

Calaveras County Water District

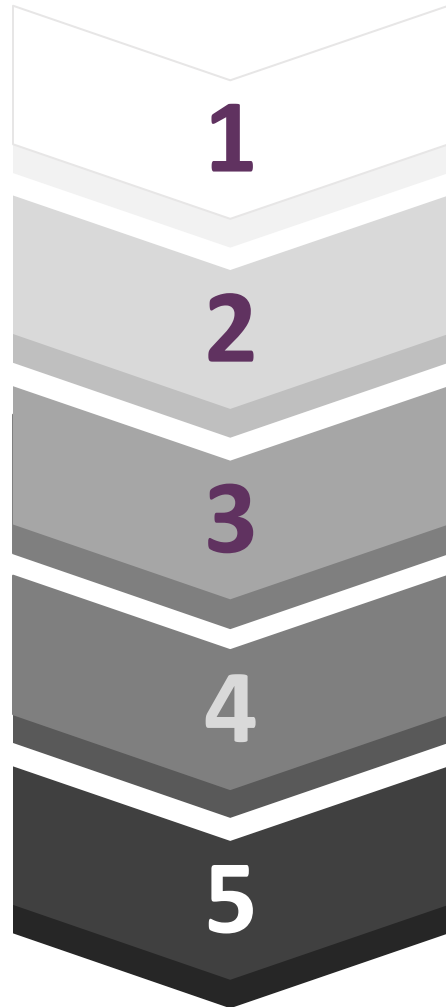
Rate Workshop

July 12, 2023



Rate Workshop

Agenda



Financial Planning

Financial Plan Assumptions

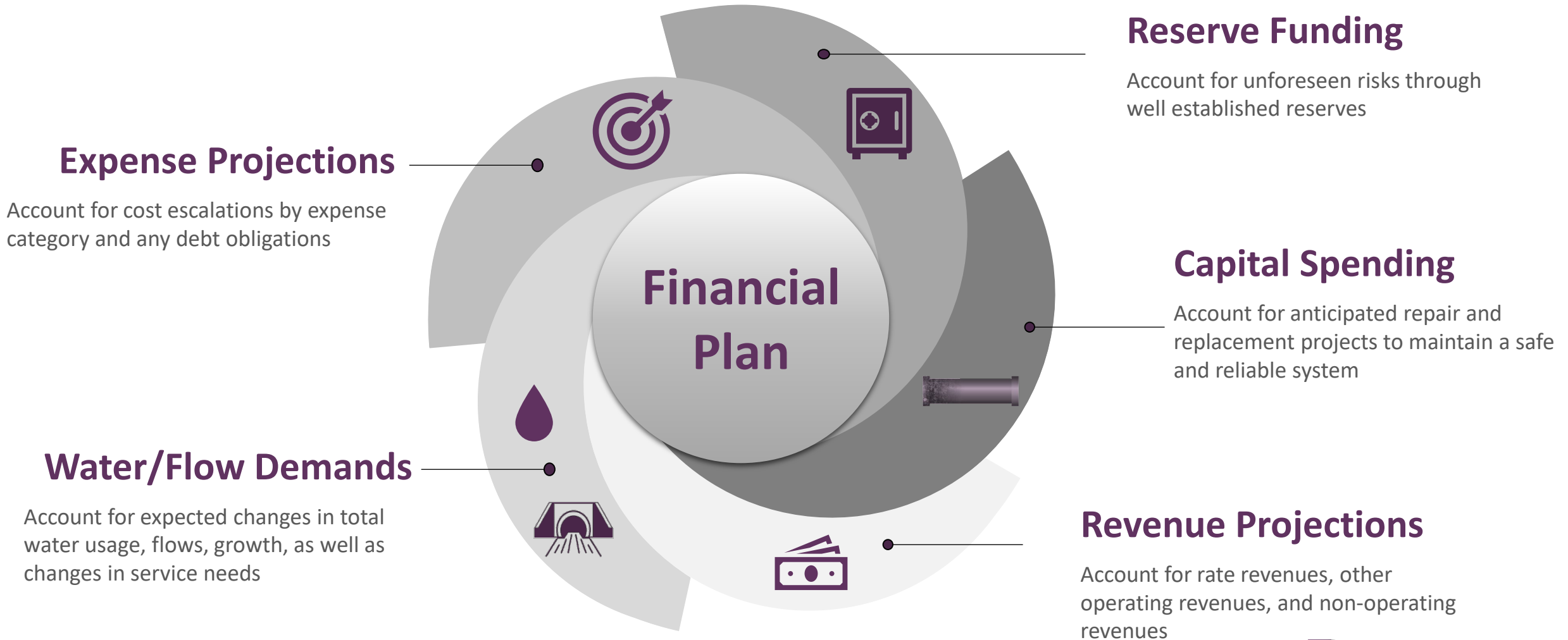
Water Enterprise

Wastewater Enterprise

Next Steps

Financial Plan Summary

Factors Impacting the Financial Plan



Key Assumptions

Water and Wastewater

Inflation

FY 2024
CPI set at 5.6%
Capital set at 7.2%



Capital Spending

Funding Depreciation
Water - \$11M+/yr
WW - \$7.1M+/yr



Growth

0% for Financial Plan
Not relying on growth



New Debt

Water – \$16.5M
WW – \$6M



Utility Demands

3,739 AF in Sales
5,446 EDUs



Reserves

Maintain / Satisfy
Reserve Requirements



Water Enterprise

Long-Term Financial Plan



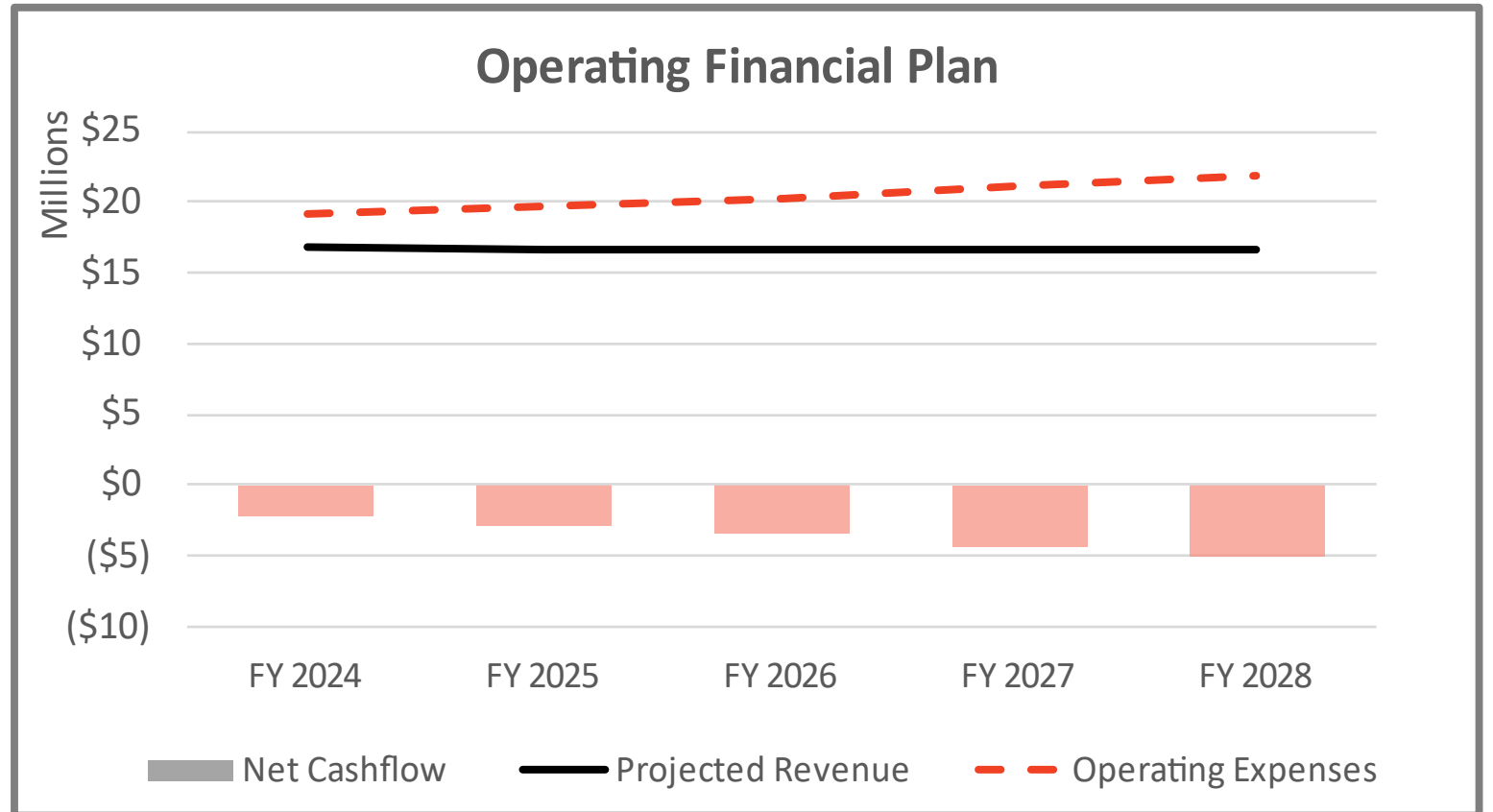
Calaveras County
Water District

Current Financial Position

At Existing Rates

Financial Plan Metrics

- Generate Positive Net Income
- Comply with Debt Covenants
- Sufficiently Fund Capital Needs
- Meet Reserve Targets

