



To the Board of Trustees Granger-Hunter Improvement District

The 2017 budget for Granger-Hunter Improvement District (District) has been prepared in accordance with the District's mission: "Improving quality of life today - creating a better tomorrow". This budget narrative will provide an overview of the framework we believe will help the District to meet the stated objective.

Budget Process

The annual budget is created by the District's management. Directors each have a responsibility to submit their department budgets for consideration and review by management. The needs of a department are weighed against the needs of the other departments, and priorities are established. Budgets for personnel and capital projects are also prepared, and input is received from management and directors. The budget is then organized and presented to the Board for comment, input, additional prioritization of needs, and approval. Once the budget is adopted, it becomes the framework for applying District resources in the best manner to meet the needs of the customers.

Prior to adoption of the budget, the following steps need to occur:

- The tentative budget is prepared and given to the Board on or before the first scheduled meeting in November (was handed out on October 18th). The tentative budget (amended for any Board input) is then adopted at the November 15th (2:30 p.m.) Board meeting.
- When the tentative budget is adopted, the Board will also establish the time and place of the public hearing to consider adoption of the final budget. The time and place can be the same as the regularly scheduled meeting in December, which currently is to be held on December 13th at 5:00 p.m. The public hearing for the budget will begin at 6:00 p.m.
- If no fee, rate or tax increases are considered, the District must publish notice of the public hearing in the newspaper at least seven days prior to the hearing. If tax, rate or fee increases are to be considered, a quarter page ad must be placed in the paper two times in the two weeks prior to the meeting.
- The Board, by resolution, may adopt the budget following the public hearing. The budget must be adopted before the beginning of the New Year.

Economic Conditions and Budget Changes

The Utah economy has largely recovered from “the Great Recession of 2009”. While most economic indicators have been slow in their improvement, they have at least been fairly steady, as evidenced by rates of past job growth and home starts. However, the economy now seems to be staying relatively flat, and is not expected to change a lot in the upcoming year. The Consumer Price Index (CPI-U) inflation rate for the past seven years reflects this trend as follows:

2009 = -0.4%
2010 = 1.6%
2011 = 3.2%
2012 = 2.1%
2013 = 1.5%
2014 = 1.6%
2015 = 0.1%

The price of oil has remained unusually low, and it is very difficult to forecast whether or not prices will soon rebound. As a result, the District continues to have a challenge in knowing how much to budget for fuel, oil, PVC pipe, asphalt, and other petroleum-based products which we regularly use. Utility rates for power and natural gas have remained relatively stable, but our total operating costs related to these resources fluctuate according to weather and demand, which affect the amount of pumping we must do.

Central Valley Water Reclamation Facility (CVW) continues its very aggressive asset review and repair/replacement program, resulting in the identification of a number of critical infrastructure issues that must be addressed in the very near future. A significant portion of the facility will need to be largely refurbished or even totally replaced over the next several years, as those components have reached the end of their useful life. This is driving up the budget items related to CVW, potentially by more than 15%, for our share of the CVW operating costs and those capital costs related to keeping the infrastructure in operating condition. Also, the Environmental Protection Agency and the Utah Division of Environmental Quality have caused new legislation requiring the removal of phosphates from wastewater, with nitrogen and similar nutrient removal expected to follow soon thereafter. Refurbishing the CVW facility and adding the required nutrient removal infrastructure is expected to cost more than \$250 million over the next 20 years.

The District’s proposed total revenues for 2017 reflect an increase of approximately 9.3% (\$3,015,000) over the 2016 budget. This is due almost entirely to the proposed addition of a \$5 per residential equivalent unit (REU) per month assessment to cover the items noted above for CVW. There is also a small increase (less than \$400,000) in the sewer and water revenues for anticipated growth. Our costs to purchase, produce, and deliver water continue to rise, largely due to a more than 5% increase by Jordan Valley Water in the price of the water we purchase from them. In spite of this increased cost, the District does not intend to budget any water rate increase this year.

We are anticipating a minimal level of new construction, consistent with or slightly below the level experienced during 2016. Therefore, budgeted Water and Sewer Impact Fees reflect a small decrease of \$50,000 (combined total) from the prior year.

Due to the significant infrastructure projects anticipated for the District and CVW, we expect to spend down some of the funds accumulated for those projects. Therefore, even though interest rates have risen slightly, we may have less investment money overall. We expect the net result to be earnings very similar to the prior year.

Virtually all other revenues are anticipated to remain very close to the levels experienced in 2016. This is again a reflection of the slow economy and anticipated minimal construction.

Overall operating expenses are projected to increase 6.2% or approximately \$1.6 million in 2017. The largest single increase (32% of the total operating expense increase) will be for the CVW debt service, a new expense in the amount of \$514,000, to cover the District's share of payments for bonds to be issued by CVW. We expect a rate increase of slightly more than 5% (budgeted at \$462,500) from Jordan Valley Water (JVW) for the purchase of potable water, contracted to be 18,500 acre feet as in the prior year. The combined impact of the CVW debt service and the JVW rate increase accounts for \$976,500 or 61% of the total increase in Operating Expenses.

