



Results of the 2010 North Carolina Water and Wastewater Financial Practices and Policies Survey

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INTRODUCTION

Between November 2010 and January 2011, the North Carolina League of Municipalities (NCLM) and the Environmental Finance Center (EFC) at the University of North Carolina’s School of Government (SOG) conducted a statewide survey of the financial practices and policies of North Carolina drinking water and wastewater utilities. All local government owned utilities and many not-for-profit utilities were invited to participate. These utilities serve the vast majority of residents who are connected to public water and/or wastewater systems. It was requested that the survey be completed by utility managers, finance directors and utility and town staff involved in setting rates and financial policies for the utilities due to their familiarity with the topics covered in this survey. Participants could either complete the survey online, with the ability to pass the online survey to their colleagues, or complete a paper questionnaire and mail or fax in their answers. The responses were then cleaned using logical queries and by replacing “Other” answers with alternative answer choices when it was evident and certain. The results of the survey are shown in this document.

The purpose of this survey was to identify trends and characteristics of water and wastewater utilities’ financial policy and administration in North Carolina. The questions in this survey include many commonly asked questions that utility personnel regularly ask their peers and technical assistance providers. This survey included questions – many of which have never been asked on surveys – on the following topics:

Current meter reading and billing practices.....	3
Current rates and fees practices.....	17
The process of reviewing rates and rate structures.....	30
Capital improvement planning.....	37
Various utility characteristic information.....	48

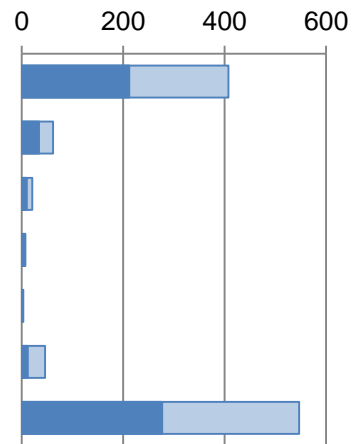
ACKNOWLEDGEMENTS

We would like to thank every utility and person that participated in this survey. We also would like to thank all of the individuals who pretested the survey and provided feedback. Thank you to Paul Caldwell for helping to administer this survey. The Department of Environment and Natural Resources’ Public Water Supply Section and the U.S. Environmental Protection Agency provided funding for this survey.

SURVEY RESPONSE RATE

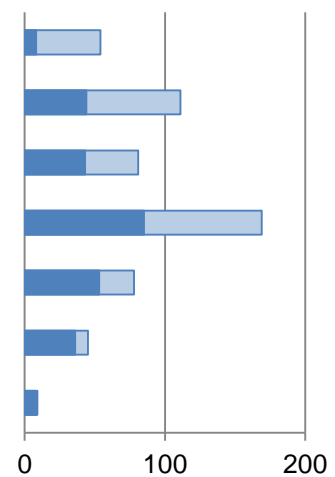
547 local government and not-for-profit drinking water and wastewater utilities were identified for this survey as the universe of local government and not-for-profit utilities in North Carolina. Emails and/or faxes inviting participation in this survey were sent to all but 17 utilities, for which no fax or email information was found (3% omission). 277 utilities (51%) participated in the survey – 21 of which did not fully complete the questionnaire but were included in the analysis wherever possible. A wide variety of utility types participated in the survey, with the lowest response rate coming from the not-for-profit utilities.

Utility Ownership	Invited	Participated	Response Rate
Municipality	408	212	52%
County/District	62	34	55%
Sanitary District	21	10	48%
Authority	7	7	100%
Metropolitan District	3	2	67%
Not-for-profit	46	12	26%
Total	547	277	51%



There was a greater response rate among the larger utilities. Nonetheless, several small systems participated in the survey. Participating utilities served a range of slightly fewer than 100 service connections to more than 242,000 connections.

Service Connections	Estimated Max. Service Population	Invited	Participated	Response Rate
15-200	500	54	8	15%
201-500	1,250	111	44	40%
501-1,000	2,500	81	43	53%
1,001-4,000	10,000	169	85	50%
4,001-10,000	25,000	78	53	68%
10,001-50,000	125,000	45	36	80%
>50,000	775,000	9	8	89%
Total		547	277	51%

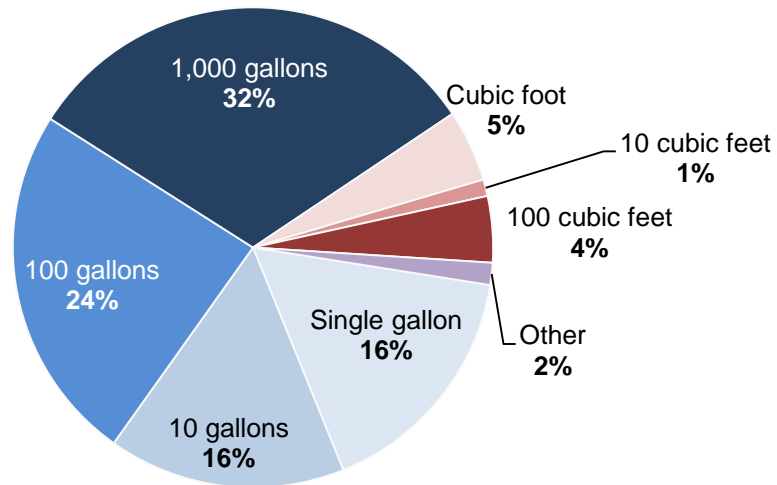


1 - 2) Questions to identify the utility.

CURRENT METER READING AND BILLING PRACTICES

3) At what level does your utility round measured consumption to calculate bills? Pick one.

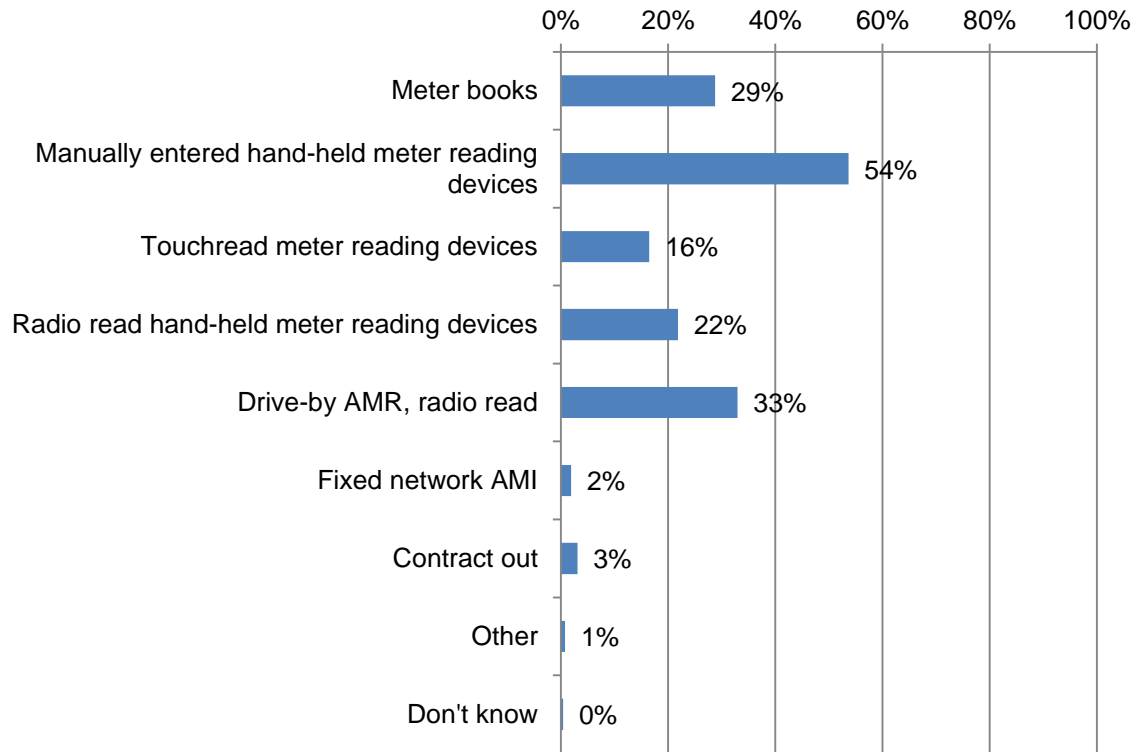
n = 269



Other: 1,500 gallons; 10, 100 and 1000; Rounding is currently used in all of these categories; Varies according to 9 different billing agencies (mostly to 10CF)

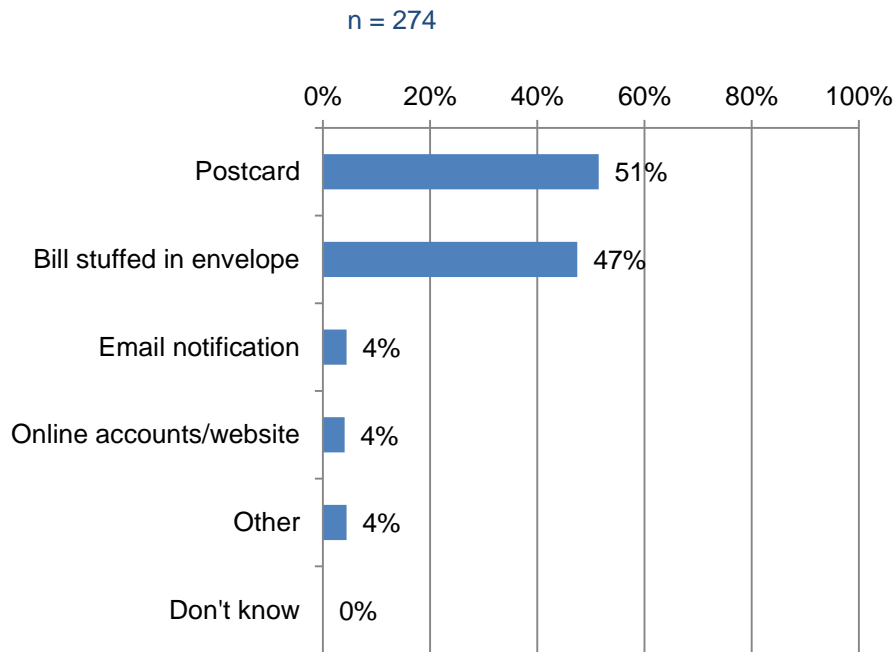
4) For water utilities, what method(s) of meter reading does your utility use? Select all that apply. If you do not work for a water utility, please skip this question.

n = 261 (excludes “not applicable”)



Other: Employees read meter

5) How does your utility send out bills? Select all that apply.



Other: Outsourced; Folded, sealed statements; Pressure Sealed Form; Varies according to 9 different billing agencies (most are bills stuffed in envelopes)

6) What billing and collection software, if any, does your utility use (indicate brand name)?

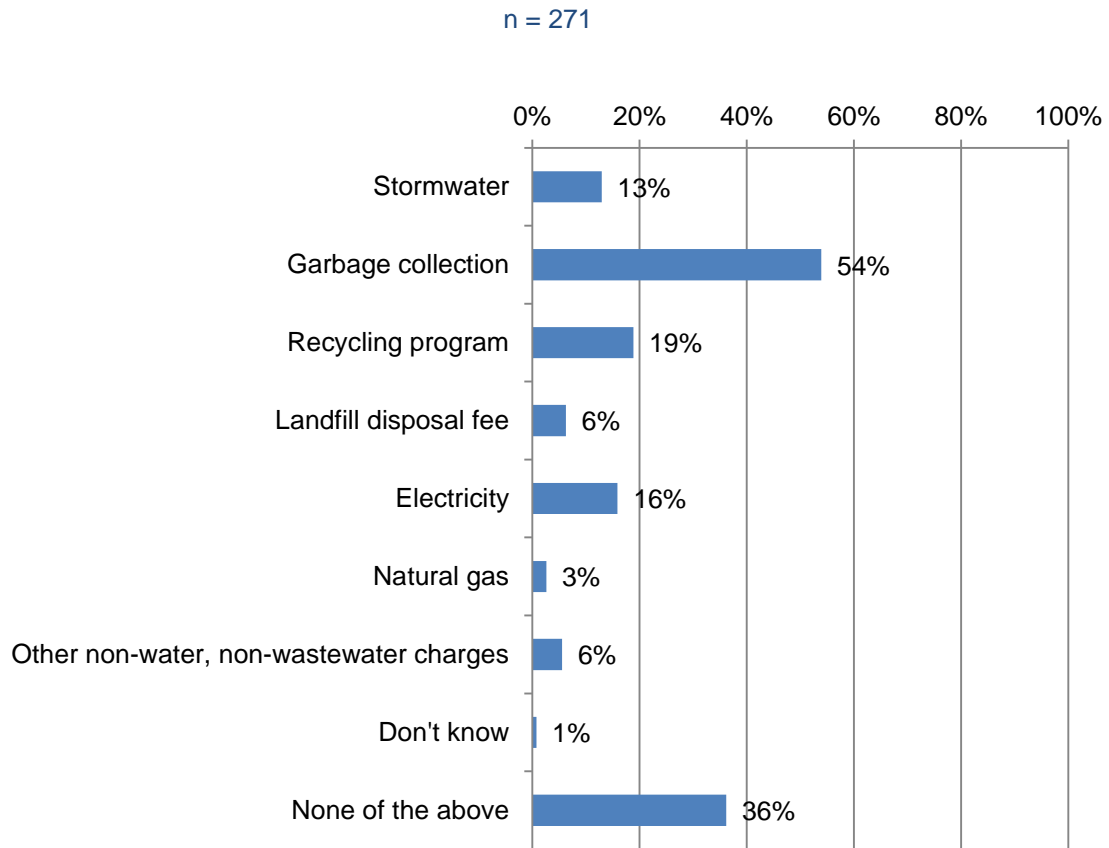
n = 252

Most common (>10% each): CSI (formerly called ICS); Citipak; Logics

Common (5-10% each): Southern Software; Munis; SunGard; Harris Computer Systems (FlexiBill/Northstar)

Others (alphabetical order): In-house software; ACS; Advantage; AS400; Cayenta; Cogsdale; Continental Utility Systems; Edmunds; GreenTree (now MasterMeter); HTE; Legacy; Microsoft GP; New World; Nicholson Business out of South Carolina; Oracle customer care & billing; Orcom's Enterprise Customer Information System (ECIS); Professional Computer Services; QS/1; Quick Books; R.T. software (utility billing); RVS; Sensus; Softwater; Specialized Data Systems; Springbrook Software; Systems & Software (Division of Harris) enQuesta; Total Billing; UBS; USTI; UT Application System by ICS in Greensboro; Ventyx; Water Solutions Professional Plus - Oak Bay Technologies

7) Which of the following services does your utility also bill for on the water/wastewater bill? Select all that apply.

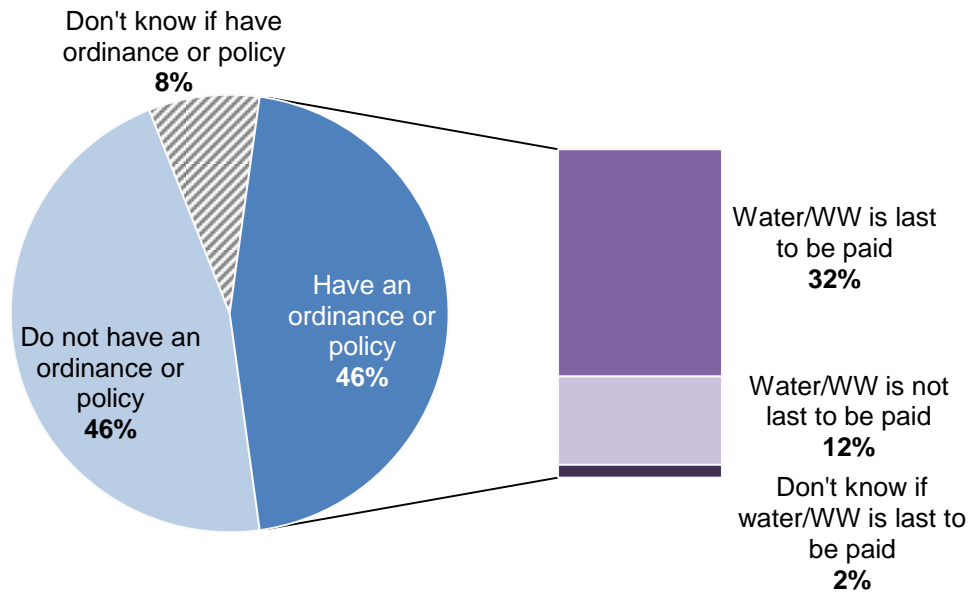


Other non-water, non-wastewater charges: Additional garbage cans; Annual Surcharge; Dog Licensing, Brush Violations; Fiber – Phone, Cable & Internet; Fire Inspection; Fire System, if applicable; Neighbor Helping Neighbor; Nine different billing agencies with different inclusions; Renewable energy costs; Re-use; RPZ testing charges, service fees; Security Lights; Storm Preparedness; TV cable; Yard waste

8a) **Only for utilities that include any non-water or non-wastewater charges to the bill:** Does your utility have an ordinance/policy specifying the order in which partial payments are to be applied among the various enterprise services covered by a single bill for those services? Yes/No/Don't Know