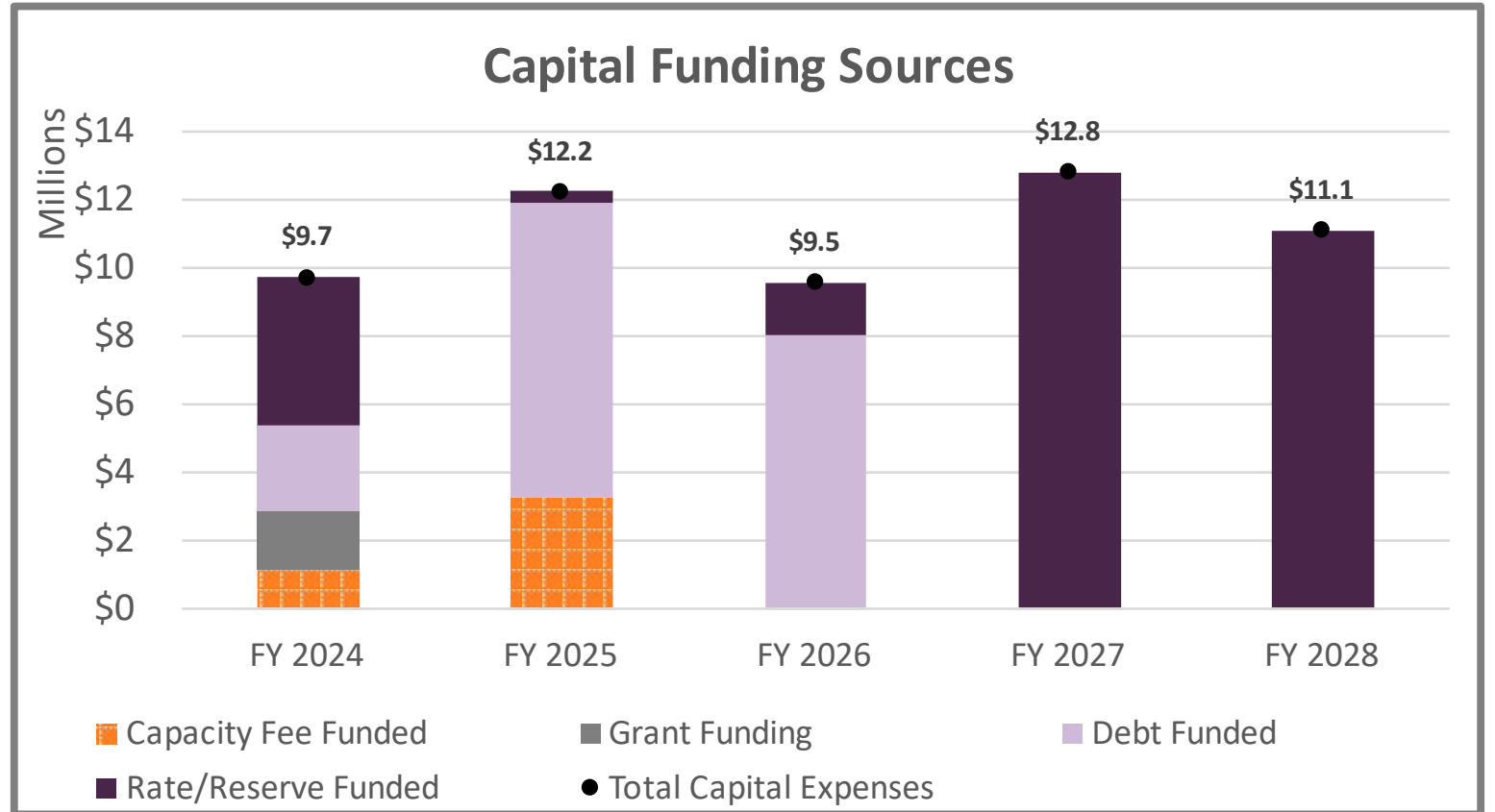


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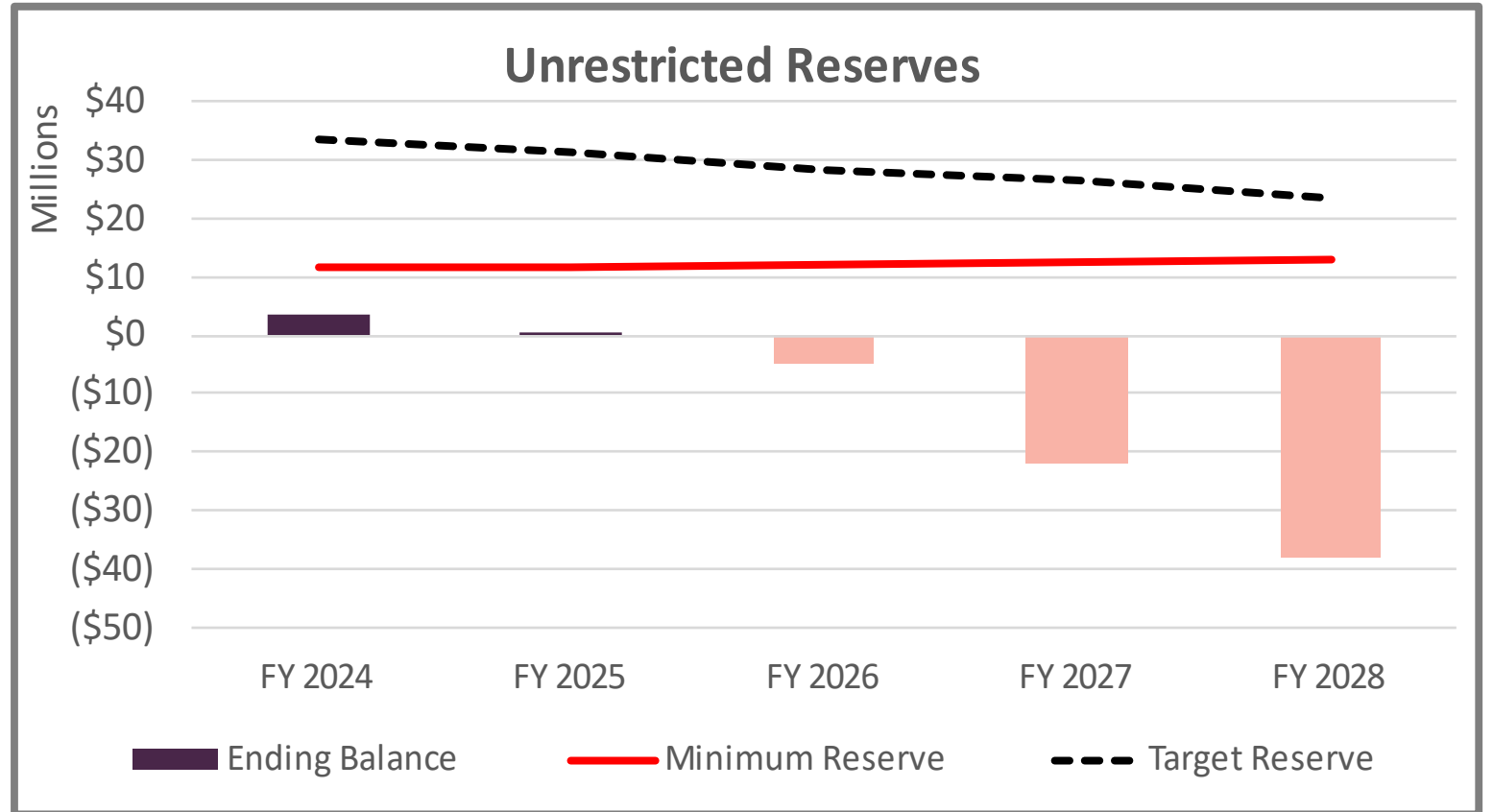


Current Financial Position

At Existing Rates

Financial Plan Metrics

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Financial Position

Water at Current Rates

Results From Review

- Requires revenue increases each year
 - Eliminate ongoing operating deficit over the planning period
 - Reserves are below minimum requirements
 - ❖ Operating Reserve = 90 days of O&M
 - ❖ Capital Reserve = Annual depreciation
 - ❖ Rate Stabilization Reserve = 10% of operating revenues
 - ❖ Emergency Reserve = 3% of asset value
 - ❖ Total Minimum Requirement = \$11.7M
 - Replenish and maintain healthy reserves

