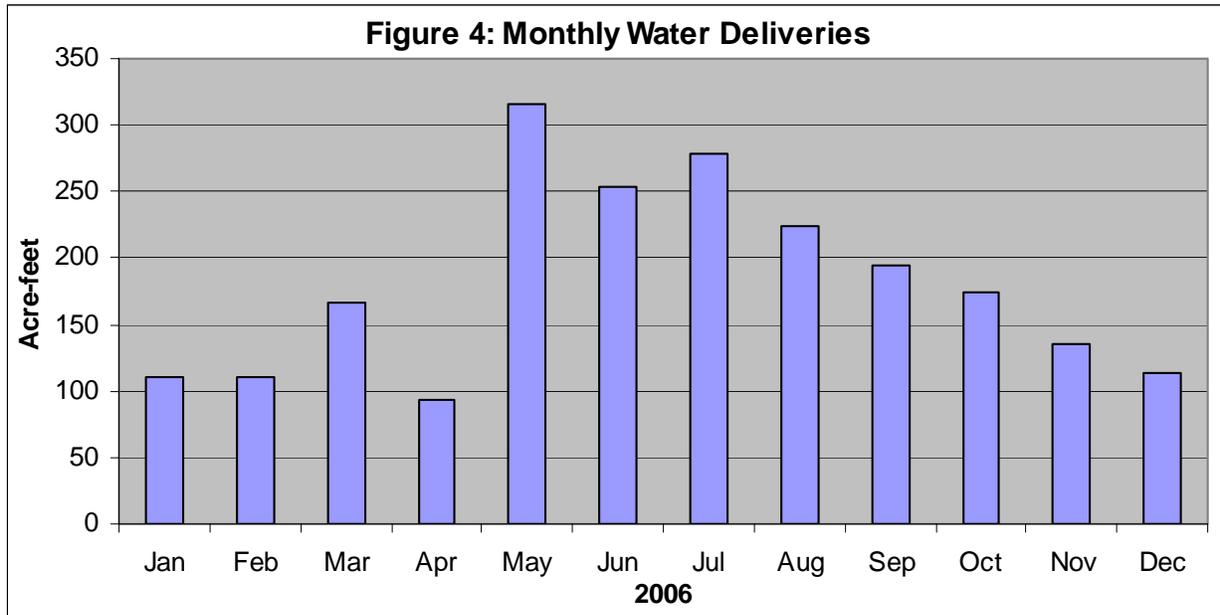


Table 4 and Figure 4 outline Greenfield’s water use on a monthly basis. As expected, water use is greatest in the summer months, as illustrated in Figure 4. Given that they comprise over 80% of all accounts, it is not surprising that single family residential users take delivery of the most

water. However, Table 4 shows that landscaping irrigation and commercial accounts have the highest levels of water usage per connection.



**Table 4**  
City of Greenfield  
Water Rate Study  
Water Deliveries, 2006

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Average (MGD)
<b>Total Deliveries (af)</b>														
Single Family Residential	78.73	83.27	109.89	69.28	167.24	200.3	238.13	173.85	151.76	125.56	101.1	84.22	1583.33	1.41
Multi-Family Residential	15.31	15.8	43.48	13.58	21.28	23	19.93	24.93	20.19	19.16	16.11	13.37	246.14	0.22
Commercial	11.28	8.52	9.47	8.76	92.33	15.8	12.82	15.9	14.42	14.64	11.75	9.95	225.64	0.20
Landscape Irrigation	1.72	0.95	1.22	1.07	31.61	10.28	3.97	5.44	5.07	11.88	3.96	4.4	81.57	0.07
Other	<u>2.69</u>	<u>2.12</u>	<u>1.78</u>	<u>1.38</u>	<u>3.16</u>	<u>4.23</u>	<u>3.66</u>	<u>4.21</u>	<u>3.65</u>	<u>3.17</u>	<u>2.03</u>	<u>1.01</u>	<u>33.09</u>	0.03
<b>Total</b>	<b>109.73</b>	<b>110.66</b>	<b>165.84</b>	<b>94.07</b>	<b>315.62</b>	<b>253.61</b>	<b>278.51</b>	<b>224.33</b>	<b>195.09</b>	<b>174.41</b>	<b>134.95</b>	<b>112.95</b>	<b>2169.77</b>	
<b>Average Monthly Use per Connection (gallons)</b>														<b>Monthly Average</b>
Single Family Residential	9,601	10,155	13,401	8,449	20,395	24,427	29,040	21,201	18,507	15,312	12,329	10,271	193,087	16,091
Multi-Family Residential	14,630	15,098	41,548	12,977	20,335	21,978	19,045	23,822	19,293	18,309	15,394	12,776	235,205	19,600
Commercial	26,635	20,118	22,361	20,684	218,013	37,308	30,271	37,544	34,049	34,569	27,745	23,494	532,790	44,399
Landscape Irrigation	16,013	8,845	11,358	9,962	294,290	95,707	36,961	50,647	47,202	110,603	36,868	40,964	759,419	63,285
Other	<u>27,392</u>	<u>21,588</u>	<u>18,125</u>	<u>14,052</u>	<u>32,178</u>	<u>43,073</u>	<u>37,269</u>	<u>42,870</u>	<u>37,167</u>	<u>32,280</u>	<u>20,671</u>	<u>10,285</u>	<u>336,950</u>	<u>28,079</u>
<b>Total</b>	<b>94,271</b>	<b>75,803</b>	<b>106,794</b>	<b>66,124</b>	<b>585,211</b>	<b>222,493</b>	<b>152,586</b>	<b>176,084</b>	<b>156,219</b>	<b>211,072</b>	<b>113,007</b>	<b>97,790</b>	<b>2,057,452</b>	<b>171,454</b>

