

Construction Underway on New Treatment Facility

Work is now underway on building Carmichael Water District's membrane water filtration facility. "After all the hard work by the community, staff and board of directors these past several years in putting this project together, it's really exciting to see the new facility actually begin to take shape," noted General Manager LaNell K. Little. "The pay-off for our customers will be a safe and more reliable water supply for years to come."

Construction began in mid-June as workers began clearing the site. The membrane filtration plant will initially treat up to 17 million gallons of water per day, nearly three-quarters of the District's peak demand. It will be expandable to 22 million gallons per day.

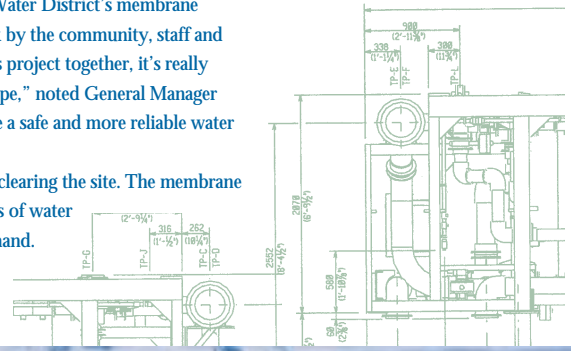
The new plant will provide high quality water to the entire District service area, supplemented by water from the District's best quality wells when needed.

The facility is being built by Kiewit Pacific Company, which was selected after a competitive bidding process that attracted some of the leading construction companies in the industry.

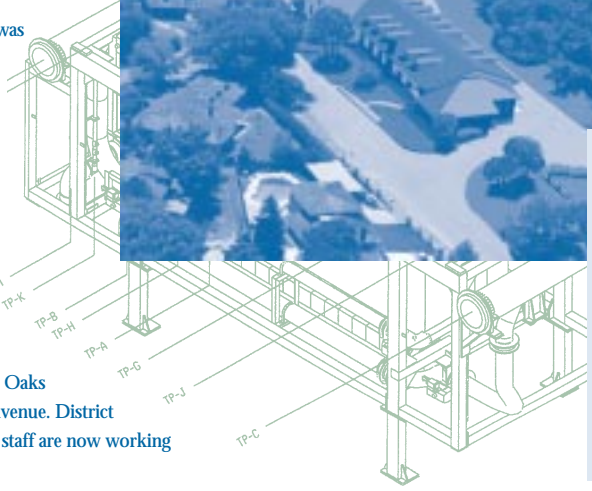
Kiewit's bid for the project was \$18,765,000. Montgomery Watson Engineering will provide construction oversight services for the project.

The plant is scheduled for completion by November 2001.

In addition, the District's Corporation Yard has been relocated into a refurbished building on Fair Oaks Boulevard near California Avenue. District operations and maintenance staff are now working out of that location.



LABEL	DE
TP-A	FE
TP-B	RE
TP-C	BA
TP-D	BA
TP-E	BA
TP-F	BA
TP-G	CI
TP-H	CI
TP-J	F
TP-K	CL
TP-L	FI
TP-H	FI



"The pay-off for our customers will be a safe and more reliable water supply for years to come."

Artist rendition of completed facility

DISTRICT APPROVES \$6.9 MILLION BUDGET AS REQUIRED RATE INCREASES MODERATE

The Carmichael Water District Board of Directors has approved a \$6.9 million budget for fiscal year 1999-2000, with nearly one-fourth of the expenditures earmarked to finance construction of the new water treatment facility. Revenue increases required for the new spending plan are only 2.5 percent—about one-sixth of the increase originally forecast. In addition, rate increases after final phase-in of the rate equity adjustments next year, will range from just 1.5 percent to 2 percent in coming years.

“The Board’s aggressive cost management strategies together with favorable interest rates have enabled the District to significantly cut planned expenditures without reducing service to our customers,” noted General Manager LaNell Little.

While the District’s increased revenue requirement is 2.5 percent, customers will see varying changes in their water charges with the second year of a three-year phase-in of the rate equity program. That program is based on an independent rate analysis and recommendations by a citizen’s committee appointed several years ago. These adjustments have been required to make charges for water service as close as possible to actual water use, so that each rate class—residential, commercial, parks and schools, etc.—pays its fair share of District costs.

Based on those findings, the District’s largest rate class—single family dwellings on lots less than half an acre with a service connection one-inch in diameter or less—will experience an 8.5 percent rate increase. The bimonthly bill for such properties will be \$64.05.

The good news is that, following the third and final year of the rate adjustments, customers will see rate increases much smaller than previously believed necessary. In fact, the current year’s water charge is 13 percent less than forecast in 1996. Next year’s rate adjustment is 15 percent less than originally projected. After the final phase-in of the equity adjustments next budget year, District rate increases are projected to be only 1.5 percent to 2 percent annually. (See chart.)

BIMONTHLY BILLING GOING INTO EFFECT

For the convenience of Carmichael Water District customers, a new bimonthly billing process went into effect July 1.

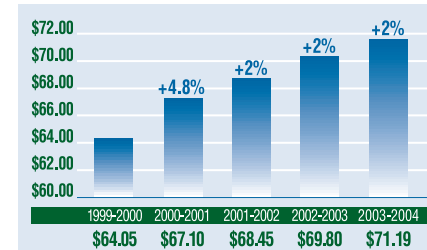
This new billing format will run one billing cycle each month, consisting of one-half of the District’s accounts for a two-month billing period.