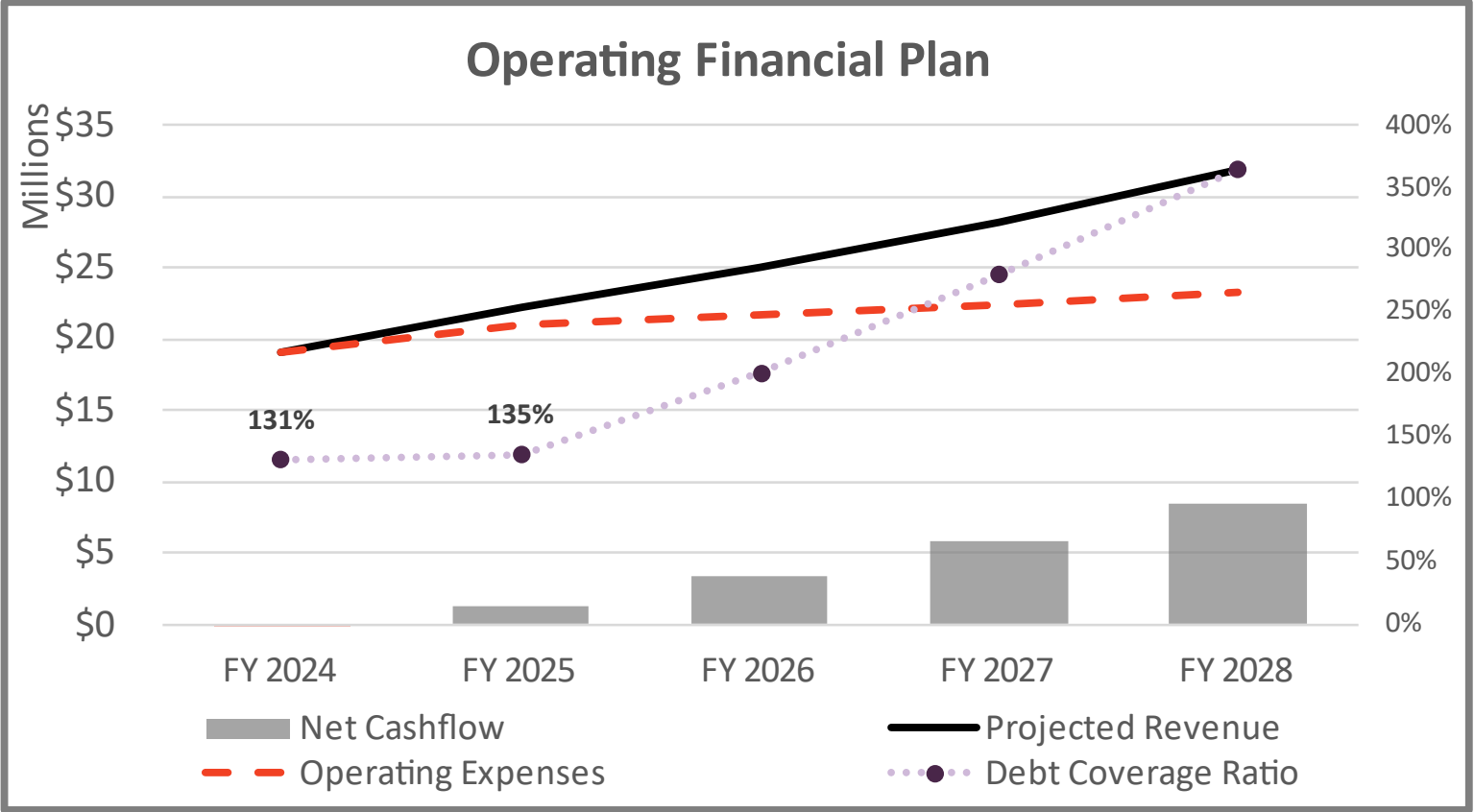
Final Proposed Water Financial Plan

FY 2024 – FY 2028

Revenue Adjustments:
 FY 2024 – FY 2028: 22%, 18%, 16%, 16%, 15%

Financial Plan Key Components

- Satisfy Debt Coverage of 125%
 - Uses Rate Stabilization Reserve to buydown debt
 - \$520k to principal buydown
 - FY 2024 coverage at 131%
- Generate positive net income
- Capital Improvement Plan
 - Adjusted project timing over 5 years
 - Proposed Debt issue in FY 2025
 - \$16.5M to cover capital spending



Final Proposed Water Financial Plan

FY 2024 – FY 2028

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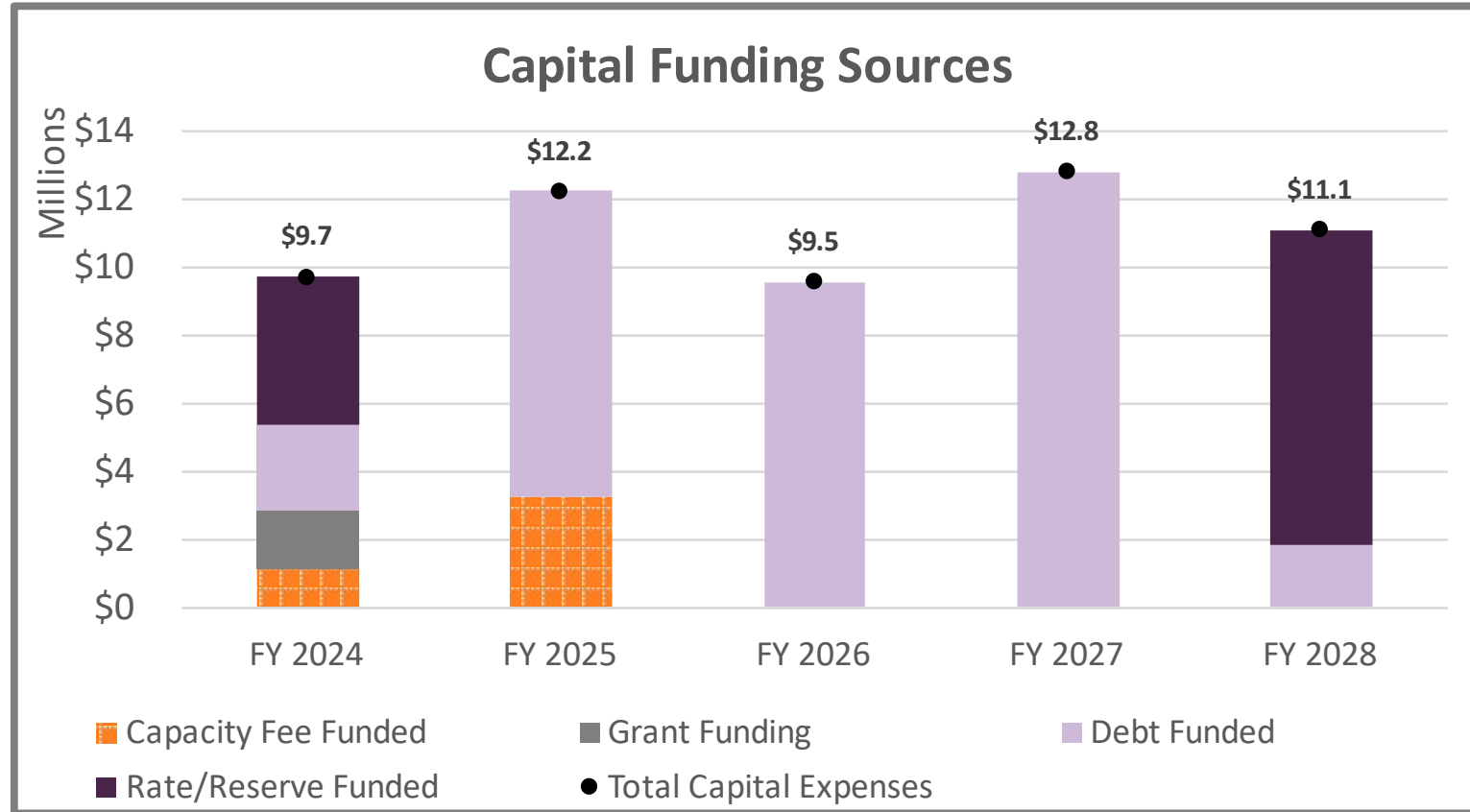
➤ Generate positive net income

➤ Capital Improvement Plan

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Final Proposed Water Financial Plan

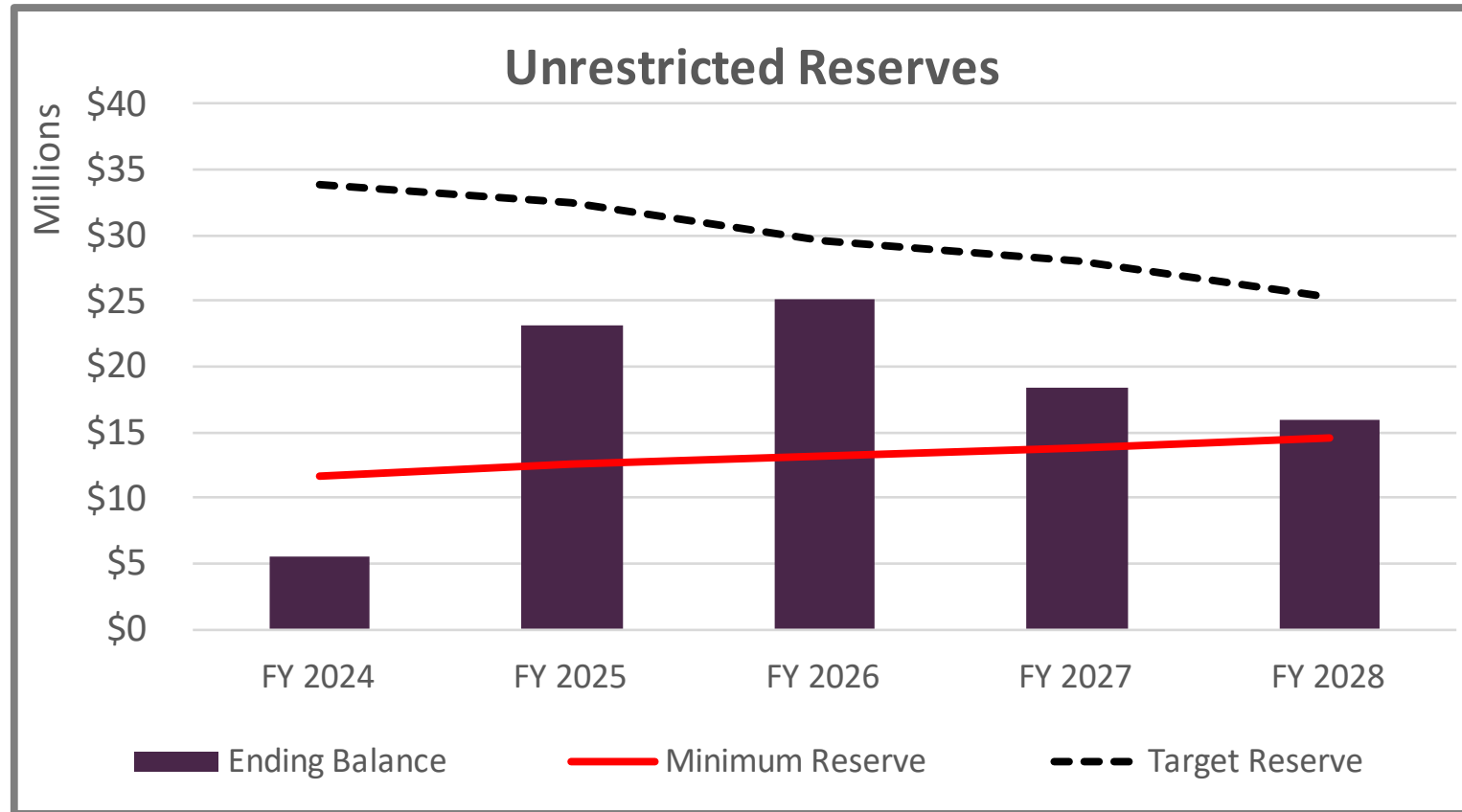
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Water Enterprise

