



TRIUNFO SANITATION DISTRICT

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April 25, 2016

Board of Directors
Triunfo Sanitation District
Ventura County, California

COST RECOVERY UPDATE FOR AUTOMATED METER READ PROGRAM

Summary

At the March 28, 2014, Board Meeting, your Board approved a loan with Banc of America for \$2,535,000 to fund the automated meter reading system project. It was estimated that 12% of potable water was not being billed due to water meter inaccuracies. Staff determined that with the installation of new automated meters those losses could be significantly reduced to around 5%, and a potential annual revenue increase of \$250,000. Based on District records for the 8 months since the meters became operational, calculated losses are at approximately 5%. There remains some additional investigative work to reduce the loss further.

Projecting potential revenue gains from the 7% reduction in system-wide losses, staff used the FY16 budgeted potable water purchase of 1,925 AF as the baseline. For a 7% increase in billable water usage, at the average rate between Tier 1 and Tier 2 of \$4.89/unit, the 58,728 units carries a retail value of \$287,180. The actual revenue increase is expected to be higher since the Tier 1 rate is only for the first 6 units and a weighted average would show value in excess of \$300,000. This additional revenue could be used to service the loan from BofA over the projected 15-year repayment plan and compares well to the AMI project annual payment of \$210,000.

If you have any questions or need additional information, please contact me at 805-658-4621 or email marknorris@vrsd.com.

Fiscal Impact

The cost recovery to offset the servicing of the loan acquired to fund the automated meter project conservatively shows a potential increase in revenue of \$287,180 based on the budgeted water purchase of 1,925 AF for FY16.

Recommendation

It is recommended the Board accept this update on water loss recoveries using the automated meters and the financial impact.

REVIEWED AND APPROVED: _____
Mark Norris - General Manager