Another approximately \$184,000 increase, or 11% of the overall operating expense increase, is attributable to General & Administrative category expenses. One large contributor here is biannual election expense of \$60,000 included in the 2017 General Administrative line item but not in 2016. A \$161,000 increase also occurred in the Computer Supplies/Equipment line, primarily for SCADA electronic monitoring and control systems and equipment for the District's conversion to a remote-read meter system. Conversely, there is a \$99,500 (60% of prior year) decrease in Professional Consulting expense. The 2016 budget included a tank farm piping study and a sewer inflow/infiltration study, the total for which was \$150,000. In 2017 we have only planned for \$40,000 related to the SCADA system. The remaining change between years is attributable to several small professional service items such as public relations consulting and various administrative services.

While Vehicle Lease expense indicates a 100% (\$160,000) increase, note that this is a new line item as we investigate leasing as a means of reducing maintenance on older vehicles and avoiding capital outlays for new vehicles. There is a related \$80,000 decrease in Vehicles Maintenance & Fuel and \$520,000 decrease in New Vehicles & Equipment. This is due mostly to purchase of a Vactor truck for \$378,000 in 2016, but also due to not purchasing service trucks and some construction equipment in 2017 since we'll be leasing them. The net effect of these changes in vehicles related expenses is a decrease of \$439,500.

Payroll related costs are anticipated to decrease by approximately \$24,000 or .5% due to the effect of higher paid longtime employees retiring, offset partially by the proposed addition of a new Database Analyst position. While most expenses for benefits and

workers' compensation insurance will also decrease relative to the above changes, health and dental insurance is anticipated to increase by approximately \$109,000 or 8%. Net increase in total Payroll Benefits is \$107,785 or 3.6% above the prior year.

Consideration of Rates

In 2016, the following changes were made in relation to revenues:

- Increased total water sales revenues by approximately 8.4% overall to cover related operating and capital costs. This was accomplished by increasing both the availability fee and the per-1,000-gallon rate. The residential availability fee increased from \$12.00 per month to \$13.00 (8.33%), and the rate per 1,000 gallons increased from \$1.45 to \$1.57 (8.33%). Large meter availability fees increased according to meter size. The availability fee increase was intended to provide approximately 25% or \$324,000 of the overall proposed water revenue increase. The remaining 75%, approximately \$960,000, was expected to come from the increase in the water rate and a slight amount of growth.
- Increased the basic REU sewer rate by 8.33%, from \$18.00 per month to \$19.50 and all other rates (depending on BOD content) by the same percentage. This was to provide approximately \$818,000 additional revenue primarily to cover pending CVW increased expenses.

In the 2016 budget discussion, we considered the implementation of a **tiered rate structure**. As noted then, most utility companies (electricity, natural gas, water, sewer, etc) have moved to or are considering moving to a tiered rate structure. This is largely an attempt to pass along the increased costs associated with peak demand to those customers who cause the peaks. We pay more to JVW for water we take during certain seasons (summer) and high demand times or "peaks". We also pump more during certain seasons to meet those peaks, thereby incurring more cost. Yet our current fixed rate structure (\$1.57 per 1,000 gallons) does not reflect, nor pass along to the responsible parties, such cost fluctuations. A tiered rate structure is believed to encourage conservation by charging a higher rate to those who use more of the utility and cause peaking costs. In approximately the year 2000, water providers were mandated to reduce per capita water consumption by at least 25% by 2025. Granger-Hunter Improvement District accomplished this goal by the end of 2015, ten years ahead of schedule, even without a tiered rate structure. We attribute this to various District efforts, including educating our customers, and also to the responsiveness and efforts of the customers themselves. In spite of our success, there are yet many entities that have not enjoyed similar results. Apparently the Utah State Legislature felt more needed to be done, so legislation was recently passed requiring Districts and other government-owned utility service providers to implement a tiered rate structure to encourage conservation. We are very mindful of the need to keep our rates as affordable as possible. We also want to be careful to implement a tiered structure that would encourage conservation without charging a higher rate than is necessary, but also would not leave the District short of the resources needed to meet its costs of service. Since there is not an implementation deadline for the tiered rate structure, we propose studying our costs and customer utilization patterns for one more year in order

to find the proper rate, especially in light of the past two years having unusually wet spring weather. Therefore, we propose leaving all water and sewer rates and fees as they were in 2016, with the exception of adding the \$5.00 per sewer REU per month charge to cover CVW pending infrastructure needs.

A broad summary of the bottom line impact of the 2017 budget, as compared to the 2016 budget, is as follows:

Increase in Total Revenues	\$ 3,015,000	9.3%
Increase in combined Payroll and Benefits	(84,249)	3.6%
Increase in combined CVW and O&M	(1,336,882)	8.3%
Increase in General & Administrative	(183,771)	10.4%
Decrease in Vehicles & Equipment	520,000	(92.4%)
Increase in Debt Service (excluding CVW)	<u>(6,660)</u>	.6%
 Increase in Net Revenues	 \$ <u>1,923,438</u>	

This is approximately equivalent to the net CVW Assessment (after new \$514,038 debt service) that will be reserved to cover near future outlays.

