

**AGENDA
SPECIAL CITY COUNCIL MEETING
CITY OF BANNING
BANNING, CALIFORNIA**

January 9, 2018
2:00 p.m.

Banning Civic Center
Council Chamber
99 E. Ramsey Street

I. CALL TO ORDER

Roll Call – Council Members Andrade, Franklin, Peterson, Welch, Mayor Moyer

II. PUBLIC COMMENTS – *Opportunity for the public to address items on the Agenda*

III. WORKSHOP

1. Water/Wastewater Rate Study**1**
(Presentation by Willdan)

IV. ADJOURNMENT

*The City of Banning promotes and supports a high quality of life that ensures a safe
and friendly environment, fosters new opportunities and provides responsive,
fair treatment to all and is the pride of its citizens.*

NOTICE: Pursuant to Government Code § 54954.3(a), the only public comment that will be permitted during this Special Meeting is that pertaining to items appearing on this special meeting agenda. Any member of the public may address this meeting of the Mayor and Council on any item appearing on the agenda by approaching the microphone in the Council Chambers and asking to be recognized, either before the item about which the member desires to speak is called, or at any time during consideration of the item. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office (951) 922-3102. **Notification 48 hours prior to the meeting** will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II]

Pursuant to amended Government Code Section 54957.5(b) staff reports and other public records related to open session agenda items are available at City Hall, 99 E. Ramsey St., at the office of the City Clerk during regular business hours, Monday through Friday, 8 a.m. to 5 p.m.



CITY OF BANNING

WATER & WASTEWATER RATE STUDY WORKSHOP

JANUARY 9, 2018



IMPACT OF PROPOSED RATES TO AVERAGE RESIDENTIAL CUSTOMERS

IMPACT OF PROPOSED RATES: WATER

	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
Average Consumption:	14	12	9	8	10	12	14	16	19	18	19	15
ACTUAL BILL:	\$47.70	\$43.02	\$37.50	\$35.66	\$39.34	\$43.02	\$47.70	\$52.38	\$59.40	\$57.06	\$59.40	\$50.04
+ 3%	\$49.13	\$44.31	\$38.63	\$36.73	\$40.52	\$44.31	\$49.13	\$53.95	\$61.18	\$58.77	\$61.18	\$51.54
Difference:	\$ 1.43	\$ 1.29	\$ 1.13	\$ 1.07	\$ 1.18	\$ 1.29	\$ 1.43	\$ 1.57	\$ 1.78	\$ 1.71	\$ 1.78	\$ 1.50
+ 5%	\$50.09	\$45.17	\$39.38	\$37.45	\$41.31	\$45.17	\$50.09	\$55.00	\$62.37	\$59.92	\$62.37	\$52.55
Difference:	\$ 2.39	\$ 2.15	\$ 1.88	\$ 1.79	\$ 1.97	\$ 2.15	\$ 2.39	\$ 2.62	\$ 2.97	\$ 2.86	\$ 2.97	\$ 2.51

Information Based on Revenue Reports - Total Residential Consumption divided by the number of customers each month

IMPACT OF PROPOSED RATES: WASTEWATER

	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
ACTUAL BILL:	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48	\$20.48
+ 3%	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09	\$21.09
Difference:	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61	\$ 0.61
+ 5%	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50	\$21.50
Difference:	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02	\$ 1.02

TOTAL APPROXIMATE IMPACT TO AVERAGE RESIDENTIAL CUSTOMERS

MONTHLY DIFFERENCE	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
3% Increase	\$ 2.04	\$ 1.90	\$ 1.74	\$ 1.68	\$ 1.79	\$ 1.90	\$ 2.04	\$ 2.18	\$ 2.39	\$ 2.32	\$ 2.39	\$ 2.11
5% Increase	\$ 3.41	\$ 3.17	\$ 2.90	\$ 2.81	\$ 2.99	\$ 3.17	\$ 3.41	\$ 3.64	\$ 3.99	\$ 3.88	\$ 3.99	\$ 3.53
3% INCREASE - APPROXIMATE ANNUAL IMPACT IS \$24.53												
5% INCREASE - APPROXIMATE ANNUAL IMPACT IS \$40.94												

