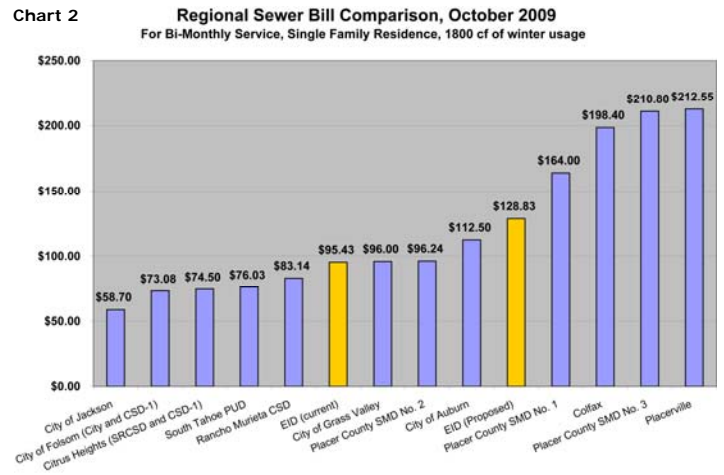
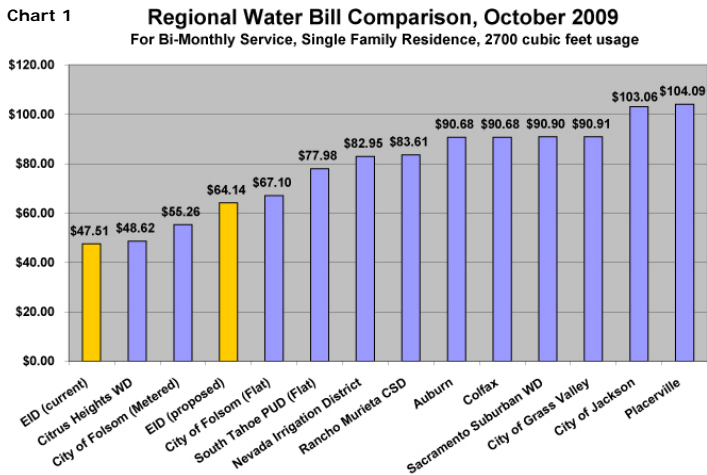


## How do EID rates compare with other water utilities?

Chart 1 compares EID rates with other water utilities for customers using a medium amount of water. Chart 2 compares EID rates for average residential wastewater services with other wastewater agencies. The EID columns show current rates and the proposed rates for 2010. Amounts for the other utilities reflect rates in place as of October 2009. The calculations in the charts include the base charge plus the commodity charge for the water used. [Source: Bartle Wells Associates, Inc.]



### Where your money goes: Keeping water quality high and service reliable

#### Major capital improvement projects over the past decade

##### Water Delivery, Reliability, and Storage

|  |                               |
|--|-------------------------------|
| Line and cover reservoir program                       | \$29,460,164                  |
| Pleasant Oak Main replacement                          | \$21,598,604                  |
| Sly Park water system                                  | \$1,991,675                   |
| Oakridge water storage tanks                           | \$4,709,095                   |
| Silva Valley Pkwy water main                           | \$8,512,970                   |
| Bass Lake Tanks / Waterlines                           | \$7,624,754                   |
| Promontory Tank / Waterlines                           | \$3,910,962                   |
| EDHWTP improvements                                    | \$8,857,447                   |
| Canal and flume upgrades                               | \$6,069,295                   |
| Flume 31 / 31A replacement                             | \$4,752,922                   |
| Flume 51 Replacement                                   | \$3,274,056                   |
| Landslide at Flumes 6 and 7                            | \$1,270,008                   |
| Flume 49 / 50 replacement                              | \$5,841,949                   |
| Echo conduit and tunnel replacement                    | \$1,715,194                   |
| Hazel Creek downstream channel restoration             | \$1,117,541                   |
| Silver Lake dam remediation                            | \$1,028,084                   |
| Emergency landslide stabilization (canal/flume system) | \$3,633,440                   |
| Caples Lake main dam outlet remediation                | \$2,209,203                   |
| Kyburz diversion dam upgrades                          | \$1,038,227                   |
| Water rights for 17,000 acre-feet                      | \$2,815,657                   |
| SMUD/EI Dorado agreement for water rights              | \$1,638,857                   |
|  | <b>Subtotal \$123,070,104</b> |

