



Rathbun
Regional
Water
Association, Inc.

Spring 2017

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RRWA IMPLEMENTS WATER RATE ADJUSTMENT

John Glenn, CEO/COO of Rathbun Regional Water Association, Inc. (RRWA), announced during the Annual Membership Meeting on February 23, 2017 that on July 1, 2017 the first water rate adjustment in six years will be in effect for bills paid on August 1, 2017.

Mr. Glenn explained to the membership that the price adjustment was necessary in order to maintain RRWA's high standard of providing customers with safe, quality, and reliable drinking water and related services. During the past six years virtually all aspects of RRWA's operations have experienced steady cost increases each year.

RRWA's Staff and Board of Directors annually address long term planning. The long term planning decisions are based on future drinking water needs of RRWA's customers. The water our Lee County customers receive is purchased from Fort Madison and Keokuk. Our purchase water costs have increased 21% in the past six years for Fort Madison and 26% for Keokuk. The Staff and Board are discussing ways to address those increases such as partnering with one of our suppliers, conducting an engineering study into the feasibility of constructing a water plant in the area, and the potential need for more frequent rate changes if we continue to receive double digit rate increases from our suppliers. Through various cost saving measures and new customers RRWA has been able to hold the increase to our customers to 6% at this time.

RRWA has partnered with the Cities of Bloomfield, Birmingham, and Hillsboro to supply drinking water to their homes and businesses. RRWA is currently working with the Cities of Chariton, Donnellson, and Salem to become their sole water supply. Since 2011, RRWA has installed 1,665 new hookups, with over half of those for new homes. These additional customers together with RRWA's expanded water capacity help keep the rates at RRWA, also after this increase goes into effect, some of the lowest in Iowa.

RRWA's primary goal is to provide high quality drinking water and dependable service at the most affordable price possible while ensuring the financial stability of our Association. As a member-owned utility, RRWA is asking our customers to share the cost of accomplishing this goal. The new rate structure will increase the average RRWA customer's water, using 5000 gallons of water per month, by \$3 per month before sales tax.



During the month of July a new rate chart and letter regarding the adjustment will be mailed to all of our customers. If you do not receive the letter or have questions, please feel free to contact our office by phone at 1-800-233-8849 or email rrwainc@rrwa.net.



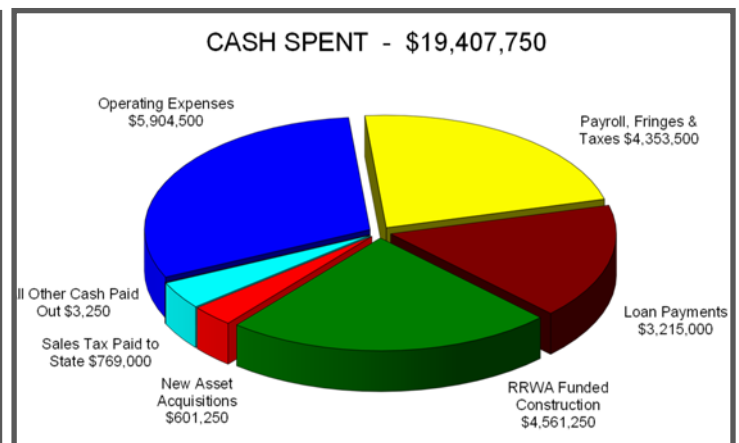
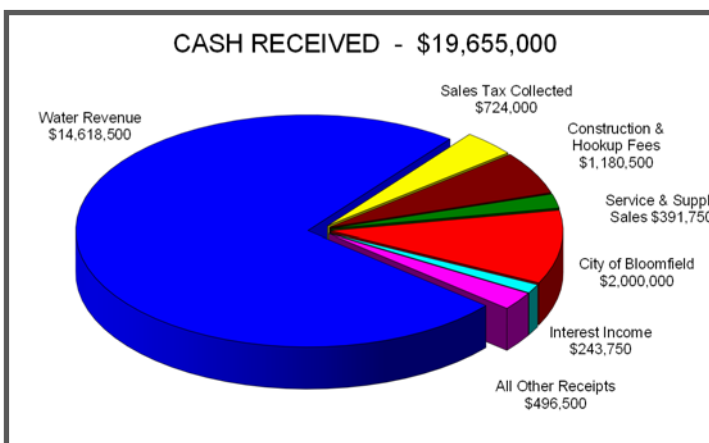
2016 FINANCIAL SUMMARY OF RRWA

The number of meters that RRWA customers had in service increased by 280 throughout the year and totaled 19,725 by the end of 2016. Water usage during the year from these meters increased by almost 6 percent or 150 million gallons from 2015 numbers and totaled 2.6 billion gallons for 2016. This increased water usage was primarily due to the dry weather conditions experienced during the second half of the year.

