

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: December 15, 2022

SUBJECT: Presentation of Resolutions of Appreciation to Reg Cousineau and Martin Rowley.

Recommendation

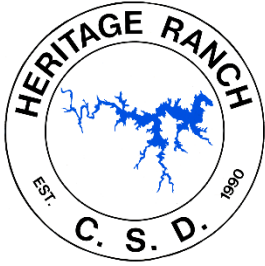
Receive and adopt Resolutions 22-12 and 22-13 expressing appreciation to Reg Cousineau and Martin Rowley for their service to the Heritage Ranch Community Services District.

Discussion

It is the custom of the Board to adopt these types of resolutions as an expression of appreciation for departing Board members. A framed original of each resolution has been prepared for presentation at this meeting.

Attachments: Resolution 22-12 and Resolution 22-13

File: BOD



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-12**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
EXPRESSING APPRECIATION TO
REGINALD COUSINEAU**

WHEREAS, Reginald Cousineau served as a member of the Board of Directors of the Heritage Ranch Community Services District from December 18, 2014, to December 1, 2022; and

WHEREAS, Reginald Cousineau did, during his tenure; provide his wise counsel and his trademark calm and composed demeanor in all his decision making with the ability to break down issues to their fundamental impacts to the District and the people of the community including his guidance on the Sustainable Groundwater Management Committee with the other Paso Robles Groundwater Basin agencies and was instrumental in leading the District in successfully requesting and obtaining a Basin Boundary Modification Request from the State Water Resources Control Board which has long-term positive impacts to the community, served as Board president in 2017 and 2022, is an important and valued contributor to the Water Resource Recovery Facility Project and is a signatory to the Project Charter, and rendering his invaluable service and counsel in the direction of programs and policies to insure the strength and continued future for the water, wastewater, and solid waste operations that service the community of Heritage Ranch and the financial strength of the Community Services District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Heritage Ranch Community Services District that this Board of Directors does hereby express to Reginald Cousineau our gratitude and appreciation for the services he rendered as a member of the Board of Directors of this District and for his unrelenting, devoted, and unceasing efforts for and on behalf of this District.

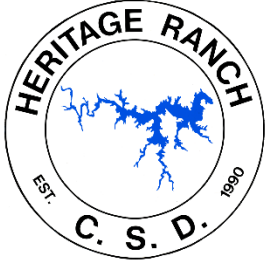
PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 15th of December 2022.

APPROVED:

ATTEST:

Bill Barker, President
Board of Directors

Kristen Gelos, Secretary
Board of Directors



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 22-13**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
HERITAGE RANCH COMMUNITY SERVICES DISTRICT
EXPRESSING APPRECIATION TO
MARTIN ROWLEY**

WHEREAS, Martin Rowley served as a member of the Board of Directors of the Heritage Ranch Community Services District from December 18, 2014, to December 1, 2022; and

WHEREAS, Martin Rowley did, during his tenure; provide his wise counsel and his calm and composed demeanor in all his decision making with the ability to break down issues to their technical impacts to the District and the people of the community including his guidance and diligence in monitoring and reporting of Nacimiento Reservoir operations and the emergency water shortage regulations and staged water use reduction plan and ensuring communication of same to staff and the Board, served as Board president in 2018, is an important and valued contributor to the Water Resource Recovery Facility Project and is a signatory to the Project Charter, and rendering his invaluable service and counsel in the direction of programs and policies to insure the strength and continued future for the water, wastewater, and solid waste operations that service the community of Heritage Ranch and the financial strength of the Community Services District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Heritage Ranch Community Services District that this Board of Directors does hereby express to Martin Rowley our gratitude and appreciation for the services he rendered as a member of the Board of Directors of this District and for his unrelenting, devoted, and unceasing efforts for and on behalf of this District.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Heritage Ranch Community Services District on the 15th of December 2022.

APPROVED:

ATTEST:

Bill Barker, President
Board of Directors

Kristen Gelos, Secretary
Board of Directors

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors
FROM: Scott Duffield, General Manager
DATE: December 15, 2022
SUBJECT: Election of a Board President and Vice President for 2023.

Background

District Code of Ordinance states:

2.110 - Officer Election And Term Of Office

The President and Vice President of the Board shall be elected by the members of the Board for a one-year term pursuant to a rotation policy. The election shall be held at any time during the first regular meeting following the date members of the Board are eligible to assume office following the general District election. The Manager, Secretary, and Treasurer shall serve at the pleasure of the Board.