Source: 2007 Urban Water Conservation Plan

## WATER REVENUE AND EXPENSES

The City's water finances are comprised of two funds: the Water Enterprise Fund and the Water Impact Fund. Table 5 shows the City's Water Enterprise Fund. This fund's primary responsibility is paying for the daily operations and maintenance (O&M) of the water system. The monthly revenues from the fixed meter charge and the quantity charge per thousand gallons flow into the Enterprise Fund. Additional Enterprise Fund revenue consists of any connection charge (not impact fee) revenue, and any interest generated from the fund's reserve balance.

**Table 5**  
**City of Greenfield**  
**Water Rate Study**  
**Water Enterprise Fund Revenue and Expenses**

	FY2004	FY2005	FY2006	FY2007	FY2008
<b>Operating Revenue</b>					
Sales and services	\$ 714,274	\$ 687,248	\$ 766,642	\$ 997,260	\$ 891,892
Connection fees	33,694	224,074	169,635	117,917	68,323
Other revenues	<u>15,746</u>	<u>77,890</u>	<u>21,507</u>	<u>22,270</u>	<u>28,667</u>
<b>Total Operating Revenue</b>	<b>763,714</b>	<b>989,212</b>	<b>957,784</b>	<b>1,137,447</b>	<b>988,882</b>
<b>Operating Expenses</b>					
Salaries and wages	130,403	140,995	179,235	112,597	142,567
Payroll expense	56,530	59,930	67,346	51,580	66,351
Contractual services	28,398	34,354	29,234	29,164	124,735
Gas and oil	7,008	8,316	13,016	8,777	12,034
Maintenance	9,203	12,645	27,709	18,631	14,036
Utilities	141,494	115,090	133,964	116,739	161,760
Special department supplies	29,345	90,917	96,945	84,505	64,478
Miscellaneous [1]	<u>8,298</u>	<u>8,267</u>	<u>29,326</u>	<u>24,400</u>	<u>17,253</u>
<b>Total Operating Expenses</b>	<b>410,679</b>	<b>470,514</b>	<b>576,775</b>	<b>446,393</b>	<b>603,214</b>
Operating Income	353,035	518,698	381,009	691,054	385,668
Net Interest	2,926	24,704	48,664	94,879	177,809
Net Operating Income	355,961	543,402	429,673	785,933	563,477
Debt Service (CIEDB)				(48,563)	(127,650)
Capital Expenditures					(69,099)
Transfers Out [2]	(126,565)	(115,000)	(118,450)	(122,000)	(125,000)
<b>Total Net Income</b>	<b>229,396</b>	<b>428,402</b>	<b>311,223</b>	<b>615,371</b>	<b>241,728</b>
<b>Fund Balance, Beginning of Year</b>					<b>2,676,372</b>
<b>Fund Balance, End of Year</b>					<b>2,918,100</b>

1 - Communications, insurance, membership/dues, office exp, taxes, postage, tools, travel/conferences, & publications.

2 - To General Fund to cover allocated overhead.

Source: Audits for FY 2004, 2005, 2006, 2007, 2008.

This Enterprise Fund revenue covers the O&M expenses of the City’s water system as well as transfers out to the City’s General Fund, capital expenditures related to rehab/repair/replacement, and debt service on the City’s \$3.7 million California Infrastructure and Economic Development Bank (CIEDB) Water Loan.

The City’s Enterprise Fund is in sound fiscal shape, with an estimated fund balance of \$2.9 million as of June 30, 2008. As Table 5 shows, operating revenues have exceeded operating expenses for the past five fiscal years by a significant amount. However, it is important to note that the debt service on the CIEDB loan will be increasing to over \$200,000 in future years.

**Table 6**  
**City of Greenfield**  
**Water Rate Study**  
**Water Impact Fund Historical Revenue and Expenses**

	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>
<b>Revenue</b>					
Use of money and property	\$ 3,956	\$ 10,322	\$ 70,054	\$ 114,995	\$ 86,643
Intergovernmental revenues	319,398	159,833			
Other revenues	119,780	958,263	1,015,329	502,523	211,362
<b>Total Revenue</b>	<b>443,134</b>	<b>1,128,418</b>	<b>1,085,383</b>	<b>617,518</b>	<b>298,005</b>
<b>Expenses</b>					
Public Works	28,685	17,167	1,570	9,160	32,986
Capital Outlay	467,710	252,980	161,653	736,343	863,485
<b>Total Expenses</b>	<b>496,395</b>	<b>270,147</b>	<b>163,223</b>	<b>745,503</b>	<b>896,471</b>
<b>Net Change</b>	<b>(53,261)</b>	<b>858,271</b>	<b>922,160</b>	<b>(127,985)</b>	<b>(598,466)</b>
<b>Fund Balance, Beginning</b>	<b>531,240</b>	<b>477,979</b>	<b>1,336,250</b>	<b>2,258,410</b>	<b>2,130,425</b>
<b>Fund Balance, End</b>	<b>477,979</b>	<b>1,336,250</b>	<b>2,258,410</b>	<b>2,130,425</b>	<b>1,531,959</b>

Source: Audits for FY 2004, 2005, 2006, 2007, 2008 .