Summary

As always, and as we have seen during the current year, weather cycles can cause actual results to vary significantly from budgeted expectations. However, we believe the 2017 proposed budget is very realistic considering the above-noted conditions and our best estimates of what lies ahead.

The District continues to have a fiscally sound budget, enabling us to meet ongoing obligations and provide for capital projects. There are significant capital items on the horizon, especially at the CVW facility. Yet we believe the District continues to be in strong financial health, and the long-term outlook continues to be positive. We continue to exercise care in our stewardship over District resources and customer trust, and we vigorously search for ways to control budgets.

If you have questions about any part of the proposed budget, please contact Kim, Clint, Louie, or Jason.

Respectfully Submitted,

Clint Jensen, CPA
General Manager

Jason Helm, PE
Assistant General Manager

Louie Fuell
Assistant General Manager

Kim J. Coleman, CPA
CFO/Controller

PARAMETERS DETAILS FOR 2017 BUDGET PREPARATION

REVENUES

- **Metered Water Sales:** Water sales are budgeted to increase by \$66,000 or .4% in anticipation of very minimal growth. While May and June 2016 were extremely wet months, July and August were unusually dry and hot, offsetting reduced revenues of the prior two months. Therefore, an average or more even pattern in 2017 would still likely result in total revenues quite similar to those of 2016.
- **Sewer Service Charges:** Sewer revenues are budgeted to increase by \$332,000 or 3.3% in 2017, reflecting a correction of a slight underestimate of the 2016 budget and very minimal growth.
- **Engineering/Connection/Inspection/Turn-on Fees:** No fee increase is proposed for the engineering, connection and inspection fees. Since the building climate appears to be relatively flat, and perhaps even slowing, it is anticipated that slightly fewer fees will be collected in these categories. Because the economy is better than recent years overall, we are seeing fewer Delinquent & Turn-on fees, and therefore anticipate a slight decrease in 2017.
- **Property Tax Revenue:** Collections for property tax revenue are anticipated to remain the same from 2016 to 2017. There has been a modest amount of growth within the District, but we desire to keep our property tax revenue stream consistent and even allow the rate to drop, as it functions inversely to growth. So we have certified a rate that should provide revenue consistent with 2016. The District's property tax collections could increase in the future when RDA's expire and that revenue returns to the District. **No tax rate increase is budgeted for 2016**, and in fact, the rate will decrease very slightly (from .000658 to .000606). In 2016 we added "Tax Increment from RDA" per instruction from the State Auditor's Office. This resulted in an increase in the overall tax revenues, but is offset by an equal expense for RDA Pass-Through in the Indirect Operating Expense section of the budget. No change is budgeted for 2017.
- **Impact Fees:** Impact fees were adjusted in 2015, per the Lewis Young fee study, resulting in a slight increase in Water Impact fees and a slight decrease in Sewer Impact fees that year. Netted together, the change was nearly neutral. No fee change occurred in 2016, and due to the slow economy, we actually anticipate a very slight decrease (\$50,000) in total impact fees for 2017.
- **Interest Income:** The combined interest/earnings rates on the District's accounts have increased only very slightly, in spite of months of speculation by experts that the Fed would increase rates further. The combined interest rate the District is currently earning on its total investments is hovering at almost exactly 1.00%. We have budgeted for no change in interest income in 2017, as we expect any rate increase to be offset by reduced available funds as a result of increased infrastructure spending and decreased cash available for investing.
- **Other Income:** Other income is comprised of the sale of surplus non-capital property, scrap metal, hydrant meter rentals, and other miscellaneous income. It is anticipated that 2017's revenues will be very similar to that of recent years.

EXPENSES

- **Payroll Wages**

- **Salaries & Wages:** It is proposed that **one** Database Administrator position be added in 2017. Base salaries have also been budgeted to increase by approximately 2% overall, though total salaries and wages will only increase .8% because several senior higher paid employees retired.
- **Overtime Wages:** Due to a change in how we plan to staff on-call shifts, our overtime budget will decrease \$50,000 with a slight increase in on-call.
- **On-call Pay:** As noted above, on-call changes will increase this budget item by \$27,000 overall, but this is more than offset by reduced OT wages.
- **Vehicle Allowance:** No change from prior year's budget.
- **Clothing Allowance:** A \$275 increase is proposed due to the new database administrator position.
- **Other/OPEB:** We are anticipating two or three retirees in 2016, and therefore are budgeting \$250,000 for retirement buyouts. Unused excess, if any, is typically moved to the reserve account for future buyouts.

