

Calaveras County Water District

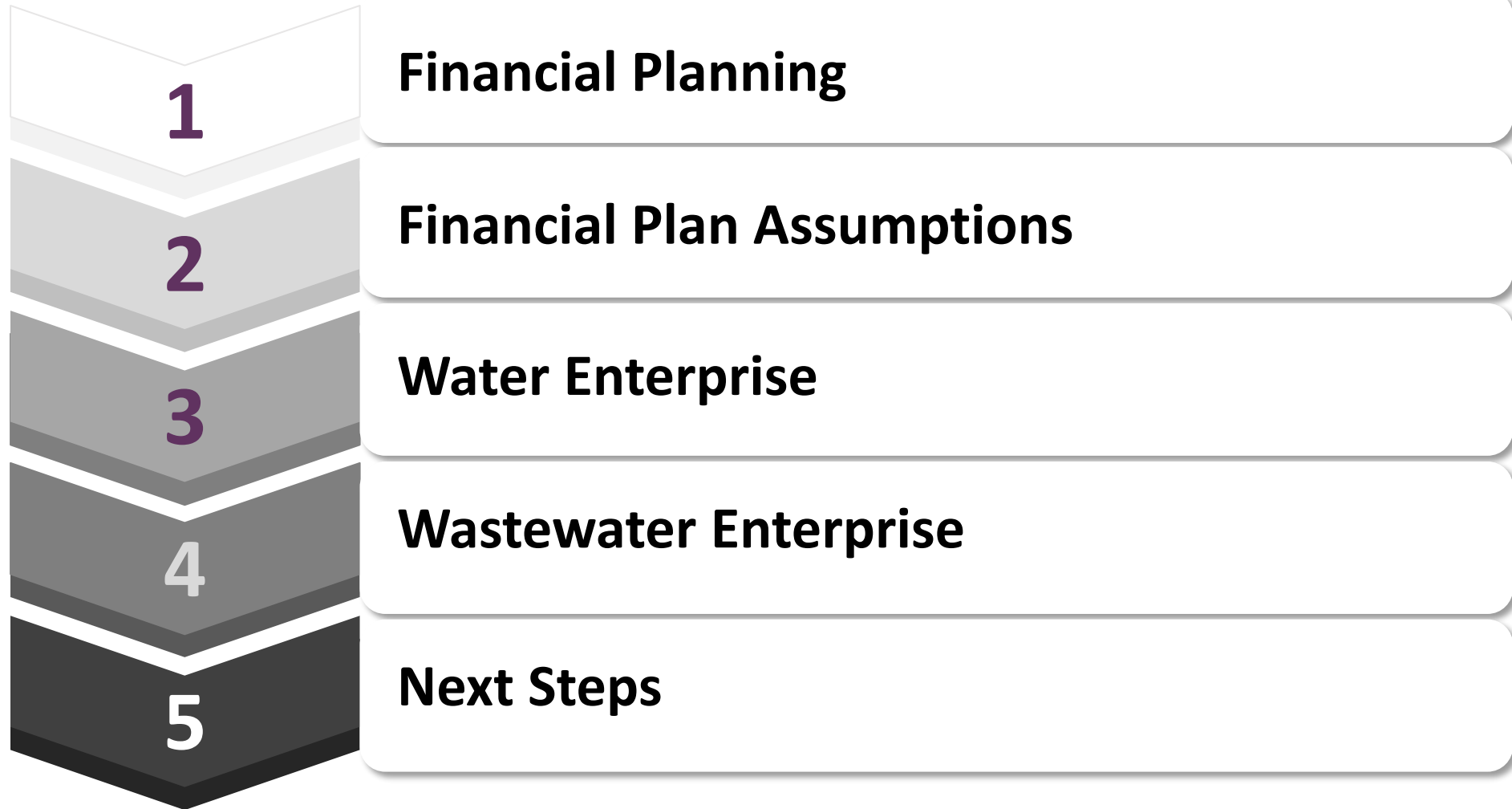
Financial Planning Workshop

April 28, 2023



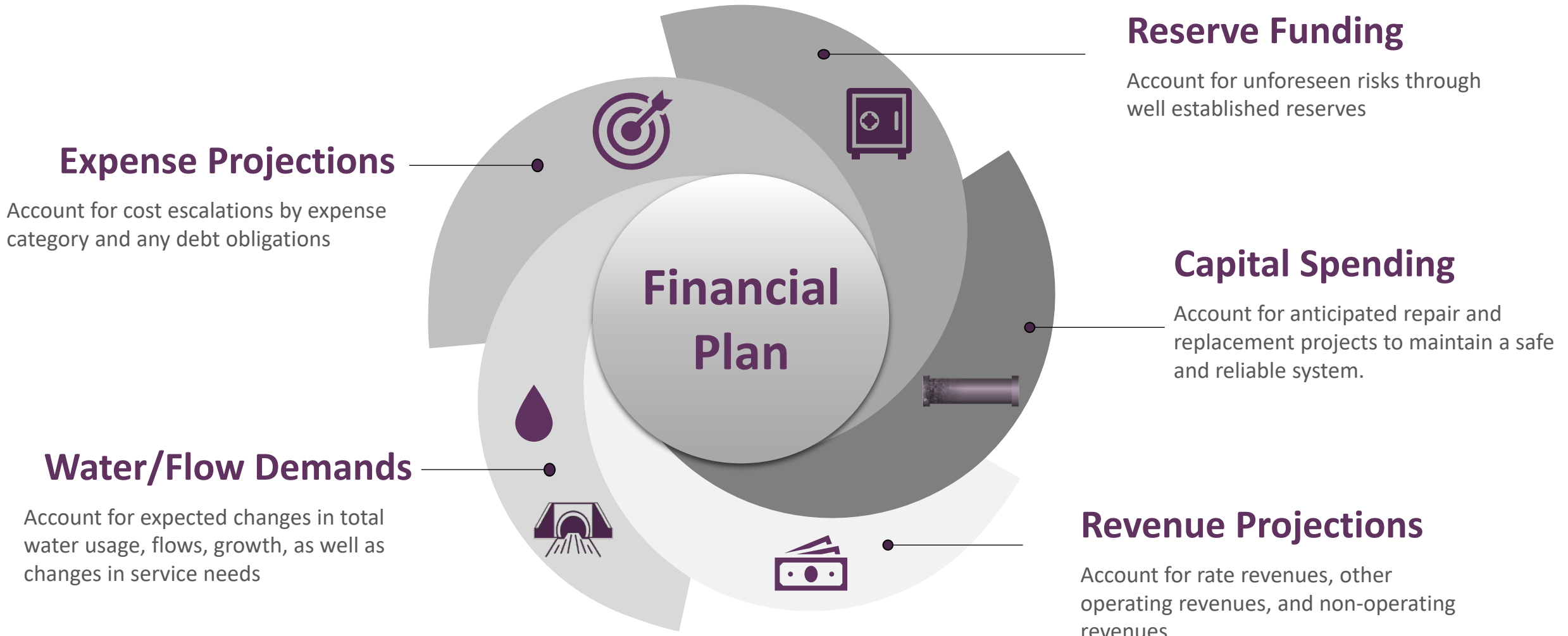
Financial Plan Workshop

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



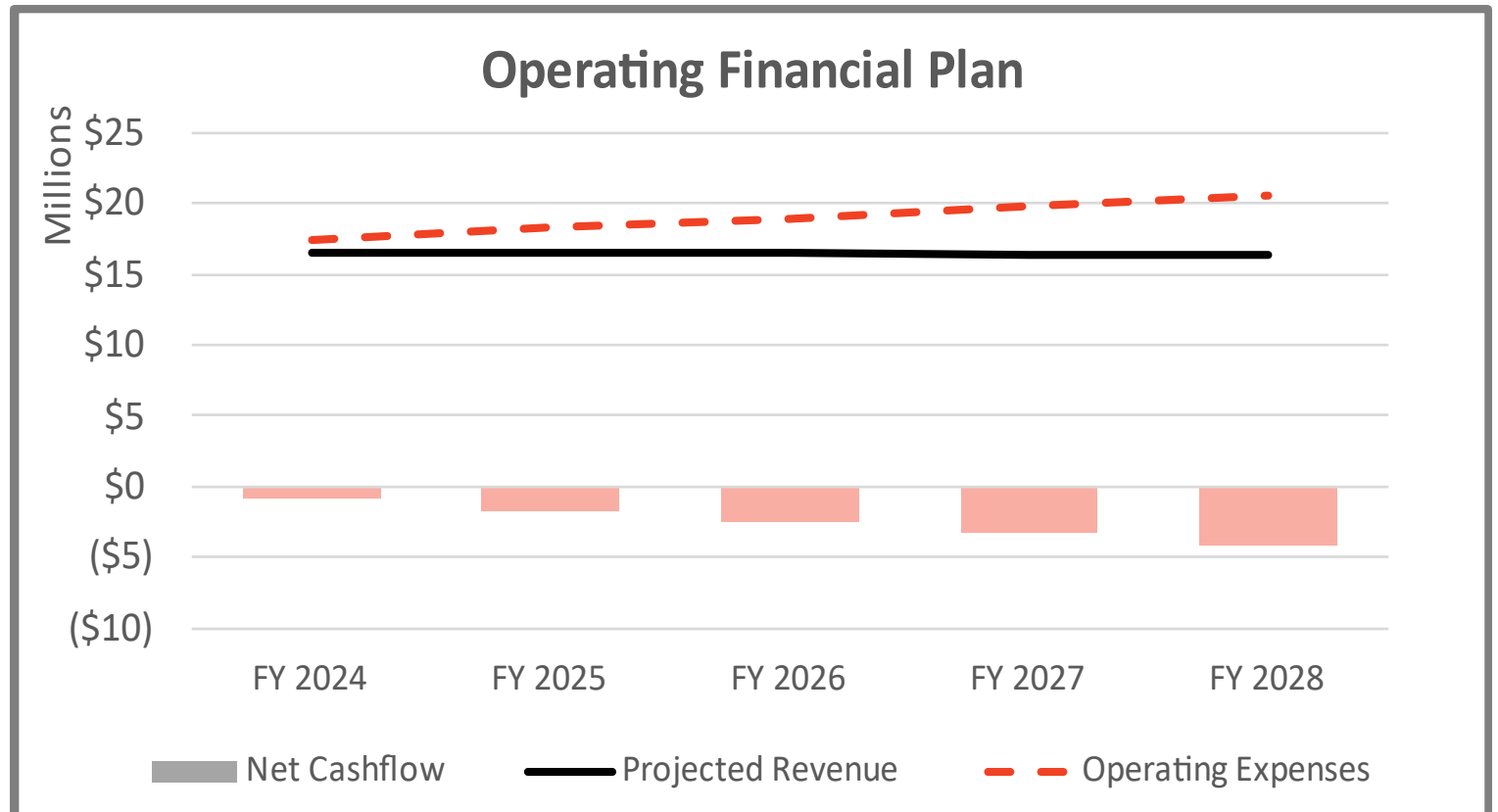
