

FORESTHILL PUBLIC UTILITY DISTRICT

An Overview



Overview on District

- ▶ As a public utility, the Foresthill Public Utility District belongs to you and the other members of the community.
- ▶ It's purpose is to provide clean safe water for drinking, cooking, washing, etc.
- ▶ It also needs to provide enough water for fire protection.



Overview on District

- ▶ The district provides water to 1,875 homes and 75 businesses.
- ▶ It services an area of approximately 13,000 acres in and around Foresthill.



Overview on District

- ▶ Water is provided by the Sugar Pine Dam and Reservoir.
- ▶ In 2003, the dam, reservoir and conveyance system was purchased from the United States Bureau of Reclamation for the price of \$3.2 million.
- ▶ This purchase was funded by a bond from Bank of New York.



Overview on District

- ▶ The costs for paying the bond, meeting it's reserve requirements, and maintenance is \$277,000 per year.
- ▶ Divided by the number of service connections, the total needed is \$12.00 a month.
- ▶ The district only collects \$6.50 a month.



FORESTHILL PUBLIC UTILITY DISTRICT
P.O. BOX 266 - 24540 MAIN STREET
FORESTHILL, CA 95631 - (530) 367-2511

SERVICE FROM			SERVICE TO			CUSTOMER NUMBER
MO	DAY	YR	MO	DAY	YR	
11	15	11	12	15	11	MAD00006
PRIOR RDG.		CURRENT RDG.		CONSUMED	AMOUNT	
219		220		1	.010W	
Water Minimum					27.50	
Sugar Pine Chg					6.50	
Rep/Replace Ch					3.32	
PENALTIES ON ALL PAST DUE ACCOUNTS						
MO	DAY	YEAR	PAST DUE DATE	PLEASE PAY THIS TOTAL		
01	20	12			37.32	



Overview on District

- ▶ Water comes from the Sugar Pine Reservoir to a treatment plant that assures the water is drinkable and meets health requirements.
- ▶ The minimum number of certified water operators needed to operate this facility 24/7 and meet requirements is three (3).
- ▶ The district only has one (1) certified water operator dedicated to the dam and treatment plant.



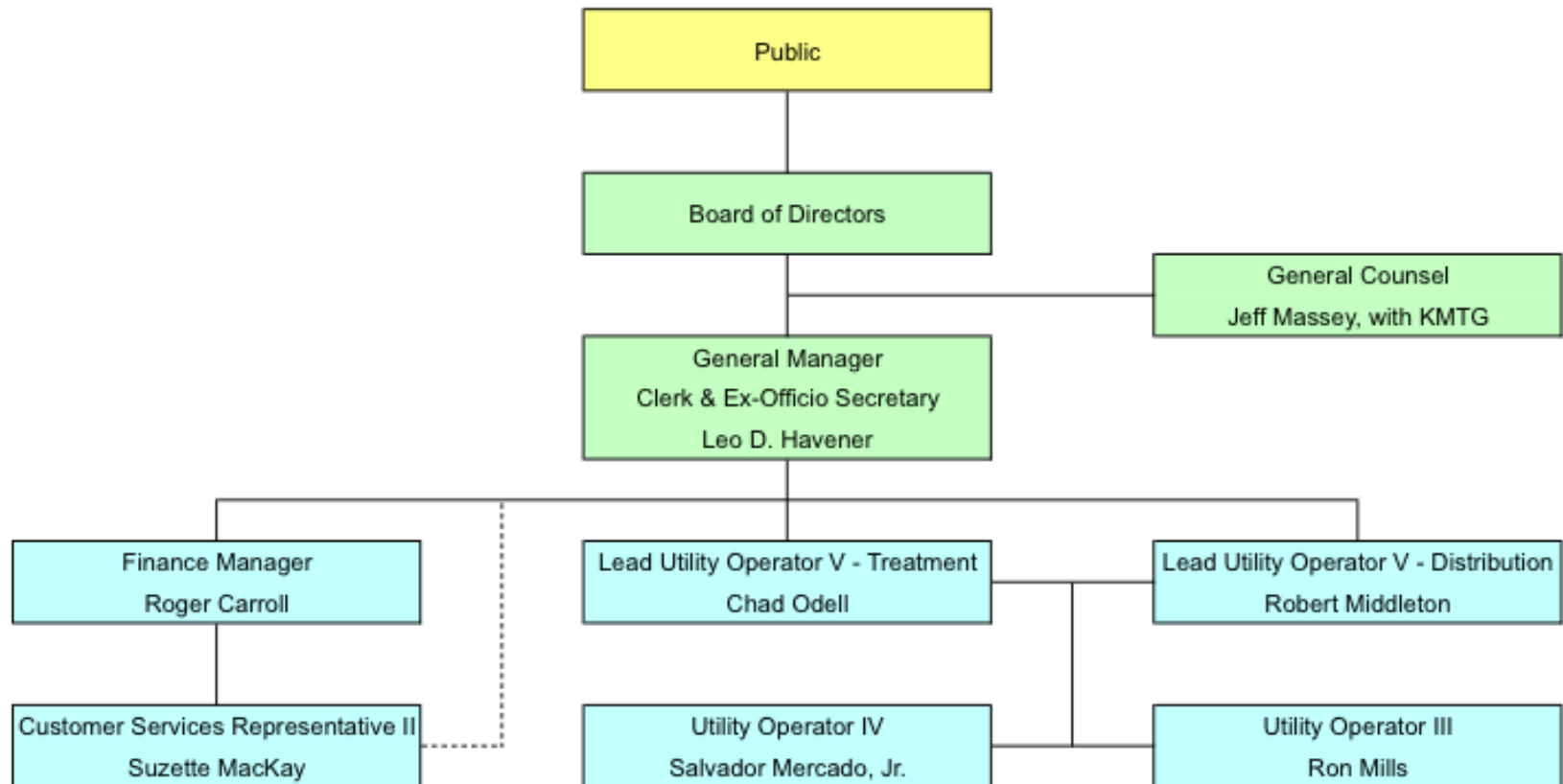
Overview on District

- ▶ Currently the staff consists of four (4) operators for treatment and distribution.
- ▶ One administrative person.
- ▶ One part-time finance manager.
- ▶ One general manager.
- ▶ Typical staffing for a district our size is 13 employees.