Cost-of-Service and Proposed Rates



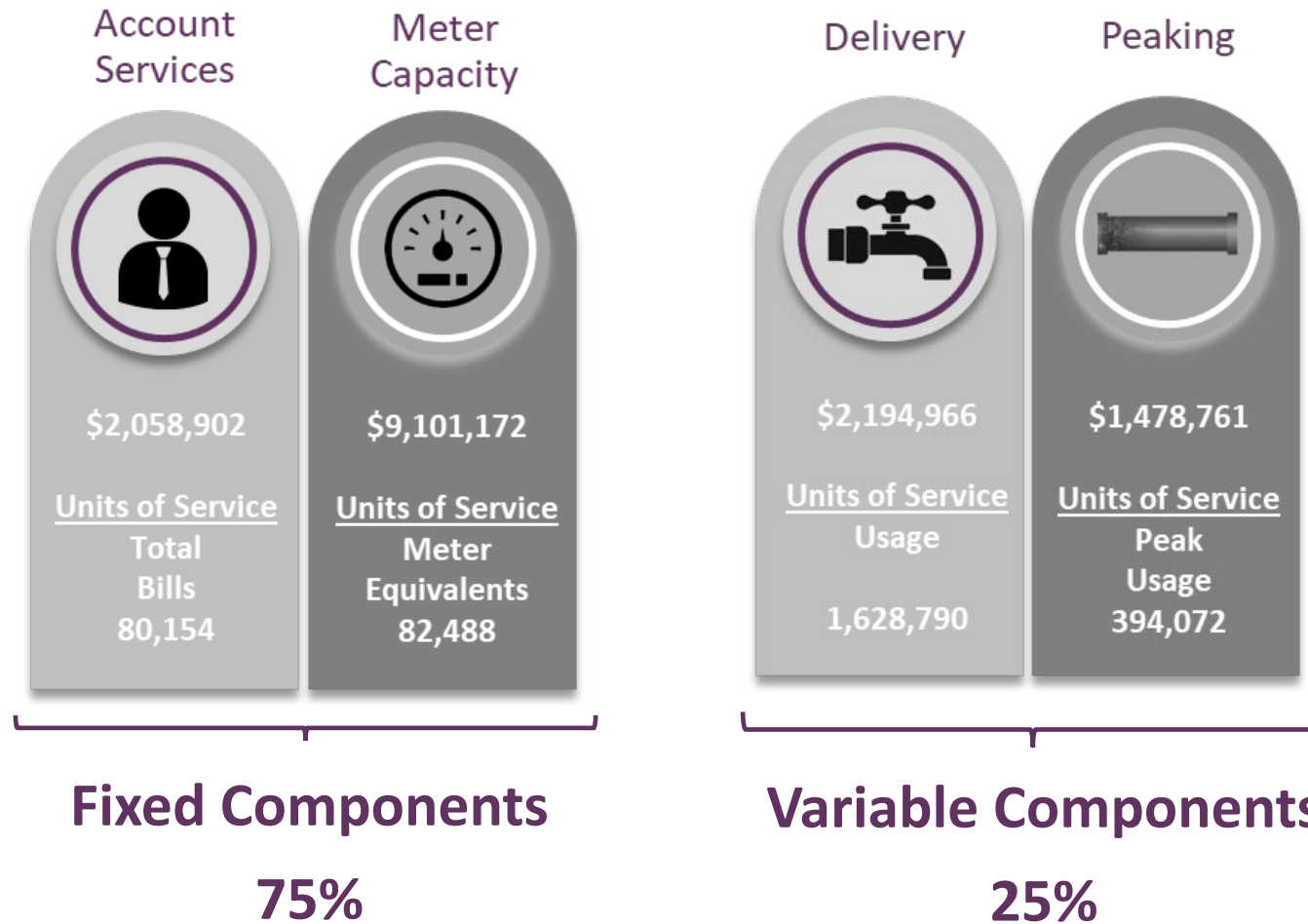
Calaveras County
Water District

Water Revenue Requirements

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Requirements	Total	Total	Total	Total	Total
Operating Expenses					
Non-Departmental (50)	\$1,069,000	\$1,118,000	\$1,169,000	\$1,223,000	\$1,279,000
Utility Services (54)	\$8,290,000	\$8,624,000	\$8,999,000	\$9,443,000	\$9,855,000
Utility Services (54) - Power & Chemicals	\$1,978,000	\$2,077,000	\$2,180,000	\$2,289,000	\$2,404,000
General Management (56)	\$1,008,000	\$1,055,000	\$1,103,000	\$1,155,000	\$1,208,000
Board of Directors (57)	\$134,000	\$143,000	\$148,000	\$153,000	\$158,000
Engineering/Technical Services (58)	\$1,223,000	\$1,279,000	\$1,338,000	\$1,399,000	\$1,463,000
Administrative Services (59)	\$1,551,000	\$1,482,000	\$1,548,000	\$1,616,000	\$1,688,000
Water Resources (60)	\$1,713,000	\$1,781,000	\$1,851,000	\$1,925,000	\$2,002,000
Total Operating Expenses	\$16,966,000	\$17,559,000	\$18,336,000	\$19,203,000	\$20,057,000
Debt Service					
Series 2016 Water Revenue Bonds	\$101,144	\$101,134	\$101,099	\$101,138	\$101,051
Series 2019 Taxable Revenue Refunding Loan	\$322,031	\$314,513	\$306,994	\$298,806	\$290,640
Series 2021 Water Revenue COP	\$172,703	\$173,145	\$172,553	\$172,943	\$173,298
2022 Water CIP Loan	\$1,316,542	\$1,317,227	\$1,317,236	\$1,316,569	\$1,317,226
2020 VacCon Loan (VacCon Truck #1)	\$91,306	\$22,826	\$0	\$0	\$0
2020 VacCon Loan (VacCon Truck #2)	\$90,472	\$90,479	\$45,236	\$0	\$0
SEWD (New Hogan)	\$55,751	\$55,752	\$0	\$0	\$0
New/Proposed Debt	\$0	\$1,351,023	\$1,351,023	\$1,351,023	\$1,351,023
Total Debt Service	\$2,149,949	\$3,426,099	\$3,294,141	\$3,240,479	\$3,233,238
Other Funding					
<i>Revenue Offsets</i>					
Operating Revenues	(\$383,000)	(\$383,000)	(\$383,000)	(\$383,000)	(\$383,000)
Other Revenues	(\$4,329,000)	(\$4,293,000)	(\$4,301,000)	(\$4,330,000)	(\$4,351,000)
Subtotal Revenue Offsets	(\$4,712,000)	(\$4,676,000)	(\$4,684,000)	(\$4,713,000)	(\$4,734,000)
<i>Adjustments</i>					
Reserve Funding	(\$15,949)	\$1,192,901	\$3,355,859	\$5,819,521	\$8,525,762
Adjustment for Mid-Year Increase	\$445,800	\$0	\$0	\$0	\$0
Subtotal Adjustments	\$429,851	\$1,192,901	\$3,355,859	\$5,819,521	\$8,525,762
Total Other Funding	(\$4,282,149.00)	(\$3,483,099)	(\$1,328,141)	\$1,106,521	\$3,791,762
Revenue Requirement from Rates	\$14,833,800	\$17,502,000	\$20,302,000	\$23,550,000	\$27,082,000

FY 2024 Cost-of-Service: Rate Components

Fixed and Variable



FY 2024 Proposed Fixed Charges

Bi-Monthly Fixed Charge Components

Meter Size	Capacity Ratio	Meters	Account Services	Meter Capacity	FY 2024 Proposed Bi-Monthly Base Fixed Charge
5/8"	1.00	13,231	\$25.69	\$110.34	\$136.03
3/4"	1.50	3	\$25.69	\$165.51	\$191.20
1"	2.50	79	\$25.69	\$275.85	\$301.54
1 1/2"	5.00	23	\$25.69	\$551.70	\$577.39
2"	8.00	21	\$25.69	\$882.72	\$908.41
3"	16.00	2	\$25.69	\$1,765.44	\$1,791.13

Proposed Five-Year Fixed Charge Schedule

FY 2024 – FY 2028

Base Fixed Meter Charges (\$/Bi-Month)							
Meter Size	Number of Accounts	Current Fixed	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
5/8"	13,231	\$120.35	\$136.03	\$160.52	\$186.21	\$216.01	\$248.42
3/4"	3	\$180.53	\$191.20	\$225.62	\$261.72	\$303.60	\$349.14
1"	79	\$300.89	\$301.54	\$355.82	\$412.76	\$478.81	\$550.64
1 1/2"	23	\$601.77	\$577.39	\$681.33	\$790.35	\$916.81	\$1,054.34
2"	21	\$962.83	\$908.41	\$1,071.93	\$1,243.44	\$1,442.40	\$1,658.76
3"	2	\$1,925.66	\$1,791.13	\$2,113.54	\$2,451.71	\$2,843.99	\$3,270.59

FY 2024 Proposed Variable Rates

Variable Rate Components

Customer Class & Tier	Tier Definitions (HCF)	Delivery	Peaking	FY 2024 Proposed Variable Rate
Residential				
Tier 1	0 - 15	\$1.35	\$0.72	\$2.07
Tier 2	16 - 30	\$1.35	\$0.90	\$2.25
Tier 3	>30	\$1.35	\$1.14	\$2.49
Non-Residential	Uniform	\$1.35	\$0.94	\$2.29
Irrigation	Uniform	\$1.35	\$0.92	\$2.27

Basis for Tier Allotments:

- Tier 1 = Winter Average
- Tier 2 = Summer Average
- Tier 3 captures all usage in excess of the summer average
- Tier 4 eliminated

