

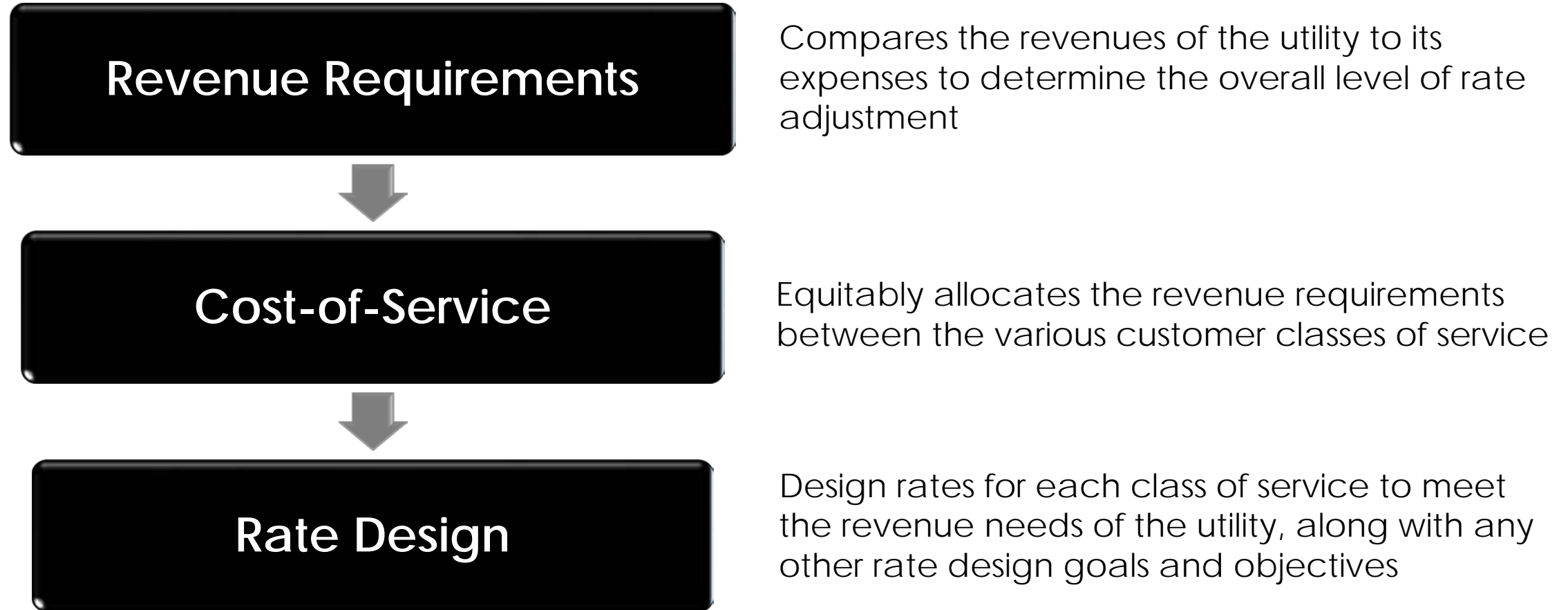


# 2023 Rate Study Preliminary Findings

February 16, 2023



# The Rate Setting Process

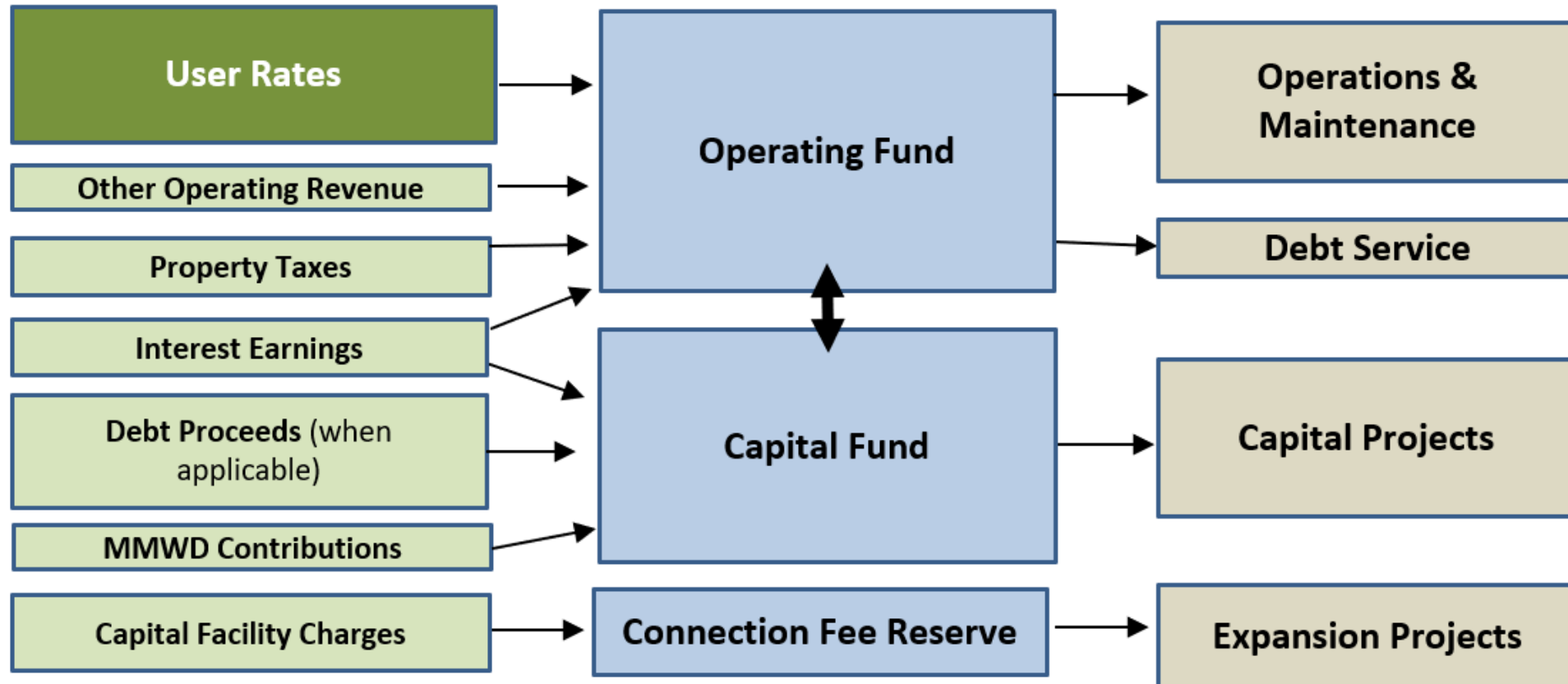


# Legal Requirements for Setting Water Rates In California

## Proposition 218 (Article XIID, Section 6 of California Constitution)

- Revenues shall not exceed funds required to provide service; nor used for another purpose
- Amount shall not exceed the proportional cost of the service attributable to the parcel
- Service must be actually used or immediately available
- Approval process includes 45-day notice, public hearing, and written majority protest. Does not require a voting process (unlike taxes).

# Schematic of Cash Flow and Fund Structure



# Cash Balances

Fiscal Year beginning July 1, 2022

---

Unrestricted Cash and Operating Reserve	\$27,909,000
Emergency Repair Reserve	\$1,000,000
Capital Reserve	\$2,951,500
Vehicle & Equipment Reserve	\$841,700
<hr/>	
<b>Total:</b>	<b>\$32,702,200</b>
Restricted Debt Service Reserves	\$904,600
Restricted (Capital Facility Charges)	\$587,700
<hr/>	
<b>Total Reserves:</b>	<b>\$34,194,500</b>

# Reserve Policies

The following are established reserve policies. In addition to protecting the District against unforeseen circumstances, these policies also contribute towards the District's credit rating.

