

# Calaveras County Water District

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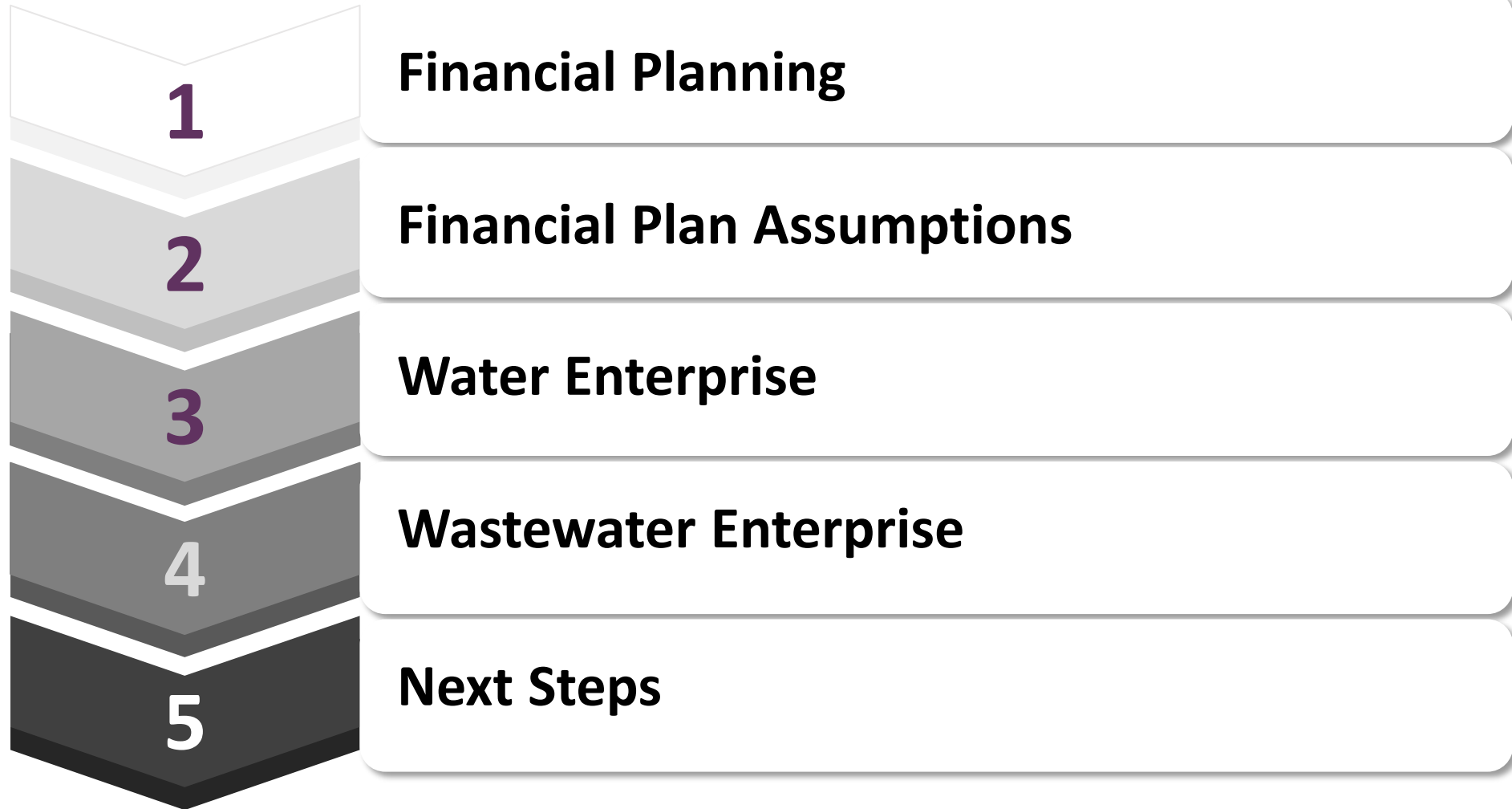
*Financial Planning Update*

