



WATER METER AD HOC COMMITTEE RECOMMENDATIONS



- Formed at Board Workshop – February 2, 2017
- Purpose:
 - Reexamine the water meter installation project's:
 - Bond financing
 - Calculating meter install cost to customers
 - Make recommendations to the Board



WATER METER AD HOC COMMITTEE RECOMMENDATIONS



- **CONSIDERATIONS:**
 - Public comments and suggestions
 - Fiscal prudence
 - Future Capital Projects
 - Administrative challenges
 - Impact on staff
 - Various bond & no bond amount scenarios



WATER METER AD HOC COMMITTEE RECOMMENDATIONS



- **RECOMMENDATION #1**
 - **REDUCE BOND AMOUNT FROM \$3.2m TO \$1.5m.**
 - **PAYBACK OF BOND BY NEW METER RECIPIENTS WHO ELECT TO PAY OVER TIME.**



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- **RECOMMENDATION #2**
 - **COST TO EACH NEW METER CUSTOMER BE BASED ON A TIERED SYSTEM**



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- **RECOMMENDATION #3**
- **TWO CHOICES FOR CUSTOMER PAYBACK**
 1. Payoff in full upfront

OR

 2. Combination payoff over time
 - 10-year interest loan (pays bond)

AND (not or)

 - 3-year no-interest loan (pays reserves)



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RECOMMENDATION EXAMPLES - PREFACE

All examples are **ESTIMATES!!**

The cost of bond issuance on \$1.5m & interest rate is an estimate (until issued).

Until the project is completed, we will NOT KNOW:

- The exact number of installs - 3,531 is an estimate.
- The exact pricing of all supplies, including meters & meter boxes (more need to be purchased & pricing can change).
- The exact cost of other estimated budgeted amounts (could be more, could be less).

The number of customers that pay upfront will not be known until after all costs are known.

Customers will not be charged until all costs are known – likely after January 2018.



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BOND EXAMPLE - ESTIMATED

$\$1.5\text{m bond} + \$50\text{k cost} = \$1,550,000$

If 20% of 3,531 installs paid upfront, 2,825 users pay bond

$\$1,550,000 / 2,825 \text{ payers} = \$548.67 + 4.5\% \text{ interest} = \682.41

$\$682.41 / 120 \text{ mo} = \$5.69/\text{mo}$

$\$1.5\text{m bond} + \$50\text{k cost} = \$1,550,000$

If 10% of 3,531 installs paid upfront, 3,178 users pay bond

$\$1,550,000 / 3,178 \text{ payers} = \$487.72 + 4.5\% \text{ interest} = \606.59

$\$606.59 / 120 \text{ mo} = \$5.05/\text{mo}$



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COST ALLOCATION EXAMPLE - ESTIMATED

FINAL NUMBERS WILL **NOT** BE KNOWN UNTIL COMPLETION OF THE PROJECT.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T
2	WATER METER COST ALLOCATION - EXAMPLE ONLY - ESTIMATES ONLY																			
3	ESTIMATES ONLY!! BASED ON ESTIMATED 3,531 INSTALLS										ESTIMATES ONLY!! NOT FINAL \$\$ FIGURES!! BASED ON BUDGET									
4																				
5	TIER	3/4" Meter	1" Meter	B-9 Meter Box & Lid New Install	B-12 Meter Box & Lid Install	Construction - Type 1	Construction - Type 2	Construction - Type 3	Add Items	Special Conditions	Bid Construction Outreach	Bid Water Pollution Prevention	Bid Data Collection	Bid Mobilization	Share Project Management	Share Inspection Services	Share Field Services Outreach	Share Field Services - Field	TOTAL	
6	1a	\$ 305.33				\$ 95.00				\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 519.28	
7	1b	\$ 305.33	\$ 46.36			\$ 95.00				\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 565.64	
8	1c		\$ 322.69		\$ 43.63	\$ 95.00				\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 580.27	
9	2a	\$ 305.33	\$ 46.36			\$ 290.00				\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 760.64	
10	2b		\$ 322.69		\$ 43.63	\$ 290.00				\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 775.27	
11	3a	\$ 305.33	\$ 46.36				\$ 950.00			\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 1,420.64	
12	3b		\$ 322.69		\$ 43.63		\$ 950.00			\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 1,435.27	
13	3b+		\$ 322.69		\$ 43.63		\$ 950.00		\$ 200.00	\$ 2.83	\$ 9.91	\$ 7.08	\$ 14.16	\$ 28.32	\$ 24.07	\$ 11.33	\$ 8.50	\$ 12.74	\$ 1,635.27	



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BILLING EXAMPLE - ESTIMATED

BILLING AFTER ALL COSTS ARE KNOWN – LIKELY AFTER JANUARY 2018

CUSTOMER CAN CHOOSE TO PAY UP FRONT – BUT WOULD HAVE A SHORT WINDOW TO DO THIS PRIOR TO FIRST BILLING

CUSTOMERS WHO ELECT NOT TO PAY UP FRONT, WILL HAVE TWO LINE ITEMS ON THEIR BILL



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BILLING EXAMPLE - ESTIMATED

EXAMPLE:

IF BOND PRINCIPLE IS \$1.55m, & 2,825 (80%) SHARE BOND COST, & FINAL METER COST IS \$760.64:

Line 1: 3 years no-interest loan to reserves	\$ 5.89 mo		
Line 2: 10 years 4.5% interest loan (bond)	<u>\$ 5.69 mo</u>		
	\$11.58 mo	FIRST 3 YRS	
	\$ 5.69 mo	LAST 7 YRS	
			TOTAL PAYMENT OF \$894.84
			(Total Bond Interest = \$134.20)

IF BOND PRINCIPLE IS \$1.55m, & 3,178 (90%) SHARE BOND COST, & FINAL METER COST IS \$760.64:

Line 1: 3 years no-interest loan to reserves	\$ 7.58 mo		
Line 2: 10 years 4.5% interest loan (bond)	<u>\$ 5.05 mo</u>		
	\$12.63 mo	FIRST 3 YRS	
	\$ 5.05 mo	LAST 7 YRS	
			TOTAL PAYMENT OF \$878.88
			(Total Bond Interest = \$118.24)