**Operating Reserve:** 7 months of O&M budget plus debt service (projected \$11.4 million target)

**Emergency Repair Reserve:** Cost to repair a major asset, e.g., pump station (current target = \$1 million)

**Capital Reserve:** To provide capital for major capital projects that span two or more years. Accumulated depreciation is a factor (current target = \$4 million)

**Vehicle and Equipment Reserve:** Based on vehicle replacement life-cycle. (current target = \$1 million)

# Revenue

FY2022/23 Estimated Year End\*

---

Rate Revenue	\$16,141,200
--------------	--------------

## Non-Rate Revenue

Tax Revenue	\$1,777,700
-------------	-------------

Misc. Operating Revenue	\$509,900
-------------------------	-----------

Interest Earnings	\$303,300
-------------------	-----------

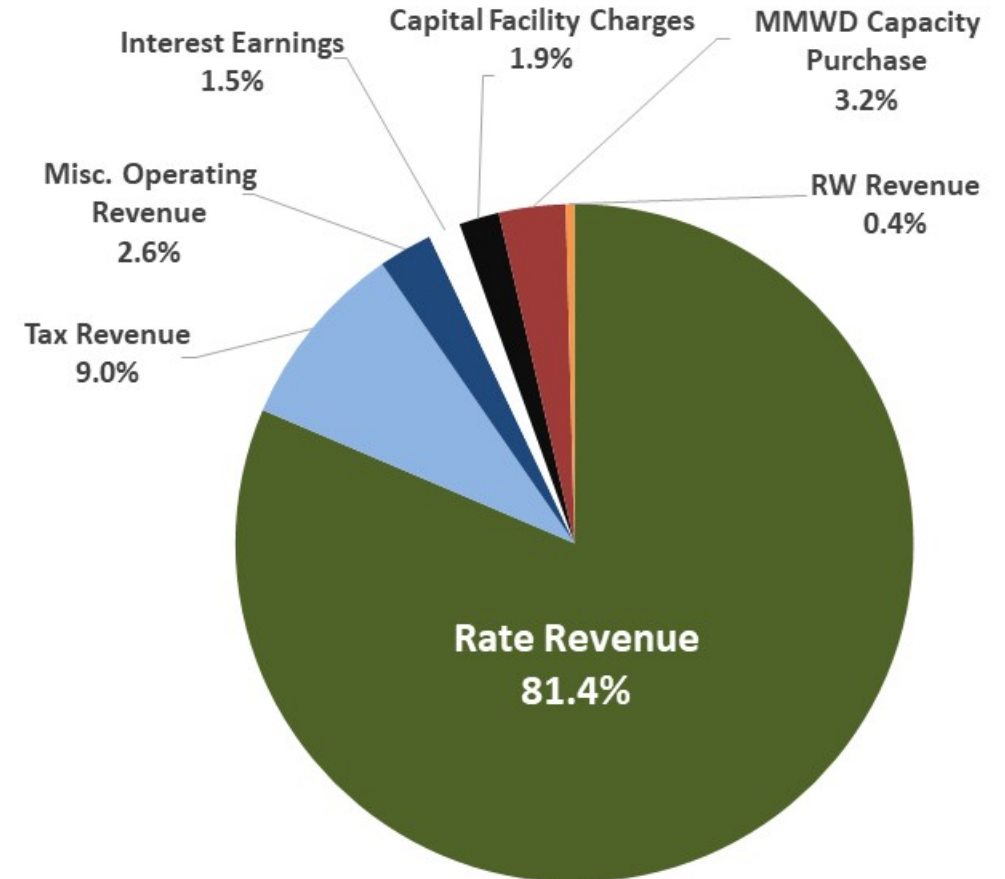
Capital Facility Charges	\$379,300
--------------------------	-----------