Calaveras County
Water District

Current Financial Position - Operating

At Existing Rates

Financial Plan Metrics

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

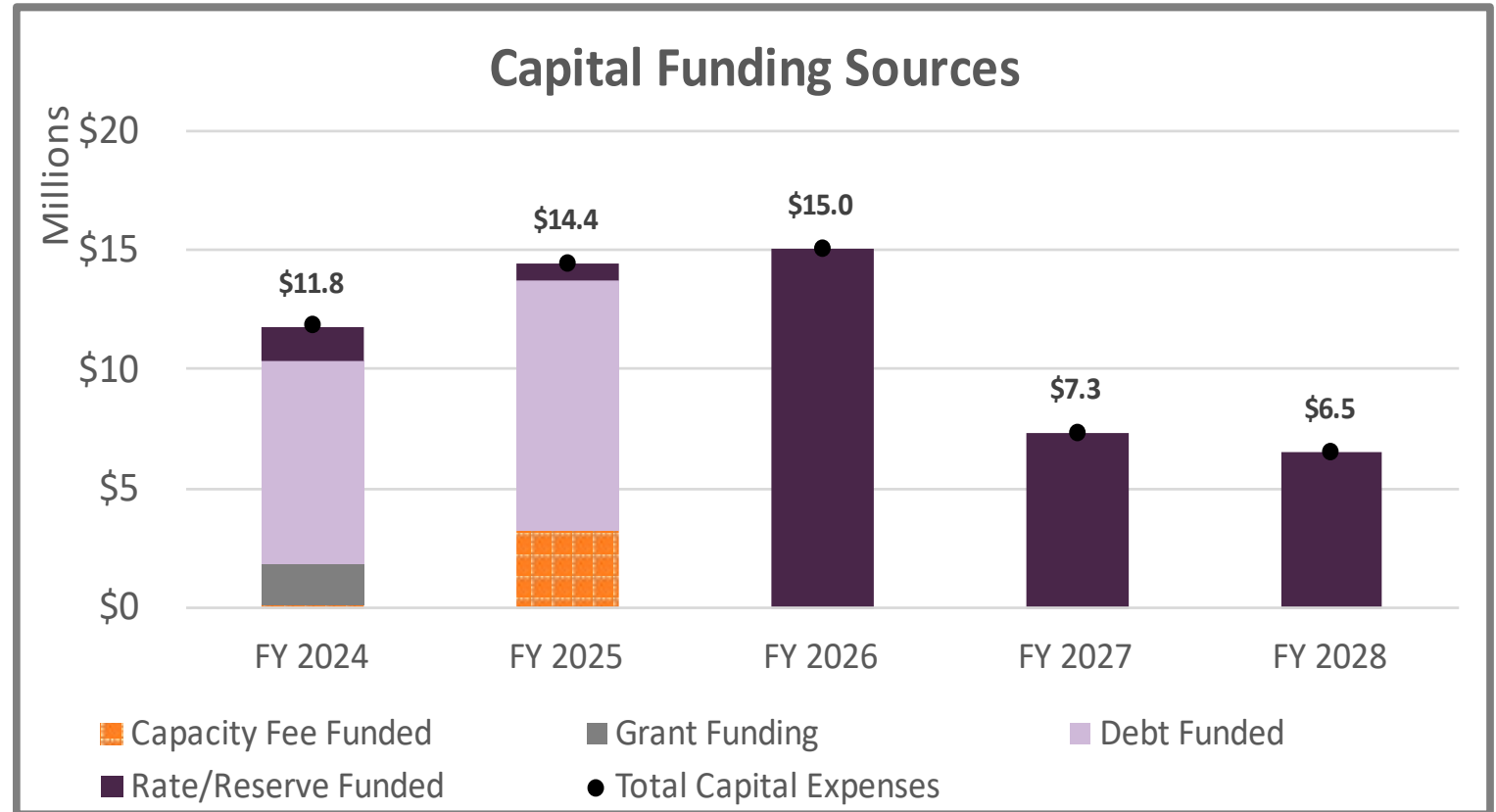


Current Financial Position - Capital

At Existing Rates

Financial Plan Metrics