Table 6 shows the City’s Impact Fund. The Impact Fund covers the cost of capital projects that are attributable to development and growth. The impact fee revenue that is paid by new customers connecting into the City’s water system generates the revenue to fund these capital projects. However, the Impact Fund’s revenue is not as reliable, consistent or certain as is revenue from the Enterprise Fund. As Table 6 demonstrates, the year-to-year revenue of the Impact Fund varies significantly. In periods of economic stagnation, such as is currently being experienced nationwide, with minimal economic growth or development, impact fee revenue can virtually disappear, which explains the growth in the fund deficit in FY2008. While a slowdown in development generally corresponds with a reduction in expansion-related capital projects, this is not always the case given the scope and long-term nature of some development projects. Frequently, the funding for an expansion-related capital project is needed far in advance of the receipt of any corresponding impact fee revenues. For this reason, it is advisable that the City’s

Impact Fund seek to maintain a sizable reserve to enable it to pay for future capital projects. These capital projects are generally among the most expensive that the City undertakes, and so it is important that the Impact Fund's reserve be built up whenever possible to enable the City to finance future projects on a pay-as-you-go basis as opposed to having to obtain debt financing.

## **WATER DEBT**

The City entered into an agreement with the California Infrastructure and Economic Development Bank (CIEDB) in September 2006. The agreement was to provide financing for a water expansion project within the City. The water project was the 10<sup>th</sup> Street Water Expansion Project with a \$3.7 million financing agreement. The CIEDB funds are available only after the eligible invoices are forwarded to CIEDB and approved. To qualify for reimbursement, all the invoices for the project had to be submitted to the CIEDB by November 14, 2008. The total estimated cost of the project is \$4,168,400 for the Water Expansion Project. The difference between the total cost and the amount financed is being funded by the City's Enterprise Fund, and the revenues from the Water Enterprise Fund are also pledged for repayment of the loan.

Table 7 shows the scheduled payments over thirty years. The payments began in FY2007 with an initial payment of approximately \$50,000, but the typical annual payment over the life of the loan is closer to \$200,000.

**Table 7**  
**City of Greenfield**  
**Water Rate Study**  
**\$3.7 Million California Infrastructure and Economic Development Bank Water Loan**

<b>FY</b>	<b>Ending Balance</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal &amp; Interest</b>	<b>Fee</b>	<b>Total</b>
2007	\$ 3,700,000	\$ -	\$ 48,563	\$ 48,563	\$ -	\$ 48,563
2008	3,700,000	-	116,550	116,550	11,100	127,650
2009	3,620,070	79,930	115,291	195,221	11,100	206,321
2010	3,537,622	82,448	112,734	195,182	10,860	206,042
2011	3,452,577	85,045	110,096	195,141	10,613	205,754
2012	3,364,852	87,724	107,375	195,099	10,358	205,456
2013	3,274,365	90,487	104,568	195,055	10,095	205,150
2014	3,181,027	93,338	101,672	195,010	9,823	204,833
2015	3,084,749	96,278	98,686	194,964	9,543	204,507
2016	2,985,439	99,311	95,605	194,916	9,254	204,170
2017	2,883,000	102,439	92,428	194,867	8,956	203,823
2018	2,777,334	105,666	89,150	194,816	8,649	203,465
2019	2,668,340	108,994	85,769	194,764	8,332	203,096
2020	2,555,912	112,428	82,282	194,710	8,005	202,715
2021	2,439,943	115,969	78,685	194,654	7,668	202,321
2022	2,320,321	119,622	74,974	194,596	7,320	201,916
2023	2,196,931	123,390	71,147	194,537	6,961	201,498
2024	2,069,654	127,277	67,199	194,476	6,591	201,066
2025	1,938,368	131,286	63,126	194,412	6,209	200,621
2026	1,802,946	135,422	58,926	194,347	5,815	200,162
2027	1,663,259	139,687	54,593	194,280	5,409	199,689
2028	1,519,171	144,088	50,123	194,211	4,990	199,201
2029	1,370,545	148,626	45,513	194,139	4,558	198,697
2030	1,217,237	153,308	40,758	194,066	4,112	198,177
2031	1,059,100	158,137	35,852	193,990	3,652	197,641
2032	895,981	163,119	30,793	193,911	3,177	197,088
2033	727,724	168,257	25,573	193,830	2,688	196,518
2034	554,167	173,557	20,190	193,747	2,183	195,930
2035	375,143	179,024	14,637	193,661	1,663	195,323
2036	190,480	184,663	8,909	193,572	1,125	194,697
2037	-	190,480	3,000	193,480	571	194,052
<b>Total Payments:</b>	<b>\$ 3,700,000</b>	<b>\$ 2,104,765</b>	<b>\$ 5,804,765</b>	<b>\$ 201,379</b>	<b>\$ 6,006,143</b>	

## CAPITAL IMPROVEMENT PROGRAM

Table 8 shows the City's Capital Improvement Program (CIP) through FY2013. The individual project costs are shown in present dollars, but the annual totals are escalated to reflect increased construction costs due to inflation over the coming years. The escalation factor used is based on the ten-year average of the ENR Construction Cost Index for San Francisco from December 1998 to December 2008.