Foresthill Public Utility District Organizational Chart

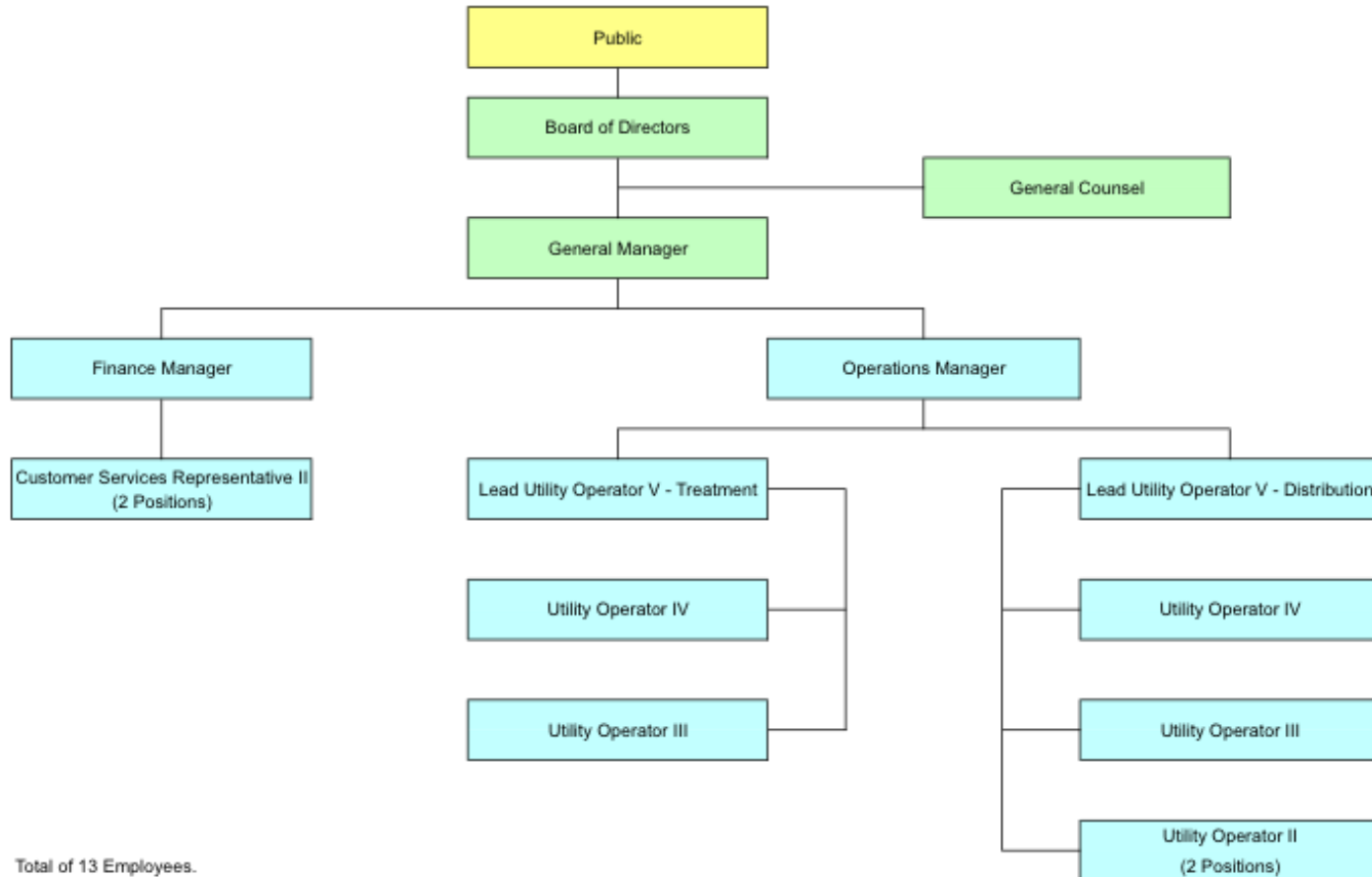
October 2011



Foresthill Public Utility District

Organizational Chart - Optimal

January 2012



Overview on District

- ▶ Most of the district's pipes were installed in the mid-1970's using surplus pipe from the Vietnam War.
- ▶ The projected lifespan of this type of galvanized steel pipe is 40 years.*
- ▶ Much of this pipe has been in use for 37+ years.

* Source: eHow.com



Overview on District

- ▶ It costs approximately \$98 per linear foot to replace pipes today.
- ▶ The district has identified 21 miles of pipeline that need to be replaced or installed.
- ▶ That translates to approximately \$10.9M.
- ▶ Currently, there is no money set aside for replacing pipes.
- ▶ The district has identified an additional \$23.9M of capital improvement projects needed over the next 25 years (2026)











Overview on District

- ▶ Per audit, \$330,000 annually should be collected for total repairs and replacement.
- ▶ The district collects \$3.32 a month from residential customers for repairs and replacement.
- ▶ That generates only \$74,700 a year for repairs and replacement.



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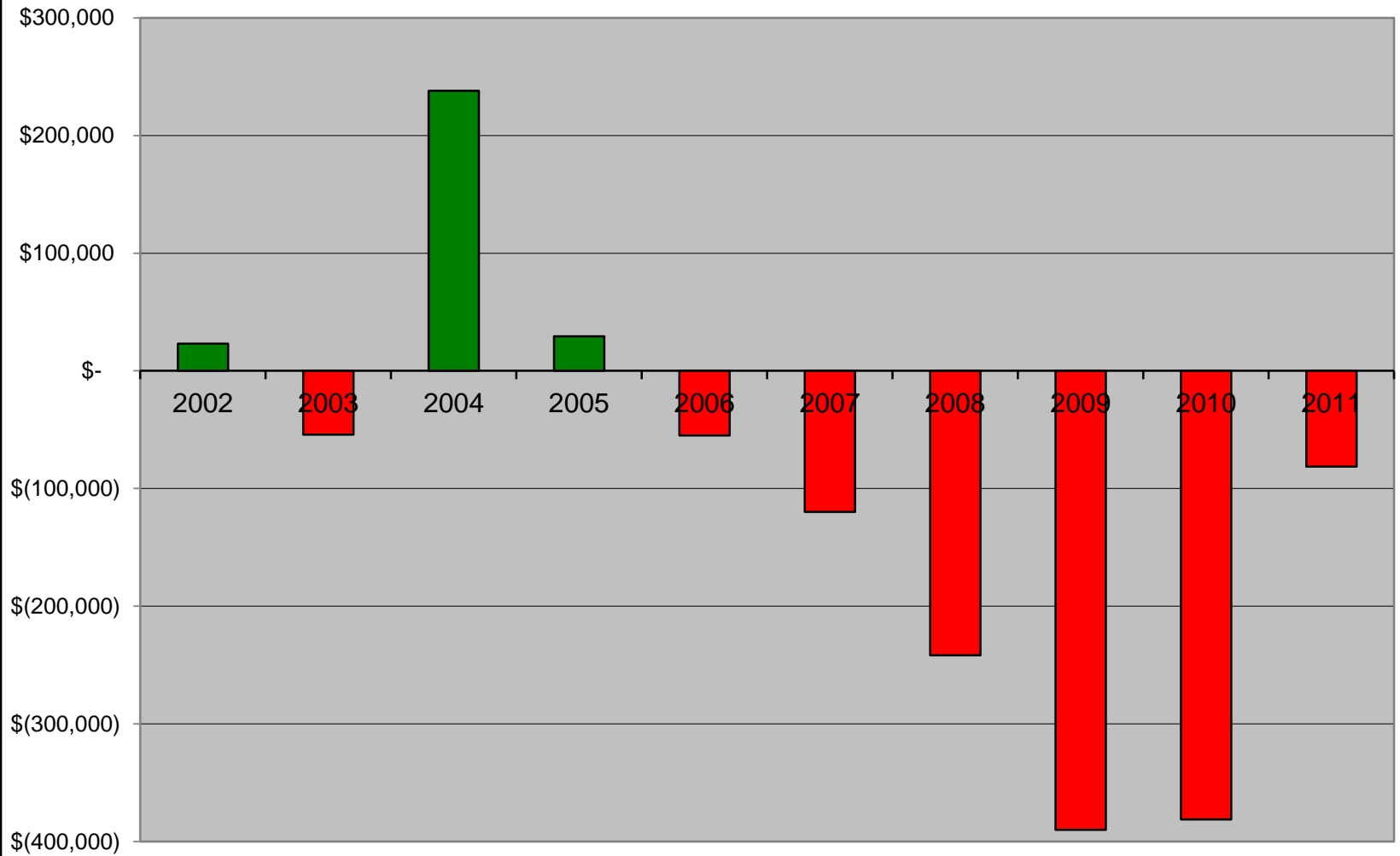