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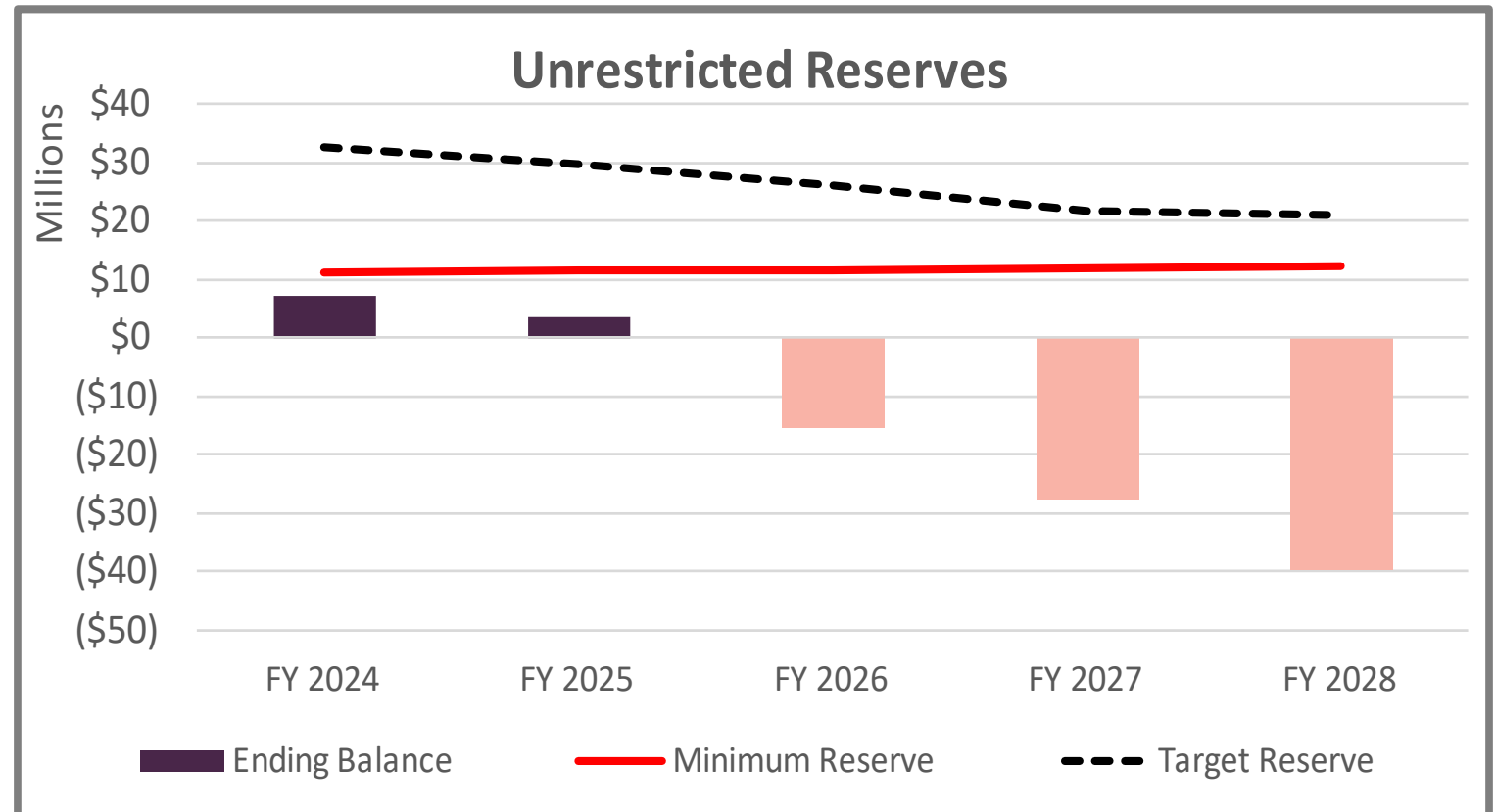


Current Financial Position - Reserves

At Existing Rates

Financial Plan Metrics

- Generate Positive Net Income
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Financial Position