*1 HCF = 748.05 gallons

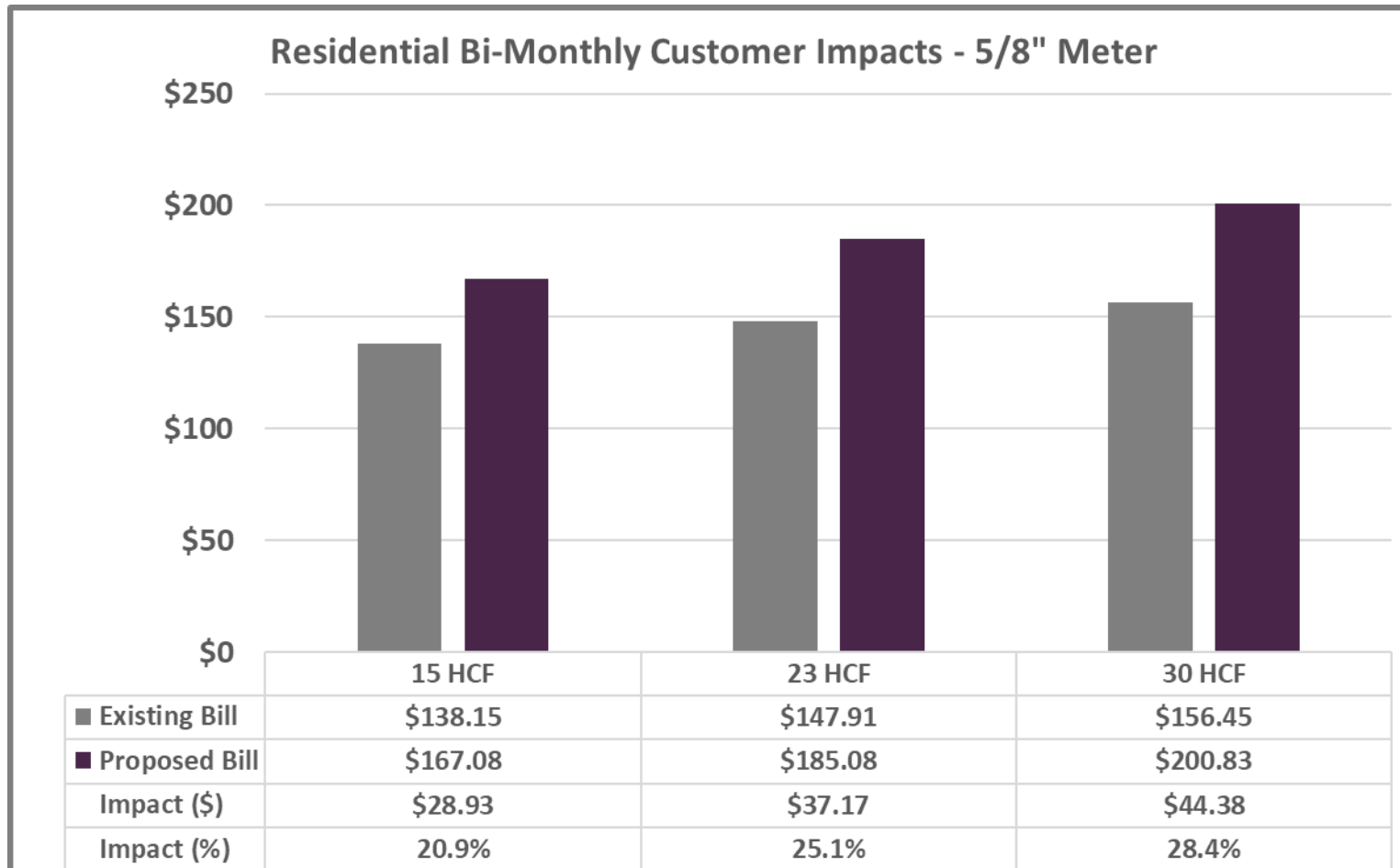
Proposed Five-Year Variable Rate Schedule

FY 2024 – FY 2028

Variable Rates (\$/HCF)							
Customer	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	
Residential							
Tier 1	\$1.17	\$2.07	\$2.45	\$2.85	\$3.31	\$3.81	
Tier 2	\$1.22	\$2.25	\$2.66	\$3.09	\$3.59	\$4.13	
Tier 3	\$1.68	\$2.49	\$2.94	\$3.42	\$3.97	\$4.57	
Tier 4	\$1.90	N/A	N/A	N/A	N/A	N/A	
Non-Residential	\$1.57	\$2.29	\$2.71	\$3.15	\$3.66	\$4.21	
Irrigation	\$1.91	\$2.27	\$2.68	\$3.11	\$3.61	\$4.16	

