

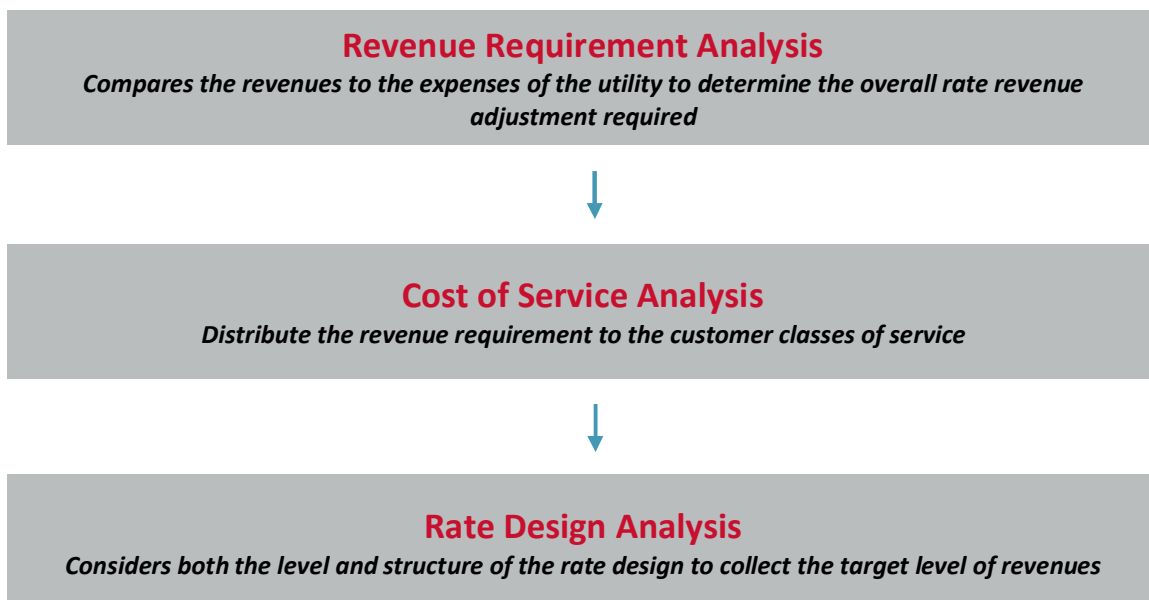
Sewer Technical Memorandum

Date: 02/4/2025
Client: Laguna County Sanitation District
To: Marty Wilder, District Manager – Laguna County Sanitation District
From: Josiah Close, Utility Rates Project Manager – HDR
Jack Adams, Financial Analyst – HDR
Subject: 2025 Sewer Rate Study – Phase 1 Results

Introduction

The Laguna County Sanitation District (District) contracted with HDR Engineering Inc. (HDR) to provide technical and professional assistance in the development of a sewer rate study (Study). The goal of the Study was to perform a review of the sewer utility's overall financial health and resulting revenue adjustments to maintain financial stability. There are three main components – or analysis - of a comprehensive rate study which is shown below in Figure 1.

Figure 1
Overview of the Comprehensive Rate Study Analysis



For the District's sewer rate study, the work has been scheduled on a phased approach due to the limited timeline for the initial review of the sewer utility. This is due to the constraint on when

the budgetary number is needed and the length of time required for a rate study. The first phase will include the revenue requirement and rate design analyses. The second phase of the Study will update the revenue requirement with the approved budget, which is informed by the results of the first phase and develop the cost of service analysis to review the proportionality of the District's sewer rates. The second phase will also include an updated rate design analysis that will be based on the results and recommendations from the second phase revenue requirement and cost of service analyses.

Phase One Analysis Draft Results

The District's sewer revenue requirement was performed on a "stand alone" basis approach. In other words, only the sewer revenues received support sewer utility expenses and no transfers from other funds is included. This approach is prudent and paramount for a sustainable and fully funded utility. After the revenue requirement has been established, a rate transition plan can be developed that adequately funds the District's sewer operations and maintenance (O&M) expenses and capital improvement needs. While at the same time, the proposed sewer rate transition plan seeks to maintain the financial health of the District reviewing financial metrics such as target ending reserve balances, debt service coverage ratios, level of rate funded capital, etc. The Study then developed proposed rates based on the results of the revenue requirement analysis. It is important to note that the current rate structure was maintained and that only the overall level of rates were adjusted across the board in this first phase.

The Study summarized in this technical memorandum (TM) includes fiscal year (FY) 2024-25 budget and projected FY 2025-26 through FY 2034-35.

Assumptions

HDR worked with the District to develop, review, and refine the assumptions used as inputs in the Study. These assumptions are identified in general terms in Table 1.

Table 1
Key Rate Study Assumptions

- | | |
|------------------------------------|-------------------------------------|
| • Operations and Maintenance (O&M) | • Escalation (inflationary) Factors |
| • Capital Improvement Plan (CIP) | • Annual Capital Funding |
| • Rate and Non-Rate Revenues | • Reserve targets |

In development of the District's Study, consideration is also given to the health of critical financial parameters such as reserve fund balances, debt service coverage ratios, rate funded capital, etc., while at the same time attempting to smooth the rate impacts over the review period to the extent possible.

The results presented in this TM are based on the assumptions which were reviewed and updated with District staff. The projected rate transition plan for the sewer utility is developed to generate sufficient rate revenue to prudently fund the revenue requirement over the 10-year review period, with the focus for proposed rates for FY 2025-26. The projections from the Study will aid in making long-term decisions as impacts can be modeled and reviewed with District Staff and the Board of Directors and will carry into the second phase of the Study where it is anticipated that a longer (e.g., 5-year) rate transition plan will be developed and adopted. It is important to note that - regardless of whether the District is able to control them or not - should the assumptions and inputs change, the given results for this Study and this Technical Memo would also change.

Overview of the Revenue Requirement

The overall financial planning strategy for the District's sewer utility is based on the cash needs approach. The cash needs approach is a generally accepted methodology, as outlined in the Water Environment Federation (WEF) Manual of Practice 27. This approach compares revenues to expenses on an annual basis so that, over the planning period, revenue will be equal to the utility's expenses. Provided in Table 2 below is a summary of the cash needs approach used to develop the sewer revenue requirement for the District's Study.

Table 2
Overview of the Cash Needs Approach

+	Operations and Maintenance Expenses
+	Taxes / Transfer Payments
+	Rate Funded Capital Projects
+	Debt Service Payments (P + I)
=	Total Revenue Requirement
-	Miscellaneous Revenues
=	Net Total Revenue Requirement

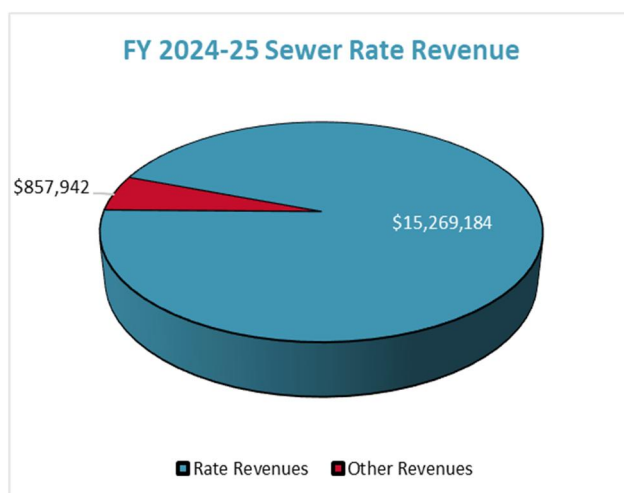
This approach is developed for each year of the analysis to determine the overall revenue (rate) adjustments necessary to prudently fund the District's sewer utility O&M and capital needs.