2.120 - President

The President shall

- A. Be the principal executive officer of the District and, unless otherwise determined by the members of the Board, shall preside at all meetings of the Board, and
- B. May sign deeds, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly designated by the Board to some other officer or agent of the District or shall be required by law to be otherwise signed or executed and,
- C. Shall perform in general all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

2.130 - Vice President

The Vice President shall in the absence of the President, assume the duties and powers of the President. In the absence of the President and the Vice President, at any meeting, a President pro tempore may be selected to assume the duties and powers of the President.

The District's Board officers pursuant to the rotation policy are shown in Attachment A.

Attachments: Attachment A – Board of Directors and Officers

File: BOD

Officers	2018	2019	2020	2021	2022
President	Martin Rowley	Bill Barker	Dan Burgess	Devin Capps	Reg Cousineau
VP	Bill Barker	Dan Burgess	Devin Capps	Reg Cousineau	Martin Rowley
	Dan Burgess	Devin Capps	Reg Cousineau	Martin Rowley	Bill Barker
	Devin Capps	Reg Cousineau	Martin Rowley	Bill Barker	Dan Burgess
	Reg Cousineau	Martin Rowley	Bill Barker	Dan Burgess	Devin Capps
Officers	2023	2024	2025	2026	2027
President					
VP					

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: December 15, 2022

SUBJECT: Appointments to the District's committees for the term 2023 – 2024.

Background

The Board President may appoint standing and/or ad-hoc committees. Committee motions and recommendations shall be advisory to the Board and shall not commit the District to any policy, act or expenditure unless expressly delegated by Board action. Nor may any committee direct staff to perform specific duties unless duly authorized by the Board. The committee chair is authorized to schedule committee meetings as deemed necessary and all such meetings shall follow Open Meeting Law of California (Brown Act).

Committees may include two Board members and members of the public. The Manager is the staff person assigned to all Committees. The Board President appoints membership to committees at the first regular meeting in December in even number years. Committee membership lasts for two years.

Each standing committee has a Board approved Statement of Purpose as set forth in Attachment A.

Attachments: Attachment A – Standing Committees Statement of Purpose
Attachment B – Current Committee Membership

Attachment A

HERITAGE RANCH COMMUNITY SERVICES DISTRICT STANDING COMMITTEES

Finance & Audit Committee

Statement of Purpose - February 20, 1997

There are those who believe that budget reports are the most important documents produced by an organization. If they are not, they certainly come close. After all, money and the amount available is the fuel of our engine.

As a public agency, we are the stewards of public funds. We are charged with the responsibility to invest and spend wisely. We have the obligation to sustain an infrastructure that in turn sustains life itself, as well as monetary investment in property and improvements by our constituency.

The purpose of this committee is to seek and maintain a balance of revenues and expenditures which are both fair to our constituents and sustain the community owned infrastructure which serves them. This philosophy is accomplished through developments and use of budgets, financial reports and audits that enable adequate cash flows for both routine operations and special projects. This Committee reviews all rate increase issues.

Operations and Engineering Committee

Statement of Purpose - February 20, 1997

Engineering is the practical application of knowledge. In our case, this means such things as the mechanics of providing services and enhancement of same as technology allows or regulations dictate. For this reason, engineering relates to operations, and therefore are combined.

A major element of our operation is of course the facilities used to provide water and sewer services. This includes not only the more direct components such as pumps and pipelines, but also the indirect or supporting components such as rolling stock, equipment, labs, shops, tools, and parts. We also have the authority for removal of Solid Waste, a function handled by contract with the San Miguel Garbage Company. The District does not perform any hands-on activity with this operation.

Following the reorganization of CSA 19 to the District, we have facilitated several capital improvements and upgrades. As time progresses, we will have more such activity, especially if we add new services or face new regulatory requirements. The relationship of engineering and operations calls for integration of applied science to create and build along with efficient operation and proper maintenance.

The purpose of this committee is to ensure efficient operation of our facilities. This includes improvements or enhancements that improve that purpose or to maintain long term integrity of our facilities as determined by planning. This Committee receives consulting advice from the District Engineer.