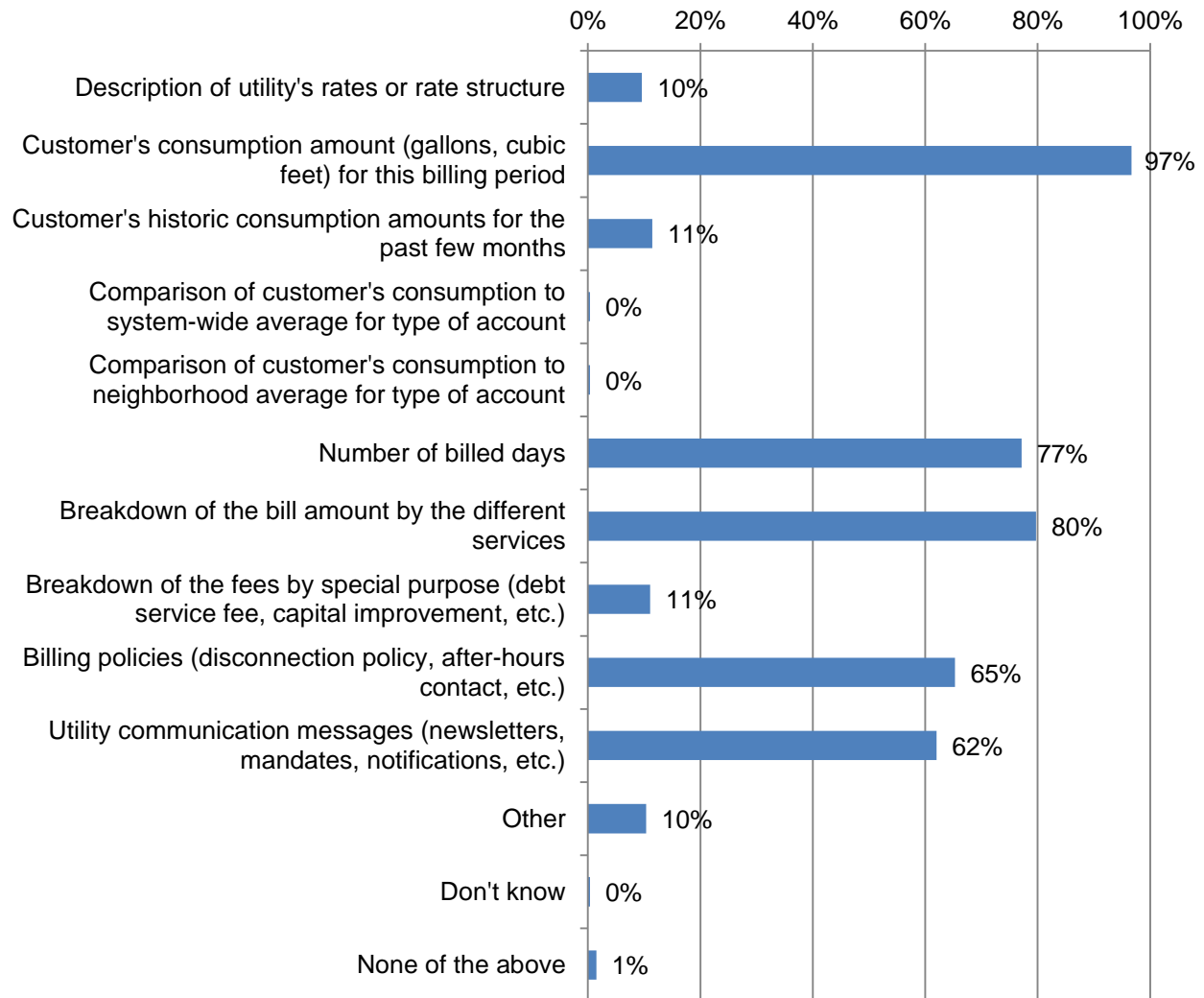
8b) **If yes:** Is drinking water/wastewater service the last to be paid (in other words, for partial payments of your bills, you could cut off water/wastewater services because the bill was not fully paid)? Yes/No/Don't Know.

n = 171 (excludes "not applicable")



9) Besides the total bill amount, what other information does your utility provide on the customer bill or in bill inserts? Select all that apply.

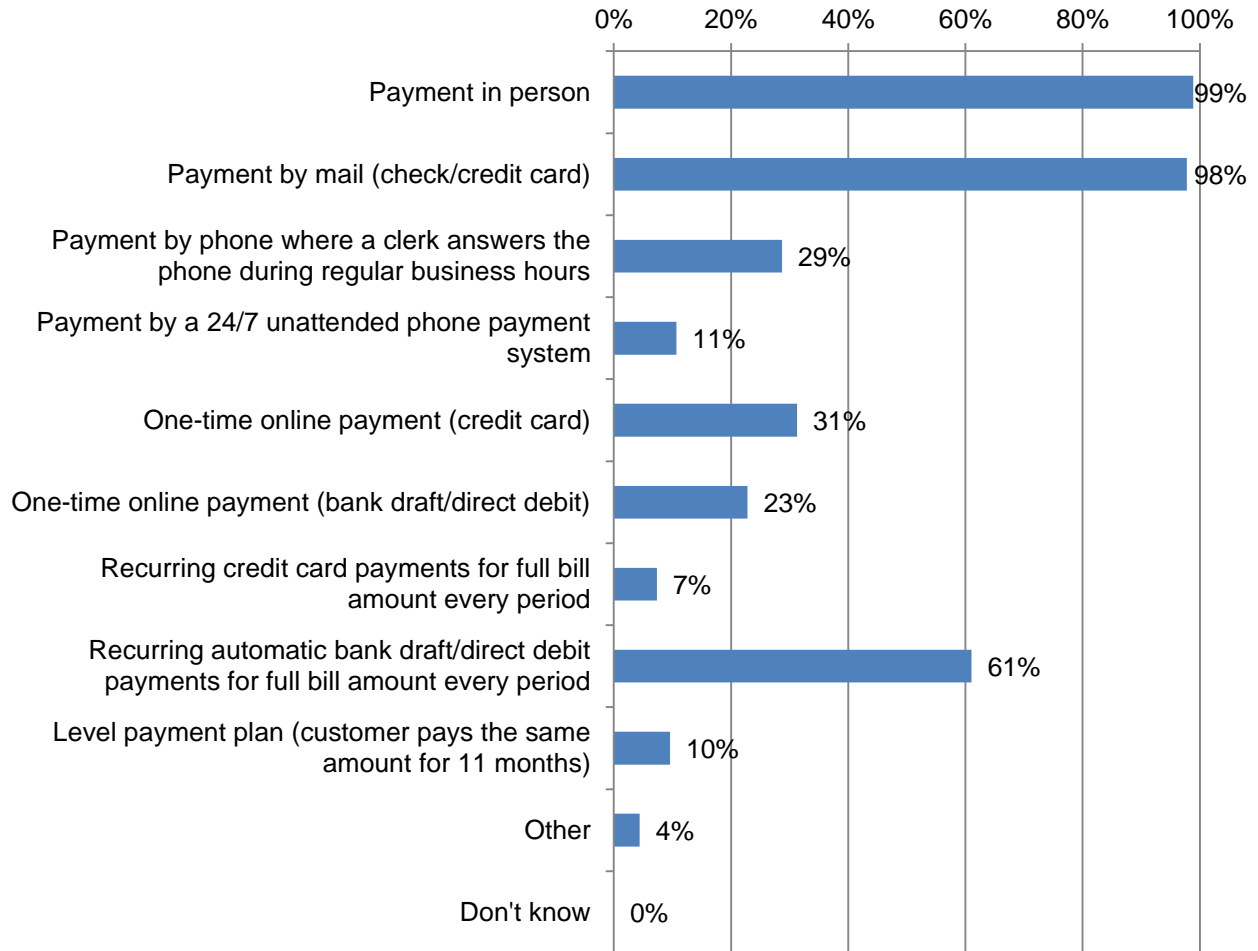
n = 271



Other: Past due amount; Payment options; Budget Workshop information, consumer confidence reports, and other timely information; Inserts advising customers of city events as applicable; Grease Goblin & F.O.G Brochures; Current conservation status; previous and current meter readings; Partial description of rate structure, but we do not break out the water tiers because of space; Billing Period, Meter Readings; Town Events; Billed by others; Local event dates; Acct. #, customer #, service period, meter readings, payment locations, method of payments accepted, return check fees, meter tampering notice.; BOD/TSS; Date range of usage period; Bank draft info, service charges; General Community Info; Holiday greetings, special meetings, etc.; Notification of potential leaks; Informational notes/flyers; Late fees, re-connection fees; Community Notes and Dates; CCR report, notices; The two questions about comparisons can be done on-line; Holiday closings; Short messages

10) Which of the following payment options does your utility use? Select all that apply.

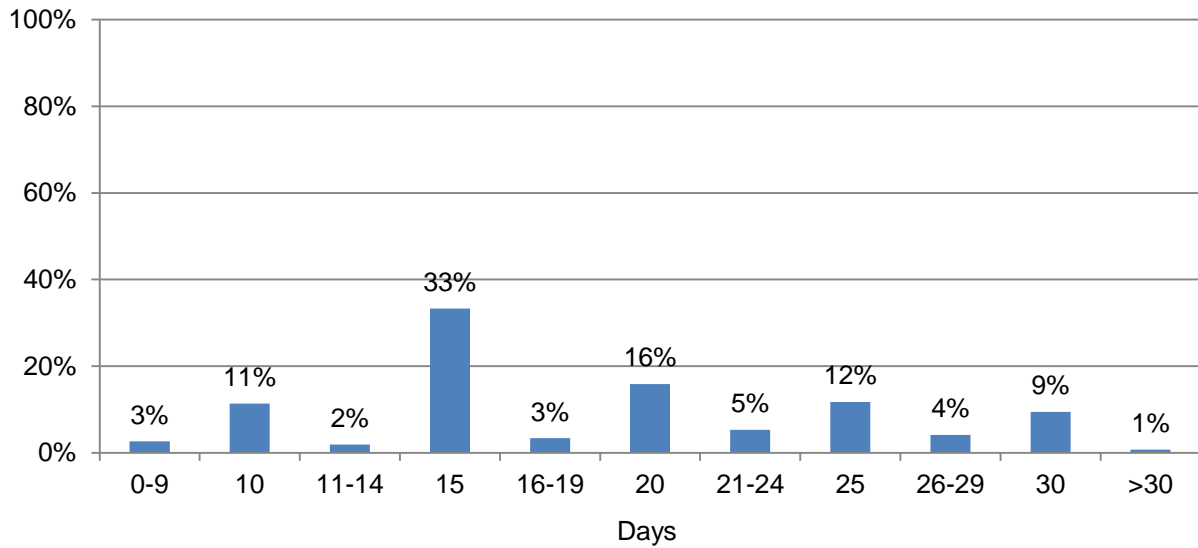
n = 272



Other: Drop box; Billed by others; Bank courier

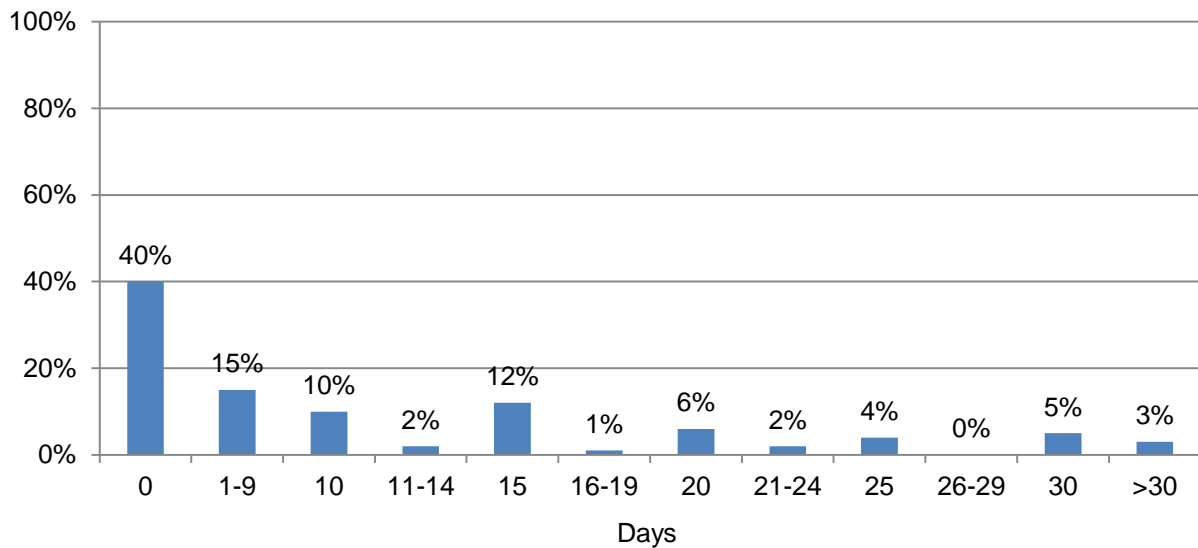
11) How many days is payment due after the bill date?

n = 264



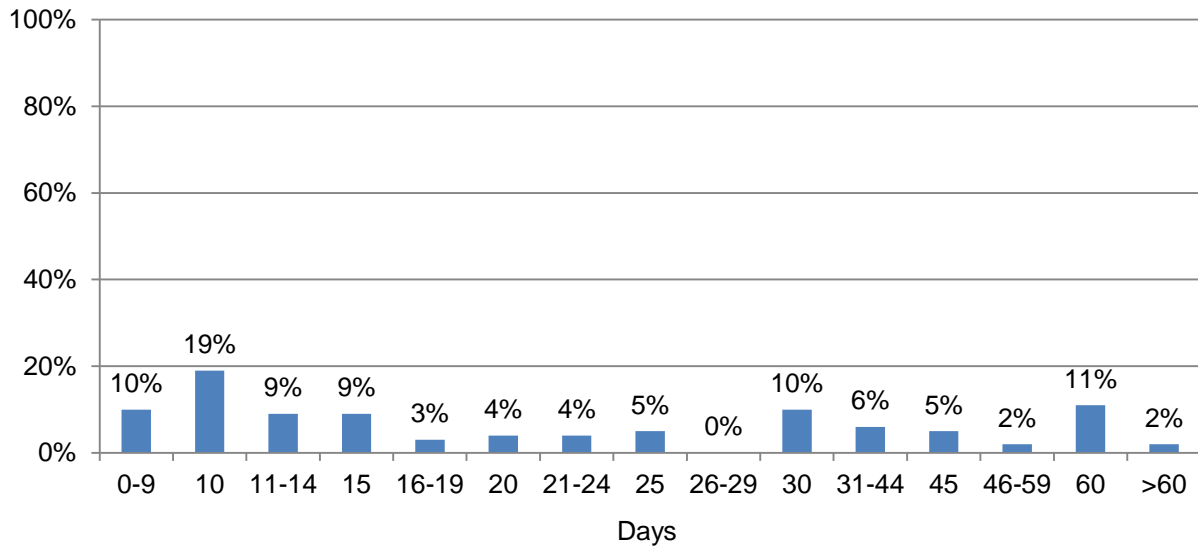
12) How many days after the payment due date do customers have to pay without penalty?

n = 257



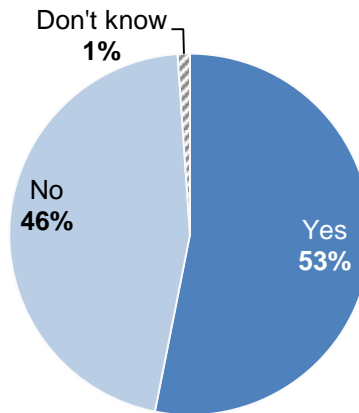
13) How many days after the payment due date does your utility cut off service due to non-payment?

n = 262

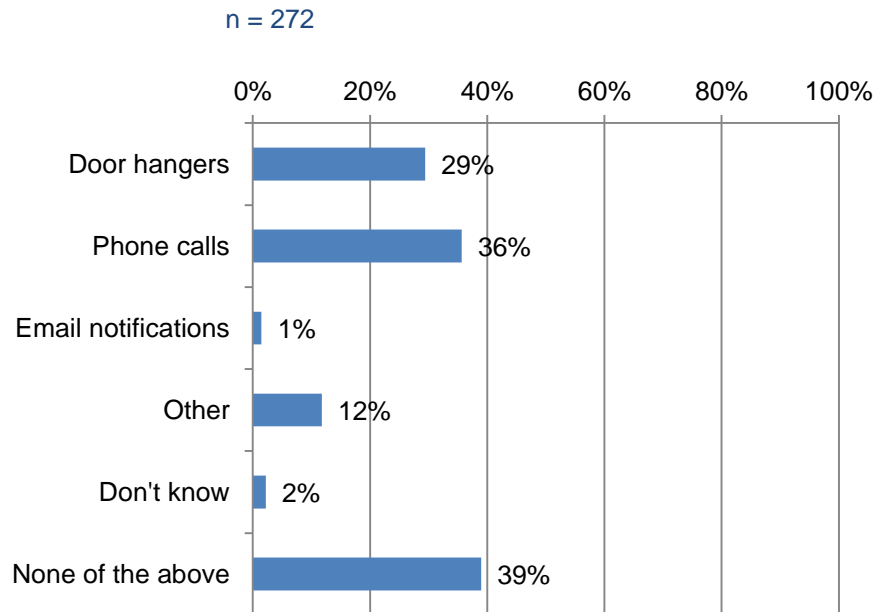


14) Does your utility send delinquent customers a second notice for the utility bill before cutting off their service? Pick one.

n = 273

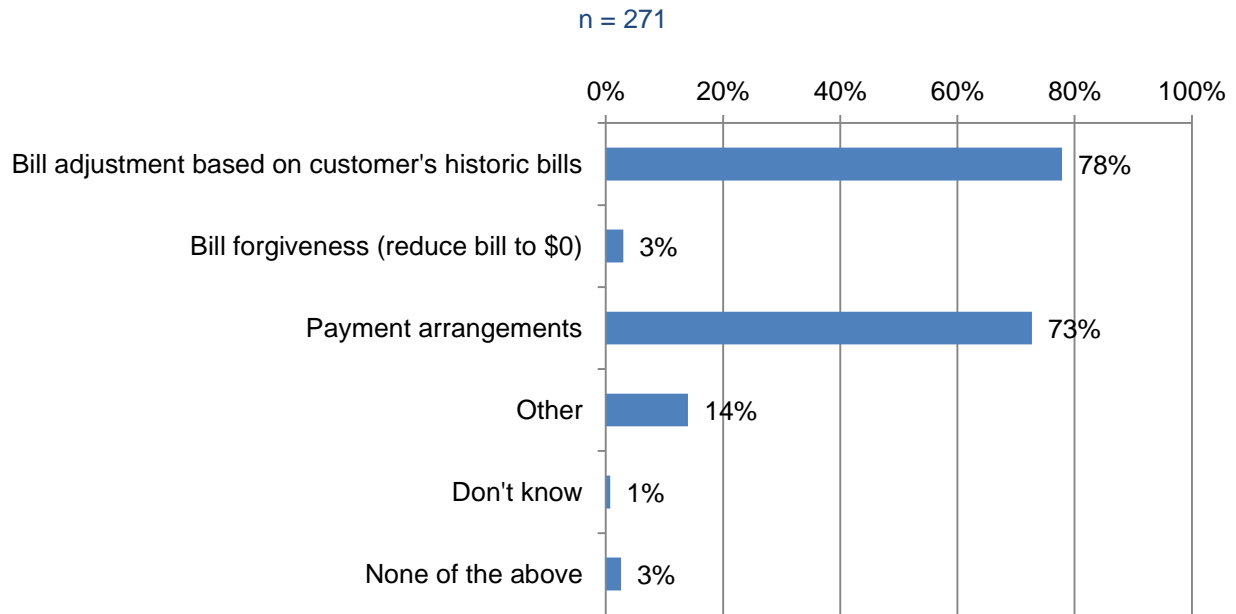


15) Does your utility use any other method to notify customers before cutting off their service? Select all that apply.



