



SOLANO IRRIGATION DISTRICT

DATE: June 16, 2015

AGENDA ITEM NO.6.4

TITLE: Reconciliation of Capital Replacement Charge, as of May 31, 2015

SUBJECT: Accept Reconciliation of Capital Replacement Charge Cash, by M&I Service Area, as of May 31, 2015

EXECUTIVE SUMMARY:

This Staff Report is presented to provide the by M&I service area reconciliation of Capital Replacement Charge (CRC) cash in the bank, as of May 31, 2015.

The CRC was adopted by the Board as part of the Financial Plan and Water Rate Update, dated November 27, 2012. After a Proposition 218 Notification process, the Board implemented the CRC in March 2013.

The CRC was established to fund needed capital asset replacements and betterments. The CRC was developed to fund capital asset improvements for those M&I service areas that utilize assets that were not part of the original water distribution system.

CRC funds are collected by M&I service area, and such funds must be utilized on assets for that same M&I service area. CRC funds are to be used on currently identified capital assets, as approved by the Board.

The CRC is based on meter size, and is the same rate per meter size in all M&I service areas with a CRC.

Table 1. Capital Replacement Charge by Meter Size

	CRC per Month	
	Non-Public Water System (NPWS)	Public Water System (PWS)
Meter Size:		
3/4 inch	\$10.00	\$10.00
1 inch	\$16.70	\$16.70
1 1/2 inch	\$33.30	\$33.30
2 inch	\$53.30	\$53.30
4 inch	\$100.00	\$53.30
5 inch	\$166.70	\$53.30
6 inch	\$333.30	\$53.30
8 inch	\$533.30	\$53.30

TITLE: Reconciliation of CRC, as of May 31, 2015

As of May 31, 2015, cash on hand (CRC billed to customers, less any CRC balances billed, but not yet paid) by M&I Service area is as follows:

Table 2. Capital Replacement Charge Cash in the Bank by M&I Service Area

<u>M&I Service Area</u>	<u>CRC Cash as of May 31, 2015</u>
Gibson Canyon PWS	\$134,107.57
Pleasant Hills Ranch Estates PWS/NPWS	9,059.16
Stocking Ranch PWS	4,814.27
Allison/Ulatis NPWS	35,825.23
North Village NPWS	29,050.83
Nut Tree NPWS	16,130.89
Blue Ridge Oaks PWS (a)	4,820.00
Blue Ridge Oaks NPWS (a)	9,061.40
Paradise Valley NPWS	42,433.89
Quail Canyon PWS	9,073.47
Fairfield Corporate Commons NPWS	25,778.60
North Cordelia NPWS	116,266.20
Elmira PWS	22,193.18
Peabody PWS	4,870.00
Tolenas PWS	57,284.73
Collected in error from schools in Green Valley	939.44
	521,708.86
Total per the May 31, 2015, Treasurer's Report	521,708.86
	\$0.00

The CRC collected on the Blue Ridge Oaks NPWS is greater than that collected on the Blue Ridge Oaks PWS, because for most of the connections, the NPWS meter is larger than the PWS meter.

The reconciliation of the CRC was performed by generating the amount of the CRC billed to customers less CRC amounts billed but not yet paid. As of May 31, 2015, no disbursements were made from CRC funds, though disbursements will commence in June 2015.

In summary, Staff recommends the Board of Directors accept the reconciliation of CRC as of May 31, 2015.

BACKGROUND:

The CRC was established to fund needed capital asset replacements and betterments for certain M&I service areas. The CRC was developed to fund capital asset improvements for those M&I service areas that utilize assets that were not part of the original water distribution system. The capital asset needs of the original distribution system are paid for with the rehabilitation and betterment special assessment collected on essentially all properties within SID boundaries.

TITLE: *Reconciliation of CRC, as of May 31, 2015*

The CRC was first established as part of the Board adopted Financial Plan and Water Rate Update Study, dated November 27, 2012 (the 2012 Study). The 2012 Study established a baseline CRC based on meter size.

In late 2014, the Board adopted the Capital Replacement Charge Financial Plan (2014 CRC Plan), which recommends CRC, though still based on meter size, but varying by M&I service area based on the cost of the capital assets needs of each M&I service area. The 2014 CRC Plan also considers the capital asset funding method in the calculation of the CRC; such as pay-as-you-go, or with loans from either a third-party lender or from other SID funds.

The recommendations of the 2014 CRC Plan have been through a Proposition 218 Notice process, but the Board voted to not adopt and implement that CRC in the 2014 CRC plan. The Board will consider implementing the CRC in the 2014 CRC Plan or some modification thereof, in the near future.

The reconciliation of the CRC was computed using the CRC billed to the customers within each M&I service area, as listed in Table 2, and then subtracting any CRC that has been billed but not yet paid, thereby, isolating CRC cash actually received.

As of May 31, 2015, no disbursements have been made from CRC funds. It is expected that CRC funds will begin to be utilized in June 2015.

RECOMMENDATION:

Staff recommends the Solano Irrigation District Board of Directors accept the reconciliation of the CRC cash in the bank, as of May 31, 2015

FINANCIAL IMPACT:

None

ATTACHMENTS:

None

STAFF RESPONSIBLE FOR REPORT:



Cammie Morin, Finance Director

Date: _____



Cary Keaten, General Manager

Date: 6-11-15