Attachment A

HERITAGE RANCH COMMUNITY SERVICES DISTRICT STANDING COMMITTEES

Personnel Committee

Statement of Purpose - February 20, 1997

To carry out the mission of any organization, it is essential that staff be competent. To retain qualified personnel, it is incumbent on this committee to establish and sustain an environment in which District personnel can be productive.

The cornerstone of effective administration for our type of organization is the establishment and executive of written procedures. These take the form of many examples such as state law, District Ordinances and Resolutions, Policies and Procedures, and so on. This concept provides a clear picture to all with consistency and fair ideology.

The purpose of this committee is to endeavor to sustain a high degree of integrity of District operations through the practice of effective administration strategies including the element of competent personnel. This Committee reviews all wage and benefit issues related to employee compensation.

Safety Committee

Statement of Purpose - February 20, 1997

Safety is an attitude. It is also an important concept in terms of cost and production; cost relative to risk exposure and production relative to lost man hours and impact on work schedules. Safety is an issue that concerns both staff and the public. Our best defense is an awareness and an on-going campaign of prevention measures.

The purpose of this committee is to promote and establish safety awareness, to prevent accidents, and if accidents do occur, to investigate them with a resolve to prevent repetition. The methods to accomplish this purpose include education, training, and inspections. Resources include such things as video tapes, tailgate sessions, safety equipment, implementation of policy and procedures, practice drills, etc.

Public Relations Committee

Statement of Purpose - February 20, 1997

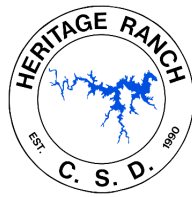
Communications are all important in any organization regardless of type or size. As a public agency, we want to communicate with our constituency those issues that may be of concern, and to the extent possible, encourage feedback to "complete the loop". This act of communication is basically a flow of information which informs and gives a certain comfort level to our constituents on what their Community Services District is accomplishing.

The purpose of this committee is to develop and foster public relations with our constituency. This includes information about District activities, future plans, helpful hints, and customer service. This is accomplished through "user friendly" customer service policies and procedures, promotion beneficial to the public, positive relationships with other agencies, making information and documents available, distribution of newsletter, bulletins, etc.

Attachment B

Heritage Ranch Community Services District Committee Membership

Committee	2020-22
Finance & Audit	Cousineau Burgess
Operations & Engineering	Barker Cousineau
Personnel	Burgess Barker
Safety	Rowley Capps
Public Relations	Capps Rowley
HROA Bike Park Ad-hoc	Capps



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING**
Minutes of November 17, 2022

1. 4:00 PM OPEN SESSION / CALL TO ORDER / FLAG SALUTE

President Cousineau called the meeting to order at 4:00 pm and led the flag salute.

2. ROLL CALL

Secretary Gelos called the roll. All Directors were present.

Staff present: General Manager Scott Duffield, Operations Manager Mike Wilcox, and District Engineer Doug Groshart.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

Devin Capps: speaks to calcium in home water treatment systems and additives to water in general.

4. CONSENT ITEMS

- a. **Meeting Minutes:** Receive/approve minutes of regular meeting of September 15, 2022.
- b. **Meeting Minutes:** Receive/approve minutes of special meeting of September 29, 2022.
- c. **Warrant Register:** Receive/approve October 2022 warrants.
- d. **Treasurer's Report:** Receive/file October 2022 Report.
- e. **Treasurer's Report:** Receive/file 3rd Quarter 2022 report.
- f. **Fiscal Report:** Receive/file October 2022 status report.
- g. **Office Report:** Receive/file October 2022 report.
- h. **Manager Report:** Receive/file November 2022 report.
- i. **District Engineer Report:** Receive/file November 2022 report.
- j. **Operations Manager Report:** Receive/file November 2022 report.

There were no public comments.

Director Barker asked a question about item C. - Warrant Register with questions about the maintenance fixed equipment expenses. Operations Manager Wilcox answered.

Director Barker made a motion to approve all items presented. Director Burgess seconded the motion. The motion passed by the following voice vote:

Ayes: Barker, Burgess, Capps, Cousineau, Rowley

5. DISCUSSION ITEMS

a. Receive and file the Water Resource Recovery Facility Upgrade Project progress report.

Manager Duffield provided a brief summary of the item and answered any questions the board had.