Water at Current Rates

Results From Review

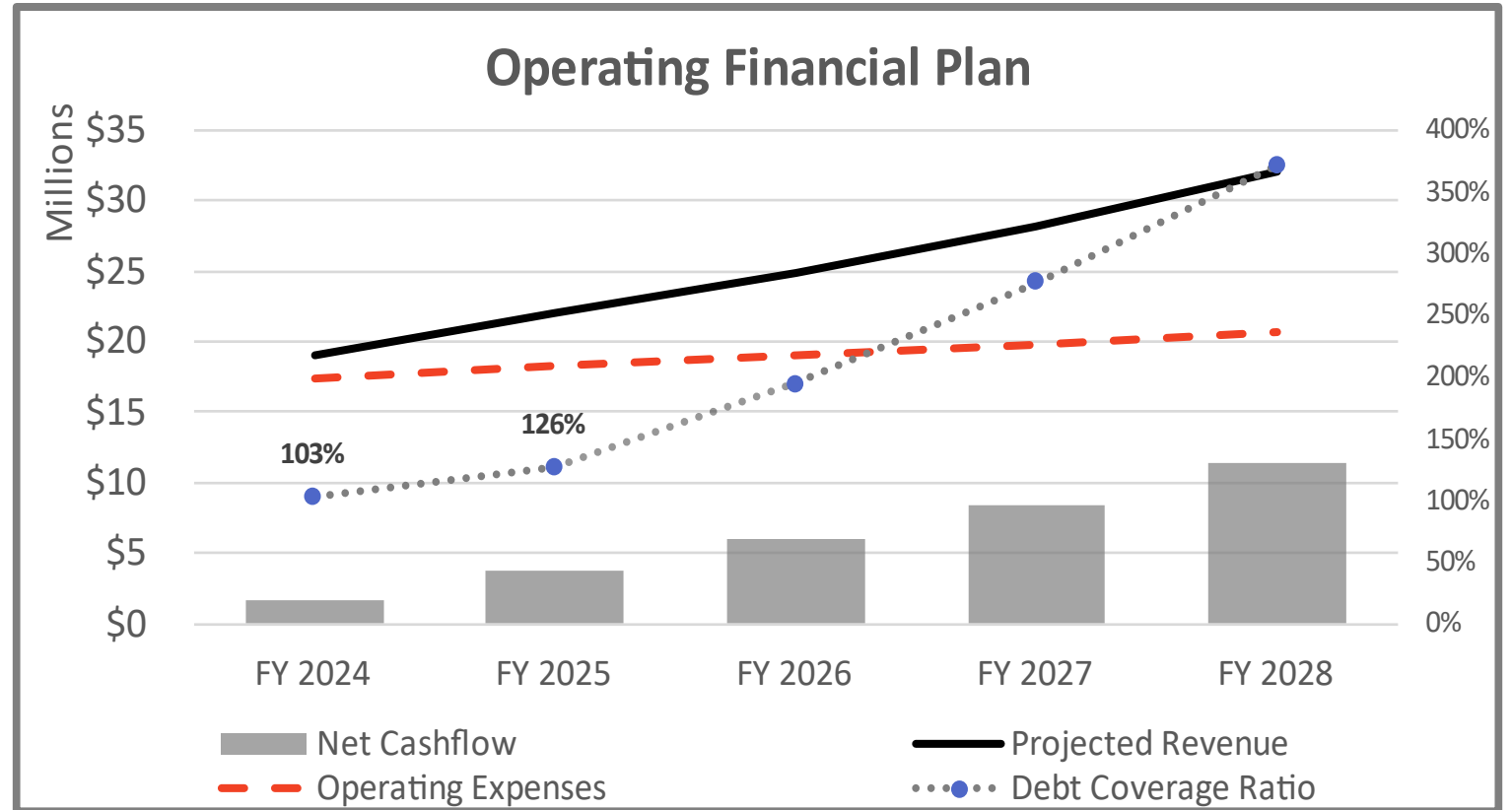
- Requires revenue increases each year
 - Eliminate ongoing operating deficit over the planning period
 - Reserves are below minimum requirements
 - ❖ Operating Reserve = 90 days of O&M
 - ❖ Capital Reserve = Annual depreciation
 - ❖ Rate Stabilization Reserve = 10% of operating revenues
 - ❖ Emergency Reserve = 3% of asset value
 - ❖ Total Minimum Requirement = \$11.1M
 - Replenish and maintain healthy reserves

Proposed Water Financial Plan - Operating

FY 2024 – FY 2028

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

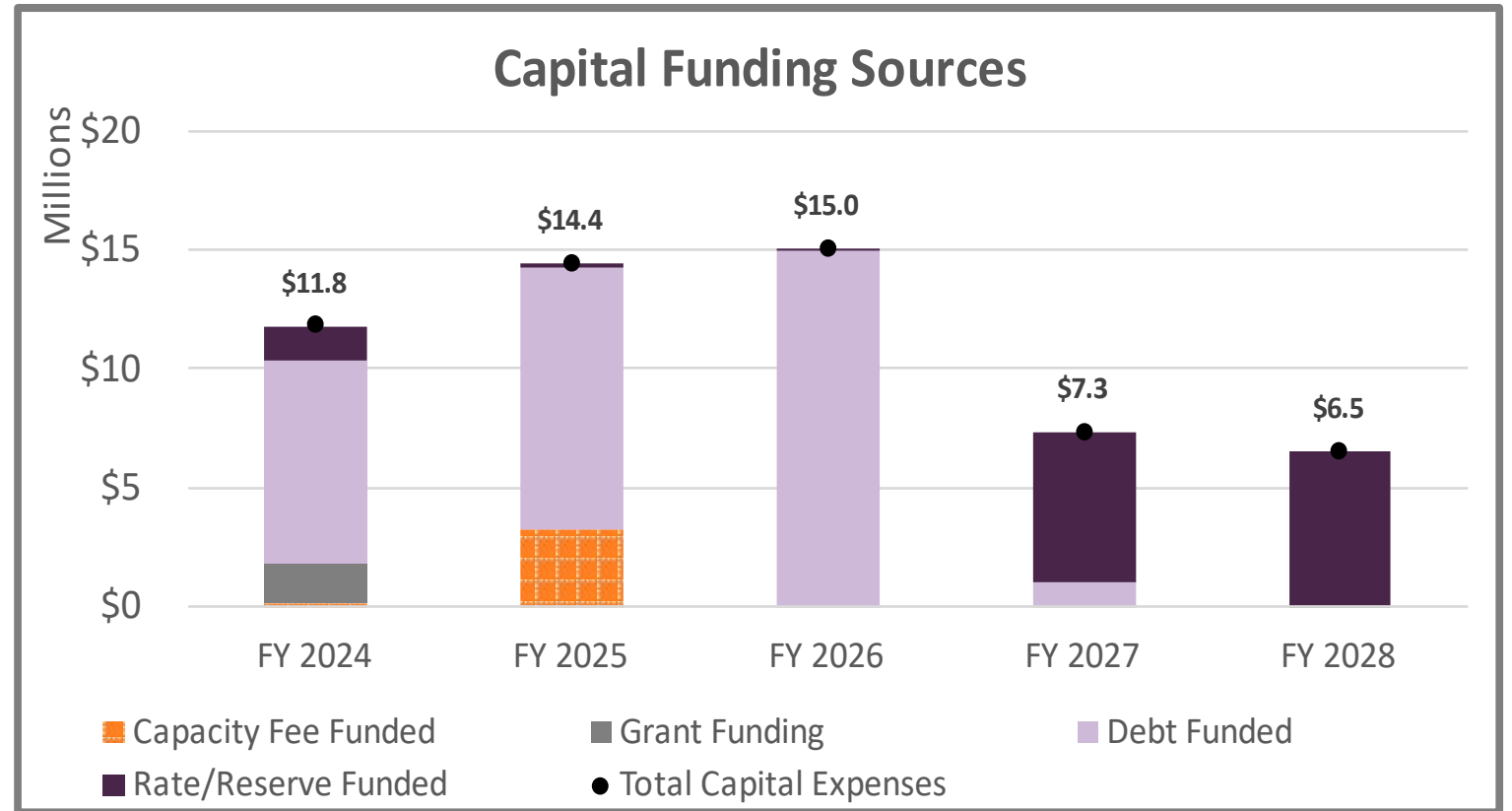


Proposed Water Financial Plan - Capital

FY 2024 – FY 2028

Proposed Financial Plan

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Proposed Water Financial Plan - Reserves