Other: Phone calls for first time offense only; Disconnection date shown on subsequent bill; Collection letter; Notify property management companies; Cutoff information shown on original bill; Door hangers only for accounts with good history; Door hangers only if emergency cut-off. Not for non-payment.; Hospitals, Large Commercial Customers and Multi-Family are notified by phone before cutting service off; In person (knocking on door); IVR; Letter; Personal contact by Town Manager; Phone & Door hangers until 5 late payments; Posted notice; Text messages; Varies amongst 9 billing agencies

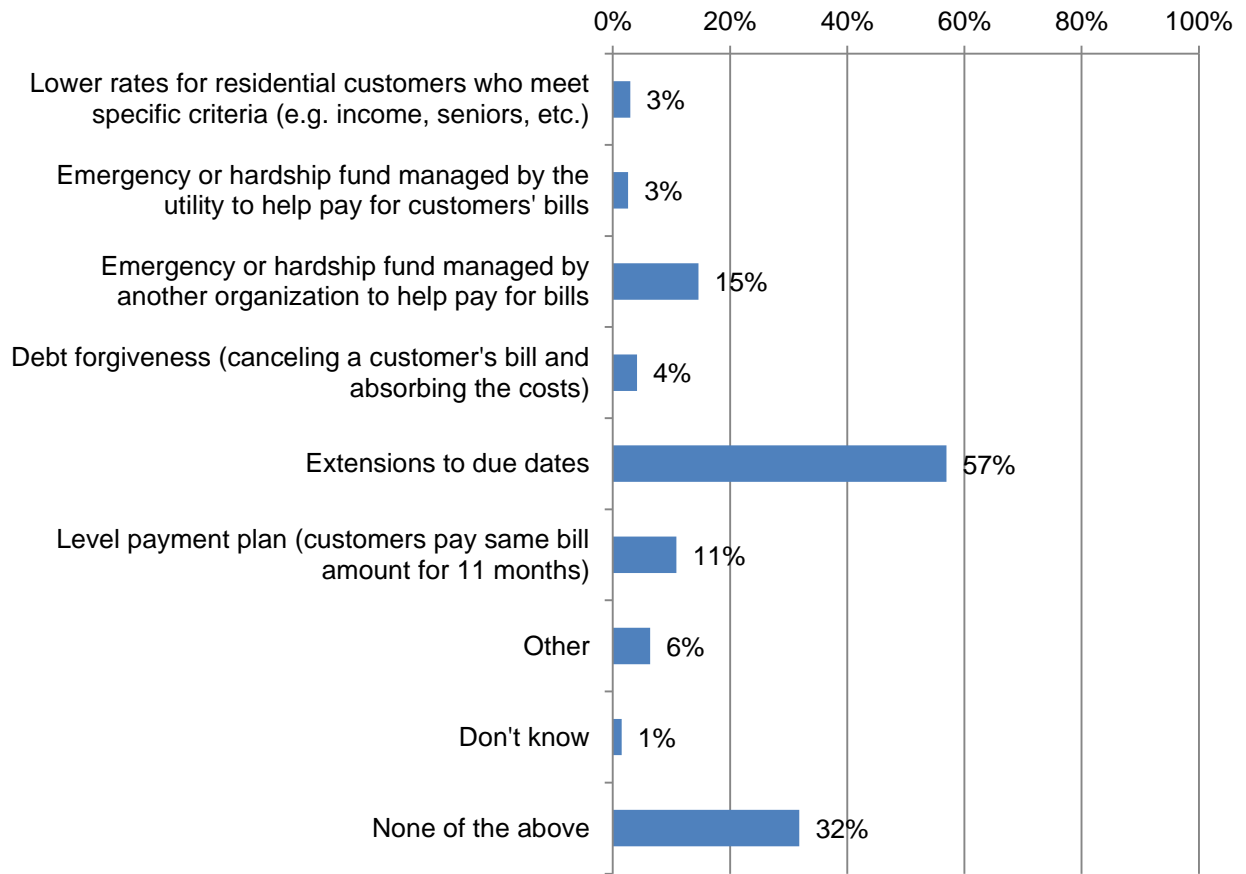
16) Which of the following services does your utility offer your customers due to unusually large bills (e.g. due to leaks, back charging for services that were not charged for months, etc.)? Select all that apply.



Other: 1 time 50% reduce; 1 time adjustment; 1 time every 2 years; 1 time Sewer credit and/or Pool fill up sewer credit; 1/2 consumption abatement for leaks; 2% Leak Credit; 30% courtesy adjustment for water/sewer & sewer adjustment to average usage if leak on ground.; 50% adjustment allowed for leaks once a year; Adjust by formula; Adjust for documented water leak; Adjust for leaks; Adjustment for leaks based on average units used over certain time period; Adjustment on sewer only if water leak; Adjustments in line with approved policy; Adjustments only on sewer if leak has been fixed. Also give 75% of average on sewer for swimming pool fill ups; Adjustment with copy of repair bill; Adjust sewer to historic average for non-fixture leaks; Bill adjustment based on historic bills for sewer only; Bill Adjustment based on Leak Adjustment Policy; Bill adjustment when repair is completed for leak; Case by case for the above; Deduct sewer back to normal amount; Forgiveness-reduction based on .065 per 1,000 gal used; Goodwill adjustment; One life time adjustment if 150% over average consumption; One time adjustment; One time per year leak adjustment; Our adjustment process still requires the customer to pay for 1/2 of the leak; Per our leak adjustment policy; Proof of leak repair required for bill adjustment; Put on hold, no late fee, no cut off; Re-read and notify customer; Recalculated bill on a lower rate; Sewer adjustments due to leaks; Sewer may be adjusted for leak (if water did not discharge into the sewer); Swimming pool adjustment, city adjustments; water leak policy; water leaks sewer adjustment if water does not go down drain

17) Does your utility have any of the following programs or services to assist customers with financial hardships? Select all that apply.

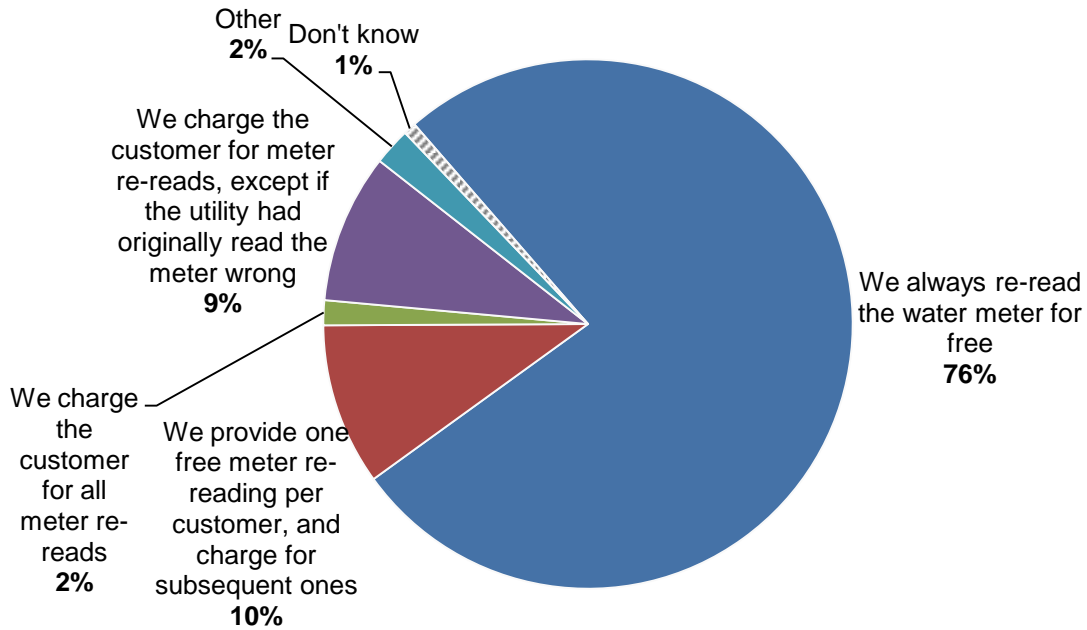
n = 273



Other: Payment arrangements for past due amount; Put on hold; Consideration of each case; Recommend agencies that help with utility bills; Electric load management discounts; Connection grants

18) If a customer asks you to re-read a water meter because they think there may have been an error in their bill, which of the following best describes what you charge the customer? Pick one.

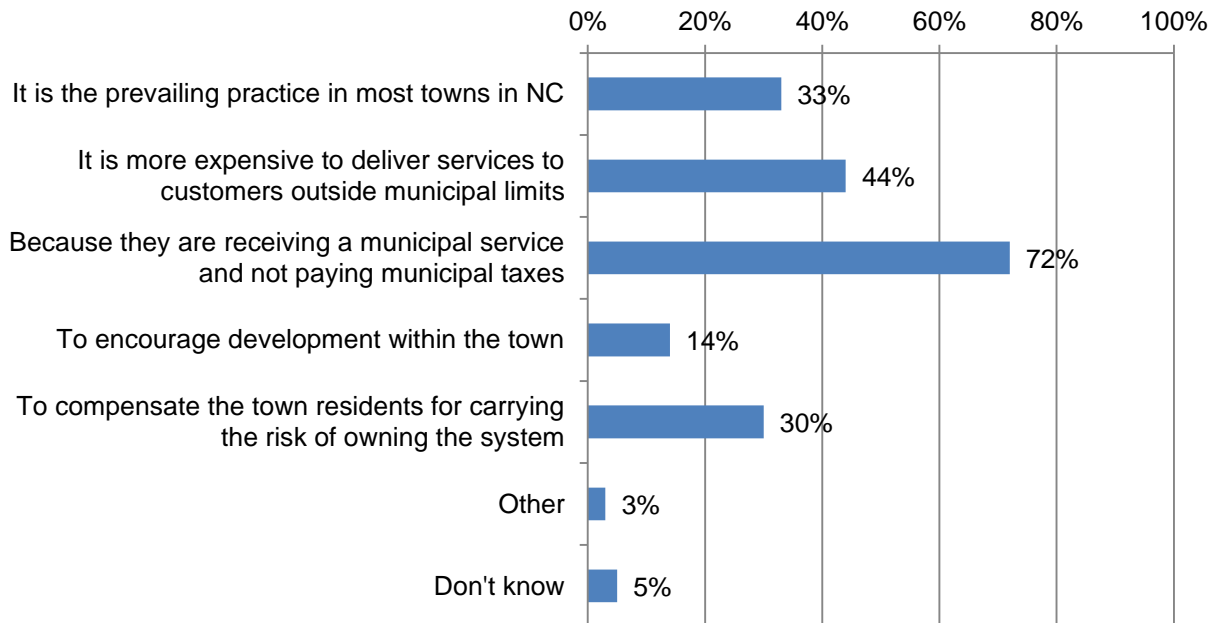
n = 263 (excluding "not applicable")



Other: Our \$150 Meter Fee charged at start of service covers all meter re-reads, and any repairs necessary to the meter; Policy is that customer receives two rereads annually at no cost, any additional rereads will be \$10.00 unless the meter is misread; Varies amongst 9 different agencies; We test once free per year per customer. If meter tests bad then meter is still available for the remainder of the year; We will usually re-read the meter for free, but it may depend on the number of trips we have made to a location in the past

19) For municipalities that charge different rates for customers "outside" municipal limits only: If someone from outside the municipal limits asks why they are charged different rates, what is/are the reason(s) that your utility provides them? Please select all that apply; you may choose up to 3.

n = 177 (excluding "not applicable")



Other: Agreement with County to serve residents outside City; Council Directed; Policy by Board; Rates set by elected officials; Town Policy

Please **RANK** your answers above. Write in 1 for the most common reason given, 2 the second most, and 3 the third most common reason given.

Answer	Ranked #1 <i>n</i> = 169	Ranked #2 <i>n</i> = 113	Ranked #3 <i>n</i> = 62
It is the prevailing practice in most towns in NC	11%	24%	21%
It is more expensive to deliver services to customers outside municipal limits	25%	23%	15%
Because they are receiving a municipal service and not paying municipal taxes	54%	25%	13%
To encourage development within the town	1%	12%	15%
To compensate the town residents for carrying the risk of owning the system	7%	15%	37%
Other	2%	2%	0%

20) OPTIONAL - If you wish to write any comments about your meter reading and billing practices, or to further explain some of your answers, please write your comments here:

CURRENT RATES AND FEES PRACTICES

21) Based on past discussions and debates within your utility as rates are considered, how much does it seem like each of the following objectives influence your utility's rates and/or rate structure? Pick one for each row.

n = 266

Question	Significantly	Somewhat	Not very much	Don't know	No Response
Recover costs	80%	15%	3%	2%	1%
Encouraging economic development	17%	44%	33%	3%	4%
Maintaining affordability for residential customers	61%	35%	3%	1%	0%
Encouraging conservation or reduction of use	26%	46%	24%	3%	2%
Increasing sales due to excess supply/capacity	6%	21%	64%	6%	3%
Simplicity and understandability of the bill	20%	38%	36%	4%	3%
Comparability to other utilities' rates	19%	54%	23%	2%	2%
Other	3%	0%	0%	2%	95%

Other: Continual Renewal of System; Debt Service; Equity between residential and institutional customers; Maintenance Cost; Political considerations; Provide for current and future infrastructure and debt service; Purchase price; Rates are set by a consultant; Rates charged for purchased water

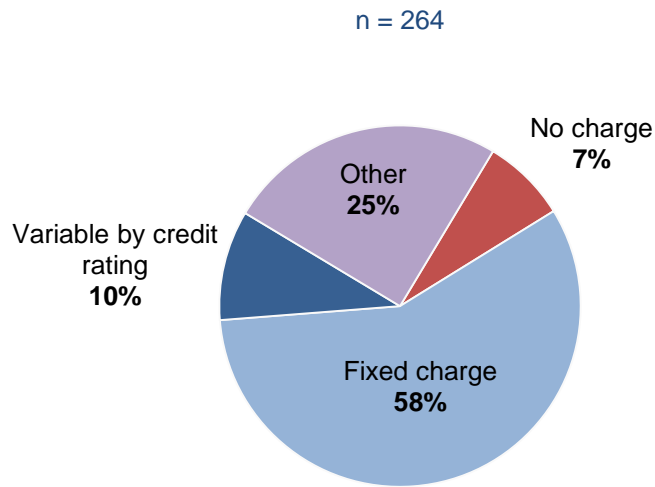
22) Please RANK up to 3 of the most important objectives that influence your utility's rates and/or rate structure. Write in 1 for the most important, 2 for the second most important, and 3 for the third most. You may choose fewer than 3.

Answer	Ranked #1 <i>n = 263</i>	Ranked #2 <i>n = 256</i>	Ranked #3 <i>n = 245</i>
Recover costs	76%	12%	4%
Encouraging economic development	2%	9%	20%
Maintaining affordability for residential customers	17%	53%	19%
Encouraging conservation/reduction of use	2%	11%	20%
Increasing sales due to excess supply/capacity	0%	2%	6%
Simplicity and understandability of the bill	0%	2%	7%
Comparability to other utilities' rates	2%	11%	24%
Other	2%	0%	0%

Other: Clarifying – recover costs refers to provide for current operation, infrastructure and both current and future debt; Debt Service, equity between residential and institutional customers, and political considerations; Rates charged for purchased water; To comply with capacity use state regulations, we purchase surface water from NRWASA. Our utility rates were increased due to this change.

For questions 24 – 27: How much does your utility charge for the following for an *average residential* account?

24) Deposit for new customer accounts. Pick one.



