

North Marin Water District
Novato Service Charge Analysis

2/3/2017

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Annual Cost of Providing a Meter and Rendering a Bill
as of 12/31/16

Active Meters 12/31/16 = 20,536

Capital Cost	1-Inch Fire		
	5/8-Inch Service	Sprinkler Service	1-Inch Service
Installation Labor & Vehicle Charges ¹	\$2,901.19	\$2,901.19	\$2,901.19
Backfill, Blacktop & Sand ¹	971.45	971.45	971.45
Copper Pipe (30') ²	129.89	129.89	129.89
Water Meter	74.22	194.92	194.92
Angle Meter Stop ²	54.69	54.69	54.69
Corporation Stop ²	50.36	50.36	50.36
Anode (12 lb.)	60.35	60.35	60.35
Service Saddle (6") ²	52.87	52.87	52.87
Fiberlite Meter Box Lid	27.32	45.12	45.12
Meter Box	25.12	31.19	31.19
Corporation Stop Adapter ²	20.83	20.83	20.83
Meter Spud	10.00	11.09	11.09
Grounding Clamp ²	3.94	3.94	3.94
Total Capital Cost ³	\$4,382.24	\$4,527.90	\$4,527.90

Capital Cost Amortization ⁴ \$92.42 \$99.27 \$99.27

Annual Expenses ⁵

Debt Service ⁶	\$1,299,093		
Billing and Accounting (net) ⁷	269,407		
General & Administrative ⁸	263,289		
Customer Service Expense	174,947		
Meter Reading	156,557		
Meter Maintenance	100,402		
Stationary & Supplies	58,903		
Uncollectible Accounts	15,382		
Office Equipment Expense	23,091		
Collection Agency Fees	1,948		
Distributed to West Marin ⁹	(16,959)		
Field Collection Expense (net) ¹⁰	(54,063)		
Total Annual Expense	\$2,291,997	/ 20,536 =	\$111.61 \$111.61 \$111.61

Total Annual Cost per Meter \$204.02 \$210.88 \$210.88

Bimonthly Cost (Annual Cost / 6) **\$34.00** \$35.15 \$35.15

Current Bimonthly Charge **\$30.00** **\$34.00** **\$60.00**

Bimonthly Contribution to System Repair and Replacement **(\$4.00)** **(\$1.15)** **\$24.85**

1 Average cost of last 5 years' installations.

2 Same 1" size is used for all three services shown.

3 Includes 8.5% sales tax & 15% material handling charge.

4 Annual capital cost amortization (capital recovery) is based upon estimated materials life of 50 years (except the meter which is amortized over 20 years) and assumes, in accordance with the Federal government's directive on discount rates specified in OMB Circular No. A-94 (revised November 2015), a nominal interest rate of 3.5% and an inflation rate of 2.0%.

5 Based on costs reported in the Audited FY2016 financial statement.

6 Debt service includes Principal & Interest for the STP SRF Loan, EDA Drought Loan and AEEP Bank of Marin Loan less MMWD \$245,000 AEEP Capital Contribution

7 Billing and Accounting amount shown is net of new account charge revenue.

8 G&A is 37% of labor expense.

9 Billing & Accounting expense is allocated to Recycled Water and West Marin customers based on the number of active accounts.

10 Field Collection Expense amount shown is net of account turn-on charge revenue.