

## **Attachment 4**





RAFTELIS FINANCIAL  
CONSULTANTS, INC.

201 S. Lake Blvd, Suite 803  
Pasadena • CA • 91101

Phone 626•583•1894  
Fax 626•583•1411

[www.raftelis.com](http://www.raftelis.com)

May 6, 2009

Mark Nation  
General Manager  
Goleta West Sanitary District  
P.O. Box 4  
Goleta, CA 93116-0004

**Subject: Detachment Study Report**

Dear Mr. Nation:

Raftelis Financial Consultants, Inc. ("RFC") is pleased to present this Detachment Study Letter Report to the Goleta West Sanitary District ("District" or "GWSD"). As requested by the District, the Detachment Study ("Study") evaluates the impacts of the detachment of part of the District's service area that lies within the City of Goleta ("City"). The area within the City would be provided sewer and street sweeping service by the City, and the area outside the City would be served either by the District or be taken over by the County. The acquiring entity would take a portion of the District's current reserves and future property taxes from properties within its jurisdiction. The Study is based on the assumptions that after the detachment, the City would take over the revenues from services provided to parcels within the City limits and parcels in EMID. It also assumes that the City will incur a proportionate share of current costs to maintain and operate the sewer system based on its wastewater flows and length of its sewer pipes. In addition, the City will incur wheeling charges to use the collection system outside City.

Seven (7) scenarios have been studied and sewer rates calculated to determine sewer rate impacts on customers. All seven scenarios require significant rate adjustments to customers in the City, EMID and Isla Vista to make up for the shift in property tax revenues and reserves to the general fund of the City and loss of economies of scale due to the detachment.

RFC's findings and analysis are presented below.



## Background

The GWSD currently collects and conveys its wastewater flows to the Goleta Sanitary District ("GSD") Wastewater Treatment Plant ("WWTP") for treatment and disposal. The GSD WWTP will be upgraded in fiscal years ("FY") 2010-2013 at a total cost of over \$50 million, and GWSD is contractually required to pay 40.8% of this upgrade project. After the upgraded treatment plant becomes operational in FY 2014, annual operations and maintenance ("O&M") costs are expected to be about \$1.8 million, 58% of FY 2009 total O&M budget (total O&M budgeted in FY 2009 is \$3M). The District currently collects service charge of approximately \$2.3 million per year and property tax revenue of about \$1.6 million per year. The Study assumes growth in revenue accounts at 0.3% per year

The District currently charges its residential customers \$168 per dwelling unit per year (\$14 per month). Commercial customers are charged per 80,300 gallons of water consumption ("sewer unit") per year. Rates for commercial customers vary with the strength of the wastewater discharged.

The City has submitted to LAFCO a request to detach all parcels within the City from the District. The properties in the detached portion lying within the City and EMID currently generate 61 % of the sewer service charges collected by the District. The wastewater flow from the detachment area is estimated to be 52 % of the current flows generated by the District. This analysis assumes that the wastewater flows from inside and outside the detachment area remain unchanged at 52 % and 48 %, respectively, through the study period of 20 years. Approximately 68 % of the collection system lines lie within the City. The City will need to use a portion of the collection lines that lie outside the City and share some lines with the District to convey wastewater flow to the WWTP at GSD. This Study assumes that the City will incur wheeling charges for use of the collection system outside the City in order to convey its flows to the WWTP.

## Assumptions

The assumptions used in the analysis are described below.

The financial planning model assumes that during the 20-year study period, from FY 2010 to FY 2029, the inflation rate is 3 % per year for general expenses and 5 % per year for personnel related expenses. Annual O&M expenses are projected based on the District's FY 2009 budget information. Capital Improvement Program ("CIP") expenditures, excluding the treatment plant costs, are inflated at 4% per year from data in the 2007 Wastewater



## Detachment Study Report

Master Plan with addition of \$15,000 per year for routine pump station capital projects. GSD has estimated the treatment plant upgrade costs to be \$50 million.

The District's street sweeping cost is assumed to be reduced significantly after the detachment. All personnel costs for street sweeping will be eliminated and contractual service cost will be reduced 80 %. Along with other estimated cost reductions in fuel, utilities, legal fees, vehicles and miscellaneous, the District's street sweeping O&M cost will drop by approximately 81 % (from \$548K in FY 2009 to \$102K in FY 2011). The County will incur similar costs if it takes over the unincorporated area of the GWSD. On the other hand, the City will double its contractual street sweeping service cost as its service area is doubled after the detachment (from \$62,240 in FY 2010 to \$128,214 in FY 2011 after adjustment for inflation at 3% per year).

It is assumed that the detachment will be effective on July 1, 2010 (the first day of FY 2011). Starting FY 2011, the City will collect sewer charges from the parcels within the City limits and within EMID. The sewer revenues are based on the current rates of \$168 per EDU and the parcel locations as specified below.