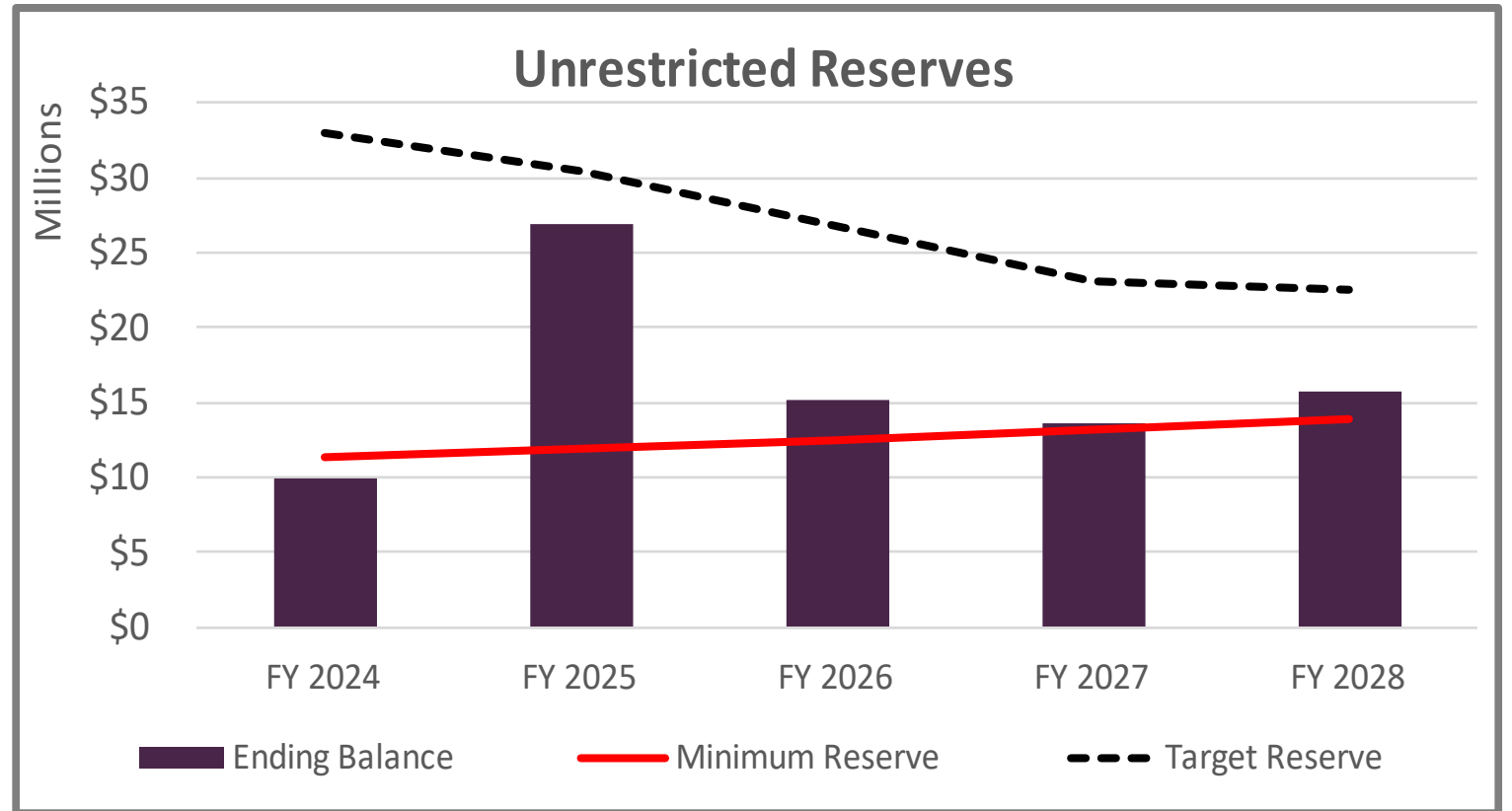
FY 2024 – FY 2028

Revenue Adjustments:

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

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Wastewater Enterprise

Long-Term Financial Plan



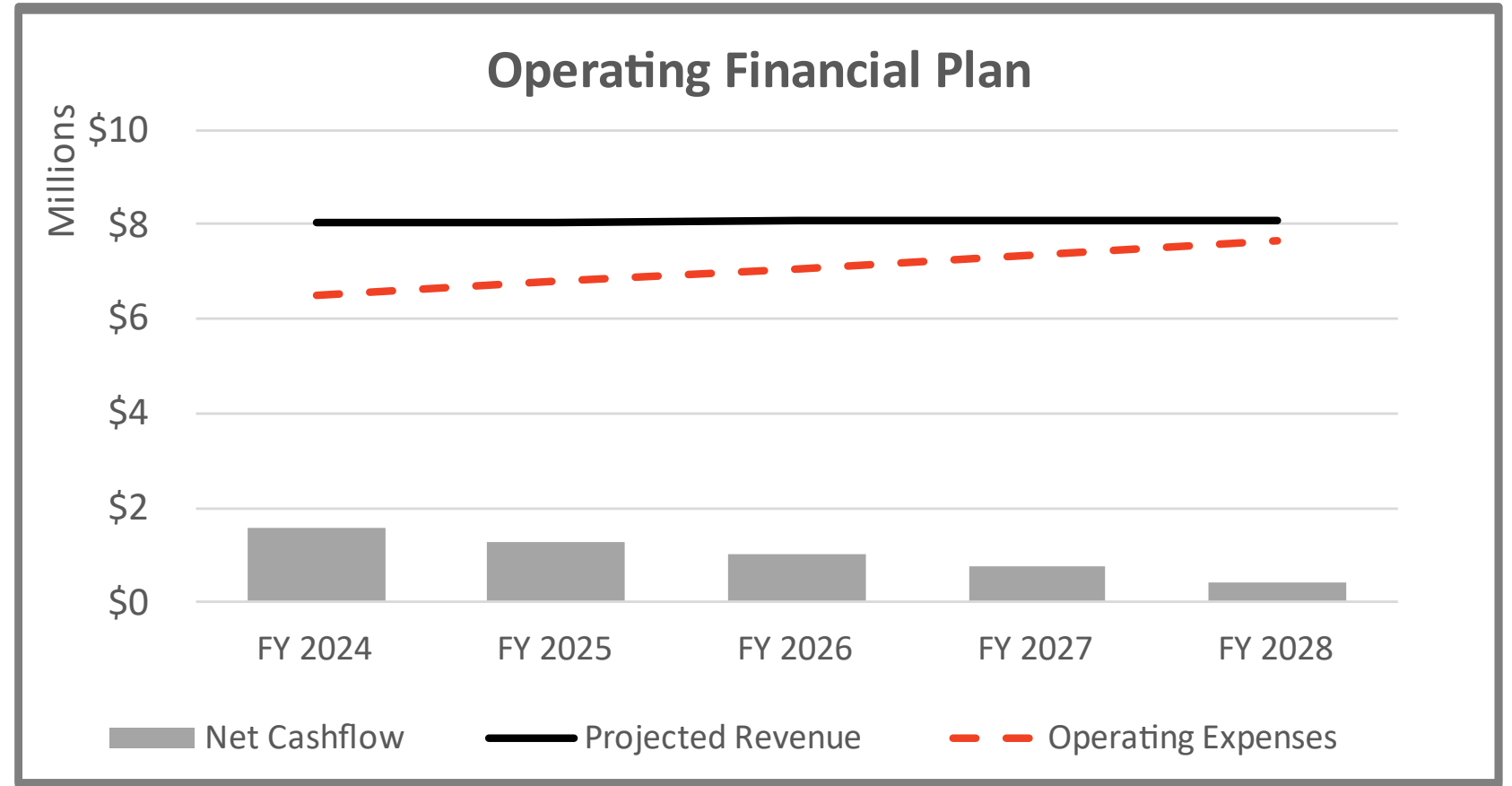
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Current Financial Position - Operating