- **Payroll Benefits**

- **State Retirement & 401K Plans:** These two are interrelated, as the contribution to the 401K plan fluctuates inversely to the Utah Retirement Systems (URS) contribution. This facilitates keeping the total retirement contribution relatively constant. Because the District does not participate in the Social Security system, we are able to contribute toward the 401K plan. URS does not intend to increase the retirement contribution rate for 2017, so the current URS rate of 18.47% and the 401K rate of 11.53% will remain unchanged for 2017. The slight decreases in State Retirement and 401K from 2016 (-0.1% for both) are the result of retirements noted above.
- **Health & Dental Insurance:** Health and dental insurance rates are anticipated to increase 8%, which is minimal in today's environment.
- **Medicare:** The proposed 0.1% decrease is again due to the retirement of longtime employees and replacement with lower paid employees.
- **Workers Compensation Insurance:** This continues to be stable as the District has experienced a very favorable claims experience rating (aka "e-mod") over the last few years. No change is anticipated for 2017.
- **Life/LTD/LTC Insurance:** No change in rates for life, long-term disability, and long-term care insurance, so no budget change is proposed for 2017.
- **State Unemployment:** The District typically has experienced very few unemployment claims over the years, and no change is proposed in the 2017 state unemployment budget.

- **Operations & Maintenance**

- **Repair & Replacement:** The repair and replacement budget is down \$30,000 (4.5%) due to sodium hypochlorite pumps included in 2016

(budgeted for \$25,000) and not in 2017, as well as reduction in overall manhole repair and rehabilitation expenses.

- **Building & Grounds:** This budget has increased by 3.5% or \$2,880.
- **Vehicles Maintenance & Fuel:** A decrease of \$79,500 (26%) is projected due to leasing new vehicles to reduce maintenance costs. We anticipate some fuel price increase during 2017, but present forecasts are expecting those increases to be minimal and not in the immediate future.
- **Vehicle Lease:** This is a new account budgeted at \$160,000 for the lease of approximately 9 service vehicles and 4 pieces of construction equipment (loader, skid steer, etc). We anticipate significant offsetting savings in vehicle maintenance (as indicated above) and new vehicles & equipment (see \$520,000 anticipated reduction in that category).
- **Tools & Supplies:** There is an increase of 56.1% (\$16,650) in this budget. We find our employees sometimes are not as efficient as they would prefer to be due to running back and forth to retrieve shared tools such as cut-off saws, jack hammers, and trash pumps. By purchasing enough to better equip our trucks, we can eliminate many time-consuming trips, saving us much money in the long run.
- **Water Purchases:** Our water purchase commitment with Jordan Valley will again be 18,500 acre feet for 2017. We have been told the anticipated rate increase will again be approximately 5% or slightly above that rate. This equates to an increase of nearly \$463,000.
- **Treatment Chemicals:** Budgeted increase is \$45,000 (150%) due almost entirely to adding sequestering agent and set-up for wells 1 and 12 (\$40,000), and bringing online new well 17 and possibly inactive well(s).
- **Water Lab Testing Fees:** This budget has been increased by \$28,500 (77%) for new bacterial monitoring systems for wells and for additional testing of a high-pressure pipe cleaning method.
- **Utilities:** No change in budget.

- **CVWRF**

Overall, the CVWRF budget will be \$648,265 (approximately 15%) higher than the previous year's budget. The largest single increase (\$514,038) is for a new item, "CVW Debt Service", which represents the GHID share of bond payments for CVW debt being issued to fund the upcoming refurbishing and new nutrient removal infrastructure. Betterments will decrease approximately \$164,000, but facility operations costs will increase \$342,000 as a result of expanding infrastructure maintenance costs. The CVWRF budget, especially large capital items, will continue to see significant increases in the foreseeable future. Other changes in CVW expenses are minimal, netting to a \$38,634 increase in budget.

- **General & Administrative**

- **Office Supplies/Printing:** No change from previous year.
- **Postage & Mailing:** No change from previous year.