<b>City of Goleta sewer revenues</b>	<b>\$ 1,434,337</b>	<b>61%</b>
From tax roll assessment		
City of Goleta	\$ 1,388,235	59%
EMID	\$ 23,323	1%
From manual billings	\$ 22,779	1%
<b>Isla Vista (GWSD) sewer revenues</b>	<b>\$ 928,629</b>	<b>39%</b>
From tax roll assessment	\$ 831,767	35%
From manual billings	\$ 96,862	4%

After detachment, the City will assume O&M responsibility for the collection system within City and EMID, which represents 68% of the District's system. The lengths of the pipes within City and EMID are 212,109 ft and 20,453 ft respectively. In addition, the City will utilize 100% of 11,456 ft of pipes outside City, and use 99 % of 3,488 ft and 52 % of 20,499 ft of other sewer mains. The sewer pipes used by the City and District are summarized as follows:



## Detachment Study Report

<b>Sewer pipe usage</b>		
<b>City of Goleta (w/in City + EMID)</b>		<b>232,562</b>
EMID		20,453
Within City		212,109
Outside City		25,529
System outside City*		11,456
Shared pipes	99% of 3,448ft	3,414
	52% of 20,499ft	10,659
<b>Isla Vista (remained GWSD)<sup>+</sup></b>		<b>107,529</b>
Isla Vista usage		82,000
City usage		25,529
<sup>+</sup> includes 25,529ft used by City		
*exclusively used by City		

Upon detachment, the District projects to eliminate two positions. In addition, its operating cost for treatment will be reduced 52% based on flows.

The City's O&M expenses are estimated assuming that it would incur a proportionate share of the District's current O&M costs as follows:

- 52 % of current GWSD O&M for Administration and Treatment ( based on flow)
- 68 % of current GWSD O&M for Collection (based on length of sewer pipes)
- Wheeling charges for the pipes outside the City that are used to convey the City's wastewater to the WWTP(see Appendix D for details)

In addition, the City will share with GWSD the upgrade cost of 52 % / \$10.4M (based on flows) or 78 % / \$15.6M (based on amount of reserves transferred to City) depending on the scenario. Capital costs related to the treatment plant are based on the various scenarios described below.



### Scenarios

The main objective of this study was to develop financing plans and evaluate the impacts of the detachment on the District's and City's customers for the seven scenarios (see Appendix A for detailed descriptions) described below.

- **Scenario 1:** The City takes 78 % of the District's reserves and annual revenues from property taxes and assumes responsibility for 52 % of the WWTP upgrade project. The FY 2010 ending reserves and future property taxes received by the City are transferred to General Fund. The GWSD retains the remaining portions of the property tax revenues, reserves and treatment plant capital cost.
- **Scenario 2:** Same as Scenario 1, except the City applies \$10.3 million of the received reserves to the WWTP upgrade and transfers the remaining balance to General Fund.
- **Scenario 3:** Similar to Scenario 2, except the City assumes responsibility for 78 % of the WWTP project. The City applies \$15.4 million of the reserves to the WWTP upgrade and the remaining balance of the acquired reserves is transferred to the City's General Fund.
- **Scenario 4:** Similar to Scenario 1, except the City takes 52 % of the District's reserves and annual property tax revenues.
- **Scenario 5:** Similar to Scenario 4, except the City applies \$10.3 million to WWTP upgrade before transferring the remaining balance of the acquired reserves to General Fund.
- **Scenario 6:** Similar to Scenario 2, except the County takes over the remaining GWSD. The County retains the remained reserves to fund WWTP upgrade and transfers all future property tax revenues to General Fund.
- **Scenario 7:** Similar to Scenario 2, except the reserves are classified into 3 categories based on their sources and distributed as follows:
  - **Capital Reserves consisting of** Funds 4910, 4920, 4935, 4940, 4955, 4960, 4965 & 4970 are applied as follows. After depositing \$20 million to GSD for WWTP upgrade projects, the City takes 78% of the District FY 2010 ending



balance to transfer to General Fund and leaves the District with the remaining 22% of the balance.

- **Operation Reserves** from sewer fees (combination of Funds 4900 and 4930) are applied as follows. The City takes 61% of the District FY 2010 ending reserves to transfer to General Fund and leaves the District with the remaining 39% of the reserves.
- **Connection Fee Reserves** from connection fees (combination of Funds 4932 and 4933) are distributed in a similar manner as the Operation Reserves except that the City is required to keep the acquired funds for Sewer Enterprise capital costs.

### Results

A review of the District's revenues and revenue requirements show that property tax revenue plays a significant role in keeping the District's sewer rates at very affordable levels. Property tax revenue is used to pay for street sweeping expenses and capital costs. Thus, a loss in a portion or all of property tax revenue will result in significant rate increases. Prudent business practice requires that the District maintain a minimum level of reserves for working capital, emergencies, and unexpected increases in costs. In its 2008 reserve study, RFC proposed that the District maintain a target reserve of 65 % of annual operating expenses and 50 % of annual capital expenditures. For the City, RFC assumes the target reserve of 25 % of annual operating expenses and 50 % of annual capital expenditures. The projections of rate adjustments for all seven scenarios assume that these target reserves have to be met almost every year.

Due to the loss of reserves and property tax revenues, different amounts of debt will be required to fund the capital expenditures for both City and District under different scenarios. Bond issues typically require a debt coverage ratio of 125 %, which means that the net revenues (after subtracting operating expenses) should amount to at least 1.25 times the debt payments. A higher debt coverage ratio will provide greater security to the buyers and a lower interest rate to the issuers. The proposed debt service payments are calculated assuming that debt is issued for a 30-year term at a 6 % interest rate and 3 % issuance costs.

