City of Davis

Water Advisory Committee (WAC) Assumptions and Water Rates for Project Alternatives

August 09, 2012
Presentation Overview

- Assumptions
- Surface Water Project Alternatives
- Estimated Annual Project Costs
- Draft Rate Projections for Average Single Family Residential Bill

WAC Meeting Objective: Consider the assumptions and proposed rate impacts for the four project alternatives and provide input.
Assumptions

- Assumes conservative case – all borrowing via bonds
- First rate increase effective July 1, 2013, and second rate increase effective Jan 1, 2014. Future rate increases effective January 1 of each year thereafter
- First debt issue in 2012/13 is to refinance Wells Fargo line of credit (Approximately $8M)
- Inflation and discount rates based on 2012 OMB Circular
- Project costs as presented at the last WAC meeting
<table>
<thead>
<tr>
<th>WAC Altern.</th>
<th>DWWSP Option</th>
<th>Description</th>
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<tbody>
<tr>
<td>West Sac – Davis Only</td>
<td>2c</td>
<td>12 mgd</td>
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<tr>
<td>DWWSP</td>
<td>4b</td>
<td>A</td>
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<td>4b</td>
<td>A</td>
<td>12 mgd - Costs Deferred via Financing Methods</td>
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<tr>
<td>5</td>
<td>B</td>
<td>12 mgd – Delayed Until 2020 (Davis Pays for 100% of Delay)</td>
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SURFACE WATER PROJECT ALTERNATIVES - COMBINED ANNUAL COST
Estimated Annual Capital, Operating, CPG Water Rights Purchase, and Debt Service

- WAC Alternative 2c: 12 mgd Davis-Only West Sacramento Alternative
- DWWS Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd)
- DWWS Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd) DELAYED FINANCING
- DWWS Option B, WAC Alternative 5: 30 mgd Phased Project (Woodland: 18 mgd in 2016, 12 mgd Davis expansion in 2020) DAVIS PAYS 100% OF DELAY
## Comparison of Revenue Increases

<table>
<thead>
<tr>
<th>Scenario</th>
<th>13/14*</th>
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<tr>
<td>West Sac Alt. 2c: 12 mgd Davis-Only</td>
<td>30%</td>
<td>15%</td>
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<td>DWSSP Option A, WAC Alt 4b: Davis: 12 mgd</td>
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<td>26%</td>
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<td>DWSSP Option A, WAC Alt 4b: Davis: 12 mgd DELAYED FINANCING</td>
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<td>DWSSP Option B, WAC Alt 5: 12 mgd Davis expansion in 2020</td>
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* Include July 1, 2013 and Jan 1, 2014 increases

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**Actual bill impacts will vary for each customer based on meter size and actual consumption.**
WATER BILL COMPARISON -
Inclining Tiers Rate Structure
Average Monthly Single Family Residential
3/4" meter, 15 ccf/month

- WAC Alternative 2c: 12 mgd Davis-Only West Sacramento Alternative
- DWWSR Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd)
- DWWSR Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd) DELAYED FINANCING
- DWWSR Option B, WAC Alternative 5: 30 mgd Phased Project (Woodland: 18 mgd in 2016, 12 mgd Davis expansion in 2020) DAVIS PAYS 100% OF DELAY
Water and Sewer Bill Comparison
Inclining Tiers Rate Structure
Average Monthly Single Family Residential -
Water: 3/4" meter, 15 ccf/month, Sewer*: 8 ccf/month

* Assumes sewer rates are escalated by 3% beginning in 2016/17
WATER BILL COMPARISON - DISCOUNTED TO CURRENT DOLLARS
Inclining Tiers Rate Structure
Average Monthly Single Family Residential
3/4" meter, 15 ccf/month

- WAC Alternative 2c: 12 mgd Davis-Only West Sacramento Alternative
- DWSP Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd)
- DWSP Option A, WAC Alternative 4b: 30 mgd (Woodland: 18 mgd, Davis: 12 mgd) DELAYED FINANCING
- DWSP Option B, WAC Alternative 5: 30 mgd Phased Project (Woodland: 18 mgd in 2016, 12 mgd Davis expansion in 2020) DAVIS PAYS 100% OF DELAY
Questions and Comments