**May 24, 2023**



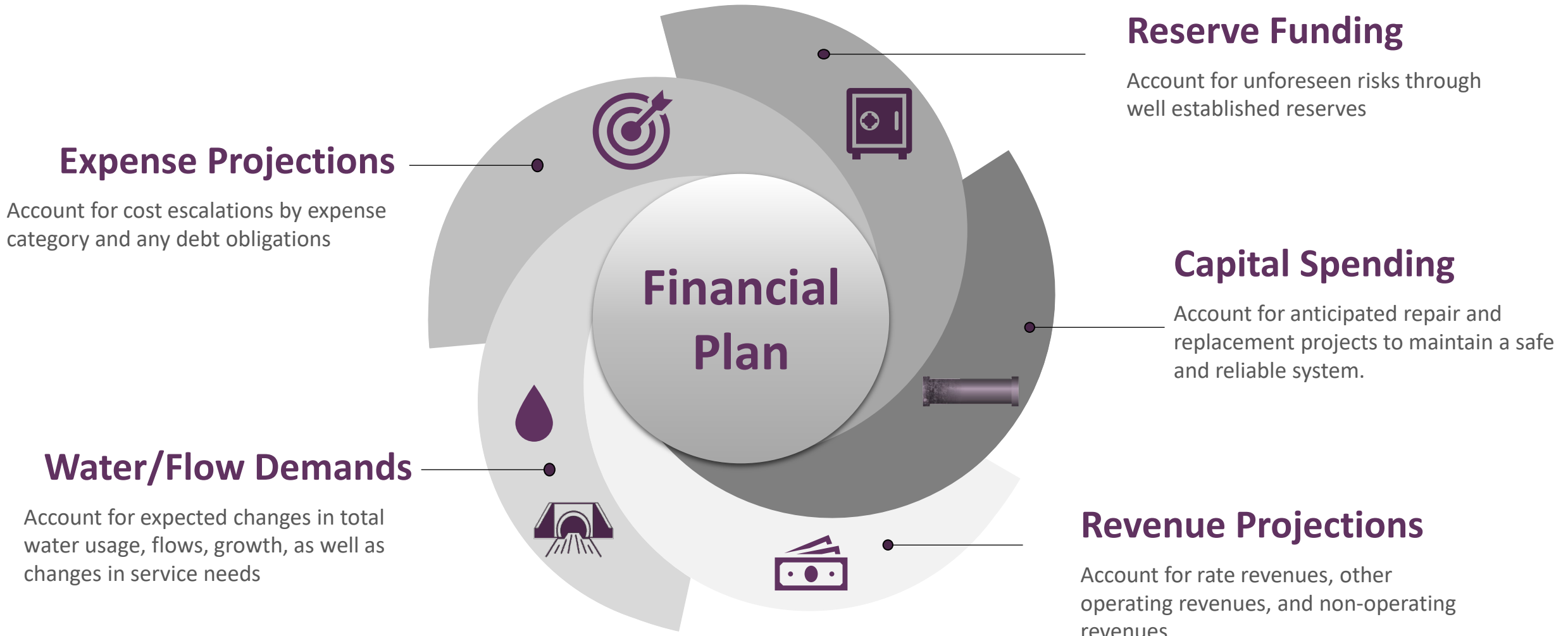
# Financial Plan Workshop

## Agenda



# 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**