**Table 8**  
**City of Greenfield**  
**Water Rate Study**  
**Water Non-growth 5-year CIP**

	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>FY2013</b>	<b>Total</b>
1.0 MD Water Tank - Paint Exterior	\$150,000					\$150,000
Remove & Replace Water Meters (300 annually)	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$900,000
Pump Plant #1 Building - Paint Exterior		\$15,000				\$15,000
NGas Turbines - Remove & Replace		\$170,000		\$170,000		\$340,000
VFD Drives - Remove & Replace		\$40,000		\$40,000		\$80,000
Pump Plant #1 - Replace Pump Turbines			\$120,000			\$120,000
Well #1 Pump - Remove & Replace				\$100,000		\$100,000
Well #6 Pump - Remove & Replace					\$100,000	\$100,000
Subtotal	<b>\$330,000</b>	<b>\$405,000</b>	<b>\$300,000</b>	<b>\$490,000</b>	<b>\$280,000</b>	<b>\$1,805,000</b>
Contingencies (20%)	\$66,000	\$81,000	\$60,000	\$98,000	\$56,000	\$361,000
<b>Construction Total (Current Dollars)</b>	<b>\$396,000</b>	<b>\$486,000</b>	<b>\$360,000</b>	<b>\$588,000</b>	<b>\$336,000</b>	<b>\$2,166,000</b>
<b>Construction Total Adjusted for Inflation [1]</b>	<b>\$396,000</b>	<b>\$506,900</b>	<b>\$391,600</b>	<b>\$667,200</b>	<b>\$397,600</b>	<b>\$2,359,300</b>

1 - Construction total adjusted annually based on the ten year average ENR CCI for San Francisco which equals 4.3%.

All of the projects listed in Table 8 are related to ongoing maintenance of the water system and, as such, are funded by the City's Water Enterprise Fund. Table 9 reflects the City's long-term Water CIP through build out in 2025. The projects in Table 9 are growth-related and will be funded by the City's Water Impact Fee. The total planned CIP cost over the next 16 years is \$27.8 million dollars in present dollars. This equals approximately \$1.74 million annually. Given the fact that none of the near-term CIP projects shown in Table 8 are growth-related, it is clear that the City has plans to significantly increase its capital investments after FY2013. As a result, it would be advisable for the City's Sewer Impact Fund to build up a sizable reserve in advance of this anticipated increased capital outlay.

**Table 9**  
**City of Greenfield**  
**Water Rate Study**  
**Planned Water Capital Improvement Program Through 2025 [1]**

<b>Planned</b>	<b>Size</b>	<b>Avg. Unit Cost</b>	<b>Estimated Cost</b>
<b>Water Supply</b>			
New 1,800 gpm Well - Cherry Ave./10th St.	2.6 MGD	\$ 1,000,000	\$ 1,000,000
New 1,800 gpm Well - Site TBD	2.6 MGD	1,000,000	1,000,000
New 1,800 gpm Well - Site TBD	2.6 MGD	1,000,000	1,000,000
<b>Reservoirs</b>			
Second 1.5 MGD Reservoir @ Oak/13th Site	1.5 MG	\$ 900,000	\$ 900,000
Second 1.5 MGD Reservoir @ 10th St Corp Yard	1.5 MG	900,000	900,000
<b>Pump Stations</b>			
Additions @ Oak/13th Site	4,500 gpm	\$ 750,000	\$ 750,000
Additions @ 10th St Corp Yard	4,500 gpm	750,000	750,000
<b>Pipelines (ft)</b>			
12" Walnut Ave - Santa Lucia SC to 3rd St	2,700	\$ 250	\$ 675,000
12" Cherry Ave - McDonald Way to 3rd St	3,300	150	495,000
12" Pine Ave - El Camino to 3rd St	3,300	150	495,000
12" Third St - Pine Ave to Apple Ave	4,000	150	600,000
12" Elm Ave - 4th St to 3rd St	1,400	150	210,000
12" Elm Ave - 3rd St to 2nd St	2,640	150	396,000
12" Walnut Ave - Thorpe Ave to 2nd St.	1,440	150	216,000
12" Cherry Ave - 3rd St to 2nd St	2,640	150	396,000
12" Pine Ave - 3rd St to 2nd St	2,640	150	396,000
12" 2nd St - Oak Avenue southerly to SOI	3,500	150	525,000
12" 2nd St - Walnut Avenue to Cypress Avenue	4,000	150	600,000
12" Cherry Ave - Amaral Sub. to El Camino	5,400	150	810,000
12" Pine Ave - 13th St to El Camino	5,400	150	810,000
12" 12th St - Walnut Ave to Cypress Ave	4,000	150	600,000
12" Cypress Ave - 13th to El Camino	5,400	150	810,000
12" Cypress Avenue - East of Freeway to 2nd Ave.	4,600	150	690,000
12" 13th Street - Elm Avenue to Cypress Avenue	8,050	150	1,207,500
12" Elm - 13th easterly to New 12"	1,350	150	202,500
12" Elm Avenue southerly to SOI	4,700	150	705,000
12" SOI easterly to El Camino Real	5,200	150	780,000
12" Westerly SOI to Easterly SOI	7,600	150	1,140,000
12" El Camino Real - High School southerly to SOI	3,600	150	540,000
12" - Pipeline 29 to Pipeline 32	2,500	150	375,000
12" - Pipeline 31 to 2nd Street	3,400	150	510,000
12" 3rd Street Extension - Elm Avenue to Pipeline 32	2,200	150	330,000
12" Walnut Avenue - 13th Street to 12th Street	2,700	150	405,000
12" Apple Avenue - 13th Street to Existing Pipeline	750	150	112,500
<b>Subtotal</b>			<b>\$ 21,331,500</b>
Admin, Engineering & Contingencies	30%		6,399,450
Land Acquisition	2 acres	50,000	100,000
<b>Total Planned CIP Cost</b>			<b>\$ 27,830,950</b>

1 - All planned CIP projects are fully attributable to future development spanning 2005-2025.  
Source: 2008 Update of the Water System Capital Improvement Plan and Capacity Charge Study.