RFC's analysis shows that both the District and the City need significant rate adjustments throughout the study period (FY 2011 to FY 2029) under all seven scenarios, due to the loss of property tax revenues in funding sewer capital expenditures and meet target reserve levels

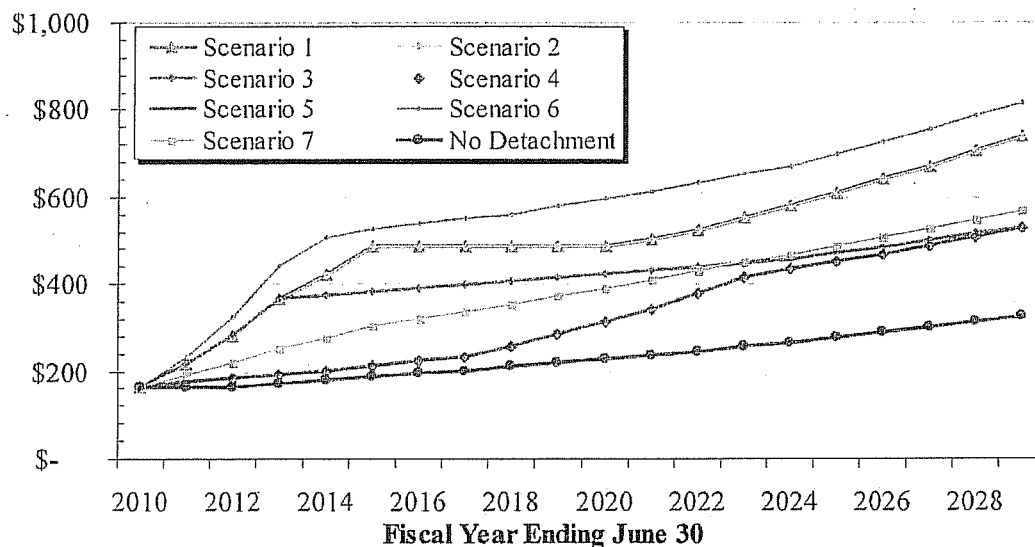




and debt coverage ratios. Tables and figures shown below summarize the corresponding sewer rates for both GWSD and City in each scenario. Results from the 2008 Reserve Study done by RFC for the District are shown as the “No Detachment” rate adjustments.

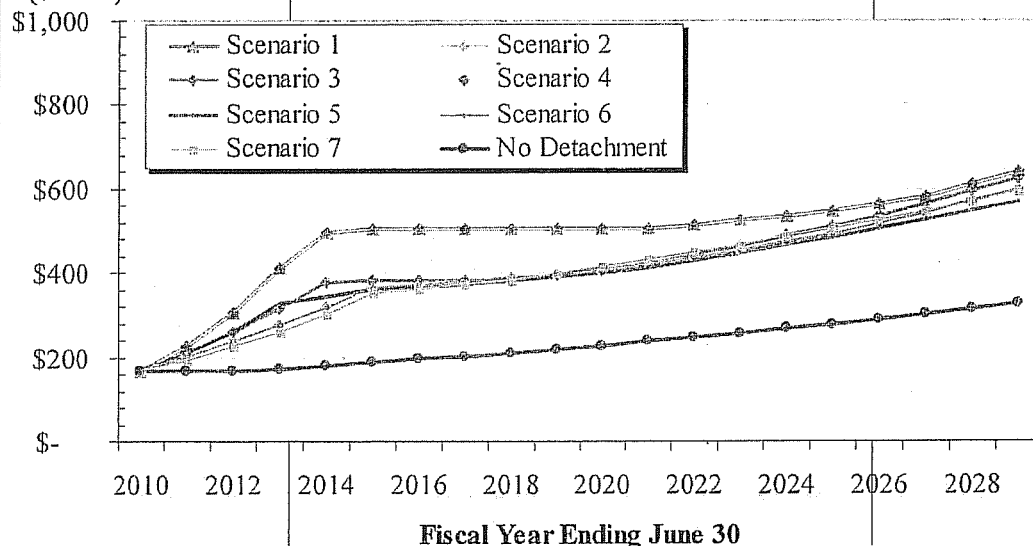
Sewer Rates (\$/EDU)

**Figure 1: County/GWSD (Isla Vista) Residential Sewer Rates**



Sewer Rates (\$/EDU)