Dylan Wade of WSC highlighted a few items from the staff report.

There were no public comments.

The report was received and filed.

b. Request to receive the draft Report on Water and Wastewater Rate Study prepared by Tuckfield & Associates, and provide direction to staff.

Clayton Tuckfield of Tuckfield & Associates provided a power point presentation and answered any questions the board had.

Albert Peche of A. M. Peche & Associates and Nicki Tallman of Brandis Tallman provided information in regards to the financing.

The Board's direction to staff was to allow two weeks for comments then finalize the Report and return to Board in December for approval.

6. CLOSING BOARD COMMENTS

Director Cousineau spoke of his eight years sitting on the board including projects completed during his term as a Director. He thanked his constituents for all the years.

There were no public comments.

7. ADJOURNMENT

On a motion by Director Barker and seconded by Director Burgess, the meeting adjourned at 5:28 pm to the next scheduled special meeting on Thursday, December 15, 2022.

APPROVED:

**Reg Cousineau, President
Board of Directors**

ATTEST:

**Kristen Gelos, Secretary
Board of Directors**

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
NOVEMBER 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
11/3/2022	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	14,372.67 756.44 756.44	\$ 15,885.55
11/04/22	R. ARNOLD NET PAYROLL	2,881.89	\$ 2,881.89
11/04/22	M. HUMPHREY NET PAYROLL	2,149.29	\$ 2,149.29
11/04/22	B. VOGEL NET PAYROLL	2,493.78	\$ 2,493.78
11/04/22	T. SHOGREN NET PAYROLL	2,041.32	\$ 2,041.32
11/04/22	H. HALL NET PAYROLL	1,635.60	\$ 1,635.60
11/04/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
11/04/22	S. DUFFIELD NET PAYROLL	4,278.32	\$ 4,278.32
11/04/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
11/04/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
11/4/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
11/4/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,752.61 1,003.54	\$ 3,756.15
11/04/22	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	301.14 1,170.73	\$ 1,471.87

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
NOVEMBER 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
11/04/22	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE	9.64	
	PERS RETIREMENT	1,404.51	
	PERS RETIREMENT TIER 2	1,646.78	
	PERS RETIREMENT PEPRA	2,426.61	
	SURVIVOR BENEFIT	8.37	\$ 5,495.91
11/05/22	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE	161.79	\$ 161.79
11/07/22	PG&E ELECTRICITY	8,385.06	\$ 8,385.06
11/12/22	J.B. DEWAR. INC. FUEL & OIL	1,508.34	\$ 1,508.34
11/16/22	BRIAN VOGEL UNIFORM ALLOWANCE	0.71	\$ 0.71
11/16/22	GREAT WESTERN ALARM ALARM / ANSWERING SERVICE	292.77	\$ 292.77
11/16/22	USA BLUEBOOK SUPPLIES LAB TESTING	67.88 983.61	\$ 1,051.49
11/16/22	BRENNTAG PACIFIC, INC CHEMICALS	3,685.71	\$ 3,685.71
11/16/22	COUNTY OF SAN LUIS OBISPO LICENSES & PERMITS LICENSES & PERMITS	532.00 897.00	\$ 1,429.00
11/16/22	ROY ARNOLD UNIFORM ALLOWANCE	101.78	\$ 101.78
11/16/22	RENTAL DEPOT EQUIPMENT RENT/LEASE	1,436.40	\$ 1,436.40
11/16/22	ABALONE COAST ANALYTICAL, INC. LAB TESTING	5,753.16	\$ 5,753.16