## PROJECTED GROWTH AND WATER USAGE

Table 10 shows the City's population over the last couple of years and projects the City's population growth over the next six years through 2014. The 68 connections shown for 2008 are based on the impact fee revenue for 2008 divided by the City's current impact fee. The same calculation, using FY2009 budget figures, is done to arrive at a projected 26 connections for 2009. Over the next five years, 2010-2014, there are plans for 493 new connections from the new Greenfield Village development. This would result in an estimated 99 new connections annually. However, due to the current recession, the projected annual growth was scaled back from 99 new connections to 25.

**Table 10**  
**City of Greenfield**  
**Water Rate Study**  
**Projected Water Connections**

	FY2007	FY2008	Projected					
			FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
<b>Population</b>	<b>16,589</b>	<b>17,316</b>	<b>17,647</b>	<b>17,780</b>	<b>17,912</b>	<b>18,045</b>	<b>18,177</b>	<b>18,310</b>
Total Connections	3,218	3,286	3,312	3,337	3,362	3,387	3,412	3,437
Change in Connections		68	26	25	25	25	25	25
Growth Rate in Connections Persons/Connection		2.1%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%
	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.3

Note: Connection projections for 2008 & 09 based on budgeted impact fee revenue. Years 2010-2014 could reflect the projected 493 added connections from Greenfield Village (99/yr), but only 25 connections per year assumed based on the current recession.  
Source: California Department of Finance, City of Greenfield, Bartle Wells Associates.

Table 11 uses the growth rate from Table 10 plus water bill and usage data from FYs 2007 and 2008 to calculate projected water usage at each of the six tiers in the City's rate structure.

**Table 11**  
**City of Greenfield**  
**Water Rate Study**  
**Annual Water Bills and Usage**

Annual # of Bills at Each Usage Tier	FY2007	FY2008	Projected					
			FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
0	1,180	1,116	1,140	1,150	1,160	1,170	1,180	1,190
0 to 60 kgal (average 0 to 5 per month)	5,627	5,671	5,790	5,840	5,880	5,920	5,960	6,000
60 to 120 kgal (average 5 to 10 per month)	8,269	8,904	9,090	9,160	9,230	9,300	9,370	9,440
120 to 180 kgal (average 10 to 15 per month)	11,597	11,620	11,870	11,960	12,050	12,140	12,230	12,320
180 to 240 kgal (average 15 to 20 per month)	6,524	6,873	7,020	7,080	7,130	7,180	7,230	7,280
240 to 300 kgal (average 20 to 25 per month)	3,477	3,172	3,240	3,270	3,290	3,310	3,330	3,350
over 300 kgal (average over 25 per month)	<u>2,979</u>	<u>3,457</u>	<u>3,530</u>	<u>3,560</u>	<u>3,590</u>	<u>3,620</u>	<u>3,650</u>	<u>3,680</u>
<b>Total</b>	<b>39,653</b>	<b>40,813</b>	<b>41,680</b>	<b>42,020</b>	<b>42,330</b>	<b>42,640</b>	<b>42,950</b>	<b>43,260</b>
<b>Annual Usage of All Customers (kgal)</b>								
With 0 to 60 kgal usage (average 0 to 5 per month)	25,415	24,606	25,100	25,300	25,500	25,700	25,900	26,100
With 60 to 120 kgal usage (average 5 to 10 per month)	74,435	79,482	81,200	81,800	82,400	83,000	83,600	84,200
With 120 to 180 kgal usage (average 10 to 15 per month)	149,305	150,332	153,500	154,700	155,900	157,100	158,300	159,500
With 180 to 240 kgal usage (average 15 to 20 per month)	114,679	121,129	123,700	124,700	125,600	126,500	127,400	128,300
With 240 to 300 kgal usage (average 20 to 25 per month)	76,913	70,840	72,300	72,900	73,500	74,100	74,700	75,300
With over 300 kgal usage (average over 25 per month)	<u>272,342</u>	<u>279,646</u>	<u>285,600</u>	<u>287,900</u>	<u>290,100</u>	<u>292,300</u>	<u>294,500</u>	<u>296,700</u>
<b>Total</b>	<b>713,089</b>	<b>726,035</b>	<b>741,400</b>	<b>747,300</b>	<b>753,000</b>	<b>758,700</b>	<b>764,400</b>	<b>770,100</b>
Growth Rate in Connections [1]			2.1%	0.8%	0.8%	0.7%	0.7%	0.7%

1 - Annual usage escalated based on projected growth rate calculated in Table 10.  
Source: FY 2007 and FY 2008 usage and bill figures based on information provided by City staff.

## PROPOSED WATER RATES AND PROJECTED REVENUES

Table 12 projects the meter charge revenue and usage charge revenue based on the proposed meter rates and volume rates. The rates are multiplied by the projected usage figures from Table 11 to determine the annual revenue from the water charges. Because the Water Enterprise Fund currently has a sizable reserve fund, shown in Table 5 as approximately \$2.9 million, the need for rate increases is negligible. As a result, Table 12 proposes no annual increases to the meter charge or the volume rate.