**Figure 2: City of Goleta Residential Sewer Rates**



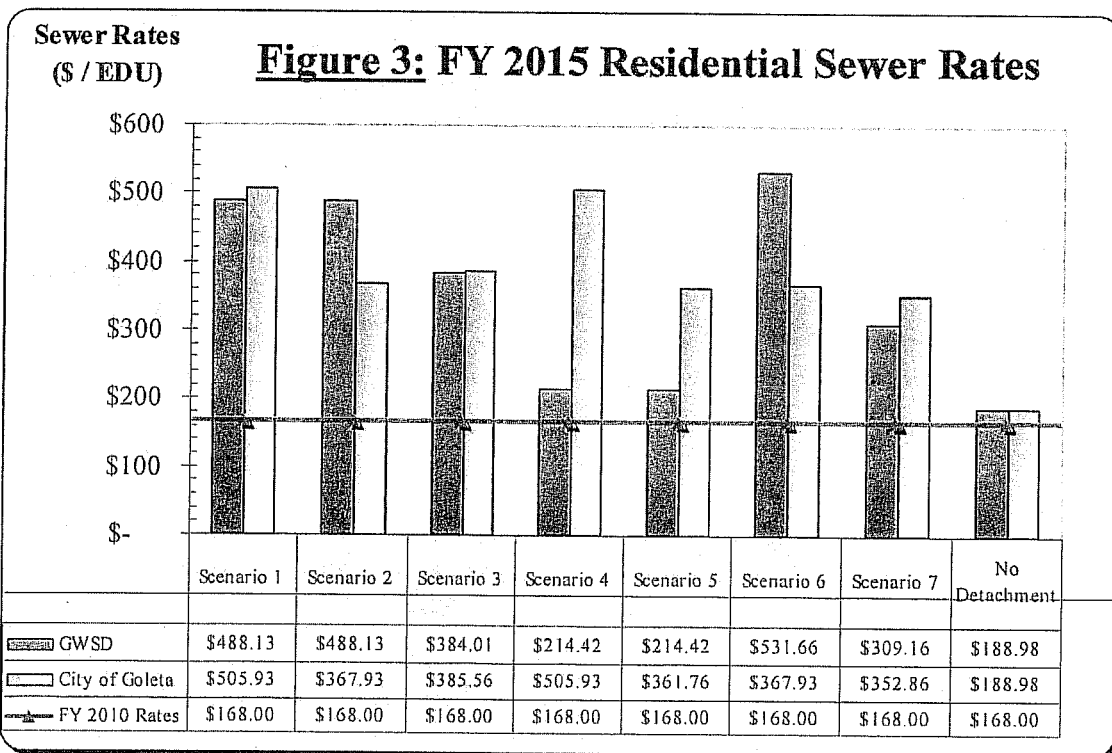


## Detachment Study Report

The differences between Scenarios 1 and 2 and between Scenarios 4 and 5 do not affect Isla Vista. Thus, the sewer rates graphed here are the same under Scenarios 1 and 2, which are represented by overlapping line graphs in Figure 1. Similarly, the line graphs for Scenarios 4 and 5 overlap. The numbers used to prepare this graph are presented in Table 1 on page 11.

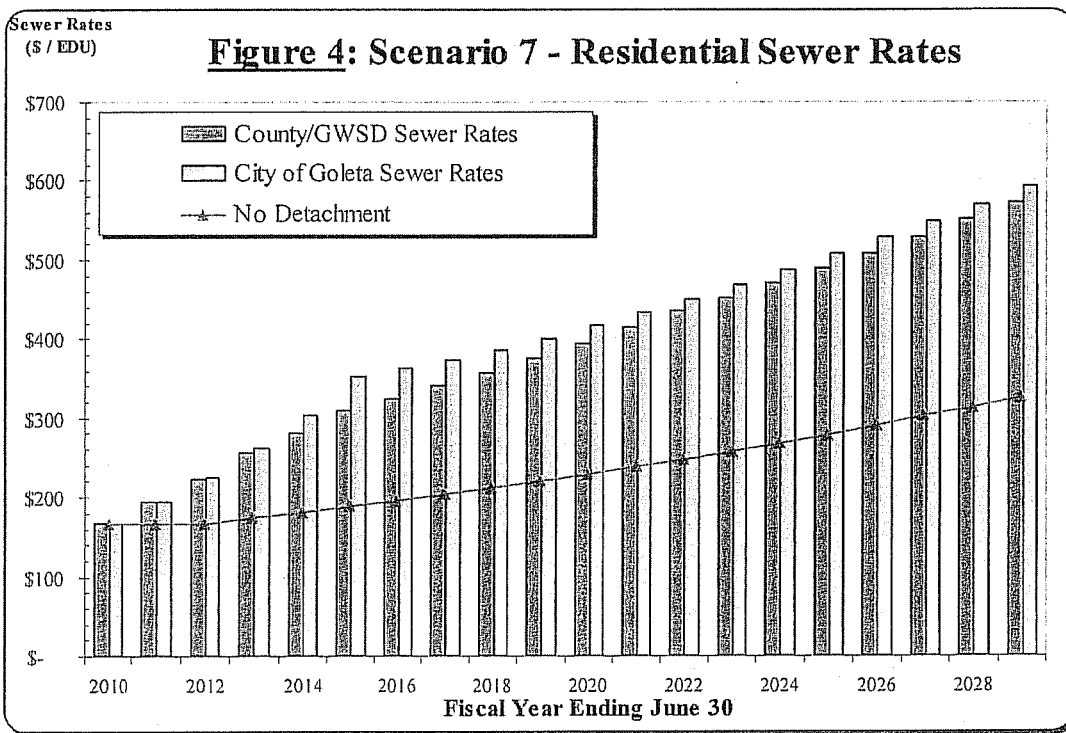
The sewer rates for City customers are the same under Scenarios 2 and 6, which are represented by overlapping line graphs in Figure 2. The differences between Scenarios 1 and 4 do not affect City customers because in both scenarios all the acquired reserves are transferred to General Fund. As shown in the above figure, overlapping line graphs represent identical rates for Scenarios 2 and 6, and for Scenarios 1 and 4. The numbers used to prepare this graph are presented in Table 2 on page 12.

