

City of Fullerton

DRAFT Water Rate Study

January 22, 2019



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Ms. Yelena Voronel
Principal Civil Engineer/Acting Director of Engineering
City of Fullerton
303 W. Commonwealth Ave
Fullerton, CA 92833

Re: DRAFT Water Rate Study

Dear Ms. Voronel

Stantec Consulting and Hildebrand Consulting are pleased to present this report of the DRAFT Water Rate Study (Study) that we performed for the City of Fullerton (City). We appreciate the fine assistance provided by you and all of the members of the City staff who participated in the Study.

If you or others at the City have any questions, please do not hesitate to call either point of contact, listed below:

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We appreciate the opportunity to be of service to the City and look forward to the possibility of doing so again in the near future.

Sincerely,



Mark Hildebrand
Project Manager



Benjamin Stewart
Project Consultant

Enclosure

Executive Summary

This Executive Summary presents an overview of the results of the 2018 Water Rate Study (Study) that was conducted for the City of Fullerton (hereafter referred to as the "City") by Stantec Consulting.

The primary objectives of this Study are to:

- i. Develop a multi-year financial management plan that provides for the City's capital funding needs;
- ii. Identify future rate adjustments to water rates that will ensure adequate revenues to meet the City's ongoing financial requirements;
- iii. Determine the cost of providing water service to customers using industry accepted methodologies; and
- iv. Recommend specific rate structures that equitably recover the cost of service while promoting affordability and comporting with industry practices and legal requirements.

The following describes the drivers that initiated the need for this Study, and a general description of the solutions that were used to address those challenges.

Driver: The rate schedule adopted by the 2013 rate study has expired.

Solution: Update the Water Enterprise financial plan and rates to meet the revenue needs over the next five years.

Driver: The Water Enterprise has experienced revenue shortfalls relative to the projected revenue from the 2013 study due to a historical drought and a significant increase in wholesale water costs.

Solution: Modify the water rate structure in a way that stabilizes revenue during times of drought by increasing the fixed revenue. Establish a dynamic pass-through policy that allows actual purchased water rate increases to be recovered through rates.

Driver: The City's water distribution system continues to experience above-average pipe breaks which are expensive to repair and disruptive to the community. Additionally, pumps, wells, tanks and other water assets are approaching or have aged beyond their useful lives and are in need of replacement.

Solution: Include in the financial plan an increase in capital spending to address the system's pipe replacement needs and replacement of other critical infrastructure.

Driver: The legal environment in California over the past 5 years (namely Proposition 218) has significantly increased the burden of proof required of public utilities to demonstrate that the rates being charged for utility service are proportionate to the cost of providing the utility services.

Solution: Conduct a full cost-of-service allocation analysis and make rate structure modification to ensure inter- and intra-class equity in rates charged to customers. Part of the solution involved tying the cost of purchased water to customer Usage Rates in order to substantiate the City's tiered water rates.

This study used methodologies that are aligned with industry standard practices for rate setting as promulgated by the American Water Works Association (AWWA) and all applicable law, including California Constitution Article XIII D, Section 6(b) (for water rates) commonly known as Proposition 218.

This Study consisted of the following phases:

1. Revenue Sufficiency Analysis (RSA) – The Study developed a multi-year financial forecasting model for the City's Water Enterprise to determine the level of annual rate revenue required to satisfy projected annual operating costs, debt service expenses, and capital cost requirements while maintaining adequate reserves. In the RSA, Stantec evaluated the sufficiency of the Water Enterprise's rate revenues to meet all of its current and projected financial requirements over a 10-year projection period and determined the level of rate revenue increases necessary over the next five years to provide sufficient revenues to fund cost requirements. Input data and key assumptions were reviewed with City staff, and several alternative capital spending scenarios were evaluated by both staff and a Rate Study Ad Hoc Committee during the RSA. This process generated a recommended financial plan and corresponding annual rate increases.

Like many utilities around the state and country, the City's water utility is currently facing challenges of aging infrastructure. Over 50% of the City's approximate 430 miles of water distribution pipes are over 50 years old. The City often experiences over 100 water main breaks per year, which is among the highest rate of breaks

per 100 miles of pipe in Orange County. These pipe breaks are a nuisance to residents and local business, they are expensive to repair, they damage homeowners' properties in extreme cases, and consequently they are a drain on the Water Enterprise's financial and staffing resources. In addition, many of the City's wells, pump stations, and reservoirs have reached the end of their useful service life.

City staff worked with a Rate Study Ad Hoc Committee (made up of 6 at-large members from the City's existing Energy and Resource Management Committee and the Citizens' Infrastructure Review Committee) to evaluate multiple alternative capital improvement program (CIP) project schedules spanning the period from fiscal year (FY) 2019 through FY 2028 (fiscal year 2019 spans the period from July 1, 2018 through June 30, 2019). These CIP alternatives were evaluated with the goal of balancing the need to address critical infrastructure deficiencies while minimizing water rate increases. The final recommended CIP totaled approximately \$127 million (in current dollars) over the period of FY 2019 through FY 2028. This CIP includes a ramp-up in spending on water main replacement, reaching the goal of replacing approximately nine miles per year by FY 2024. A pace of nine miles of pipeline replacement per year would result in replacing the entire distribution system over the course of approximately 50 years.

The 5-year rate revenue adjustment plan is presented in **Table ES.1**. It is important to note that, while in Year 1 rate revenues across all customer classes will increase by 19%, the proposed rate structure adjustments (discussed further below) will result in the average single-family residence only experiencing an increase of \$2.50 per month (or five percent). Results will vary among different customers due to the proposed rate structure adjustments. To be clear, some customers' bills will increase by more than the average rate revenue adjustment for Year 1, while other customers' bills will increase by less. Starting in Year 2 (FY 2021), all customers will experience the same uniform percentage change to their bill.

Table ES.1.: Proposed Plan of Water Rate Revenue Increases

Rate Adjustment Date	Rate Adjustment
July 1, 2019	19.0%
July 1, 2020	15.0%
July 1, 2021	7.0%
July 1, 2022	7.0%
July 1, 2023	5.0%

2. Cost-of-Service Analysis (COSA) – Using the revenue requirements from the RSA for FY 2020, Stantec performed a detailed COSA based upon principles outlined by the AWWA and other generally accepted industry practices in order to determine the proper distribution of costs and corresponding revenue requirements. The purpose of a COSA is to determine the cost of providing water services so that the revenue requirements of the utility may be equitably collected through rates. The Study employed methods promulgated in AWWA's *Manual M1: Principles of Water Rates, Fees, and Charges (M1)* for the water system. The COSA included the following steps:

- ▶ Step 1: Allocate costs to the appropriate activities/functions
- ▶ Step 2: Allocate the costs of each function to specific system parameters
- ▶ Step 3: Calculate unit costs
- ▶ Step 4: Credit non-rate revenue

3. Rate Structure Analysis – The Study developed specific rate schedules to recover the identified level of required rate revenue from the appropriate customers. The recommended rate schedules were designed to:

- ▶ Fairly and equitably recover costs through rates;
- ▶ Conform to accepted industry practice and legal requirements;
- ▶ Provide fiscal stability and recovery of fixed costs of the system; and
- ▶ Promote affordability for customers minimizing water usage.

The City's existing water rate design is a two-part structure comprised of a fixed service charge that is assessed based on meter size and a consumption-based rate (as measured in thousands of gallons or "TGAL") that is assessed based on the total amount of water that is used. Additional details that describe the City's current rate structure are included in the full report. This Study recommends implementing the following changes to the City's existing water rate structure:

1. Refer to the fixed service charge as the "Fixed Meter Charge" and the consumption-based rate as the "Usage Rate";
2. Eliminate Outside City customer classes and other legacy customer classes;
3. Identify specific costs that are designated to be recovered through fixed vs. variable revenue;
4. Update the meter equivalency schedule;
5. Directly recover differing costs for the two sources of water supply through tiered and uniform Usage Rates;
6. Calculate uniform Usage Rates for all non-residential customers; and
7. Establish a dynamic Pass-Through Policy which updates Usage Rates based on actual changes to wholesale water supply and electricity rates.

The tier allocations (i.e. the amount of water allowed in each respective tier) are calculated based on the amount of water available from each source of water supply.

Tables ES.2 shows the proposed rates for FY 2020. The complete list of rate schedules through FY 2024 are provided in the complete report. Note that the Pass-Through Policy would adjust rates in addition to the proposed rate revenue increases shown in **Table ES.1**.

Table ES.2: Proposed Rates, Effective July 1, 2019

Fixed Meter Charges

Meter Size	Monthly Rate
5/8"	\$27.59
1"	\$43.83
1 1/2"	\$84.41
2"	\$133.11
3"	\$262.98
4"	\$409.08
6"	\$814.92
8"	\$1,301.93
10"	\$1,951.27
12"	\$2,742.66

Tiered Usage Rates (for residential accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$2.36	12,200 gal.	4,900 gal.
2	\$4.34	20,000 gal.	7,000 gal.
3	\$4.70	(na)	(na)

Uniform Usage Rates (for non-residential accounts)

Customer Class	Rate (per TGAL)
Non-Residential	\$2.90

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List of Acronyms

AWWA	American Water Works Association
CIP	capital improvement program
CIRC	Citizens' Infrastructure Review Committee
COSA	cost of service analysis
DCR	debt service coverage ratio
ERMC	Energy and Resource Management Committee
FAMS-XL	Financial Analysis and Management System model
FY	fiscal year (which ends on June 30 for the City)
MWD	Metropolitan Water District of Southern California
O&M	operations and maintenance
OCWD	Orange County Water District
RSA	revenue sufficiency analysis
TGAL	thousand gallons

Section 1. INTRODUCTION

Stantec Consulting has been retained by the City of Fullerton (City) to conduct a Water Rate Study (Study). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The City of Fullerton is located in Orange County, approximately 25 miles southeast of downtown Los Angeles. The City's existing water service area is over 22 square miles, contiguous with the city limits. Through its Water Enterprise, the City manages water resources and constructs, operates, maintains, repairs, and replaces water system facilities as needed to provide water service in compliance with applicable standards and regulations.

The City's water utility currently depends on two sources of supply – pumped water managed by the Orange County Water District (OCWD) and purchased water from the Metropolitan Water District (MWD). The City has recently limited its groundwater use to meet no more than 75% of its water demands, in conformance with an agreement with OCWD.

1.2 OBJECTIVES

The primary objectives of this Study are to:

- i. Develop a multi-year financial management plan that provides for the City's capital funding needs;
- ii. Identify future rate adjustments to water rates that will ensure adequate revenues to meet the City's ongoing financial requirements;
- iii. Determine the cost of providing water service to customers using industry accepted methodologies; and

- iv. Recommend specific rate structures that equitably recover the cost of service while promoting affordability and comporting with industry practices and legal requirements.

This report has been organized into the revenue sufficiency analysis (financial plan), cost of service/rate design, and rate recommendations.

1.3 STUDY DRIVERS

The following describes the drivers that initiated the need for this Study, and a general description of the solutions that were used to address those challenges.

Driver: The rate schedule adopted by the 2013 rate study has expired.

Solution: Update the Water Enterprise financial plan and rates to meet the revenue needs over the next five years.

Driver: The Water Enterprise has experienced revenue shortfalls relative to the projected revenue from the 2013 study due to a historical drought and a significant increase in wholesale water costs.

Solution: Modify the water rate structure in a way that stabilizes revenue during times of drought by increasing the fixed revenue. Establish a dynamic pass-through policy that allows actual purchased water rate increases to be recovered through rates.

Driver: The City's water distribution system continues to experience above-average pipe breaks which are expensive to repair and disruptive to the community. Additionally, pumps, wells, tanks and other water assets are approaching or have aged beyond their useful lives and are in need of replacement.

Solution: Include in the financial plan an increase in capital spending to address the system's pipe replacement needs and replacement of other critical infrastructure.

Driver: The legal environment in California over the past 5 years (namely Proposition 218) has significantly increased the burden of proof required of public utilities to demonstrate that the rates being charged for utility service are proportionate to the cost of providing the utility services.

Solution: Conduct a full cost-of-service allocation analysis and make rate structure modification to ensure inter- and intra-class equity in rates charged to customers. Part of the solution involved tying

the cost of purchased water to customer Usage Rates in order to substantiate the City's tiered water rates.

1.4 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as promulgated by the American Water Works Association (AWWA) and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The Study began with development of a multi-year financial management plan that determined the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using the revenue sufficiency and financial planning module of Stantec's proprietary Financial Analysis and Management System (FAMS-XL) modeling system. The model was customized to reflect the Water Enterprise's financial dynamics and latest available data for the water utility's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

Revenue requirements calculated during the revenue sufficiency analysis (RSA) for Fiscal Year¹ ending June 2020 (FY 2020) were then used to perform a detailed cost-of-service allocation (COSA) analysis. The COSA analysis and rate structure design were conducted based upon principles outlined by the AWWA, legal requirements (Proposition 218) and other generally accepted industry practices to develop rates that reflect the cost of providing service.

¹ Fiscal years are indicated by their ending years. For example, FY 2020 starts on July 1, 2019 and ends on June 30, 2020.

Section 2. FINANCIAL PLAN

This section presents the financial management plan and corresponding plan of water rate adjustments developed in the RSA, including a description of the source data, assumptions, and policies reflected in the RSA. **Appendix A** includes detailed schedules supporting the financial plan discussed herein.

During the RSA, Stantec reviewed alternative multi-year financial management plans and resulting water rate revenue adjustments through several interactive work sessions with City staff and the Rate Study Ad Hoc Committee. As a result of this process, the Study has produced a proposed financial plan that will allow the City to meet its respective revenue requirements and financial performance objectives throughout the projection period while striving to minimize rate increases.

2.1 DATA & ASSUMPTIONS

The City provided historical and budgeted financial information associated with operation of the water system, including a multi-year capital improvement program (CIP) and outstanding debt service obligations and covenants. City staff also assisted in providing other assumptions and policies, such as water demands and customer growth, debt service coverage requirements, operating and capital reserve targets, earnings on invested funds, and escalation rates for operating costs (all of which are described in the following subsections). The following sections present the key source data relied upon in conducting the RSA.

2.1.1 BEGINNING FUND BALANCES

The ending cash balances for FY 2018 were used to establish the FY 2019 beginning balances, as outlined in **Table 1**.

Table 1: FY 2019 Beginning Cash Balance

Fund Balance	Cash and Cash Equivalents
Total Current Assets	\$ 26,095,556
Total Current Liabilities	\$ (8,596,910)
FY 2018 Beginning Balance	\$ 17,498,646

2.1.2 CUSTOMER GROWTH & VOLUME FORECAST

The City has generated limited revenues from Frontage Charges² assessed to new customers connecting to the system. This fact, in conjunction with recently observed trends in the City's population growth, led to zero projected growth in accounts over the projection period.

Forecasting the future usage of water is a perennial challenge for water utilities. **Figure 1** presents a five-year history of the City's water production and sales. Water production from the two sources of supply is illustrated by the orange (OCWD supply) and black (MWD supply) shading. Monthly water sales are depicted by the blue line. This figure shows a twenty percent (20%) drop in water usage over three years, which illustrates the variability in water demands that a water utility can experience. In this case, the decrease in water consumption was largely in response to a historical drought and the ensuing statewide conservation mandates.

While the recent drought has been declared over, this Study assumes that per-account water usage for the City will remain flat over the course of the study period (equal to FY 2017 usage). This assumption was partially based on a general expectation in the water industry that there will be little "rebound" in water usage. Lower water use may be the "new normal" as the State has passed laws such as SB 606 and AB 1668, which will establish state-wide mandates to limit per capita indoor and outdoor water use.

² Frontage Charges are also known as connection fee or developer impact fee. In the case of the City, the charge is assessed based on the length of the property frontage.

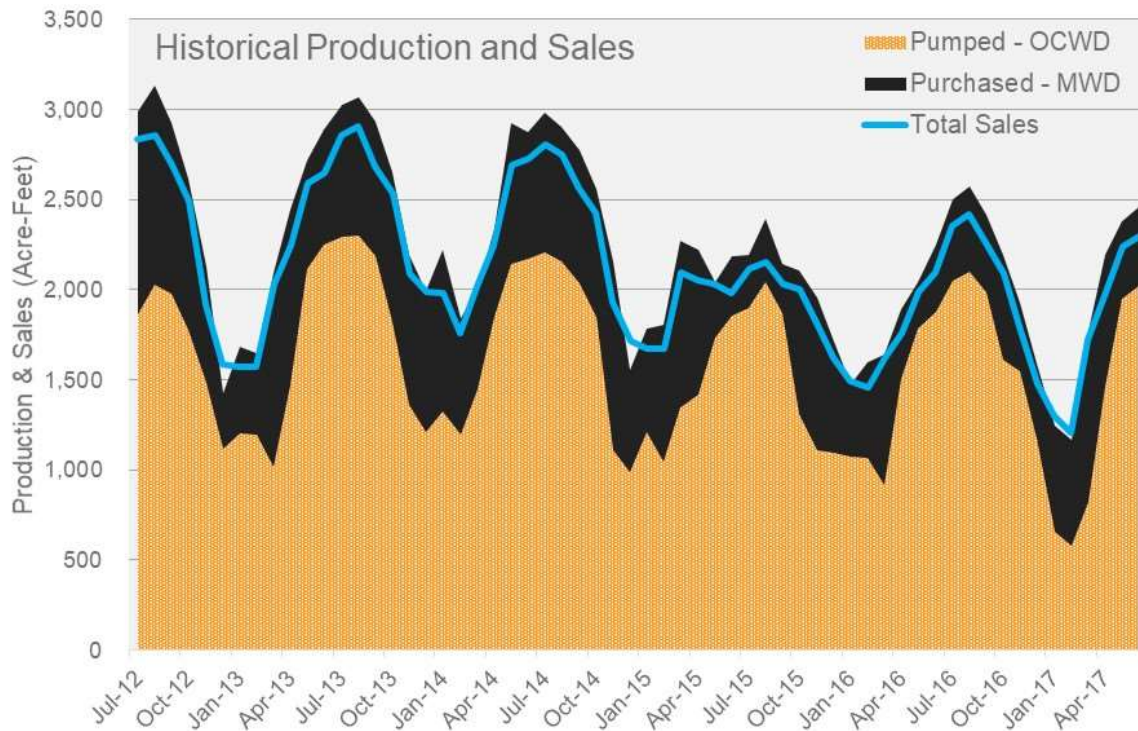


Figure 1: Historical Water Production and Total Sales

While per-account demand was projected to remain flat over the study period, the City's largest single industrial customer expects to close operations as early as FY 2021. This closure was accounted for in the financial projections by assuming a decrease in the number of accounts proportional to that customer's share of overall equivalent meters (approximately 0.14%). The Study also assumed that the system would experience a one-time decrease in water usage of approximately 5.8% based on historical water usage records for that account.

2.1.3 RATE REVENUES

Rate revenue is the revenue generated from customers for water service. The City receives rate revenue in the form of fixed charges (currently referred to as the "Customer Charge") and consumption-based variable charges (currently referred to as the "Commodity Charge"). Current rate revenue in the financial plan is based on:

- FY 2018 actual revenues, adjusted annually to reflect assumed customer growth;
- Changes in water demand
- Rate revenue adjustments that are proposed by this Study.

Actual revenues and changes in water demand are assumed to remain flat as previously explained. Budgeted and projected revenues are listed in detail in **Schedule 1 of Appendix A³**.

2.1.4 NON-RATE REVENUES

In addition to rate revenue, the City receives a limited amount of non-rate revenue related to miscellaneous service fees, cell tower rental revenues, and interest revenue on investments. Projections of all non-rate revenues were based on FY 2018 actual revenues with the exception of interest income which was calculated annually based upon projected average fund balances and assumed interest rates (see **Section 2.1.8**). Based on Stantec's review of the City's current financial policies and cash flows, a recommendation was made to ensure interest income is retained in the City's Water Enterprise Fund going forward. This recommendation was implemented in the development of the financial plan during the Study. Budgeted and projected non-rate revenues are listed in detail in **Schedule 1 of Appendix A**.

³ The rate revenue in Schedule 1 includes the proposed rate adjustment proposed by this Report, as described in Section 2.2.

2.1.5 EXPENSES

The Water Enterprise's expenses include all operating and maintenance expenses, debt service requirements, and capital spending. Future operating expenses were projected based upon the budgeted expenditures from FY 2019, adjusted for inflation (see **Section 2.1.6**). Budgeted expense categories for FY 2019 are depicted in **Figure 2**. Budgeted and projected operating and debt expenses are listed in detail in **Schedule 2** of **Appendix A** while capital expenses are discussed in **Section 2.1.7** and detailed in **Schedule 3**.

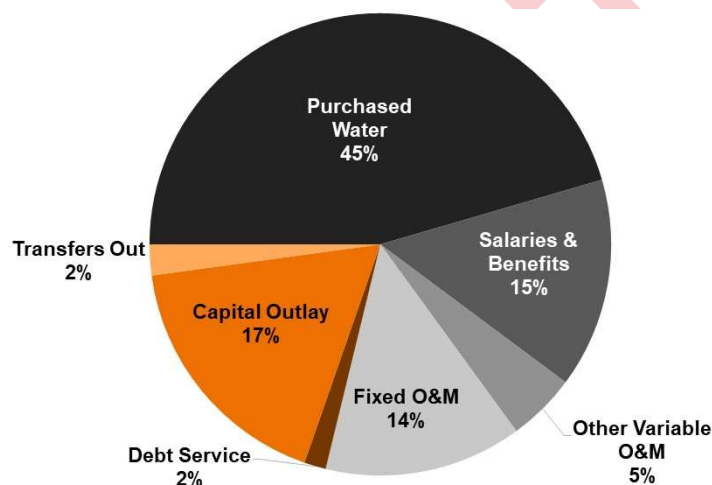


Figure 2: FY 2019 Budgeted Expense Categories

The City's outstanding debt includes a 2014 Series Refunding Water Revenue Bond that will be fully repaid in FY 2034. The corresponding annual debt service for this issuance is identified in **Schedule 2** (row 433).

2.1.6 COST ESCALATION

Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and detailed discussions with City staff. **Table 2** summarizes the cost escalation factors used to project assumed increases across all expense categories. It should be noted that salary expense escalation is based on the recent completion of compensation negotiations, as provided by City staff.