IMPACT OF PROPOSED RATES TO **AVERAGE COMMERCIAL RESTAURANT CUSTOMERS**

IMPACT OF PROPOSED RATES: WATER

	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
Average Consumption:	43	50	48	44	59	44	42	39	36	58	42	39
ACTUAL BILL:	\$120.96	\$139.44	\$134.16	\$123.60	\$158.25	\$124.04	\$117.88	\$109.90	\$102.48	\$159.66	\$117.88	\$109.90
+ 3%	\$124.58	\$143.62	\$138.18	\$127.30	\$162.99	\$127.76	\$121.41	\$113.19	\$105.55	\$164.44	\$121.41	\$113.19
Difference:	\$ 3.62	\$ 4.18	\$ 4.02	\$ 3.70	\$ 4.74	\$ 3.72	\$ 3.53	\$ 3.29	\$ 3.07	\$ 4.78	\$ 3.53	\$ 3.29
+ 5%	\$127.00	\$146.41	\$140.86	\$129.78	\$166.16	\$130.24	\$123.77	\$115.39	\$107.60	\$167.64	\$123.77	\$115.39
Difference:	\$ 6.04	\$ 6.97	\$ 6.70	\$ 6.18	\$ 7.91	\$ 6.20	\$ 5.89	\$ 5.49	\$ 5.12	\$ 7.98	\$ 5.89	\$ 5.49

Information Based on Revenue Reports - COMMERCIAL RESTAURANT CONSUMPTION

IMPACT OF PROPOSED RATES: WASTEWATER

	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
ACTUAL BILL:	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92	\$ 81.92
+ 3%	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.34	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.37	\$ 84.37
Difference:	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.42	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45	\$ 2.45
+ 5%	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02	\$ 86.02
Difference:	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10	\$ 4.10

TOTAL APPROXIMATE IMPACT TO AVERAGE COMMERCIAL RESTAURANT CUSTOMERS

MONTHLY DIFFERENCE	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017	OCT 2017
3% Increase	\$ 6.07	\$ 6.63	\$ 6.47	\$ 6.15	\$ 7.19	\$ 6.14	\$ 5.98	\$ 5.74	\$ 5.52	\$ 7.23	\$ 5.98	\$ 5.74
5% Increase	\$ 10.14	\$ 11.07	\$ 10.80	\$ 10.28	\$ 12.01	\$ 10.30	\$ 9.99	\$ 9.59	\$ 9.22	\$ 12.08	\$ 9.99	\$ 9.59
3% INCREASE - APPROXIMATE ANNUAL IMPACT IS \$74.84												
5% INCREASE - APPROXIMATE ANNUAL IMPACT IS \$125.01												

IMPACT OF PROPOSED RATES TO CAPITAL IMPROVEMENT PROJECTS – WATER

WATER CAPITAL IMPROVEMENT PROJECTS (CIP)

Priority	Description	Total	Justification
-	City Facility Programming Assessment	\$20,000	soon to be completed
-	Water Master Plan Update	\$157,272	soon to be completed
1	Flume Consultant Costs	\$600,000	environmental support services for Flume
2	Replace SCADA Comp Hardware/Software	\$500,000	end of useful life replacement
3	Water Line Replacement Locations #2 (Const)	\$650,000	replace undersized leaky pipelines
3	Water Line Replacement Locations #3 (Const)	\$650,000	replace undersized leaky pipelines
4	Annual Main Replacement (PS&E)	\$400,000	design of water main replacements
4	Annual Main Replacement (Const)	\$2,400,000	construction of main replacements
5	Pilot and Drill Well In Cabazon SU	\$1,000,000	drilling of new well for additional pumping capacity
5	Equip Well in Cabazon SU	\$1,500,000	building, pump, site improvements for new well
5	Main to Cabazon Well	\$1,050,000	transmission pipe for new well
6	Automatic Meter Reading (AMR)	\$3,000,000	smart water meters - Phase I per Council's direction
7	Advanced Metering Infrastructure (AMI)	\$500,000	smart water meters - Phase II per Council's direction
8	Comp. Info. System/ERP	\$1,000,000	modernize operations & maintenance
9	New Reservoir 1 (Main Zone) [1 MG]	\$3,315,000	existing storage deficiency identified in Master Plan
10	Fire Flow Improvements (< 6" diameter)	\$1,600,000	existing fire flow deficiencies, high priority
11	Security Cameras at Water Yard (PS&E)	\$7,500	repeated break-ins
11	Security Cameras at Water Yard (Const)	\$25,000	repeated break-ins

WATER CIP – CONT.