Definition

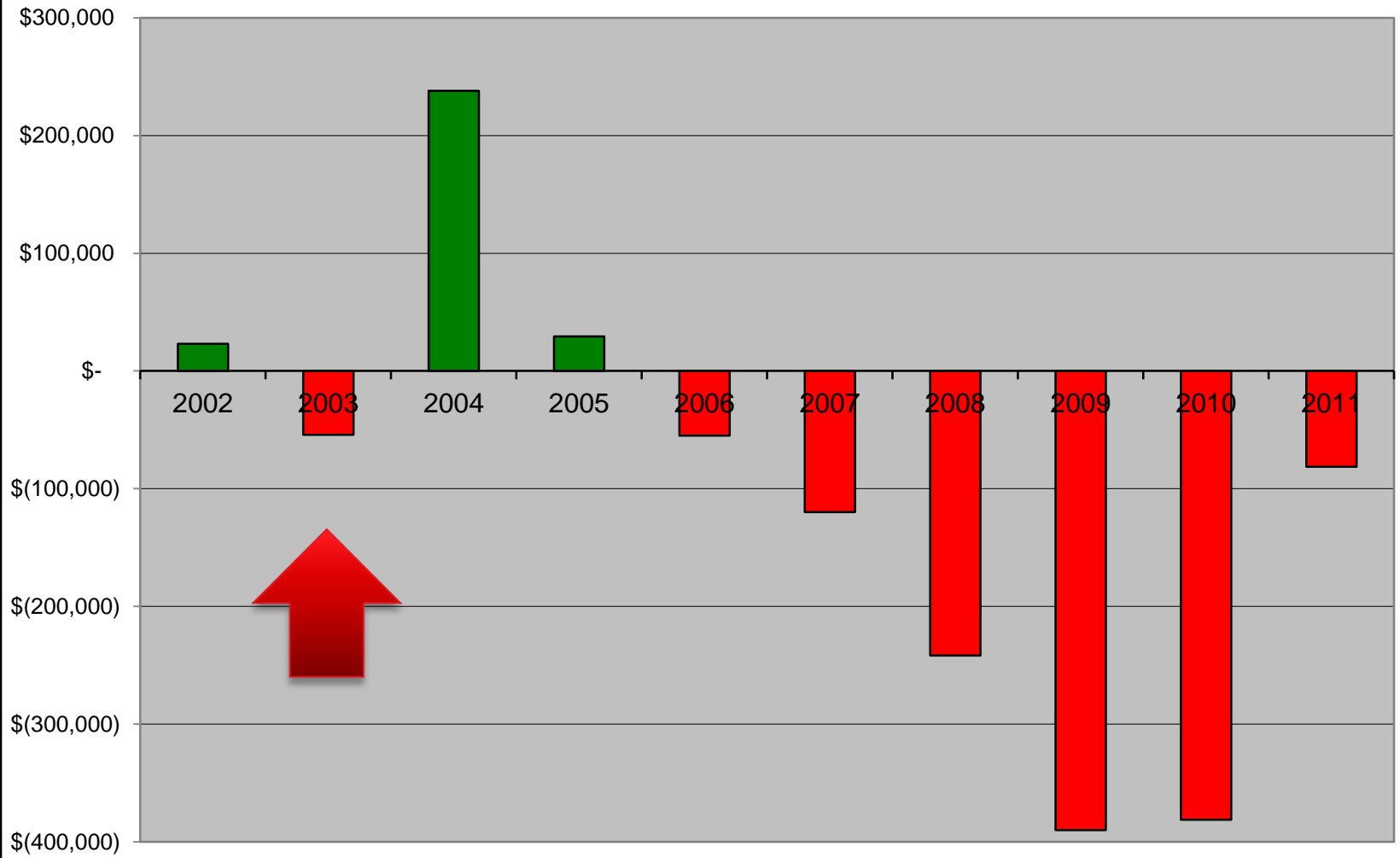
- ▶ **Cost of Service (COS)** = the amount of money needed for a utility to operate and maintain facilities, cover capital expenses, and provide an opportunity to earn a profit (Source: State of California)



