



## **Town of Yountville**

### **Water and Wastewater Utility Enterprise Fund Rate Philosophy**

(Adopted June 21, 2011 by Resolution Number 2974-11)

#### **Historical Background:**

The Town of Yountville operates both water and wastewater utility enterprise fund operations which serve the residents of the Town and, in the case of the water enterprise fund, an additional 32 accounts located along Yountville Cross Road. Enterprise Fund operations are designed by nature to operate more like a private sector business model as compared to general government services. For the past decade the Town has operated its water and wastewater utility enterprise funds in a manner which included a significant General Fund subsidy averaging \$300,000 per year to cover water operating expenses and capital project expenses for both the water and wastewater utility enterprise funds.

On February 10, 2011 the Town Council adopted a new five (5) year phased rate schedule that was designed to end the General Fund subsidization of these enterprise funds. The Town Council issued a policy statement that the enterprise funds should no longer be subsidized and requested a formal policy be brought back to the Council.

#### **Purpose:**

The Town will establish Utility Enterprise Funds for Town services when the intent of the Town is that all costs of providing the service shall be recovered primarily through ratepayer charges.

#### **General Policy Practices:**

1. Enterprise Funds will be established for Town-operated utility services such as the water and wastewater operations.
2. Enterprise Fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital improvements.
3. The Town Council will review and adopt utility rates as needed to appropriately cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves as established by Town Council policy, and provide for an adequate level of working capital.
4. Enterprise Fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
5. Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
6. Town Council shall continue the five (5) year phased utility rate increase for water and wastewater approved on February 10, 2011 which is designed to end General Fund subsidy and operating deficits of each enterprise fund over the next five (5) years.