12	Well Rehabilitation	\$750,000	replace loss in production capacity
13	Work Truck	\$130,000	replace out-of-service vehicle
14	Existing PRV Station Improvements	\$25,000	upsizing (San G) and pressure sensors for PRV stations
15	Reservoir/Tank Seismic Evaluation Study	\$100,000	recommended by Master Plan
16	Existing Well Site Improvements	\$75,000	deficiencies identified in condition assessment
17	Ramsey St Transmission Main (Sunset to HH Rd Design)	\$90,000	replace leaky pipeline, add fire flow capacity on Ramsey
17	Ramsey St Transmission Main (Sunset to HH Rd; Const)	\$1,110,000	replace leaky pipeline, add fire flow capacity on Ramsey
18	Existing Reservoir Improvements	\$300,000	deficiencies identified in condition assessment
19	Mountain Booster Station Upgrades	\$870,000	reliability upgrades
20	Altitude Valves	\$250,000	maximize storage in existing reservoirs
21	New Reservoir 2 (Main Zone) [1.5 MG]	\$4,973,000	existing storage deficiency identified in Master Plan
22	Main Zone Separation - PRVs (7 sites)	\$1,658,000	Main Zone separation to reduce operating pressures
23	Supply and Velocity Improvements - Existing Conditions	\$239,000	replace undersized mains
24	Fire Flow Improvements (8" diameter)	\$3,200,000	existing fire flow deficiencies, medium priority
25	PRV for Pumping/Supply (1 From Main to Mountain South)	\$332,000	Mountain South zone existing deficiency
26	Well Enclosures	\$400,000	security and protection of assets
27	Fire Flow Improvements (new PRV)	\$995,000	County area of Main zone, existing deficiency
Total		\$33,871,772	
99	Fire Flow Improvements (12" diameter; phased over 5 yrs)	\$12,958,000	defer indefinitely by requiring fire sprinklers
99	Chromium 6 Treatment: Pilot Study	\$180,000	defer indefinitely - unless CA Standards change
99	Chromium 6 Treatment (ED/PS&E)	\$1,250,000	defer indefinitely - unless CA Standards change
99	Chromium 6 Treatment (Const)	\$30,000,000	defer indefinitely - unless CA Standards change

WATER CIP REDUCTION DUE TO FUNDING AVAILABLE WITH 3% INCREASE

Pr	Description	2019	2020	2021	2022	2023
-	City Facility Programming Assessment					
-	Water Master Plan Update					
1	Flume Consultant Costs					
2	Replace SCADA Comp Hardware/Software	\$250,000				
3	Water Line Replacement Locations #2 (Const)	\$250,000				
3	Water Line Replacement Locations #3 (Const)	\$250,000	\$400,000			
4	Annual Main Replacement (PS&E)			\$100,000		\$100,000
4	Annual Main Replacement (Const)				\$800,000	
5	Pilot and Drill Well In Cabazon SU	\$500,000				
5	Equip Well in Cabazon SU	\$1,000,000	\$500,000			
5	Main to Cabazon Well		\$700,000	\$350,000		
	Total	\$2,250,000	\$1,600,000	\$450,000	\$800,000	\$100,000