**Table 12**  
**City of Greenfield**  
**Water Rate Study**  
**Projected Water Rates & Revenue from Meter Charges and Volume Rates**

		Projected					
		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
<b>Monthly Meter Charges</b>							
5/8" or 3/4"		\$7.59	\$7.59	\$7.59	\$7.59	\$7.59	\$7.59
1"		8.46	8.46	8.46	8.46	8.46	8.46
1.5"		10.48	10.48	10.48	10.48	10.48	10.48
2"		12.46	12.46	12.46	12.46	12.46	12.46
3"		26.83	26.83	26.83	26.83	26.83	26.83
4"		32.93	32.93	32.93	32.93	32.93	32.93
6"		86.05	86.05	86.05	86.05	86.05	86.05
<b>Meter Charge Escalation</b>			<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Meter Size</b>		<b>Projected Meter Revenue</b>					
	<b># of Meters</b>						
5/8"	2,198	\$200,194	\$201,773	\$201,705	\$201,694	\$201,683	\$201,672
3/4"	5	455	459	459	459	459	459
1"	1,196	121,418	122,375	122,334	122,328	122,321	122,314
1.5"	39	4,905	4,943	4,942	4,941	4,941	4,941
2"	44	6,579	6,631	6,629	6,628	6,628	6,627
3"	37	11,913	12,006	12,002	12,002	12,001	12,000
4"	36	14,226	14,338	14,333	14,332	14,332	14,331
6"	55	56,793	57,241	57,222	57,218	57,215	57,212
<b>Total</b>	<b>3,610</b>	<b>\$416,482</b>	<b>\$419,767</b>	<b>\$419,626</b>	<b>\$419,602</b>	<b>\$419,579</b>	<b>\$419,556</b>
<b>Tier (kgal/mo)</b>		<b>Volume Rate (\$/kgal)</b>					
0 to 5		\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
5 to 10		0.65	0.65	0.65	0.65	0.65	0.65
10 to 15		0.81	0.81	0.81	0.81	0.81	0.81
15 to 20		0.95	0.95	0.95	0.95	0.95	0.95
20 to 25		1.00	1.00	1.00	1.00	1.00	1.00
over 25		1.50	1.50	1.50	1.50	1.50	1.50
<b>Volume Rate Escalation</b>			<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Tier</b>		<b>Projected Revenue at Each Tier</b>					
0		\$8,653	\$8,729	\$8,804	\$8,880	\$8,956	\$9,032
0 to 5 kgal per month		53,996	54,455	54,835	55,215	55,595	55,975
5 to 10 kgal per month		110,385	111,245	112,090	112,935	113,780	114,626
10 to 15 kgal per month		180,604	182,011	183,384	184,757	186,129	187,502
15 to 20 kgal per month		136,035	137,120	138,146	139,172	140,198	141,224
20 to 25 kgal per month		77,650	78,269	78,852	79,436	80,019	80,602
over 25 kgal per month		389,991	393,044	395,977	398,910	401,843	404,775
<b>Total Usage Revenue</b>		<b>\$957,315</b>	<b>\$964,873</b>	<b>\$972,089</b>	<b>\$979,305</b>	<b>\$986,521</b>	<b>\$993,736</b>

Table 13 shows the proposed water connection charge rates and revenue. Again, given the ample Water Enterprise Reserve Fund and the projected annual revenue, no increase in the water connection charge is proposed. The revenue projections assume that all new water connections will be 1” meters.

**Table 13**  
**City of Greenfield**  
**Water Rate Study**  
**Projected Water Connection Charge Rates & Revenue**

	Projected					
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
<b>Connection Charge (Full Service)</b>						
5/8"	\$571	\$571	\$571	\$571	\$571	\$571
3/4"	694	694	694	694	694	694
1"	815	815	815	815	815	815
1.5"	1,224	1,224	1,224	1,224	1,224	1,224
2"	1,714	1,714	1,714	1,714	1,714	1,714
3"	3,090	3,090	3,090	3,090	3,090	3,090
4"	4,466	4,466	4,466	4,466	4,466	4,466
6"	7,218	7,218	7,218	7,218	7,218	7,218
<b>Connection Charge Escalation</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Estimated Annual Connections</b>	26	25	25	25	25	25
<b>Estimated Connection Charge Revenue [1]</b>	<b>\$21,120</b>	<b>\$20,375</b>	<b>\$20,375</b>	<b>\$20,375</b>	<b>\$20,375</b>	<b>\$20,375</b>

1 - Assuming all 1"meters.

Table 14 combines the revenue totals from Tables 12 and 13 to determine the total projected revenue for the Water Enterprise Fund. Table 14 also shows the percentage of the monthly billed revenue that comes from the fixed charge versus the variable charge based on usage. Revenue from the one-time connection charge is excluded from this calculation. The California Urban Water Conservation Council’s Best Management Practices (BMP) Number 11 recommends a fixed to variable revenue ratio of 30% to 70%. As Table 14 shows, the City’s rates are spot on with respect to this recommended fixed v. variable ratio. Keeping the variable revenues at or near 70% results in conservation pricing which provides an economic incentive to customers to use water efficiently.