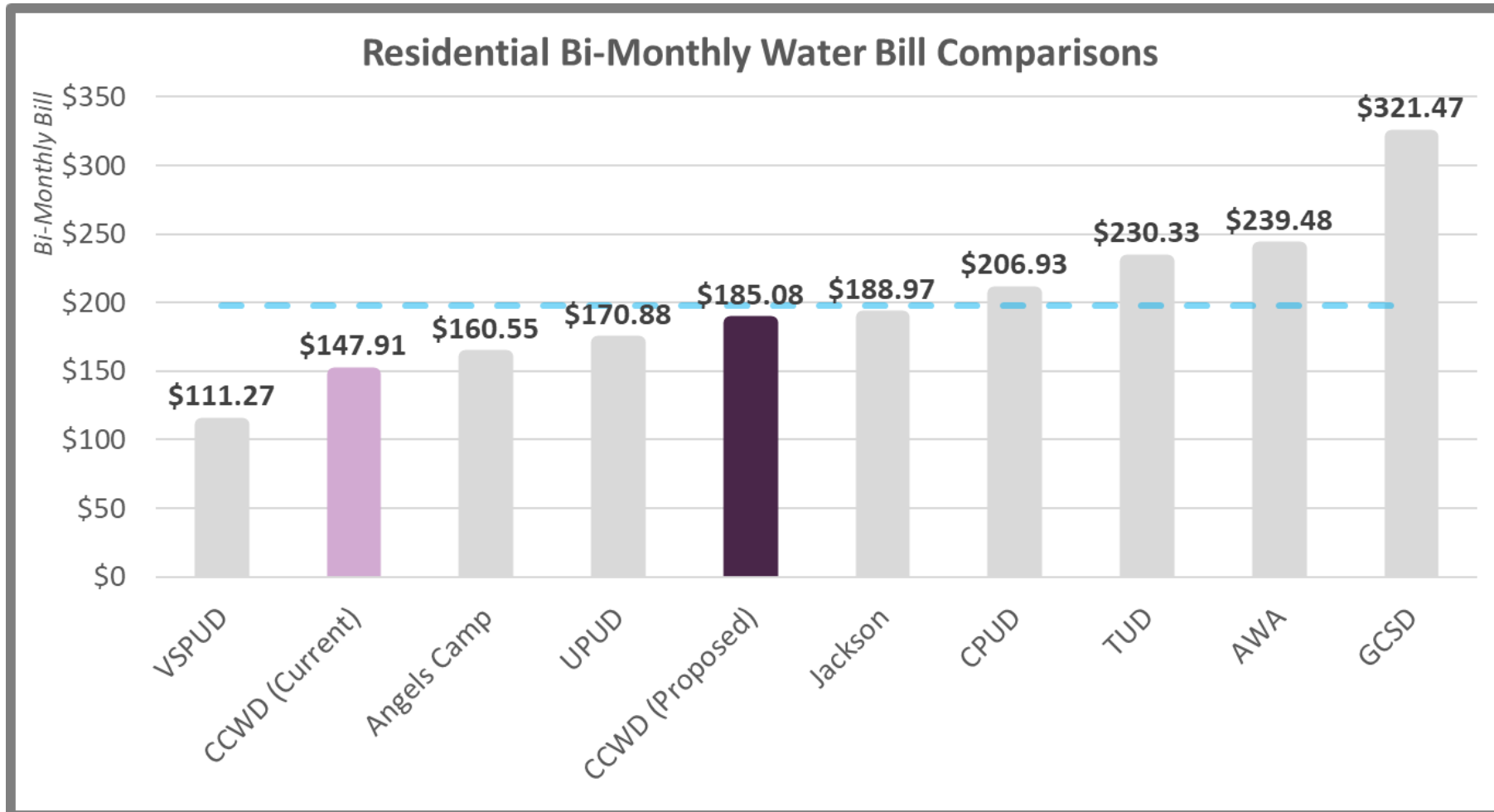
Customer Impacts

Single-Family Residential with 5/8" Meter at 15 HCF, 23 HCF, and 30 HCF



Water Rate Survey – Bi-Monthly Comparison

Single-Family Residential with 5/8” Meter at 23 HCF



Wastewater Enterprise

Long-Term Financial Plan



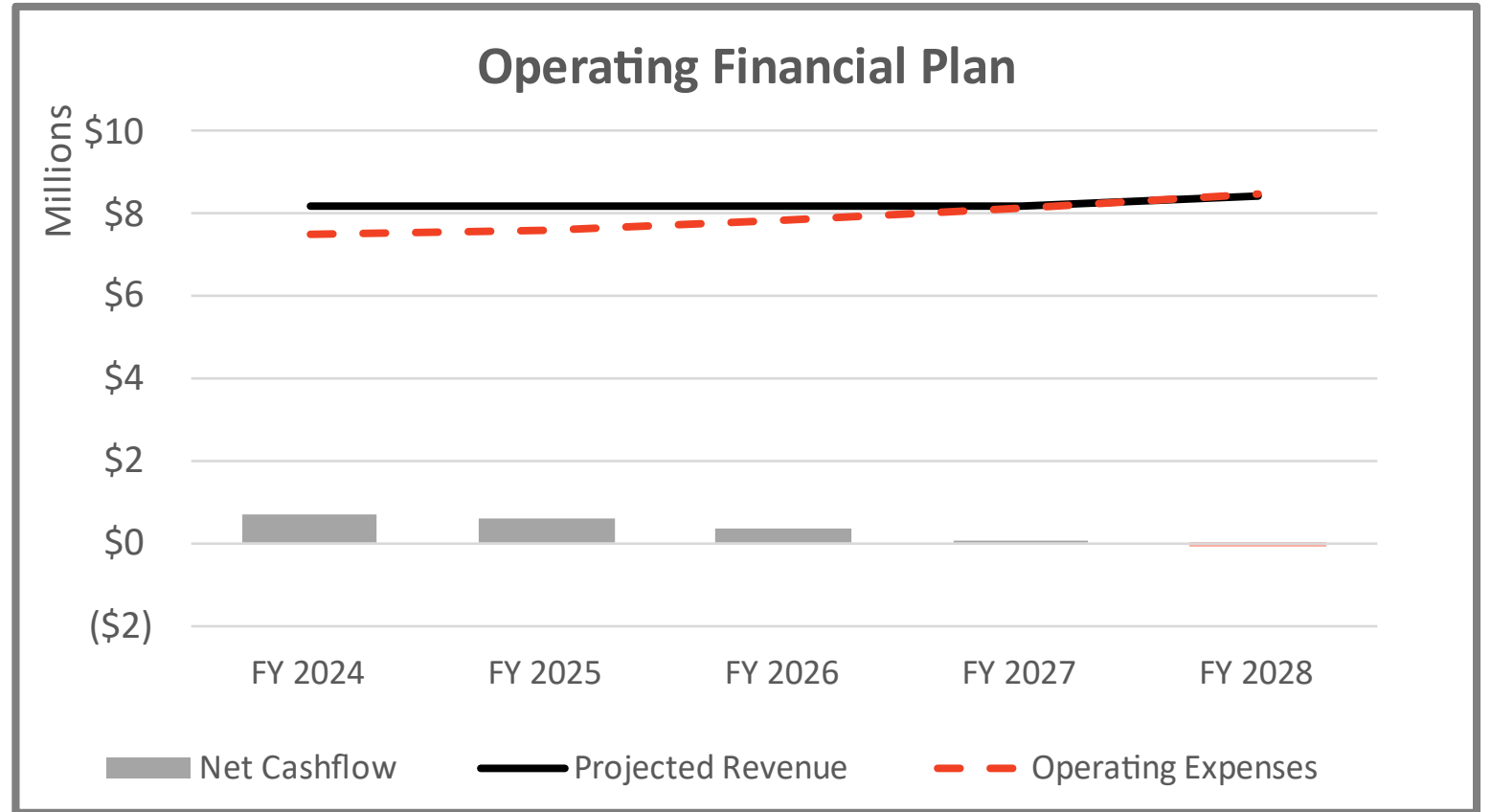
Calaveras County
Water District

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Wastewater Enterprise

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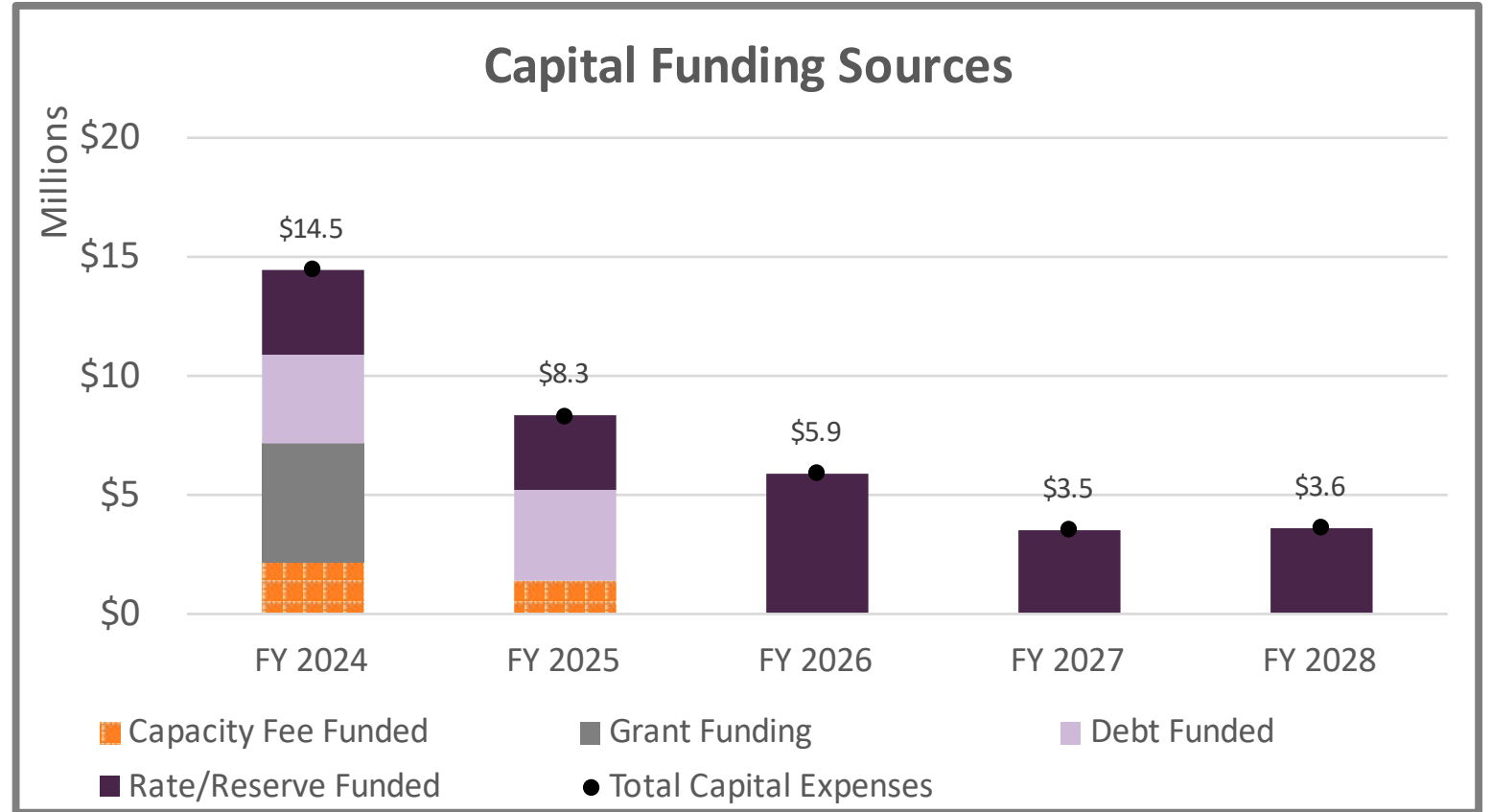


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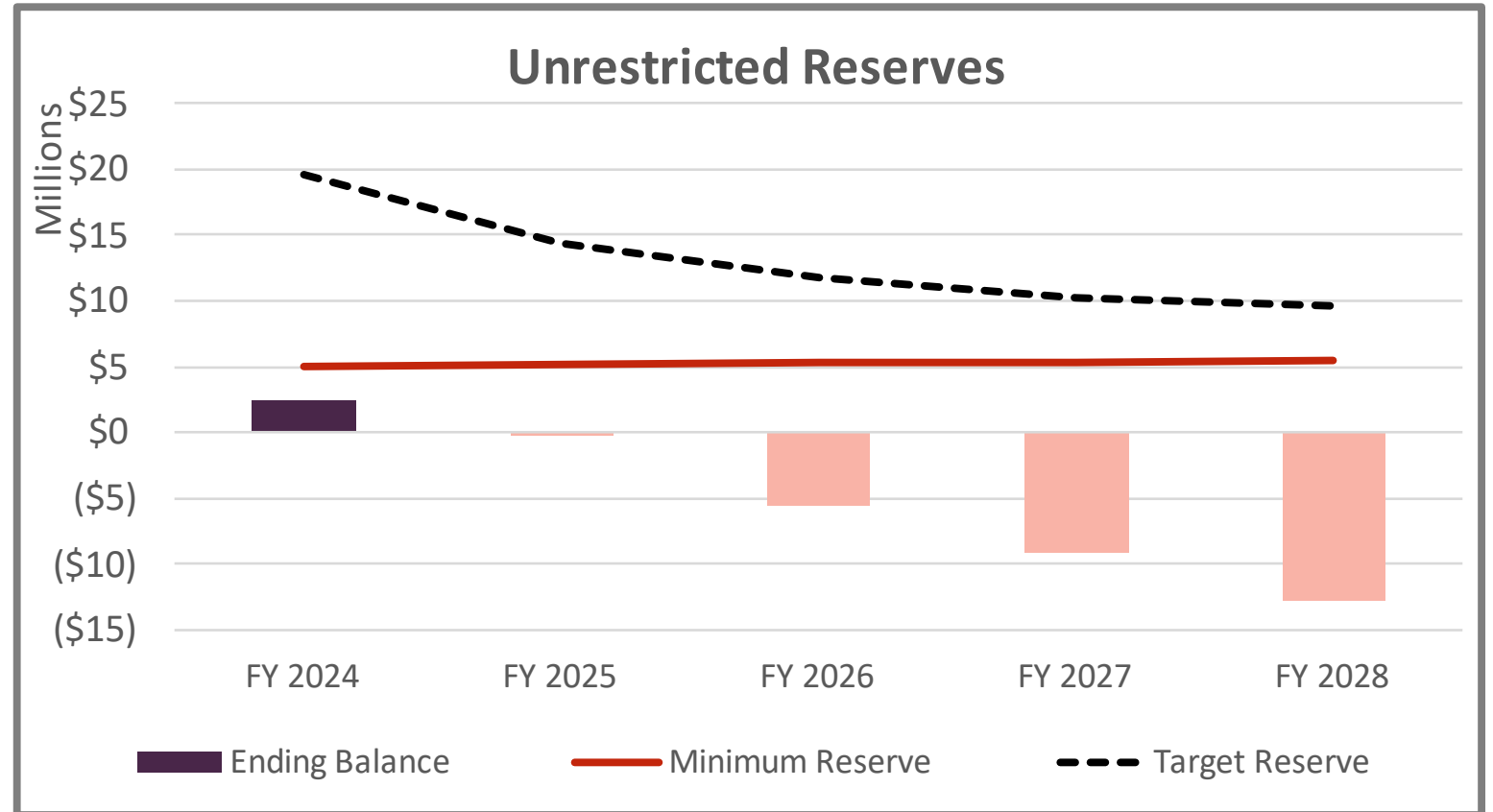


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Financial Position

Wastewater at Current Rates

Results From Review

- Net income decreasing each year
- Reserves below the minimum requirements
 - Operating Reserve = 90 days of O&M
 - Capital Reserve = Annual depreciation
 - Rate Stabilization Reserve = 10% of operating revenues
 - Emergency Reserve = 3% of asset value
 - Total FY 2024 minimum = \$5.15M
- At existing rates, reserves would be used to cover capital expenses
 - Not sustainable long-term
 - Reserves already below minimum requirements
 - Reserves depleted in FY 2025