Fixed Charge	# of Utilities	Other
\$15	1	15
\$20	1	20
\$25	2	25
\$30	4	50
\$32	1	50
\$40	1	50
\$42	1	50
\$45	2	60
\$50	32	65
\$60	5	\$100 deposit for renters only
\$75	13	\$100 for renters only
\$80	3	\$100 for tenants
\$85	3	\$100 Renters Only
\$100	37	\$200 renter deposit, \$0 owners with deed
\$107	1	\$50 fixed charge depending on credit rating
\$115	1	\$50 for customers who rent their homes \$70 for inside customers, \$140 for outside. Homeowners with good credit rating are exempt
\$120	3	
\$125	11	\$75 for owner, \$215 for renter
\$130	1	\$80 rental, \$50 residential, \$75 Commercial
\$140	1	1 month bill
\$150	16	100 deposit, 50 adm fee for renter/ 20 deposit, 50 adm fee for

		owners
\$175	3	100 for renters only
\$200	5	100 for residential, 150 for businesses
\$250	2	100.00 for connect fee
\$300	1	100.00 for rental customers
\$500	1	150 dollars only for tenants
<i>Total</i>	<i>152</i>	150 for renters/75 for homeowners 150 RESIDENTIAL, 300 COMMERCIAL 150.00 dep.-with credit letter 30.00 175.00 Inside City 250.00 outside City 2 times the current bill for 3000 gallons of sewer use 300 electric, 50 water, 50 sewer 50 - a service fee, not deposit 50 - res., 100 - com. 50 connection fee nonrefundable 50 for owner/ 150 for renter 50 for owners; 150 for renters 60 for rental, 0 for homeowner 65 owner, 130 renter 75 for renters 75 owners, 200 renters 75-homeowner, 150 -renter Average 2 month bill Average 2 month bill. New customers with good credit do not pay a deposit. Average Consumption Based on service offered at location - Maximum \$350.00 charge for rental accounts 110 inside 140 outside city limits Depends on service provided and credit rating deposit is considered an electric deposit different rate for property owners vs. renters Fixed fee for renters only Historic usage at address and credit rating Home owner 25, Renter 50 no charge owner/\$50 for rental none if good credit can be confirmed, otherwise \$200 Non-refundable connection fee Owner-\$100 Renter \$150 Rental - \$100 Renters only variable by owner/rental variable by rentals or homeowners

varies amongst 9 different agencies

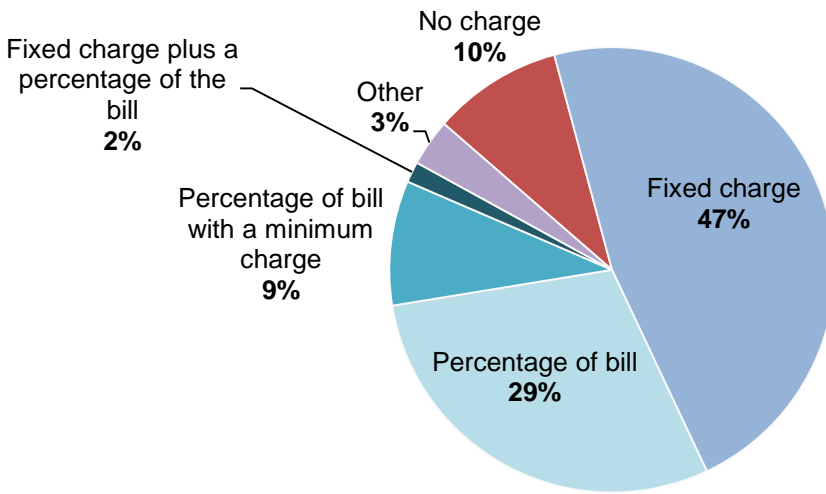
Varies by customer type

Water-75, Water & Sewer-150

We only require a deposit for long-term renters, currently \$100 with \$90 of deposit refundable upon payment of final bill

25) Late payment fee. Pick one.

n = 265



Fixed Charge	# of Utilities
\$0.10	1
\$2	1
\$5	40
\$6	1
\$7	1
\$8	1
\$8	1
\$10	39
\$12	3
\$15	11
\$17	1
\$20	5
\$25	7
\$26	3
\$30	1
\$35	3
\$40	2
\$50	3
Total	124

Percentage of Bill	# of Utilities
1%	5
1.5%	11
2%	3
3.5%	1
4%	1
5%	10
10%	43
15%	1
20%	1
Total	76

Fixed charge plus a percentage of the bill:

\$2.40 + 0.42%

\$5.00 + 3.0%

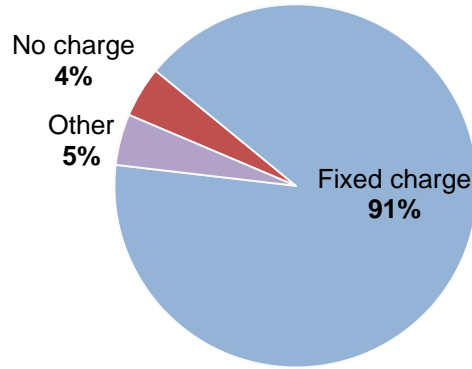
Percentage of bill with a minimum charge (whichever is greater)
1% or \$5.00
1% or \$2.00
1.5% or \$5.00
1.5% or \$5.00
1.5% or \$5.00
1.5% or \$5.00
1.5% or \$5.00
1.5% or \$5.00
1.5% or \$6.00
1.5% or \$8.50
3% or \$10.00
5% or \$1.00
5% or \$5.00
5% or \$5.00
5% or \$5.00
6% > \$120
9% or \$6.00
10% or \$5.00
10% or \$1.00
10% or \$10.00
10% or \$10.00
10% or \$10.00
Total: 21

Other

- \$10 or 1.5% of bill, whichever is greater
- \$25 for residential 5% for industries
- \$5.00 or 1% of bill - whichever is greater
- 10 fee on 15th and 20 fee on 25th
- 10% of bill with \$25 maximum
- 5 dollars or 5%, whichever is greater
- fixed charge of 20 with another 20 7 days later if still unpaid
- See note from billing; 5% initially then \$20 flat fee if remains unpaid

26) Fees due to cutting off and turning back on service due to non-payment. Pick one.

n = 264



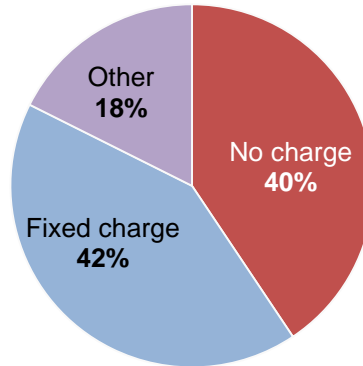
Fixed Charge	# of Utilities
\$5	1
\$10	4
\$15	11
\$18	1
\$20	14
\$25	73
\$26	4
\$27	1
\$30	17
\$33	1
\$35	17
\$40	15
\$45	7
\$50	55
\$55	2
\$60	3
\$65	2
\$75	5
\$100	4
\$200	1
\$500	1
Total	239

Other

-
- 2500
 - \$30.00 cut off fee, \$0.00 turn on fee for reconnect between 8AM and 4PM, \$55.00 reconnect fee for same day between 4PM and 5PM
 - \$35 before 3:15pm, \$60 3:15-5pm.
 - \$50 collection charge for payments made after disconnection is processed
 - \$60 Suspension Fee
 - 100.00 re-connect fee
 - 40 if the water meter has been pulled
 - 50 Per Month for every month it is off, up to 10 Months
 - late fees are used to cover turn on and turn off expense. However, if it is a cut off for an NSF or illegal usage situation, then there is a 40 dollar charge. We also have a 40 dollar pull meter fee
 - not sure

27) Additional fee to turn on service *after hours*. Pick one.

n = 261



Fixed Charge	# of Utilities
10	4
15	4
20	1
25	19
30	7
35	5
40	4
45	3
48	1
50	26
55	4
60	7
70	1
75	14
80	2
100	3
125	1
Total	106

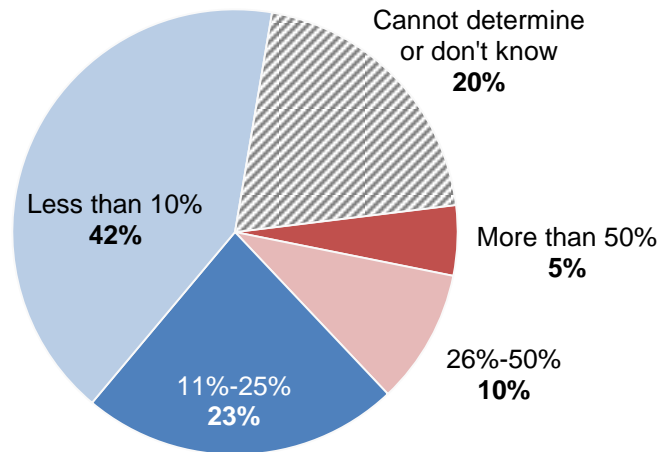
Other

- 15
- 50
- \$18 + \$135 After hours
- \$55.00 after 4PM, \$75.00 weekends and holidays
- do not do
- Do not do it
- Do not go out after hours
- Do not offer after hours
- do not offer after hours turn on
- do not offer this service
- Do not re-connect after hours
- Do not turn after hours
- do not turn on after hours
- Do not turn on after hours
- Do not turn water on after hours
- Don't do
- don't perform that effort
- Don't reconnect after hours
- Don't turn on after hours
- Double fixed charge if after 8 pm (\$80)
- emergency only after hours services no fee
- Hours Monday thru Friday 8am to 4 pm (no after hours)
- N/A
- n/a
- N/A

na
no after hours cut on
no after hours service
No after hours service
no after hours turn on
no after hours turn on
No Turn on service after hours.
Not available
only turn on after hours in emergency
service call fee
service not available
service not available
We do not cut meters on after work hours.
We do not do this
We do not offer
we do not offer after hours service
We do not reconnect after hours.
we don't turn on after hours
we don't turn on after hours for nonpayment

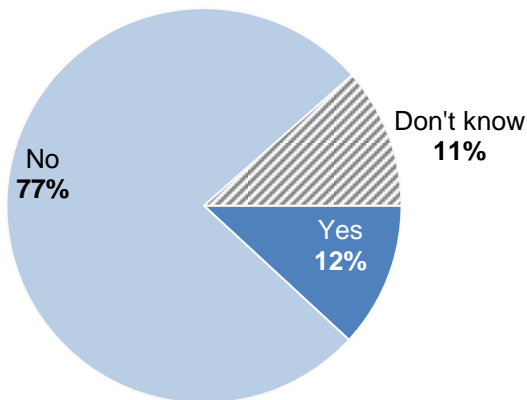
28) What percentage of your utility's total annual revenue was billed to your 5 largest customers during the last 12 months (including industries, businesses, etc.)? Pick one.

n = 255

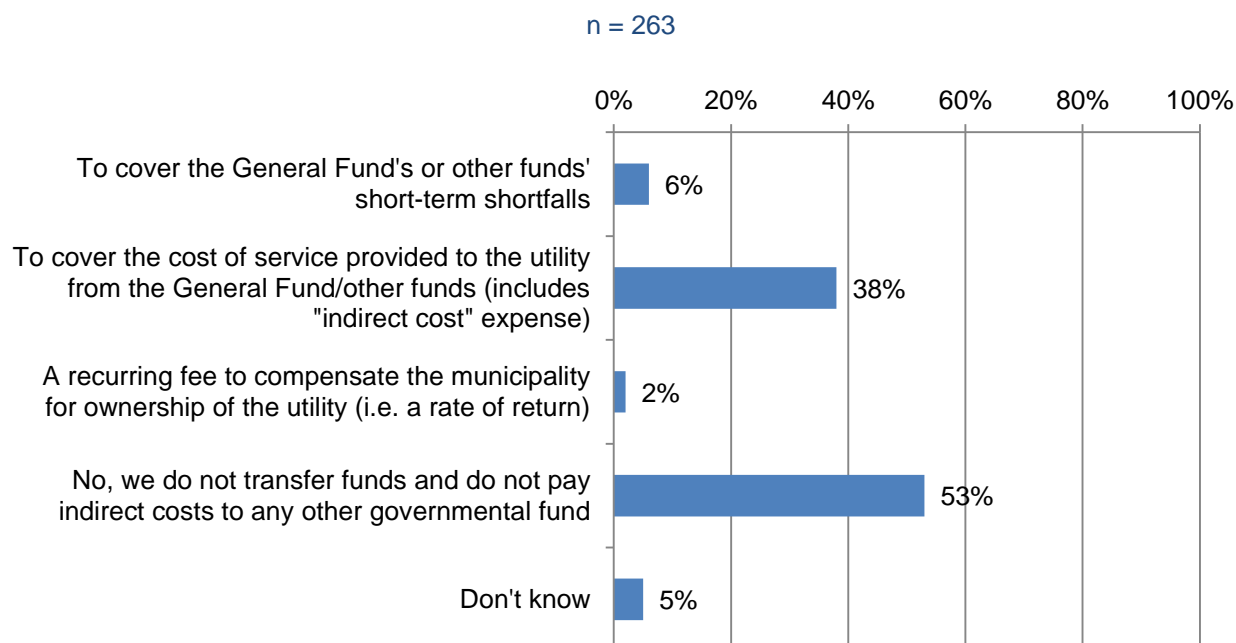


29) Does your utility pay for watershed protection or land acquisition from the revenues it collects from customers? Pick one.

n = 261



30) Does your utility transfer funds to other non-water and/or non-wastewater governmental funds (e.g. the General Fund) for any of the following reasons? Select all that apply.



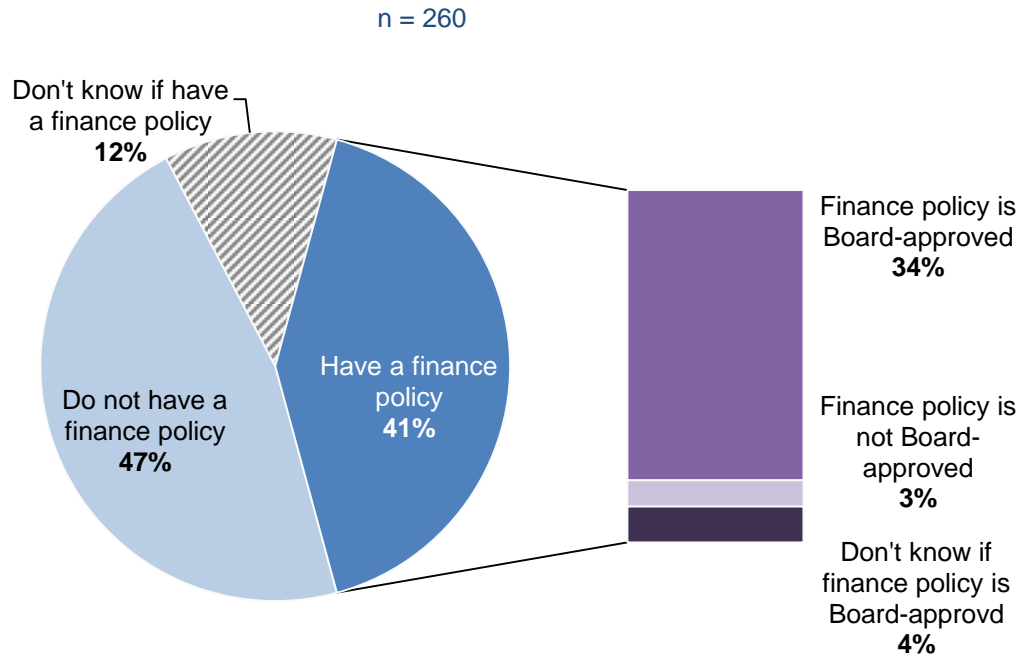
31) For this fiscal year, do you think your utility's rates and fees are/will be enough to cover your: (Pick one for each row)

n = 263

	Yes	No	Don't know	No Response
Daily operations and maintenance costs?	90%	6%	2%	1%
The above, and principal and interest payments on existing long-term debt?	78%	12%	6%	5%
All of the above, and to pay for a portion of this year's capital expenses?	57%	23%	13%	7%
All of the above, and to pay for all of this year's capital expenses (i.e. not rely on any external funding this year and not deferring any capital expenses)?	30%	48%	14%	8%

32a) Does your utility have a "finance policy" that sets financial targets and goals, such as reserve balance, debt service ratios, etc.? Yes/No/Don't Know.

32b) **If yes:** Is your "financial policy" Governing Board (City Council / County Commissioners / Board of Directors)-approved? Yes/No/Don't Know.



33) OPTIONAL - If you wish to write any comments about your current rates and fees practices, or to further explain some of your answers, please write your comments here:

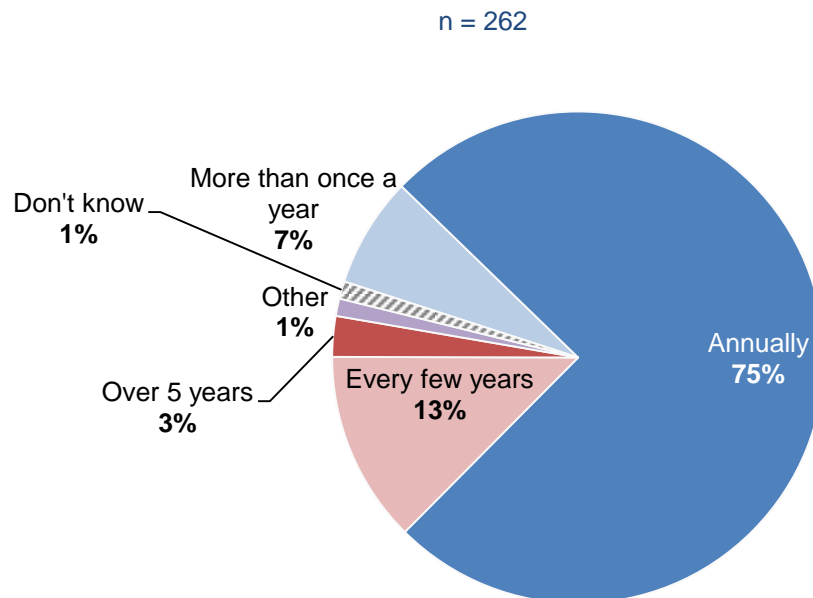
THE PROCESS OF REVIEWING RATES AND RATE STRUCTURES

In the following questions, we make a distinction between *reviewing rates* and *raising or lowering rates*.