Revenue Requirements Analysis

The primary financial inputs in the Study were the District's accounting and financial records, capital plan, and current adopted budget for the sewer utility. Provided below is a detailed discussion of the steps and key assumptions contained within the development of the District's revenue requirement analysis.

Projection of Rate Revenues

Rate revenues are based on the current adopted sewer rates and the customer billing units. The first step in the revenue requirement is to develop a projection of the rate revenues currently received by the District. This includes developing a projection of sewer rate revenues, at present rate levels, based on the current billing units. These billing units were then multiplied by the current adopted sewer rates, per billing unit. This method of independently calculating the rate revenues for the District links the projected revenues used within the analysis to the projected billing units. It also helps to confirm that the billing units used within the Study are reasonable for purposes of projecting future revenues and ultimately establishing the proposed rates to collect the target level of revenues. The majority of the revenues for the District are derived from rate revenues. In total, and at currently adopted rate levels, the District is projected to receive approximately \$15.3 million in FY 2024-25. Over the Study review period and in discussion with District staff, customer growth is expected to be between 0.3% and 0.9%, per year. Given this, the rate revenues increase to approximately \$16.6 million in FY 2034-35, before any rate revenue adjustments.



Projection of Non-Rate Revenue

The District also collects a variety of other revenues that can offset the overall rate revenue needed to fund annual O&M and capital expenses. Non-rate revenue includes interest income, benefit assessments, liquid waste, recycled water sales, and other miscellaneous revenues. In total, these line items amount to approximately \$858,000 in FY 2024-25. Non-rate revenues are projected to grow at 1.0% similar to the growth of rate revenues over the review period. Given this, the non-rate revenues increase to approximately \$1.0 million in FY 2034-35.

Operations and Maintenance Expenses

After the development of the revenues, the District's O&M expenses to provide service and maintain the sewer utility are reviewed. O&M expenses include labor, benefits, insurance, utilities, etc. for day to day operations. The District's FY 2024-25 budget was used as the starting point for the revenue requirement analysis for the sewer utility. The total budgeted O&M expenses for FY 2024-25 are approximately \$11.0 million for the sewer utility. The O&M costs are then projected to escalate at annual inflationary rates which are specific to each line item based on assumed general inflationary rates. Details of individual O&M cost escalation factors are shown in Table 3, below.

Table 3
O&M Cost Escalation Factors

Year	Salary	Benefits	Services & Supplies	Utilities	Insurance	Other Charges
FY 2024-25	3.5%	3.5%	3.5%	4.0%	9.5%	3.5%
FY 2025-26	3.5%	3.5%	3.5%	4.0%	9.5%	3.5%
FY 2026-27	3.5%	3.5%	3.5%	4.0%	9.5%	3.5%
FY 2027-28	3.5%	3.5%	3.5%	4.0%	9.5%	3.5%
FY 2028-29	3.5%	3.5%	3.5%	4.0%	9.5%	3.5%
FY 2029-30	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%
FY 2030-31	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%
FY 2031-32	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%
FY 2032-33	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%
FY 2033-34	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%
FY 2034-35	3.5%	3.5%	3.5%	4.0%	5.0%	3.5%

Based on the District's FY 2024-25 budget for the sewer utility and the cost escalation assumptions described in Table 3, total annual O&M is projected to increase to approximately \$16.1 million in FY 2034-35. The average annual increase in total O&M expenses for the Study was 3.9%. The annual O&M cost projection is included in the District's sewer revenue requirement and provided in Table 5.

Capital Improvement Plan

The capital improvement plan (CIP) consists of the additions to the sewer utility infrastructure to provide service to the District's customers. Capital improvement projects are designed to fulfill a number of different needs, but typically there are four main types:

1. Renewal and replacement of the existing system to maintain service levels
2. Compliance with new state and/or federal regulations
3. Enhancement of the level and reliability of the service provided
4. Meet ongoing demands of system growth and economic development

The District provided the sewer utility capital improvement plan for the next ten years (FY 2024-25 – FY 2034-35). The future years of FY 2025-26 through FY 2034-35 were escalated at 3.5%, annually, to reflect the pressures on capital costs from inflationary measures. A key element of the District's CIP is the evaluation of its sewer system, identified system deficiencies and renewal and replacement needs, and developing a feasible and sustainable capital funding plan. For the District's capital funding plan, the funding for the annual capital improvement needs was provided through annual rates, available reserves, and a limited amount of long term debt. The District will be able to fund the capital improvements planned from FY 2024-25 through FY 2033-34 with cash (i.e., reserve funds on hand as well as rate funded capital). In FY 2034-35 however, there is an anticipated capacity Plant Expansion Phase II project (dependent upon growth

demands) that will cost approximately \$42.4 million. It is assumed that the District will need to issue long term debt to fully fund this project.

An important component of the capital funding plan – and the revenue requirement– is the level of rate funding of capital. Rate funding of capital represents the annual amount of capital that the current sewer rates can fund to accomplish renewal and replacement of the existing sewer/treatment/discharge system. Rate funding for capital starts in FY 2024-25 for the sewer utility at approximately \$3.9 million. Over the review period, the sewer utility’s rate funded capital is increased to approximately \$8.4 million in FY 2034-35. The increase in rate funding is a critical element of the District’s sewer financial plan to provide a sustainable funding source for annual renewal and replacement needs for the system’s infrastructure. A summary of the District’s capital funding plan is shown in Table 4 below.

Table 4
Summary of the District's Sewer Capital Improvement Plan (\$000s)

	FY 2024- 25	FY 2025- 26	FY 2026- 27	FY 2027- 28	FY 2028- 29	FY 2029- 30	FY 2030- 31	FY 2031- 32	FY 2032- 33	FY 2033- 34	FY 2034- 35
Structures/Structural Improvements	\$4,240	\$10,641	\$5,738	\$9,608	\$5,745	\$1,611	\$9,486	\$1,726	\$1,787	\$1,849	\$45,124
Equipment	<u>250</u>	<u>1,427</u>	<u>257</u>	<u>388</u>	<u>1,539</u>	<u>327</u>	<u>996</u>	<u>1,338</u>	<u>263</u>	<u>375</u>	<u>282</u>
Total Capital Improvements	\$4,490	\$12,067	\$5,995	\$9,996	\$7,284	\$1,938	\$10,481	\$3,064	\$2,050	\$2,224	\$45,406
Unidentified Future Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,151	\$4,515	\$4,691	\$0
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$4,412	\$0	\$1,000	\$1,000	\$1,000	\$0
Total Capital Projects	\$4,490	\$12,067	\$5,995	\$9,996	\$7,284	\$6,350	\$10,481	\$7,100	\$7,450	\$7,800	\$45,406
Funding Sources											
Operating Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Fund	640	8,067	1,295	0	1,309	0	3,556	0	0	0	3,341
Grant	0	0	0	0	0	0	0	0	0	0	0
Expansion	0	0	0	4,746	0	0	0	0	0	0	0
New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0
Additional Revenue Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,800</u>
Total Funding Sources	\$640	\$8,067	\$1,295	\$4,746	\$1,309	\$0	\$3,556	\$0	\$0	\$0	\$37,141
Rate Funded Capital	\$3,850	\$4,000	\$4,700	\$5,250	\$5,975	\$6,350	\$6,925	\$7,215	\$7,565	\$7,915	\$8,265

As can be seen in Table 4, the level of capital projects for the District varies from year to year over the review period. The rate funded capital provides a stable source of funding for capital on an annual basis. The rate funded capital component of model is developed to smooth the impacts from any one year as well as start planning to fund years with larger expenditures earlier thereby minimizing rate impacts to customers and maintaining a smooth rate transition over time. Additionally, this creates a more predictable rate transition plan for customers and aides District management in making informed decisions to continue to be good stewards of the District sewer funds and resources.