This Study assumes that the City will adopt a dynamic Pass-Through Policy, which will annually adjust Usage Rates in accordance with actual changes in wholesale water and electricity rates (see **Section 4.7**).

Table 2: O&M Cost Escalation Factors

Expense Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Salaries	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Fuel, Utilities, Chemicals	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Health Insurance	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Water Purchases	5.3%	3.9%	2.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Repair & Maintenance	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Outlay	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
All Other O&M	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%
Capital Projects	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

2.1.7 CAPITAL IMPROVEMENT PROGRAM

Like many utilities around the state and country, the City's water utility is currently facing challenges of aging infrastructure. Over 50% of the City's approximate 430 miles of water distribution pipes are over 50 years old. The majority of the old pipes are made of cast iron, are susceptible to corrosive soils, and have an expected useful life of 50 years. The City often experiences over 100 water main breaks per year, which is among the highest rate of breaks per 100 miles of pipe in Orange County. These pipe breaks are a nuisance to residents and local business, they are expensive to repair, they damage homeowners' properties in extreme cases, and consequently they are a drain on the Water Enterprise's financial and staffing resources.

Aside from an aging water distribution network, the City also constructs, operates, maintains, and repairs 15 reservoirs, 10 active wells, 15 pump stations, and other assets required to provide clean drinking water to all of its customers. Many of these wells, pump stations, and reservoirs were constructed in the 1950's and 1960's and have reached the end of their useful service life. The City has prioritized critical infrastructure improvements based upon the following criteria: improved reliability (e.g., replacement or retrofitting aging infrastructure), water quality improvements, safety improvements, emergency response preparedness, cost savings through improved energy efficiency and water loss reduction, and prevention of escalating costs due to deferment. Other critical infrastructure improvements include, but are not limited to, replacement of groundwater wells

that provide the source of lower cost groundwater and procurement of new electrical generators for improved emergency response preparedness.

The City recognizes the need for pipe replacement to decrease the frequency of pipe breaks, and plans for pipe replacement, along with other critical infrastructure improvements, were incorporated into this Study.

City staff worked with a Rate Study Ad Hoc Committee⁴ to evaluate multiple alternative CIP project schedules spanning the period from FY 2019 through FY 2028. These CIP alternatives were evaluated with the goal of balancing the need to address critical infrastructure deficiencies while minimizing water rate increases. The final recommended CIP totaled approximately \$127 million (in current dollars) over the period of FY 2019 through FY 2028. This CIP includes a ramp-up in spending on water main replacement, reaching the goal of nine miles per year in pipe replacement by FY 2024. Nine miles of pipeline replacement per year would result in replacing the entire distribution system over the course of approximately 50 years. This 50-year target allows the City to replace the oldest and most vulnerable pipes in the near future, and to continue proactively replacing pipe as the system ages.

A detailed list of repair and replacement projects and associated costs is provided in **Schedule 3 of Appendix A**. It should be noted that capital spending forecasts beyond a 5-year planning horizon are highly uncertain. As a result, this study is primarily concerned with the capital spending forecasts within the next five years. As reflected in **Section 2.1.6**, the RSA includes an annual cost escalation factor for capital costs.

2.1.8 INTEREST EARNINGS ON INVESTED FUNDS

The Water Enterprise has not historically retained the interest earnings generated by the Water Fund's fund balance. This Study assumes that all such interest earnings will be retained by the Water Enterprise beginning in FY 2020. The RSA

⁴ The Rate Study Ad-Hoc Committee was made up of 6 at-large members from the City's existing Energy and Resource Management Committee (ERMC) and the Citizens' Infrastructure Review Committee (CIRC).

reflects interest earnings on invested funds at a rate of 0.5% to reflect a conservative estimate of returns on invested balances.

2.1.9 RESERVE TARGETS

Targeted cash reserves for utilities are balances retained for specific cash flow needs. The target for reserves is an important component when developing a multi-year financial plan; utilities rely on the reserves for financial stability, credit rating agencies evaluate utilities in part on their adherence to formally adopted reserve targets, and lending agencies require utilities to maintain specific debt reserves for outstanding loans.

While the City has not adopted a formal reserves policy for the Water Enterprise, in practice the Finance department has been following the following reserve targets established by the 2011 Comprehensive Water Rate Study Update. The current Study continues the same recommendations, which are as follows:

Operating & Maintenance Reserve – sets a target minimum balance equal to 120-days (4 months) of annual operating expenses excluding water supply costs. Water supply costs are excluded from the reserve because the City has adopted a pass-through policy that allows the City to recover a change in these costs in short order. This reserve ensures continuity of service regardless of short-term changes in cash flow or sudden increases in operating costs. Because this reserve target is set relative to the City's operating budget, the target will change as the expenses change. The City's FY 2019 budget for O&M expenses, less water supply costs, totals \$11.6 million, resulting in an Operating Reserve balance of about **\$3.9 million**.

Repair, Renewal, and Replacement (3R) Capital Reserve – sets an additional reserve target equal to one percent of the value of all buried infrastructure (e.g. water distribution system). This reserve balance was previously maintained at a target of \$4.45 million following the last study. The valuation of buried assets was reviewed and updated using the latest list of fixed assets, bringing replacement costs into current-year dollars. The updated valuation produced a total value for buried assets of \$570 million, thereby yielding a 3R Capital Reserve target of **\$5.7 million**.

The target levels of the above policies are consistent with 1) Stantec's industry experience for similar systems, 2) the findings of reserve studies conducted by the AWWA, and 3) a healthy level of reserves for a municipal utility system per the evaluation criteria published by the municipal utility rating agencies (e.g. Fitch, Moody's, and Standard & Poor's). This Study recommends that these reserve targets be adopted by the City as formal policies. Once the reserve targets are established, they should be reviewed annually during the budgeting process to monitor current levels and assure conformance with stated policies and practices. Decisions can be made to maintain, increase, or spend down reserve balances, as appropriate, depending upon the impact of such decisions to the upcoming budget period.

For purposes of this Study, the City's existing reserve policies have been incorporated into the RSA⁵. The total reserve target by year is shown in **Schedule 4 of Appendix A**.

2.1.10 FUTURE BORROWING ASSUMPTIONS

This Report does not propose the issuance of new debt. That being said, the Study did consider the issuance of new debt as a potential strategy. The assumed financing terms for those scenarios, for the sake of documentation, were as follows:

- Thirty year term
- Two percent cost of issuance
- Fixed interest rate of 3.5% for debt issued in FY 2018, increasing by 0.5% per year until reaching five percent in FY 2021
- A one-year debt service reserve requirement

⁵ The City's reserve policies are guidelines used by the Finance Department, and not formally adopted as resolutions. Stantec recommends that the existing guidelines be adopted as policies in order to strengthen the City's image in the eyes of rating agencies.

2.1.10.1 Debt Coverage

The existing 2014 Water Revenue Bond has a debt service coverage ratio (DCR) requirement of 1.25. Based on recently published guidance from Fitch Ratings⁶, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.50 times annual debt service. As such, Stantec ensured that a DCR of at least 1.50 was maintained throughout the projection period to enable the City to access favorable terms from the debt market should the need arise.

2.2 PROPOSED RATE REVENUE INCREASES

All of the above information was entered into Stantec's FAMS-XL interactive modeling system. This module of FAMS-XL produced a ten-year projection of the sufficiency of revenues to meet current and projected financial requirements and determined the level of rate revenue increases necessary in each year of the projection period.

Based upon the previously discussed financial data, assumptions, and policies, Stantec proposes a financial strategy of rate adjustments over the next five years, as detailed in **Table 3**.

Table 3: Recommended Water Rate Revenue Increase

Rate Adjustment Date	Rate Adjustment
July 1, 2019	19.0%
July 1, 2020	15.0%
July 1, 2021	7.0%
July 1, 2022	7.0%
July 1, 2023	5.0%

The numbers provided in **Schedule 4** are summarized graphically in **Figure 3**, which shows that cash reserves and DCR targets are maintained over the course of the planning period.

⁶ As published on July 31, 2013.

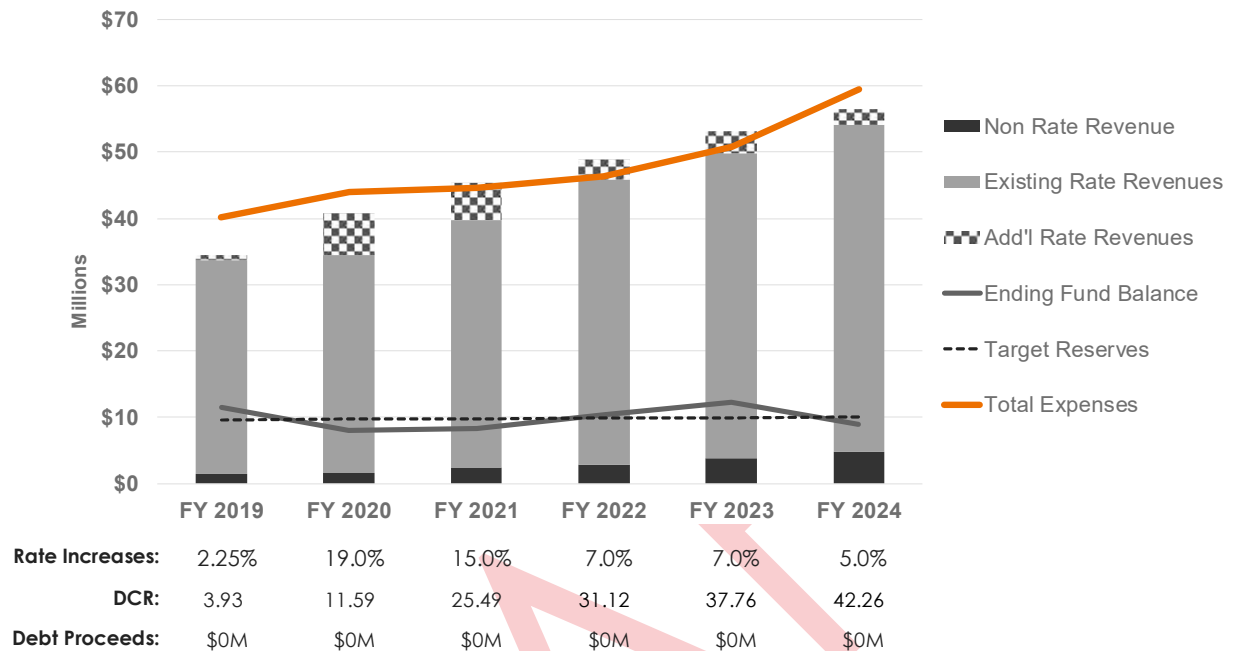


Figure 3: Financial Projection with Recommended Rate Increases

The near-term increases in rate revenue are necessary in order to support the new level of capital investment in the water system's infrastructure (see **Section 2.1.7**). After the increase in FY 2024, it is projected that minimal (approximately inflationary) increases will be necessary going forward, barring unforeseen emergencies or changes in infrastructure/operational needs. It is important to note that the above rate increases do not include the Pass-Through policy, as described in **Section 4.7**.

Section 3. COST-OF-SERVICE ALLOCATION

The Cost-of-Service Allocation (COSA) analysis is intended to evaluate the cost of providing water service, and to allocate those costs to customer classes and rate structure components to ensure the proposed rate structure is aligned with costs to provide service. This is done in order to be equitable among the City's ratepayers and to comply with Proposition 218, which requires water rates to be proportionate to the cost of providing water service. This Study employed well-established industry practices as recognized by the AWWA and other accepted industry standards. The following section presents a detailed description of the COSA methodology and corresponding results.

This Study employed a method that is consistent with the "commodity-demand" COSA methodology promulgated in AWWA's *Manual M1: Principles of Water Rates, Fees, and Charges (M1)*. With this approach, costs are first allocated to three functional categories: Source of Supply, Account, and Utility. Unit costs are then used to distribute system costs to the various components of the rate structure (see **Section 4**).

3.1 PROCESS

The COSA was conducted based upon the City's FY 2020 annualized expenditure and revenue requirements per the RSA, and included the steps illustrated in **Figure 4**.

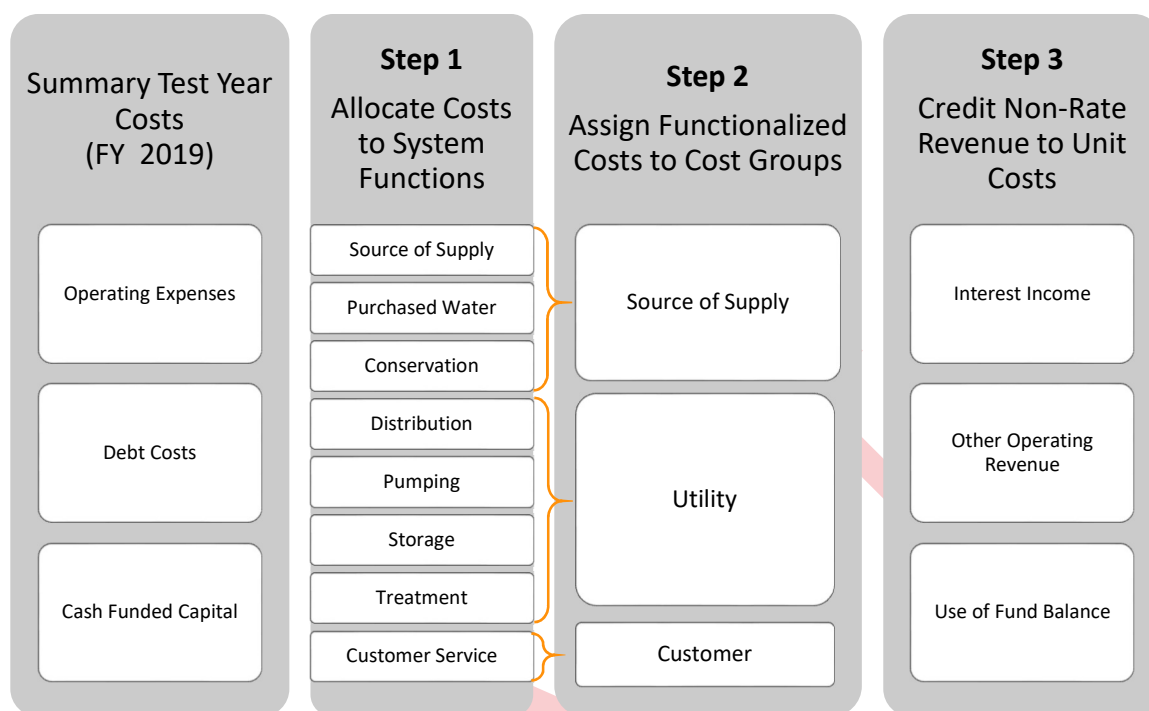


Figure 4: Financial Projection with Recommended Rate Increases

The following sub-sections give a detailed description of the COSA methodology and summary results, while **Appendix B** includes a detailed schedule of cost allocation that support those results.

3.1.1 STEP 1: ALLOCATE COSTS TO SYSTEM FUNCTIONS

The operating expenses, debt service, and cash-funded capital requirements within the water system were distributed to specific activities or functional components of service.

Operating and capital expenses were assigned to specific system functions based on Stantec's experience and the knowledge of City staff. A summary of cost functionalization is presented in **Table 4**. While many costs can be allocated directly to a functional component (e.g. Source of Supply costs are allocated to the Source of Supply function), some costs are divided among multiple functional components. For example, costs that are best allocated based on the

proportionate value of the system's Capital Assets were allocated based on the book value of existing assets. Furthermore, Engineering-related costs were also allocated based on the book value of existing assets, while excluding the functional categories of General & Admin and Meters & Services. Finally, the Engineering with Conservation was allocated in the same manner as Engineering, but with 10% being allocated to Conservation (based on estimates provided by City Staff). This last category was created to separate employee-based conservation costs from other employee costs.

The detailed summary of all cost allocations to functional components is presented in **Schedule 5** of **Appendix B**. Note that General & Administration costs are distributed among the other functional components using the indirect cost allocation method at the bottom of **Schedule 5**.

Table 4: Allocation of Cost Categories to Functional Components

	Functional Components									
	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water
General & Admin	100.0%	-	-	-	-	-	-	-	-	-
Source of Supply	-	100.0%	-	-	-	-	-	-	-	-
Treatment	-	-	100.0%	-	-	-	-	-	-	-
Transmission & Distribution	-	-	-	100.0%	-	-	-	-	-	-
Pumping	-	-	-	-	100.0%	-	-	-	-	-
Storage	-	-	-	-	-	100.0%	-	-	-	-
Customer Service	-	-	-	-	-	-	100.0%	-	-	-
Meters & Services	-	-	-	-	-	-	-	100.0%	-	-
Conservation	-	-	-	-	-	-	-	-	100.0%	-
Purchased Water	-	-	-	-	-	-	-	-	-	100.0%
Capital Assets	0.7%	4.8%	0.1%	87.3%	0.2%	4.2%	-	2.7%	-	-
Engineering	-	5.0%	0.1%	90.4%	0.2%	4.3%	-	-	-	-
Engineering including Conservation	-	4.5%	0.1%	81.3%	0.2%	3.9%	-	10.0%	-	-

3.1.2 STEP 2: DESIGNATE FUNCTIONAL COMPONENTS TO COST GROUPS

After functionalizing the City's expenses, the costs associated with each functional component were designated to specific cost groups in order to create the foundation for developing rates that are directly aligned with the cost to provide

service (as required by Proposition 218). These groupings are shown in **Table 5**. The **Source of Supply Cost** grouping is made up of the Purchased Water expense, Conservation expense⁷ and Source of Supply expense. The **Account Costs** grouping represents Customer Service costs. Lastly, the **Utility Cost** grouping is made up of the remaining functional components, including Treatment (the City's treatment consists solely of disinfection systems), Transmission/Distribution, Pumping⁸, Storage, and Meters & Services.

Table 5: Grouping System Functions into Cost Groups

Functional Component	Cost Group			Total
	Utility	Source of Supply	Account	
Source of Supply		\$642,484		\$642,484
Treatment	\$16,622			\$16,622
Transmission & Distribution	\$15,206,714			\$15,206,714
Pumping	\$24,048			\$24,048
Storage	\$1,844,014			\$1,844,014
Customer Service			\$1,373,237	\$1,373,237
Meters & Services	\$287,805			\$287,805
Conservation		\$170,712		\$170,712
Purchased Water		\$24,925,484		\$24,925,484
Total Functionalized Costs	\$17,379,203	\$25,738,680	\$1,373,237	\$44,491,120

3.1.3 STEP 3: CREDIT NON-RATE REVENUE & CHANGE IN FUND BALANCE

The final step of the COSA is to calculate the rate revenue requirement by Cost Group by crediting other sources of revenue. Non-rate revenue is used to offset costs that would otherwise need to be recovered through rates. Non-rate revenue

⁷ Water conservation is considered to be a source of water supply in an Urban Water Management Plan and the conservation cost are used to create the rate structure as described in Section 4.

⁸ For purposes of this Report, Pumping refers only to costs associated the pumping infrastructure assets. Pumping energy costs are included in the Purchased Water category given the need to pump the groundwater in order to purchase it from OCWD.

includes interest income, cell tower rental revenue, and other operating revenue (such as miscellaneous fees). Similarly, the change in fund balance during the test year (i.e. drawing down on cash reserves) is also credited towards the revenue requirement in order to account for cash reserves that were used to pay for capital costs during the test year. Both non-rate revenue and the change in fund balance were allocated equitably among the Cost Groups in proportion to the relative size of each group. These credits are shown below in **Table 6** and yields the total rate revenue requirement.

Table 6: Rate Revenue Requirement

	Cost Group			Total
	Utility	Source of Supply	Customer	
Total Functionalized Expenses	\$17,379,203	\$25,738,680	\$1,373,237	\$44,491,120
Less Other Revenue	(\$721,067)	(\$1,067,903)	(\$56,976)	(\$1,845,945)
Less Use of Fund Balance	(\$1,360,195)	(\$2,014,455)	(\$107,477)	(\$3,482,127)
Rate Revenue Requirement	\$15,297,941	\$22,656,323	\$1,208,784	\$39,163,048
<i>Allocation Percentage</i>	39.1%	57.9%	3.1%	

The manner in which the Cost Groups are used in the rate design will be described in **Section 4**.

Section 4. RATE STRUCTURE

Upon completion of the COSA, a rate structure analysis was performed to evaluate rate structure modifications and calculate specific rate schedules for implementation in FY 2020. The complete schedule of proposed rates for FY 2020 through FY 2024 is detailed in **Schedule 6** through **Schedule 10**.

The rate structure proposed by this Report is designed to:

- ▶ Fairly and equitably recover costs through rates;
- ▶ Conform to accepted industry practice and legal requirements;
- ▶ Provide fiscal stability and recovery of system fixed costs; and
- ▶ Promote affordability for customers minimizing water usage.

Revenue requirements allocated to the Cost Groups discussed in **Section 3.1.3** were allocated to the customer classes and rate components based on the units of service.

4.1 SYSTEM METRICS

Table 7 presents a summary of the units of service used during the rate design.

Table 7: Customer Units of Service (FY 2017)^{9, 10}

Customer Class	Number of Meters	Equivalent Meters	Annual Water Volume (Tgal)
Single Family Residential	26,392	35,882	3,362,616
Multi-Family Residential	1,913	5,314	1,328,661
Commercial	1,974	7,167	1,467,453
Industrial	115	792	739,839
Agricultural	2	11	1,653
Landscape	399	1,529	358,267
Municipal	272	1,660	180,912
TOTAL	31,066	52,354	7,439,400

The following sub-sections describe the basis for the recommended rate structure and a specific 5-year rate schedule for implementation on July 1, 2019 (for FY 2020) and adjusted every July 1st thereafter. The recommended rate schedules are designed to ensure each customer pays its proportionate share of the cost to provide service.

4.2 CURRENT RATES

The City's current rates follow a common industry practice with a two-part structure that is comprised of a fixed service charge (currently referred to as the "Customer Charge") and a consumption-based rate (currently referred to as the "Commodity Charge") that varies by customer class. The Customer Charge, presented in **Table 8**, is scaled based on the individual account's meter size (see **Section 4.4**) and currently recovers approximately 20% to 25% of rate revenue. There is a separate Customer Charge schedule for customers who are located outside of City limits.