- **General Administrative:** This budget has increased \$62,049 for 2017 because it is an election year.
 - **Computer Supplies/Equipment:** This budget has increased approximately \$161,000 (81%) due to significant SCADA purchases to facilitate implementation of our remote-read meter system.
 - **General Insurance:** We are projecting an increase (3.6%) in this line item budget (liability, O&M, etc) due to general trends in the insurance industry and an increase in the property values of District assets.
 - **Utilities:** Increase of 4.1% represents \$4,000, primarily due to bringing several wells (new and previously inactive) online.
 - **Telephone:** The 6.9% (\$5,000) increase is the result of using more and more pads and tablets (and data plans) in the field to facilitate updating our Cityworks data and improving overall efficiency.
 - **Training & Education:** Budgeted increase of 10.3% represents \$11,050. The Advanced Inspector training (\$2,100) is every other year, and 2017 is the year. The District is requiring degrees for higher grade positions, so more employees are utilizing the tuition reimbursement program to prepare themselves (up \$3,500 this year). We have more certifications and compliance required every year. And finally, overall education costs are expected to increase around 3 to 4%. We continue to strive for significant savings in airline tickets and related travel as we utilize AMEX points to pay for the expenses.
 - **Safety:** No change in budget.
 - **Legal Fees:** No change in budget.
 - **Auditing Fees:** No change in budget. This is the last year of our guaranteed audit rate, so we will be negotiating a new fee after 2017.
 - **Professional Consulting:** Decrease is \$99,500 (60.4%). 2016 included \$150,000 for tank farm piping and sewer infiltration studies. 2017 includes only SCADA service items, again related largely to our move to the MXU remote-read system, in the amount of \$40,000.
 - **Public Relations/Conservation:** No change in budget.
 - **Banking and Bonding:** This budget increase (\$26,000 or 14.1%) reflects continued increase in the utilization of credit cards by our customers. They expect the convenience of paying with a card, but it comes at a cost to us. On the other hand, it gets our money to us more quickly and keeps customers happy because they can pay without coming to the office.
 - **Administrative Contingency:** This budget amount is set aside for unexpected costs that may arise during the year. It can only be used following Board approval. No change proposed from prior year.
- **Equipment Purchases**
 - As noted previously, we are experimenting with leasing many of our vehicles and our construction equipment in an effort to reduce maintenance and capital outlay costs. Therefore, we have budgeted much less for 2017 equipment purchases. The following represent the office furniture, vehicles, and equipment we propose to purchase in 2017:

- Stand up mower (\$5,500)
 - Water Sampling Stations – 20 (ongoing) (\$13,500)
 - Fire Hydrant Meters - 2 (\$4,000)
 - Field Testing Unit (for pH) (\$4,000)
 - Tire Changer for 18” Wheels (the new standard) (\$8,500)
 - Tire Balancer for 18” Wheels (\$7,000)
- **Debt Service:** Bond interest decreases \$5,340 (3.6%) from 2016 due partly to the payoff of the Series 2014 Refunding bonds. Interest payments on the 2012 DEQ bonds have decreased slightly as the principal balance is reduced each year. The 2012 DEQ bonds are scheduled to continue through 2032.

INFRASTRUCTURE IMPROVEMENTS

Included in your 2017 budget is a detailed listing, including priority ranking, of the capital projects proposed for the coming year. Please see that list for details.

RESERVE FUNDS

The following reserve funds have been established and the funding of these accounts continues.

- **Operating Reserve:** The operating reserve represents 10% of the total District budget for the coming year. The minimum balance in the operating account should provide a “rainy day” fund for budget shortfalls or cost overruns. The desired balance, per the 2017 budget, is approximately \$3,585,000. Current account balances are adequate to cover this reserve.
- **Repair and Replacement Reserve:** A total of \$5,200,000 is our goal, and we plan to fund this with approximately \$308,000 added in each of the next three years. The balance in this account at 9/30/16 was \$4,273,264. Additional funding is proposed as funds are available.
- **Impact Fee Reserve:** The required amount fluctuates as construction increases or decreases. The balance as of 09/30/16 is \$4,056,436.
- **Insurance Reserve Funds:** No funding level has been established for this reserve account. Each year the District budgets \$100,000 to pay deductibles and claims not covered by insurance. If the entire amount is not used during the year, the balance is transferred to the reserve fund to provide for emergencies and extreme claims that may arise. Current balance in this reserve account (at 9/30/16) is \$1,018,951.
- **Post-Employment Benefit Reserve:** In 2008, the District established this reserve fund to help offset the cost of benefits paid for retired employees, including health insurance and state retirement buyout. The balance in this fund is \$1,286,052 as of 9/30/16. The liability currently on the books is \$1,316,431. With several recent and pending retirements, this liability may actually be reduced for the near future. Accounting rules do not require full funding of the liability. However, additional funding is proposed as funds are available.