Debt Service Costs

The next component of the District's sewer revenue requirement is long-term debt service. Debt service relates to the District's annual debt repayment obligations - both principal and interest - incurred when capital projects are financed with long-term borrowing. Utilities frequently finance major capital improvements – such as the sewer Plant Expansion Phase 1 (replacement) and Phase II (capacity) - by issuing long-term debt for two primary reasons. First, the financial resources required for larger projects typically exceed the utility's available resources from the normal operation of its system. Second, spreading the debt service costs for the project over the repayment period effectively spreads the financial burden of financing large improvements to both existing and future users of the system. This burden sharing allows the utility to more closely align the cost of improvements with those customers benefiting from the improvements.

Currently, the District has two outstanding long-term debt issuances. the first is a loan for a previous solar project and the second is a loan for a recent wastewater plant expansion (Phase I). The total annual debt service payment is approximately \$1.9 million per year from FY 2024-25 through FY 2025-26. In FY 2025-26 the Solar Project loan will be paid off and debt service will decrease to \$1.6 million annually starting in FY 2026-27. As mentioned previously, it is projected that the District will fully fund annual capital improvement projects from FY2025-26 through FY 2033-34 utilizing sewer rate revenues and available sewer utility reserves. However, it is anticipated that the District will issue new long-term debt for the sewer utility in FY 2034-35 or when required to meet capacity demand for the Plant Expansion Phase II project. Since the debt issuance for the plant expansion will be in FY 2034-35 debt service payments are not expected to increase until FY 2035-36 which is outside of the Study review period.

It should be noted that as part of this planning process HDR is not acting as the District's municipal advisor related to debt issuance, instruments, or terms. This study is simply outlining the need for assumed future long-term borrowing as discussed with District staff.

Reserve Funds

The final component in the development of the District's sewer revenue requirement are reserve funds. Reserve funds are a critical component of prudent financial management of the sewer utility and prudent reserve levels provide many benefits. Adequate reserve levels can provide the District with necessary funding during an emergency capital need or in times of a natural disaster. Having prudent reserve balances will also provide the District with an additional buffer should

capital costs come in higher than anticipated or an unforeseen interruption of rate revenues. These scenarios show how adequate reserve levels would help in minimizing the impacts to rates in the short-term. In the longer term, they can help provide a slow and steady approach to rate revenue adjustments which is beneficial to the District's customers.

There are various types of reserve funds that a utility can establish. This can include an operating fund, a capital fund, a rate stabilization, etc. Currently, the District has the following reserves identified:

- **Working Capital Reserve:** Provide enough funds to allow the Board to react and adopt a financial plan which can adequately deal with a variety of short-term adverse economic circumstances which may materialize. A common "general operating" reserve standard for Enterprise Fund operations ranges anywhere from 30 to 90 days of operating expenses. For the Study, 180 days of O&M is the target reserve fund balance for the sewer utility's operating fund reserve.
- **Emergency Contingency Reserve:** Support operations during times of financial emergencies. The amount of the contingency reserve will be determined based on a risk assessment of each Enterprise Fund including funding status of other reserves. As part of the Study, the reserve target has been established at 10% of the General Ledger assets.
- **Capital Replacement Reserve:** Reserve for investment in capital assets will be funded and maintained as necessary and prudent for the operation of the specific Enterprise Fund. Such reserves and their funding will be reviewed either annually or bi-annually during the budget process.
- **Capital Expansion Reserve:** Provide for the expenses associated with expanding the capacity of the plant facilities due to new or additional growth, upgrades and major rehabilitations. Funding will be collected from new and existing development via connection fees.

The capital reserves with each have connection charge revenues deposited that are related to either the buy-in (for replacement) or incremental future (expansion) components of the connection charge. When accounting for the proposed rate adjustment for FY 2025-26, the reserves appear to be adequate to meet the District's policy for reserve balances and achieve the desired liquidity and risk mitigation as intended. These fees, also known as capacity fees and other names, are governed by CA Government Code 66000 which outlines the approach, use, and method to account for capacity (connection) fees.

Summary of the Revenue Requirement

The revenue requirement analysis that was developed for the District's sewer utility - and detailed above - has calculated the necessary rate revenue adjustments over the time period reviewed. These rate revenue adjustments have been developed to fully fund the District's O&M and capital requirements over the review period (FY 2024-25 – FY 2034-35). As part of each analysis, careful attention was given to maintaining adequate funding for the sewer utility's O&M expenses as well as sufficiently funding capital improvement projects through annual rate funding of capital improvement projects. As was mentioned, the District aims to couple this prudent financial planning with minimizing long-term rate impacts to its customers while

maintaining the current level of service along with the goal of maintaining key financial planning metrics such as adequate reserve levels and prudent renewal and replacement funding.

A summary of the District's sewer revenue requirement is shown in Table 5

Table 5
Summary of the Sewer Revenue Requirement (\$000s)

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
Revenues											
Total Rate Revenues	\$15,269	\$15,319	\$15,457	\$15,596	\$15,736	\$15,878	\$16,021	\$16,165	\$16,310	\$16,457	\$16,605
Total Other Revenues	<u>858</u>	<u>969</u>	<u>885</u>	<u>848</u>	<u>810</u>	<u>865</u>	<u>899</u>	<u>898</u>	<u>943</u>	<u>989</u>	<u>992</u>
Total Revenues	\$16,127	\$16,288	\$16,342	\$16,444	\$16,546	\$16,743	\$16,919	\$17,062	\$17,253	\$17,446	\$17,597
Expenses											
Total O&M	\$11,030	\$11,454	\$11,896	\$12,476	\$12,959	\$13,438	\$13,936	\$14,451	\$14,986	\$15,540	\$16,114
Rate Funded Capital	3,850	4,000	4,700	5,250	5,975	6,350	6,925	7,215	7,565	7,915	8,265
Net Debt Service	1,199	1,182	855	849	850	848	843	840	848	862	860
To / (From) Reserves	<u>48</u>	<u>188</u>	<u>312</u>	<u>240</u>	<u>151</u>	<u>394</u>	<u>254</u>	<u>277</u>	<u>289</u>	<u>310</u>	<u>319</u>
Total Expenses	\$16,127	\$16,824	\$17,763	\$18,814	\$19,935	\$21,030	\$21,958	\$22,783	\$23,688	\$24,627	\$25,559
Bal /(Def) of Funds	\$0	(\$536)	(\$1,421)	(\$2,370)	(\$3,389)	(\$4,287)	(\$5,038)	(\$5,721)	(\$6,435)	(\$7,181)	(\$7,962)
Bal as a % of Rate Adj	0.0%	3.5%	9.2%	15.2%	21.5%	27.0%	31.4%	35.4%	39.5%	43.6%	47.9%
Proposed Rate Adj.	0.0%	3.5%	5.5%	5.5%	5.5%	4.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Add'l Revenue	\$0	\$536	\$1,421	\$2,370	\$3,389	\$4,287	\$5,038	\$5,721	\$6,435	\$7,181	\$7,962
Total Bal. / (Def.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The sewer revenue requirement developed for the District provides a projection of rate adjustments over the review period. The cumulative deficiency for the sewer utility over the ten-year period is approximately \$8.0 million. The total revenue requirement for the sewer utility increases on average 4.7% per year due to inflationary pressures on the O&M expenses and the increase in capital funding through sewer rates. The District is anticipated to adopt a single year adjustment in FY 2025-26. In order to fully fund the District's sewer utility, it is proposed to increase sewer rate revenues by 3.5% in FY 2025-26. As part of the second phase of the Study, a long-term rate projection of five years will be developed. As shown in Table 5, given the current assumptions and projections, the findings from the first phase indicate annual adjustments of approximately 5.5% in FY 2026-27 through FY 2029-30 may be necessary.