⁹ Total annual water usage was adjusted for purposes of calculating Usage Rates based as explained in Section 4.6.2.

¹⁰ See Section 4.5.2 regarding the definition of meter equivalents.

Table 8: Current Customer Charge

Meter Size	Monthly Rate
5/8"	\$14.78
1"	\$17.74
1 1/2"	\$32.52
2"	\$45.82
3"	\$79.81
4"	\$113.81
6"	\$180.32
8"	\$302.99
10"	\$441.92
12"	(na)

The Commodity Charge is assessed based on actual water usage and the rate varies by customer class. Single family and multi-family residential customers pay inclining block rates (three tiers) and receive water allocations as summarized in **Table 9**. The multi-family tier allocations are scaled based on a per-housing unit basis, allowing accounts with, say, five housing units to use five times the stated tier allocation for multi-family residential accounts.

Table 9: Current Tiered Rates

Tier	Rate (per TGAL)	Allocation (single family)	Allocation (multi-family)
1	\$3.21	7,500 gal.	4,000 gal.
2	\$3.51	12,500 gal.	6,000 gal.
3	\$3.80	(na)	(na)

Non-residential customer classes currently pay a uniform rate that varies between five separate classes as shown in **Table 10**.

Table 10: Current Uniform Rates

Non-Residential Customer Classes	Rate (per TGAL)
Commercial	\$3.075
Industrial	\$3.130
Agricultural	\$2.440
Landscape	\$3.403
Municipal	\$3.767

In addition, several customer classes listed in the current rate ordinance are legacy classifications that are no longer applicable, including:

- Residential/Agricultural (with two tiers)
- Residential Landscape Accommodation (uniform rate)
- Single Family Accommodation with Fire Sprinkler System (tiered)
- Multi-family Accommodations with Manual Rubbish Service (tiered)

4.3 PROPOSED RATE STRUCTURE CHANGES

This Study recommends implementing the following changes to the City's water rate structure.

1. Refer to the fixed service charge as the "Fixed Meter Charge" (replacing "Customer Charge") and the consumption-based rate as the "Usage Rate" (replacing "Commodity Charge");
2. Eliminate Outside City customer classes and the legacy customer classes listed in **Section 4.2**;
3. Identify specific costs that are designated to be recovered through fixed vs. variable revenue (see **Section 4.4**);
4. Update the meter equivalency schedule (see **Section 4.4**);
5. Directly recover differing costs for the two sources of water supply through tiered and uniform Usage Rates (see **Section 4.6**);
6. Calculate uniform Usage Rates for all non-residential customers (see **Section 4.6**); and
7. Establish a dynamic calculation to update rates for annual pass-through cost increases (see **Section 4.7**).

4.4 RATE STRUCTURE COST CATEGORIES

As will be explained in detail in the following sections, the proposed rate structure is divided into components based on three cost categories: the utility's **Commodity costs, Account costs, and Utility costs** as described in **Section 3.1.1**. The Commodity costs will be recovered through the Usage Rate (based on water

usage) and the Account costs and Utility costs will be recovered through the Fixed Meter Charge. The details of this rate structure are presented in **Figure 5**.

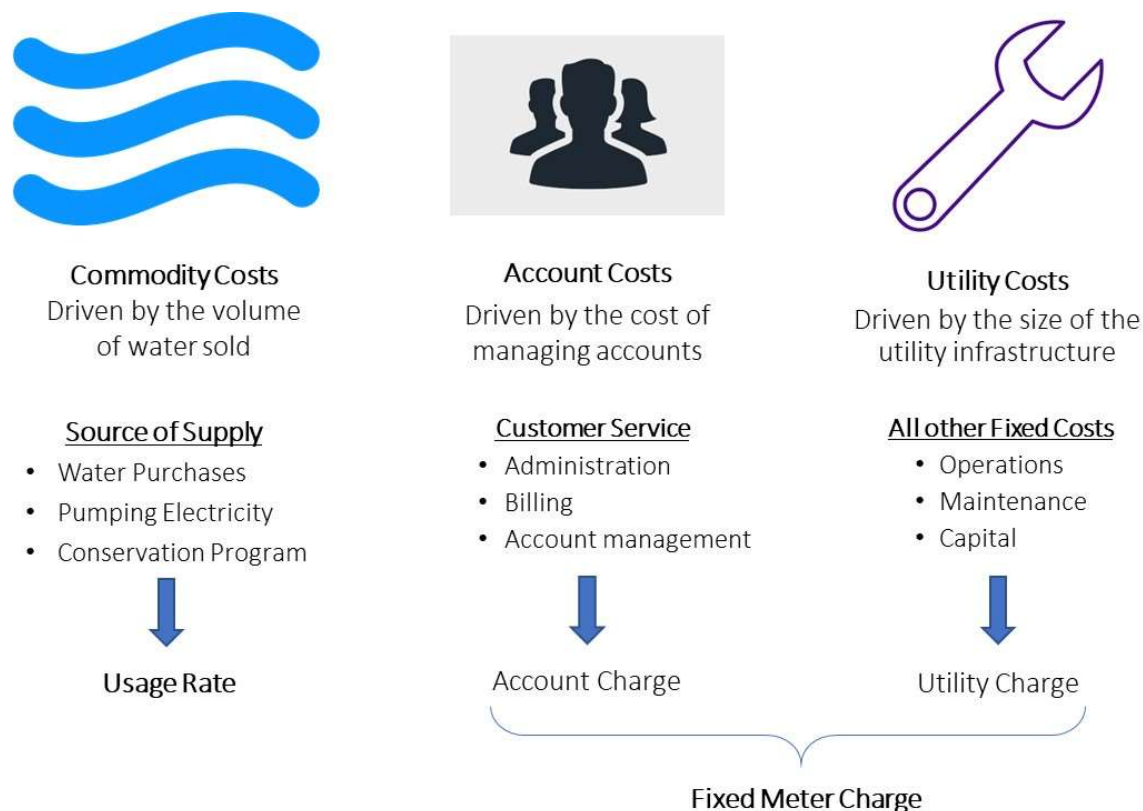


Figure 5: Rate Structure Cost Categories

4.5 CALCULATION OF FIXED METER CHARGES

As summarized in **Section 3.1.2**, the COSA allocated costs to the Cost Groups of "Customer", "Utility" and "Source of Supply". Of those groups, the Account costs and the Utility costs are fixed; therefore, those costs are proposed to be collected through the Fixed Meter Charge. The sum of these two groups accounts for 42.1% of the revenue requirement, yielding a significant increase from the current percentage of fixed revenue (approximately 22%). The remaining 57.9% of costs are variable and are proposed to be collected through the Usage Rate.

4.5.1 ACCOUNT COSTS

Account costs (again, see **Section 3.1.2**) include costs such as billing, customer service, and account management. These costs are proportionate to the number of accounts in the system regardless of the size of the account. As such, the \$1,208,784 is divided by the utility's 31,066 accounts (and divided by 12 months) to give a per account charge of \$3.24 per month.

4.5.2 UTILITY COSTS

As detailed in **Section 3.1.1**, **Section 3.1.2**, and **Schedule 5**, the Utility costs are made up of expenses such as capital spending, salaries, maintenance, and other fixed operating costs. These costs are driven by the size (i.e. capacity) of the utility. As such, these costs are allocated to customers based on the demands that they place on the system, which is measured based on the size of the customer's meter¹¹.

A meter equivalency schedule is an industry-standard factor used to represent the relative capacity associated with different types and sizes of meters. A meter equivalency schedule allows for indexing of each meter size in terms of multiples of the lowest common denominator (in this case a 5/8" meter).

The meter equivalency schedule that is inferred from the City's current Customer Charge is not recognized by Stantec as a published or calculated equivalency schedule. This study recommends that it be replaced with a standard meter equivalency table from AWWA's M1 manual as shown in **Table 11**.

¹¹ Even if a customer doesn't typically (or ever) use the full capacity of their meter, the water system infrastructure needs to be sized to accommodate that demand should the full capacity ever be used.

Table 11: Meter Equivalencies

Meter Size	Meter Type	GPM	Proposed Schedule ⁽¹⁾
5/8"	Displacement	20	1.00
1"	Displacement	50	1.67
1 1/2"	Displacement	100	3.33
2"	Displacement	160	5.33
3"	Compound	320	10.67
4"	Compound	500	16.67
6"	Compound	1,000	33.33
8"	Compound	1,600	53.33
10"	Propeller-Type	2,400	80.00
12"	Propeller-Type	3,375	112.50

(1) Source: Table B-1, Appendix B, AWWA M1 Manual, 7th Ed

As summarized in **Section 3.1.3**, the revenue requirement designated as Utility costs totaled \$15,297,941. Given the meter equivalency schedule described in **Table 11**, there are 52,354 equivalent meters in the system which yields a charge of \$24.35 per equivalent meter per month. **Table 12** provides the scaled Utility cost by meter size which, together with the Customer cost, makes up the Fixed Meter Charge. The full schedule of Fixed Meter Charges for the 5-year planning horizon is presented in **Schedule 6** through **Schedule 10**.

Table 12: Monthly Fixed Meter Charge (FY 2020)

Meter Size	Customer Costs	Utility Costs	Fixed Meter Charge
5/8"	\$3.24	\$24.35	\$27.59
1"	\$3.24	\$40.58	\$43.83
1 1/2"	\$3.24	\$81.17	\$84.41
2"	\$3.24	\$129.87	\$133.11
3"	\$3.24	\$259.74	\$262.98
4"	\$3.24	\$405.84	\$409.08
6"	\$3.24	\$811.68	\$814.92
8"	\$3.24	\$1,298.69	\$1,301.93
10"	\$3.24	\$1,948.03	\$1,951.27
12"	\$3.24	\$2,739.41	\$2,742.66

4.6 CALCULATION OF VARIABLE USAGE RATE

The following section explains how the proposed Usage Rates were developed based on the cost of water supply.

4.6.1 PURCHASED WATER COSTS

The \$22,656,323 in Source of Supply revenue requirements (see **Table 6**) is largely made up of water purchase costs, and to a lesser extent water production electricity and source of supply efforts such as the City's Conservation Program. The City has two water sources:

1. **Groundwater Supply:** The City pays OCWD for the right to pump groundwater, which makes up approximately 75% of the City's water supply. Between the payments to OCWD and pumping energy costs, this groundwater composes approximately 60% of the City's water supply costs.
2. **Imported Water –** Water purchased from MWD makes up the remaining 25% of the City's water supply and accounts for 40% of the City's water supply costs.

A final element of the City's water portfolio is the cost of the Conservation Program (\$150,154 per year) based on the fact water conservation is considered a source of supply by Urban Water Management Plans.

4.6.2 UNIFORM RATES

The uniform rate for Year 1 (FY 2020) that is proposed for all non-residential customers is calculated by dividing the total Source of Supply cost (\$22.6 million) by the total water consumption of 7,806,163¹² TGAL, which yields \$2.90 per TGAL.

4.6.3 TIERED RATES

The tiered rates that are proposed in Year 1 (FY 2020) for single family residential and multi-family residential accounts are based on the same costs as the uniform rate. However, the costs for the various sources of water are designed to be recovered through specific tiers by assigning the proportionate share of supply volume and supply costs to each tiered allocation and rate, respectively.

¹² Based on total billed water consumption from FY2017 and increased by 4.93% based on calculated estimates of the change in water usage since that time. The calculated increase is based on more recent water rate revenue data.

The **Tier 1 rate** is designed to recover the cost of OCWD rates for groundwater extraction, the electrical costs of water production, the electrical costs of distributing that volume of water, and a portion of the costs of the Water Enterprise's Program 2428 (Water Quality/Metering, see the last column in **Schedule 5**).

The **Tier 2 rate** is designed to recover the costs of purchasing imported water from MWD, the electrical costs for distributing that volume of water, and a portion of the costs of the Water Enterprise's Program 2428 (Water Quality/Metering, see the last column in **Schedule 5**).

The **Tier 3 rate** is designed to recover the cost of Tier 2 water (see above) as well as the cost of the Conservation Program since it is the customers that use the most water that create the need for the Conservation Program.

The allocation of water in each tier is based on the amount of water supply that is available from each respective source. As previously stated, 75% of the City's water supply comes from groundwater. For single family residential accounts, 75% of the water usage by that customer class occurs below the water consumption level of 12,200 gallons. As such the Tier 1 threshold for single family residential customers is set at 12.2 TGALs per month. The remaining water consumption (above 12.2 TGALs per month) is designated as imported water costs. The final 5% of water consumption (above 32.2 TGALs for single family residential customers) is designated for Tier 3, which also pays for the cost of the Conservation Program. **Figure 6** presents a graphical summary of the water and cost allocation for the tiered rates.

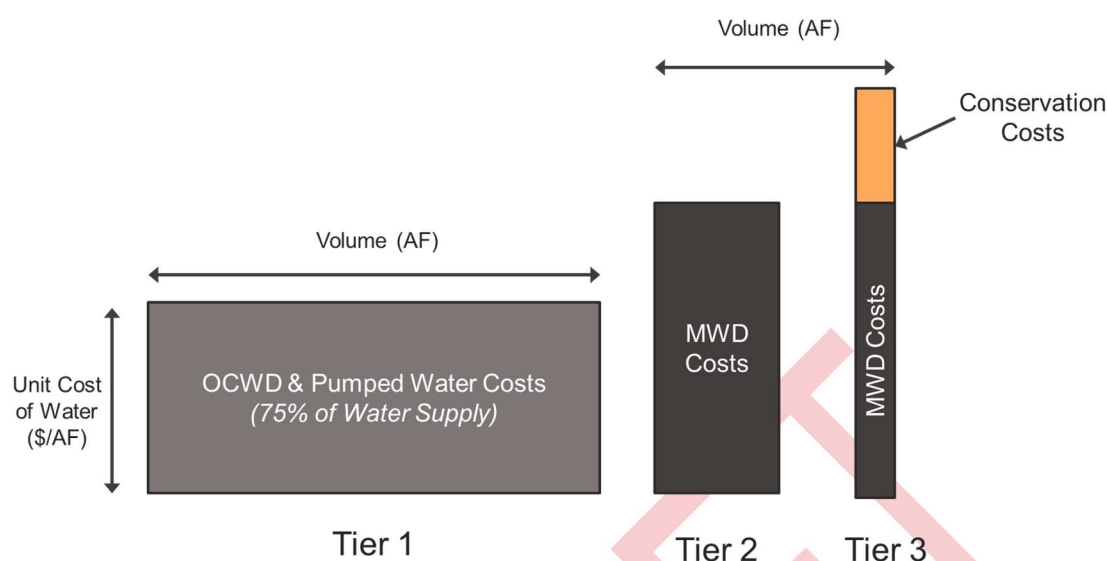


Figure 6: Tiered Rate Cost and Flow Allocations

The same logic applies to the multi-family customers. A summary of the tiered rates and tiered water allocations is provided in **Table 13**.

Table 13: Residential Usage Rates (FY 2020)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$2.36	12,200 gal.	4,900 gal.
2	\$4.34	20,000 gal.	7,000 gal.
3	\$4.70	(na)	(na)

The Usage Rates for the 5-year planning horizon are presented in **Schedule 6** through **Schedule 10**.

4.7 PASS-THROUGH POLICY

In addition to the recommended increases in revenues shown in **Section 2.2**, this Study proposes to modify the existing Pass-Through Policy in order to offset any increases in water supply costs and electricity costs for groundwater pumping through increases to the Usage Rates. The pass-through calculation does not apply to FY 2020 because revenue requirements and cost recovery were calculated based on the projected FY 2020 water supply costs.

As illustrated in **Figure 7**, tiered rates are adjusted based on the unit price increase corresponding to the water source allocated to each tier. Tier 1 rates are increased (or decreased perhaps) by the change in the unit cost charged by OCWD plus the unit cost of pumping groundwater. For example, a \$0.04 per TGAL increase in OCWD rates would yield a \$0.04 per TGAL increase in Tier 1. The unit rate of electricity costs associated with groundwater extraction will be calculated by dividing the previous year's total groundwater pumping costs by the total amount of pumped groundwater (in gallons) to calculate a unit cost in dollars per thousand gallons (\$/TGAL). Any change in the unit cost of electricity from the prior year will be applied to the Tier 1 rate. For example, if the electrical unit cost for groundwater pumping in FY 2019 was \$0.25/TGAL and increased to \$0.30/TGAL in FY 2020, then the Tier 1 rate in FY2021 would increase by \$0.05/TGAL, in addition to the expected change in OCWD rates.

Tier 2 and Tier 3 rates are increased (or decreased) by the change in the unit cost charged by MWD (see OCWD example above).

Because the uniform rates are calculated based on the same cost recovery, the adjustment to uniform rates is a weighted average of the rate increases for each of the tiered rates. For example, a \$0.10 per TGAL increase in Tier 2 & 3 rates (due to MWD rate increases), paired with a \$0.06 per TGAL increase in Tier 1 rates (due to the net impact of OCWD and Southern Cal Edison rate increases) rates would yield a \$0.07 increase in the Uniform Rate (rounded to the nearest cent).

$$\begin{aligned}
 \text{Tiered Rates} \left\{ \begin{aligned}
 &\text{Adjusted Tier 1 Rate} \left(\frac{\$}{\text{TGAL}} \right) = \text{Current Rate} + \text{OCWD Rate Increase} + \text{Pumping Rate Increase} \\
 &\text{Adjusted Tier 2 Rate} \left(\frac{\$}{\text{TGAL}} \right) = \text{Current Tier 2 Rate} + \text{MWD Rate Increase} \\
 &\text{Adjusted Tier 3 Rate} \left(\frac{\$}{\text{TGAL}} \right) = \text{Current Tier 3 Rate} + \text{MWD Rate Increase}
 \end{aligned} \right. \\
 \\
 \text{Uniform Rates} \left\{ \begin{aligned}
 &\text{Change in Uniform Rate} \left(\frac{\$}{\text{TGAL}} \right) = \text{Change in Tier 1 Rate} \times 75\% + \text{Change in Tier 2 Rate} \times 25\% \\
 &\quad \text{(weighted average of the tiered rates)}
 \end{aligned} \right.
 \end{aligned}$$

Figure 7: Pass-Through Cost Formulas

Rate Adjustment Notification and Publication - This report advises the City that, pursuant to Government Code 53756, the City must give notice to ratepayers of any pass-through adjustment to water rates at least 30 days prior to the effective date of the adjustment. This can be done on the ratepayer's invoice (for example in the "notes" section of the invoice). It is also important to note that, due to the Pass-Through Policy, the Usage Rates that are charged by the City in FY 2021 through FY 2024 are likely to be different from rates shown in **Schedule 7** through **Schedule 10** (for those same years). Each year, the actual rate schedule will be a function of the Pass-Through adjustments effectuated in the prior years. As such, the Study recommends that the City continue with its existing practice of posting rate schedules at the time that they are effective (as adjusted per the Pass-Through Policy), while meeting the 30-day notification requirements stated above. This recommendation is preferred to posting **Schedules 7** through **Schedule 10** as they are shown in this report, due to the dynamic nature of the annual pass-through adjustments (which may create confusion for rate payers).

4.8 TEMPORARY SERVICE (CONSTRUCTION METERS)

Temporary service, also known as Construction Meters, are provided to customers who connect a temporary meter to a public fire hydrant for the purpose of providing water to a temporary project or activity. The charge for Temporary Service is based on the same rates charged to property-based accounts, with the exception of a three-dollar (\$3.00) service charge for the use of the meter. This service charge is a reasonable estimate of the cost of administering the construction meter warehousing. The Daily Service charge in Table 14 was calculated by dividing the appropriate Fixed Meter Charge by 30 (days in a month) and adding the service charge. For example, a 1" Temporary Service charge is equal to \$43.83 divided by 30 plus \$3.00.

Table 14: Temporary Service Charge (FY 2020)

Size of Connection	Daily Meter Charge*	Commodity Rate (per TGAL)
1"	\$4.46	\$2.90
3"	\$7.44	\$2.90

* Includes \$3 daily service charge

Section 5. SUMMARY OF PROPOSED RATES

This Report used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the rates will allow the City to continue to provide reliable service to customers while addressing critical infrastructure deficiencies. The modifications to the rate structure will provide revenue stability, improve the defensibility of the water rates, and continue to equitably and proportionately recover costs from the customers. A complete schedule of rates over the 5-year planning period are summarized in **Appendix C** (Schedule 6 through Schedule 10).

It is important to note that this study proposes changes to both the total amount of rate revenue being collected by the Water Enterprise as well as the structure of the rates. As a result, the results of the rate changes will vary among different customers in Year 1 due to the proposed rate structure adjustments. To be clear, some customers' bills will increase by more than rate revenue increase of 19% in Year 1, while other customer's bills will increase by less than that amount. Starting in Year 2 (FY 2021), all customers will experience the same uniform percentage change to their bill.

DISCLAIMER

This document was produced by Stantec Consulting Services, Inc. ("Stantec") for the City of Fullerton ("City") and is based on a specific scope agreed upon by both parties. In preparing this report, Stantec utilized information and data obtained from the City or public and/or industry sources. Stantec has relied on the information and data without independent verification, except only to the extent such verification is expressly described in this document. Any projections of future conditions presented in the document are not intended as predictions, as there may be differences between forecasted and actual results, and those differences may be material.

Additionally, the purpose of this document is to summarize Stantec's analysis and findings related to this project, and it is not intended to address all aspects that may surround the subject area. Therefore, this document may have limitations, assumptions, or reliances on data that are not readily apparent on the face of it. Moreover, the reader should understand that Stantec was called on to provide judgments on a variety of critical factors which are incapable of precise measurement. As such, the use of this document and its findings by the City should only occur after consultation with Stantec, and any use of this document and findings by any other person is done so entirely at their own risk.