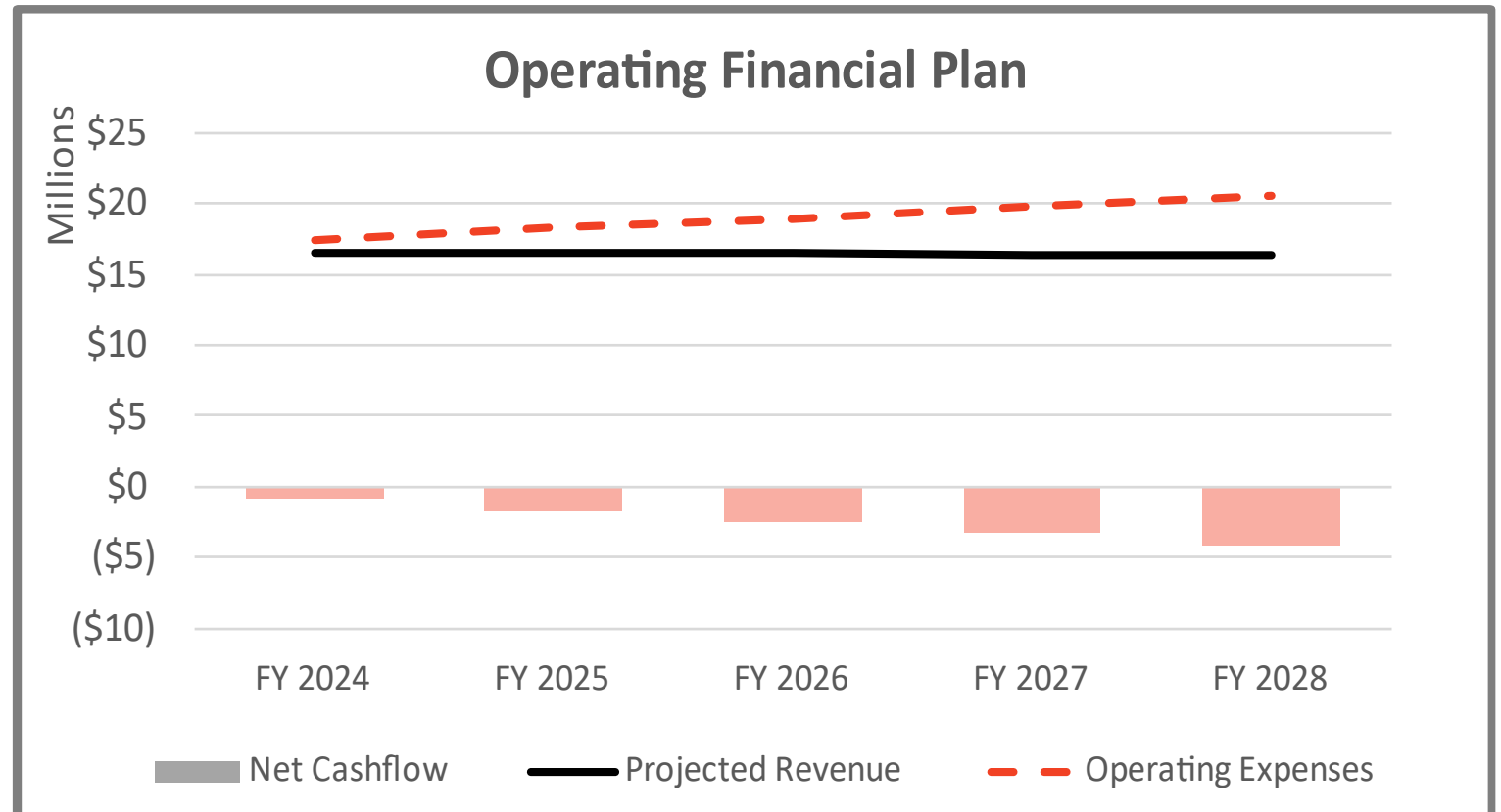
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# Current Financial Position