Rate Design

Currently, the District has a unique flat service charge for residential and multi-family customers and there is no volumetric or variable component for either customer class. Schools are charged on a per capita per year rate. Commercial, as well as industrial and institutional, customers are charged dependent on a five-day biochemical oxygen demand, suspended solids loading, and flow volume per user type. Commercial customers also have an annual minimum charge to reflect the fixed costs incurred by the sewer utility to provide service. As part of the first phase of the Study, the rate structure of the District's sewer utility was not changed. However, as part of the phase two of the Study, the rate classes and structure will be reviewed further, and recommendations may be provided to the District. Given this, the proposed FY 2025-26 rates increase the present sewer rates by the overall sewer system adjustment of 3.5%.

Conclusion of the 2025 Sewer Rate Study

This concludes the first phase of the District's 2025 sewer rate study. There are several assumptions developed as part of the analysis and reviewed with District staff. Given the assumptions, the results of the Study are dynamic in nature and can change if key assumptions change. For this reason, the Study is best described as a planning tool for the District's sewer utility and the actual results for the end of the review period may vary from what the District sees in the future.

Based on the assumptions and results of this Study, HDR determined that the District would meet its sewer utility financial goals with a 3.5% rate revenue adjustment in FY 2025-26. Subsequent rate revenue adjustments appear to be necessary to maintain strong financial performance for the District's sewer utility and that evaluation will be part of the next phase of the Study. The results of the sewer analysis enable the District to maintain prudent financial management of the utility by providing adequate funding of O&M. Additionally, the rate revenues generated are projected to provide sufficient levels of rate funding for capital. When combined, these attributes give the District both a stable financial footing going forward as well as flexibility to overcome obstacles that might arise while attempting to minimizing the rate impacts to its customers over the long-term.

**Laguna County Sanitation District
Sewer Rate Study
Summary of the Revenue Requirement
Exhibit 1**

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
Revenues											
Rate Revenues	\$15,269,184	\$15,318,824	\$15,456,693	\$15,595,804	\$15,736,166	\$15,877,791	\$16,020,691	\$16,164,878	\$16,310,362	\$16,457,155	\$16,605,269
Miscellaneous Revenues	857,942	968,822	885,279	848,259	809,813	864,811	898,687	897,602	942,769	988,604	991,667
Total Revenues	\$16,127,126	\$16,287,646	\$16,341,972	\$16,444,063	\$16,545,979	\$16,742,602	\$16,919,379	\$17,062,480	\$17,253,131	\$17,445,759	\$17,596,937
Expenses											
Total Salaries and Employee Benefits	\$3,192,200	\$3,312,855	\$3,437,732	\$3,566,981	\$3,700,753	\$3,839,207	\$3,982,507	\$4,130,822	\$4,284,329	\$4,443,208	\$4,607,648
Total Services & Supplies	7,333,800	7,598,736	7,873,275	8,157,766	8,452,571	8,758,066	9,074,639	9,402,695	9,742,649	10,094,937	10,460,006
Total Other Charges	503,600	542,554	584,895	630,933	681,008	712,551	745,583	780,175	816,401	854,341	894,077
Total Additional O&M	0	0	0	120,000	124,200	128,547	133,046	137,703	142,522	147,511	152,674
Total O&M Expenses	\$11,029,600	\$11,454,145	\$11,895,902	\$12,475,679	\$12,958,532	\$13,438,371	\$13,935,775	\$14,451,394	\$14,985,902	\$15,539,997	\$16,114,405
Rate Funded Capital	\$3,850,000	\$4,000,000	\$4,700,000	\$5,250,000	\$5,975,000	\$6,350,000	\$6,925,000	\$7,215,000	\$7,565,000	\$7,915,000	\$8,265,000
Net Debt Service	1,199,435	1,181,651	855,300	848,925	849,800	847,925	843,175	840,425	848,200	862,400	860,400
Total To / (From) Reserves	48,091	188,009	311,627	239,722	151,270	393,788	253,635	276,663	289,006	309,755	318,696
Total Revenue Requirement	\$16,127,126	\$16,823,805	\$17,762,829	\$18,814,326	\$19,934,602	\$21,030,084	\$21,957,585	\$22,783,483	\$23,688,108	\$24,627,152	\$25,558,501
Bal. / (Def.) of Funds	\$0	(\$536,159)	(\$1,420,857)	(\$2,370,264)	(\$3,388,623)	(\$4,287,482)	(\$5,038,206)	(\$5,721,002)	(\$6,434,977)	(\$7,181,393)	(\$7,961,565)
Balance a % of Rate Adj. Req'd	0.0%	3.5%	9.2%	15.2%	21.5%	27.0%	31.4%	35.4%	39.5%	43.6%	47.9%
Proposed Rate Adjustment	0.0%	3.5%	5.5%	5.5%	5.5%	4.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Add'l Revenue with Rate Adj.	\$0	\$536,159	\$1,420,857	\$2,370,264	\$3,388,623	\$4,287,482	\$5,038,206	\$5,721,002	\$6,434,977	\$7,181,393	\$7,961,565
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)
Additional Rate Adjustment Required	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Residential Customer Bill	\$94.86	(Current rates; Monthly Charge)									
Customer Bill on Proposed Adjustment		\$98.18	\$103.58	\$109.28	\$115.29	\$120.48	\$124.69	\$128.43	\$132.29	\$136.25	\$140.34
Total Ending Balance	\$26,658,856	\$19,349,891	\$18,948,148	\$15,035,719	\$14,483,100	\$19,906,501	\$17,233,289	\$19,151,789	\$21,094,933	\$23,071,238	\$20,728,103

Laguna County Sanitation District
Sewer Rate Study
Escalation Factors
Exhibit 2

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
Revenues												
Customer Growth		0.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	
Other Revenues		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Water & Sewer Fees		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Expenses												
Salaries & Employee Benefits	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Services & Supplies	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Other Charges	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Utilities	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
Insurance	9.5%	9.5%	9.5%	9.5%	9.5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Interest	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
New Debt Service												
Low Interest Loans												
Term in Years	20	20	20	20	20	20	20	20	20	20	20	
Rate	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	
Revenue Bond												
Term in Years	20	20	20	20	20	20	20	20	20	20	20	
Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	