Appendix A: RSA Schedules

- Schedule 1 - Budgeted and Projected Cash Inflows**
- Schedule 2 - Budgeted and Projected Cash Outflows**
- Schedule 3 - Capital Improvement Program**
- Schedule 4 - Cash Flow Pro Forma**

Projection of Cash Inflows

Schedule 1

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenue											
1	Fixed Rate Revenue	\$ 7,370,277	8,770,630	10,071,700	10,776,719	11,531,089	12,107,644	12,349,797	12,596,793	12,848,728	13,105,703
2	Variable Rate Revenue	\$ 25,584,087	30,445,064	32,933,645	35,239,000	37,705,730	39,591,016	40,382,836	41,190,493	42,014,303	42,854,589
3	Projected Pass-Through Revenue	\$ -	-	747,957	1,255,679	2,154,405	3,091,628	4,069,018	5,088,315	6,151,337	7,259,981
4	Total Revenue	\$ 32,954,364	\$ 39,215,693	\$ 43,753,301	\$ 47,271,397	\$ 51,391,224	\$ 54,790,288	\$ 56,801,651	\$ 58,875,601	\$ 61,014,369	\$ 63,220,273
Other Operating Revenue:											
5	Other Operating Income	\$ 1,058,739	1,073,976	1,089,518	1,105,372	1,121,542	1,138,035	1,154,859	1,172,019	1,189,522	1,207,375
6	Frontage/Impact/Developer Fees	\$ 33,302	33,786	34,280	34,783	35,297	35,821	36,355	36,900	37,456	38,023
7	Total Other Operating Revenue	\$ 1,092,041	\$ 1,107,762	\$ 1,123,798	\$ 1,140,155	\$ 1,156,839	\$ 1,173,856	\$ 1,191,214	\$ 1,208,919	\$ 1,226,978	\$ 1,245,398
Non-Operating Revenue:											
8	4260 Public Works Permits	\$ 61,044	62,264	63,510	64,780	66,076	67,397	68,745	70,120	71,522	72,953
9	4280 Other Licenses & Permits	\$ 311	317	324	330	337	343	350	357	365	372
10	4281 Temporary Water Permits	\$ 5,360	5,467	5,577	5,688	5,802	5,918	6,036	6,157	6,280	6,406
11	4350 Fines	\$ -	-	-	-	-	-	-	-	-	-
12	4418 Cell Tower Rent	\$ 300,866	300,866	300,866	300,866	300,866	300,866	300,866	300,866	300,866	300,866
13	4420 Rents	\$ -	-	-	-	-	-	-	-	-	-
14	4612 Sale of Maps & Publications	\$ 2,201	2,245	2,290	2,336	2,382	2,430	2,479	2,528	2,579	2,630
15	4614 Plan Check Fees	\$ 32,702	33,356	34,023	34,703	35,397	36,105	36,827	37,564	38,315	39,082
16	4665 Net Zero Water Impact Fee(FTC)	\$ -	-	-	-	-	-	-	-	-	-
17	4810 Sale of Real&Personal Property	\$ 19,686	20,080	20,481	20,891	21,309	21,735	22,169	22,613	23,065	23,526
18	4830 Miscellaneous	\$ 54,613	55,705	56,819	57,956	59,115	60,297	61,503	62,733	63,988	65,267
19	4832 Over & (Short)	\$ -	-	-	-	-	-	-	-	-	-
20	Total Non-Operating Revenue	\$ 476,782	\$ 480,300	\$ 483,889	\$ 487,549	\$ 491,283	\$ 495,091	\$ 498,976	\$ 502,938	\$ 506,980	\$ 511,102
Other Income:											
21	Interest Income	\$ 16	49,188	41,305	47,448	57,549	54,090	49,001	50,166	49,262	50,408
22	Transfers In	\$ 190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
23	Total Interest Income	\$ 190,016	\$ 239,188	\$ 231,305	\$ 237,448	\$ 247,549	\$ 244,090	\$ 239,001	\$ 240,166	\$ 239,262	\$ 240,408
24	TOTAL REVENUE	\$ 34,713,203	\$ 41,042,944	\$ 45,592,293	\$ 49,136,550	\$ 53,286,895	\$ 56,703,325	\$ 58,730,842	\$ 60,827,624	\$ 62,987,588	\$ 65,217,181

Projection of Cash Outflows

Schedule 2

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GL CODE	Expense Description	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
1	21115101 Salaries - Regular	\$ 4,500	4,500	4,500	4,500	4,500	4,590	4,682	4,775	4,871	4,968
2	21115110 Opt-Out/SPIIL	\$ 520	520	520	520	520	530	541	552	563	574
3	21115124 Dental Insurance	\$ 116	125	135	146	158	170	184	199	215	232
4	21115129 Other Insurance	\$ 43	43	43	43	43	44	45	46	47	47
5	21115131 Workers' Compensation	\$ 504	504	504	504	504	514	524	535	546	556
6	21115136 Retirement - Non Safety	\$ 357	357	357	357	357	364	371	379	386	394
7	21115137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
8	21115139 Retirement - Non Regular	\$ -	-	-	-	-	-	-	-	-	-
9	21115140 Medicare (1.45% of Salary)	\$ 73	73	73	73	73	74	76	77	79	81
10	21215101 Salaries - Regular	\$ 47,397	47,397	47,397	47,397	47,397	48,345	49,312	50,298	51,304	52,330
11	21215104 Overtime Salaries - Misc	\$ -	-	-	-	-	-	-	-	-	-
12	21215110 Opt-Out/SPIIL	\$ 260	260	260	260	260	265	271	276	281	287
13	21215123 Health Insurance	\$ 2,330	2,516	2,718	2,935	3,170	3,424	3,697	3,993	4,313	4,658
14	21215124 Dental Insurance	\$ 84	91	98	106	114	123	133	144	155	168
15	21215128 5128 HSA Contribution	\$ -	-	-	-	-	-	-	-	-	-
16	21215129 Other Insurance	\$ 325	325	325	325	325	332	338	345	352	359
17	21215131 Woker's Compensation	\$ 442	442	442	442	442	451	460	469	478	488
18	21215136 Retirement - Employee Contribu	\$ 9,748	10,763	11,599	12,402	13,339	14,346	15,430	16,596	17,849	19,198
19	21215137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
20	21215140 Medicare (1.45% of salary)	\$ 701	701	701	701	701	715	729	744	759	774
21	21215143 Auto Allowance	\$ 715	715	715	715	715	729	744	759	774	789
22	21255101 Salaries - Regular	\$ 12,306	12,306	12,306	12,306	12,306	12,552	12,803	13,059	13,320	13,587
23	21255123 Health Insurance	\$ 660	713	770	831	898	970	1,047	1,131	1,222	1,319
24	21255124 Dental Insurance	\$ 21	23	24	26	29	31	33	36	39	42
25	21255129 Other Insurance	\$ 74	74	74	74	74	75	77	79	80	82
26	21255131 Workers' Compensation	\$ 111	111	111	111	111	113	115	118	120	123
27	21255136 Retirement - Employee Contribu	\$ 3,033	3,349	3,609	3,859	4,150	4,464	4,801	5,164	5,554	5,973
28	21255137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
29	21255140 Medicare (1.45% of salary)	\$ 178	178	178	178	178	182	185	189	193	197
30	21615101 Salaries - Regular	\$ 18,300	18,300	18,300	18,300	18,300	18,666	19,039	19,420	19,809	20,205
31	21615123 Health Insurance	\$ 1,620	1,750	1,890	2,041	2,204	2,380	2,571	2,776	2,999	3,238
32	21615124 Dental Insurance	\$ 58	63	68	73	79	85	92	99	107	116
33	21615125 Vision Insurance	\$ -	-	-	-	-	-	-	-	-	-
34	21615128 HSA Contribution	\$ -	-	-	-	-	-	-	-	-	-
35	21615129 Other Insurance	\$ 124	124	124	124	124	126	129	132	134	137
36	21615131 Workers' Compensation	\$ 106	106	106	106	106	108	110	112	115	117
37	21615136 Retirement - Employee Contribu	\$ 3,833	4,232	4,561	4,877	5,245	5,641	6,067	6,526	7,019	7,549
38	21615137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
39	21615140 Medicare (1.45% of salary)	\$ 274	274	274	274	274	279	285	291	297	303
40	21615143 Auto Allowance	\$ 582	582	582	582	582	594	606	618	630	643
41	21635101 Salaries - Regular	\$ 102,607	102,607	102,607	102,607	102,607	104,659	106,752	108,887	111,065	113,286
42	21635104 Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	-
43	21635108 Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
44	21635110 Opt-Out/SPIIL	\$ 1,300	1,300	1,300	1,300	1,300	1,326	1,353	1,380	1,407	1,435
45	21635123 Health Insurance	\$ 3,000	3,240	3,499	3,779	4,081	4,408	4,761	5,141	5,553	5,997
46	21635124 Dental Insurance	\$ 430	464	502	542	585	632	682	737	796	860
47	21635125 Vision Insurance	\$ 23	25	27	29	31	34	36	39	43	46
48	21635129 Other Insurance	\$ 646	646	646	646	646	659	672	686	699	713
49	21635131 Workers' Compensation	\$ 1,593	1,593	1,593	1,593	1,593	1,625	1,657	1,691	1,724	1,759
50	21635136 Retirement - Employee Contribu	\$ 24,832	27,418	29,546	31,592	33,979	36,546	39,307	42,276	45,470	48,905
51	21635137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
52	21635140 Medicare (1.45% of salary)	\$ 1,507	1,507	1,507	1,507	1,507	1,537	1,568	1,599	1,631	1,664
53	21635142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
54	21645101 Salaries - Regular	\$ 14,877	14,877	14,877	14,877	14,877	15,175	15,478	15,788	16,103	16,425
55	21645110 Opt-Out/SPIIL	\$ 260	260	260	260	260	265	271	276	281	287
56	21645123 Health Insurance	\$ 594	642	693	748	808	873	943	1,018	1,099	1,187
57	21645124 Dental Insurance	\$ 61	66	71	77	83	90	97	105	113	122
58	21645125 Vision Insurance	\$ 12	13	14	15	16	18	19	21	22	24
59	21645129 Other Insurance	\$ 102	102	102	102	102	104	106	108	110	113
60	21645131 Workers' Compensation	\$ 230	230	230	230	230	235	239	244	249	254
61	21645136 Retirement - Employee Contribu	\$ 3,705	4,091	4,408	4,714	5,070	5,453	5,865	6,308	6,784	7,297
62	21645137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
63	21645140 Medicare (1.45% of salary)	\$ 222	222	222	222	222	226	231	236	240	245
64	21645142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
65	21655101 Salaries - Regular	\$ 456,897	456,897	456,897	456,897	456,897	466,035	475,356	484,863	494,560	504,451
66	21655102 Wages - Non Regular	\$ -	-	-	-	-	-	-	-	-	-

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019 Budget	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
67	21655104 Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	-
68	21655107 Retirement & Termination - Pay	\$ -	-	-	-	-	-	-	-	-	-
69	21655110 Opt-Out/SPIL	\$ 1,300	1,300	1,300	1,300	1,300	1,326	1,353	1,380	1,407	1,435
70	21655123 Health Insurance	\$ 66,948	72,304	78,088	84,335	91,082	98,369	106,238	114,737	123,916	133,829
71	21655124 Dental Insurance	\$ 2,349	2,537	2,740	2,959	3,196	3,451	3,728	4,026	4,348	4,696
72	21655125 Vision Insurance	\$ 752	812	877	947	1,023	1,105	1,193	1,289	1,392	1,503
73	21655126 5126 Retiree Health Insurance	\$ 7,011	7,011	7,011	7,011	7,011	7,151	7,294	7,440	7,589	7,741
74	21655129 Other Insurance	\$ 3,052	3,052	3,052	3,052	3,052	3,113	3,175	3,239	3,304	3,370
75	21655131 Workers' Compensation	\$ 9,452	9,452	9,452	9,452	9,452	9,641	9,834	10,031	10,231	10,436
76	21655136 Retirement - Employee Contribu	\$ 111,090	122,660	132,180	141,334	152,011	163,494	175,845	189,129	203,416	218,782
77	21655137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
78	21655139 Retirement - Nonregular	\$ -	-	-	-	-	-	-	-	-	-
79	21655140 Medicare (1.45% of salary)	\$ 6,718	6,718	6,718	6,718	6,718	6,852	6,989	7,129	7,272	7,417
80	21655142 Bilingual Pay	\$ 5,148	5,148	5,148	5,148	5,148	5,251	5,356	5,463	5,572	5,684
81	21656202 Auto Expense	\$ 50	51	52	53	55	56	57	58	60	61
82	21656212 Meetings, Conferences, & Train	\$ 850	869	888	907	927	948	969	990	1,012	1,034
83	21656301 Legal Fees	\$ 1,000	1,022	1,044	1,067	1,091	1,115	1,139	1,165	1,190	1,216
84	21656319 Professional & Contractual Fee	\$ 94,000	96,068	98,181	100,341	102,549	104,805	107,111	109,467	111,876	114,337
85	21656356 Computer Services Allocation	\$ -	-	-	-	-	-	-	-	-	-
86	21656401 Supplies	\$ 10,000	10,220	10,445	10,675	10,909	11,149	11,395	11,645	11,902	12,163
87	21656408 Postage	\$ 92,000	94,024	96,093	98,207	100,367	102,575	104,832	107,138	109,495	111,904
88	21656423 Small Equipment/Furniture	\$ 3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
89	21656432 Program Expense	\$ 3,400	3,475	3,551	3,629	3,709	3,791	3,874	3,959	4,047	4,136
90	21656443 Printing, Binding, & Duplicate	\$ 35,000	35,770	36,557	37,361	38,183	39,023	39,882	40,759	41,656	42,572
91	21656501 Maintenance & Repairs	\$ 5,100	5,212	5,327	5,444	5,564	5,686	5,811	5,939	6,070	6,203
92	21656521 Custodial Services Allocation	\$ -	-	-	-	-	-	-	-	-	-
93	21656522 Facility Capital Repair Alloc.	\$ -	-	-	-	-	-	-	-	-	-
94	21656552 Lease Payment	\$ 4,700	4,803	4,909	5,017	5,127	5,240	5,356	5,473	5,594	5,717
95	21656553 Vehicle Replacement Reserve	\$ -	-	-	-	-	-	-	-	-	-
96	21656604 Telephone	\$ -	-	-	-	-	-	-	-	-	-
97	21656703 Uncollectable Accounts	\$ 50,000	51,100	52,224	53,373	54,547	55,747	56,974	58,227	59,508	60,817
98	21656709 Property Tax	\$ 420	429	439	448	458	468	479	489	500	511
99	21656717 Fees and Charges	\$ 125,000	127,750	130,561	133,433	136,368	139,368	142,435	145,568	148,771	152,044
100	21656801 Insurance Allocation -Property	\$ -	-	-	-	-	-	-	-	-	-
101	21656802 Building Maint. - SVC Allocation	\$ 26,010	26,582	27,167	27,765	28,376	29,000	29,638	30,290	30,956	31,637
102	21656804 Custodial Services Allocation	\$ 29,410	30,057	30,718	31,394	32,085	32,791	33,512	34,249	35,003	35,773
103	21656805 Facility Capital Repair Alloc.	\$ 6,460	6,602	6,747	6,896	7,048	7,203	7,361	7,523	7,688	7,858
104	21656806 Vehicle Replacement Reserve	\$ 3,980	4,068	4,157	4,249	4,342	4,437	4,535	4,635	4,737	4,841
105	21656808 Vehicle Maintenance Allocation	\$ 550	562	574	587	600	613	627	640	655	669
106	21656809 IT Services Allocation	\$ 49,360	50,446	51,556	52,690	53,849	55,034	56,245	57,482	58,747	60,039
107	21656810 Benefits Admin. Allocation	\$ 9,280	9,280	9,280	9,280	9,280	9,466	9,655	9,848	10,045	10,246
108	21715101 Salaries - Regular	\$ 23,164	23,164	23,164	23,164	23,164	23,627	24,100	24,582	25,073	25,575
109	21715123 Health Insurance	\$ 3,360	3,629	3,919	4,233	4,571	4,937	5,332	5,758	6,219	6,717
110	21715124 Dental Insurance	\$ 82	89	96	103	112	120	130	141	152	164
111	21715125 Vision Insurance	\$ 33	36	38	42	45	48	52	57	61	66
112	21715129 Other Insurance	\$ 157	157	157	157	157	160	163	167	170	173
113	21715131 Worker's Compensation	\$ 900	900	900	900	900	918	936	955	974	994
114	21715136 Retirement - Employee Contribu	\$ 5,709	6,304	6,793	7,263	7,812	8,402	9,037	9,719	10,454	11,243
115	21715137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
116	21715140 Medicare (1.45% of salary)	\$ 336	336	336	336	336	343	350	357	364	371
117	23225101 Salaries - Regular	\$ 28,815	28,815	28,815	28,815	28,815	29,391	29,979	30,571	31,190	31,814
118	23225110 Opt-Out/SPIL	\$ 260	260	260	260	260	265	271	276	281	287
119	23225123 Health Insurance	\$ 900	972	1,050	1,134	1,224	1,322	1,428	1,542	1,666	1,799
120	23225124 Dental Insurance	\$ 45	49	52	57	61	66	71	77	83	90
121	23225125 Vision Insurance	\$ 13	14	15	16	18	19	21	22	24	26
122	23225126 Retiree Health Insurance	\$ 2,241	2,241	2,241	2,241	2,241	2,286	2,332	2,378	2,426	2,474
123	23225129 Other Insurance	\$ 179	179	179	179	179	183	186	190	194	198
124	23225131 Workers' Compensation	\$ 1,737	1,737	1,737	1,737	1,737	1,772	1,807	1,843	1,880	1,918
125	23225136 Retirement - Employee Contribu	\$ 7,102	7,842	8,450	9,036	9,718	10,452	11,242	12,091	13,004	13,987
126	23225137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
127	23225140 Medicare (1.45% of salary)	\$ 422	422	422	422	422	430	439	448	457	466
128	23225142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
129	23225153 Contract Administration	\$ -	-	-	-	-	-	-	-	-	-
130	23225157 Right-of-Way Labor	\$ -	-	-	-	-	-	-	-	-	-
131	23226212 Training and Meetings	\$ -	-	-	-	-	-	-	-	-	-
132	23226319 Professional & Contractual Fee	\$ -	-	-	-	-	-	-	-	-	-
133	23226802 Insurance Alloc - Public Liab	\$ 4,090	4,180	4,272	4,366	4,462	4,560	4,660	4,763	4,868	4,975

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
		Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
134	23226804 Building Maint. Svc Alloc	\$ 930	950	971	993	1,015	1,037	1,060	1,083	1,107	1,131
135	23226805 Custodial Services Allocation	\$ 210	215	219	224	229	234	239	245	250	255
136	23226806 Facility Capital Repair Alloc.	\$ 170	174	178	181	185	190	194	198	202	207
137	23226809 IT Services Allocation	\$ 1,940	1,983	2,026	2,071	2,116	2,163	2,211	2,259	2,309	2,360
138	23226810 Benefits Admin. Allocation	\$ 200	204	209	213	218	223	228	233	238	243
139	23235101 Salaries - Regular	\$ 576,996	576,996	576,996	576,996	576,996	588,536	600,307	612,313	624,559	637,050
140	23235102 Wages - Nonregular	\$ 50,000	50,000	50,000	50,000	50,000	51,000	52,020	53,060	54,122	55,204
141	23235104 Overtime Salaries	\$ 3,000	3,000	3,000	3,000	3,000	3,060	3,121	3,184	3,247	3,312
142	23235107 Retirement & Termination - Pay	\$ -	-	-	-	-	-	-	-	-	-
143	23235108 Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
144	23235110 Opt-Out/SPIL	\$ 2,145	2,145	2,145	2,145	2,145	2,188	2,232	2,276	2,322	2,368
145	23235123 Health Insurance	\$ 62,658	67,671	73,084	78,931	85,246	92,065	99,430	107,385	115,976	125,254
146	23235124 Dental Insurance	\$ 2,168	2,341	2,529	2,731	2,950	3,186	3,440	3,716	4,013	4,334
147	23235125 Vision Insurance	\$ 587	634	685	739	799	862	931	1,006	1,086	1,173
148	23235129 Other Insurance	\$ 3,683	3,683	3,683	3,683	3,683	3,757	3,832	3,908	3,987	4,066
149	23235131 Workers' Compensation	\$ 32,238	32,238	32,238	32,238	32,238	32,883	33,540	34,211	34,895	35,593
150	23235136 Retirement - Employee Contribu	\$ 136,727	150,968	162,684	173,951	187,091	201,225	216,426	232,775	250,360	269,272
151	23235137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
152	23235139 Retirement - Nonregular-3.75%	\$ 1,390	1,390	1,390	1,390	1,390	1,418	1,446	1,475	1,505	1,535
153	23235140 Medicare (1.45% of salary)	\$ 8,398	8,398	8,398	8,398	8,398	8,566	8,737	8,912	9,090	9,272
154	23235142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
155	23235141 Uniform / Boot Allowance	\$ -	-	-	-	-	-	-	-	-	-
156	23235152 Survey	\$ -	-	-	-	-	-	-	-	-	-
157	23235151 Project Design	\$ -	-	-	-	-	-	-	-	-	-
158	23235153 Contract Administration	\$ -	-	-	-	-	-	-	-	-	-
159	23235154 Plan Check	\$ -	-	-	-	-	-	-	-	-	-
160	23235159 Studies	\$ -	-	-	-	-	-	-	-	-	-
161	23236202 Auto Expense	\$ 100	102	104	107	109	111	114	116	119	122
162	23236211 Dues & Subscriptions	\$ 12,200	12,468	12,743	13,023	13,310	13,602	13,902	14,207	14,520	14,839
163	23236212 Meetings, Conferences, & Train	\$ 4,300	4,395	4,491	4,590	4,691	4,794	4,900	5,008	5,118	5,230
164	23236301 Legal Fees	\$ 5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
165	23236319 Professional & Contractual Fee	\$ 10,000	10,220	10,445	10,675	10,909	11,149	11,395	11,645	11,902	12,163
166	23236331 Water Quality Report	\$ 3,000	3,066	3,133	3,202	3,273	3,345	3,418	3,494	3,570	3,649
167	23236332 Calif. Dept of Health Svc Fee	\$ 70,000	71,540	73,114	74,722	76,366	78,046	79,763	81,518	83,312	85,144
168	23236333 Water Quality Testing	\$ 60,000	61,320	62,669	64,048	65,457	66,897	68,369	69,873	71,410	72,981
169	23236334 Water Efficiency Fees	\$ 38,000	38,836	39,690	40,564	41,456	42,368	43,300	44,253	45,226	46,221
170	23236401 Supplies	\$ 3,500	3,577	3,656	3,736	3,818	3,902	3,988	4,076	4,166	4,257
171	23236408 Postage	\$ 20,000	20,440	20,890	21,349	21,819	22,299	22,790	23,291	23,803	24,327
172	23236423 Small Equipment/Furniture	\$ 1,500	1,533	1,567	1,601	1,636	1,672	1,709	1,747	1,785	1,825
173	23236442 Advertising & Promotion	\$ 5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
174	23236443 Printing, Binding, & Duplicate	\$ 5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
175	23236501 Maintenance & Repairs	\$ 10,000	10,220	10,445	10,675	10,909	11,149	11,395	11,645	11,902	12,163
176	23236551 Rentals	\$ 7,100	7,256	7,416	7,579	7,746	7,916	8,090	8,268	8,450	8,636
177	23236604 Telephone	\$ 1,800	1,840	1,880	1,921	1,964	2,007	2,051	2,096	2,142	2,189
178	23236705 Reimbursable Services	\$ -	-	-	-	-	-	-	-	-	-
179	23236706 Overhead	\$ 65,000	66,430	67,891	69,385	70,912	72,472	74,066	75,695	77,361	79,063
180	23236802 Insurance Alloc - Public Liab	\$ 94,460	96,538	98,662	100,833	103,051	105,318	107,635	110,003	112,423	114,896
181	23236804 Custodial Services Allocation	\$ 21,560	22,034	22,519	23,014	23,521	24,038	24,567	25,108	25,660	26,224
182	23236805 Facility Capital Repair Alloc.	\$ 4,860	4,967	5,076	5,188	5,302	5,419	5,538	5,660	5,784	5,911
183	23236806 Vehicle Replacement Reserve	\$ 3,410	3,485	3,562	3,640	3,720	3,802	3,886	3,971	4,058	4,148
184	23236807 Insurance Alloc - Public Liab	\$ 2,440	2,494	2,549	2,605	2,662	2,720	2,780	2,841	2,904	2,968
185	23236809 IT Services Allocation	\$ 59,380	60,686	62,021	63,386	64,780	66,206	67,662	69,151	70,672	72,227
186	23236810 Benefits Admin. Allocation	\$ 6,980	7,134	7,290	7,451	7,615	7,782	7,954	8,129	8,307	8,490
187	23237400 Furniture, Equipment, & Machin	\$ 25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
188	23245101 Salaries - Regular	\$ 53,494	53,494	53,494	53,494	53,494	54,564	55,655	56,768	57,904	59,062
189	23245104 Overtime Salaries - Misc.	\$ 460	460	460	460	460	469	479	488	498	508
190	23245108 Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
191	23245110 Opt-Out/SPIL	\$ 2,060	2,060	2,060	2,060	2,060	2,101	2,143	2,186	2,230	2,274
192	23245123 Health Insurance	\$ 9,000	9,720	10,498	11,337	12,244	13,224	14,282	15,424	16,658	17,991
193	23245124 Dental Insurance	\$ 150	162	175	189	204	220	238	257	278	300
194	23245125 Vision Insurance	\$ 40	43	47	50	54	59	63	69	74	80
195	23245129 Other Insurance	\$ 335	335	335	335	335	342	349	356	363	370
196	23245131 Workers' Compensation	\$ 3,473	3,473	3,473	3,473	3,473	3,542	3,613	3,686	3,759	3,834
197	23245136 Retirement - Employee Contribu	\$ 13,209	14,585	15,717	16,805	18,075	19,440	20,909	22,488	24,187	26,014
198	23245137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
199	23245140 Medicare (1.45% of salary)	\$ 807	807	807	807	807	823	840	856	874	891
200	23245141 Uniform / Boot Allowance	\$ 100	100	100	100	100	102	104	106	108	110