WATER CIP REMOVED DUE TO LACK OF FUNDING

Projects Removed						
-6	Automatic Meter Reading (AMR)	\$1,500,000				
-7	Advanced Metering Infrastructure (AMI)	\$500,000				
-8	Comp. Info. System/ERP		\$500,000	\$500,000		
-9	New Reservoir 1 (Main Zone) [1-MG]	\$315,000	\$1,500,000	\$1,500,000		
-10	Fire Flow Improvements (< 6" diameter)	\$400,000	\$400,000	\$400,000	\$400,000	
-11	Security Cameras at Water Yard (PS&E)					
-11	Security Cameras at Water Yard (Const)					
-12	Well Rehabilitation		\$150,000		\$150,000	
-13	Work Truck		\$40,000	\$40,000		
-14	Existing PRV Station Improvements					
-15	Reservoir/Tank Seismic Evaluation Study	\$100,000				
-16	Existing Well Site Improvements		\$75,000			
-17	Ramsey St Transmission Main (Sunset to HH Road Design)	\$90,000				
-17	Ramsey St Transmission Main (Sunset to HH Road; Const)			\$750,000	\$360,000	
-18	Existing Reservoir Improvements		\$100,000	\$100,000	\$100,000	
-21	New Reservoir 2 (Main Zone) [1.5-MG]			\$973,000	\$2,000,000	\$2,000,000
-19	Mountain Booster Station Upgrades	\$170,000	\$350,000	\$350,000		
-20	Altitude Valves					
-22	Main Zone Separation - PRVs (7 sites)			\$258,000	\$1,400,000	
-23	Supply and Velocity Improvements - Existing Conditions					\$239,000
-24	Fire Flow Improvements (8" diameter)		\$400,000	\$400,000	\$400,000	\$400,000
-25	PRV for Pumping/Supply (1 From Main to Mountain South)		\$332,000			
-26	Well Enclosures			\$80,000		
-27	Fire Flow Improvements (new PRV)					
	Total	\$2,985,000	\$4,017,000	\$5,271,000	\$4,890,000	\$2,639,000

IMPACT OF PROPOSED RATES TO CAPITAL IMPROVEMENT PROJECTS – WASTEWATER

WASTEWATER CIP

Priority	Description	Total	Justification
0	City Facility Programming Assessment	\$10,000	soon to be completed
0	Digester Dome Repairs (PS&E)	\$40,000	completed
0	Digester Cleaning/Dome Repairs (Const)	\$125,000	completed
0	WWTP Fencing	\$90,000	soon to be completed
0	Sewer Master Plan Update	\$139,873	soon to be completed
0	Sewer Inspection Camera System (CCTV)	\$100,000	purchased
1	Iron Sponge Media Replacement	\$175,000	replace spent media to meet sulfur removal regulations (AQMD)
2	Repairs to Boiler Gas Control Valves	\$80,000	repair old equipment to maintain operations
3	PVC Digester Gas Piping	\$30,000	repair old equipment to maintain operations
4	Repairs to Heat Exchanger (WWTP)	\$60,000	repair old equipment to maintain operations
5	Capacity Project C-1	\$234,000	need to replace undersized main
6	Capacity Project C-2	\$249,000	need to replace undersized main
7	Digester Cleaning	\$150,000	remove buildup from digesters
8	Vactor Truck	\$450,000	replace existing vactor truck that has reached the end of its useful life
9	Annual Sewer Line Replacement Design	\$240,000	engineering design to replace deteriorated sewer mains
9	Annual Sewer Line Replacement Construction	\$1,050,000	construction cost for ongoing sewer replacement program
10	Existing Lift Station Improvements	\$50,000	basic telemetry for existing lift stations
11	Capacity Project C-3	\$1,030,000	need to replace undersized main
12	Capacity Project C-4	\$196,000	need to replace undersized main
13	Capacity Project C-5	\$233,000	need to replace undersized main
14	Capacity Project C-6	\$151,000	need to replace undersized main
15	Capacity Project C-7	\$101,000	need to replace undersized main
	Total	\$4,983,873	
99	Westward Lift Station Bypass (D-3)	1,328,000	new trunk line needed to accommodate growth from Butterfield SP
99	WWTP Expansion (Design)	2,000,000	needed in anticipation of growth & meet new discharge requirements
99	WWTP Expansion (Construction)	25,000,000	needed in anticipation of growth & meet new discharge requirements

WASTEWATER CIP REDUCTION DUE TO FUNDING AVAILABLE WITH 3% INCREASE

Priority	Description	2019	2020	2021	2022	2023
0	City Facility Programming Assessment					
0	Digester Dome Repairs (PS&E)					
0	Digester Cleaning/Dome Repairs (Const)					
0	WWTP Fencing					
0	Sewer Master Plan Update					
0	Sewer Inspection Camera System (CCTV)					
1	Iron Sponge Media Replacement		\$35,000		\$35,000	
2	Repairs to Boiler Gas Control Valves	\$65,000				
3	PVC Digester Gas Piping	\$25,000				
4	Repairs to Heat Exchanger (WWTP)	\$50,000				
5	Capacity Project C-1	\$234,000				
6	Capacity Project C-2		\$249,000			
	Total	\$374,000	\$284,000	\$0	\$35,000	\$0