	Budgeted	Projected										Notes
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	
Revenues												
Rate Revenues												
Residential	\$11,129,355	\$11,165,536	\$11,266,026	\$11,367,420	\$11,469,727	\$11,572,955	\$11,677,111	\$11,782,205	\$11,888,245	\$11,995,239	\$12,103,196	As Customer Growth
Multi-Family	2,791,167	2,800,241	2,825,443	2,850,872	2,876,530	2,902,419	2,928,541	2,954,898	2,981,492	3,008,325	3,035,400	As Customer Growth
Commercial	771,179	773,686	780,649	787,675	794,764	801,917	809,134	816,417	823,764	831,178	838,659	As Customer Growth
School	577,483	579,360	584,575	589,836	595,144	600,501	605,905	611,358	616,861	622,412	628,014	As Customer Growth
Total Rate Revenues	\$15,269,184	\$15,318,824	\$15,456,693	\$15,595,804	\$15,736,166	\$15,877,791	\$16,020,691	\$16,164,878	\$16,310,362	\$16,457,155	\$16,605,269	
Other Revenues												
Interest Income	\$350,000	\$460,087	\$382,980	\$339,839	\$295,188	\$343,896	\$371,398	\$363,851	\$402,467	\$441,662	\$437,993	As Other Revenues
Other Rental of Buildings & Land	108,200	109,282	110,375	111,479	112,593	113,719	114,856	116,005	117,165	118,337	119,520	As Other Revenues
Federal Subsidy on RZEDB/QECB	17,642	12,476	0	0	0	0	0	0	0	0	0	As Other Revenues
Benefit Assessments	110,300	111,403	112,517	113,642	114,779	115,926	117,086	118,257	119,439	120,633	121,840	As Other Revenues
Liquid Waste	105,600	107,712	109,866	112,064	114,305	116,591	118,923	121,301	123,727	126,202	128,726	As Water & Sewer Fees
Water & Sewer Fee	53,200	53,732	54,269	54,812	55,360	55,914	56,473	57,038	57,608	58,184	58,766	As Other Revenues
Admin Revenue	39,000	39,390	39,784	40,182	40,584	40,989	41,399	41,813	42,231	42,654	43,080	As Other Revenues
Other Miscellaneous Revenue	74,000	74,740	75,487	76,242	77,005	77,775	78,552	79,338	80,131	80,933	81,742	As Other Revenues
Total Other Revenues	\$857,942	\$968,822	\$885,279	\$848,259	\$809,813	\$864,811	\$898,687	\$897,602	\$942,769	\$988,604	\$991,667	
Total Revenues	\$16,127,126	\$16,287,646	\$16,341,972	\$16,444,063	\$16,545,979	\$16,742,602	\$16,919,379	\$17,062,480	\$17,253,131	\$17,445,759	\$17,596,937	
Salaries and Employee Benefits												
Regular Salaries	\$1,909,398	\$1,976,227	\$2,045,395	\$2,116,984	\$2,191,078	\$2,267,766	\$2,347,138	\$2,429,287	\$2,514,313	\$2,602,313	\$2,693,394	As Salaries & Employee Benefits
Budgeted Salary Savings	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	(255,078)	Flat
Compensated Absences	0	0	0	0	0	0	0	0	0	0	0	As Salaries & Employee Benefits
Extra Help and/or Labor	200,000	207,000	214,245	221,744	229,505	237,537	245,851	254,456	263,362	272,579	282,120	As Salaries & Employee Benefits
Stand-by Pay	68,800	71,208	73,700	76,280	78,950	81,713	84,573	87,533	90,596	93,767	97,049	As Salaries & Employee Benefits
Overtime	29,300	30,326	31,387	32,485	33,622	34,799	36,017	37,278	38,583	39,933	41,331	As Salaries & Employee Benefits
Retirement Contribution	657,722	680,742	704,568	729,228	754,751	781,167	808,508	836,806	866,094	896,408	927,782	As Salaries & Employee Benefits
Accrued Pension Expense	116,600	120,681	124,905	129,277	133,801	138,484	143,331	148,348	153,540	158,914	164,476	As Salaries & Employee Benefits
EE Pickup Retirement Contribution	(66,482)	(68,809)	(71,217)	(73,710)	(76,290)	(78,960)	(81,723)	(84,584)	(87,544)	(90,608)	(93,779)	As Salaries & Employee Benefits
Supp Retirement Contribution	2,938	3,041	3,147	3,257	3,371	3,489	3,612	3,738	3,869	4,004	4,144	As Salaries & Employee Benefits
Retiree Medical OPEB	76,362	79,035	81,801	84,664	87,627	90,694	93,868	97,154	100,554	104,074	107,716	As Salaries & Employee Benefits
FICA Contribution	116,142	120,207	124,414	128,769	133,276	137,940	142,768	147,765	152,937	158,290	163,830	As Salaries & Employee Benefits
FICA/Medicare	27,144	28,094	29,077	30,095	31,148	32,239	33,367	34,535	35,743	36,994	38,289	As Salaries & Employee Benefits
Social Security Alternative	0	0	0	0	0	0	0	0	0	0	0	As Salaries & Employee Benefits
Health Insurance Contribution	258,830	267,889	277,265	286,969	297,013	307,409	318,168	329,304	340,830	352,759	365,105	As Salaries & Employee Benefits
Employee Health Clinics	5,278	5,463	5,654	5,852	6,057	6,269	6,488	6,715	6,950	7,193	7,445	As Salaries & Employee Benefits
Life & Disability Insurance	4,420	4,575	4,735	4,901	5,072	5,250	5,433	5,623	5,820	6,024	6,235	As Salaries & Employee Benefits
Unemployment Insurance Contribution	1,700	1,760	1,821	1,885	1,951	2,019	2,090	2,163	2,239	2,317	2,398	As Salaries & Employee Benefits
Workers Compensation	27,800	28,773	29,780	30,822	31,901	33,018	34,173	35,369	36,607	37,889	39,215	As Salaries & Employee Benefits
Leave Overhead Applied	0	0	0	0	0	0	0	0	0	0	0	As Salaries & Employee Benefits
Accrued Salaries and Benefits	11,326	11,722	12,133	12,557	12,997	13,452	13,923	14,410	14,914	15,436	15,976	As Salaries & Employee Benefits
Total Salaries and Employee Benefits	\$3,192,200	\$3,312,855	\$3,437,732	\$3,566,981	\$3,700,753	\$3,839,207	\$3,982,507	\$4,130,822	\$4,284,329	\$4,443,208	\$4,607,648	