GRANGER-HUNTER
IMPROVEMENT DISTRICT

REVENUES

	Actual 2014	Actual 2015	Projected 2016 as of 12/05/2016	Budget 2016	Proposed Budget 2017	% Change
REVENUES						
Operating Revenues:						
Metered Water Sales	\$15,119,723	\$14,907,556	\$16,900,000	\$16,534,000	\$16,600,000	0.4%
Sewer Service Charges	\$9,463,000	\$9,765,800	\$10,600,000	\$10,168,000	\$10,500,000	3.3%
Central Valley Assessmt	\$0	\$0	\$0	\$0	\$2,700,000	100.0%
Engineering Fees	\$6,000	\$6,375	\$6,350	\$6,000	\$5,000	-16.7%
Connection Fees	\$37,881	\$43,065	\$38,692	\$40,000	\$40,000	0.0%
Inspection	\$70,050	\$90,375	\$84,178	\$85,000	\$80,000	-5.9%
Delinquent/Turn-on Fees	\$53,453	\$42,137	\$36,635	\$40,000	\$33,000	-17.5%
Total Operating Revenue	\$24,750,107	\$24,855,308	\$27,665,855	\$26,873,000	\$29,958,000	11.5%
Property Tax Revenue:						
Property Tax	\$2,983,102	\$3,084,164	\$3,290,264	\$3,200,000	\$3,200,000	0.0%
Motor Vehicle	\$250,795	\$260,122	\$260,254	\$265,000	\$265,000	0.0%
Personal Property	\$352,075	\$322,274	\$334,216	\$325,000	\$325,000	0.0%
Delinquent Tax/Interest	\$117,459	\$86,691	\$77,939	\$100,000	\$75,000	-25.0%
Tax Increment for RDA	\$237,595	\$234,565	\$239,000	\$239,000	\$239,000	0.0%
Total Property Tax Revenue	\$3,941,026	\$3,987,816	\$4,201,673	\$4,129,000	\$4,104,000	-0.6%
Non-Operating Revenue:						
Impact Fees - Water	\$430,267	\$628,312	\$568,840	\$525,000	\$500,000	-4.8%
Impact Fees - Sewer	\$311,836	\$368,245	\$261,890	\$275,000	\$250,000	-9.1%
Interest	\$423,442	\$400,064	\$438,226	\$400,000	\$400,000	0.0%
Sale of Surplus Equipment	\$46,270	\$107,748	\$30,300	\$30,000	\$30,000	0.0%
Other	\$85,357	\$170,883	\$113,631	\$95,000	\$100,000	5.3%
Total Non-Operating Revenue	\$1,297,172	\$1,675,252	\$1,412,887	\$1,325,000	\$1,280,000	-3.4%
Total Revenues	\$29,988,305	\$30,518,376	\$33,280,415	\$32,327,000	\$35,342,000	9.3%



EXPENSES

OPERATING EXPENSES	Actual 2014	Actual 2015	Projected 2016 as of 12/05/2016	Budget 2016	Proposed Budget 2017	% Change
Payroll Wages:						
Salaries & Wages	\$4,012,802	\$3,927,510	\$4,143,952	\$4,325,266	\$4,359,950	0.8%
Overtime Wages	\$143,498	\$135,303	\$146,284	\$250,000	\$200,000	-20.0%
On-Call Pay	\$30,580	\$29,180	\$28,800	\$29,200	\$56,280	92.7%
Incentive Pay	\$61,400	\$53,650	\$55,107	\$50,575	\$15,000	-70.3%
Vehicle Allowance	\$37,902	\$43,319	\$39,691	\$43,200	\$43,200	0.0%
Clothing Allowance	\$18,975	\$19,250	\$19,800	\$20,075	\$20,350	1.4%
Other/OPEB	\$0	\$219,916	\$651,100	\$250,000	\$250,000	0.0%
<i>Total Payroll Wages</i>	<u>\$4,305,157</u>	<u>\$4,428,128</u>	<u>\$5,084,734</u>	<u>\$4,968,316</u>	<u>\$4,944,780</u>	<u>-0.5%</u>
Payroll Benefits:						
State Retirement Plan	\$688,670	\$757,690	\$746,553	\$859,786	\$858,815	-0.1%
401(k) Plan	\$515,270	\$498,820	\$479,903	\$536,726	\$536,119	-0.1%
Health/Dental Insurance	\$1,029,784	\$1,301,403	\$1,287,928	\$1,368,000	\$1,477,440	8.0%
Medicare	\$58,230	\$60,119	\$62,231	\$67,498	\$67,421	-0.1%
Workers Compensation Ins	\$33,843	\$36,831	\$33,394	\$50,000	\$50,000	0.0%
Life/LTD/LTC Insurance	\$67,330	\$69,854	\$74,816	\$80,000	\$80,000	0.0%
State Unemployment	\$8,095	\$0	\$247	\$5,000	\$5,000	0.0%
<i>Total Payroll Benefits</i>	<u>\$2,401,222</u>	<u>\$2,724,717</u>	<u>\$2,685,072</u>	<u>\$2,967,010</u>	<u>\$3,074,795</u>	<u>3.6%</u>
Operations & Maintenance:						
Repair & Replacement	\$428,603	\$615,703	\$645,626	\$667,274	\$637,060	-4.5%
Building & Grounds	\$77,889	\$81,297	\$79,546	\$82,300	\$85,180	3.5%
Vehicles Maintenance & Fuel	\$336,359	\$241,971	\$218,592	\$306,000	\$226,500	-26.0%
Vehicle Lease	\$0	\$0	\$35,807	\$0	\$160,000	100.0%
Tools & Supplies	\$19,608	\$18,458	\$29,422	\$29,700	\$46,350	56.1%
Water Purchases	\$8,502,125	\$8,921,690	\$9,826,000	\$9,250,000	\$9,712,500	5.0%
Treatment Chemicals	\$21,575	\$21,466	\$49,870	\$30,000	\$75,000	150.0%
Water Lab Testing Fees	\$51,326	\$25,918	\$39,074	\$37,000	\$65,500	77.0%
Utilities	\$960,211	\$966,825	\$877,967	\$926,500	\$926,500	0.0%
<i>Total O&M</i>	<u>\$10,397,696</u>	<u>\$10,893,328</u>	<u>\$11,801,904</u>	<u>\$11,328,774</u>	<u>\$11,934,590</u>	<u>5.3%</u>
CVWRF:						
Facility Operations	\$2,516,136	\$2,833,450	\$2,804,410	\$3,052,342	\$3,394,319	11.2%
Project Betterments	\$525,696	\$942,365	\$959,644	\$1,348,639	\$1,185,056	-12.1%
Interceptor Monitoring	\$3,768	\$3,576	\$4,481	\$5,625	\$4,775	-15.1%
Pretreatment Field	\$144,847	\$168,966	\$153,168	\$163,661	\$193,706	18.4%
Laboratory	\$169,284	\$183,680	\$189,683	\$194,502	\$203,941	4.9%
CVW Debt Service	\$0	\$0	\$0	\$0	\$514,038	100.0%
<i>Total CVWRF</i>	<u>\$3,359,731</u>	<u>\$4,132,037</u>	<u>\$4,111,386</u>	<u>\$4,764,769</u>	<u>\$5,495,835</u>	<u>15.3%</u>