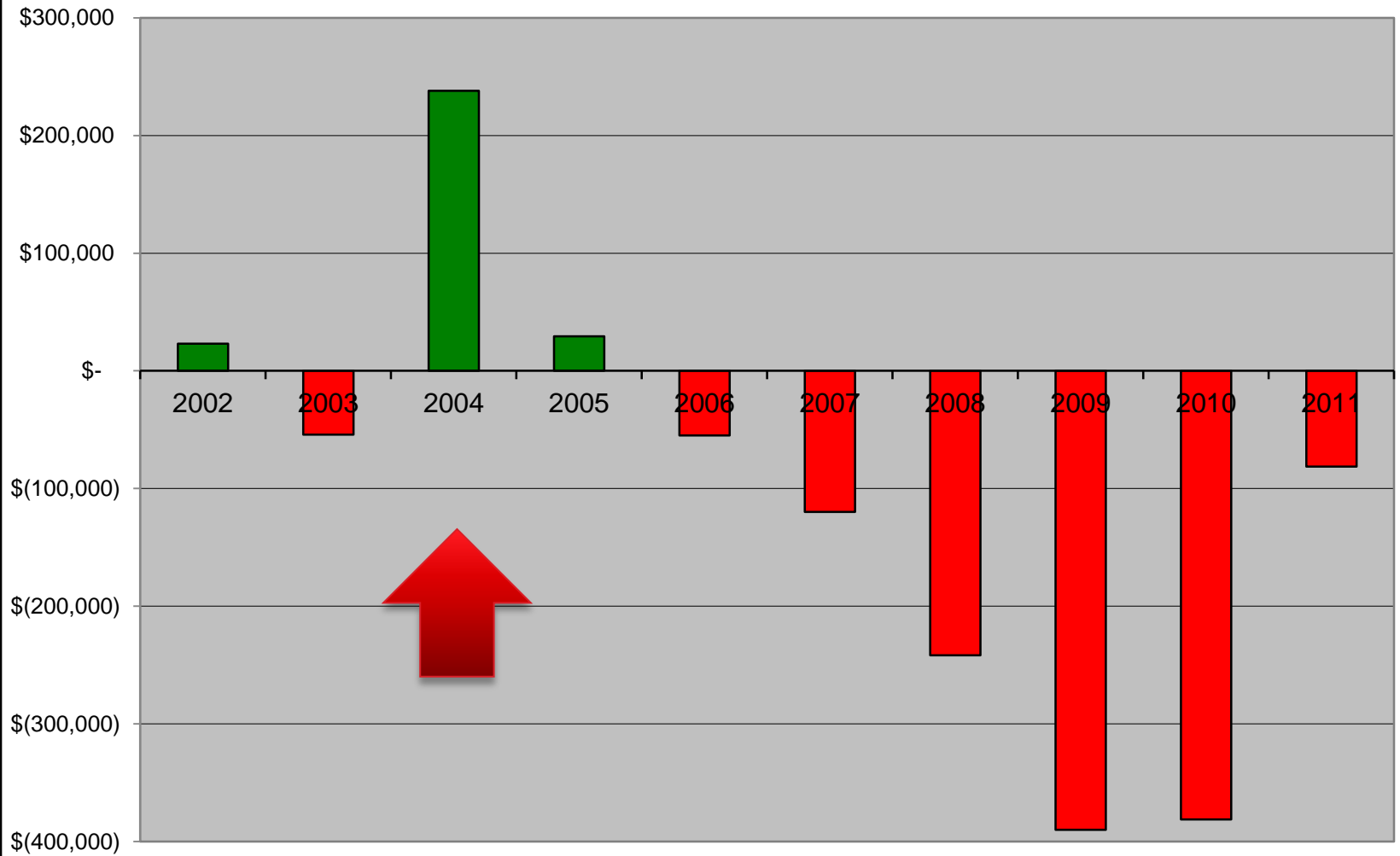
**Foresthill Public Utility District
Cost of Service Income/Loss History - Includes Non-Operating
Per Financial Statements and Independent Auditor's Report**