While the great majority of customers pay their bills in a timely manner, new procedures have been adopted to ensure collection of past due balances under the bimonthly plan. The new shutoff procedure will be phased in this fall, to allow customers to become familiar with the District’s new billing plan.

Water service charges will be due by the end of the month in which the bill was received. Customers who have not paid will receive a reminder notice around the fifth of the following month, with payment due within 10 days. Customers with past due balances of \$110 or more still outstanding after the past due notice grace period has expired will receive a 48-hour notice for payment, plus an additional \$20 charge.

If payment is not received after the 48-hour notification, water service will be disconnected at the affected property and the account will be charged a \$20 shut-off fee. Outstanding account balances must be paid in full before service can be reconnected.

RATE PROJECTIONS



Projected Bimonthly Billing Rates: 1999-2000 Through 2003-2004. Single Family Dwellings, Half-Acre or Less, 1" Connection

STAGE ONE CONSERVATION IN EFFECT

California has experienced a record fifth straight wet year. That means that water supplies available to Carmichael Water District are sufficient to meet all foreseeable needs.

Regardless of the available supply, the District always encourages responsible water usage and is cooperating with the Sacramento Area Water Works Association in supporting its water conservation program.

The key feature of this program is the odd-even watering schedule. Customers with addresses ending in odd numbers may water outdoors on Tuesdays, Thursdays and Saturday. Even-numbered addresses irrigate on Wednesday, Fridays and Sundays. Outdoor watering is discouraged on Mondays.

Also, as the warmer summer days occur, it’s a good time to check your sprinkler system to ensure everything is in working order and to set any timers to the appropriate schedule.



CARMICHAEL WATER DISTRICT

Balance Sheet
June 30, 1998

Assets

Current Assets

Cash and Investments	3,802,982
Accounts Receivable	545,409
Interest Receivable	40,628
Prepaid Expenses	50,002
Inventory	87,147
Total Current Assets	4,526,168

Property, Plant and Equipment 10,135,513

Other Assets

Restricted Cash and Investments	372,663
Investment in Electrical Power	254,715
Total Other Assets	627,378

Total Assets \$15,289,059

Liabilities and Fund Equity

Current Liabilities

Current Portion of Capital Lease Debt	52,994
Accounts Payable	235,675
Compensated Absences Payable	42,819
Rent Deposits	200
Interest Payable	5,747
Accrued Payroll	19,142
Total Current Liabilities	356,577

Capital Lease Payable, Long-Term Portion 115,470

Deferred Revenue 302,981

Total Liabilities 775,028

Fund Equity

Contributed Capital	865,998
Retained Earnings	13,648,033
Total Equity	14,514,031

Total Liabilities and Equity \$15,289,059

DISTRICT MOVING AHEAD ON COOPERATIVE PROGRAMS

Carmichael Water District has agreed to participate in the next phase of a regional planning effort designed to protect the American River while improving the reliability of local water supplies.

On June 14, the Board of Directors approved participation in the second phase of the Regional Water Master Plan process.

The next phase of the process will focus on a variety of specific projects for the benefit of the participants.

METER PROJECT OUT TO BID

The District is soliciting competitive bids to begin installing water meters on commercial properties, schools and parks, and multi-family dwelling units.

Approximately 1,600 meters will be installed under the program, which is scheduled for completion by May 2000. Meters will be supplied by ABB Water Meters Inc., which was awarded the contract by the Board of Directors in early May.

DISTRIBUTION SYSTEM

IMPROVEMENTS PROGRESSING

A series of improvements in the District's distribution system are moving forward. The program will enable treated surface water to be delivered to all parts of the District once the new treatment facility is operational.

The program includes the recent completion of a new pressure zone, and installation of a new 24-inch water main on Marshall Avenue from Sutter Avenue to Lincoln Avenue, beginning in October 1999.

In addition, modifications are being planned for the Dewey storage tank and the LaVista booster pump to improve water distribution. The design of that project is now 70 percent complete and the construction contract will go out to bid this fall. As a result, all areas of the District will experience better water quality and far fewer seasonal changes in quality.

CARMICHAEL WATER DISTRICT

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SURFACE WATER TREATMENT RULE

This is the twenty-third mandatory notice to inform customers that Carmichael Water District does not currently comply with the Surface Water Treatment Rule (SWTR). The rule was issued by the federal Environmental Protection Agency and is enforced in California by the state Department of Health Services (DHS).

With the approval of DHS, the Carmichael Water District has modified its water supply operations to ensure that customers continue to receive a safe drinking water supply. These interim measures include increased disinfection with chlorine, a higher reliance on well water, and increased water quality monitoring.

Since the last quarterly update, the Carmichael Water District Board

Update #23

of Directors has accepted a competitive bid from Kiewit Pacific Company for construction of a new membrane filtration water treatment facility.

Construction is now underway on the new facility (see story, page 1), with completion scheduled for November 2001.

The following language is required to be included in quarterly mailing by agencies not in compliance with the SWTR:

The state of California Department of Health Services (DHS) sets drinking water standards and has determined the presence of microbiological contaminants in that water may cause disease. Disease

symptoms may include diarrhea, cramps, nausea, and possibly jaundice, and any associated headaches and fatigue. These symptoms, however, are not just associated with disease-causing organisms in drinking water but may also be caused by a number of factors other than your drinking water. DHS has set forth enforceable requirements for treating drinking water to reduce the risk of these adverse health effects. Treatment such as filtering and disinfecting the water removes or destroys microbiological contaminants. Drinking water which is treated to meet DHS standards is associated with little to none of this risk and should be considered safe.

For further information, contact Carmichael Water District at 483-2452.