To obtain a better feel for the impacts, rates for the scenarios are compared in FY 2015. The blue line in the Figure 3 presents the sewer rate in FY 2010 before the detachment. The sewer rate increases under all scenarios are significant compared to the No-Detachment scenario.



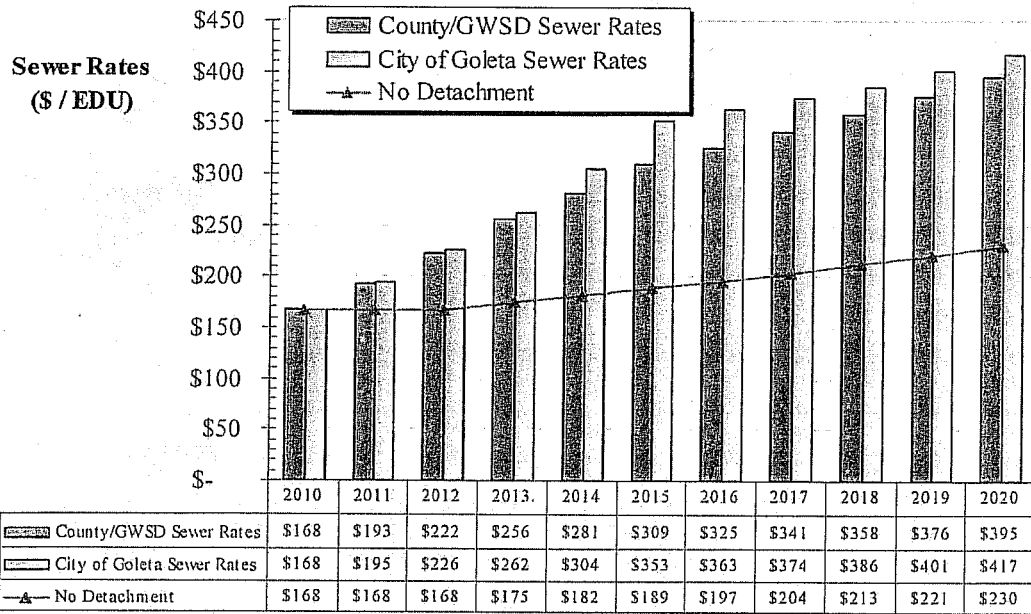


Scenario 7 is the most updated situation regarding the reserves and property tax allocation for the detachment. Figure 4 below presents the resulting residential sewer rates for both the District and City customers after the detachment under Scenario 7 compared to the sewer rates under No-Detachment Scenario. The impacts of the detachment are significant for all customers (Isla Vista, City and EMID). Figure 5 focuses on the sewer rates for the first 10 years after the detachment under Scenario 7. The impacts to the District customers are less severe than for the City which transfers property tax revenues and operation reserves to the General Fund. Five years after detachment, the City's sewer rates are projected to increase approximately 110% and the District's sewer rates are increased 84% compared to the current sewer rates at \$168/EDU. After ten years (FY 2020), the cumulative sewer rate increases for City and GWSD customers are 148% and 135%, respectively.





**Figure 5: Scenario 7 - Residential Sewer Rates**



Fiscal Year Ending June 30

**Table 1:** County/GWSD (Isla Vista) – Projected Residential Sewer Rates

Year	Existing Rate \$ 168.00 per EDU						
	County/GWSD (Isla Vista) - Projected Residential Sewer Rates (\$ / EDU)						
	Scenarios 1 & 2	Scenario 3	Scenarios 4 & 5	Scenario 6	Scenario 7	No Detachment	No Detachment
2010	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00
2011	\$ 218.40	\$ 218.40	\$ 176.40	\$ 235.20	\$ 193.20	\$ 168.00	\$ 168.00
2012	\$ 283.92	\$ 283.92	\$ 185.22	\$ 329.28	\$ 222.18	\$ 168.00	\$ 168.00
2013	\$ 369.10	\$ 369.10	\$ 194.48	\$ 444.53	\$ 255.51	\$ 174.72	\$ 174.72
2014	\$ 424.46	\$ 376.48	\$ 204.21	\$ 511.21	\$ 281.06	\$ 181.71	\$ 181.71
2015	\$ 488.13	\$ 384.01	\$ 214.42	\$ 531.66	\$ 309.16	\$ 188.98	\$ 188.98
2016	\$ 488.13	\$ 391.69	\$ 225.14	\$ 542.29	\$ 324.62	\$ 196.54	\$ 196.54
2017	\$ 488.13	\$ 399.52	\$ 236.39	\$ 553.13	\$ 340.85	\$ 204.40	\$ 204.40
2018	\$ 488.13	\$ 407.51	\$ 260.03	\$ 564.20	\$ 357.90	\$ 212.57	\$ 212.57
2019	\$ 488.13	\$ 415.66	\$ 286.04	\$ 581.12	\$ 375.79	\$ 221.08	\$ 221.08
2020	\$ 488.13	\$ 423.98	\$ 314.64	\$ 598.56	\$ 394.58	\$ 229.92	\$ 229.92
2021	\$ 507.65	\$ 432.45	\$ 346.10	\$ 616.51	\$ 414.31	\$ 239.12	\$ 239.12
2022	\$ 527.96	\$ 441.10	\$ 380.71	\$ 635.01	\$ 435.02	\$ 248.68	\$ 248.68
2023	\$ 554.36	\$ 449.93	\$ 418.78	\$ 654.06	\$ 452.43	\$ 258.63	\$ 258.63
2024	\$ 582.08	\$ 458.92	\$ 435.54	\$ 673.68	\$ 470.52	\$ 268.97	\$ 268.97
2025	\$ 611.18	\$ 472.69	\$ 452.96	\$ 700.63	\$ 489.34	\$ 279.73	\$ 279.73
2026	\$ 641.74	\$ 486.87	\$ 471.08	\$ 728.65	\$ 508.92	\$ 290.92	\$ 290.92
2027	\$ 673.83	\$ 501.48	\$ 489.92	\$ 757.80	\$ 529.27	\$ 302.56	\$ 302.56
2028	\$ 707.52	\$ 516.52	\$ 509.52	\$ 788.11	\$ 550.44	\$ 314.66	\$ 314.66
2029	\$ 742.89	\$ 532.02	\$ 529.90	\$ 819.64	\$ 572.46	\$ 327.25	\$ 327.25