MMWD Capacity Purchase	\$631,200
------------------------	-----------

RW Revenue	\$80,800
------------	----------

---

<b>Total:</b>	<b>\$19,823,400</b>
---------------	---------------------



\* Excludes iBank loan disbursement

# Operating Expenses\*

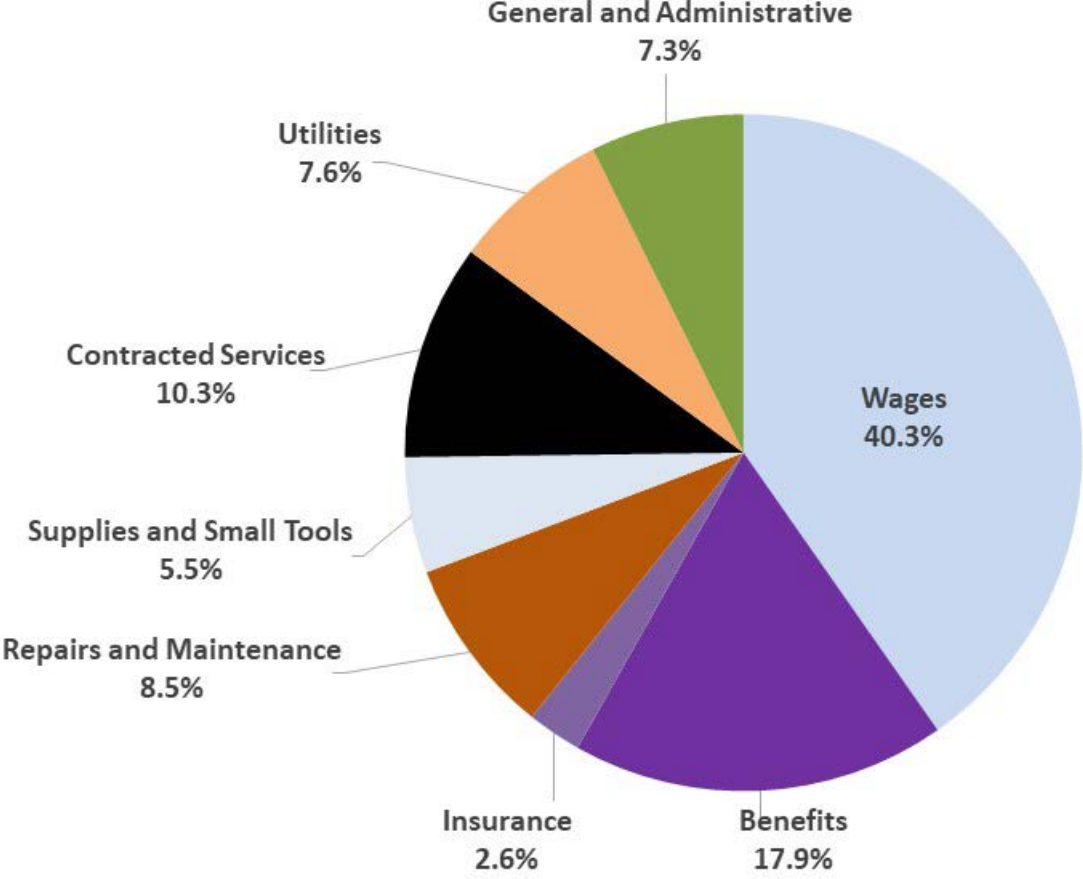
FY2022/23 Estimated Year End

---

Wages	\$4,201,000
Benefits	\$1,863,000
Insurance	\$270,000
Repairs and Maintenance	\$888,000
Supplies and Small Tools	\$577,000
Contracted Services	\$1,076,000
Utilities	\$788,000
General and Administrative	\$765,000

