



State of Idaho

DEPARTMENT OF WATER RESOURCES

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GOVERNOR

June 21, 1994

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R. KEITH HIGGINSON
DIRECTOR

Lee Peterson
Water District NO. 37 & 37M
P.O. Box T
Shoshone, ID 83352

Department of Water Resources
Southern Region Office

Re: Inquiry Concerning Water District Budgeting and Assessments

Dear Lee:

I am finally getting around to providing you with a response to your letter of March 2 regarding your ideas for changing the water districts' procedures for budgeting and collecting assessments. I apologize for the long delay in responding to your proposal.

Since section 42-618, Idaho Code does provide for water districts to collect assessments directly from water users, it appears that after-the-fact collection of assessments can be done. There already is precedent for the Department supporting this system since State Water District No. 01 has been using a similar budgeting and collection procedure for the past several years. District 01 implemented its program by going to a double billing in the first year. This guaranteed the district sufficient operating funds for the first year or two until it made a complete transition to after-the-fact billing.

If you are serious in pursuing this matter, I suggest that you first present the proposal to the water districts' advisory committee. The following comments are offered for your further consideration.

1) How does the district fund the first year of operation under after-the-fact collection? You have suggested using the district's surplus funds in the first year. That amount however appears to be much less than is needed for a full year. Surpluses are not really surplus. If the district does not spend all of the money budgeted, then each water user has a proportionate claim on the excess money. Asking those users, that by chance have a surplus, to fund the district operation for all or part of the first year would not be appropriate. If they receive a credit when the after-the-fact bills are sent, the same dilemma will exist for funding each subsequent year.

2) Have you developed any ideas or plans as to informing or advising all of the water users about this proposal prior to implementing it or even prior to the next annual meeting? You should soon begin to discuss your proposal and our concerns with the advisory committee and seek their input. Perhaps the district

could also send notices to users and seek some input in addition to discussing the matter with the advisory committee. Results of any meeting with the advisory committee regarding this matter should be reported to the Department. You should also provide the Department with an outline of how you intend to implement the changes before taking any action. Your outline should address any questions which have been raised in this letter.

3) The district should perhaps consider going to a double billing in the first year in order to make a full transition to after-the-fact billing. If a double billing is too burdensome on some users or organizations, the district could perhaps collect assessments on a semi-annual or quarterly basis. Attached separately to this letter are several examples showing how the suggested double billing and transition to after-the-fact billing might be implemented over several years.

Please contact me directly if you have questions or wish to review this matter further. I concur with your comments about the cumbersome nature of the credit/debit billing procedures and the difficulty many water users have in understanding their bills. I wish all our water districts could move to a more user friendly accounting process. In particular, I would like to see you implement your proposal but am concerned that we may be overlooking some potential problems at this time.

Sincerely,



Tim Luke
Water Allocations

cc: Region

WATER DISTRICT BILLING EXAMPLES
Double Billing in First Year & Transition to
After-the-Fact Billing

A. Example 1

- 1) User budgeted for \$500 in 1994, actual cost based on delivery is \$400; user has \$100 credit from 1994
- 2) User budgeted in 1995 for \$400 based on normal 5 yr. average budgeting, billing is then doubled to \$800 less \$100 credit from 1994 season; total 1995 billing is \$700.
- 3) User's actual cost based on 1995 delivery is \$500. User's balance at end of 1995 season is $\$700 - \$500 = \$200$. User does not receive bill for 1996 season.
- 4) User's actual cost at end of 1996 season is \$500. User's after-the-fact bill is \$300 ($\$500 - \200 credit balance).
- 5) User's actual cost at end of 1997 (based on 1997 delivery) is \$500, user billed for \$500 and thus owes \$500.

B. Example 2

- 1) User budgeted for \$200 in 1994, actual use cost at end of season is \$0 (i.e.; no delivery in '94); user has \$200 credit from 1994.
- 2) User budgeted in 1995 for \$140 based on normal 5 yr. average budgeting, billing is then doubled to \$280 less \$200 credit from 1994 season; total 1995 billing is \$80.
- 3) User's actual cost based on 1995 delivery is \$0. User's balance at end of 1995 season remains at \$80. User does not receive bill for 1996 season.
- 4) User's actual cost at end of 1996 season is \$50. User's after-the-fact bill is actually a \$30 credit ($\80 credit balance - \$50 cost). User then does not receive bill for 1997.
- 5) User's actual cost at end of 1997 (based on 1997 delivery) is \$40, user's after-the-fact bill is \$10 ($\40 cost - \$30 credit).
- 6) User's actual cost at end of 1998 season is \$60. User has no existing credit balance and thus billed for \$60.

C. Example 3

- 1) User budgeted for \$300 in 1994, actual cost based on delivery is \$400; user has \$100 debit from 1994.
- 2) User budgeted in 1995 for \$350 based on normal 5 yr. average budgeting, billing is then doubled to \$700 plus \$100 debit from 1994 season; total 1995 billing is \$800.
- 3) User's actual cost based on 1995 delivery is \$350. User's balance at end of 1995 season is $\$700 - \$350 = \$350$. User does not receive bill for 1996 season.
- 4) User's actual cost at end of 1996 season is \$420. User's after-the-fact bill is \$70 ($\420 cost - \$350 credit balance).
- 5) User's actual cost at end of 1997 (based on 1997 delivery) is \$400, user billed for \$400 and thus owes \$400 since there is no credit from prior year.