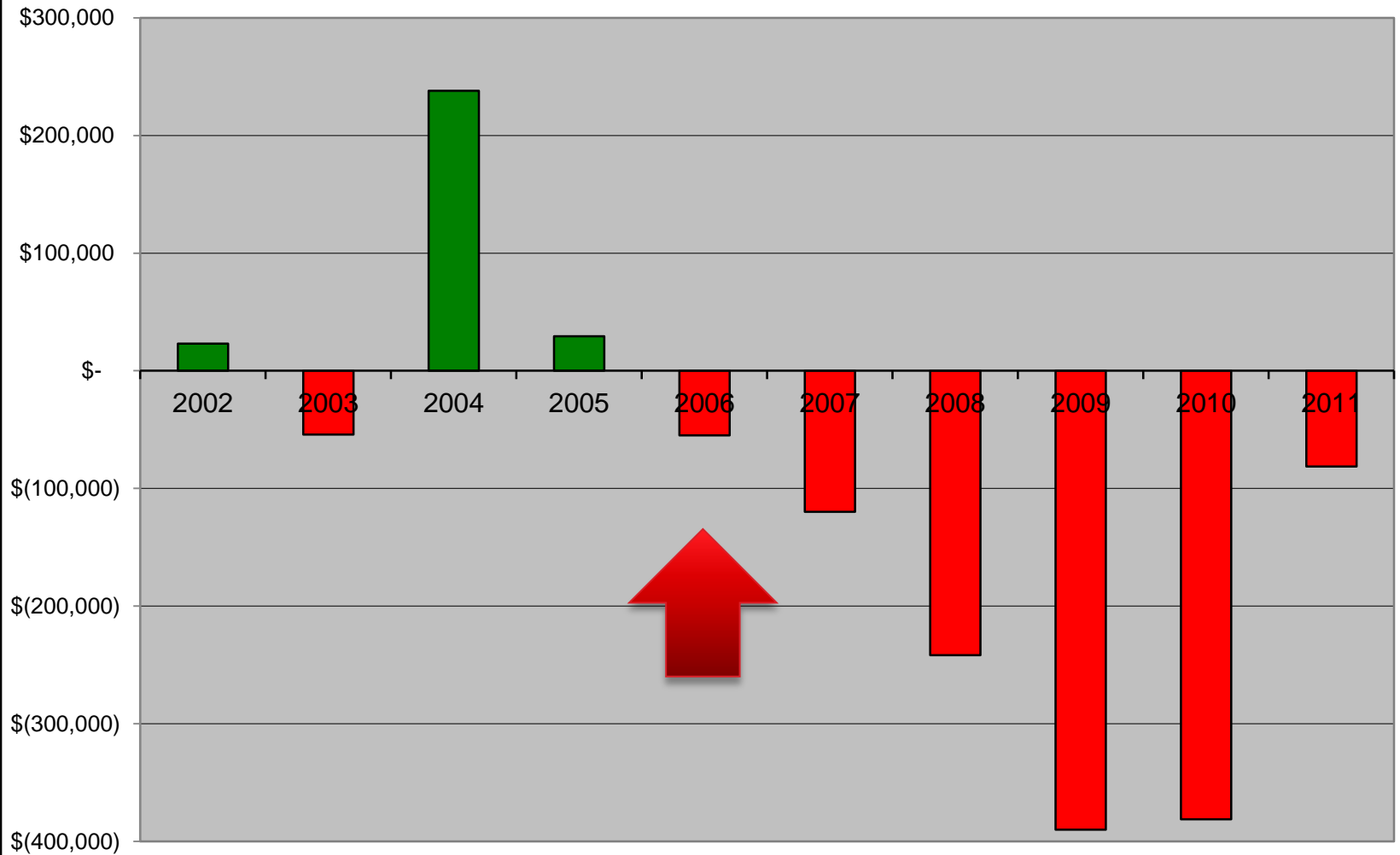
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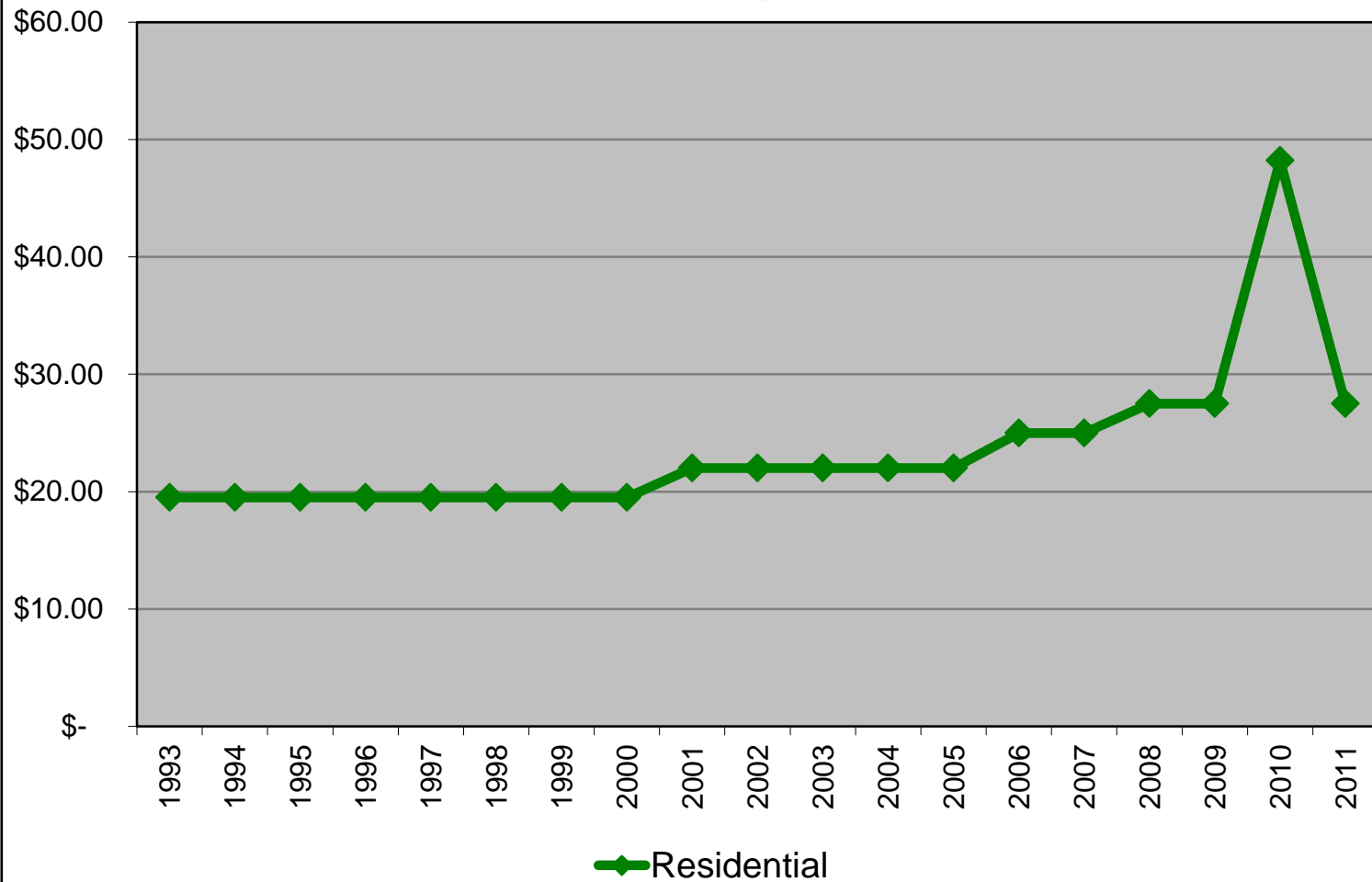
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