## At Existing Rates

### Financial Plan Metrics

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



# 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 = \$11.1M
  - Replenish and maintain healthy reserves

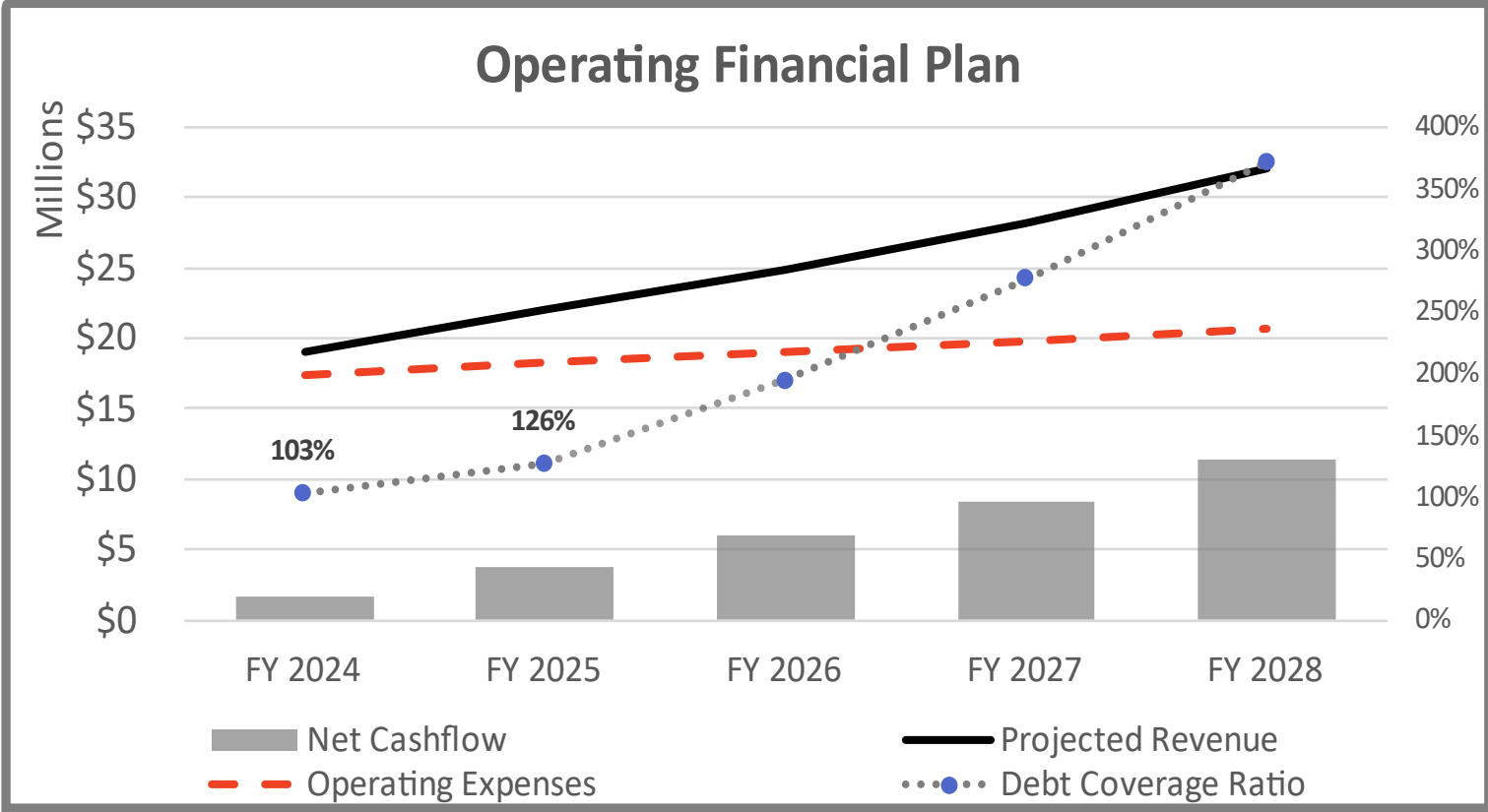
# Proposed Water Financial Plan – May 3rd

**FY 2024 – FY 2028**

Revenue Adjustments:  
 FY 2024 – FY 2028: 25%, 16%, 16%, 16%, 16%

## Proposed Financial Plan

- Positive Net Income
- Fully fund capital needs
  - \$54.5M over the next 5 years
- Issue debt to fund capital in short-term
  - Allows rates to increase over time and transition to PAYGO funding
  - \$16.5M in FY 2024-25
  - Ensure ongoing debt coverage
- Meets Reserve during planning period