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019 Budget	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
201 23245142	Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
202 23245151	Project Design	\$ -	-	-	-	-	-	-	-	-	-
203 23245153	Contract Administration	\$ -	-	-	-	-	-	-	-	-	-
204 23245155	Inspection	\$ -	-	-	-	-	-	-	-	-	-
205 23245156	Design Administration & Bidding	\$ -	-	-	-	-	-	-	-	-	-
206 23246211	Dues & Subscriptions	\$ 200	204	209	213	218	223	228	233	238	243
207 23246212	Meetings, Conferences & Train	\$ 640	654	668	683	698	714	729	745	762	778
208 23246604	Telephone	\$ 600	613	627	640	655	669	684	699	714	730
209 23246802	Insurance Alloc - Public Liab	\$ 34,000	34,748	35,512	36,294	37,092	37,908	38,742	39,595	40,466	41,356
210 23246804	Building Maint. Svc Alloc	\$ 7,760	7,931	8,105	8,284	8,466	8,652	8,842	9,037	9,236	9,439
211 23246805	Custodial Services Allocation	\$ 1,750	1,789	1,828	1,868	1,909	1,951	1,994	2,038	2,083	2,129
212 23246806	Facility Capital Repair Alloc.	\$ 1,180	1,206	1,232	1,260	1,287	1,316	1,345	1,374	1,404	1,435
213 23246807	Vehicle Replacement Reserve	\$ 160	164	167	171	175	178	182	186	190	195
214 23246808	Vehicle Maintenance Allocation	\$ 6,000	6,132	6,267	6,405	6,546	6,690	6,837	6,987	7,141	7,298
215 23246809	IT Services Allocation	\$ 13,240	13,531	13,829	14,133	14,444	14,762	15,087	15,419	15,758	16,104
216 23246810	Benefits Admin. Allocation	\$ 3,430	3,505	3,583	3,661	3,742	3,824	3,908	3,994	4,082	4,172
217 23245139	Retirement - Nonregular	\$ -	-	-	-	-	-	-	-	-	-
218 23245154	Plan Check	\$ -	-	-	-	-	-	-	-	-	-
219 23266319	Professional & Contractual Fee	\$ -	-	-	-	-	-	-	-	-	-
220 23266531	Public Safety Support	\$ 42,510	43,445	44,401	45,378	46,376	47,396	48,439	49,505	50,594	51,707
221 23266552	Lease Payment	\$ 1,203,270	1,511,400	1,525,140	1,525,140	1,525,140	1,525,140	1,525,140	1,525,140	1,525,140	1,525,140
222 23266601	Water	\$ 18,500,000	19,483,033	19,032,227	19,497,800	20,353,451	21,246,651	22,179,048	23,152,363	24,168,392	25,229,008
223 23266604	Telephone	\$ 540	552	564	576	589	602	615	629	643	657
224 23266605	Gas	\$ 200	204	209	213	218	223	228	233	238	243
225 23266606	Electricity	\$ 5,000	5,110	5,222	5,337	5,455	5,575	5,697	5,823	5,951	6,082
226 23266607	Water Pumping Power	\$ 1,950,000	1,992,900	1,915,850	1,957,999	2,001,075	2,045,098	2,090,090	2,136,072	2,183,066	2,231,093
227 23266709	Property Tax	\$ 20,000	20,440	20,890	21,349	21,819	22,299	22,790	23,291	23,803	24,327
228 23266717	Fees and Charges	\$ 2,400	2,453	2,507	2,562	2,618	2,676	2,735	2,795	2,856	2,919
229 23266718	Public Street Rt-of-Way Impact	\$ 222,260	227,150	232,147	237,254	242,474	247,808	253,260	258,832	264,526	270,346
230 24115101	Salaries - Regular	\$ 166,324	166,324	166,324	166,324	166,324	169,650	173,043	176,504	180,034	183,635
231 24115102	Wages - Nonregular	\$ -	-	-	-	-	-	-	-	-	-
232 24115104	Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	-
233 24115108	Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
234 24115110	5110 Opt-Out/SPIL	\$ 281	281	281	281	281	287	292	298	304	310
235 24115123	Health Insurance	\$ 17,218	18,595	20,083	21,690	23,425	25,299	27,323	29,509	31,869	34,419
236 24115124	Dental Insurance	\$ 692	747	807	872	941	1,017	1,098	1,186	1,281	1,383
237 24115125	Vision Insurance	\$ 161	174	188	203	219	237	255	276	298	322
238 24115126	Retiree Health Insurance	\$ 2,500	2,500	2,500	2,500	2,500	2,550	2,601	2,653	2,706	2,760
239 24115129	Other Insurance	\$ 1,099	1,099	1,099	1,099	1,099	1,121	1,143	1,166	1,190	1,213
240 24115131	Workers' Compensation	\$ 9,030	9,030	9,030	9,030	9,030	9,211	9,395	9,583	9,774	9,970
241 24115136	Retirement - Employee Contribu	\$ 39,405	43,509	46,886	50,133	53,920	57,993	62,374	67,086	72,154	77,605
242 24115137	Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
243 24115139	Retirement - Nonregular-3.75%	\$ -	-	-	-	-	-	-	-	-	-
244 24115140	Medicare (1.45% of salary)	\$ 2,434	2,434	2,434	2,434	2,434	2,483	2,532	2,583	2,635	2,687
245 24115142	Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
246 24115143	Auto Allowance	\$ 1,259	1,259	1,259	1,259	1,259	1,284	1,310	1,336	1,363	1,390
247 24115153	Contract Administration	\$ -	-	-	-	-	-	-	-	-	-
248 24115160	Admin. Salary	\$ -	-	-	-	-	-	-	-	-	-
249 24116301	Legal Fees	\$ -	-	-	-	-	-	-	-	-	-
250 24116423	Small Equipment/Furniture	\$ 1,080	1,104	1,128	1,153	1,178	1,204	1,231	1,258	1,285	1,314
251 24116501	Maintenance & Repairs	\$ 13,750	14,053	14,362	14,678	15,001	15,331	15,668	16,012	16,365	16,725
252 24116802	Insurance Alloc - Public Liab	\$ 38,180	39,020	39,878	40,756	41,652	42,569	43,505	44,462	45,440	46,440
253 24116804	Building maint. Svc Alloc	\$ 3,990	4,078	4,167	4,259	4,353	4,449	4,547	4,647	4,749	4,853
254 24116805	Custodial Services Allocation	\$ 630	644	658	673	687	702	718	734	750	766
255 24116806	Facility Capital Repair Alloc.	\$ 610	623	637	651	665	680	695	710	726	742
256 24116809	IT Services Allocation	\$ 18,980	19,398	19,824	20,260	20,706	21,162	21,627	22,103	22,589	23,086
257 24116810	Benefits Admin. Allocation	\$ 2,940	3,005	3,071	3,138	3,207	3,278	3,350	3,424	3,499	3,576
258 24135101	Salaries - Regular	\$ 88,768	88,768	88,768	88,768	88,768	90,543	92,354	94,201	96,085	98,007
259 24135104	Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	-
260 24135110	Opt-Out/SPIL	\$ 105	105	105	105	105	107	109	111	114	116
261 24135123	Health Insurance	\$ 19,183	20,718	22,375	24,165	26,098	28,186	30,441	32,876	35,506	38,347
262 24135124	Dental Insurance	\$ 405	437	472	510	551	595	643	694	750	810
263 24135125	Vision Insurance	\$ 81	87	94	102	110	119	129	139	150	162
264 24135129	Other Insurance	\$ 581	581	581	581	581	593	604	617	629	641
265 24135131	Workers' Compensation	\$ 7,789	7,789	7,789	7,789	7,789	7,945	8,104	8,266	8,431	8,600
266 24135136	Retirement - Employee Contribu	\$ 21,566	23,812	25,660	27,437	29,510	31,739	34,137	36,716	39,489	42,472
267 24135137	Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
		Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
268	24135140 Medicare (1.45% of salary)	\$ 1,293	1,293	1,293	1,293	1,293	1,319	1,345	1,372	1,400	1,428
269	24135141 Uniform / Boot Allowance	\$ 290	290	290	290	290	296	302	308	314	320
270	24136709 Property Tax	\$ 3,800	3,884	3,969	4,056	4,146	4,237	4,330	4,425	4,523	4,622
271	24136802 6802 Insurance Alloc - Public Liab	\$ 120,770	123,427	126,142	128,917	131,754	134,652	137,615	140,642	143,736	146,898
272	24136804 6804 Building Maint. Svc Alloc	\$ 12,610	12,887	13,171	13,461	13,757	14,059	14,369	14,685	15,008	15,338
273	24136805 6805 Custodial Services Allocation	\$ 1,990	2,034	2,079	2,124	2,171	2,219	2,268	2,317	2,368	2,421
274	24136806 6806 Facility Capital Repair Alloc.	\$ 1,580	1,615	1,650	1,687	1,724	1,762	1,800	1,840	1,880	1,922
275	24136807 6807 Vehicle Replacement Reserve	\$ 6,790	6,939	7,092	7,248	7,408	7,570	7,737	7,907	8,081	8,259
276	24136808 6808 Vehicle Maintenance Allocation	\$ 16,620	16,986	17,359	17,741	18,132	18,530	18,938	19,355	19,781	20,216
277	24136809 6809 IT Services Allocation	\$ 3,840	3,924	4,011	4,099	4,189	4,281	4,376	4,472	4,570	4,671
278	24136810 6810 Benefits Admin. Allocation	\$ 3,060	3,127	3,196	3,266	3,338	3,412	3,487	3,564	3,642	3,722
279	24196401 Supplies	\$ 9,270	9,474	9,682	9,895	10,113	10,336	10,563	10,795	11,033	11,276
280	24235101 Salaries - Regular	\$ 85,862	85,862	85,862	85,862	85,862	87,579	89,331	91,117	92,940	94,799
281	24235104 Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	-
282	24235110 Opt-Out/SPIL	\$ 451	451	451	451	451	460	469	479	488	498
283	24235123 Health Insurance	\$ 21,887	23,638	25,529	27,571	29,777	32,159	34,732	37,510	40,511	43,752
284	24235124 Dental Insurance	\$ 416	449	485	524	566	611	660	713	770	832
285	24235125 Vision Insurance	\$ 64	69	75	81	87	94	102	110	118	128
286	24235129 Other Insurance	\$ 588	588	588	588	588	600	612	624	636	649
287	24235131 Workers' Compensation	\$ 10,160	10,160	10,160	10,160	10,160	10,363	10,570	10,782	10,998	11,217
288	24235136 Retirement - Employee Contribu	\$ 20,662	22,814	24,585	26,287	28,273	30,409	32,706	35,177	37,834	40,692
289	24235137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
290	24235140 Medicare (1.45% of salary)	\$ 1,257	1,257	1,257	1,257	1,257	1,282	1,308	1,334	1,361	1,388
291	24235141 Uniform/Boot Allowance	\$ 410	410	410	410	410	418	427	435	444	453
292	24236319 Professional & Contractual Fee	\$ 39,790	40,665	41,560	42,474	43,409	44,364	45,340	46,337	47,357	48,399
293	24236401 Supplies	\$ 17,320	17,701	18,090	18,488	18,895	19,311	19,736	20,170	20,614	21,067
294	24236423 Small Equipment/Furniture	\$ 2,650	2,708	2,768	2,829	2,891	2,955	3,020	3,086	3,154	3,223
295	24236601 Water	\$ -	-	-	-	-	-	-	-	-	-
296	24236807 Vehicle Replacement Reserve	\$ 8,170	8,350	8,533	8,721	8,913	9,109	9,310	9,514	9,724	9,938
297	24236808 Vehicle Maintenance Allocation	\$ 9,220	9,423	9,630	9,842	10,059	10,280	10,506	10,737	10,973	11,215
298	24236810 Benefits Admin. Allocation	\$ 2,720	2,780	2,841	2,903	2,967	3,033	3,099	3,168	3,237	3,308
299	24255101 Salaries - Regular	\$ 992,797	992,797	992,797	992,797	992,797	1,012,653	1,032,906	1,053,564	1,074,635	1,096,128
300	24255104 Overtime Salaries	\$ 104,500	104,500	104,500	104,500	104,500	106,590	108,722	110,896	113,114	115,376
301	24255110 Opt-Out/SPIL	\$ -	-	-	-	-	-	-	-	-	-
302	24255123 Health Insurance	\$ 214,920	232,114	250,683	270,737	292,396	315,788	341,051	368,335	397,802	429,626
303	24255124 Dental Insurance	\$ 4,686	5,061	5,466	5,903	6,375	6,885	7,436	8,031	8,673	9,367
304	24255125 Vision Insurance	\$ 765	826	892	964	1,041	1,124	1,214	1,311	1,416	1,529
305	24255126 Retiree Health Insurance	\$ 7,223	7,223	7,223	7,223	7,223	7,367	7,515	7,665	7,818	7,975
306	24255129 Other Insurance	\$ 6,475	6,475	6,475	6,475	6,475	6,605	6,737	6,871	7,009	7,149
307	24255131 Workers' Compensation	\$ 81,330	81,330	81,330	81,330	81,330	82,957	84,616	86,308	88,034	89,795
308	24255136 Retirement - Employee Contribu	\$ 241,373	266,513	287,197	307,086	330,284	355,235	382,070	410,933	441,976	475,364
309	24255137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
310	24255140 Medicare (1.45% of salary)	\$ 14,491	14,491	14,491	14,491	14,491	14,781	15,076	15,378	15,686	15,999
311	24255141 Uniform/Boot Allowance	\$ -	-	-	-	-	-	-	-	-	-
312	24255142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
313	24255991 Pension Exp-GASB 68 Contra	\$ -	-	-	-	-	-	-	-	-	-
314	24256205 Uniforms & Laundry	\$ 8,090	8,268	8,450	8,636	8,826	9,020	9,218	9,421	9,628	9,840
315	24256211 Dues & Subscriptions	\$ 900	920	940	961	982	1,003	1,026	1,048	1,071	1,095
316	24256212 Meetings, Conferences, & Train	\$ 2,400	2,453	2,507	2,562	2,618	2,676	2,735	2,795	2,856	2,919
317	24256319 Professional & Contractual Fee	\$ 260,670	266,405	272,266	278,255	284,377	290,633	297,027	303,562	310,240	317,066
318	24256401 Supplies	\$ 555,069	567,281	579,761	592,515	605,551	618,873	632,488	646,403	660,624	675,157
319	24256423 Small Equipment/Furniture	\$ 12,615	12,893	13,176	13,466	13,762	14,065	14,374	14,691	15,014	15,344
320	24256501 Maintenance & Repairs	\$ 6,780	6,929	7,082	7,237	7,397	7,559	7,726	7,896	8,069	8,247
321	24256551 Rentals	\$ 15,870	16,219	16,576	16,941	17,313	17,694	18,083	18,481	18,888	19,303
322	24256604 Telephone	\$ 7,920	8,094	8,272	8,454	8,640	8,830	9,025	9,223	9,426	9,633
323	24256802 Insurance Alloc - Public Liab	\$ 235,050	240,221	245,506	250,907	256,427	262,068	267,834	273,726	279,748	285,903
324	24256804 Building Maint. Svc Alloc	\$ 24,540	25,080	25,632	26,196	26,772	27,361	27,963	28,578	29,207	29,849
325	24256805 Facility Capital Repair Alloc.	\$ 3,870	3,955	4,042	4,131	4,222	4,315	4,410	4,507	4,606	4,707
326	24256806 Vehicle Replacement Reserve	\$ 2,930	2,994	3,060	3,128	3,196	3,267	3,339	3,412	3,487	3,564
327	24256807 Insurance Alloc - Public Liab	\$ 120,000	122,640	125,338	128,096	130,914	133,794	136,737	139,745	142,820	145,962
328	24256808 Vehicle Maintenance Allocation	\$ 191,810	196,030	200,342	204,750	209,255	213,858	218,563	223,371	228,286	233,308
329	24256809 IT Services Allocation	\$ 29,520	30,169	30,833	31,511	32,205	32,913	33,637	34,377	35,134	35,907
330	24256810 Benefits Admin. Allocation	\$ 16,830	17,200	17,579	17,965	18,361	18,765	19,177	19,599	20,030	20,471
331	24257400 Furniture, Equipment, & Machin	\$ 25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
332	24257600 WtrLines,Mains,Sewer,StormDrai	\$ 140,000	143,500	147,088	150,765	154,534	158,397	162,357	166,416	170,576	174,841
333	24265101 Salaries - Regular	\$ 491,289	491,289	491,289	491,289	491,289	501,115	511,137	521,360	531,787	542,423
334	24265102 5102 Wages - Nonregular	\$ 15,000	15,000	15,000	15,000	15,000	15,300	15,606	15,918	16,236	16,561