##### Wastewater Collections, Treatment, and Storage

|   |                               |
|---|-------------------------------|
| Mother Lode force main replacement          | \$4,410,690                   |
| New York Creek lift station upgrade         | \$2,040,659                   |
| Deer Creek WWTP regulatory compliance       | \$25,498,692                  |
| Silva Valley sewer line replacement         | \$2,986,703                   |
| EI Dorado Hills WWTP Ph III improvements    | \$61,502,380                  |
| Rancho Ponderosa wastewater treatment plant | \$3,766,252                   |
|   | <b>Subtotal \$100,205,376</b> |

##### Recycled Water Delivery and Reliability

|                                     |                             |
|-------------------------------------|-----------------------------|
| Bass Lake recycled pump station     | \$1,347,720                 |
| Seasonal storage for recycled water | \$1,287,610                 |
|                                     | <b>Subtotal \$2,635,330</b> |

##### Energy Generation

|                                       |                             |
|---------------------------------------|-----------------------------|
| Solar photovoltaic project at EDHWWTP | \$3,099,620                 |
|                                       | <b>Subtotal \$3,099,620</b> |

##### Public and Workplace Health and Safety

|                                |                             |
|--------------------------------|-----------------------------|
| Headquarters facility Phase II | \$8,194,993                 |
|                                | <b>Subtotal \$8,194,993</b> |

##### Economic Efficiencies

|                                |                             |
|--------------------------------|-----------------------------|
| Automated meter reading system | \$1,394,415                 |
| Computer systems               | \$1,910,742                 |
|                                | <b>Subtotal \$3,305,157</b> |
|                                | <b>Total \$240,510,580</b>  |

# El Dorado Irrigation District Proposed Rate Increase — Key Issues

January 2010



Securing water rights



Providing high-quality water



Rebuilding the water conveyance system



Revitalizing the wastewater collection system



Generating energy and revenue

Below is a summary of major issues related to EID's proposed rate increase of 35% for water, wastewater, and recycled water services in 2010, 15% in 2011, and 5% in each of 2012, 2013, and 2014. The total accumulated increase is 80% over the next five years. The average water bill in 2010 will increase by \$8.31 per month. And, the average wastewater bill will be increased in 2010 by \$20.07. We encourage customers to read their Proposition 218 notice for more information.

## Why a rate increase?

- Revised revenue projections for 2009 and 2010 are significantly lower than those adopted in December 2008.
  - Income from facility capacity charges (FCCs, or hook-up fees for new development) is down over 95%, far more than anticipated. In the past, these fees helped to hold down rates for existing customers.
- We finance capital improvement and replacement projects through the sale of bonds. Under our bond covenants, our net revenues must be 25% more than our debt service costs (interest and principal payments).
- We sold \$130 million in bonds in 2009 to replace infrastructure with a promise to our bond holders that we maintain adequate reserves to maintain debt service coverage.
- The 2009 bond sale anticipated cumulative rate increases of 25%, with FCCs at \$14 million. Instead, 2009 fees were \$1 million.
- Our current revenue projections show that we will not meet our bond covenant obligations, nor the full debt payment—even though we've cut our budget significantly—without the proposed rate increase.

## What has the district done to hold down expenses?

Over the past two years, EID cut budgeted expenses by \$8 million. The 2010 budget is lower than any district budget since 2006. Here's what we did.

- Refinanced \$110 million in bonds in early 2008; the result was much lower interest rates and debt payments than likely would have been the case if we had done nothing.
- Downsized management in 2008, saving \$1.1 million in 2009 and \$1.4 million annually beginning in 2010.
- Achieved another \$5 million in savings at the end of 2008 through the unfortunate layoff of 31 employees, the elimination of then-vacant positions plus additional vacancies due to retirements, and cuts in materials and services line items. In all, the district has cut nearly 20 percent of its workforce from early 2008 levels.
- Deferred \$95 million of capital improvement projects to conserve cash and reduce future borrowing.
- Cut operating costs by \$1 million again in the fall of 2009, with the emphasis on outside service contracts and materials line items.

Also to keep costs down, the district has applied for and received grants worth \$27 million since 2003 to help finance water reliability projects (\$17.2 million), improvements to recreation facilities (\$5.7 million), water conservation programs (\$1.1 million), and alternative energy projects (\$3 million), which reduce EID energy bills all year long.

**The other side of this information sheet compares EID's rates with other water and wastewater agencies in the region and lists examples of what you get for your money.**