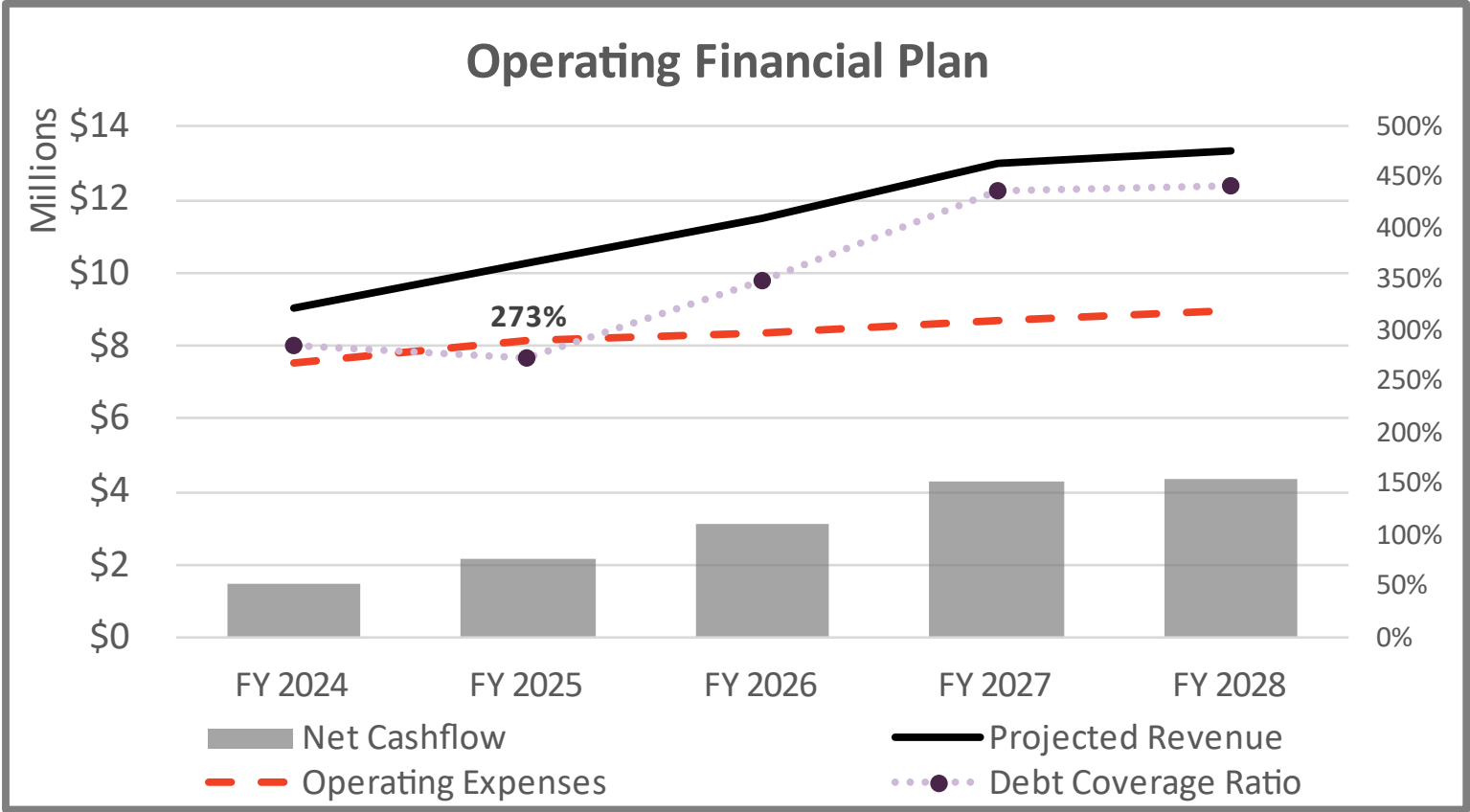
Proposed Wastewater Financial Plan

FY 2024 – FY 2048

Revenue Adjustments:
 FY 2024 – FY 2028: 14%, 14%, 14%, 14%, 3%

Proposed Financial Plan

- Positive Net Income
- Fully fund capital needs
 - \$35.8M over the next 5 years
- Issue debt to fund short-term capital
 - Allows rates to increase over time and transition to PAYGO funding
 - \$6M in FY 2024-25
 - Ensure ongoing debt coverage
- Meets Reserve during planning period



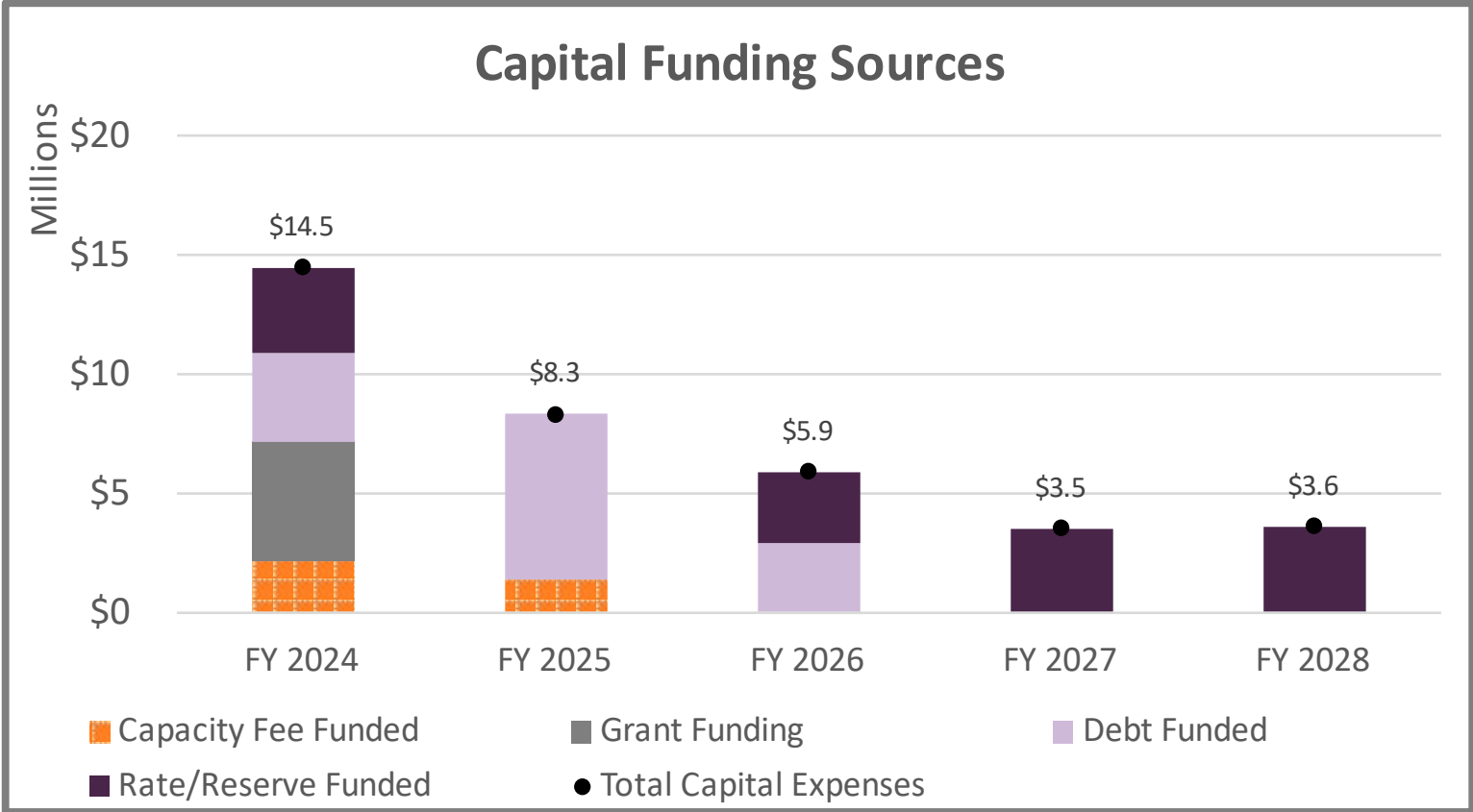
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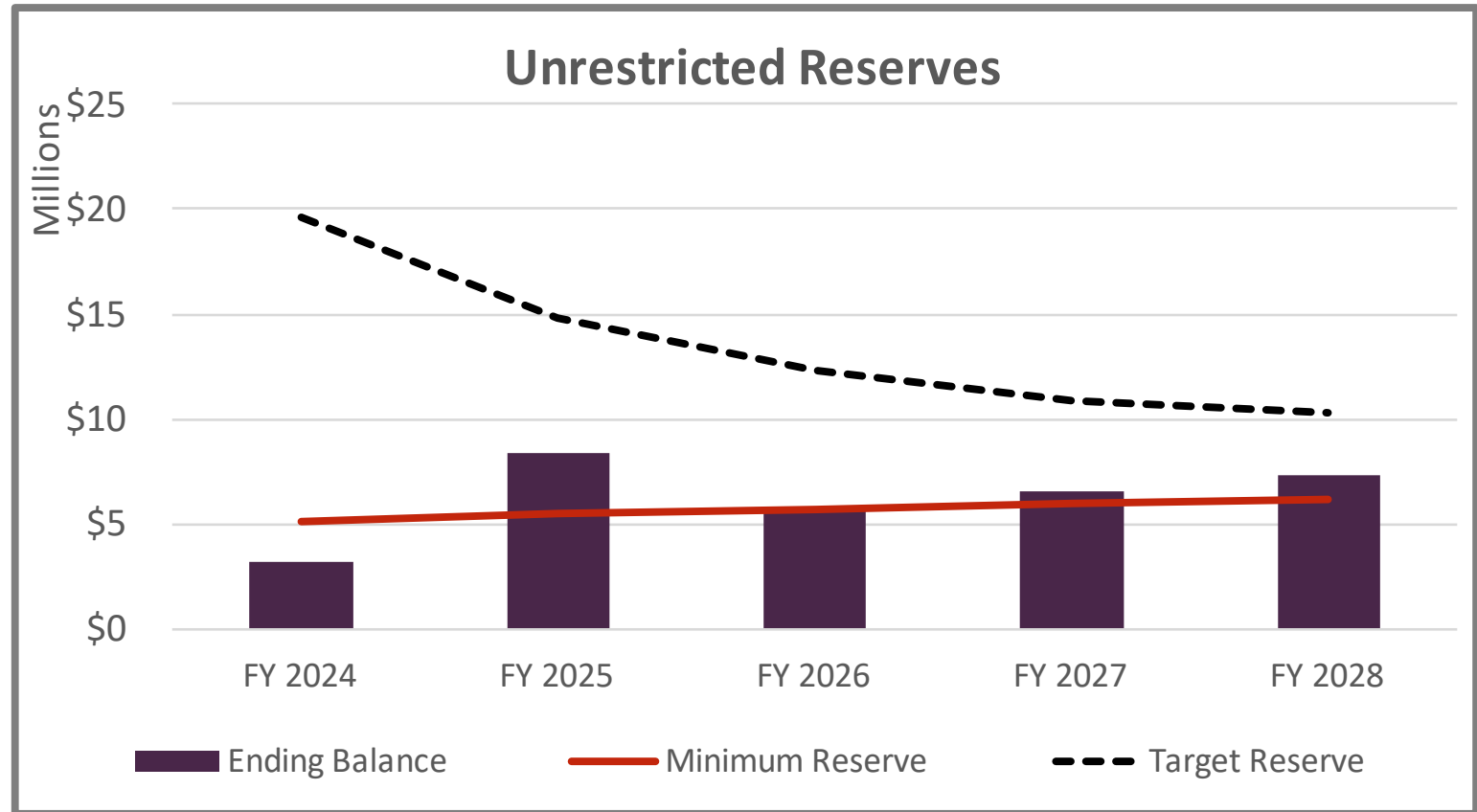
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Wastewater Enterprise