EXPENSES

	Actual 2014	Actual 2015	Projected 2016 as of 12/05/2016	Budget 2016	Proposed Budget 2017	% Change
General & Administrative:						
Office Supplies/Printing	\$30,247	\$27,970	\$27,575	\$27,700	\$27,700	0.0%
Postage & Mailing	\$168,203	\$161,693	\$169,304	\$176,000	\$176,000	0.0%
General Administrative	\$42,698	\$115,933	\$43,396	\$45,751	\$107,800	135.6%
Computer Supplies/Equipment	\$122,636	\$163,281	\$195,015	\$199,148	\$360,570	81.1%
General Insurance	\$255,631	\$271,257	\$317,593	\$378,350	\$392,100	3.6%
Utilities	\$92,268	\$96,712	\$96,343	\$97,940	\$101,940	4.1%
Telephone	\$59,558	\$66,410	\$71,170	\$72,100	\$77,100	6.9%
Training & Education	\$90,804	\$97,641	\$106,096	\$107,175	\$118,225	10.3%
Safety	\$32,496	\$29,272	\$35,016	\$35,960	\$35,960	0.0%
Legal fees	\$23,175	\$20,358	\$12,088	\$51,000	\$51,000	0.0%
Auditing Fees	\$15,500	\$11,000	\$11,000	\$11,000	\$11,000	0.0%
Professional Consulting	\$75,985	\$179,758	\$35,640	\$164,700	\$65,200	-60.4%
Public Relations/Conservation	\$12,643	\$33,709	\$36,786	\$34,000	\$34,000	0.0%
Banking & Bonding	\$176,395	\$205,199	\$241,150	\$184,150	\$210,150	14.1%
Administrative Contingency	\$0	\$0	\$0	\$180,000	\$180,000	0.0%
<i>Total General Administrative</i>	<u>\$1,198,239</u>	<u>\$1,480,193</u>	<u>\$1,398,172</u>	<u>\$1,764,974</u>	<u>\$1,948,745</u>	<u>10.4%</u>
Total Operating Expenses	\$21,662,045	\$23,658,403	\$25,081,268	\$25,793,843	\$27,398,745	6.2%
Net Operating Revenues	\$8,326,260	\$6,859,973	\$8,199,147	\$6,533,157	\$7,943,255	21.6%
Indirect Operating Expenses:						
Depreciation	\$6,441,392	\$6,544,711	\$6,650,000	\$6,650,000	\$6,650,000	0.0%
RDA Pass-Through	\$237,595	\$234,565	\$239,000	\$239,000	\$239,000	0.0%
<i>Total Indirect Operating Expense</i>	<u>\$6,678,987</u>	<u>\$6,779,276</u>	<u>\$6,889,000</u>	<u>\$6,889,000</u>	<u>\$6,889,000</u>	<u>100.0%</u>
Equipment Purchases:						
New Vehicles & Equipment	\$204,267	\$209,174	\$562,500	\$562,500	\$42,500	-92.4%
<i>Total Equipment</i>	<u>\$204,267</u>	<u>\$209,174</u>	<u>\$562,500</u>	<u>\$562,500</u>	<u>\$42,500</u>	<u>-92.4%</u>
Debt Service:						
Bond Interest	\$200,166	\$195,333	\$151,260	\$147,860	\$142,520	-3.6%
Bond Princ Pmt ('05 Issue/'14 Rfnd)	\$680,000	\$735,000	\$755,000	\$755,000	\$760,000	0.7%
Bond Debt Service - CV/DEQ	\$248,000	\$255,000	\$261,000	\$261,000	\$268,000	2.7%
<i>Total Debt Service</i>	<u>\$1,128,166</u>	<u>\$1,185,333</u>	<u>\$1,167,260</u>	<u>\$1,163,860</u>	<u>\$1,170,520</u>	<u>0.6%</u>
Total Equipment & Debt Service	\$1,332,433	\$1,394,507	\$1,729,760	\$1,726,360	\$1,213,020	-29.7%
Net Revenues with Depreciation	\$314,840	-\$1,313,810	-\$419,613	-\$2,082,203	-\$158,765	-92.4%
Add Back Depreciation	\$6,441,392	\$6,544,711	\$6,650,000	\$6,650,000	\$6,650,000	0.0%
Net Revenues	\$6,756,232	\$5,230,901	\$6,230,387	\$4,567,797	\$6,491,235	42.1%