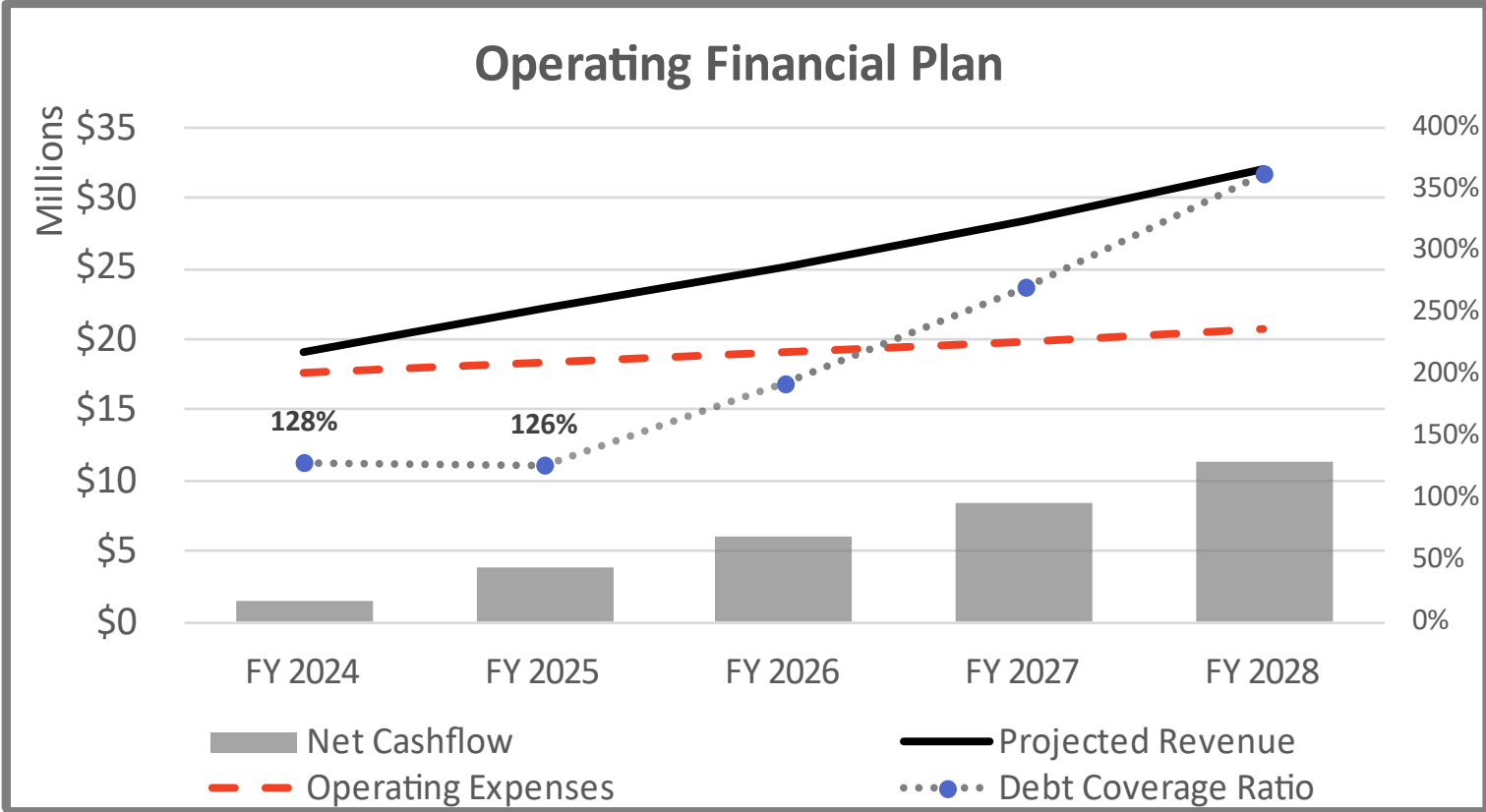
# Proposed Water Financial Plan – May 24th

## FY 2024 – FY 2028

Revenue Adjustments:  
 FY 2024 – FY 2028: 21%, 18%, 16%, 16%, 16%

### Adjusted Financial Plan

- Received FY 2024 property tax revenue projections from County
  - \$500k more than FY 2023 budget
- Uses Rate Stabilization Reserve to buydown debt for coverage
  - \$520k to principal buydown
  - FY 2024 coverage at 128%
- Capital Improvement Plan
  - Rescheduled projects over 5 years to be more leveled and less front loaded
  - Less pressure on rate increase in 1<sup>st</sup> year