	Budgeted	Projected										
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
Services & Supplies												
Clothing & Personal	\$25,400	\$26,289	\$27,209	\$28,161	\$29,147	\$30,167	\$31,223	\$32,316	\$33,447	\$34,618	\$35,829	As Services & Supplies
Communications	7,200	7,452	7,713	7,983	8,262	8,551	8,851	9,160	9,481	9,813	10,156	As Services & Supplies
Telephone Service Local	7,000	7,245	7,499	7,761	8,033	8,314	8,605	8,906	9,218	9,540	9,874	As Services & Supplies
Household Supplies	5,600	5,796	5,999	6,209	6,426	6,651	6,884	7,125	7,374	7,632	7,899	As Services & Supplies
Equipment Maintenance	316,000	327,060	338,507	350,355	362,617	375,309	388,445	402,040	416,112	430,676	445,749	As Services & Supplies
Operating Supplies	1,288,700	1,333,805	1,380,488	1,428,805	1,478,813	1,530,571	1,584,141	1,639,586	1,696,972	1,756,366	1,817,839	As Services & Supplies
Equipment Maintenance Contracts	569,800	589,743	610,384	631,747	653,859	676,744	700,430	724,945	750,318	776,579	803,759	As Services & Supplies
IT Software Maintenance	91,600	94,806	98,124	101,559	105,113	108,792	112,600	116,541	120,620	124,841	129,211	As Services & Supplies
Structure & Ground Maintenance	1,056,700	1,093,685	1,131,963	1,171,582	1,212,588	1,255,028	1,298,954	1,344,417	1,391,472	1,440,174	1,490,580	As Services & Supplies
Other Professional Services	4,500	4,658	4,821	4,989	5,164	5,345	5,532	5,725	5,926	6,133	6,348	As Services & Supplies
Instruments & Equip. < \$5000	154,800	160,218	165,826	171,630	177,637	183,854	190,289	196,949	203,842	210,977	218,361	As Services & Supplies
Memberships	11,200	11,592	11,998	12,418	12,852	13,302	13,768	14,250	14,748	15,264	15,799	As Services & Supplies
Office Expense	10,500	10,868	11,248	11,642	12,049	12,471	12,907	13,359	13,826	14,310	14,811	As Services & Supplies
Postage	800	828	857	887	918	950	983	1,018	1,053	1,090	1,128	As Services & Supplies
Copier Expense	1,800	1,863	1,928	1,996	2,066	2,138	2,213	2,290	2,370	2,453	2,539	As Services & Supplies
Books & Subscriptions	1,400	1,449	1,500	1,552	1,607	1,663	1,721	1,781	1,844	1,908	1,975	As Services & Supplies
Printing Expense	0	0	0	0	0	0	0	0	0	0	0	As Services & Supplies
IT Hardware Purchase < \$5K	16,800	17,388	17,997	18,626	19,278	19,953	20,651	21,374	22,122	22,897	23,698	As Services & Supplies
IT Software Purchase < \$100K	8,400	8,694	8,998	9,313	9,639	9,977	10,326	10,687	11,061	11,448	11,849	As Services & Supplies
Professional & Special Service	846,000	875,610	906,256	937,975	970,804	1,004,783	1,039,950	1,076,348	1,114,020	1,153,011	1,193,367	As Services & Supplies
Admin Expense (SBC)	362,200	374,877	387,998	401,578	415,633	430,180	445,236	460,820	476,948	493,641	510,919	As Services & Supplies
Contractual Services	165,000	170,775	176,752	182,938	189,341	195,968	202,827	209,926	217,273	224,878	232,749	As Services & Supplies
Publications & Legal Notices	30,100	31,154	32,244	33,372	34,540	35,749	37,001	38,296	39,636	41,023	42,459	As Services & Supplies
Rents/Leases-Equipment	11,400	11,799	12,212	12,639	13,082	13,540	14,014	14,504	15,012	15,537	16,081	As Services & Supplies
Special Departmental Expense	227,500	235,463	243,704	252,233	261,061	270,199	279,656	289,444	299,574	310,059	320,911	As Services & Supplies
Training Fees & Supplies	25,700	26,600	27,530	28,494	29,491	30,524	31,592	32,698	33,842	35,026	36,252	As Services & Supplies
Gift/Prepaid Cards	0	0	0	0	0	0	0	0	0	0	0	As Services & Supplies
Services County Provided	8,500	8,798	9,105	9,424	9,754	10,095	10,449	10,814	11,193	11,585	11,990	As Services & Supplies
Cost Allocations	119,500	123,683	128,011	132,492	137,129	141,929	146,896	152,037	157,359	162,866	168,567	As Services & Supplies
Projects<\$100,000	281,700	291,560	301,764	312,326	323,257	334,571	346,281	358,401	370,945	383,928	397,366	As Services & Supplies
Transportation & Travel	0	0	0	0	0	0	0	0	0	0	0	As Services & Supplies
Gas-Oil-Fuel	29,400	30,576	31,799	33,071	34,394	35,770	37,200	38,688	40,236	41,845	43,519	As Utilities
Training	27,400	28,359	29,352	30,379	31,442	32,543	33,682	34,860	36,081	37,343	38,650	As Services & Supplies
Electricity	1,569,600	1,632,384	1,697,679	1,765,587	1,836,210	1,909,658	1,986,045	2,065,487	2,148,106	2,234,030	2,323,391	As Utilities
Natural Gas	25,900	26,936	28,013	29,134	30,299	31,511	32,772	34,083	35,446	36,864	38,338	As Utilities
Water	7,900	8,216	8,545	8,886	9,242	9,612	9,996	10,396	10,812	11,244	11,694	As Utilities
Refuse	17,800	18,512	19,252	20,023	20,823	21,656	22,523	23,424	24,361	25,335	26,348	As Utilities
Total Services & Supplies	\$7,333,800	\$7,598,736	\$7,873,275	\$8,157,766	\$8,452,571	\$8,758,066	\$9,074,639	\$9,402,695	\$9,742,649	\$10,094,937	\$10,460,006	
Other Charges												
Electricity	\$1,300	\$1,352	\$1,406	\$1,462	\$1,521	\$1,582	\$1,645	\$1,711	\$1,779	\$1,850	\$1,924	As Utilities
Natural Gas	1,600	1,664	1,731	1,800	1,872	1,947	2,025	2,105	2,190	2,277	2,368	As Utilities
Water	400	416	433	450	468	487	506	526	547	569	592	As Utilities
Utilities Services	7,100	7,384	7,679	7,987	8,306	8,638	8,984	9,343	9,717	10,106	10,510	As Utilities
Postage	2,500	2,588	2,678	2,772	2,869	2,969	3,073	3,181	3,292	3,407	3,526	As Other Charges
Building Security Systems	3,100	3,209	3,321	3,437	3,557	3,682	3,811	3,944	4,082	4,225	4,373	As Other Charges
Information Technology Service	46,300	47,921	49,598	51,334	53,130	54,990	56,915	58,907	60,968	63,102	65,311	As Other Charges
Motor Pool Charges	76,400	79,074	81,842	84,706	87,671	90,739	93,915	97,202	100,604	104,125	107,770	As Other Charges
Liability Insurance	354,600	388,287	425,174	465,566	509,795	535,284	562,049	590,151	619,658	650,641	683,173	As Insurance
Telephone Services	5,300	5,486	5,677	5,876	6,082	6,295	6,515	6,743	6,979	7,223	7,476	As Other Charges
Telephone Workorders	0	0	0	0	0	0	0	0	0	0	0	As Other Charges
Telephone Toll Charges	5,000	5,175	5,356	5,544	5,738	5,938	6,146	6,361	6,584	6,814	7,053	As Other Charges
Total Other Charges	\$503,600	\$542,554	\$584,895	\$630,933	\$681,008	\$712,551	\$745,583	\$780,175	\$816,401	\$854,341	\$894,077	

	Budgeted	Projected										Notes
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	
Additional O&M												
Future O&M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Salaries & Employee Benefits
Future FTEs	0	0	0	120,000	124,200	128,547	133,046	137,703	142,522	147,511	152,674	
Total Additional O&M	\$0	\$0	\$0	\$120,000	\$124,200	\$128,547	\$133,046	\$137,703	\$142,522	\$147,511	\$152,674	
Total O&M Expenses	\$11,029,600	\$11,454,145	\$11,895,902	\$12,475,679	\$12,958,532	\$13,438,371	\$13,935,775	\$14,451,394	\$14,985,902	\$15,539,997	\$16,114,405	
		3.8%	3.9%	4.9%	3.9%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	
Rate Funded Capital	\$3,850,000	\$4,000,000	\$4,700,000	\$5,250,000	\$5,975,000	\$6,350,000	\$6,925,000	\$7,215,000	\$7,565,000	\$7,915,000	\$8,265,000	3,340,000 = FY 24-25 Depr Exp
Debt Service												
Solar Project	\$338,760	\$327,476	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Debt Schedule
Plant Expansion	1,585,675	1,579,175	1,580,300	1,573,925	1,574,800	1,572,925	1,568,175	1,565,425	1,573,200	1,587,400	1,585,400	Debt Schedule
Additional Long-Term Debt	0	0	0	0	0	0	0	0	0	0	0	Calculated @ 4.46% for 20 yrs
Total Debt Service	\$1,924,435	\$1,906,651	\$1,580,300	\$1,573,925	\$1,574,800	\$1,572,925	\$1,568,175	\$1,565,425	\$1,573,200	\$1,587,400	\$1,585,400	
LESS: Other Funding												
Expansion Reserves	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	\$725,000	
Replacement Reserves	0	0	0	0	0	0	0	0	0	0	0	
Net Debt Service	\$1,199,435	\$1,181,651	\$855,300	\$848,925	\$849,800	\$847,925	\$843,175	\$840,425	\$848,200	\$862,400	\$860,400	
To / (From) Reserves												
To / (From) Operating Reserve	\$48,091	\$188,009	\$311,627	\$239,722	\$151,270	\$393,788	\$253,635	\$276,663	\$289,006	\$309,755	\$318,696	
To / (From) Capital Reserve	0	0	0	0	0	0	0	0	0	0	0	
To / (From) Rate Stabilization Reserve	0	0	0	0	0	0	0	0	0	0	0	
Total To / (From) Reserves	\$48,091	\$188,009	\$311,627	\$239,722	\$151,270	\$393,788	\$253,635	\$276,663	\$289,006	\$309,755	\$318,696	
Total Revenue Requirement	\$16,127,126	\$16,823,805	\$17,762,829	\$18,814,326	\$19,934,602	\$21,030,084	\$21,957,585	\$22,783,483	\$23,688,108	\$24,627,152	\$25,558,501	
Bal. / (Def.) of Funds	\$0	(\$536,159)	(\$1,420,857)	(\$2,370,264)	(\$3,388,623)	(\$4,287,482)	(\$5,038,206)	(\$5,721,002)	(\$6,434,977)	(\$7,181,393)	(\$7,961,565)	
Balance a % of Rate Adj. Req'd	0.0%	3.5%	9.2%	15.2%	21.5%	27.0%	31.4%	35.4%	39.5%	43.6%	47.9%	
Proposed Rate Adjustment	0.0%	3.5%	5.5%	5.5%	5.5%	4.5%	3.5%	3.0%	3.0%	3.0%	3.0%	
Months of Adjustment	12	12	12	12	12	12	12	12	12	12	12	
Add'l Revenue with Rate Adj.	\$0	\$536,159	\$1,420,857	\$2,370,264	\$3,388,623	\$4,287,482	\$5,038,206	\$5,721,002	\$6,434,977	\$7,181,393	\$7,961,565	
Bal. / (Def.) After Rate Adj.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	
Add'l Rate Adj. Req'd	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	