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
NOVEMBER 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
11/16/22	KRISTEN GELOS TRAINING & TRAVEL	195.38	\$ 195.38
11/16/22	TUCKFIELD & ASSOCIATES PROFESSIONAL SERVICES	9,362.50	\$ 9,362.50
11/16/22	CORE & MAIN LP SUPPLIES	83.80	
	SUPPLIES	849.62	
	SUPPLIES	31.59	\$ 965.01
11/16/2022	RAMINHA CONSTRUCTION, INC. MAINTENANCE FIXED EQUIPMENT	2,144.70	\$ 2,144.70
11/16/2022	BURT INDUSTRIAL SUPPLY FIXED EQUIP./WTP FILTER RENO.	325.35	\$ 325.35
11/16/2022	DATA PROSE LLC PROFESSIONAL SERVICES OCTOBER BILLING	289.60 1,302.32	\$ 1,591.92
11/16/2022	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES COMPUTER/SOFTWARE	816.66 130.00	\$ 946.66
11/16/2022	MID-STATE REPAIR SERVICE VEHICLES	466.96	\$ 466.96
11/16/2022	BRIAN VOGEL UNIFORM ALLOWANCE	47.10	\$ 47.10
11/16/2022	JAMES R. GREEN PROFESSIONAL SERVICES INTERNET	4,000.00 40.24	\$ 4,000.00 \$ 40.24
11/16/2022	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	400.00	\$ 400.00
11/16/2022	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT	2,937.50	\$ 2,937.50
11/16/2022	HYDROPRO SOLUTIONS METERS & EQUIPMENT	652.50	\$ 652.50

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
NOVEMBER 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
11/16/2022	NTU TECHNOLOGIES, INC. CHEMICALS	3,684.45	\$ 3,684.45
11/18/22	R. ARNOLD NET PAYROLL	2,567.31	\$ 2,567.31
11/18/22	M. HUMPHREY NET PAYROLL	2,256.65	\$ 2,256.65
11/18/22	B. VOGEL NET PAYROLL	2,318.18	\$ 2,318.18
11/18/22	T. SHOGREN NET PAYROLL	2,190.22	\$ 2,190.22
11/18/22	H. HALL NET PAYROLL	1,822.45	\$ 1,822.45
11/18/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
11/18/22	S. DUFFIELD NET PAYROLL	4,050.49	\$ 4,050.49
11/18/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
11/18/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
11/18/2022	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
11/18/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,714.06 994.96	\$ 3,709.02
11/18/2022	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	362.66 1,131.37	\$ 1,494.03
11/18/2022	CALPERS RETIREMENT SYSTEM PERS RETIREMENT	1,120.20	

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
NOVEMBER 2022
WARRANT REGISTER**

DATE	NAME OF PAYEE	ITEM AMOUNT	WARRANT AMOUNT
	PERS RETIREMENT	284.32	
	PERS RETIREMENT TIER 2	1,471.53	
	PERS RETIREMENT TIER 2	175.25	
	PERS RETIREMENT PEPRA	2,183.95	
11/18/2022	PERS RETIREMENT PEPRA	242.66	
	SURVIVOR BENEFIT	8.37	\$ 5,486.28
11/23/2022	FIRSTNET		
	CALPERS RETIREMENT SYSTEM		
	PERS UNFUNDED LIABILITY	8,996.83	\$ 8,996.83
11/28/2022	PG&E		
	ELECTRICITY	2,543.07	\$ 2,543.07
GRAND TOTAL FOR ALL WARRANTS			\$ 153,611.99

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
NOVEMBER 2022**

SUMMARY REPORT OF ALL ACCOUNTS

Beginning Balance:	\$ 4,783,111.00
Ending Balance:	\$ 4,859,014.46
Variance:	\$ 75,903.46
Interest Earnings for the Month Reported:	\$ 346.69
Interest Earnings Fiscal Year-to-Date:	\$ 25,099.90

ANALYSIS OF REVENUES

Total operating income for water and sewer was:	\$ 178,426.54
Non-operating income was:	\$ 45,041.92
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,637.66
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the Five Star Bank checking account was:	\$ 9.50
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 35.38
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 163.79
Interest earnings for the Mechanics Bank money market account was:	\$ 0.36

ANALYSIS OF EXPENSES

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ (220,495.40)
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STATEMENT OF COMPLIANCE

This report was prepared in accordance with the Heritage Ranch Community Services District Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 30 days obligations. Attached is a status report of all accounts and related bank statements.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
SEPTEMBER 2022**