- **“Reviewing rates”** is the process of studying your utility's costs and revenues and determining whether the rates need to be adjusted at all.
- **“Raising or lowering rates”** means that the utility has gone ahead and adjusted the rates.

Someone who is significantly involved in the rate review process would best answer these questions.

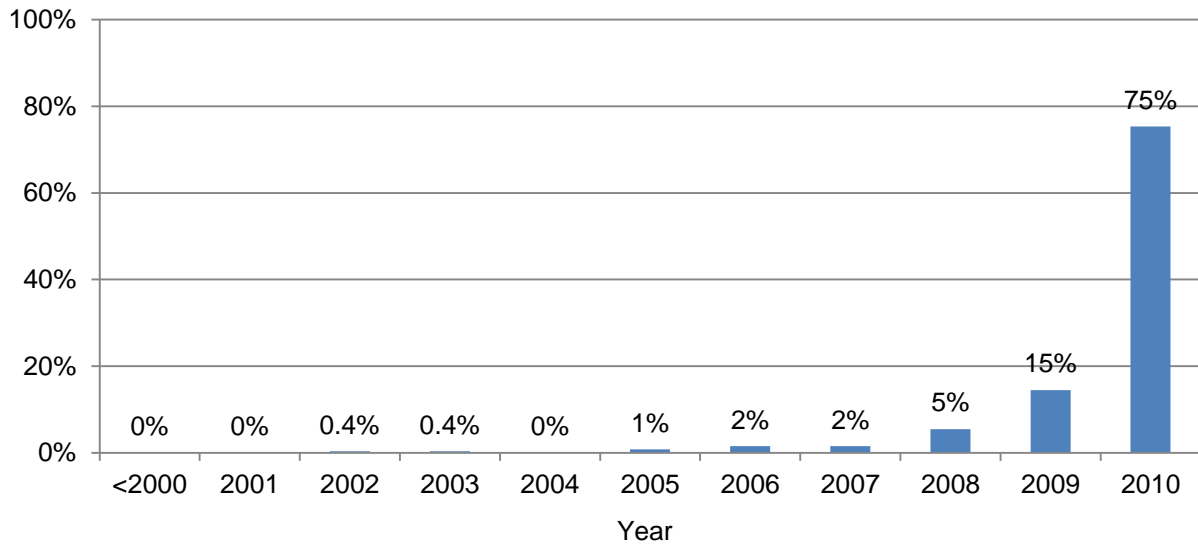
34) During the last few years, what best describes how often your utility reviewed its customer rates?
Pick one.



Other: Ad hoc; Rates are reviewed and revised to recover increased fees paid to the POTW serving our utility as needed; When we receive a rate increase from our supplying system

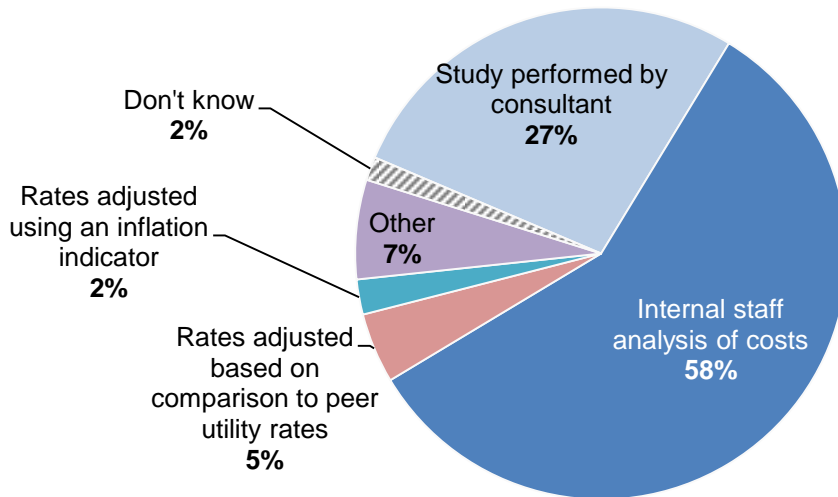
35) During which year did you last conduct a review of your rates?

n = 255



36) Please indicate which best describes the process your utility last used to review your rates. Pick one.

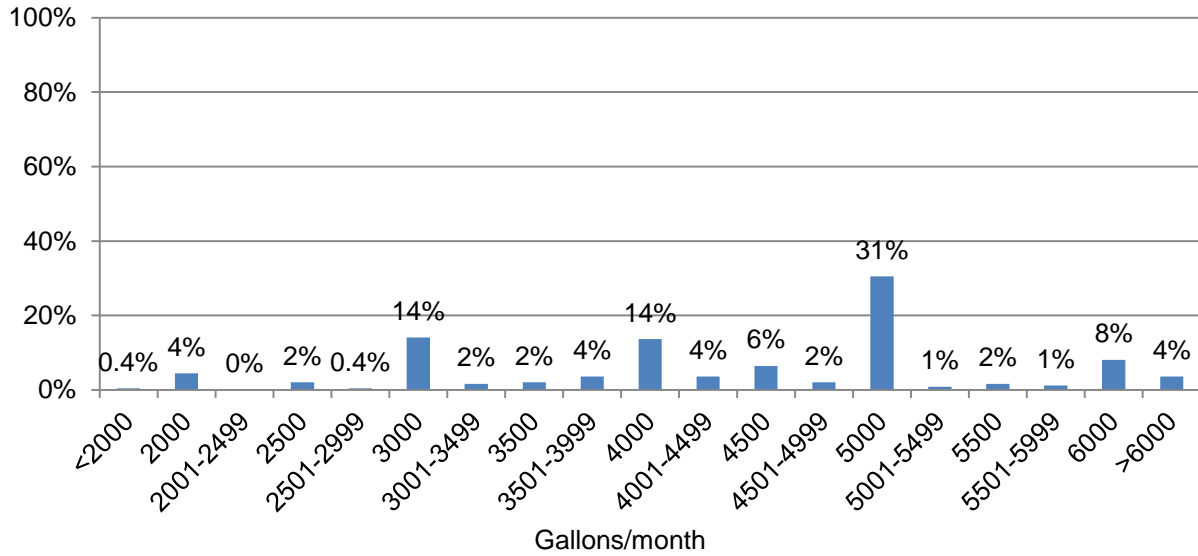
n = 260



Other: Based on rate increases implemented by the utility selling us our purchase water; Internal staff update using rate models developed previously by consultants; Consultant study supplemented by staff analysis; Internal review (financial modeling) with limited consultant confirmation; Advised by auditor; CPA study; Future debt service expenditures; Rates adjusted to meet operating customer; Water supply plan

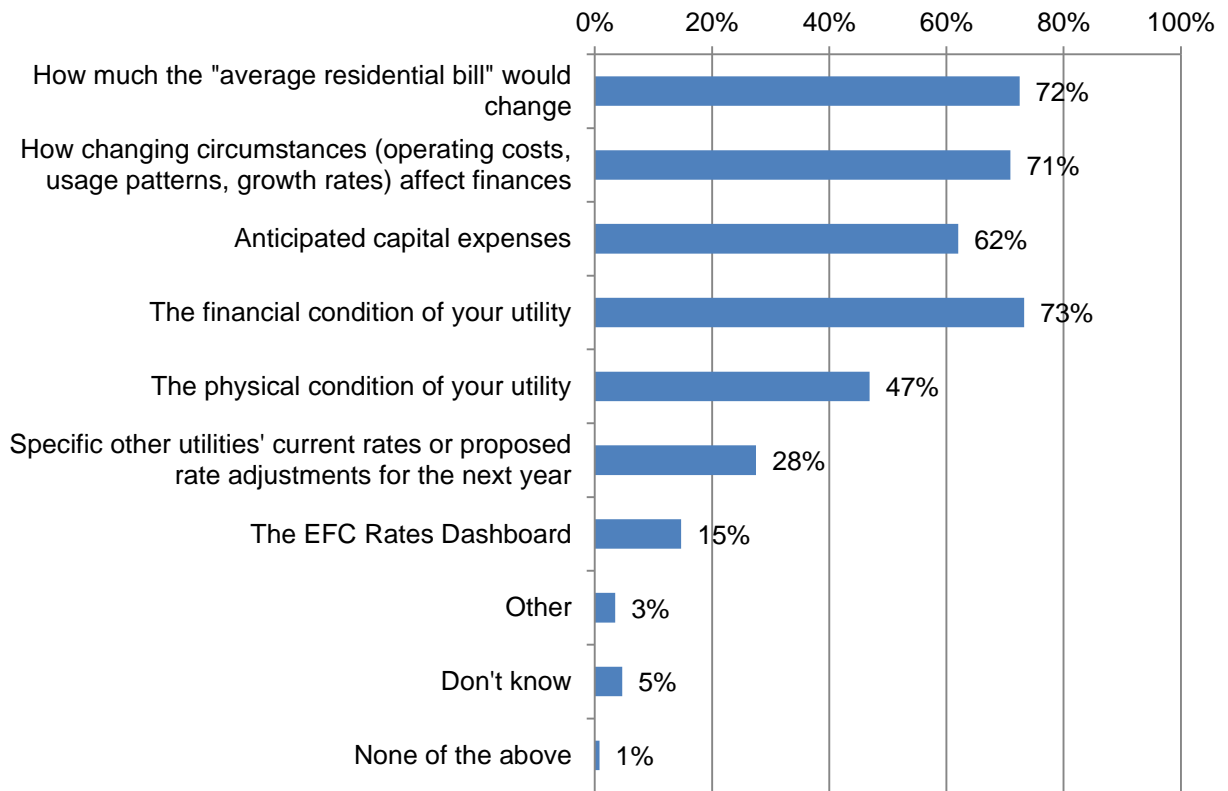
37) When reviewing rates, what does your utility consider to be the "average" residential consumption, in gallons/month (e.g. 5,000 gallons/month)? Note: 100 cubic feet = 748 gallons.

n = 249



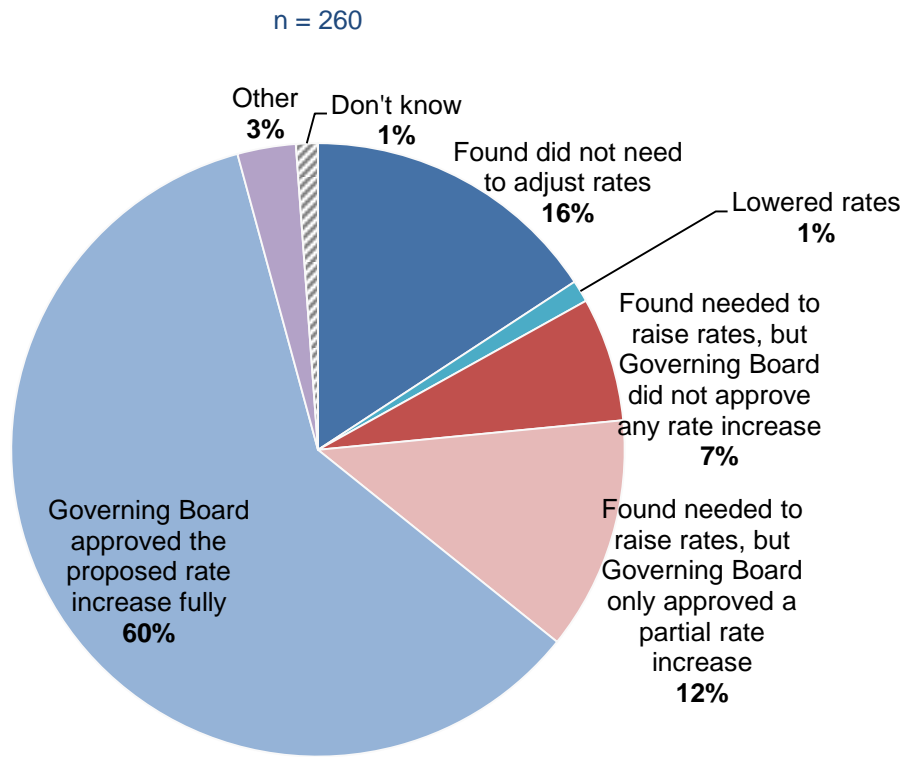
38) At the end of your last rates review, what did your utility present or share with your Governing Board (City Council / County Commissioners / Board of Directors) in charge of reviewing and adopting rate adjustments? Select all that apply.

n = 258



Other: Bond covenants; City Council conducts the review; Cost to purchase water; Cost to the town; Expected fluctuation in consumption amounts of specific users; Multiple rate scenarios; Rate increase by seller; Rate needed to cover debt service on revenue bonds & transfers to the General Fund.; The 21st Annual Virginia Water and Wastewater Rate Report 2009

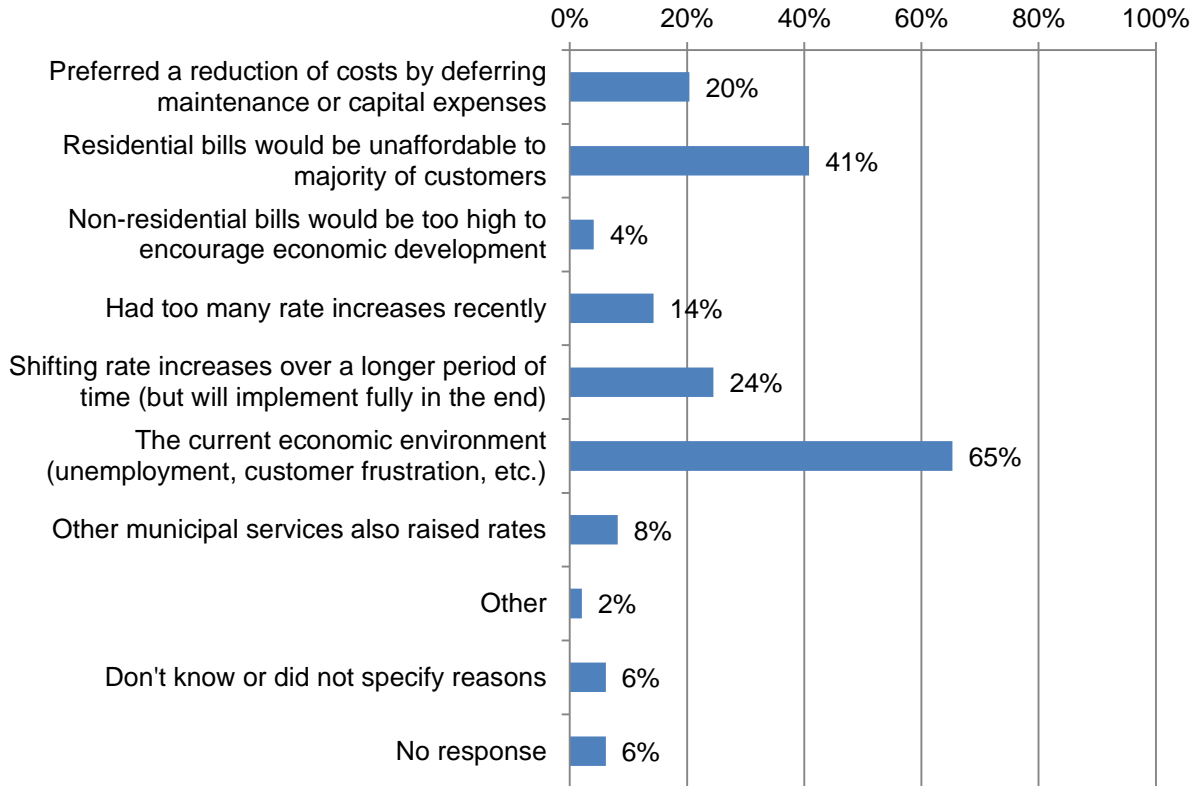
39) What was the outcome of your utility's last rates review? Pick one.