Wastewater Enterprise

Financial Plan Metrics

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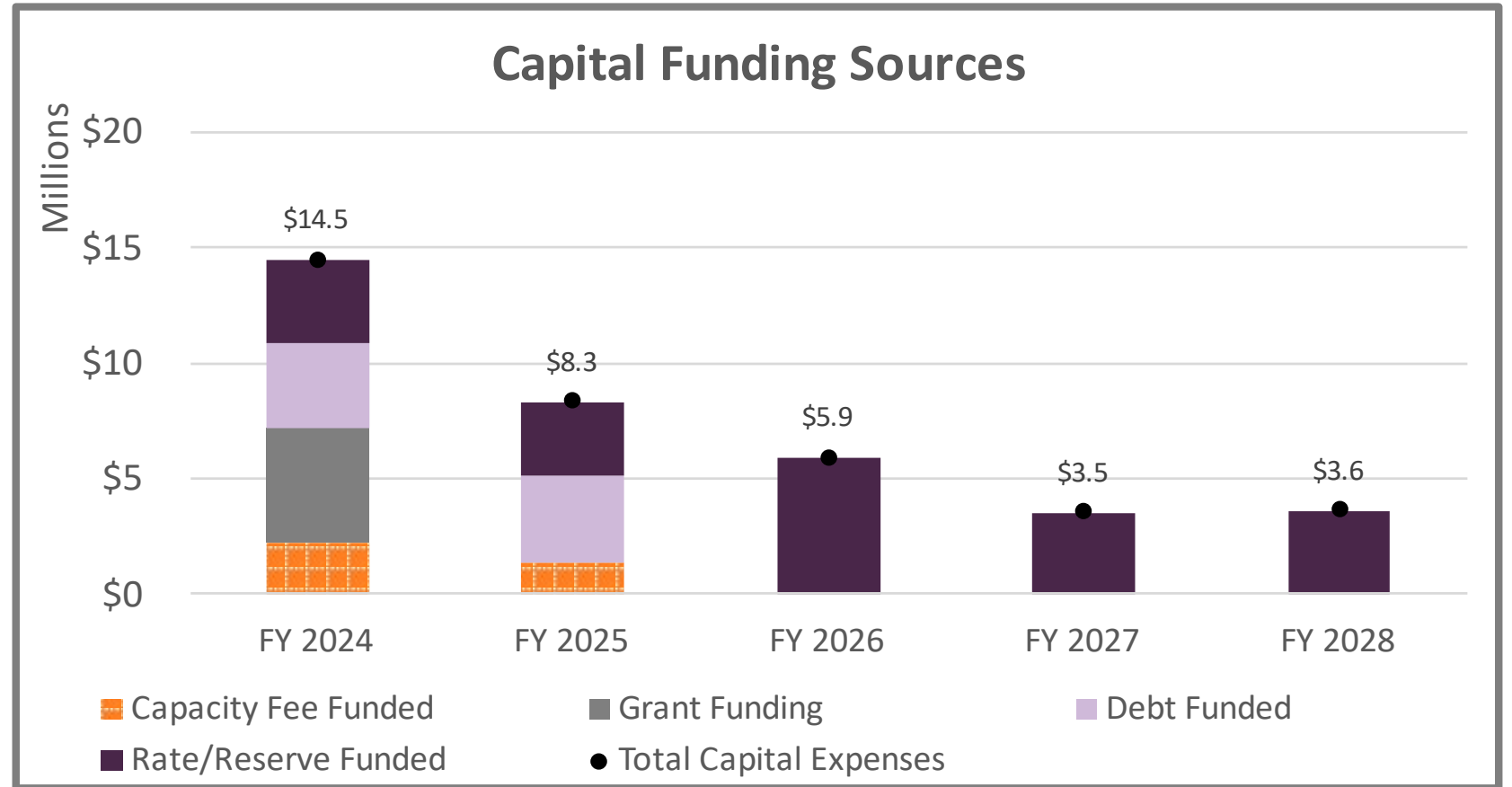


Current Financial Position - Capital

Wastewater Enterprise

Financial Plan Metrics

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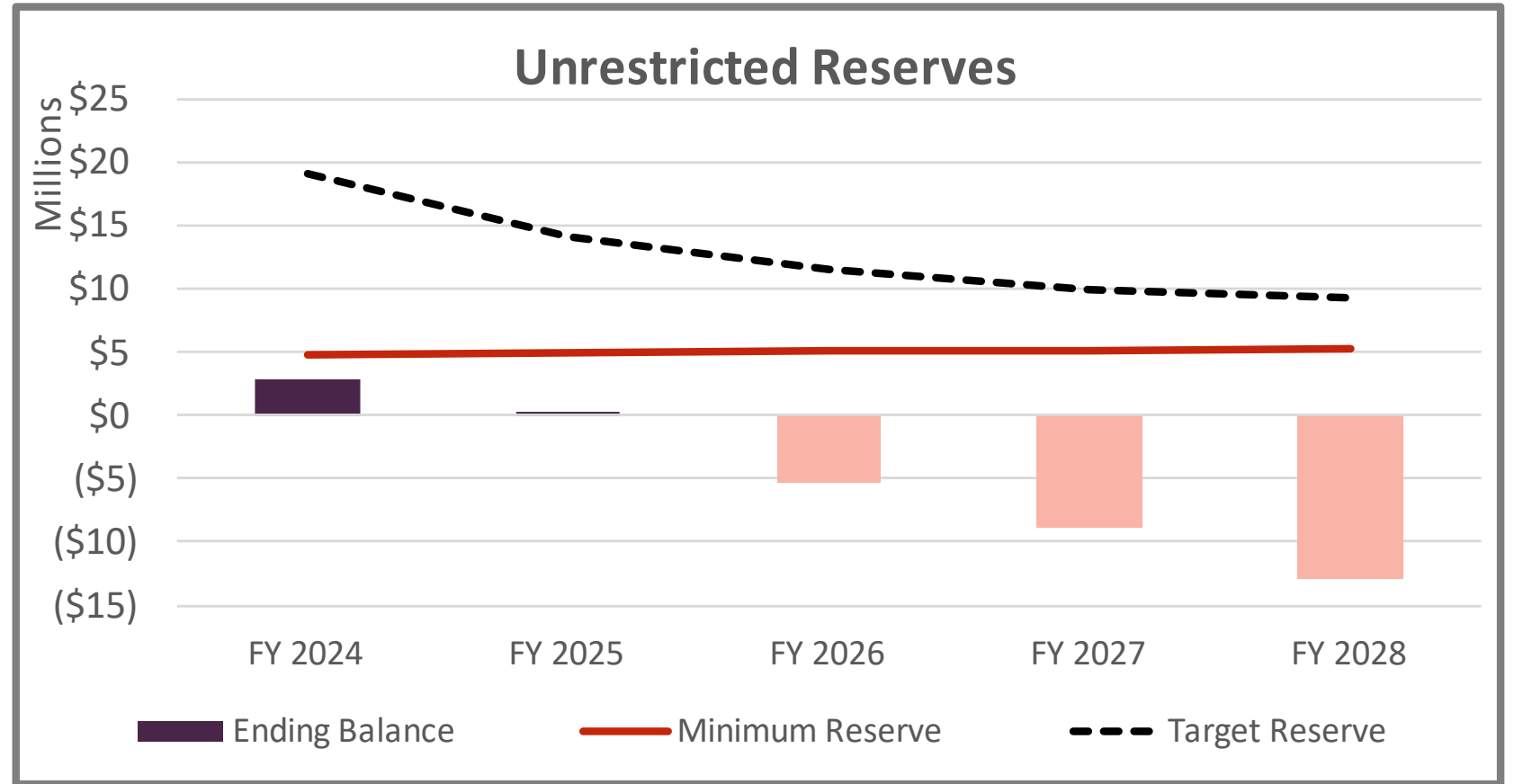