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019 Budget	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
335	24265104 Overtime Salaries	\$ 22,000	22,000	22,000	22,000	22,000	22,440	22,889	23,347	23,814	24,290
336	24265108 Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
337	24265110 Opt-Out/SPL	\$ 2,500	2,500	2,500	2,500	2,500	2,550	2,601	2,653	2,706	2,760
338	24265123 Health Insurance	\$ 100,650	108,702	117,398	126,790	136,933	147,888	159,719	172,496	186,296	201,200
339	24265124 Dental Insurance	\$ 2,240	2,419	2,613	2,822	3,047	3,291	3,555	3,839	4,146	4,478
340	24265125 Vision Insurance	\$ 311	336	363	392	423	457	494	533	576	622
341	24265126 Retiree Health Insurance	\$ 13,644	13,644	13,644	13,644	13,644	13,917	14,195	14,479	14,769	15,064
342	24265129 Other Insurance	\$ 3,208	3,208	3,208	3,208	3,208	3,272	3,338	3,404	3,472	3,542
343	24265131 Workers' Compensation	\$ 36,203	36,203	36,203	36,203	36,203	36,927	37,666	38,419	39,187	39,971
344	24265136 Retirement - Employee Contribu	\$ 120,489	133,038	143,364	153,292	164,872	177,327	190,723	205,130	220,626	237,293
345	24265137 Retirement - Employer Contribu	\$ -	-	-	-	-	-	-	-	-	-
346	24265140 Medicare (1.45% of salary)	\$ 7,160	7,160	7,160	7,160	7,160	7,303	7,449	7,598	7,750	7,905
347	24265141 Uniform/Boot Allowance	\$ -	-	-	-	-	-	-	-	-	-
348	24275125 Vision Insurance	\$ -	-	-	-	-	-	-	-	-	-
349	24275142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
350	24266205 Uniforms & Laundry	\$ 2,700	2,759	2,820	2,882	2,946	3,010	3,077	3,144	3,213	3,284
351	24266211 Dues & Subscriptions	\$ 1,280	1,308	1,337	1,366	1,396	1,427	1,459	1,491	1,523	1,557
352	24266212 Meetings, Conferences, & Train	\$ 740	756	773	790	807	825	843	862	881	900
353	24266319 Professional & Contractual Fee	\$ 10,000	10,220	10,445	10,675	10,909	11,149	11,395	11,645	11,902	12,163
354	24266401 Supplies	\$ 189,640	193,812	198,076	202,434	206,887	211,439	216,090	220,844	225,703	230,668
355	24266423 Small Equipment/Furniture	\$ 3,310	3,383	3,457	3,533	3,611	3,690	3,772	3,855	3,939	4,026
356	24266501 Maintenance & Repairs	\$ 103,830	106,114	108,449	110,835	113,273	115,765	118,312	120,915	123,575	126,293
357	24266604 Telephone	\$ 5,500	5,621	5,745	5,871	6,000	6,132	6,267	6,405	6,546	6,690
358	24266802 Insurance Alloc - Public Liab	\$ 94,370	96,446	98,568	100,736	102,953	105,218	107,532	109,898	112,316	114,787
359	24266804 Building Maint. Svc Alloc	\$ 9,850	10,067	10,288	10,515	10,746	10,982	11,224	11,471	11,723	11,981
360	24266805 Facility Capital Repair Alloc.	\$ 1,560	1,594	1,629	1,665	1,702	1,739	1,778	1,817	1,857	1,898
361	24266806 Vehicle Replacement Reserve	\$ 1,160	1,186	1,212	1,238	1,265	1,293	1,322	1,351	1,381	1,411
362	24266807 Insurance Alloc - Public Liab	\$ 44,990	45,980	46,991	48,025	49,082	50,161	51,265	52,393	53,546	54,724
363	24266808 Vehicle Maintenance Allocation	\$ 58,820	60,114	61,437	62,788	64,169	65,581	67,024	68,499	70,006	71,546
364	24266809 IT Services Allocation	\$ 12,650	12,928	13,213	13,503	13,800	14,104	14,414	14,731	15,056	15,387
365	24266810 Benefits Admin. Allocation	\$ 7,490	7,655	7,823	7,995	8,171	8,351	8,535	8,722	8,914	9,110
366	24275101 Salaries-Regular Miscellaneous	\$ 11,346	11,346	11,346	11,346	11,346	11,573	11,804	12,040	12,281	12,527
367	24275123 Health Insurance	\$ 1,570	1,696	1,831	1,978	2,136	2,307	2,491	2,691	2,906	3,138
368	24275124 Dental Insurance	\$ 52	56	61	66	71	76	83	89	96	104
369	24275129 Other Insurance	\$ 76	76	76	76	76	78	79	81	82	84
370	24275131 5131 Workers' Compensation	\$ -	-	-	-	-	-	-	-	-	-
371	24275136 PERS Misc. - Employer Paid	\$ 2,464	2,721	2,932	3,135	3,372	3,626	3,900	4,195	4,512	4,853
372	24275137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
373	24275140 Medicare (1.45% of salary)	\$ 165	165	165	165	165	168	172	175	179	182
374	24285101 Salaries - Regular	\$ 587,096	587,096	587,096	587,096	587,096	598,838	610,815	623,031	635,492	648,201
375	24285104 Overtime Salaries	\$ 5,530	5,530	5,530	5,530	5,530	5,641	5,753	5,868	5,986	6,106
376	24285108 Sick Leave/Vacation Accrual	\$ -	-	-	-	-	-	-	-	-	-
377	24285110 Opt-Out/SPL	\$ -	-	-	-	-	-	-	-	-	-
378	24285123 Health Insurance	\$ 137,790	148,813	160,718	173,576	187,462	202,459	218,655	236,148	255,040	275,443
379	24285124 Dental Insurance	\$ 2,434	2,629	2,839	3,066	3,311	3,576	3,862	4,171	4,505	4,866
380	24285125 Vision Insurance	\$ 398	430	464	501	541	585	632	682	737	796
381	24285129 Other Insurance	\$ 3,825	3,825	3,825	3,825	3,825	3,902	3,980	4,059	4,140	4,223
382	24285131 Workers' Compensation	\$ 47,610	47,610	47,610	47,610	47,610	48,562	49,533	50,524	51,535	52,565
383	24285136 Retirement - Employee Contribu	\$ 141,206	141,206	141,206	141,206	141,206	144,030	146,911	149,849	152,846	155,903
384	24285137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
385	24285140 Medicare (1.45% of salary)	\$ 8,539	8,539	8,539	8,539	8,539	8,710	8,884	9,062	9,243	9,428
386	24285141 Uniform/Boot Allowance	\$ 1,800	1,800	1,800	1,800	1,800	1,836	1,873	1,910	1,948	1,987
387	24285142 Bilingual Pay	\$ -	-	-	-	-	-	-	-	-	-
388	24286205 Uniforms & Laundry	\$ 4,240	4,333	4,429	4,526	4,626	4,727	4,831	4,938	5,046	5,157
389	24286211 Dues & Subscriptions	\$ 350	358	366	374	382	390	399	408	417	426
390	24286212 Meetings, Conferences, & Train	\$ 320	327	334	342	349	357	365	373	381	389
391	24286319 Professional & Contractual Fee	\$ 10,000	10,220	10,445	10,675	10,909	11,149	11,395	11,645	11,902	12,163
392	24286401 Supplies	\$ 60,000	61,320	62,669	64,048	65,457	66,897	68,369	69,873	71,410	72,981
393	24286423 Small Equipment/Furniture	\$ 7,500	7,665	7,834	8,006	8,182	8,362	8,546	8,734	8,926	9,123
394	24286427 Water Meters	\$ 300,000	306,600	313,345	320,239	327,284	334,484	341,843	349,363	357,049	364,905
395	24286501 Maintenance & Repairs	\$ 6,910	7,062	7,217	7,376	7,538	7,704	7,874	8,047	8,224	8,405
396	24286551 Rentals	\$ 5,480	5,601	5,724	5,850	5,978	6,110	6,244	6,382	6,522	6,666
397	24286604 Telephone	\$ 3,300	3,373	3,447	3,523	3,600	3,679	3,760	3,843	3,928	4,014
398	24286802 Insurance Alloc - Public Liab	\$ 124,200	126,932	129,725	132,579	135,496	138,476	141,523	144,636	147,818	151,070
399	24286804 Building Maint. Svc Alloc	\$ 12,960	13,245	13,537	13,834	14,139	14,450	14,768	15,093	15,425	15,764
400	24286805 Custodial Services Allocation	\$ 2,060	2,105	2,152	2,199	2,247	2,297	2,347	2,399	2,452	2,506
401	24286806 Facility Capital Repair Alloc.	\$ 1,630	1,666	1,703	1,740	1,778	1,817	1,857	1,898	1,940	1,983

Projection of Cash Outflows

Schedule 2

GL CODE	Expense Description	FY 2019 Budget	FY 2020 Forecast	FY 2021 Forecast	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast
402	24286807 Insurance Alloc - Public Liab	\$ 17,960	18,355	18,759	19,172	19,593	20,024	20,465	20,915	21,375	21,846
403	24286808 Vehicle Maintenance Allocation	\$ 36,650	37,456	38,280	39,123	39,983	40,863	41,762	42,681	43,620	44,579
404	24286809 IT Services Allocation	\$ 12,670	12,949	13,234	13,525	13,822	14,126	14,437	14,755	15,079	15,411
405	24286810 Benefits Admin. Allocation	\$ 11,600	11,855	12,116	12,383	12,655	12,933	13,218	13,509	13,806	14,110
406	25115101 Salaries-Regular Miscellaneous	\$ 21,200	21,200	21,200	21,200	21,200	21,624	22,056	22,498	22,948	23,407
407	25115104 Overtime Salaries - Misc	\$ -	-	-	-	-	-	-	-	-	-
408	25115123 Health Insurance	\$ 3,000	3,240	3,499	3,779	4,081	4,408	4,761	5,141	5,553	5,997
409	25115124 Dental Insurance	\$ 103	111	120	130	140	151	163	177	191	206
410	25115129 Other Insurance	\$ 144	144	144	144	144	147	150	153	156	159
411	25115131 Workers' Compensation	\$ 890	890	890	890	890	908	926	944	963	983
412	25115107 Retirement & Termination - Pay	\$ -	-	-	-	-	-	-	-	-	-
413	25115136 PERS Misc. - Employee Paid	\$ 4,883	5,392	5,810	6,212	6,682	7,186	7,729	8,313	8,941	9,617
414	25115137 PERS Misc. - Employer Paid	\$ -	-	-	-	-	-	-	-	-	-
415	25115140 Medicare (1.45% of salary)	\$ 307	307	307	307	307	313	319	326	332	339
416	30005158 Labor Overhead-Sick Leave/Vact	\$ -	-	-	-	-	-	-	-	-	-
417	30005160 Labor Overhead - Admin. Salary	\$ -	-	-	-	-	-	-	-	-	-
418	30006301 Legal Fees	\$ -	-	-	-	-	-	-	-	-	-
419	30006319 Professional & Contractual Fee	\$ -	-	-	-	-	-	-	-	-	-
420	30006370 Consultant Services - Studies	\$ -	-	-	-	-	-	-	-	-	-
421	30006371 Consultant Services - Design	\$ -	-	-	-	-	-	-	-	-	-
422	30006373 Contract Testing	\$ -	-	-	-	-	-	-	-	-	-
423	30006379 Misc. Construction Costs	\$ -	-	-	-	-	-	-	-	-	-
424	30006388 Geodetic Survey - In House	\$ -	-	-	-	-	-	-	-	-	-
425	30006389 Geodetic Survey Consultant	\$ -	-	-	-	-	-	-	-	-	-
426	30006401 Supplies	\$ -	-	-	-	-	-	-	-	-	-
427	30006443 Printing, Binding, & Duplicate	\$ -	-	-	-	-	-	-	-	-	-
428	30006706 Overhead	\$ -	-	-	-	-	-	-	-	-	-
429	30008997 CIP Costs Allocation	\$ -	-	-	-	-	-	-	-	-	-
430	Sub-Total Operations & Maintenance Expenses	\$ 32,240,373	\$ 33,811,691	\$ 33,527,279	\$ 34,269,227	\$ 35,420,225	\$ 36,713,561	\$ 38,063,332	\$ 39,472,302	\$ 40,943,386	\$ 42,479,660
431	O&M Execution Percentage	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
432	Total Operations & Maintenance Expenses	\$ 32,240,373	\$ 33,811,691	\$ 33,527,279	\$ 34,269,227	\$ 35,420,225	\$ 36,713,561	\$ 38,063,332	\$ 39,472,302	\$ 40,943,386	\$ 42,479,660
Long-Term Debt Service Payments:											
433	Existing Debt Service	620,813	621,213	472,313	477,013	472,731	472,731	472,731	472,731	472,731	469,650
434	Total Long-Term Debt Service Payments	\$ 620,813	\$ 621,213	\$ 472,313	\$ 477,013	\$ 472,731	\$ 472,731	\$ 472,731	\$ 472,731	\$ 472,731	\$ 469,650
Other Below the Line Expenses:											
435	Transfers Out	876,071	1,042,524	1,198,903	1,282,826	1,372,624	1,441,255	1,470,081	1,499,482	1,529,472	1,560,061
436	Total Other Below the Line Expenses	\$ 876,071	\$ 1,042,524	\$ 1,198,903	\$ 1,282,826	\$ 1,372,624	\$ 1,441,255	\$ 1,470,081	\$ 1,499,482	\$ 1,529,472	\$ 1,560,061
437	TOTAL CASH OUTFLOWS	\$ 33,737,257	\$ 35,475,429	\$ 35,198,495	\$ 36,029,067	\$ 37,265,580	\$ 38,627,548	\$ 40,006,144	\$ 41,444,515	\$ 42,945,589	\$ 44,509,371

Capital Improvement Program

Schedule 3

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1	Water Main	\$	-	-	-	-	-	-	-	-	-
2	*includes street repair	\$	-	4,200,000	7,000,000	9,800,000	12,600,000	12,600,000	12,600,000	12,600,000	12,600,000
3	Wells	\$	-	-	-	-	-	-	-	-	-
4	New Well 7A	\$	3,000,000	-	-	-	-	-	-	-	-
5	Rehab Well 6	\$	-	-	200,000	-	-	-	-	-	-
6	Rehab Well 8	\$	-	-	-	200,000	-	-	-	-	-
7	Rehab Well 15A	\$	-	-	-	-	-	-	-	-	250,000
8	New Well 2A	\$	-	-	-	-	5,000,000	-	-	-	-
9	Rehab Well 10	\$	-	-	-	-	-	-	-	-	-
10	Rehab Well 1A	\$	-	-	-	-	-	-	-	-	-
11	Rehab Well 9	\$	-	-	-	-	-	-	-	-	-
12	New Well 4A	\$	-	-	-	-	-	-	-	-	-
13	Rehab Well 3A	\$	-	-	-	-	-	-	-	-	-
14	Booster Pump Station	\$	-	-	-	-	-	-	-	-	-
15	La Palmas	\$	-	1,500,000	-	-	-	-	-	-	-
16	Tank Farm	\$	-	-	-	1,200,000	-	-	-	-	-
17	Hermitage	\$	-	-	-	-	1,800,000	-	-	-	-
18	Hillcrest	\$	-	-	-	-	-	1,500,000	-	-	-
19	Main Plant	\$	-	-	-	-	-	-	1,800,000	-	-
20	Lower Acacia	\$	-	-	-	-	-	-	-	-	-
21	State College	\$	-	-	-	-	-	-	-	-	-
22	Upper Acacia	\$	-	-	-	-	-	-	-	-	-
23	Coyote	\$	-	-	-	-	-	-	-	-	-
24	Hawk's Pointe	\$	-	-	-	-	-	-	-	-	-
25	Tank	\$	-	-	-	-	-	-	-	-	-
26	Laguna	\$	-	-	-	-	-	-	-	-	-
27	Tank Farm (Tank 2)	\$	-	-	-	1,000,000	-	-	-	-	-
28	Lower Acacia	\$	-	-	-	-	-	-	-	-	-
29	Tank Farm	\$	-	-	-	-	-	2,000,000	-	-	-
30	Coyote	\$	-	-	-	-	-	-	-	-	3,000,000
31	Upper Acacia (Tank 1)	\$	-	-	-	-	-	-	-	-	-
32	Upper Acacia (Tank 2)	\$	-	-	-	-	-	-	-	-	-
33	State College	\$	-	-	-	-	-	-	-	-	-
34	Hawk's Pointe	\$	-	-	-	-	-	-	-	-	-
35	Tank Farm (Tank 5)	\$	-	-	-	-	-	-	-	-	-
36	Others	\$	-	-	-	-	-	-	-	-	-
37	Isolation Valve Replacement	\$	500,000	-	-	-	-	-	-	-	-
38	Electrical Generators - Various locations	\$	-	800,000	-	-	-	-	-	-	-
39	Abandon and Remove Well 12A	\$	-	-	-	-	-	150,000	-	-	-
40	SCADA Upgrade	\$	-	-	-	-	500,000	-	-	-	-
41	Tank Farm Soil Remediation	\$	-	-	2,500,000	-	-	-	-	-	-
42	Asphalt Repair - various sites	\$	-	-	-	-	-	-	1,000,000	-	-
43	AMI	\$	-	-	-	-	-	-	-	-	-
44	Water Model Upgrade	\$	-	-	-	-	-	-	-	-	-
45	Abandon F-08 Hydroelectric plant	\$	-	-	-	-	-	-	-	-	-
46	GridBee - Various locations	\$	-	-	-	-	-	-	-	-	-
47	Miscellaneous	\$	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
48	Updated Capital 2017-18	\$	-	-	-	-	-	-	-	-	-
49	Other Water Capital 2018-19	\$	-	-	-	-	-	-	-	-	-
		\$	-	-	-	-	-	-	-	-	-

Capital Improvement Program

Schedule 3

		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
50	Existing CIP to be Completed	\$ -	-	-	-	-	-	-	-	-	-
51	Valencia/Gilbert-Brookhurst	\$ 257,300	-	-	-	-	-	-	-	-	-
52	Valencia/Brookhurst-S. Basque	\$ 32,031	-	-	-	-	-	-	-	-	-
53	Rolling Hills Area Improvement	\$ 1,055,494	-	-	-	-	-	-	-	-	-
54	Elm/Malden Area Sewer & Street	\$ 50,976	-	-	-	-	-	-	-	-	-
55	Water Rate Study	\$ 32,546	-	-	-	-	-	-	-	-	-
56	Misc.Distribution Improvements	\$ 29,054	-	-	-	-	-	-	-	-	-
57	Water Quality	\$ 56,686	-	16,384	-	-	-	-	-	-	-
58	Water Well Replacement Program	\$ -	-	2,000,000	-	-	-	-	-	-	-
59	Main Plant Site Improvement	\$ 26,753	-	89,461	-	-	-	-	-	-	-
60	Loma Alta Area Infrastructure	\$ 48,275	1,400,000	-	-	-	-	-	-	-	-
61	Main Plant Well Rehabilitation	\$ 69,649	-	-	-	-	-	-	-	-	-
62	Wilshire Ave Wtr&Sewer Imprmt	\$ 11,569	-	-	-	-	-	-	-	-	-
63	El Rancho Vista Infrastructure	\$ 2,040,000	-	-	-	-	-	-	-	-	-
64	Nutwood / Yale Infrastructure	\$ 100,000	2,380,000	-	-	-	-	-	-	-	-
65	San Juan Area Water Main	\$ 100,000	700,000	-	-	-	-	-	-	-	-
66	Trenchless Pipe Technology	\$ 120,000	-	-	-	-	-	-	-	-	-
67	Water Valve Replacement	\$ 20,000	-	-	-	-	-	-	-	-	-
68	Wtr System Master Plan Update	\$ -	400,000	-	-	-	-	-	-	-	-
69	Wtr Production Equip.Upgrade 14/15	\$ 1,233,871	-	-	-	-	-	-	-	-	-
70	Wtr Main Sys. Repl & Upgrade 16-17	\$ -	-	-	-	-	-	-	-	-	-
71	Wtr Main Sys. Repl & Upgrade 17-18	\$ -	-	-	-	-	-	-	-	-	-
72	Wtr Main Sys. Repl & Upgrade 18-19	\$ -	-	-	-	-	-	-	-	-	-
73	Upgrade/Rehab City Reservoir 15/16	\$ -	-	-	-	-	-	-	-	-	-
74	Upgrade/Rehab City Reservoirs	\$ 1,818,775	-	-	-	-	-	-	-	-	-
75	53627 Upgrade/Rehab CityReservoir 18/19	\$ -	-	500,000	-	-	-	-	-	-	-
76	Upgrade Maint. Management Sys	\$ 86,000	-	-	-	-	-	-	-	-	-
81	TOTAL CIP (Current Dollars)	\$ 7,188,978	\$ 8,530,000	\$ 9,255,845	\$ 9,850,000	\$ 12,350,000	\$ 18,250,000	\$ 14,550,000	\$ 16,400,000	\$ 15,550,000	\$ 16,000,000
82	TOTAL CIP (With Escalation)	\$ 7,404,648	\$ 9,049,477	\$ 10,065,014	\$ 10,978,889	\$ 14,109,545	\$ 21,371,390	\$ 17,464,525	\$ 20,177,227	\$ 19,609,743	\$ 20,681,658