GRANGER-HUNTER
IMPROVEMENT DISTRICT

Capital Outlay Budget Summary

BUDGET SUMMARY	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Budget Available at 12/5/16 (Unexpended 2016 capital budget carryover)			\$4,832,692
 Purchases			
Work in Progress at 12/5/16 (pg C-5)		\$4,167,000	
Proposed New Projects for 2017 (pg C-5)		\$7,642,000	
		<hr/>	
<i>Subtotal Purchases</i>		<u>\$11,809,000</u>	
 Budgeted Revenue			
Budgeted Transfer for 2017 (Budgeted Net Rev from PY available to new yr)	\$4,567,797		
DEQ Bond Proceeds	<u>\$0</u>		
<i>Subtotal Revenue</i>	<u>\$4,567,797</u>		
 Ending Budget Balance			 <u><u>(\$2,408,511)</u></u>
 (Capital outlays to be funded via this budget year's funds or Fund Bal)			

Rates and Fees – Effective 1/1/2017

	1/1/2017
Water Rates and Fees	Rate
Water Rate per 1,000 gallons – all customers	\$1.57
Monthly availability fee – ¾" meter	13.00
Monthly availability fee – 1" meter	13.00
Monthly availability fee – 1 ½" meter	41.17
Monthly availability fee – 2" meter	65.00
Monthly availability fee – 3" meter	119.17
Monthly availability fee – 4" meter	199.33
Monthly availability fee – 6" meter	394.33
Monthly availability fee – 8" meter	628.33
Monthly availability fee – 10" meter	910.00
Fireline – 4" (monthly)	8.12
Fireline – 6" (monthly)	10.83
Fireline – 8" (monthly)	13.81
Fireline – 10" (monthly)	17.06
Fireline – 12" (monthly)	20.04
Fireline – 14" (monthly)	22.75

	1/1/2017
Sewer Rates and Fees	Rate
Monthly sewer charge – residential	\$19.50
Monthly sewer charge – commercial REU	\$19.50
Monthly sewer charge – multi-unit residential	\$16.79
Sewer surcharge rate #1 per 1,000 gallons	\$1.91
Sewer surcharge rate #2 per 1,000 gallons	\$2.30
Sewer surcharge rate #3 per 1,000 gallons	\$2.62
Sewer surcharge rate #4 per 1,000 gallons	\$2.70
Sewer surcharge rate #5 per 1,000 gallons	\$2.84
Sewer surcharge rate #6 per 1,000 gallons	\$3.07
Sewer surcharge rate #7 per 1,000 gallons	\$3.41
Sewer surcharge rate #8 per 1,000 gallons	\$3.48
Sewer surcharge rate #9 per 1,000 gallons	\$3.54
Sewer surcharge rate #10 per 1,000 gallons	\$3.73
Sewer surcharge rate #11 per 1,000 gallons	\$3.77
Sewer surcharge rate #12 per 1,000 gallons	\$4.38
Sewer surcharge rate #13 per 1,000 gallons	\$4.73
Sewer surcharge rate #14 per 1,000 gallons	\$4.76

Sewer surcharge rate #15 per 1,000 gallons	\$4.85
Sewer surcharge rate #16 per 1,000 gallons	\$4.92
Sewer surcharge rate #17 per 1,000 gallons	\$5.54
Sewer surcharge rate #18 per 1,000 gallons	\$5.72
Sewer surcharge rate #19 per 1,000 gallons	\$5.95
Sewer surcharge rate #20 per 1,000 gallons	\$7.19
Sewer surcharge rate #21 per 1,000 gallons	\$7.57
Sewer surcharge rate #22 per 1,000 gallons	\$8.01
Sewer surcharge rate #23 per 1,000 gallons	\$8.14
Sewer surcharge rate #24 per 1,000 gallons	\$9.06
Sewer surcharge rate #25 per 1,000 gallons	\$12.89
Per REU charge for Central Valley Water rehab/upgrade	\$5.00

1/1/2017

Penalty Fees

Rate

Returned check fee	25.00
Turn-on fee (Change name to Late Fee or Turn-off Fee) – Amount based on statutory maximum	20.00
Tamper fee (Change to Tamper Damage Fee) – Statutory maximum is \$100	50.00
Pre-litigation collection letter	50.00