**Table 2: City – Projected Residential Sewer Rates**

Year	City of Goleta - Projected Residential Sewer Rates (\$ / EDU)						No Detachment
	Scenarios 1 & 4	Scenarios 2 & 6	Scenario 3	Scenario 5	Scenario 7		
2010	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00	\$ 168.00
2011	\$ 226.80	\$ 201.60	\$ 210.00	\$ 210.00	\$ 194.88	\$ 194.88	\$ 168.00
2012	\$ 306.18	\$ 241.92	\$ 262.50	\$ 262.50	\$ 226.06	\$ 226.06	\$ 168.00
2013	\$ 413.34	\$ 278.21	\$ 315.00	\$ 328.13	\$ 262.23	\$ 262.23	\$ 174.72
2014	\$ 496.01	\$ 319.94	\$ 378.00	\$ 344.53	\$ 304.19	\$ 304.19	\$ 181.71
2015	\$ 505.93	\$ 367.93	\$ 385.56	\$ 361.76	\$ 352.86	\$ 352.86	\$ 188.98
2016	\$ 505.93	\$ 375.29	\$ 385.56	\$ 368.99	\$ 363.44	\$ 363.44	\$ 196.54
2017	\$ 505.93	\$ 382.79	\$ 385.56	\$ 376.37	\$ 374.35	\$ 374.35	\$ 204.40
2018	\$ 505.93	\$ 390.45	\$ 385.56	\$ 383.90	\$ 385.58	\$ 385.58	\$ 212.57
2019	\$ 505.93	\$ 398.26	\$ 397.13	\$ 391.58	\$ 401.00	\$ 401.00	\$ 221.08
2020	\$ 505.93	\$ 406.22	\$ 409.04	\$ 399.41	\$ 417.04	\$ 417.04	\$ 229.92
2021	\$ 505.93	\$ 422.47	\$ 421.31	\$ 415.39	\$ 433.72	\$ 433.72	\$ 239.12
2022	\$ 516.05	\$ 439.37	\$ 442.38	\$ 432.00	\$ 451.07	\$ 451.07	\$ 248.68
2023	\$ 526.37	\$ 456.95	\$ 464.50	\$ 449.28	\$ 469.11	\$ 469.11	\$ 258.63
2024	\$ 536.90	\$ 475.23	\$ 487.72	\$ 467.25	\$ 487.88	\$ 487.88	\$ 268.97
2025	\$ 547.64	\$ 494.23	\$ 512.11	\$ 485.94	\$ 507.39	\$ 507.39	\$ 279.73
2026	\$ 564.07	\$ 518.95	\$ 537.71	\$ 505.38	\$ 527.69	\$ 527.69	\$ 290.92
2027	\$ 580.99	\$ 544.89	\$ 564.60	\$ 525.60	\$ 548.80	\$ 548.80	\$ 302.56
2028	\$ 610.04	\$ 572.14	\$ 592.83	\$ 546.62	\$ 570.75	\$ 570.75	\$ 314.66
2029	\$ 640.54	\$ 600.74	\$ 622.47	\$ 568.48	\$ 593.58	\$ 593.58	\$ 327.25



Under all seven scenarios, the impacts of the detachment are significant for both the City's and District's customers.

It has been a pleasure working with you and we appreciate the opportunity to assist the District. Please let us know if we can be of further assistance. If you have any questions or need additional information, please contact me at (626) 583-1894.

Sincerely,

Raftelis Financial Consultants, Inc.

A handwritten signature in black ink, appearing to read "Sudhir Pardiwala".