WASTEWATER CIP REMOVED DUE TO LACK OF FUNDING

Projects Removed					
7	Digester Cleaning		\$150,000		
8	Vactor Truck			\$450,000	
9	Annual Sewer Line Replacement Design			\$30,000	
9	Annual Sewer Line Replacement Construction	\$175,000			\$175,000
10	Existing Lift Station Improvements	\$50,000			
11	Capacity Project C-3			\$515,000	\$515,000
12	Capacity Project C-4				\$196,000
13	Capacity Project C-5				
14	Capacity Project C-6				
15	Capacity Project C-7				
	Total	\$225,000	\$150,000	\$995,000	\$690,000

NOTABLE CONSIDERATIONS


- THE PROPOSED 3% RATE INCREASE WILL REQUIRE AN APPROXIMATE **75% REDUCTION** IN THE **NECESSARY CAPITAL PROJECT** EXPENSES FOR WATER AND WASTEWATER PROJECTS
- THE MODEL ASSUMES NO DEBT ISSUANCE
- TO MEET ALL CAPITAL NEEDS, WILLDAN PREVIOUSLY RECOMMENDED AN APPROXIMATE 19% INCREASE IN WATER RATES & AN APPROXIMATE 26% INCREASE IN WASTEWATER RATES
- THE BUDGET & FINANCE COMMITTEE MET ON AUG. 9TH, SEPT. 5TH, OCT. 17TH & NOV. 15TH 2017 TO REVIEW CIP AND THE COMMITTEE SUPPORTS 3% RATE INCREASES OVER FIVE YEARS

Questions or Comments prior to
Willdan's Presentation?



CITY OF
BANNING, CALIFORNIA


WATER AND SEWER RATE STUDY



Presented by **Kevin Burnett**
Chris Fisher

PRESENTATION CONTENTS

- Introduction
- Review purpose of study
- Overview of utility rate setting process
 - Current study process
- Summary of proposed revenue increases
- Financial plan summary
- Proposed rates
- Next steps

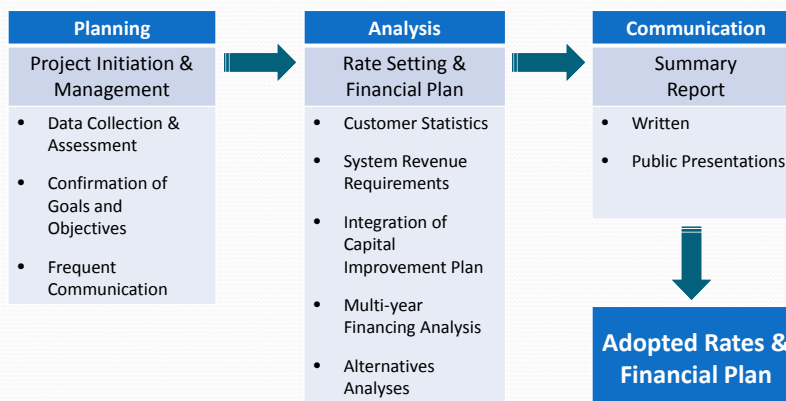


2.1

PURPOSE OF THE RATE STUDY

- Evaluate sufficiency of existing water and sewer revenues to:
 - Provide funding for current and future operating, maintenance, and **capital expenses**
 - Meet minimum reserve level requirements
 - Meet legal obligations associated with outstanding debt
- Develop rates which will generate sufficient revenue **to** meet cost of providing essential services

TYPICAL UTILITY RATE-SETTING PROCESS



CURRENT RATE STUDY PROCESS

- Worked with City staff to identify financial plan options incorporating:
 - Ongoing operations and maintenance expense needs
 - Capital needs to maintain and operate the systems efficiently and reliably
- Presented initial financial plans and rates to Council on August 22, 2017
- Refined capital improvement projections and financial plans based on Council direction
- *Today, seeking Council direction on financial plans and rates*
- Prepare report and Proposition 218 notices based on Council direction, conduct Public Hearing, adopt rates
- New rates effective July 1, 2018

FINANCIAL PLANS

WHY INCREASE WATER REVENUE?