Forecast of Net Revenues and Debt Service Coverage for Water Enterprise Fund

Schedule 4

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
1 Rate Revenue Increase	2.25%	19.00%	15.00%	7.00%	7.00%	5.00%	2.00%	2.00%	2.00%	2.00%
Revenues										
2 Rate Revenue Before Adjustments	\$ 32,229,207	32,229,207	30,409,465	30,409,465	30,409,465	30,409,465	30,409,465	30,409,465	30,409,465	30,409,465
3 Additional Rate Revenue From Rate Adjustment	\$ 725,157	6,986,486	12,595,879	15,606,253	18,827,354	21,289,194	22,323,168	23,377,820	24,453,566	25,550,827
4 Pass-Through Revenue Projection	\$ -	-	747,957	1,255,679	2,154,405	3,091,628	4,069,018	5,088,315	6,151,337	7,259,981
5 Other Operating Revenues	\$ 1,058,739	1,073,976	1,089,518	1,105,372	1,121,542	1,138,035	1,154,859	1,172,019	1,189,522	1,207,375
6 Interest Income	\$ 16	46,655	38,759	44,890	54,978	51,505	46,404	47,556	46,638	47,771
7 Non-Operating Revenue	\$ 476,782	480,300	483,889	487,549	491,283	495,091	498,976	502,938	506,980	511,102
8 Frontage/Impact/Developer Fees	\$ 33,302	33,786	34,280	34,783	35,297	35,821	36,355	36,900	37,456	38,023
9 Total Revenues	\$ 34,523,203	\$ 40,850,410	\$ 45,399,747	\$ 48,943,991	\$ 53,094,323	\$ 56,510,741	\$ 58,538,245	\$ 60,635,014	\$ 62,794,965	\$ 65,024,545
Operating Expenses										
11 Salaries and Benefits	\$ 5,971,869	6,107,019	6,232,357	6,359,907	6,503,140	6,747,801	7,006,262	7,279,492	7,568,533	7,874,507
12 Water Purchases	\$ 18,500,000	19,483,033	19,032,227	19,497,800	20,353,451	21,246,651	22,179,048	23,152,363	24,168,392	25,229,008
13 Other Variable Operating Costs	\$ 1,950,000	1,992,900	1,915,850	1,957,999	2,001,075	2,045,098	2,090,090	2,136,072	2,183,066	2,231,093
14 Fixed Operating Costs	\$ 5,628,504	6,033,989	6,147,226	6,248,912	6,352,835	6,459,044	6,567,590	6,678,524	6,791,899	6,907,767
15 Capital Outlay	\$ 190,000	194,750	199,619	204,609	209,724	214,968	220,342	225,850	231,497	237,284
16 Total Operating Expenses	\$ 32,240,373	\$ 33,811,691	\$ 33,527,279	\$ 34,269,227	\$ 35,420,225	\$ 36,713,561	\$ 38,063,332	\$ 39,472,302	\$ 40,943,386	\$ 42,479,660
17 Net Revenues	\$ 2,282,830	\$ 7,038,719	\$ 11,872,469	\$ 14,674,764	\$ 17,674,098	\$ 19,797,180	\$ 20,474,913	\$ 21,162,712	\$ 21,851,579	\$ 22,544,885
Debt Service										
19 Existing Debt Service	\$ 620,813	621,213	472,313	477,013	472,731	472,731	472,731	472,731	472,731	469,650
20 New Debt Service	\$ -	-	-	-	-	-	-	-	-	-
21 Total Debt Service	\$ 620,813	\$ 621,213	\$ 472,313	\$ 477,013	\$ 472,731	\$ 472,731	\$ 472,731	\$ 472,731	\$ 472,731	\$ 469,650
Capital Spending										
23 Cash-funded with Rate Revenue	\$ 7,371,346	9,015,691	10,030,735	10,944,106	14,074,248	21,335,570	17,428,169	20,140,327	19,572,287	20,643,635
24 Cash-funded with Other Funds	\$ 33,302	33,786	34,280	34,783	35,297	35,821	36,355	36,900	37,456	38,023
25 Capital Projects Paid with Debt Proceeds	\$ -	-	-	-	-	-	-	-	-	-
26 Total Capital Spending	\$ 7,404,648	\$ 9,049,477	\$ 10,065,014	\$ 10,978,889	\$ 14,109,545	\$ 21,371,390	\$ 17,464,525	\$ 20,177,227	\$ 19,609,743	\$ 20,681,658
Other Cash Flows										
28 Balance of Transfer In/(Out)	\$ (686,071)	(852,524)	(1,008,903)	(1,092,826)	(1,182,624)	(1,251,255)	(1,280,081)	(1,309,482)	(1,339,472)	(1,370,061)
29 Total Other Cash Flows	\$ (686,071)	\$ (852,524)	\$ (1,008,903)	\$ (1,092,826)	\$ (1,182,624)	\$ (1,251,255)	\$ (1,280,081)	\$ (1,309,482)	\$ (1,339,472)	\$ (1,370,061)
30 Revenues Over (Under) Expenses	\$ (6,428,702)	\$ (3,484,495)	\$ 326,238	\$ 2,126,035	\$ 1,909,198	\$ (3,298,198)	\$ 1,257,576	\$ (796,729)	\$ 429,633	\$ 23,515
31 Operating Fund - Beginning Balance	\$ 17,498,646	11,069,944	7,585,449	7,911,687	10,037,723	11,946,921	8,648,723	9,906,299	9,109,571	9,539,203
32 Operating Fund - Ending Balance	\$ 11,069,944	\$ 7,585,449	\$ 7,911,687	\$ 10,037,723	\$ 11,946,921	\$ 8,648,723	\$ 9,906,299	\$ 9,109,571	\$ 9,539,203	\$ 9,562,719
33 Operating Fund - Target Reserves	\$ 9,566,791	9,747,003	9,826,528	9,902,940	9,985,325	10,102,282	10,224,617	10,352,672	10,486,811	10,627,425
34 Debt Service Coverage	(1.5 Req.)	3.93	11.59	25.49	31.12	37.76	42.26	43.70	45.17	46.63

Appendix B: Cost-of-Service Schedules

Schedule 5 – Allocation of Costs to Functional Components

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
Department 2110 City Council											
Program 2111 City Council											
Salaries - Regular	\$ 4,500	-	-	-	-	-	-	-	-	-	\$ 4,500
Opt-Out/SPIL	\$ 520	-	-	-	-	-	-	-	-	-	\$ 520
Dental Insurance	\$ 125	-	-	-	-	-	-	-	-	-	\$ 125
Other Insurance	\$ 43	-	-	-	-	-	-	-	-	-	\$ 43
Workers' Compensation	\$ 504	-	-	-	-	-	-	-	-	-	\$ 504
Retirement - Non Safety	\$ 357	-	-	-	-	-	-	-	-	-	\$ 357
Medicare (1.45% of Salary)	\$ 73	-	-	-	-	-	-	-	-	-	\$ 73
Subtotal	\$ 6,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,122
Department 2120 City Manager											
Program 2121 City Manager's Office											
Salaries - Regular	\$ 47,397	-	-	-	-	-	-	-	-	-	\$ 47,397
Opt-Out/SPIL	\$ 260	-	-	-	-	-	-	-	-	-	\$ 260
Health Insurance	\$ 2,516	-	-	-	-	-	-	-	-	-	\$ 2,516
Dental Insurance	\$ 91	-	-	-	-	-	-	-	-	-	\$ 91
Other Insurance	\$ 325	-	-	-	-	-	-	-	-	-	\$ 325
Worker's Compensation	\$ 442	-	-	-	-	-	-	-	-	-	\$ 442
Retirement - Employee Contrib	\$ 10,763	-	-	-	-	-	-	-	-	-	\$ 10,763
Medicare (1.45% of salary)	\$ 701	-	-	-	-	-	-	-	-	-	\$ 701
Auto Allowance	\$ 715	-	-	-	-	-	-	-	-	-	\$ 715
Program 2125 City Clerk's Office											
Salaries - Regular	\$ 12,306	-	-	-	-	-	-	-	-	-	\$ 12,306
Health Insurance	\$ 713	-	-	-	-	-	-	-	-	-	\$ 713
Dental Insurance	\$ 23	-	-	-	-	-	-	-	-	-	\$ 23
Other Insurance	\$ 74	-	-	-	-	-	-	-	-	-	\$ 74
Workers' Compensation	\$ 111	-	-	-	-	-	-	-	-	-	\$ 111
Retirement - Employee Contrib	\$ 3,349	-	-	-	-	-	-	-	-	-	\$ 3,349
Medicare (1.45% of salary)	\$ 178	-	-	-	-	-	-	-	-	-	\$ 178
Subtotal	\$ 79,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,964
Department 2160 Administrative Services											
Program 2161 AS - Administration											
Salaries - Regular	\$ 18,300	-	-	-	-	-	-	-	-	-	\$ 18,300
Health Insurance	\$ 1,750	-	-	-	-	-	-	-	-	-	\$ 1,750
Dental Insurance	\$ 63	-	-	-	-	-	-	-	-	-	\$ 63
Other Insurance	\$ 124	-	-	-	-	-	-	-	-	-	\$ 124
Workers' Compensation	\$ 106	-	-	-	-	-	-	-	-	-	\$ 106
Retirement - Employee Contrib	\$ 4,232	-	-	-	-	-	-	-	-	-	\$ 4,232
Medicare (1.45% of salary)	\$ 274	-	-	-	-	-	-	-	-	-	\$ 274
Auto Allowance	\$ 582	-	-	-	-	-	-	-	-	-	\$ 582
Program 2163 Fiscal Services											
Salaries - Regular	\$ 102,607	-	-	-	-	-	-	-	-	-	\$ 102,607
Opt-Out/SPIL	\$ 1,300	-	-	-	-	-	-	-	-	-	\$ 1,300
Health Insurance	\$ 3,240	-	-	-	-	-	-	-	-	-	\$ 3,240
Dental Insurance	\$ 464	-	-	-	-	-	-	-	-	-	\$ 464
Vision Insurance	\$ 25	-	-	-	-	-	-	-	-	-	\$ 25
Other Insurance	\$ 646	-	-	-	-	-	-	-	-	-	\$ 646
Workers' Compensation	\$ 1,593	-	-	-	-	-	-	-	-	-	\$ 1,593
Retirement - Employee Contrib	\$ 27,418	-	-	-	-	-	-	-	-	-	\$ 27,418
Medicare (1.45% of salary)	\$ 1,507	-	-	-	-	-	-	-	-	-	\$ 1,507
Program 2164 Purchasing											
Salaries - Regular	\$ 14,877	-	-	-	-	-	-	-	-	-	\$ 14,877
Opt-Out/SPIL	\$ 260	-	-	-	-	-	-	-	-	-	\$ 260
Health Insurance	\$ 642	-	-	-	-	-	-	-	-	-	\$ 642
Dental Insurance	\$ 66	-	-	-	-	-	-	-	-	-	\$ 66
Vision Insurance	\$ 13	-	-	-	-	-	-	-	-	-	\$ 13
Other Insurance	\$ 102	-	-	-	-	-	-	-	-	-	\$ 102
Workers' Compensation	\$ 230	-	-	-	-	-	-	-	-	-	\$ 230
Retirement - Employee Contrib	\$ 4,091	-	-	-	-	-	-	-	-	-	\$ 4,091
Medicare (1.45% of salary)	\$ -	-	-	-	-	-	222	-	-	-	\$ 222

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
Program 2165 Revenue & Utility Svcs											
Salaries - Regular	\$ -	-	-	-	-	-	456,897	-	-	-	\$ 456,897
Opt-Out/SPIL	\$ -	-	-	-	-	-	1,300	-	-	-	\$ 1,300
Health Insurance	\$ -	-	-	-	-	-	72,304	-	-	-	\$ 72,304
Dental Insurance	\$ -	-	-	-	-	-	2,537	-	-	-	\$ 2,537
Vision Insurance	\$ -	-	-	-	-	-	812	-	-	-	\$ 812
5126 Retiree Health Insurance	\$ -	-	-	-	-	-	7,011	-	-	-	\$ 7,011
Other Insurance	\$ -	-	-	-	-	-	3,052	-	-	-	\$ 3,052
Workers' Compensation	\$ -	-	-	-	-	-	9,452	-	-	-	\$ 9,452
Retirement - Employee Contrib	\$ -	-	-	-	-	-	122,660	-	-	-	\$ 122,660
Medicare (1.45% of salary)	\$ -	-	-	-	-	-	6,718	-	-	-	\$ 6,718
Bilingual Pay	\$ -	-	-	-	-	-	5,148	-	-	-	\$ 5,148
Auto Expense	\$ -	-	-	-	-	-	51	-	-	-	\$ 51
Meetings, Conferences, & Travel	\$ -	-	-	-	-	-	869	-	-	-	\$ 869
Legal Fees	\$ -	-	-	-	-	-	1,022	-	-	-	\$ 1,022
Professional & Contractual Fees	\$ -	-	-	-	-	-	96,068	-	-	-	\$ 96,068
Supplies	\$ -	-	-	-	-	-	10,220	-	-	-	\$ 10,220
Postage	\$ -	-	-	-	-	-	94,024	-	-	-	\$ 94,024
Small Equipment/Furniture	\$ -	-	-	-	-	-	3,066	-	-	-	\$ 3,066
Program Expense	\$ -	-	-	-	-	-	3,475	-	-	-	\$ 3,475
Printing, Binding, & Duplicate	\$ -	-	-	-	-	-	35,770	-	-	-	\$ 35,770
Maintenance & Repairs	\$ -	-	-	-	-	-	5,212	-	-	-	\$ 5,212
Lease Payment	\$ -	-	-	-	-	-	4,803	-	-	-	\$ 4,803
Uncollectable Accounts	\$ -	-	-	-	-	-	51,100	-	-	-	\$ 51,100
Property Tax	\$ -	-	-	-	-	-	429	-	-	-	\$ 429
Fees and Charges	\$ -	-	-	-	-	-	127,750	-	-	-	\$ 127,750
Building Maint. - SVC Allocation	\$ -	-	-	-	-	-	26,582	-	-	-	\$ 26,582
Custodial Services Allocation	\$ -	-	-	-	-	-	30,057	-	-	-	\$ 30,057
Facility Capital Repair Alloc.	\$ -	-	-	-	-	-	6,602	-	-	-	\$ 6,602
Vehicle Replacement Reserve	\$ -	-	-	-	-	-	4,068	-	-	-	\$ 4,068
Vehicle Maintenance Allocation	\$ -	-	-	-	-	-	562	-	-	-	\$ 562
IT Services Allocation	\$ -	-	-	-	-	-	50,446	-	-	-	\$ 50,446
Benefits Admin. Allocation	\$ -	-	-	-	-	-	9,280	-	-	-	\$ 9,280
Subtotal	\$ 184,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,249,570	\$ -	\$ -	\$ -	\$ 1,434,081
Department 2170 Human Resources											
Program 2171 Personnel Services											
Salaries - Regular	\$ 23,164	-	-	-	-	-	-	-	-	-	\$ 23,164
Health Insurance	\$ 3,629	-	-	-	-	-	-	-	-	-	\$ 3,629
Dental Insurance	\$ 89	-	-	-	-	-	-	-	-	-	\$ 89
Vision Insurance	\$ 36	-	-	-	-	-	-	-	-	-	\$ 36
Other Insurance	\$ 157	-	-	-	-	-	-	-	-	-	\$ 157
Worker's Compensation	\$ 900	-	-	-	-	-	-	-	-	-	\$ 900
Retirement - Employee Contrib	\$ 6,304	-	-	-	-	-	-	-	-	-	\$ 6,304
Medicare (1.45% of salary)	\$ 336	-	-	-	-	-	-	-	-	-	\$ 336
Subtotal	\$ 34,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,614

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
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Department 2320 Engineering

Program 2321 Engineering - Admin

Salaries - Regular	\$	-	1,435	37	26,035	54	1,253	-	-	-	\$ 28,815
Opt-Out/SPIL	\$	-	13	0	235	0	11	-	-	-	\$ 260
Health Insurance	\$	-	48	1	878	2	42	-	-	-	\$ 972
Dental Insurance	\$	-	2	0	44	0	2	-	-	-	\$ 49
Vision Insurance	\$	-	1	0	13	0	1	-	-	-	\$ 14
Retiree Health Insurance	\$	-	112	3	2,025	4	97	-	-	-	\$ 2,241
Other Insurance	\$	-	9	0	162	0	8	-	-	-	\$ 179
Workers' Compensation	\$	-	87	2	1,569	3	76	-	-	-	\$ 1,737
Retirement - Employee Contrib	\$	-	391	10	7,085	15	341	-	-	-	\$ 7,842
Medicare (1.45% of salary)	\$	-	21	1	381	1	18	-	-	-	\$ 422
Insurance Alloc - Public Liab	\$	-	208	5	3,777	8	182	-	-	-	\$ 4,180
Building Maint. Svc Alloc	\$	-	47	1	859	2	41	-	-	-	\$ 950
Custodial Services Allocation	\$	-	11	0	194	0	9	-	-	-	\$ 215
Facility Capital Repair Alloc.	\$	-	9	0	157	0	8	-	-	-	\$ 174
IT Services Allocation	\$	-	99	3	1,791	4	86	-	-	-	\$ 1,983
Benefits Admin. Allocation	\$	-	10	0	185	0	9	-	-	-	\$ 204

Program 2323 Water System Mgmt

Salaries - Regular	\$	-	25,861	676	469,193	978	22,589	-	-	57,700	\$ 576,996
Wages - Nonregular	\$	-	2,241	59	40,658	85	1,957	-	-	5,000	\$ 50,000
Overtime Salaries	\$	-	134	4	2,439	5	117	-	-	300	\$ 3,000
Opt-Out/SPIL	\$	-	107	3	1,938	4	93	-	-	-	\$ 2,145
Health Insurance	\$	-	3,033	79	55,027	115	2,649	-	-	6,767	\$ 67,671
Dental Insurance	\$	-	105	3	1,904	4	92	-	-	234	\$ 2,341
Vision Insurance	\$	-	28	1	516	1	25	-	-	63	\$ 634
Other Insurance	\$	-	165	4	2,995	6	144	-	-	368	\$ 3,683
Workers' Compensation	\$	-	1,445	38	26,215	55	1,262	-	-	3,224	\$ 32,238
Retirement - Employee Contrib	\$	-	6,766	177	122,762	256	5,910	-	-	15,097	\$ 150,968
Retirement - Nonregular-3.75%	\$	-	62	2	1,130	2	54	-	-	139	\$ 1,390
Medicare (1.45% of salary)	\$	-	376	10	6,829	14	329	-	-	840	\$ 8,398
Auto Expense	\$	-	5	0	92	0	4	-	-	-	\$ 102
Dues & Subscriptions	\$	-	621	16	11,265	23	542	-	-	-	\$ 12,468
Meetings, Conferences, & Train	\$	-	219	6	3,971	8	191	-	-	-	\$ 4,395
Legal Fees	\$	-	254	7	4,617	10	222	-	-	-	\$ 5,110
Professional & Contractual Fee	\$	-	509	13	9,234	19	445	-	-	-	\$ 10,220
Water Quality Report	\$	-	153	4	2,770	6	133	-	-	-	\$ 3,066
Calif. Dept of Health Svc Fee	\$	-	3,563	93	64,638	135	3,112	-	-	-	\$ 71,540
Water Quality Testing	\$	-	3,054	80	55,404	115	2,667	-	-	-	\$ 61,320
Water Efficiency Fees	\$	-	-	-	-	-	-	-	-	38,836	\$ 38,836
Supplies	\$	-	178	5	3,232	7	156	-	-	-	\$ 3,577
Postage	\$	-	-	-	-	-	-	-	-	20,440	\$ 20,440
Small Equipment/Furniture	\$	-	76	2	1,385	3	67	-	-	-	\$ 1,533
Advertising & Promotion	\$	-	-	-	-	-	-	-	-	5,110	\$ 5,110
Printing, Binding, & Duplicate	\$	-	-	-	-	-	-	-	-	5,110	\$ 5,110
Maintenance & Repairs	\$	-	509	13	9,234	19	445	-	-	-	\$ 10,220
Rentals	\$	-	361	9	6,556	14	316	-	-	-	\$ 7,256
Telephone	\$	-	92	2	1,662	3	80	-	-	-	\$ 1,840
Overhead	\$	-	3,308	86	60,021	125	2,890	-	-	-	\$ 66,430
Insurance Alloc - Public Liab	\$	-	4,808	126	87,224	182	4,199	-	-	-	\$ 96,538
Custodial Services Allocation	\$	-	1,097	29	19,908	41	958	-	-	-	\$ 22,034
Facility Capital Repair Alloc.	\$	-	247	6	4,488	9	216	-	-	-	\$ 4,967
Vehicle Replacement Reserve	\$	-	174	5	3,149	7	152	-	-	-	\$ 3,485
Insurance Alloc - Public Liab	\$	-	124	3	2,253	5	108	-	-	-	\$ 2,494
IT Services Allocation	\$	-	3,022	79	54,831	114	2,640	-	-	-	\$ 60,686
Benefits Admin. Allocation	\$	-	355	9	6,445	13	310	-	-	-	\$ 7,134
Furniture, Equipment, & Machi	\$	-	1,276	33	23,153	48	1,115	-	-	-	\$ 25,625

Program 2324 Project Dev & Design

Salaries - Regular	\$	-	2,664	70	48,333	101	2,327	-	-	-	\$ 53,494
Overtime Salaries - Misc.	\$	-	23	1	416	1	20	-	-	-	\$ 460
Opt-Out/SPIL	\$	-	103	3	1,861	4	90	-	-	-	\$ 2,060
Health Insurance	\$	-	484	13	8,782	18	423	-	-	-	\$ 9,720
Dental Insurance	\$	-	8	0	146	0	7	-	-	-	\$ 162
Vision Insurance	\$	-	2	0	39	0	2	-	-	-	\$ 43
Other Insurance	\$	-	17	0	303	1	15	-	-	-	\$ 335
Workers' Compensation	\$	-	173	5	3,138	7	151	-	-	-	\$ 3,473
Retirement - Employee Contrib	\$	-	726	19	13,178	27	634	-	-	-	\$ 14,585
Medicare (1.45% of salary)	\$	-	40	1	729	2	35	-	-	-	\$ 807
Uniform / Boot Allowance	\$	-	5	0	90	0	4	-	-	-	\$ 100
Dues & Subscriptions	\$	-	10	0	185	0	9	-	-	-	\$ 204
Meetings, Conferences & Train	\$	-	33	1	591	1	28	-	-	-	\$ 654
Telephone	\$	-	31	1	554	1	27	-	-	-	\$ 613
Insurance Alloc - Public Liab	\$	-	1,730	45	31,395	65	1,512	-	-	-	\$ 34,748
Building Maint. Svc Alloc	\$	-	395	10	7,166	15	345	-	-	-	\$ 7,931
Custodial Services Allocation	\$	-	89	2	1,616	3	78	-	-	-	\$ 1,789
Facility Capital Repair Alloc.	\$	-	60	2	1,090	2	52	-	-	-	\$ 1,206
Vehicle Replacement Reserve	\$	-	8	0	148	0	7	-	-	-	\$ 164
Vehicle Maintenance Allocation	\$	-	305	8	5,540	12	267	-	-	-	\$ 6,132
IT Services Allocation	\$	-	674	18	12,226	25	589	-	-	-	\$ 13,531
Benefits Admin. Allocation	\$	-	175	5	3,167	7	152	-	-	-	\$ 3,505

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
Program 2326 Water Supply											
Public Safety Support	\$ 43,445	-	-	-	-	-	-	-	-	-	\$ 43,445
Lease Payment	\$ 1,511,400	-	-	-	-	-	-	-	-	-	\$ 1,511,400
Water	\$ -	-	-	-	-	-	-	-	19,483,033	-	\$ 19,483,033
Telephone	\$ -	552	-	-	-	-	-	-	-	-	\$ 552
Gas	\$ -	204	-	-	-	-	-	-	-	-	\$ 204
Electricity	\$ -	5,110	-	-	-	-	-	-	-	-	\$ 5,110
Water Pumping Power	\$ -	-	-	-	-	-	-	-	1,992,900	-	\$ 1,992,900
Property Tax	\$ 20,440	-	-	-	-	-	-	-	-	-	\$ 20,440
Fees and Charges	\$ 2,453	-	-	-	-	-	-	-	-	-	\$ 2,453
Public Street Rt-of-Way Impac	\$ 227,150	-	-	-	-	-	-	-	-	-	\$ 227,150
Subtotal	\$ 1,804,888	\$ 80,452	\$ 1,949	\$ 1,353,219	\$ 2,819	\$ 65,151	\$ -	\$ -	\$ 159,228	\$ 21,475,933	\$ 24,943,639