Sudhir Pardiwala, PE

Vice President

**APPENDIX A****SCENARIO DESCRIPTIONS****SCENARIO 1:**

<b>Description</b>	<b>GWSD</b>	<b>City of Goleta</b>
Reserves	Retains 22%	Takes 78% Transfers to General Fund
Property Tax	Retains 22%	Takes 78% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

**SCENARIO 2:**

<b>Description</b>	<b>GWSD</b>	<b>City of Goleta</b>
Reserves	Retains 22%	Takes 78% Applies \$10.3M for GSD WWTP Upgrade Shared Cost Transfers remaining to General Fund
Property Tax	Retains 22%	Takes 78% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID



**SCENARIO 3:**

Description	GWSD	City of Goleta
Reserves	Retains 22%	Takes 78% Applies \$15.5M for GSD WWTP Upgrade Shared Cost Transfers remaining to General Fund
Property Tax	Retains 22%	Takes 78% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 22%	Assumes 78%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

**SCENARIO 4:**

Description	GWSD	City of Goleta
Reserves	Retains 48%	Takes 52% Transfers to General Fund
Property Tax	Retains 48%	Takes 52% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

**SCENARIO 5:**

Description	GWSD	City of Goleta
Reserves	Retains 48%	Takes 52% Applies \$10.3M for GSD WWTP Upgrade Shared Cost Transfers remaining to General Fund
Property Tax	Retains 48%	Takes 52% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

**SCENARIO 6:**

Description	County takes over GWSD	City of Goleta
Reserves	Retains 22% To fund GSD WWTP Upgrade Shared Cost	Takes 78% Applies \$10.3M for GSD WWTP Upgrade Shared Cost Transfers remaining to General Fund
Property Tax	Retains 22% Transfers to General Fund	Takes 78% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

**SCENARIO 7:**

<b>Description</b>	<b>GWSD</b>	<b>City of Goleta</b>
Reserves from Property Tax (Funds 4910, 4920, 4935, 4940, 4955, 4960, 4965 & 4970)	\$ 20M for WWTP upgrade is set aside and deposited to GSD before the detachment.	
	Retains 22% To fund GSD WWTP Upgrade Shared Cost	Takes 78% Transfers to General Fund
Reserves from Connection Fees <sup>1</sup> (Funds 4932 & 4933)	Retains 39%	Take 61% Retains in Sewer Fund
Reserves from Sewer Fees (Funds 4900 & 4930)	Retains 39%	Take 61% Transfers to General Fund
Property Tax	Retains 22%	Takes 78% Transfers to General Fund
Treatment Plant Liability (Upgrade and Long-Term)	Retains 48%	Assumes 52%
Collection System O&M	Retains pipeline <u>outside</u> City	Acquires pipeline <u>within</u> City & EMID

<sup>1</sup> This is based on the sewer fee distribution and used for projection purpose only. The actual allocation of the reserves should be based on the sources of the fund after adjusting for actual expenditures.



## APPENDIX B

### PROPOSED DEBT ISSUES

GWSD - Proposed Debt Issues									
Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	No Detachment	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ 3,000,000	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -
2012	\$ 4,000,000	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	\$ 7,000,000	\$ 7,000,000	\$ -	\$ -	\$ -	\$ 7,000,000	\$ -	\$ -	\$ -

City of Goleta - Proposed Debt Issues									
Year	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	No Detachment	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ 6,000,000	\$ -	\$ -	\$ 6,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -
2012	\$ 6,000,000	\$ -	\$ -	\$ 6,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -
2013	\$ 1,500,000	\$ 3,000,000	\$ 2,000,000	\$ 1,500,000	\$ 2,000,000	\$ 3,000,000	\$ -	\$ -	\$ -
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	\$ 13,500,000	\$ 3,000,000	\$ 2,000,000	\$ 13,500,000	\$ 2,000,000	\$ 3,000,000	\$ 4,000,000	\$ -	\$ -



## APPENDIX C

### PROJECTED CIP SUMMARY (Total FY 2011 – FY 2029)

#### GWSD - Projected CIP (FY 2011 to FY 2029)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
WWTP Upgrade	\$ 9,508,902	\$ 9,508,902	\$ 4,358,247	\$ 9,508,902	\$ 9,508,902	\$ 9,508,902	\$ -
Collection	\$ 4,454,685	\$ 4,454,685	\$ 4,454,685	\$ 4,454,685	\$ 4,454,685	\$ 4,454,685	\$ 4,454,685
R&R Old & New WWTP	\$ 5,742,069	\$ 5,742,069	\$ 2,631,781	\$ 5,742,069	\$ 5,742,069	\$ 5,742,069	\$ 5,742,069
Structural	\$ 685,129	\$ 685,129	\$ 685,129	\$ 685,129	\$ 685,129	\$ 685,129	\$ 685,129
Electrical	\$ 349,323	\$ 349,323	\$ 349,323	\$ 349,323	\$ 349,323	\$ 349,323	\$ 349,323
Pump Station	\$ 431,671	\$ 431,671	\$ 431,671	\$ 431,671	\$ 431,671	\$ 431,671	\$ 431,671
Studies	\$ 67,080	\$ 67,080	\$ 67,080	\$ 67,080	\$ 67,080	\$ 67,080	\$ 67,080
Office & Misc Equipment	\$ 661,560	\$ 661,560	\$ 661,560	\$ 661,560	\$ 661,560	\$ 661,560	\$ 661,560
Routine Vehicle Replace	\$ 2,053,377	\$ 2,053,377	\$ 2,053,377	\$ 2,053,377	\$ 2,053,377	\$ 2,053,377	\$ 2,053,377
<b>Total</b>	<b>\$ 23,953,795</b>	<b>\$ 23,953,795</b>	<b>\$ 15,692,853</b>	<b>\$ 23,953,795</b>	<b>\$ 23,953,795</b>	<b>\$ 23,953,795</b>	<b>\$ 14,444,893</b>