	Budgeted	Projected										
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Notes
Average Residential Customer Bill												
	\$94.86	(Current rates; Monthly Charge)										
Customer Bill on Proposed Adjustment		\$98.18	\$103.58	\$109.28	\$115.29	\$120.48	\$124.69	\$128.43	\$132.29	\$136.25	\$140.34	
Bill Difference - Monthly		3.32	5.40	5.70	6.01	5.19	4.22	3.74	3.85	3.97	4.09	
Cumulative Bill Difference		3.32	8.72	14.42	20.43	25.62	29.83	33.57	37.43	41.39	45.48	
Debt Service Coverage Ratio (all debt, not including DIF)												
Before Rate Adjustment	2.65	2.54	2.81	2.52	2.28	2.10	1.90	1.67	1.44	1.20	0.94	
After Proposed Rate Adjustment	2.65	2.82	3.71	4.03	4.43	4.83	5.12	5.32	5.53	5.72	5.96	
Reserve Funds												
Total Beginning Balance	\$26,684,665	\$26,658,856	\$19,349,891	\$18,948,148	\$15,035,719	\$14,483,100	\$19,906,501	\$17,233,289	\$19,151,789	\$21,094,933	\$23,071,238	
Operating Fund												
Beginning Balance	\$3,578,456	\$3,626,547	\$3,717,435	\$3,929,027	\$4,065,713	\$4,110,856	\$4,395,333	\$4,536,377	\$4,697,072	\$4,866,631	\$5,053,356	
Plus: Additions	48,091	188,009	311,627	239,722	151,270	393,788	253,635	276,663	289,006	309,755	318,696	
Balance for Emergency Contingency	0	(97,121)	(100,035)	(103,036)	(106,127)	(109,311)	(112,590)	(115,968)	(119,447)	(123,031)	(126,721)	
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$3,626,547	\$3,717,435	\$3,929,027	\$4,065,713	\$4,110,856	\$4,395,333	\$4,536,377	\$4,697,072	\$4,866,631	\$5,053,356	\$5,245,331	
Target: 180 days of O&M	\$3,578,456	\$3,716,196	\$3,859,520	\$4,047,624	\$4,204,281	\$4,359,961	\$4,521,339	\$4,688,627	\$4,862,044	\$5,041,815	\$5,228,176	
Capital Fund												
Beginning Balance	\$11,452,072	\$11,372,945	\$3,868,369	\$3,140,805	\$3,713,675	\$2,982,225	\$7,977,506	\$5,009,493	\$6,603,267	\$8,202,385	\$9,806,894	
Plus: Additions	0	0	0	0	0	4,412,052	0	1,000,000	1,000,000	1,000,000	0	
Plus: LTD Proceeds	0	0	0	0	0	0	0	0	0	0	0	
Trunk Line Fees	10,000	10,033	10,123	10,214	10,306	10,399	10,492	10,587	10,682	10,778	10,875	As Customer Growth
Connection Charge	550,873	552,664	557,638	562,657	567,721	572,830	577,985	583,187	588,436	593,732	599,076	As Customer Growth
Less: Capital Project Funding	(640,000)	(8,067,272)	(1,295,325)	0	(1,309,476)	0	(3,556,491)	0	0	0	(3,340,905)	
Ending Balance	\$11,372,945	\$3,868,369	\$3,140,805	\$3,713,675	\$2,982,225	\$7,977,506	\$5,009,493	\$6,603,267	\$8,202,385	\$9,806,894	\$7,075,940	
Target Balance - 5-yr Avg Annual CIP	\$770,000	\$790,000	\$700,000	\$920,000	\$895,000	\$660,000	\$650,000	\$775,000	\$780,000	\$785,000	\$790,000	As Customer Growth
Expansion												
Beginning Balance	\$8,416,755	\$8,421,982	\$8,429,583	\$8,443,778	\$3,718,757	\$3,746,317	\$3,780,649	\$3,821,816	\$3,869,878	\$3,924,898	\$3,986,938	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	0	
Connection Fees	730,227	732,601	739,194	745,847	752,560	759,333	766,167	773,062	780,020	787,040	794,123	As Customer Growth
Less: Uses	(725,000)	(725,000)	(725,000)	(5,470,868)	(725,000)	(725,000)	(725,000)	(725,000)	(725,000)	(725,000)	(725,000)	
Ending Balance	\$8,421,982	\$8,429,583	\$8,443,778	\$3,718,757	\$3,746,317	\$3,780,649	\$3,821,816	\$3,869,878	\$3,924,898	\$3,986,938	\$4,056,062	
Emergency Contingency												
Beginning Balance	\$3,237,382	\$3,237,382	\$3,334,503	\$3,434,538	\$3,537,575	\$3,643,702	\$3,753,013	\$3,865,603	\$3,981,571	\$4,101,019	\$4,224,049	10% of GL of Assets
Plus: Additions	0	97,121	100,035	103,036	106,127	109,311	112,590	115,968	119,447	123,031	126,721	
Less: Capital Project Funding	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$3,237,382	\$3,334,503	\$3,434,538	\$3,537,575	\$3,643,702	\$3,753,013	\$3,865,603	\$3,981,571	\$4,101,019	\$4,224,049	\$4,350,771	
Total Ending Balance	\$26,658,856	\$19,349,891	\$18,948,148	\$15,035,719	\$14,483,100	\$19,906,501	\$17,233,289	\$19,151,789	\$21,094,933	\$23,071,238	\$20,728,103	
Days of O&M	882	617	581	440	408	541	451	484	514	542	470	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
Structures/Structural Improvements													
Collection System CIP - SEWREP	\$1,156,000	\$1,404,185	\$382,106	\$1,504,198	\$1,556,844	\$1,611,334	\$1,667,731	\$1,726,101	\$1,786,515	\$1,849,043	\$1,913,759	\$16,557,815	
Deerfield Lift Station	0	0	1,071,225	0	0	0	0	0	0	0	0	1,071,225	
Waller/Stubbs Lift Station	0	207,000	0	0	4,188,459	0	0	0	0	0	0	4,395,459	
RWDIS2 -- Recycled Water Distr Phase 2	787,000	1,656,000	0	0	0	0	0	0	0	0	0	2,443,000	
RWDPH5 -- RWDPH5 - SM Country Club	100,000	1,552,500	0	0	0	0	0	0	0	0	0	1,652,500	
RESEXP - Reservoir Expansion	50,000	10,350	0	4,777,465	0	0	0	0	0	0	0	4,837,815	
STMPN1 - Stormwater Pond Improvements 1	220,000	0	0	0	0	0	0	0	0	0	0	220,000	
STMPN2 - Stormwater Pond Improvements 2	0	1,324,800	0	0	0	0	0	0	0	0	0	1,324,800	
PLEXP1 -- Plant Expansion Phase I	1,250,000	0	0	0	0	0	0	0	0	0	0	1,250,000	
PLEXP1 -- Replace Old Huber screen	42,000	635,490	0	0	0	0	0	0	0	0	0	677,490	
EV Fleet Charging Station project	0	0	0	0	0	0	319,606	0	0	0	0	319,606	
HTDSB1 - High TDS Aeration System	100,000	258,750	0	0	0	0	0	0	0	0	0	358,750	
SOLID3 - New Pad and Structure	0	1,552,500	0	0	0	0	0	0	0	0	0	1,552,500	
SOLID4 - Sludge Thickener or New Beds	0	41,400	0	2,217,436	0	0	0	0	0	0	0	2,258,836	
TRTFLT - Tertiary Process Skid Replacement (TMF)	350,000	1,174,725	0	0	0	0	0	0	0	0	0	1,524,725	
ELSWG1 - Electrical Switch Gear East/West Replacements	50,000	134,550	0	0	0	0	6,883,830	0	0	0	0	7,068,380	
NCJAIL - NC Jail Capital Replacement project	0	0	0	0	0	0	0	0	0	0	838,460	838,460	
PLEXP2 -- Plant Expansion Phase II	0	0	0	0	0	0	0	0	0	0	42,371,566	42,371,566	
DUTRD1 - Plant Paving and Road Improvements	0	517,500	0	0	0	0	0	0	0	0	0	517,500	
MBRPR1 - MBR Blowers/Pumps replacements or abandonments	0	0	0	1,108,718	0	0	0	0	0	0	0	1,108,718	
Waller Park Satellite Irrigation Timers project	0	0	0	0	0	0	614,628	0	0	0	0	614,628	
RW Pipeline Connection to Cattle	0	0	0	0	0	0	0	0	0	0	0	0	
Replace Post UV Flow Meter - FIT7000 project	115,000	0	0	0	0	0	0	0	0	0	0	115,000	
INJWB1 - Injection Well Building Replacement	0	155,250	0	0	0	0	0	0	0	0	0	155,250	
Solar Array (Micro Grid)	\$20,000	15,525	4,284,900	0	0	0	0	0	0	0	0	4,320,425	
Total Structures/Structural Improvements	\$4,240,000	\$10,640,525	\$5,738,231	\$9,607,816	\$5,745,303	\$1,611,334	\$9,485,795	\$1,726,101	\$1,786,515	\$1,849,043	\$45,123,785	\$97,554,448	

