

Water Fees, Rates, & Billing

What Your Water Bill Pays For

Enterprise Fund Imbalance

Enterprise funds are used for utilities such as water so that municipalities can measure performance, analyze the impacts of financial decisions, and determine cost of service. As such, cities generally try to achieve a balance between revenues and expenditures. This is why water rates generally rise as costs go up over time. For the 18+ years leading up to 2011, however, water rates in San Juan Bautista were not raised to keep up with rising costs. This resulted in an imbalance, or deficit, in the enterprise fund that was covered by borrowing funds from the general fund. By the time rates were adjusted to cover costs, the accumulated debt of the enterprise fund to the general fund was **~\$1,895,844**, which the state auditor recommends the city pay back with interest (to avoid complications with Proposition 218 requirements).

An **enterprise fund** establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services.

Annual Enterprise Fund Debt Service: \$81,104

The repayment of this debt, which will be done over the next **29** years, is a component of your water service charge.

2006 Infrastructure Improvement Loan

The other large debt service component of the Water Service Charge is the debt service on the \$11,200,000 loan that the city took out in 2006 to complete a large number of infrastructure projects. For more information, please see the Water Delivery/Infrastructure handout. This loan was refinanced at **3.2%** in 2015 (to avoid an interest rate that was set to rise up to 6.5%) with a small addition to fund the completion of the water softening pellet plant, leaving a balance of **~\$10,500,000**. The city will be paying off that debt over the next 29 years.

Debt Service is the amount of money required to make payments on the principal and interest on outstanding loans, the interest on bonds, or the principal of maturing bonds.

Annual Infrastructure Loan Debt Service: ~\$575,000

Capital Improvement Funds

Capital improvements are the changes and improvements made to the water system in order to keep a safe and reliable supply of drinking water flowing to your house and safely and efficiently disposing of the wastewater that flows away from your house. These improvements are forever ongoing as emergencies occur (eg - main breaks, tree root interference, and seismic activity) and as different parts of the water system simply reach the ends of their useful life.

A **capital improvement** is the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increases its useful life, or adapts it to a new use.

Fixed Costs

Fixed costs include the materials and manpower that are required to keep our water system running. These include: employee salaries (eg- public works), operations (Bracewell Engineering), and operations contract services (materials).

Bottom line: 54% of your water service charge and 40% of your sewer rates go towards debt service. This is the main reason our water bills are higher than those in surrounding areas.

San Juan Bautista Water Forum
January 14th, 2017

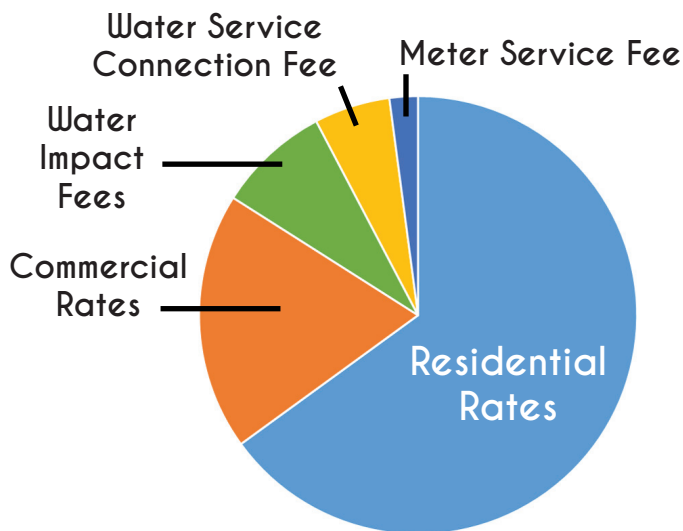


Water Cost Graphics

Total Enterprise Revenue*

\$1,647,160

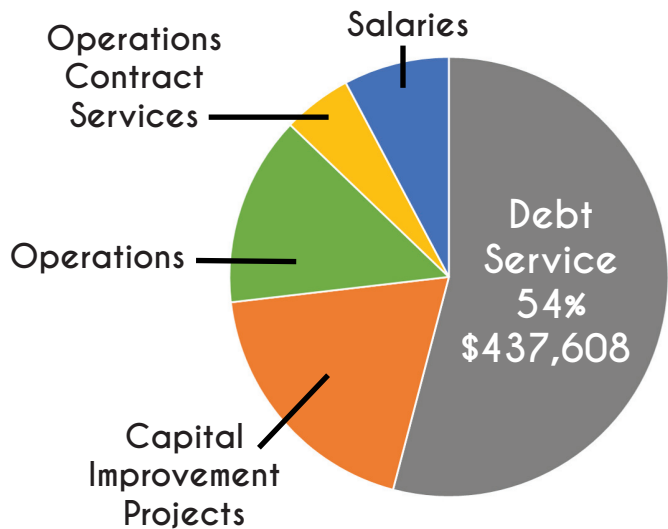
Water Revenue



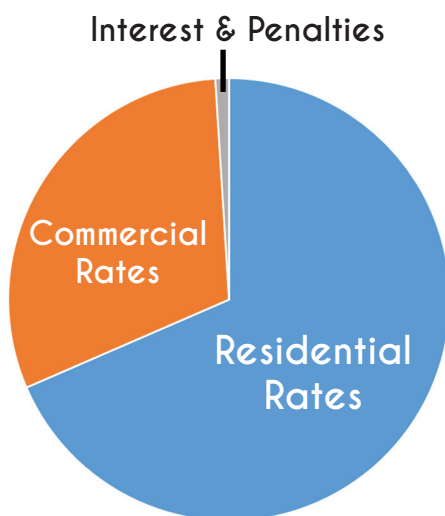
Total Enterprise Expenditures*

\$1,559,860

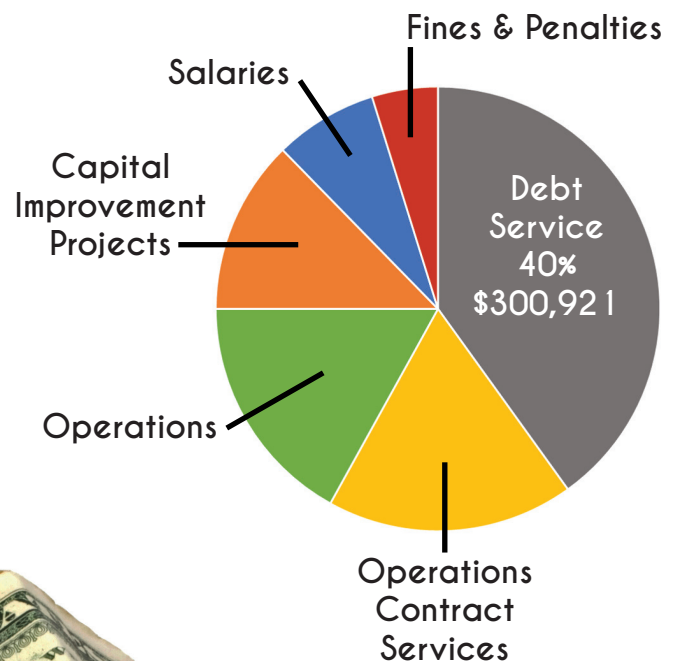
Water Expenditures



Sewer Revenue



Sewer Expenditures



*Revenue and expenditure estimates taken from the 2016/2017 budget