---

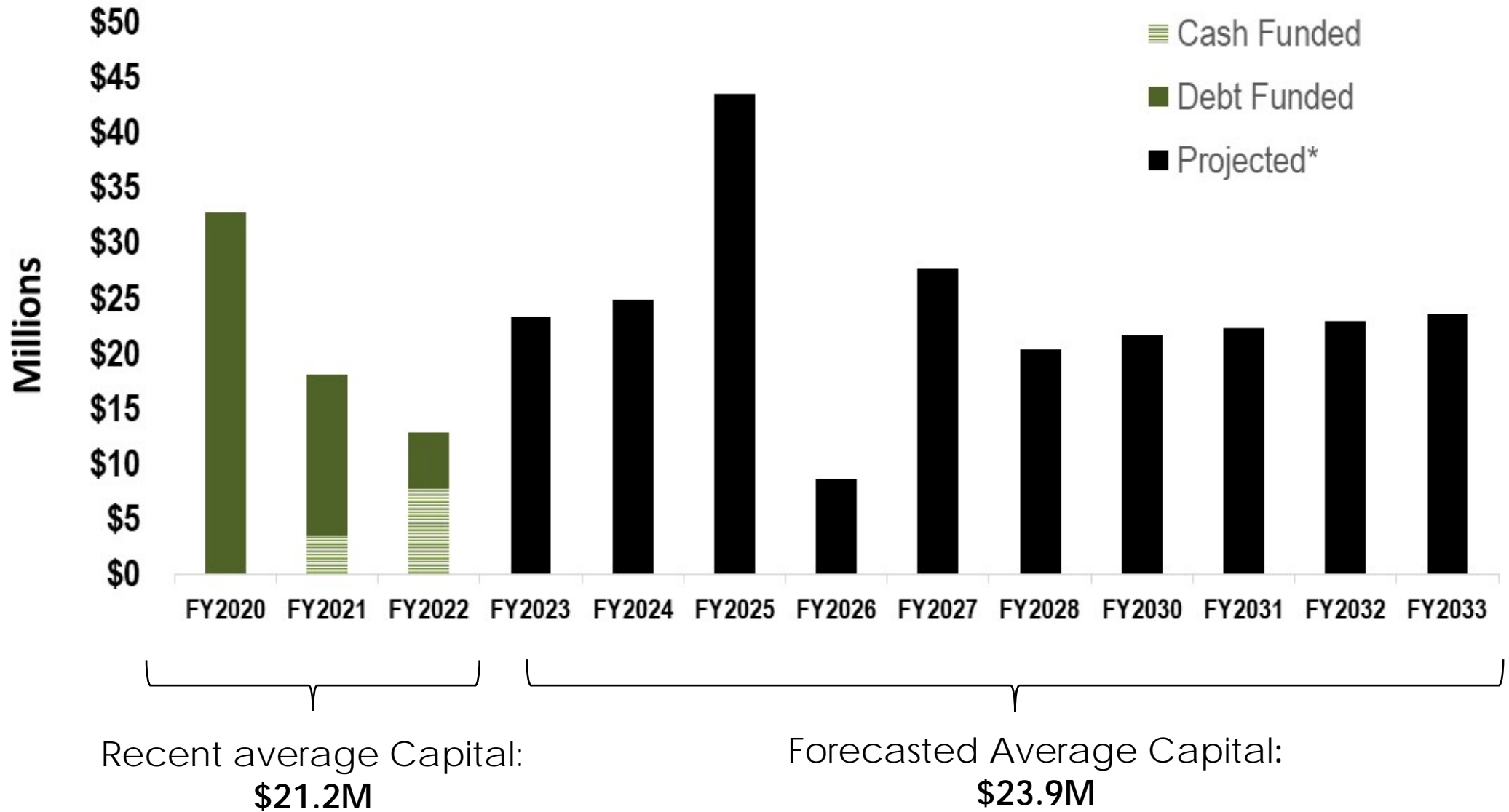
**Total Budget: \$10,428,000**



\* Does not include capital spending budget



# Capital Spending



\* Subject to adjustments, for example FY22/23 is expected to be less than \$13 million

# Current Rates

## Residential

Single Family	\$1,122 per account
Multi-Family	\$1,010 per unit
Mobile Home	\$1,122 per unit

Approximately 70% of rate revenue

## Non-Residential

### Rate per EDU (flow based\*)

Domestic Strength	\$1,122
Restaurants etc.	\$2,693
Bakeries etc.	\$3,590
Mortuaries	\$2,244
Hotels w/ Food	\$2,244
Markets w/ Disposal	\$2,917
Dry Industry	\$1,150
Mixed Use	\$2,244

Approximately 30% of rate revenue

\* Based on average water usage during summer and winter months