**Table 14**  
**City of Greenfield**  
**Water Rate Study**  
**Projected Total Water Enterprise Fund Revenue**

	Projected					
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Meter Charge Revenue	\$416,482	\$419,767	\$419,626	\$419,602	\$419,579	\$419,556
Usage Charge Revenue	957,315	964,873	972,089	979,305	986,521	993,736
Connection Charge Revenue	<u>21,120</u>	<u>20,375</u>	<u>20,375</u>	<u>20,375</u>	<u>20,375</u>	<u>20,375</u>
<b>Water Enterprise Fund Revenue</b>	<b>\$1,394,917</b>	<b>\$1,405,015</b>	<b>\$1,412,090</b>	<b>\$1,419,282</b>	<b>\$1,426,475</b>	<b>\$1,433,668</b>
Fixed Revenue Percentage	30%	30%	30%	30%	30%	30%
Variable Revenue Percentage	70%	70%	70%	70%	70%	70%

## WATER ENTERPRISE FUND CASH FLOW PROJECTION

Table 15 gives the complete picture of the Water Enterprise Fund. It shows the future revenues based on the proposed rates, the estimated growth rate in water consumption, and the assumed number of future connections. It also projects the Fund's interest revenue at 3% of the total reserve amount. All operating expenses are escalated at 3% annually except for salaries, which are increased at 5%, and gas and oil, which increases at 7% annually. Capital expenditures are taken from the non-growth 5-year CIP illustrated in Table 8. The Enterprise Fund's total operating income before transfers out, debt service, and capital costs is over \$900,000 annually. However, the total net income shown in Table 15 is negative in FYs 2010 and 2012 due to higher capital expenditures in those years.

**Table 15**  
**City of Greenfield**  
**Water Rate Study**  
**Water Enterprise Fund Cash Flow**

	FY2009	FY2010	FY2011	Projected		
				FY2012	FY2013	FY2014
Fund Balance, Beginning of Year	\$ 2,918,100	\$ 3,169,300	\$ 3,052,900	\$ 3,292,600	\$ 3,251,400	\$ 3,465,300
<b>Operating Revenue</b>						
Meter Charge Revenue	416,500	419,800	419,600	419,600	419,600	419,600
Usage Charge Revenue	957,300	964,900	972,100	979,300	986,500	993,700
Connection Charge Revenue	21,100	20,400	20,400	20,400	20,400	20,400
Interest [1]	87,500	95,100	91,600	98,800	97,500	104,000
<b>Total Operating Revenue</b>	<b>1,482,400</b>	<b>1,500,200</b>	<b>1,503,700</b>	<b>1,518,100</b>	<b>1,524,000</b>	<b>1,537,700</b>
<b>Operating Expenses [2]</b>						
Salaries and wages [3]	134,400	141,100	148,200	155,600	163,400	171,600
Payroll expense	75,900	78,200	80,500	82,900	85,400	88,000
Contractual services	75,300	77,600	79,900	82,300	84,800	87,300
Gas and oil [4]	15,900	17,000	18,200	19,500	20,900	22,400
Maintenance	34,900	35,900	37,000	38,100	39,200	40,400
Utilities	125,100	128,900	132,800	136,800	140,900	145,100
Special department supplies	21,700	22,400	23,100	23,800	24,500	25,200
Miscellaneous [5]	20,700	21,300	21,900	22,600	23,300	24,000
<b>Total Operating Expenses</b>	<b>503,900</b>	<b>522,400</b>	<b>541,600</b>	<b>561,600</b>	<b>582,400</b>	<b>604,000</b>
<b>Total Operating Income</b>	<b>978,500</b>	<b>977,800</b>	<b>962,100</b>	<b>956,500</b>	<b>941,600</b>	<b>933,700</b>
Debt Service (CIEDB)	206,300	206,000	205,800	205,500	205,100	204,800
Capital Expenditures [6]	396,000	763,200	391,600	667,200	397,600	300,000
Allocated Overhead	125,000	125,000	125,000	125,000	125,000	125,000
<b>Total Net Income</b>	<b>251,200</b>	<b>(116,400)</b>	<b>239,700</b>	<b>(41,200)</b>	<b>213,900</b>	<b>303,900</b>
<b>Fund Balance, End of Year</b>	<b>3,169,300</b>	<b>3,052,900</b>	<b>3,292,600</b>	<b>3,251,400</b>	<b>3,465,300</b>	<b>3,769,200</b>
Reserve Fund Minimum Target [7]	251,950	261,200	270,800	280,800	291,200	302,000

1 - Assumed interest rate is 3% annually.

2 - Operating expenses for FY 2009 taken from 2008/09 budget. All expenses escalated at 3% except for salaries and gas & oil.

3 - Salaries escalated at 5% annually.

4 - Gas and oil expenses escalated at 7% annually.

5 - Communications, insurance, membership & dues, office expenses, taxes, postage, tools, travel & conferences, and publications.

6 - See Table 8. FY2010 also includes \$250,000 for construction of Civic Center and \$6,300 to remodel breakroom/restrooms/showers/locker rooms.

7 - 50% of Operating Expenses.

**PROPOSED WATER IMPACT FEE**

Generally, the capital burden caused by expansion is collected from new users through an impact fee. This charge is based upon expansion-related CIP costs and the number of new users projected over the time frame of these expansion-related CIP costs. Table 9 earlier outlines the \$27.8 million in expansion-related water CIP costs the City is forecasting through 2025, and Table 16 outlines the total number of new WFUs expected in Greenfield through build out in 2025.