# Wastewater Enterprise

**Long-Term Financial Plan**



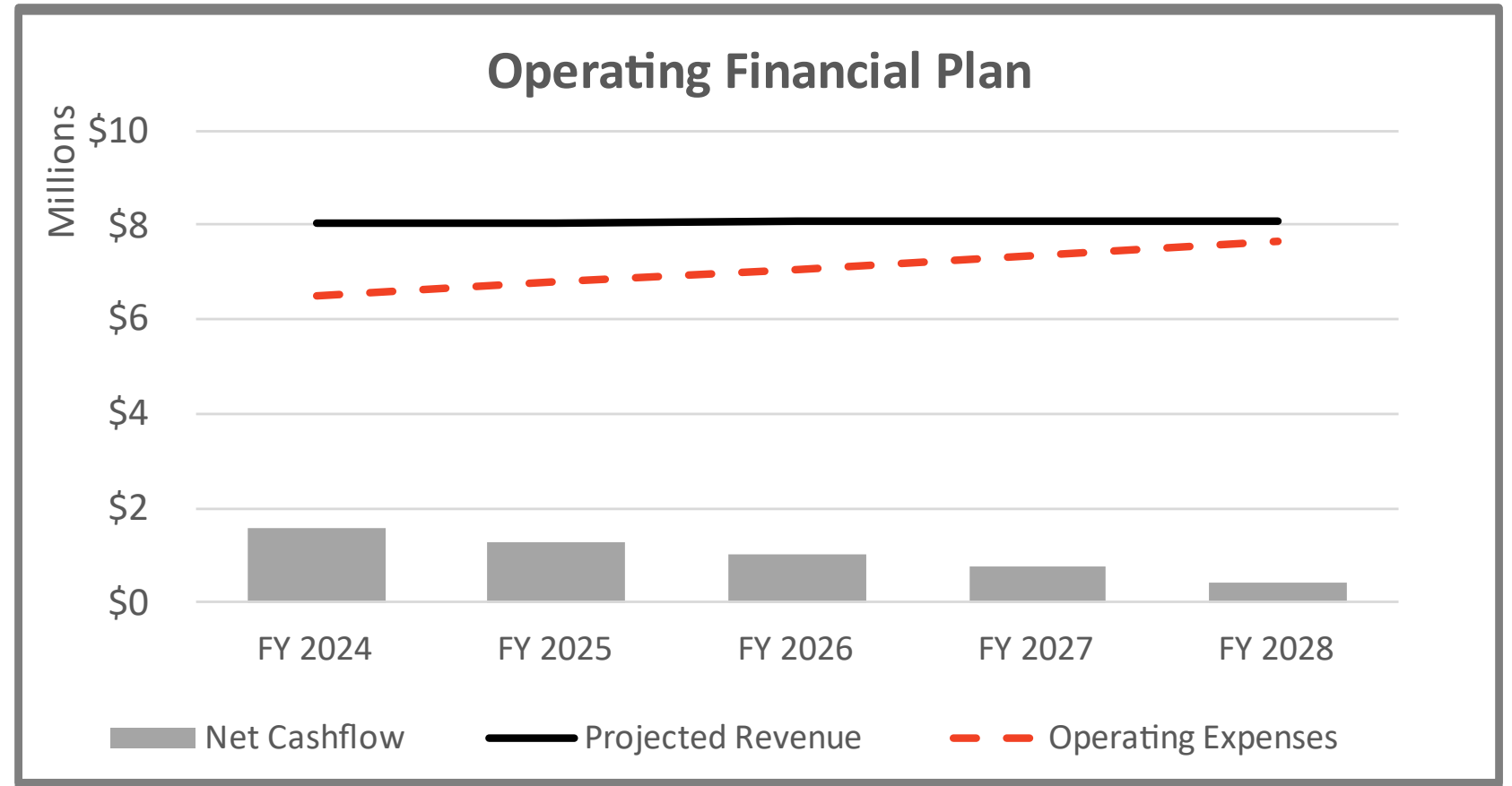
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# Current Financial Position

## Wastewater Enterprise

### Financial Plan Metrics

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



# Financial Position

## Wastewater at Current Rates

### Results From Review

- Net income decreasing each year
- Reserves below the minimum requirements
  - Total minimum = \$4.8M
- 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