#### City of Goleta - Projected CIP (FY 2011 to FY 2029)

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
WWTP Upgrade	\$ 10,301,310	\$ 10,301,310	\$ 15,451,965	\$ 10,301,310	\$ 10,301,310	\$ 10,301,310	\$ -
Collection	\$ 7,495,273	\$ 7,495,273	\$ 7,495,273	\$ 7,495,273	\$ 7,495,273	\$ 7,495,273	\$ 7,495,273
R&R Old & New WWTP	\$ 6,220,574	\$ 6,220,574	\$ 9,330,862	\$ 6,220,574	\$ 6,220,574	\$ 6,220,574	\$ 6,220,574
Studies	\$ 145,080	\$ 145,080	\$ 145,080	\$ 145,080	\$ 145,080	\$ 145,080	\$ 145,080
Routine Vehicle Replace	\$ 243,323	\$ 243,323	\$ 243,323	\$ 243,323	\$ 243,323	\$ 243,323	\$ 243,323
<b>Total</b>	<b>\$ 24,405,561</b>	<b>\$ 24,405,561</b>	<b>\$ 32,666,503</b>	<b>\$ 24,405,561</b>	<b>\$ 24,405,561</b>	<b>\$ 24,405,561</b>	<b>\$ 14,104,251</b>



## APPENDIX D

### WHEELING CHARGES

The City will pay the District an annual wheeling charge for the use of 25,529 ft of the 35,403 ft pipes and the pump stations outside City but used or shared by City. The wheeling charge has five components: O&M for pump station, O&M for collection system, capital costs for pump station, capital costs for collection system and replacement capital costs for pipelines. The replacement capital cost component of the wheeling charge is collected upfront and will be used to pay any other capital costs occurred outside the scheduled CIP such as emergency pipe replacement. The wheeling charge is calculated as followed:

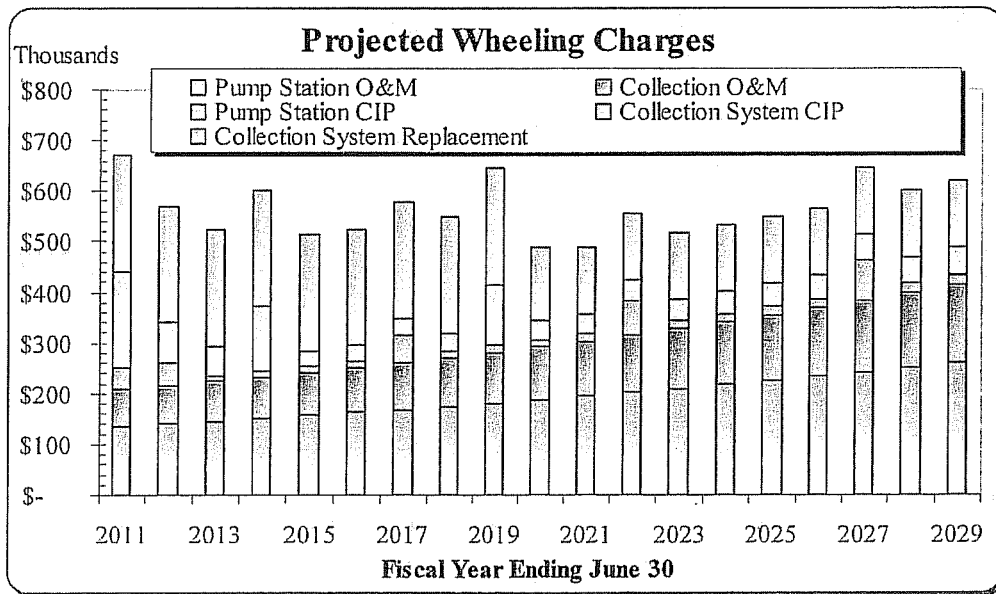
- \* O&M costs for pump station – 52 % for main pump, 100 % for Emily pump (which is estimated to be 25 % of total O&M pump station budget);
- \* O&M costs of collection system – 23.7 % for pipe lengths outside City used by City;
- \* Capital costs for pump station – based on CIP for routine pump station replacement structural and studies by similar percentage as O&M pump station component cost;
- \* Capital costs for collection system – 23.7 % of GWSD CIP for pipe rehab, potential pipe upgrades, scheduled pipe replacement and vactor; and
- \* Replacement capital costs for pipelines – based on depreciation of the pipes outside City to convey its water flows to WWTP. The depreciation is estimated by the replacement cost of the pipes distributed over their remaining lifetimes.
  - o Replacement cost is estimated at \$11 per inch-diameter per foot
  - o Pipe lifetime is
    - VCP – 100 years
    - Other – 50 years

The projected wheeling charges are summarized in the Figure D-1. The capital components of the wheeling charges are collected in a dedicated reserve where all expenses and incomes are tracked as they occur. RFC recommends the wheeling charges



be updated annually to reflect the actual CIP expenditures. The projected ending balances for the reserve are shown in the Figure D-2.

**Figure D-1: Projected Wheeling Charges**



**Figure D-2: Capital Reserves from Wheeling Charges**