- Additional revenue is needed to:
 - Reinvest in and maintain the system
 - Fund capital needs
 - Waterline replacements
 - New water mains
 - Meet targeted reserve levels
 - Meet debt service coverage requirements

REVENUE RECOMMENDATIONS - WATER

Proposed Water Financial Plan		
Fiscal Year	Revenue Increase	Debt Issuance (millions)
2018-19	3%	\$-
2019-20	3%	-
2020-21	3%	-
2021-22	3%	-
2022-23	3%	-

WATER CASHFLOW PROJECTIONS ⁽¹⁾

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$6,562	\$4,713	\$3,536	\$3,816	\$3,982
Revenue	9,147	9,619	10,121	10,656	11,219
O&M	5,798	6,000	6,211	6,429	6,657
Transfers Out ⁽²⁾	1,104	1,132	1,160	1,189	1,219
Capital	2,306	1,681	485	883	113
Debt Service	<u>1,788</u>	<u>1,983</u>	<u>1,985</u>	<u>1,989</u>	<u>1,990</u>
Total Expenses	<u>10,996</u>	<u>10,796</u>	<u>9,841</u>	<u>10,400</u>	<u>9,979</u>
Net Cashflow	(1,849)	(1,177)	280	166	1,240
End of Year Cash Reserves	\$4,713	\$3,536	\$3,816	\$3,982	\$5,222
Target Reserves	759	798	820	842	865
DSC – 1.20 Requirement	1.87	1.82	1.97	2.13	2.29



(1) In thousands
(2) Water Fund's share of other City functions such as Council, finance, IT etc.



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WHY INCREASE SEWER REVENUE?

- Additional revenue is needed to:
 - Meet debt service coverage requirements
 - Meet repair and replacement capital needs
 - Meet targeted reserve levels



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REVENUE RECOMMENDATIONS - SEWER

Proposed Sewer Financial Plan		
Fiscal Year	Revenue Increase	Debt Issuance (millions)
2018-19	3%	\$-
2019-20	3%	-
2020-21	3%	-
2021-22	3%	-
2022-23	3%	-

SEWER CASHFLOW PROJECTIONS (1)

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$1,435	\$1,425	\$1,567	\$2,286	\$3,114
Revenue	3,379	3,560	3,752	3,956	4,172
O&M	2,088	2,148	2,209	2,273	2,338
Transfers Out ⁽²⁾	715	725	431	442	453
Capital	192	149	0	19	0
Debt Service	394	396	393	394	395
Total Expenses	3,389	3,418	3,033	3,128	3,186
Net Cashflow	(10)	142	719	828	986
End of Year Cash Reserves	\$1,425	\$1,567	\$2,286	\$3,114	\$4,100
Target Reserves	279	285	260	267	273
DSC - 1.15 Requirement	3.28	3.56	3.92	4.27	4.65

PROPOSED RATES



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MONTHLY BASE CHARGE - WATER

Meter Size	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
5/8-inch	\$20.94	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
¾-inch	20.94	21.57	22.22	22.88	23.57	24.28
1-inch	31.75	32.70	33.68	34.69	35.73	36.81
1 ½-inch	58.74	60.50	62.32	64.19	66.11	68.10
2-inch	91.14	93.87	96.69	99.59	102.58	105.66
3-inch	166.77	171.77	176.93	182.23	187.70	193.33
4-inch	247.83	283.07	291.57	300.31	309.32	318.60
6-inch	544.79	561.13	577.97	595.31	613.17	631.56
8-inch	888.83	894.89	921.74	949.39	977.88	1,007.21



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VOLUME RATE - WATER

\$/HCF						
Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
0-9 HCF	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
10 – 29 HCF	2.34	2.41	2.48	2.56	2.63	2.71
30+ HCF	2.64	2.72	2.80	2.88	2.97	3.06
City Parks						
All Use	0.58	0.60	0.62	0.63	0.65	0.67

SEWER RATES

Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Single Family	\$19.96	\$20.56	\$21.18	\$21.81	\$22.47	\$23.14
Commercial (EDU)	19.96	20.56	21.18	21.81	22.47	23.14
Tertiary Surcharge (EDU)	2.00	2.06	2.12	2.19	2.25	2.32

NEXT STEPS

- Prepare Report
- Prepare Proposition 218 Notice
- Conduct Public Hearing
- Adopt New Rates

QUESTIONS & DISCUSSION