Other: Adjusted Wholesale rate with local municipalities; Board chose to entertain sell option versus renovate existing WTP; Changed all outside rate to be consistent 1.75x of inside which raised some and lowered others; Did increase irrigation rate; Increase pending; Raised rates based on increase passed on to town; Under review

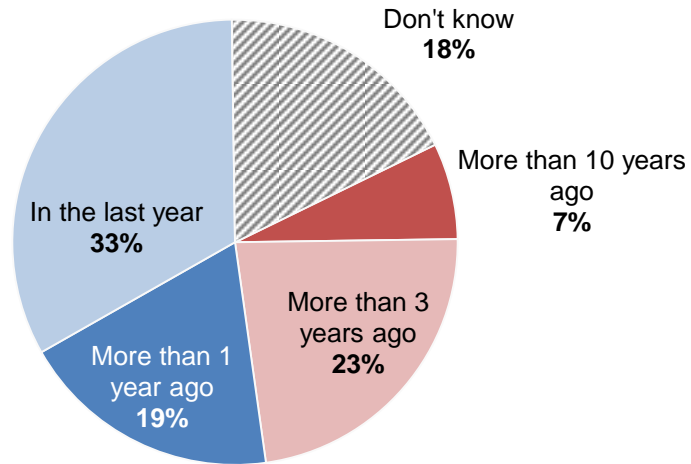
39b) **If needed to raise rates but did not raise rates fully:** What were the reasons given by the rate-setting body for not approving the proposed rate increase fully? Select all that apply.

n = 49 (excluding "not applicable")



40) When was the last time your utility studied and reviewed your rate structure design to consider adjusting it (not the rates - e.g.: changing the block sizes, switching from uniform rates to increasing block rates, creating new customer class rate structures, etc.)? Pick one.

n = 259



41) OPTIONAL - If you wish to write any comments about reviewing rates and rate structures, or to further explain some of your answers, please write your comments here:

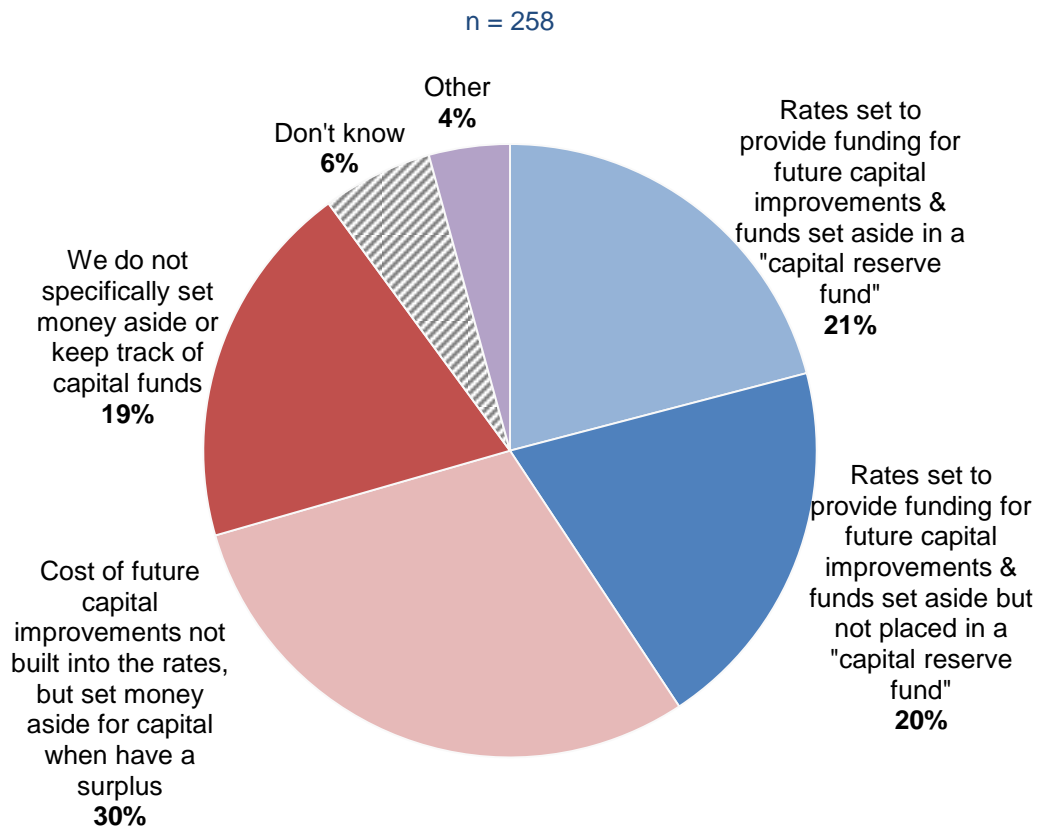
CAPITAL IMPROVEMENT PLANNING

42) What portion of your budget is devoted to regular repair and maintenance? Please enter an approximate percentage.

Responses ranged from 2% to 100%. In discussing with a few respondents, it seems that respondents interpreted this question widely and provided answers that may not be comparable to one another.

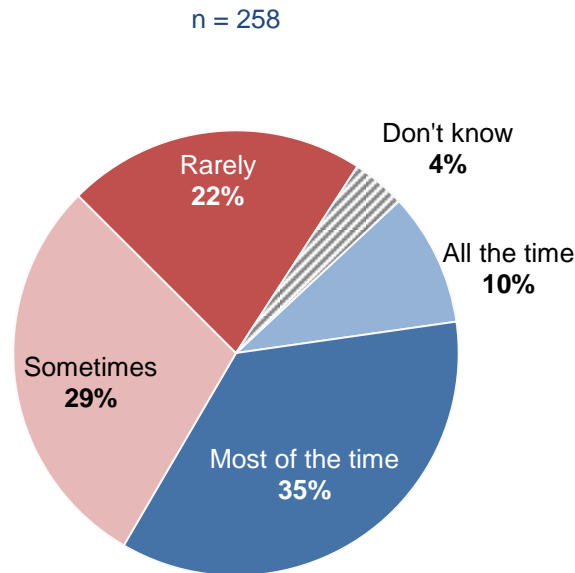
The following questions relate to how your utility plans for and pays for capital infrastructure improvements (rehabilitation, replacement, expansion, etc.) in the future (i.e. not paying current long-term debt on past capital projects). Capital improvements do not include typical repair and maintenance.

43) Which statement best describes how your utility pays for future capital improvements? Pick one.



Other: Apply for grant & long term loans; Base rate is used for debt payments associated with capital improvements along with utility impact fees charged to new development; Capacity (Impact) Fees - Set aside; Grants; Impact fees; Impact Fees are charged to all new customer; Loans and grants; Operating rates cover debt service and impact fees are set aside for capital; Percentage of connection fees; Rates are set to cover the debt service of capital projects; Utility Fund, Grants/Loans

44) Based on your experience, how often is your utility able to fund all of the necessary capital improvements? Pick one.

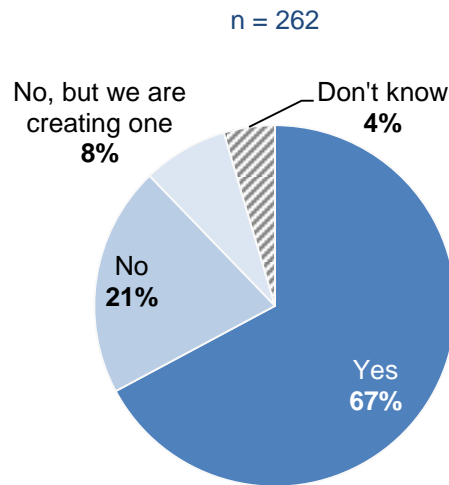


45) With what degree of confidence can you predict how much funds you will need for capital improvements for the next: (Pick one for each row)

n = 253

	Very confident	Fairly confident	Not very confident	Not at all confident	No Response
1 year	56%	31%	8%	3%	2%
3 years	25%	55%	14%	4%	2%
5 years	11%	54%	24%	8%	4%
10 years	4%	34%	38%	18%	5%
20 years	1%	26%	39%	29%	5%

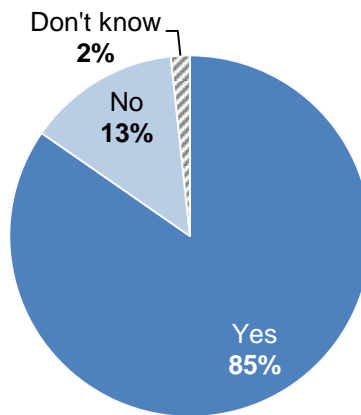
46) Does your utility have a Capital Improvement Plan (CIP)? Pick one.



If Yes, complete questions 47 – 56. All others skip to question 57. 176 utilities answered “Yes”.

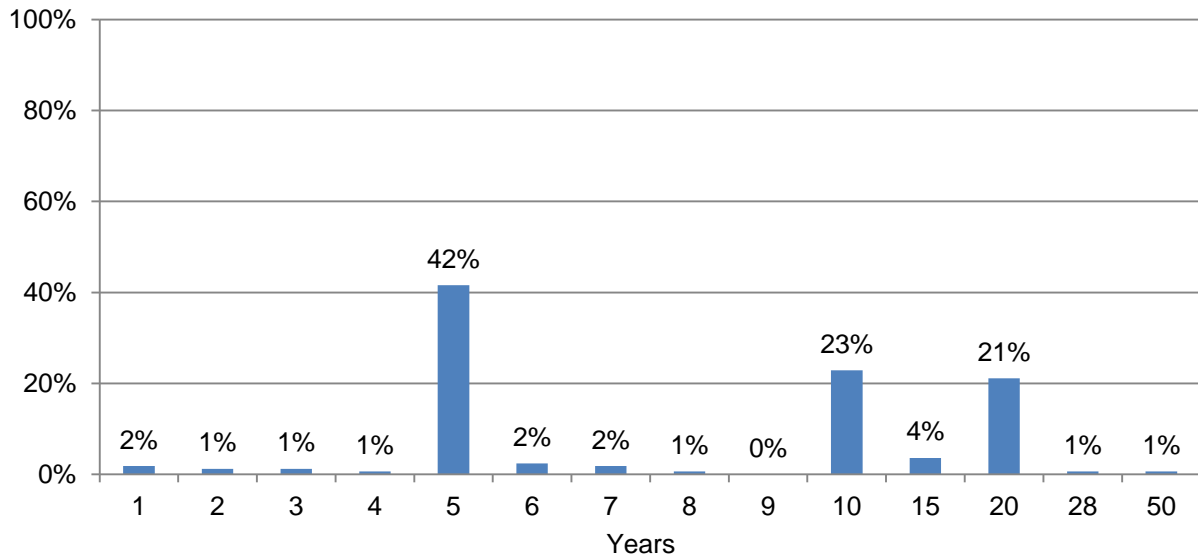
47) Is your utility's CIP approved by your Governing Board (City Council / County Commissioners / Board of Directors)? Pick one.

n = 176 (excluding “not applicable”)



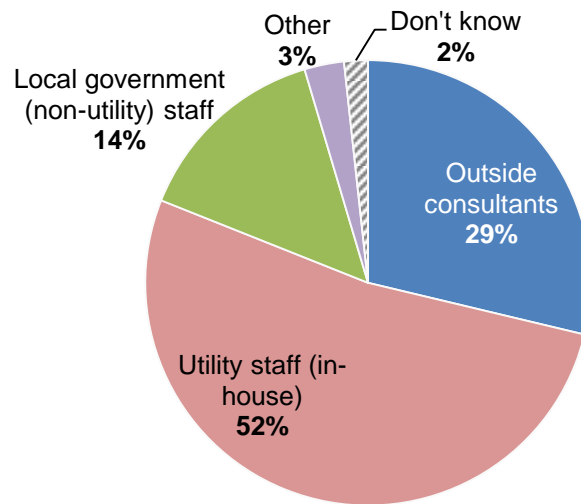
48) How many years does your utility's CIP cover?

n = 166 (excluding "not applicable")



49) Who took the lead in preparing your utility's CIP? Pick one.

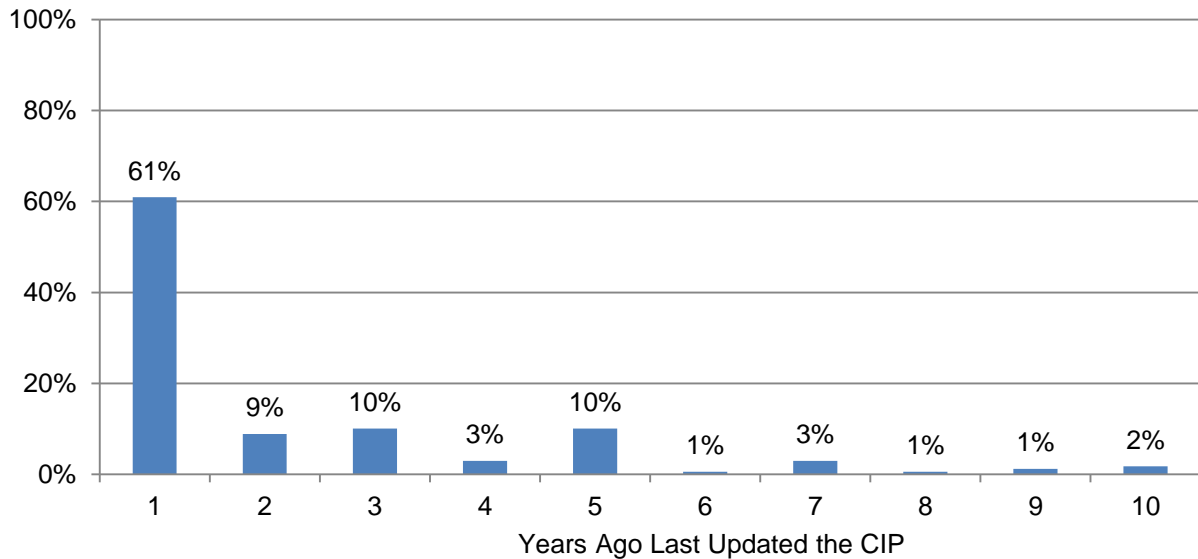
n = 174 (excluding "not applicable")



Other: Combination of consultants and utility staff; Combination of utility staff, local government staff and consultants; Another utility

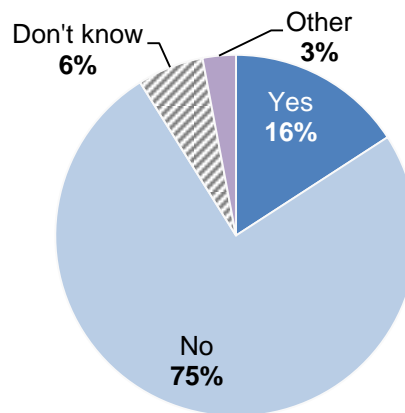
50) How many years ago was your utility's CIP last updated?

n = 169 (excluding "not applicable")



51) All utilities have at least a one-year capital improvement budget. Some utilities go further and approve a multi-year budget. Does your CIP include a multi-year budget (i.e. your elected officials have approved a BUDGET for MORE THAN ONE YEAR)? Pick one.

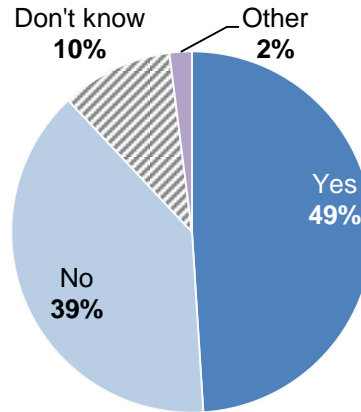
n = 176 (excluding "not applicable")



Other: 1 year, but 5 years in 2011; Capital Projects can extend more than 1 year; CIP Only 5 years; Multi-year only, first year approved by elected officials; The 5 year CIP includes a multi-year budget. The governing board approves the 5 year plan, but does not formally adopt the budget associated with the projects. Once the final estimated costs on a specific project have been finalized, the budget for the project is brought before the governing board as a budgetary amendment for formal approval.

52) Is your utility's CIP linked to your utility's finances and rates, so that you can show the effect of your proposed capital projects on your utility's future rates (i.e. does it include a "financial plan?")? Pick one.

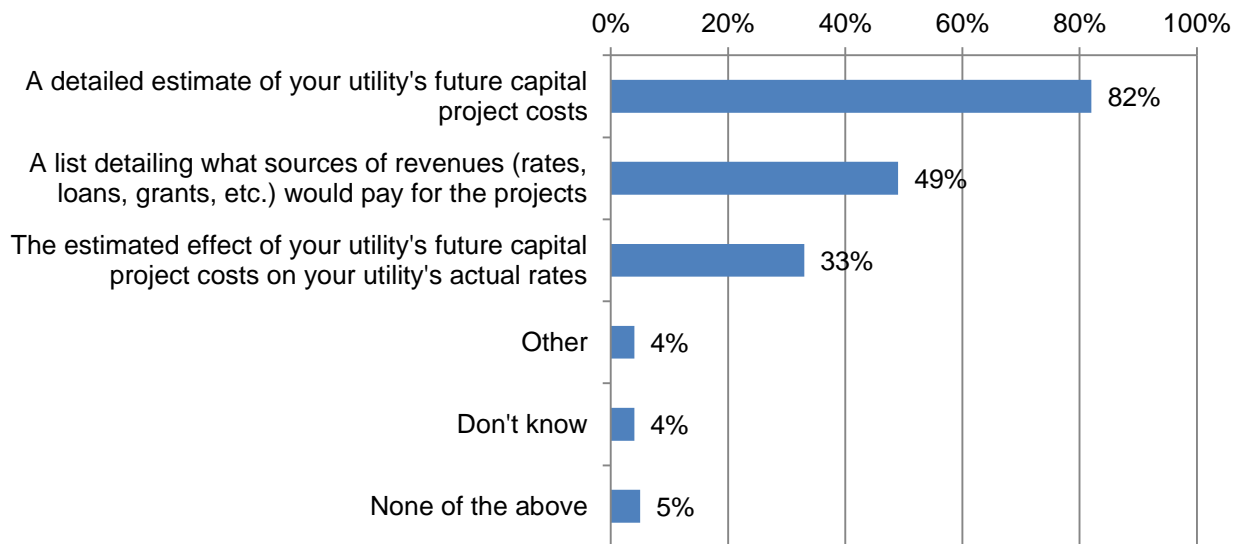
n = 174 (excluding "not applicable")



Other: Maybe after rehab; Consultant will provide a rate model at the end of the water rate study; Somewhat, not totally

53) What is included in your utility's CIP? Select all that apply.