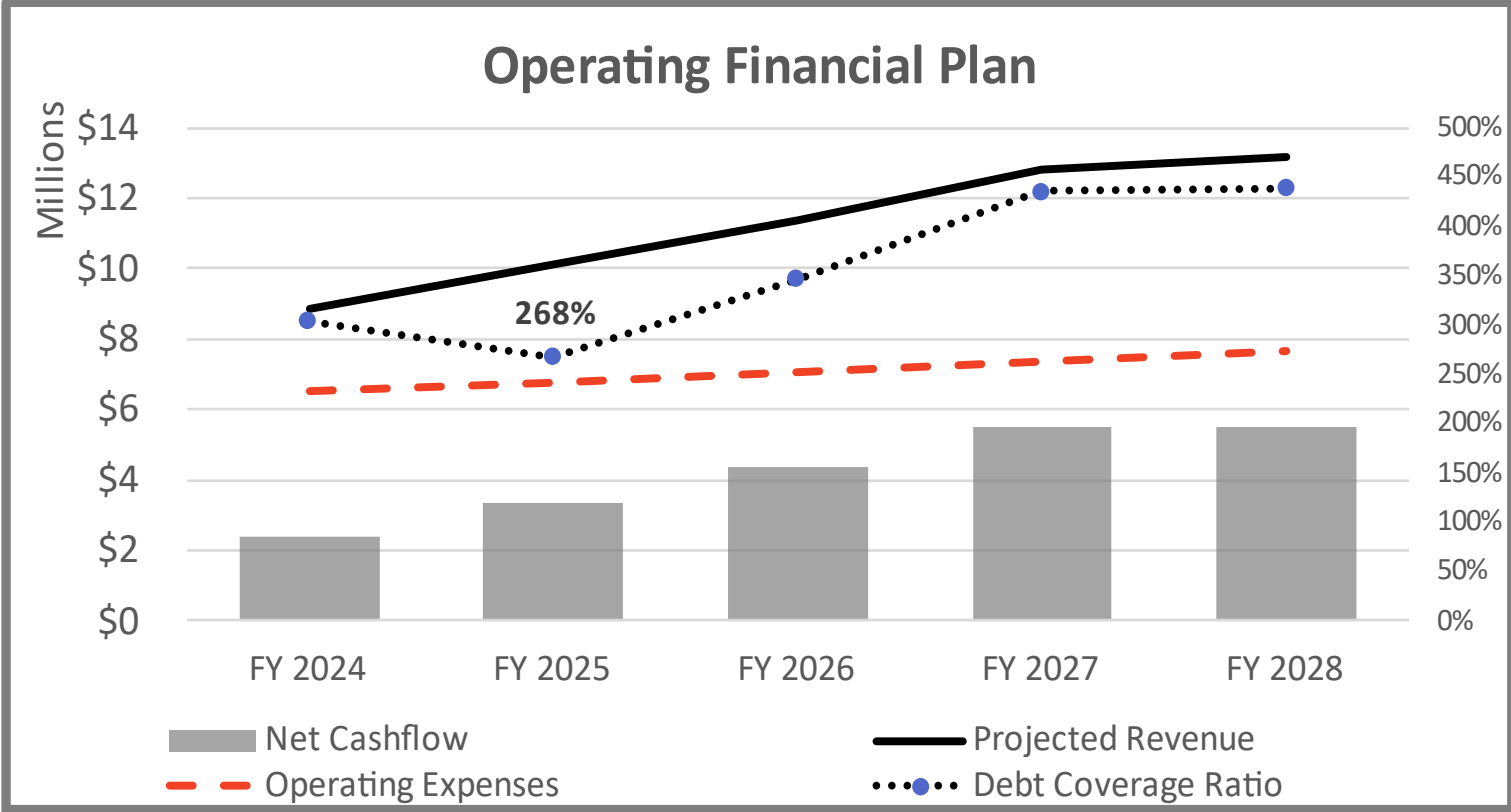
# Proposed Wastewater Financial Plan

**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 capital in short-term
  - 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



# Next Steps

## Upcoming Tasks

- Cost-of-Service Analysis / Rate Design
- July 12<sup>th</sup> – Rate Workshop
- July 24<sup>th</sup> – Mail Prop. 218 Notice
- Sept 13<sup>th</sup> – Public Hearing
- Oct 16<sup>th</sup> – Implementation date of proposed rates

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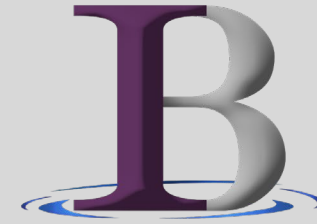
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