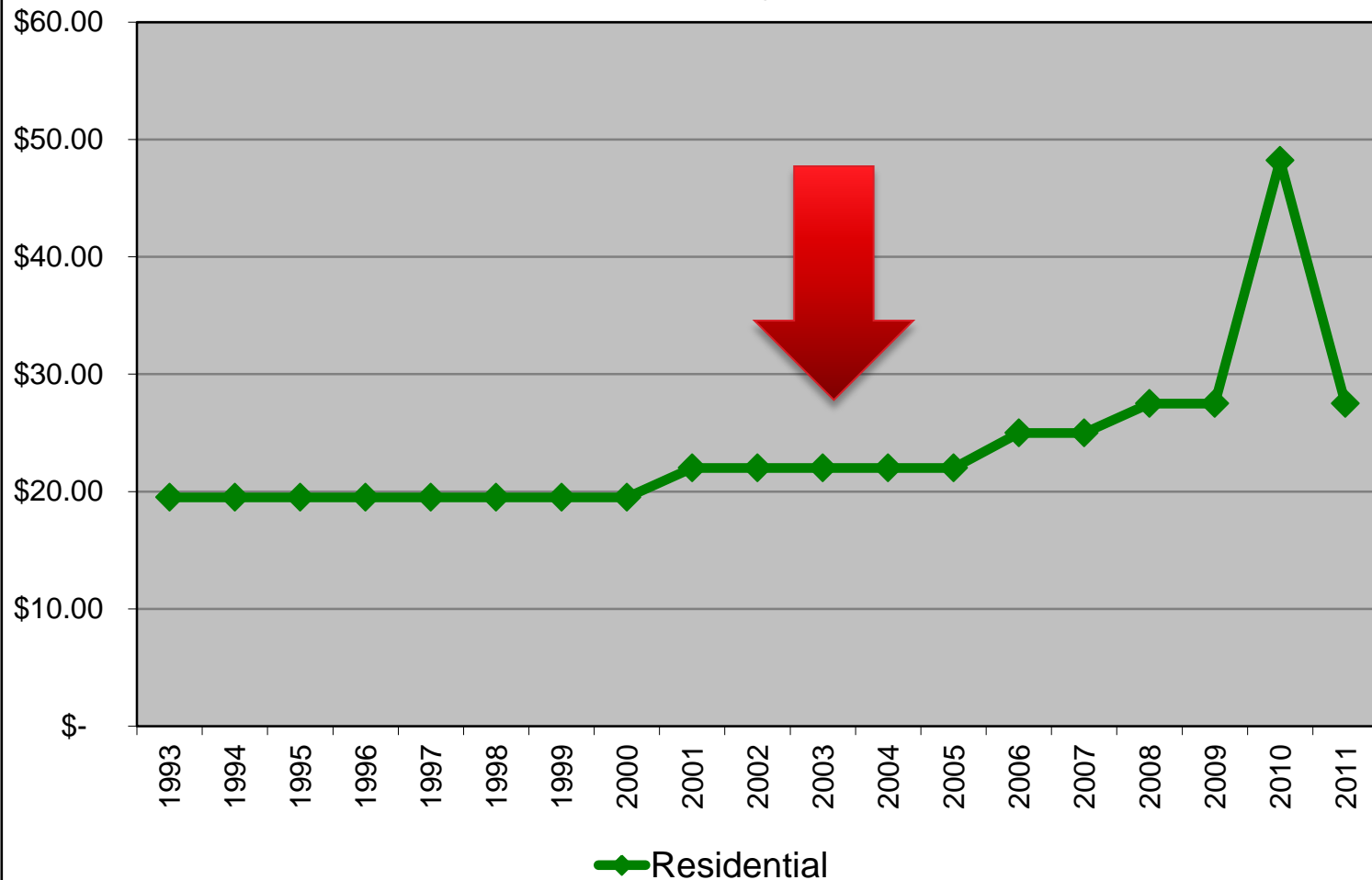
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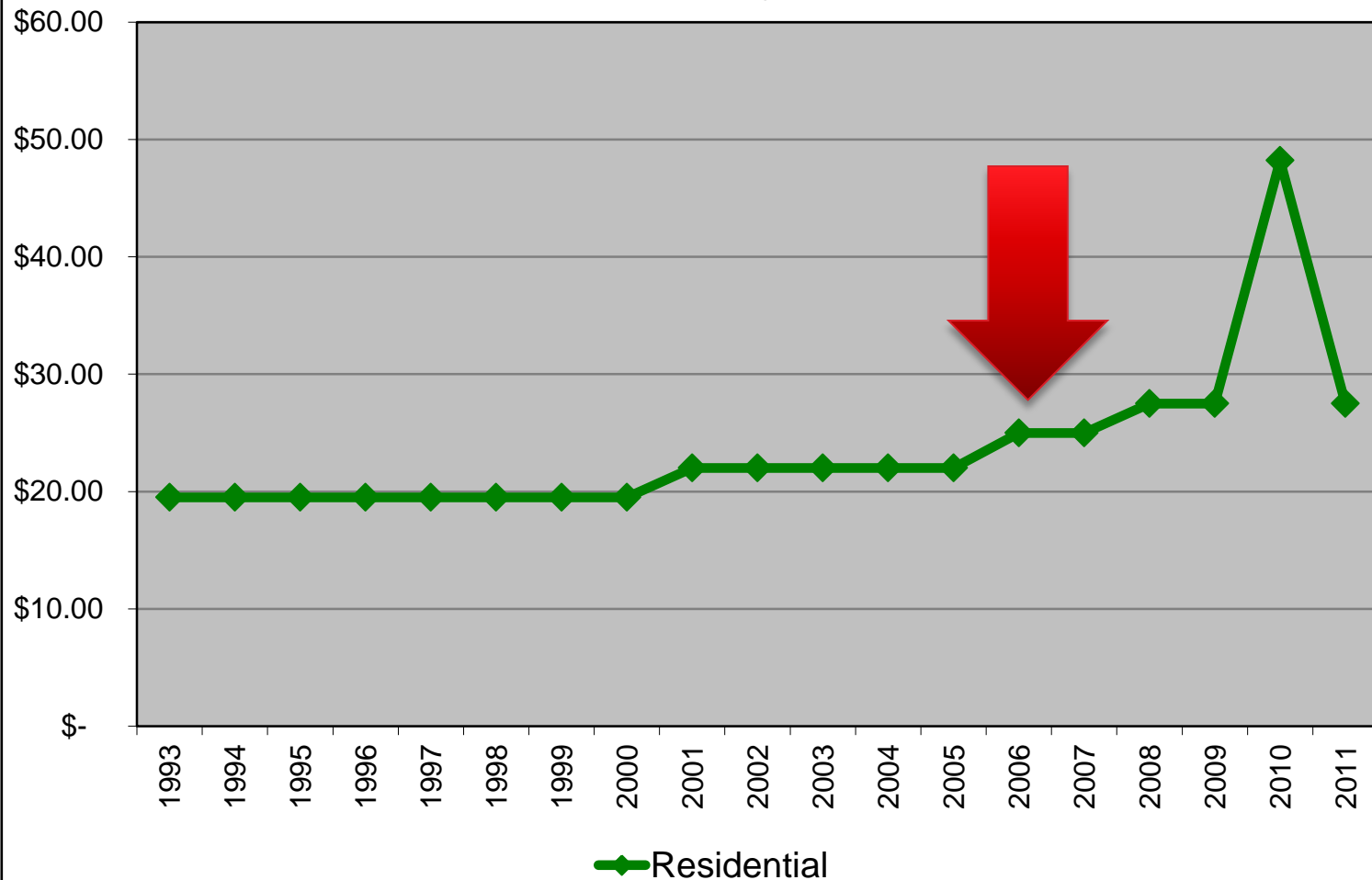
Foresthill Public Utility District Water Rates History 1993 - 2011