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35	Total	Notes
Equipment													
Replace Admin Jeep (Ford EV)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Plant Operations Equipment	0	67,275	0	0	0	0	0	0	0	0	0	67,275	
Replace VFDs from 2000 upgrade	180,000	258,750	214,245	221,744	229,505	237,537	245,851	254,456	263,362	272,579	282,120	2,660,148	
Replace Flow Meters from 2000 upgrade	20,000	41,400	0	0	0	0	0	0	0	0	0	61,400	
Vaccon Replacement - 5 year cycle	0	0	42,849	0	0	0	0	0	0	0	0	42,849	
Maintenance Trucks	0	693,450	0	0	0	0	0	988,179	0	0	0	1,681,629	
Diesel Standby Generator C15 - RAMI 004151	0	0	0	166,308	86,064	89,076	0	95,421	0	102,217	0	539,087	
Diesel Standby Generator C32 - RAMI 004152	0	0	0	0	460,616	0	0	0	0	0	0	460,616	
ZWFPR1 - ZW Feed Pumps - P3800	0	0	0	0	762,988	0	0	0	0	0	0	762,988	
Storage Basin Vertical Turbine Pump	0	248,400	0	0	0	0	0	0	0	0	0	248,400	
New Fourth Gator/EV Cart	35,000	0	0	0	0	0	0	0	0	0	0	35,000	
Trailer mounted steam cleaner	0	25,875	0	0	0	0	0	0	0	0	0	25,875	
Trailer mounted 6 in Trash Pump	15,000	0	0	0	0	0	0	0	0	0	0	15,000	
Trailer mounted Water Buffalo (500 gal)	0	82,800	0	0	0	0	0	0	0	0	0	82,800	
New Diesel Booster Pump and Trailer	0	8,798	0	0	0	0	0	0	0	0	0	8,798	
Trailer Jetter	0	0	0	0	0	0	184,388	0	0	0	0	184,388	
Purple Pumps - RW Pumps	0	0	0	0	0	0	122,926	0	0	0	0	122,926	
Crane Truck	\$0	0	0	0	0	0	442,532	0	0	0	0	442,532	
Total Equipment	\$250,000	\$1,426,748	\$257,094	\$388,051	\$1,539,173	\$326,614	\$995,697	\$1,338,056	\$263,362	\$374,797	\$282,120	\$7,441,710	
Unidentified Future Capital Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,150,843	\$4,515,123	\$4,691,160	\$0	\$12,357,126	
Transfer to Cash Reserve	\$0	\$0	\$0	\$0	\$0	\$4,412,052	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$7,412,052	
Total Capital Improvement Projects	\$4,490,000	\$12,067,272	\$5,995,325	\$9,995,868	\$7,284,476	\$6,350,000	\$10,481,491	\$7,215,000	\$7,565,000	\$7,915,000	\$45,405,905	\$124,765,336	
Less: Outside Funding Sources													
Operating Fund Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Fund Reserves	640,000	8,067,272	1,295,325	0	1,309,476	0	3,556,491	0	0	0	3,340,905	18,209,469	
Grants	0	0	0	0	0	0	0	0	0	0	0	0	
Expansion	0	0	0	4,745,868	0	0	0	0	0	0	0	4,745,868	
Assumed New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	0	
Additional Revenue Bonds	0	0	0	0	0	0	0	0	0	0	33,800,000	33,800,000	
Total Funding Sources	\$640,000	\$8,067,272	\$1,295,325	\$4,745,868	\$1,309,476	\$0	\$3,556,491	\$0	\$0	\$0	\$37,140,905	\$56,755,337	
Rate Funded Capital	\$3,850,000	\$4,000,000	\$4,700,000	\$5,250,000	\$5,975,000	\$6,350,000	\$6,925,000	\$7,215,000	\$7,565,000	\$7,915,000	\$8,265,000	\$68,010,000	

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
Residential														
	\$ / Acct.													
Base Fee	\$94.86	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777
Total Base Fee Revenue		\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$11,129,355
Total Residential Revenue		\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$927,446	\$11,129,355
Multi-Family														
	\$ / Acct.													
Base Fee	\$77.07	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
		3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
Total Base Fee Revenue		\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$2,791,167
Total Multi-Family Revenue		\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$232,597	\$2,791,167
Commercial														
	\$ / Acct.													
Base Fee	\$173.22	371	371	371	371	371	371	371	371	371	371	371	371	371
		371	371	371	371	371	371	371	371	371	371	371	371	371
Total Base Fee Revenue		\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$771,178.98
Total Commercial Revenue		\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$64,265	\$771,179

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Total
School														
Base Fee	\$ / Acct.													
	\$2,830.80	17	17	17	17	17	17	17	17	17	17	17	17	17
		17	17	17	17	17	17	17	17	17	17	17	17	17
Total Base Fee Revenue		\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$577,483.04
Total School Revenue		\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$48,124	\$577,483
Summary														
Customers														
Residential		9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777	9,777
Multi-Family		3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018	3,018
Commercial		371	371	371	371	371	371	371	371	371	371	371	371	371
Schools		17	17	17	17	17	17	17	17	17	17	17	17	17
Total Number of Customers		13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183	13,183
Revenues														
Base Fee		\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$15,269,184
Total Revenues		\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$1,272,432	\$15,269,184
FY 2024-25 Budget														\$15,259,200
Difference														\$9,984
Percent														0.1%