Current Financial Position - Reserves

Wastewater Enterprise

Financial Plan Metrics

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Financial Position

Wastewater at Current Rates

Results From Review

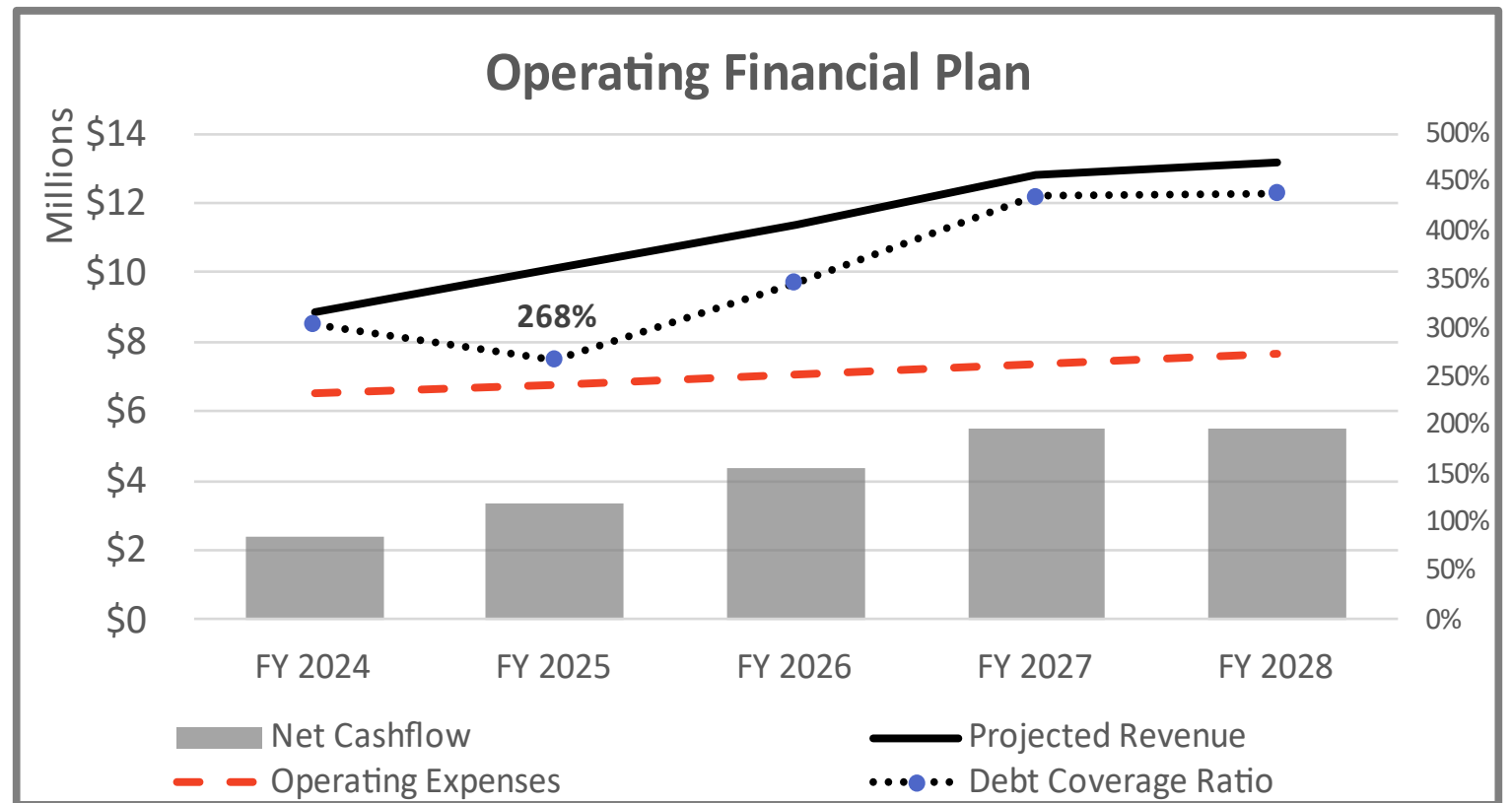
- Net income decreasing each year
- Reserves below the minimum requirements
 - Total minimum = \$4.8M
- At existing rates, reserves would be used to cover capital expenses
 - Not sustainable long-term
 - Reserves already below minimum requirements
 - Reserves depleted in FY 2025