The 2.6 billion gallons in water sales generated revenues of \$14.4 million for the Association and when combined with \$220,000 collected from 750 Waste Water customers, accounted for 75% of the total cash received during 2016. Another \$724,000 in sales tax associated with water sales was collected for the State. Construction income and hookup fees charged for the new additions to the distribution system brought in \$1,180,000 while additional construction services and material sales provided to existing members and other entities created \$391,750. The City of Bloomfield also contributed \$2 million in 2016 toward infrastructure improvements that were made to serve their future water needs. Income from RRWA's cash investments generated just over \$243,000 in interest income throughout the year and all other cash received during 2016 totaled \$497,000.

Daily operating expenses of the company during 2016 required \$5.9 million in cash and included in this segment was everything from the chemicals and electricity used to purify and pump the water to the fuel and repair costs associated with RRWA's trucks and equipment, or the office supplies and postage expenditures incurred throughout the year. Operating expenses in this segment increased 10% or over \$540,000 from the prior year. Another \$4.35 million was spent on salaries, fringe benefits and payroll taxes for the company's 63 full-time employees. The next segment of cash expenditures was loan payments which required \$3.2 million of cash. Interest payments totaled \$1.7 million on an average loan balance of roughly \$48 million throughout the year with principal payments making up the remaining \$1.5 million. Construction projects and improvements required over \$4.5 million throughout the year for the funding of costs associated with new individual customer hookups, the infrastructure needed for the connection to the City of Bloomfield, a new distribution main built into Van Buren County to Keosauqua and continued rehabilitation work on the Association's original treatment plant built in the 1970s. New capital purchases required another \$600,000; payments made to the State for sales tax totaled \$769,000; and all other uses of cash totaled \$3,250.

Total cash expenditures for the year added up to \$19,407,750, which when compared with total cash receipts of \$19,655,250, resulted in a positive cash flow during the year of \$247,500. The company's balance sheet and financial ratios continued to remain strong in 2016 with the company's net worth or members equity increasing by \$1.2 million over numbers reported the previous year while long term debt and liabilities decreased by \$1.4 million.



2016 CONSUMER CONFIDENCE REPORT INFO

The Rathbun Regional Water Association, Inc. 2016 Water Quality Reports (CCR) coming soon: Starting June 30, 2017 you will be able to view your RRWA system 2016 Annual Water Quality Report (also known as a Consumer Confidence Report, CCR) online.

If your account number begins with 01-02-03-04-05-06-08-09-10-12-14-15-16-17-19-20-21-22-23-24-25-26-27-28-29-30- log on to:

<http://www.rwa.net/RathSysCCR2016.pdf>

If your account number begins with 33-34-42-70-71-72-log on to:

<http://www.rwa.net/FtMadCCR2016.pdf>

If your account number begins with 35-36-37-38-40-41-log on to:

<http://www.rwa.net/BurlSysCCR2016.pdf>

If your account number begins with 39-74 log on to:

<http://www.rwa.net/MtPleasantSysCCR2016.pdf>

Your 2016 Consumer Confidence Report contains important information about the source and quality of your drinking water. If you would like a paper copy of the CCR mailed to your home or sent as an attachment to an email, please call 641.647.2416 or email jbuckingham@rwa.net.

....A Better Way to Serve RRWA Customers!



RRWA will soon be able to offer even better service to our customers. In the near future, RRWA customers will have the opportunity to manage their accounts online.

RRWA's new online account management system will allow customers to pay bills, monitor water usage, send service requests, and receive notifications from their computers, tablets, or smartphones. RRWA is working with industry leader Smart Utility Systems to design and implement this new system. More information will be available in the coming months.

Keep an eye out!

**RATHBUN REGIONAL WATER ASSOCIATION, INC.
NOW CHARGES
A \$250 TAMPERING FEE
PLUS
ADDITIONAL CHARGES FOR DAMAGED EQUIPMENT
AND LOSS OF WATER!**

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Return Service Requested

RRWA 40TH ANNUAL MEETING HELD

The 40th Annual Membership meeting was held at the RRWA Treatment Plant, 16166 Hwy J29, Centerville, IA on February 23, 2017 at 7:30 p.m.

Three directors were re-elected to serve a three-year term on the RRWA Board:

District 2: Dennis Amoss who resides at 6040 170th Street, Albia, IA.

District 3: Doug Goben who resides at 1643 100th Street, Corydon, IA.

District 7: Mike Fesler who resides at 11301 Danville Road, Danville, IA.

RRWA would like to thank all of those members of the nominating committee for their willingness to serve. Members of the nominating committee appointed by the Board of Directors were: Dan Furlin, Jr-Numa, Gary Dustin-Albia, Paul Wells-Milton, Leroy Perkins-Corydon, Darrell Krehbiel-Donnellson, Richard Rickelman-Bloomfield, and Bill Hillyard-Burlington.

Other items discussed at the meeting were:

- The 2016 Financial Report of RRWA
- Tour of the Original RRWA Treatment Plant
- Tour of the New RRWA Treatment Plant

2017 RRWA BOARD OF DIRECTORS

Charles Warner, Chairman
Max Proctor, Vice Chairman
Mike Fesler, Secretary & Treas

Dennis Amoss
Randy Eddy
Doug Goben
Garry Schiller