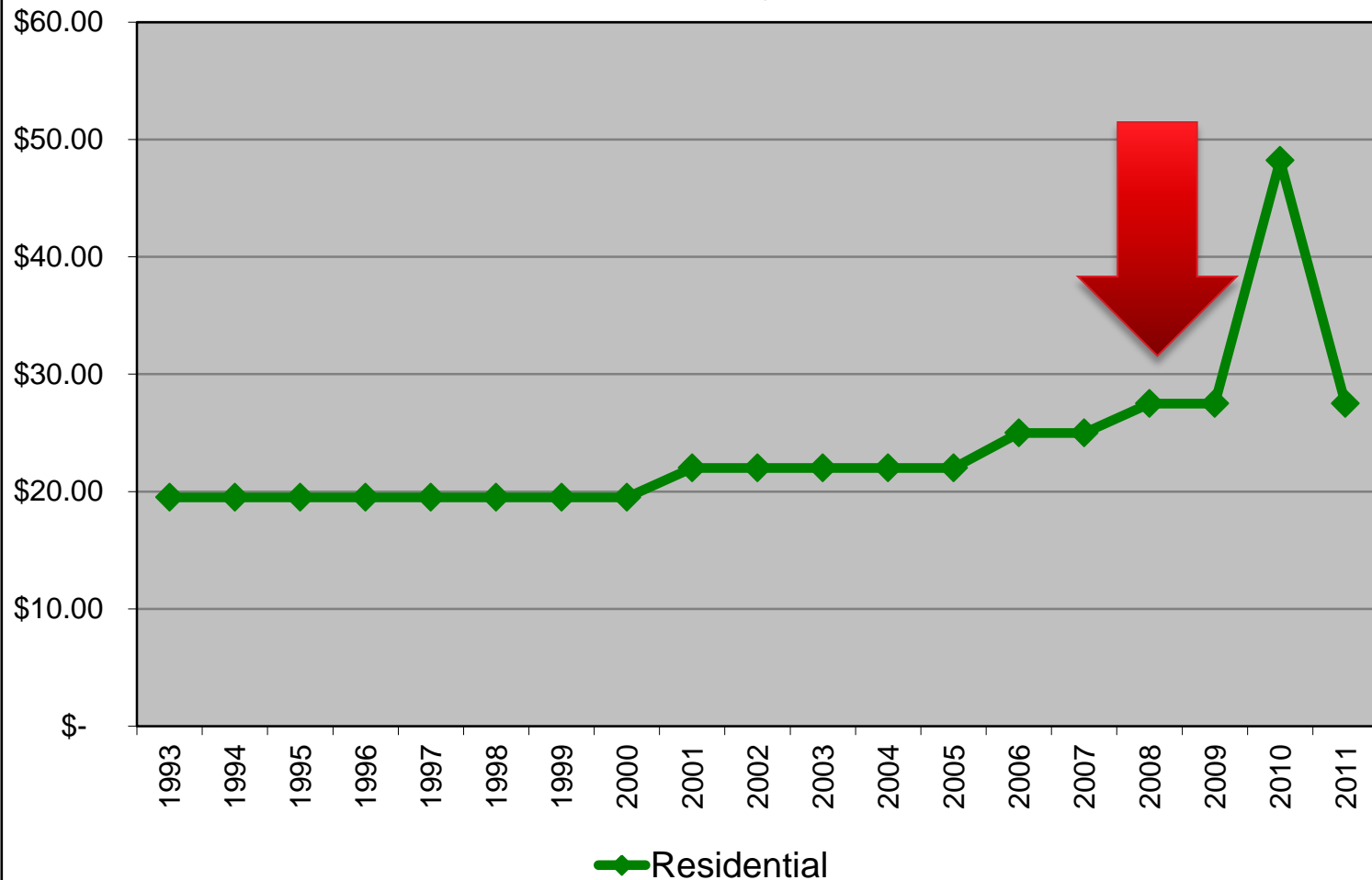
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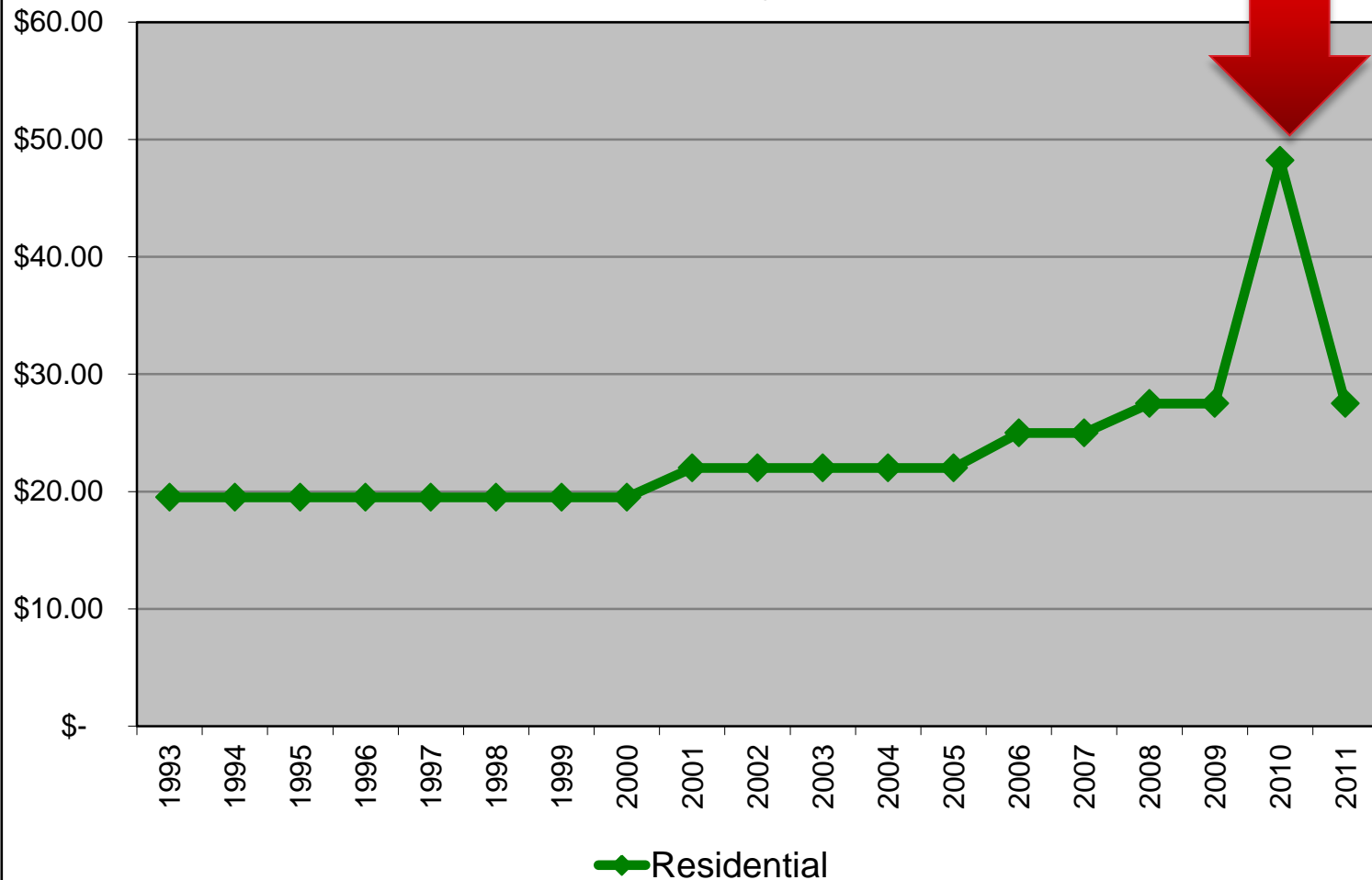
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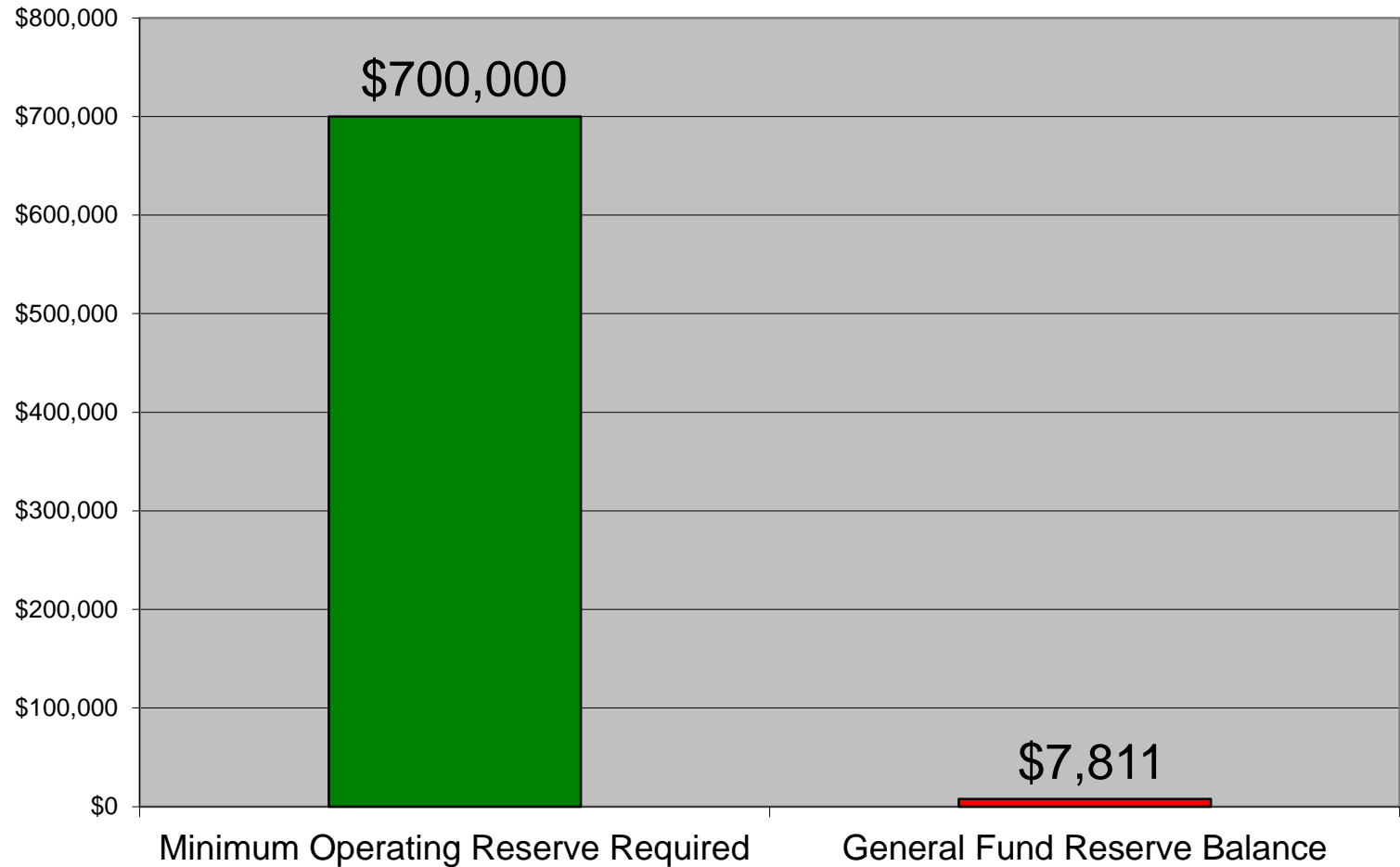
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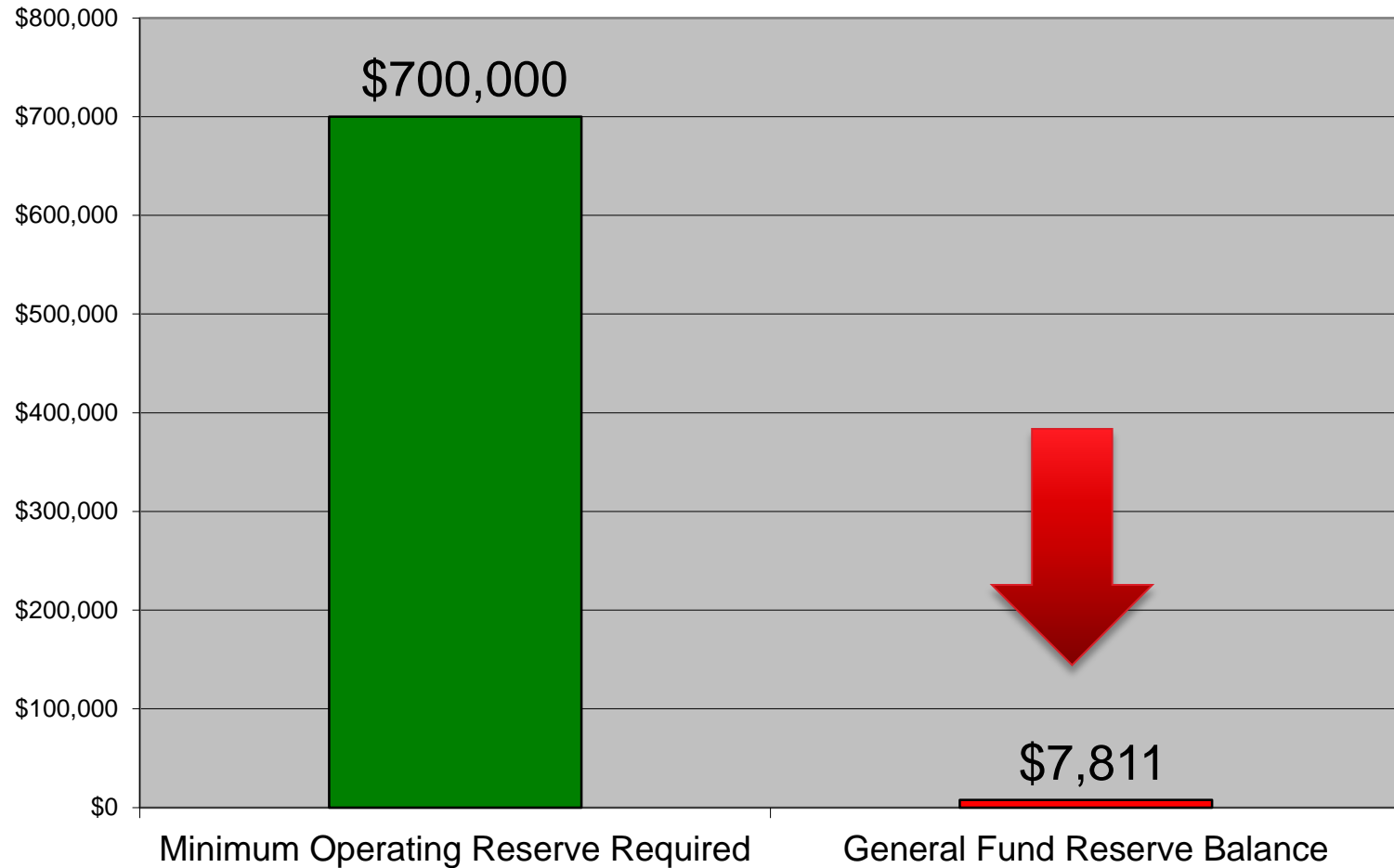
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**Foresthill Public Utility District
Reserve Fund
November 30, 2011**



**Foresthill Public Utility District
Reserve Fund
November 30, 2011**



Current Concerns

- ▶ Lack of funding to operate
- ▶ Cost of service is not being met
- ▶ Not able to pay bills
- ▶ No reserve funds
- ▶ Lack of staffing to provide service
- ▶ Unable to maintain system properly
- ▶ Unable to comply with regulatory requirements
- ▶ Deferred maintenance can't be held off
- ▶ Things are just not getting done



Future Concerns

- ▶ Inadequate funding for operations
- ▶ No money for repairs or replacement
- ▶ Maintenance that has been deferred for decades is coming due
- ▶ No ability to get bonds



How Does FPUD Survive?

- ▶ Eliminate Measure B
- ▶ Increase water rates to cover the real cost of providing water to the community
- ▶ Collect funds to begin repairing and replacing the aging system



Questions?