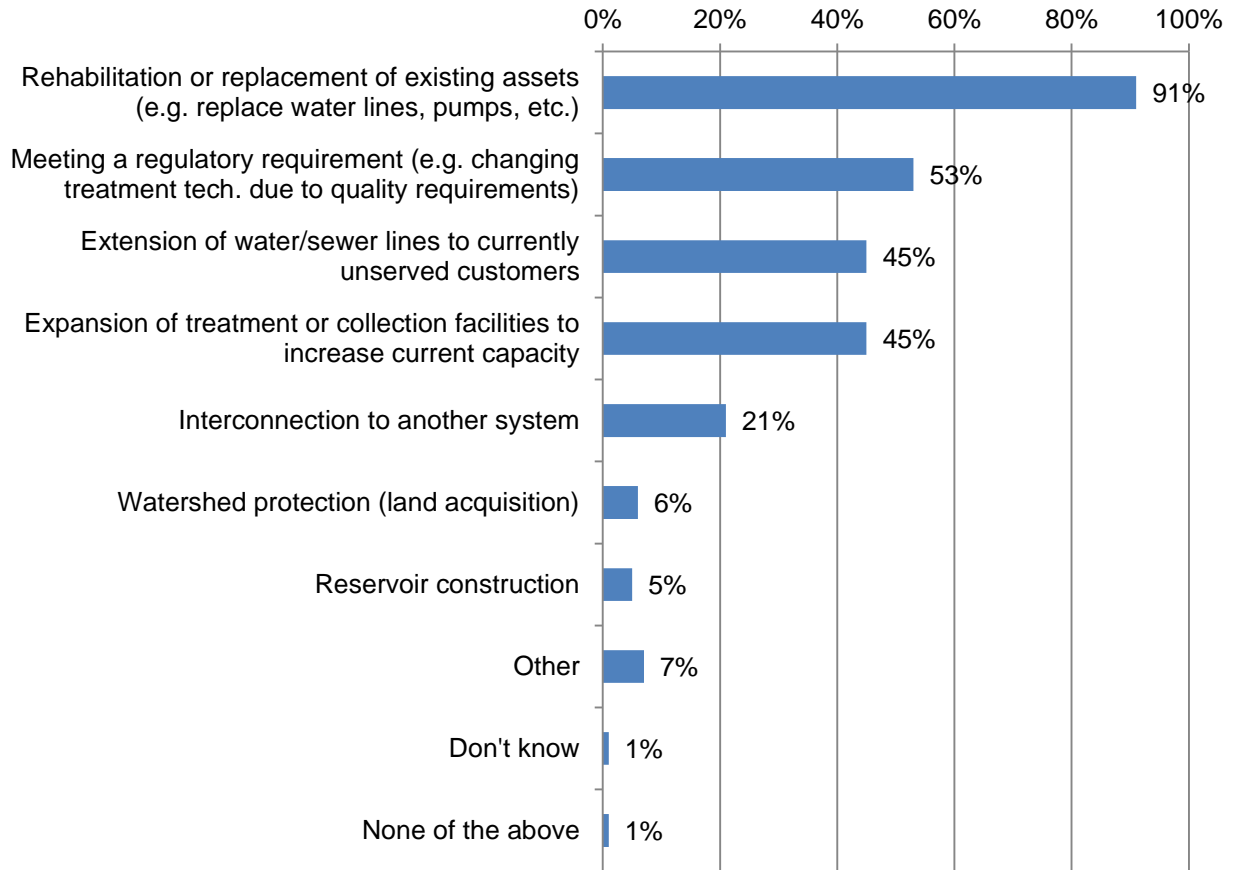
n = 174 (excluding "not applicable")



Other: All Capital Projects are included, not only water and sewer; Conceptual/preliminary estimate of future capital project costs; Description, Projected Date of Completion, status and expenditures to date; Estimated effects are calculated but not in CIP document; Estimated for two years of capital costs; O&M Costs

54) What types of projects are in your utility's current CIP? Select all that apply.

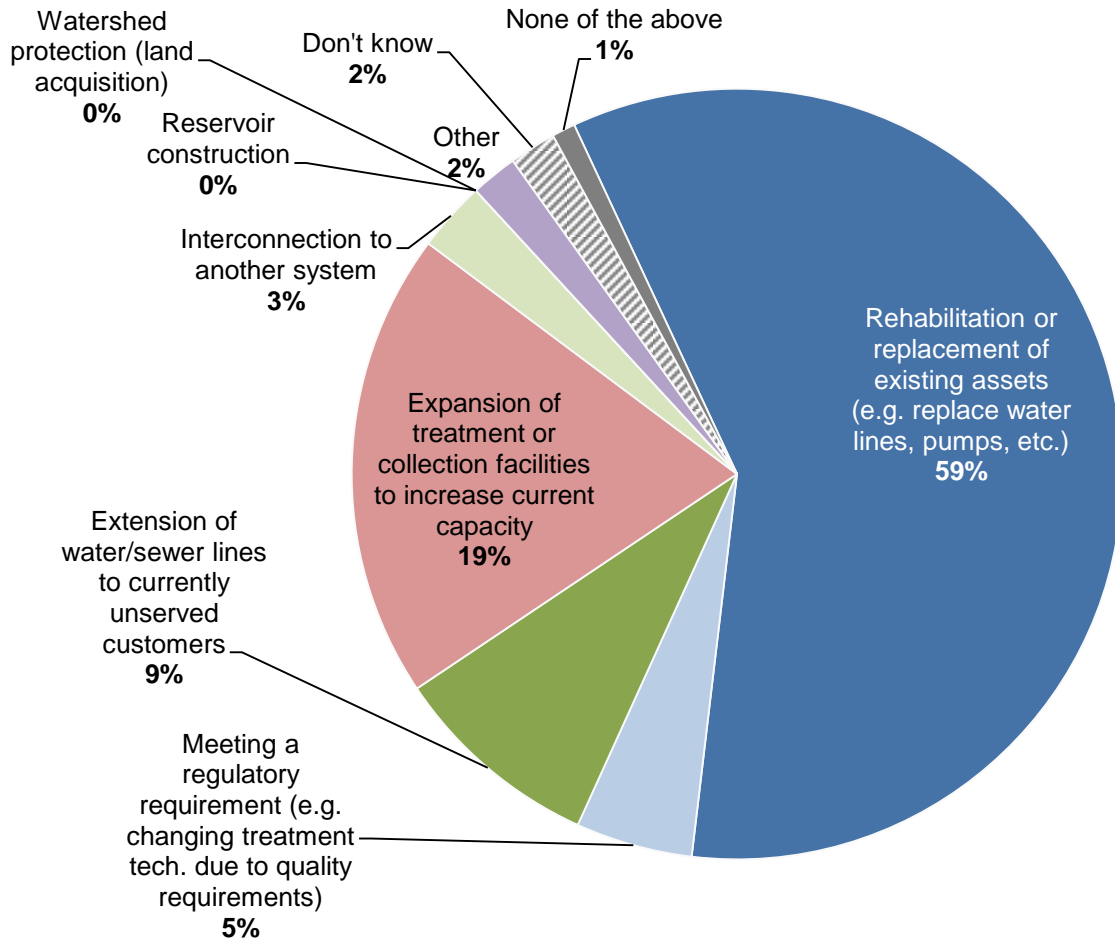
n = 174 (excluding "not applicable")



Other: AMR; Dredging; Enlarging water plant; Heavy equipment to conduct repairs, vehicles; New joint intake facility; New Meter Technology; New raw water intake; Rehab in process; Reservoir permitting and mitigation; Security Improvements, New Water Tank; Water packaging facility

55) From the above list, what is the largest component of your utility's CIP in terms of total project costs?
Pick one.

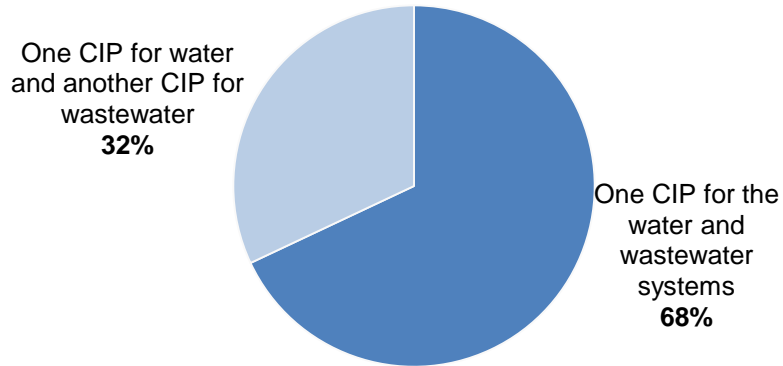
n = 173 (excluding "not applicable")



Other: Additional sludge holding; New raw water intake; New raw water source; Upgrading meters to remote radio read

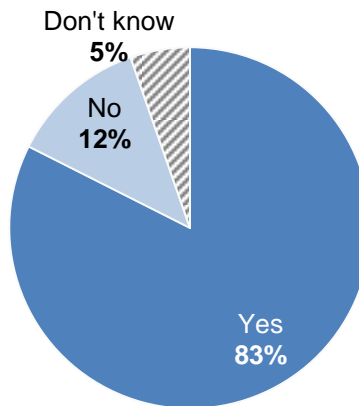
56) **For utilities with water and wastewater services:** Does your utility have one CIP for your water and wastewater systems combined, or a separate CIP for each? Pick one.

n = 145 (excluding “not applicable”)



57) Does your utility have a list or inventory of all of your utility's key assets? Pick one.

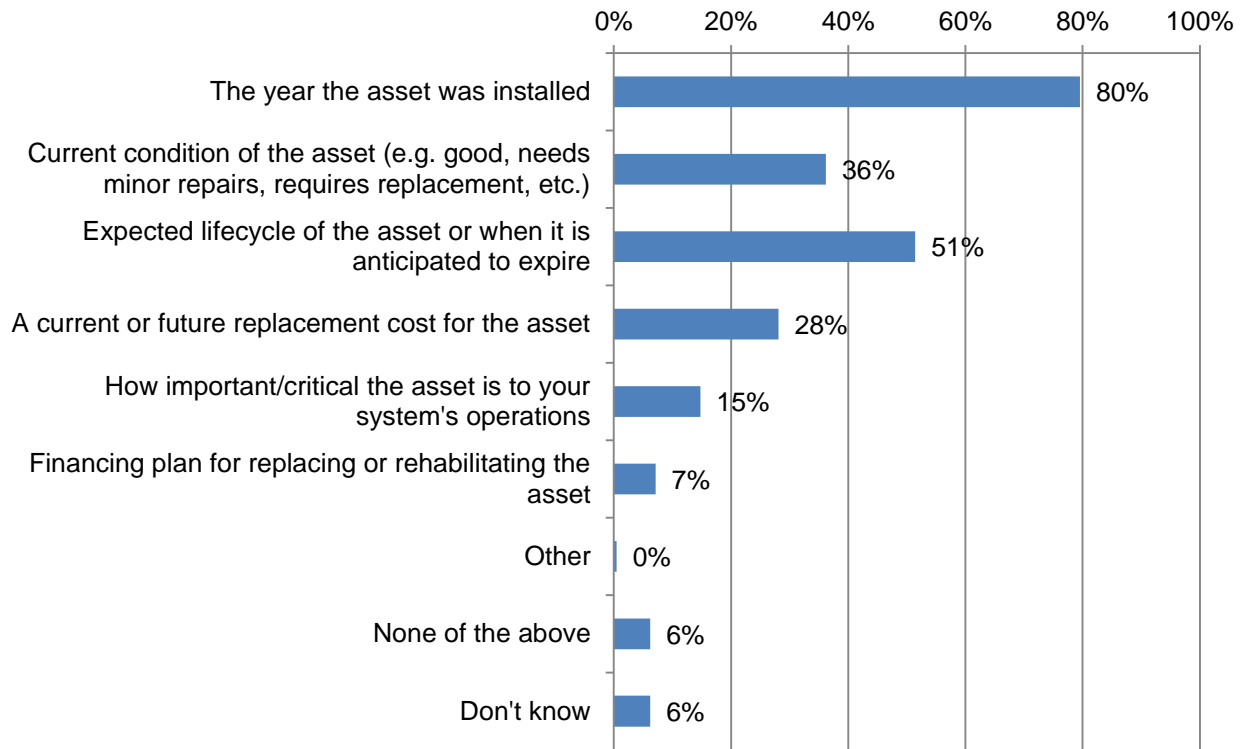
n = 262



If Yes, complete questions 58 – 59. All others skip to question 60. 216 utilities answered “Yes”.

58) What is included in your utility's inventory of key assets? Select all that apply.

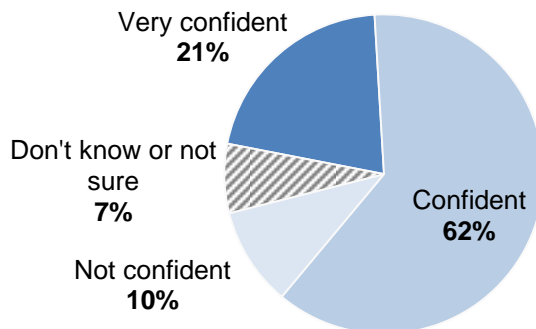
n = 210 (excluding "not applicable")



Other: CMMS system recently installed with manual data input for existing assets

59) How confident are you in the accuracy and completeness of your utility's inventory of assets? Pick one.

n = 210 (excluding "not applicable")



60) OPTIONAL - If you wish to write any comments about capital improvement planning, or to further explain some of your answers, please write your comments here:

RESOURCES

61) Please indicate and RANK up to 5 of the following financial management resources that you like to use more of? Write in 1 for the resource you would most like to use more of, 2 for the next, etc. You may choose fewer than 5.

n = 235

	Selected in top 5	Ranked #1	Ranked #2	Ranked #3	Ranked #4	Ranked #5
Courses, workshops, and trainings on financial management	87%	38%	19%	15%	9%	6%
Direct assistance provided by technical assistance providers and/or consulting agencies, at a cost	72%	17%	11%	14%	9%	21%
Interactive tools to assist with decision-making (e.g. spreadsheet models, dashboards, templates, etc.)	80%	23%	23%	17%	11%	7%
Printed or online documents, guidebooks, manuals, reference guides	79%	10%	22%	20%	15%	12%
Communication with peers	77%	9%	20%	20%	19%	10%
Formal multi-year education (i.e. getting a degree)	10%	3%	1%	3%	2%	1%
Other	1%	0.4%	0%	0.4%	0%	0%

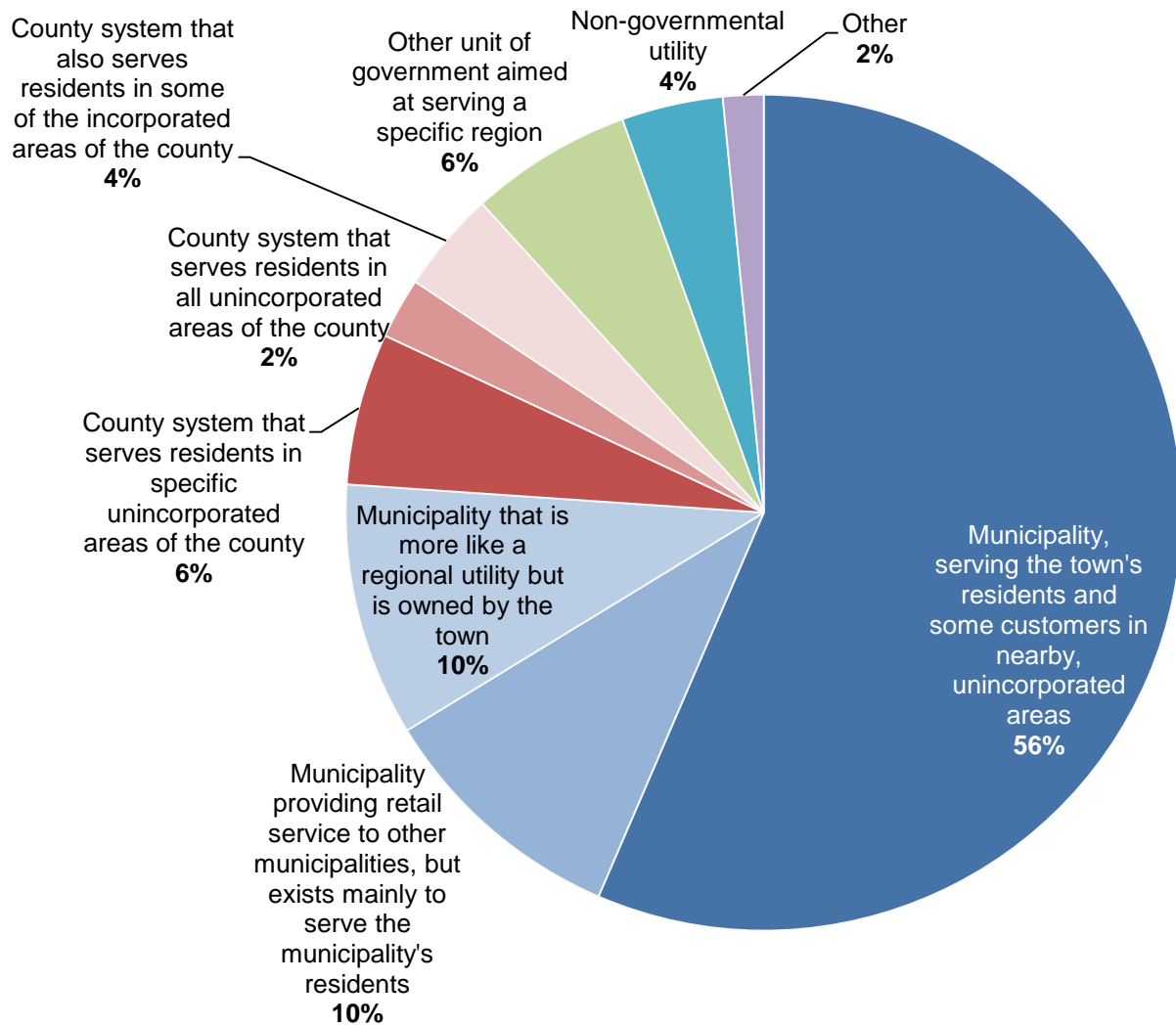
Other: Help at no cost; Work experience

62) Do you have any comments on the resources currently available to you, or suggestions about how to improve resources to assist utilities in financial decision-making?