**Table 16  
City of Greenfield  
Water Rate Study  
Build Out Projection**

<b>Designation</b>	<b>Total (ac)</b>	<b>Ave. DU</b>	<b>Total DU</b>	<b>Unit Rate (gpd)</b>	<b>ADF (gpd)</b>	<b>WFU (water fixture unit)</b>
Residential Estate	194	2	388	1,333	258,602	10,864
Low Density Residential	218	5	1,088	3,332	724,710	30,450
Medium Density Residential	286	10	2,856	6,664	1,903,238	79,968
High Density Residential	0	16	0	10,662	0	0
Neighborhood Commercial	4	n/a		1,000	4,000	168
Downtown Commercial	0	n/a		1,000	0	0
Highway Commercial	311	n/a		1,000	311,000	13,067
Light Industrial	138	n/a		1,000	137,500	5,777
Heavy Industrial	362	n/a		2,500	905,000	38,025
Professional Office	0	n/a		1,000	0	0
Public	0	n/a		1,000	0	0
Artisan Ag. Visitor Serving	315	n/a		1,000	315,000	13,235
Recreation Open Space	18	n/a		1,000	18,000	756
Future Planning Area	261	n/a		1,000	261,000	10,966
<b>Totals</b>	<b>2,106</b>		<b>4,332</b>		<b>4,838,050</b>	<b>203,278</b>

Standard Residential Dwelling = 28 water fixture units.  
Source: Table 7, 2008 Water CIP Update.

Table 17 combines the CIP costs from Table 9 and the WFU build out projections from Table 16 to calculate the new proposed Water Impact Fee of \$138.96 per WFU. For residential units with 28 WFU or less, the impact fee would be \$3,891. Table 18 shows this new impact fee for FY2010 as well as the projected impact fee for the next five years. The calculated impact fee is based on current dollars. By indexing the fee

**Table 17  
City of Greenfield  
Water Rate Study  
Proposed Water Impact Fee per WFU**

Total Capital Improvement Program Cost through 2025	\$27,830,950
Administration (1.5% of total costs)	\$417,464
<b>Total</b>	<b>\$28,248,414</b>
Total Water Fixture Units (WFU)	203,278
Unit Cost (UC) per WFU	\$138.96

to an appropriate cost factor, the City can maintain an equitable charge in the future so that all new customers are treated fairly regardless of when they connect to the water system. The *Engineering News Record* (ENR) construction cost index (CCI) is most often used to adjust capital costs. Each year the City's impact fees should be adjusted equally with the change in the ENR index. Note in some years the index may decline. In that case, the impact fee should also decline. For illustrative purposes, Table 18 used the ten year average ENR CCI for San Francisco from December 1998 to December 2008.

**Table 18**  
**City of Greenfield**  
**Water Rate Study**  
**Projected Water Impact Fees**

Impact Fee	Projected [1]					
	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Per WFU	\$111.08	\$138.96	\$144.94	\$151.17	\$157.67	\$164.45
Per Res. Unit (28 WFU or less)	\$3,110	\$3,891	\$4,058	\$4,233	\$4,415	\$4,605
Projected Number of Connections [1]	26	25	25	25	25	25
Impact Fee Revenue	\$80,600	\$97,300	\$101,500	\$105,800	\$110,400	\$115,100

1 - Construction total adjusted annually based on the ten year average ENR CCI for San Francisco which equals 4.3%.

## WATER IMPACT FUND CASH FLOW PROJECTION

Just as Table 15 showed the cash flow projection for the Water Enterprise Fund, Table 19 presents the total picture of the Water Impact Fund. The impact fee revenue is based on the estimated growth projections in Table 10 and the new impact fees proposed in Table 18. All the new connections are assumed to be single family residential. The interest earned on the Impact Fund's reserve balance is assumed to be 3%.

**Table 19**  
**City of Greenfield**  
**Water Rate Study**  
**Water Impact Fund Cash Flow**

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
<b>Starting Reserve Fund Balance</b>	<b>\$ 1,532,000</b>	<b>\$ 1,499,600</b>	<b>\$ 641,900</b>	<b>\$ 712,700</b>	<b>\$ 789,900</b>	<b>\$ 874,000</b>
<b>Revenue</b>						
Impact Fees	\$80,600	\$97,300	\$101,500	\$105,800	\$110,400	\$115,100
Interest	46,000	45,000	19,300	21,400	23,700	26,200
Water Loan Funds	2,900,000	-	-	-	-	-
<b>Total Revenue</b>	<b>3,026,600</b>	<b>142,300</b>	<b>120,800</b>	<b>127,200</b>	<b>134,100</b>	<b>141,300</b>
<b>Expenses</b>						
Contractual Services	159,000	50,000	50,000	50,000	50,000	50,000
Capital Expenditures [1]	-	950,000	-	-	-	-
Water Expansion Project	2,900,000	-	-	-	-	-
<b>Total Expenses</b>	<b>3,059,000</b>	<b>1,000,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Net Revenue</b>	<b>(32,400)</b>	<b>(857,700)</b>	<b>70,800</b>	<b>77,200</b>	<b>84,100</b>	<b>91,300</b>
<b>Ending Reserve Fund Balance</b>	<b>1,499,600</b>	<b>641,900</b>	<b>712,700</b>	<b>789,900</b>	<b>874,000</b>	<b>965,300</b>

1 - FY2010 expenditure is for the installation of Water Well #8 on Cherry between 10th & El Camino.