Proposed Wastewater Financial Plan - Operating

FY 2024 – FY 2048

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

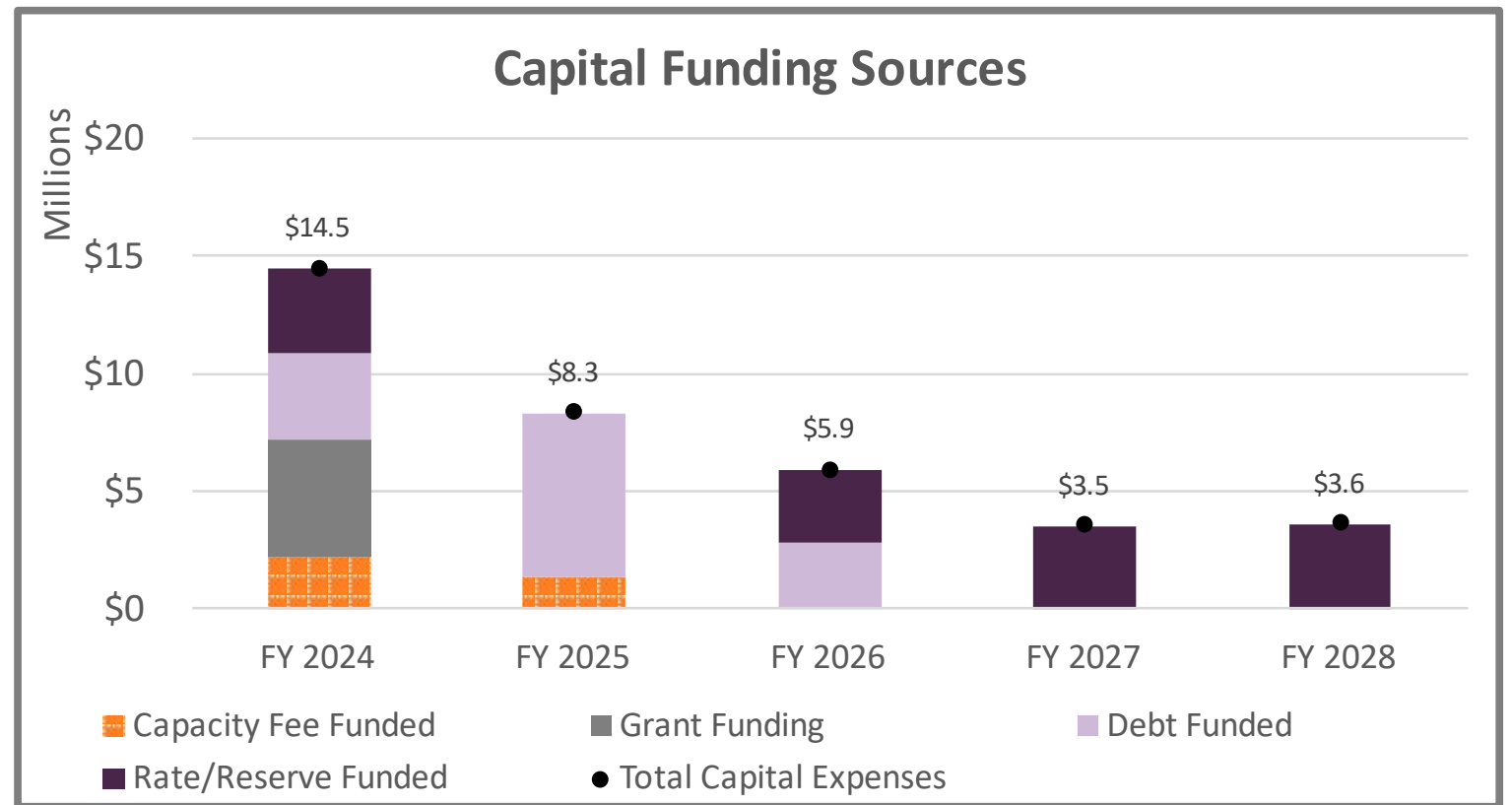


Proposed Wastewater Financial Plan - Capital

FY 2024 – FY 2048

Proposed Financial Plan

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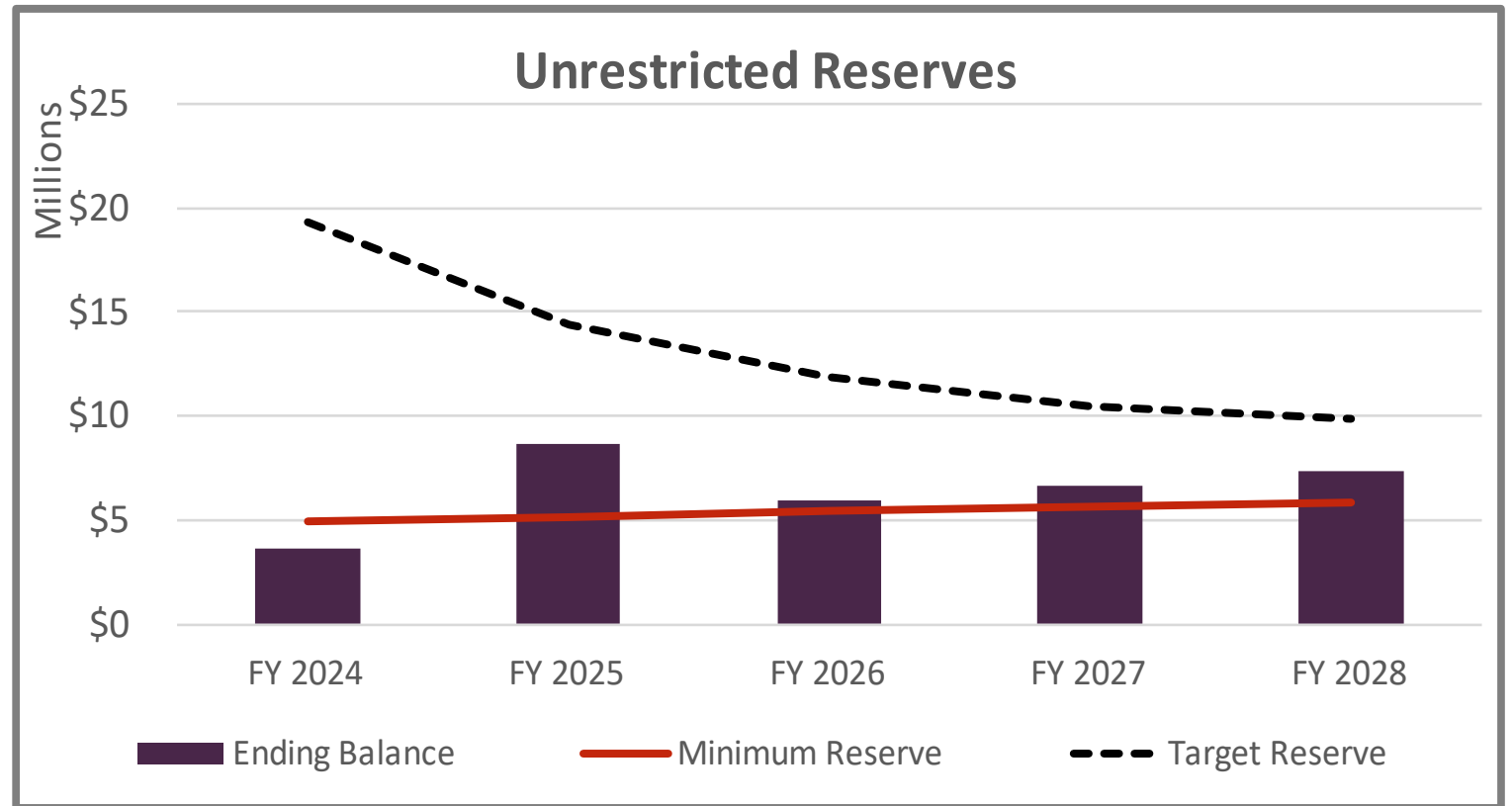
Proposed Wastewater Financial Plan - Reserves

FY 2024 – FY 2048

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

Proposed Financial Plan

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Next Steps

Upcoming Tasks

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

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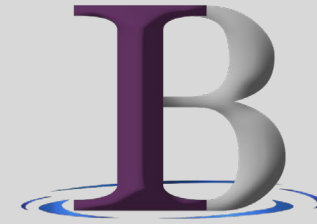
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