Cost-of-Service and Proposed Rates



Calaveras County
Water District

Wastewater Revenue Requirements

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Requirements	Total	Total	Total	Total	Total
Operating Expenses					
Non-Departmental (50)	\$396,000	\$414,000	\$433,000	\$453,000	\$473,000
Utility Services (54)	\$3,895,000	\$3,932,000	\$4,105,000	\$4,306,000	\$4,496,000
General Management (56)	\$360,000	\$377,000	\$395,000	\$413,000	\$432,000
Board of Directors (57)	\$51,000	\$53,000	\$55,000	\$57,000	\$59,000
Engineering/Technical Services (58)	\$453,000	\$473,000	\$495,000	\$518,000	\$541,000
Administrative Services (59)	\$574,000	\$562,000	\$587,000	\$613,000	\$640,000
Water Resources (60)	\$424,000	\$441,000	\$459,000	\$478,000	\$498,000
Treatment	\$378,000	\$395,000	\$413,000	\$431,000	\$450,000
Total Operating Expenses	\$6,531,000	\$6,647,000	\$6,942,000	\$7,269,000	\$7,589,000
Debt Service					
Series 2019 Taxable Revenue Refunding Loan (Umpqua UAL)	\$158,612	\$154,909	\$151,206	\$147,173	\$143,151
2022 Sewer CIP Loan	\$753,168	\$752,920	\$753,256	\$753,144	\$753,584
2020 VacCon Loan (VacCon Truck #1)	\$33,771	\$8,443	\$0	\$0	\$0
2020 VacCon Loan (VacCon Truck #2)	\$33,462	\$33,465	\$16,731	\$0	\$0
SEWD (New Hogan)	\$20,620	\$20,621	\$0	\$0	\$0
New/Proposed Debt	\$0	\$501,694	\$501,694	\$501,694	\$501,694
Total Debt Service	\$999,634	\$1,472,051	\$1,422,887	\$1,402,011	\$1,398,429
Other Funding					
<i>Revenue Offsets</i>					
Operating Revenues	(\$134,000)	(\$134,000)	(\$134,000)	(\$134,000)	(\$134,000)
Other Revenues	(\$1,214,000)	(\$1,214,000)	(\$1,217,000)	(\$1,239,000)	(\$1,246,000)
Subtotal Revenue Offsets	(\$1,348,000)	(\$1,348,000)	(\$1,351,000)	(\$1,373,000)	(\$1,380,000)
<i>Adjustments</i>					
Reserve Funding	\$1,479,366	\$2,145,949	\$3,151,113	\$4,289,989	\$4,327,571
Adjustment for Mid-Year Increase	\$160,000	\$0	\$0	\$0	\$0
Subtotal Adjustments	\$1,639,366	\$2,145,949	\$3,151,113	\$4,289,989	\$4,327,571
Revenue Requirement from Rates	\$7,822,000	\$8,917,000	\$10,165,000	\$11,588,000	\$11,935,000

Proposed Five-Year EDU Charge Schedule

FY 2024 – FY 2028

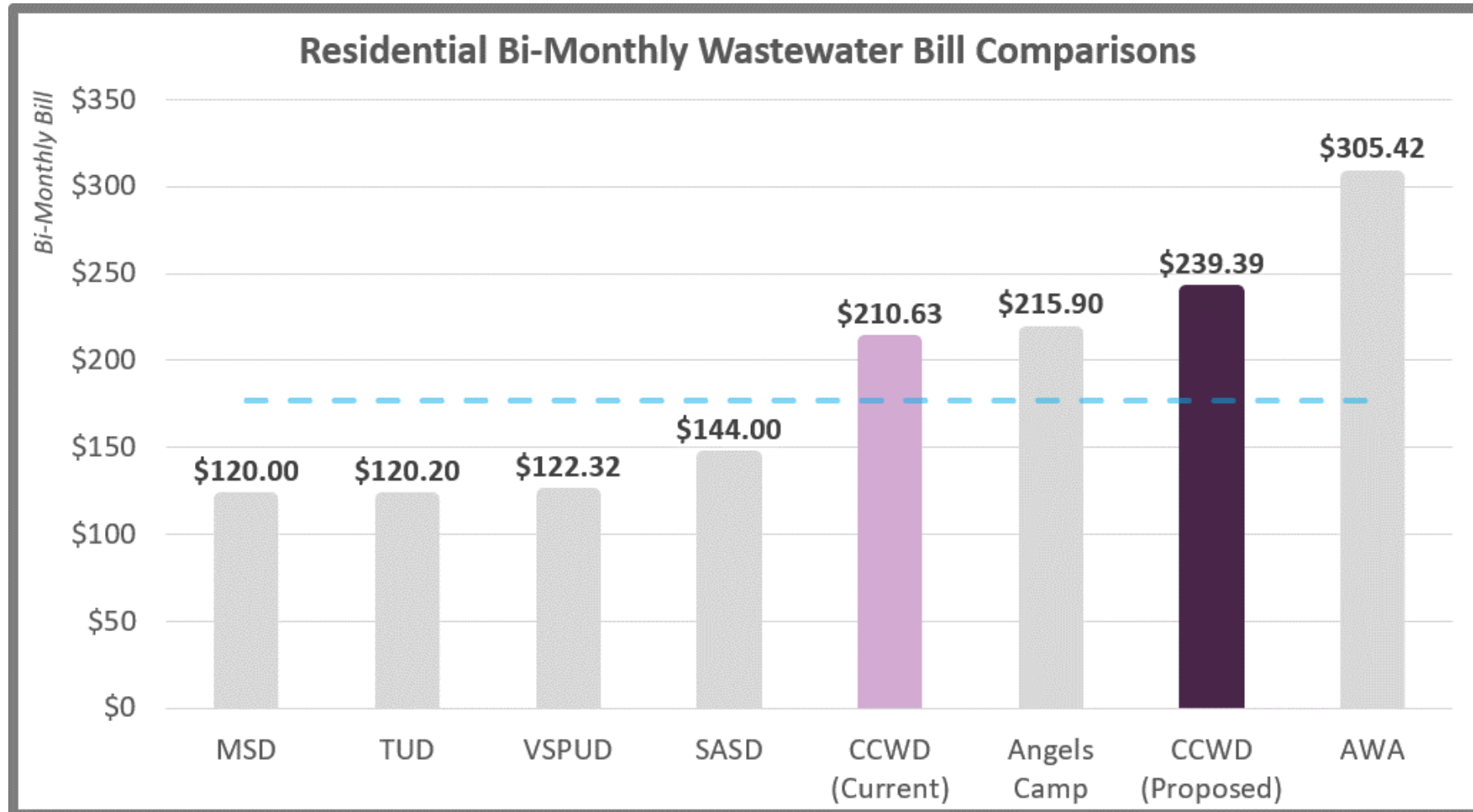
Total Fixed Charges (\$/Bi-Month/EDU)							
Customer Class	EDUs	Current	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Residential	4,711	\$210.63	\$239.39	\$272.90	\$311.09	\$354.64	\$365.26
Non-Residential	735	\$206.18	\$239.39	\$272.90	\$311.09	\$354.64	\$365.26

**EDU = Equivalent Dwelling Unit*

The charge per EDU should be the same.
Commercial accounts are assigned more
EDUs based on their type of use.

Wastewater Rate Survey – Bi-Monthly Comparison

Single-Family Residential (1 EDU)



Next Steps

Upcoming Tasks

- July 12th: Rate Workshop
- July 13th – July 24th: Draft Report
- July 24th: Mail Prop. 218 Notice
- Sept 13th: Public Hearing
- Oct 16th: Implementation date of proposed rates

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IB Consulting

Principal | Managing Partner

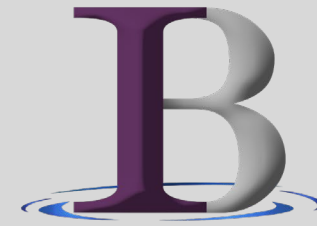
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C O N S U L T I N G