UTILITY INFORMATION

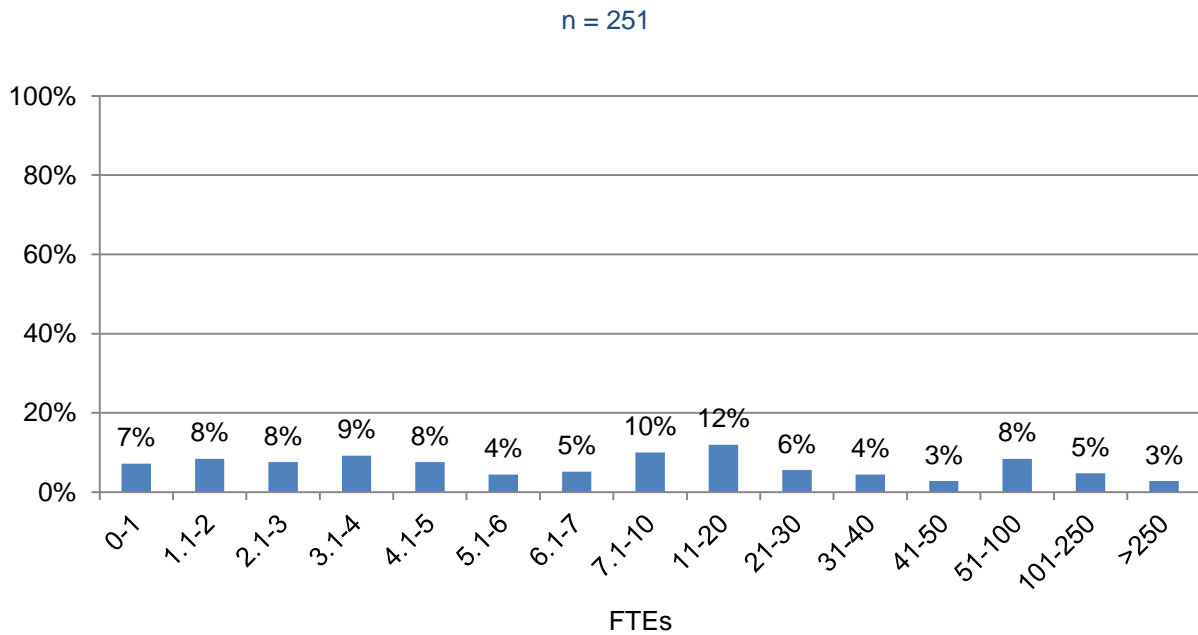
63) Which of the following most closely describes your utility? Pick one.

n = 255

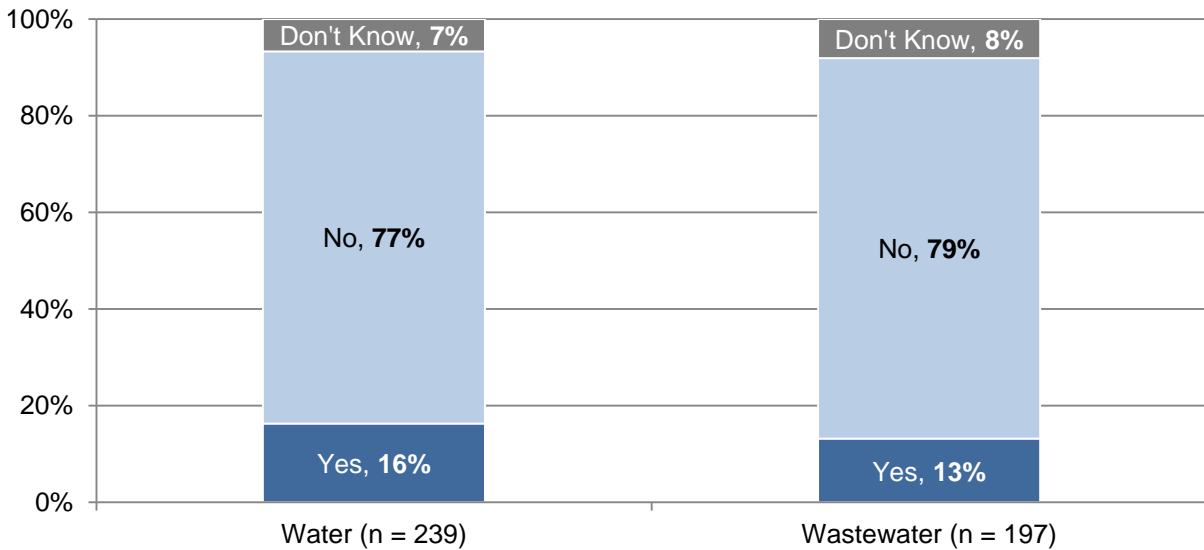


Other: County system (not specified what kind), Purchase and resale

64) How many full-time equivalent employees (FTEs) work for your utility? If some staff members are shared among various municipal/county departments, include only the estimated portion of their time that is spent on water/wastewater duties.



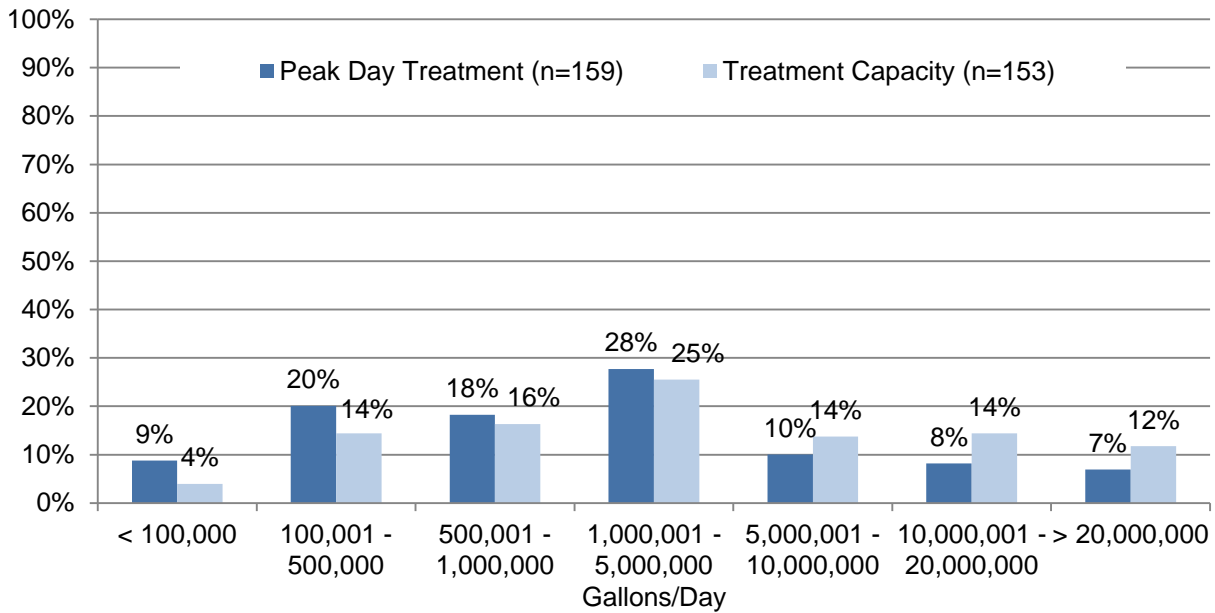
65) Do you think your water or wastewater system is close to full capacity during the peak month? (Pick one for each row).



Water utilities: complete questions 66 and 67. Please leave blank if you do not know the answer or it is not applicable. Note: 100 cubic feet = 748 gallons.

66) How much drinking water do you treat in your peak day (usually during summer)?

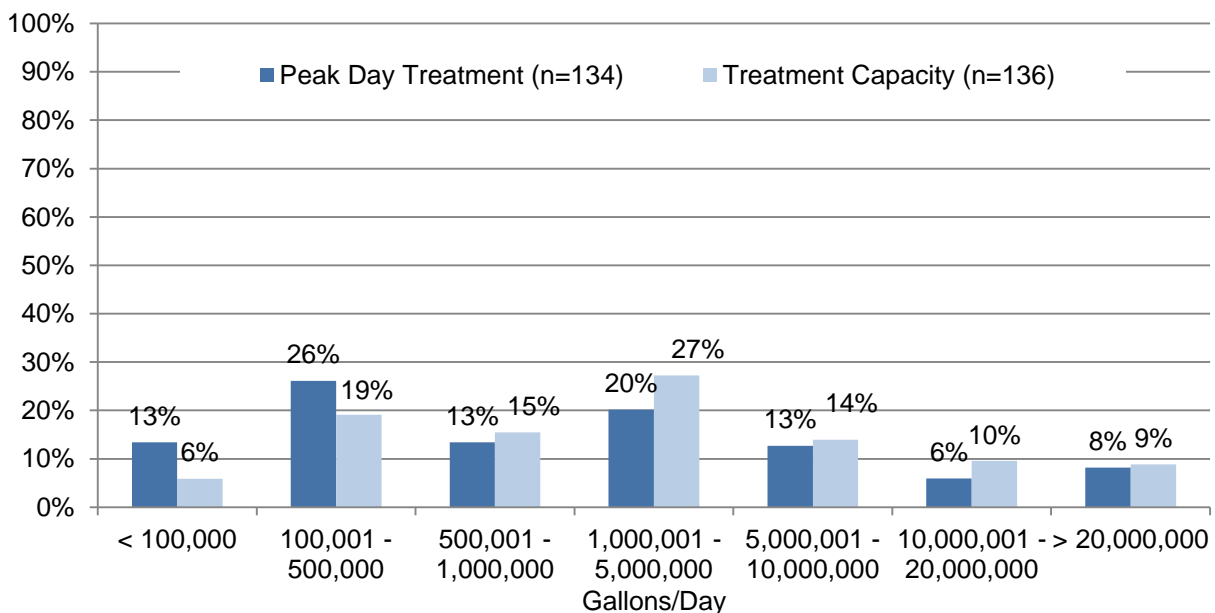
67) What is the treatment capacity of your water system?



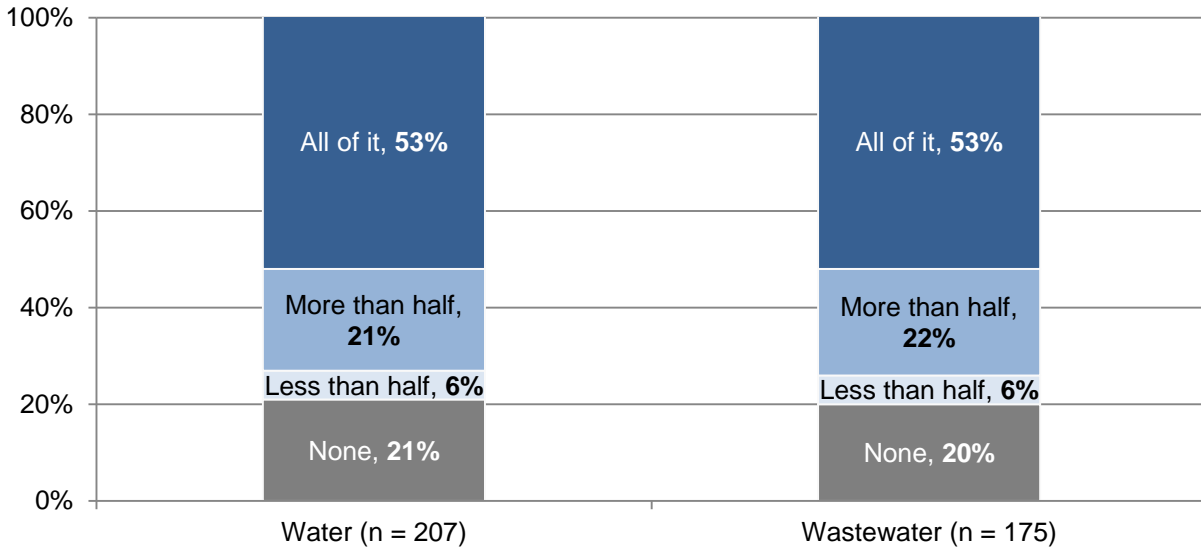
Wastewater utilities: complete questions 68 and 69. Please leave blank if you do not know the answer or it is not applicable. Note: 100 cubic feet = 748 gallons.

68) How much wastewater do you treat in your peak day?

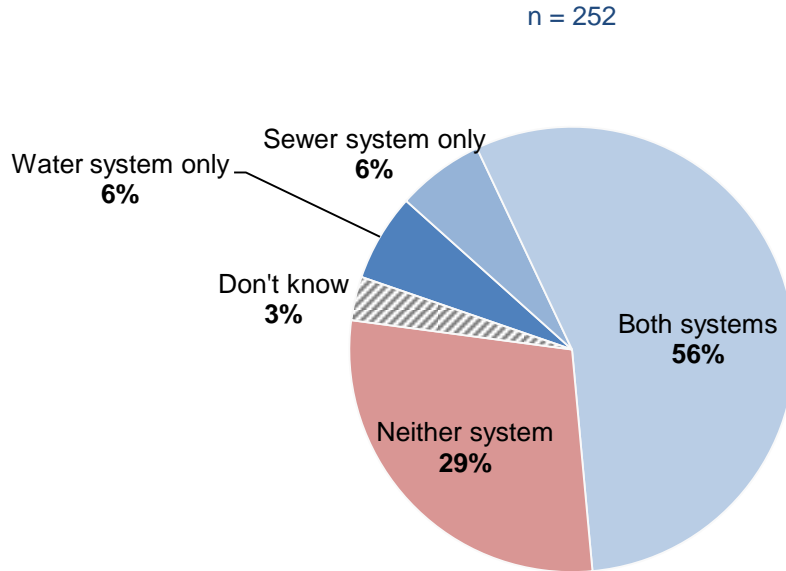
69) What is the treatment capacity of your wastewater system?



70) How much of your water and wastewater system is mapped in an electronic format (e.g. GIS, CAD, etc.)? (Pick one for each row).

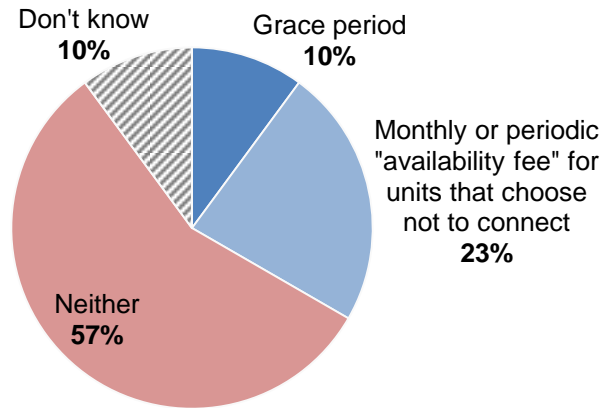


71) Does your utility have an ordinance that requires residents to connect to the water or sewer system? Pick one.



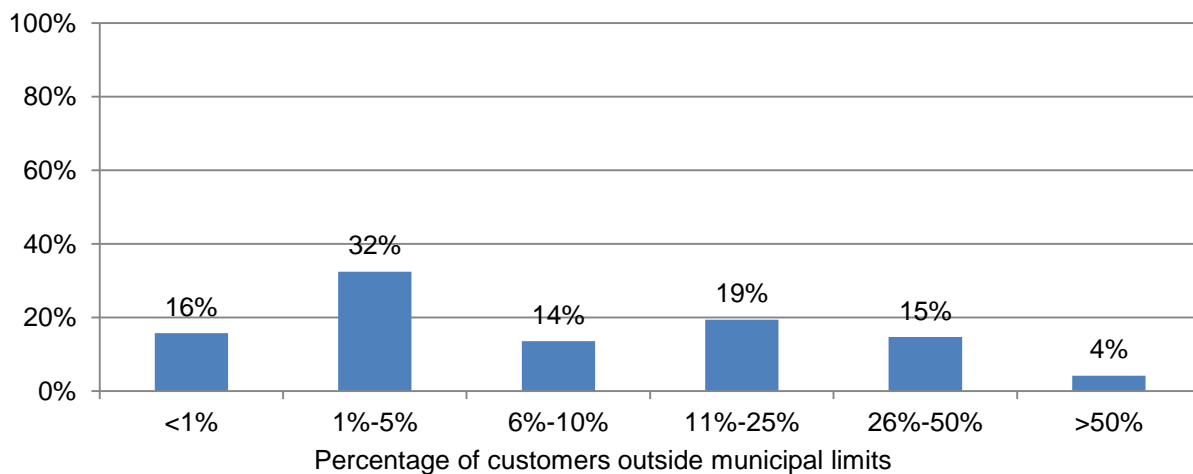
72) **If yes to either system:** What does your utility offer for residents who refuse to connect to your system? Pick one.

n = 166 (excluding "not applicable")



73) **For municipalities only:** What percentage of your utility's customers lives outside of your municipality's limits? Please provide an approximate percentage if a precise percentage is not available.

n = 191 (excluding "not applicable")



74) To which municipalities does your utility provide *retail drinking water* services to (not bulk or wholesale)?

75) To which municipalities does your utility provide *retail wastewater* services to?

OPTIONAL: Please write any comments you have about rate setting and rate implementation at your utility, including comments on experiences, lessons learned, issues, etc. Please also write any ideas for questions you recommend including in future rate setting surveys. You may also use this space to explain in more detail some of your answers on this survey.