Department 2410 Maintenance Services

Program 2411 MS - Administration

Salaries - Regular	\$ -	8,283	216	150,277	313	7,235	-	-	-	-	\$ 166,324
5110 Opt-Out/SPIL	\$ -	14	0	254	1	12	-	-	-	-	\$ 281
Health Insurance	\$ -	926	24	16,801	35	809	-	-	-	-	\$ 18,595
Dental Insurance	\$ -	37	1	675	1	33	-	-	-	-	\$ 747
Vision Insurance	\$ -	9	0	157	0	8	-	-	-	-	\$ 174
Retiree Health Insurance	\$ -	124	3	2,259	5	109	-	-	-	-	\$ 2,500
Other Insurance	\$ -	55	1	993	2	48	-	-	-	-	\$ 1,099
Workers' Compensation	\$ -	450	12	8,159	17	393	-	-	-	-	\$ 9,030
Retirement - Employee Contrib	\$ -	2,167	57	39,311	82	1,893	-	-	-	-	\$ 43,509
Medicare (1.45% of salary)	\$ -	121	3	2,199	5	106	-	-	-	-	\$ 2,434
Auto Allowance	\$ -	63	2	1,138	2	55	-	-	-	-	\$ 1,259
Small Equipment/Furniture	\$ -	55	1	997	2	48	-	-	-	-	\$ 1,104
Maintenance & Repairs	\$ -	700	18	12,697	26	611	-	-	-	-	\$ 14,053
Insurance Alloc - Public Liab	\$ -	1,943	51	35,255	73	1,697	-	-	-	-	\$ 39,020
Building maint. Svc Alloc	\$ -	203	5	3,684	8	177	-	-	-	-	\$ 4,078
Custodial Services Allocation	\$ -	32	1	582	1	28	-	-	-	-	\$ 644
Facility Capital Repair Alloc.	\$ -	31	1	563	1	27	-	-	-	-	\$ 623
IT Services Allocation	\$ -	966	25	17,526	37	844	-	-	-	-	\$ 19,398
Benefits Admin. Allocation	\$ -	150	4	2,715	6	131	-	-	-	-	\$ 3,005

Program 2413 Building & Fac Maint

Salaries - Regular	\$ -	4,421	115	80,203	167	3,861	-	-	-	-	\$ 88,768
Opt-Out/SPIL	\$ -	5	0	95	0	5	-	-	-	-	\$ 105
Health Insurance	\$ -	1,032	27	18,719	39	901	-	-	-	-	\$ 20,718
Dental Insurance	\$ -	22	1	395	1	19	-	-	-	-	\$ 437
Vision Insurance	\$ -	4	0	79	0	4	-	-	-	-	\$ 87
Other Insurance	\$ -	29	1	525	1	25	-	-	-	-	\$ 581
Workers' Compensation	\$ -	388	10	7,037	15	339	-	-	-	-	\$ 7,789
Retirement - Employee Contrib	\$ -	1,186	31	21,515	45	1,036	-	-	-	-	\$ 23,812
Medicare (1.45% of salary)	\$ -	64	2	1,168	2	56	-	-	-	-	\$ 1,293
Uniform / Boot Allowance	\$ -	14	0	262	1	13	-	-	-	-	\$ 290
Property Tax	\$ -	193	5	3,509	7	169	-	-	-	-	\$ 3,884
6802 Insurance Alloc - Public l	\$ -	6,147	161	111,518	232	5,369	-	-	-	-	\$ 123,427
6804 Building Maint. Svc Alloc	\$ -	642	17	11,644	24	561	-	-	-	-	\$ 12,887
6805 Custodial Services Alloc	\$ -	101	3	1,838	4	88	-	-	-	-	\$ 2,034
6806 Facility Capital Repair All	\$ -	80	2	1,459	3	70	-	-	-	-	\$ 1,615
6807 Vehicle Replacement Re	\$ -	346	9	6,270	13	302	-	-	-	-	\$ 6,939
6808 Vehicle Maintenance Alic	\$ -	846	22	15,347	32	739	-	-	-	-	\$ 16,986
6809 IT Services Allocation	\$ -	195	5	3,546	7	171	-	-	-	-	\$ 3,924
6810 Benefits Admin. Allocatio	\$ -	156	4	2,826	6	136	-	-	-	-	\$ 3,127

Program 2419 Street Maintenance

Supplies	\$ -	-	-	9,474	-	-	-	-	-	-	\$ 9,474
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Program 2423 Landscape Maintenance

Salaries - Regular	\$ 85,862	-	-	-	-	-	-	-	-	-	\$ 85,862
Opt-Out/SPIL	\$ 451	-	-	-	-	-	-	-	-	-	\$ 451
Health Insurance	\$ 23,638	-	-	-	-	-	-	-	-	-	\$ 23,638
Dental Insurance	\$ 449	-	-	-	-	-	-	-	-	-	\$ 449
Vision Insurance	\$ 69	-	-	-	-	-	-	-	-	-	\$ 69
Other Insurance	\$ 588	-	-	-	-	-	-	-	-	-	\$ 588
Workers' Compensation	\$ 10,160	-	-	-	-	-	-	-	-	-	\$ 10,160
Retirement - Employee Contrib	\$ 22,814	-	-	-	-	-	-	-	-	-	\$ 22,814
Medicare (1.45% of salary)	\$ 1,257	-	-	-	-	-	-	-	-	-	\$ 1,257
Uniform/Boot Allowance	\$ 410	-	-	-	-	-	-	-	-	-	\$ 410
Professional & Contractual Fee	\$ 40,665	-	-	-	-	-	-	-	-	-	\$ 40,665
Supplies	\$ 17,701	-	-	-	-	-	-	-	-	-	\$ 17,701
Small Equipment/Furniture	\$ 2,708	-	-	-	-	-	-	-	-	-	\$ 2,708
Vehicle Replacement Reserve	\$ 8,350	-	-	-	-	-	-	-	-	-	\$ 8,350
Vehicle Maintenance Allocator	\$ 9,423	-	-	-	-	-	-	-	-	-	\$ 9,423
Benefits Admin. Allocation	\$ 2,780	-	-	-	-	-	-	-	-	-	\$ 2,780

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
Program 2425 Water Transmission & Distribut											
Salaries - Regular	\$	-	-	992,797	-	-	-	-	-	-	\$ 992,797
Overtime Salaries	\$	-	-	104,500	-	-	-	-	-	-	\$ 104,500
Health Insurance	\$	-	-	232,114	-	-	-	-	-	-	\$ 232,114
Dental Insurance	\$	-	-	5,061	-	-	-	-	-	-	\$ 5,061
Vision Insurance	\$	-	-	826	-	-	-	-	-	-	\$ 826
Retiree Health Insurance	\$	-	-	7,223	-	-	-	-	-	-	\$ 7,223
Other Insurance	\$	-	-	6,475	-	-	-	-	-	-	\$ 6,475
Workers' Compensation	\$	-	-	81,330	-	-	-	-	-	-	\$ 81,330
Retirement - Employee Contrib	\$	-	-	266,513	-	-	-	-	-	-	\$ 266,513
Medicare (1.45% of salary)	\$	-	-	14,491	-	-	-	-	-	-	\$ 14,491
Uniforms & Laundry	\$	-	-	8,268	-	-	-	-	-	-	\$ 8,268
Dues & Subscriptions	\$	-	-	920	-	-	-	-	-	-	\$ 920
Meetings, Conferences, & Trai	\$	-	-	2,453	-	-	-	-	-	-	\$ 2,453
Professional & Contractual Fee	\$	-	-	266,405	-	-	-	-	-	-	\$ 266,405
Supplies	\$	-	-	567,281	-	-	-	-	-	-	\$ 567,281
Small Equipment/Furniture	\$	-	-	12,893	-	-	-	-	-	-	\$ 12,893
Maintenance & Repairs	\$	-	-	6,929	-	-	-	-	-	-	\$ 6,929
Rentals	\$	-	-	16,219	-	-	-	-	-	-	\$ 16,219
Telephone	\$	-	-	8,094	-	-	-	-	-	-	\$ 8,094
Insurance Alloc - Public Liab	\$	-	-	240,221	-	-	-	-	-	-	\$ 240,221
Building Maint. Svc Alloc	\$	-	-	25,080	-	-	-	-	-	-	\$ 25,080
Facility Capital Repair Alloc.	\$	-	-	3,955	-	-	-	-	-	-	\$ 3,955
Vehicle Replacement Reserve	\$	-	-	2,994	-	-	-	-	-	-	\$ 2,994
Insurance Alloc - Public Liab	\$	-	-	122,640	-	-	-	-	-	-	\$ 122,640
Vehicle Maintenance Allocator	\$	-	-	196,030	-	-	-	-	-	-	\$ 196,030
IT Services Allocation	\$	-	-	30,169	-	-	-	-	-	-	\$ 30,169
Benefits Admin. Allocation	\$	-	-	17,200	-	-	-	-	-	-	\$ 17,200
Furniture, Equipment, & Machi	\$	-	-	25,625	-	-	-	-	-	-	\$ 25,625
WtrLines,Mains,Sewer,StormD	\$	-	-	143,500	-	-	-	-	-	-	\$ 143,500
Program 2426 Water Production & Storage											
Salaries - Regular	\$	-	-	-	-	491,289	-	-	-	-	\$ 491,289
5102 Wages - Nonregular	\$	-	-	-	-	15,000	-	-	-	-	\$ 15,000
Overtime Salaries	\$	-	-	-	-	22,000	-	-	-	-	\$ 22,000
Opt-Out/SPIL	\$	-	-	-	-	2,500	-	-	-	-	\$ 2,500
Health Insurance	\$	-	-	-	-	108,702	-	-	-	-	\$ 108,702
Dental Insurance	\$	-	-	-	-	2,419	-	-	-	-	\$ 2,419
Vision Insurance	\$	-	-	-	-	336	-	-	-	-	\$ 336
Retiree Health Insurance	\$	-	-	-	-	13,644	-	-	-	-	\$ 13,644
Other Insurance	\$	-	-	-	-	3,208	-	-	-	-	\$ 3,208
Workers' Compensation	\$	-	-	-	-	36,203	-	-	-	-	\$ 36,203
Retirement - Employee Contrib	\$	-	-	-	-	133,038	-	-	-	-	\$ 133,038
Medicare (1.45% of salary)	\$	-	-	-	-	7,160	-	-	-	-	\$ 7,160
Uniforms & Laundry	\$	-	-	-	-	2,759	-	-	-	-	\$ 2,759
Dues & Subscriptions	\$	-	-	-	-	1,308	-	-	-	-	\$ 1,308
Meetings, Conferences, & Trai	\$	-	-	-	-	756	-	-	-	-	\$ 756
Professional & Contractual Fee	\$	-	-	-	-	10,220	-	-	-	-	\$ 10,220
Supplies	\$	-	-	-	-	-	-	-	-	193,812	\$ 193,812
Small Equipment/Furniture	\$	-	-	-	-	3,383	-	-	-	-	\$ 3,383
Maintenance & Repairs	\$	-	-	-	-	106,114	-	-	-	-	\$ 106,114
Telephone	\$	-	-	-	-	5,621	-	-	-	-	\$ 5,621
Insurance Alloc - Public Liab	\$	-	-	-	-	96,446	-	-	-	-	\$ 96,446
Building Maint. Svc Alloc	\$	-	-	-	-	10,067	-	-	-	-	\$ 10,067
Facility Capital Repair Alloc.	\$	-	-	-	-	1,594	-	-	-	-	\$ 1,594
Vehicle Replacement Reserve	\$	-	-	-	-	1,186	-	-	-	-	\$ 1,186
Insurance Alloc - Public Liab	\$	-	-	-	-	45,980	-	-	-	-	\$ 45,980
Vehicle Maintenance Allocator	\$	-	-	-	-	60,114	-	-	-	-	\$ 60,114
IT Services Allocation	\$	-	-	-	-	12,928	-	-	-	-	\$ 12,928
Benefits Admin. Allocation	\$	-	-	-	-	7,655	-	-	-	-	\$ 7,655

Budget Line Items	General & Admin	Source of Supply	Treatment	Transmission & Distribution	Pumping	Storage	Customer Service	Meters & Services	Conservation	Purchased Water	Total
Program 2427 Sewer Maintenance & Repair											
Salaries-Regular Miscellaneous	\$ -	565	15	10,251	21	494	-	-	-	-	\$ 11,346
Health Insurance	\$ -	84	2	1,532	3	74	-	-	-	-	\$ 1,696
Dental Insurance	\$ -	3	0	51	0	2	-	-	-	-	\$ 56
Other Insurance	\$ -	4	0	69	0	3	-	-	-	-	\$ 76
PERS Misc. - Employee Paid	\$ -	135	4	2,458	5	118	-	-	-	-	\$ 2,721
Medicare (1.45% of salary)	\$ -	8	0	149	0	7	-	-	-	-	\$ 165
Program 2428 Water Quality/Metering											
Salaries - Regular	\$ -	-	-	-	-	-	-	-	-	587,096	\$ 587,096
Overtime Salaries	\$ -	-	-	-	-	-	-	-	-	5,530	\$ 5,530
Health Insurance	\$ -	-	-	-	-	-	-	-	-	148,813	\$ 148,813
Dental Insurance	\$ -	-	-	-	-	-	-	-	-	2,629	\$ 2,629
Vision Insurance	\$ -	-	-	-	-	-	-	-	-	430	\$ 430
Other Insurance	\$ -	-	-	-	-	-	-	-	-	3,825	\$ 3,825
Workers' Compensation	\$ -	-	-	-	-	-	-	-	-	47,610	\$ 47,610
Retirement - Employee Contrib	\$ -	-	-	-	-	-	-	-	-	141,206	\$ 141,206
Medicare (1.45% of salary)	\$ -	-	-	-	-	-	-	-	-	8,539	\$ 8,539
Uniform/Boot Allowance	\$ -	-	-	-	-	-	-	-	-	1,800	\$ 1,800
Uniforms & Laundry	\$ -	-	-	-	-	-	-	-	-	4,333	\$ 4,333
Dues & Subscriptions	\$ -	-	-	-	-	-	-	-	-	358	\$ 358
Meetings, Conferences, & Travel	\$ -	-	-	-	-	-	-	-	-	327	\$ 327
Professional & Contractual Fee	\$ -	-	-	-	-	-	-	-	-	10,220	\$ 10,220
Supplies	\$ -	-	-	-	-	-	-	-	-	61,320	\$ 61,320
Small Equipment/Furniture	\$ -	-	-	-	-	-	-	-	-	7,665	\$ 7,665
Water Meters	\$ -	-	-	-	-	-	-	-	-	306,600	\$ 306,600
Maintenance & Repairs	\$ -	-	-	-	-	-	-	-	-	7,062	\$ 7,062
Rentals	\$ -	-	-	-	-	-	-	-	-	5,601	\$ 5,601
Telephone	\$ -	-	-	-	-	-	-	-	-	3,373	\$ 3,373
Insurance Alloc - Public Liab	\$ -	-	-	-	-	-	-	-	-	126,932	\$ 126,932
Building Maint. Svc Alloc	\$ -	-	-	-	-	-	-	-	-	13,245	\$ 13,245
Custodial Services Allocation	\$ -	-	-	-	-	-	-	-	-	2,105	\$ 2,105
Facility Capital Repair Alloc.	\$ -	-	-	-	-	-	-	-	-	1,666	\$ 1,666
Insurance Alloc - Public Liab	\$ -	-	-	-	-	-	-	-	-	18,355	\$ 18,355
Vehicle Maintenance Allocation	\$ -	-	-	-	-	-	-	-	-	37,456	\$ 37,456
IT Services Allocation	\$ -	-	-	-	-	-	-	-	-	12,949	\$ 12,949
Benefits Admin. Allocation	\$ -	-	-	-	-	-	-	-	-	11,855	\$ 11,855
Program 2511 Administration & Community Ctr											
Salaries-Regular Miscellaneous	\$ -	-	-	-	-	-	21,200	-	-	-	\$ 21,200
Health Insurance	\$ -	-	-	-	-	-	3,240	-	-	-	\$ 3,240
Dental Insurance	\$ -	-	-	-	-	-	111	-	-	-	\$ 111
Other Insurance	\$ -	-	-	-	-	-	144	-	-	-	\$ 144
Workers' Compensation	\$ -	-	-	-	-	-	890	-	-	-	\$ 890
PERS Misc. - Employee Paid	\$ -	-	-	-	-	-	5,392	-	-	-	\$ 5,392
Medicare (1.45% of salary)	\$ -	-	-	-	-	-	307	-	-	-	\$ 307
Subtotal	\$ 227,326	\$ 32,999	\$ 862	\$ 4,016,386	\$ 1,247	\$ 1,230,456	\$ 31,284	\$ -	\$ -	\$ 1,772,712	\$ 7,313,271
Existing Debt Service Total	\$ 4,386	\$ 29,895	\$ 781	\$ 542,388	\$ 1,130	\$ 26,113	\$ -	\$ 16,519	\$ -	\$ -	\$ 621,213
Transfers Total	\$ 7,361	\$ 50,170	\$ 1,311	\$ 910,240	\$ 1,896	\$ 43,823	\$ -	\$ 27,722	\$ -	\$ -	\$ 1,042,524
Capital Projects Total	\$ 63,656	\$ 433,868	\$ 11,336	\$ 7,871,707	\$ 16,400	\$ 378,983	\$ -	\$ 239,741	\$ -	\$ -	\$ 9,015,691
Total Revenue Requirements	\$ 2,412,828	\$ 627,385	\$ 16,239	\$ 14,693,941	\$ 23,493	\$ 1,744,525	\$ 1,280,853	\$ 283,983	\$ 159,228	\$ 23,248,645	\$ 44,491,120
Indirect Reallocation of General & Admin	\$ 15,099	\$ 383	\$ 512,773	\$ 555	\$ 99,489	\$ 92,383	\$ 3,822	\$ 11,485	\$ 1,676,839	\$ 2,412,828	
Total Functionalized Costs (G&A reallocated)	\$ 642,484	\$ 16,622	\$ 15,206,714	\$ 24,048	\$ 1,844,014	\$ 1,373,237	\$ 287,805	\$ 170,712	\$ 24,925,484	\$ 44,491,120	

Appendix C: Proposed Rate Schedules

Schedule 6 – Proposed Rates effective July 1, 2019

Schedule 7 – Proposed Rates effective July 1, 2020

Schedule 8 – Proposed Rates effective July 1, 2021

Schedule 9 – Proposed Rates effective July 1, 2022

Schedule 10 – Proposed Rates effective July 1, 2023

Fixed Meter Charge

Meter Size	Monthly Rate
5/8"	\$27.59
1"	\$43.83
1 1/2"	\$84.41
2"	\$133.11
3"	\$262.98
4"	\$409.08
6"	\$814.92
8"	\$1,301.93
10"	\$1,951.27
12"	\$2,742.66

Tiered Usage Rate (Residential Accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$2.36	12,200 gal.	4,900 gal.
2	\$4.34	20,000 gal.	7,000 gal.
3	\$4.70	(na)	(na)

Uniform Usage Rate (Non-Residential)

Customer Class	Rate (per TGAL)
Non-Residential	\$2.90

Fixed Meter Charge

Meter Size	Monthly Rate
5/8"	\$31.73
1"	\$50.40
1 1/2"	\$97.07
2"	\$153.08
3"	\$302.43
4"	\$470.44
6"	\$937.16
8"	\$1,497.22
10"	\$2,243.96
12"	\$3,154.06

Tiered Usage Rate (Residential Accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$2.71	12,200 gal.	4,900 gal.
2	\$4.99	20,000 gal.	7,000 gal.
3	\$5.41	(na)	(na)

Uniform Usage Rate (Non-Residential)

Customer Class	Rate (per TGAL)
Non-Residential	\$3.34

Note: Projected rate schedules do not include pass-through rate adjustments. Adjustments to Tiered and Uniform Usage Rates are to be made on an annual basis to account for increases in pass-through costs according to the approved pass-through policy.

Fixed Meter Charge

Meter Size	Monthly Rate
5/8"	\$33.95
1"	\$53.93
1 1/2"	\$103.87
2"	\$163.79
3"	\$323.60
4"	\$503.37
6"	\$1,002.76
8"	\$1,602.02
10"	\$2,401.04
12"	\$3,374.84

Tiered Usage Rate (Residential Accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$2.90	12,200 gal.	4,900 gal.
2	\$5.34	20,000 gal.	7,000 gal.
3	\$5.78	(na)	(na)

Uniform Usage Rate (Non-Residential)

Customer Class	Rate (per TGAL)
Non-Residential	\$3.57

Note: Projected rate schedules do not include pass-through rate adjustments. Adjustments to Tiered and Uniform Usage Rates are to be made on an annual basis to account for increases in pass-through costs according to the approved pass-through policy.

Fixed Meter Charge

Meter Size	Monthly Rate
5/8"	\$36.33
1"	\$57.71
1 1/2"	\$111.14
2"	\$175.26
3"	\$346.25
4"	\$538.61
6"	\$1,072.95
8"	\$1,714.17
10"	\$2,569.11
12"	\$3,611.08

Tiered Usage Rate (Residential Accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$3.11	12,200 gal.	4,900 gal.
2	\$5.71	20,000 gal.	7,000 gal.
3	\$6.19	(na)	(na)

Uniform Usage Rate (Non-Residential)

Customer Class	Rate (per TGAL)
Non-Residential	\$3.82

Note: Projected rate schedules do not include pass-through rate adjustments. Adjustments to Tiered and Uniform Usage Rates are to be made on an annual basis to account for increases in pass-through costs according to the approved pass-through policy.

Fixed Meter Charge

Meter Size	Monthly Rate
5/8"	\$38.14
1"	\$60.59
1 1/2"	\$116.69
2"	\$184.02
3"	\$363.56
4"	\$565.54
6"	\$1,126.60
8"	\$1,799.87
10"	\$2,697.57
12"	\$3,791.64

Tiered Usage Rate (Residential Accounts)

Tier	Rate (per TGAL)	Allocation (Single Family)	Allocation (Multi-Family)
1	\$3.26	12,200 gal.	4,900 gal.
2	\$6.00	20,000 gal.	7,000 gal.
3	\$6.50	(na)	(na)

Uniform Usage Rate (Non-Residential)

Customer Class	Rate (per TGAL)
Non-Residential	\$4.01

Note: Projected rate schedules do not include pass-through rate adjustments. Adjustments to Tiered and Uniform Usage Rates are to be made on an annual basis to account for increases in pass-through costs according to the approved pass-through policy.