BEGINNING BALANCE ALL ACCOUNTS	\$4,783,111.00
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OPERATING CASH IN DRAWER	\$ 300.00
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FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):	
BEGINNING BALANCE 10/31/2022	223.42
QUARTERLY DEPOSIT	25,907.00
INTEREST EARNED	35.38
SEMI-ANNUAL PAYMENT	-
ENDING BALANCE 11/30/2022	\$ 26,165.80
<hr style="border-top: 1px dashed #000;"/>	
FIVE STAR BANK DWR RESERVE ACCOUNT	
BEGINNING BALANCE 10/31/2022	114,049.23
INTEREST EARNED	163.79
ENDING BALANCE 11/30/2022	\$ 114,213.02
<hr style="border-top: 1px dashed #000;"/>	
FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT	
BEGINNING BALANCE 10/31/2022	15,004.58
QUARTERLY DEPOSIT	14,685.00
INTEREST EARNED	41.42
SEMI-ANNUAL PAYMENT	-
ENDING BALANCE 11/30/2022	\$ 29,731.00
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FIVE STAR BANK SDWSRF RESERVE ACCOUNT	
BEGINNING BALANCE 10/31/2022	59,019.19
INTEREST EARNED	84.76
REVENUE TRANSFER	-
ENDING BALANCE 11/30/2022	\$ 59,103.95
<hr style="border-top: 1px dashed #000;"/>	
MECHANICS BANK MONEY MARKET ACCOUNT	
BEGINNING BALANCE 10/31/2022	21,594.19
DEPOSIT REVENUE - CASH	1,329.65
INTEREST EARNED	0.36
ENDING BALANCE 11/30/2022	\$ 22,924.20
<hr style="border-top: 1px dashed #000;"/>	
FIVE STAR BANK - MONEY MARKET	
BEGINNING BALANCE 10/31/2022	7,992.44
INTEREST EARNED	11.48
ENDING BALANCE 11/30/2022	\$ 8,003.92
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT
TREASURER'S REPORT
SEPTEMBER 2022**

FIVE STAR BANK - CHECKING		
BEGINNING BALANCE 10/31/2022	69,676.30	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	254,130.52	
INTEREST EARNED	9.50	
TOTAL CHECKS, FEES AND EFT'S	(220,495.40)	
REVENUE TRANSFER <i>From LAIF</i>	40,000.00	
ENDING BALANCE 11/30/2022		\$ 143,320.92

LOCAL AGENCY INVESTMENT FUND (LAIF)		
BEGINNING BALANCE 10/31/2022	4,495,251.65	
INTEREST EARNED	-	
REVENUE TRANSFERS	-	
REVENUE TRANSFER <i>To Five Star Checking</i>	(40,000.00)	
ENDING BALANCE 11/30/2022		\$4,455,251.65

ENDING BALANCE ALL ACCOUNTS		\$4,859,014.46
DIFFERENCE FROM LAST MONTH	Increase	\$ 75,903.46

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget**

OPERATING REVENUE	Budget FY 22/23	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Water Fees	1,107,981	113,154	608,411	55%	
Sewer Fees	704,110	62,975	314,742	45%	
Hook-Up Fees	3,000	0	1,200	40%	
Turn on Fees	3,500	100	975	28%	
Late Fees	18,500	2,197	11,824	64%	
Plan Check & Inspection	10,000	0	0	0%	
Miscellaneous Income	500	0	3,271	654%	Delq. W/S Fees
TOTAL OPERATING	\$1,847,591	\$178,427	\$940,423	51%	

FRANCHISE REVENUE					
Solid Waste Franchise Fees	82,587	6,638	34,236	41%	
TOTAL FRANCHISE	\$82,587	\$6,638	\$34,236	41%	

TOTAL OPERATING \$1,930,178 \$185,064 \$974,659 50%

NON-OPERATING REVENUE					
Standby Charges	242,144	12,624	18,722	8%	
Property Tax	423,381	32,071	47,327	11%	
Interest	15,000	347	25,100	167%	
Connection Fees	70,580	0	28,232	40%	
TOTAL NON-OPERATING	\$751,105	\$45,042	\$119,380	16%	

RESERVE REVENUE					
Capital Reserves	503,512	0	53,755	11%	
Operating Reserves	1,848,143	324	101,188	5%	
TOTAL RESERVE	\$2,351,655	\$324	\$154,943	7%	

TOTAL NON-OPERATING \$3,102,760 \$45,366 \$274,323 9%

TOTAL ALL INCOME	\$5,032,938	\$230,430	\$1,248,982	25%	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget**

OPERATING EXPENSES

SALARIES AND BENEFITS	Budget FY 22/23	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Salaries	913,750	67,399	367,317	40%	
Health Insurance	159,110	10,534	53,932	34%	
Health Insurance - Retirees	47,600	3,838	19,374	41%	
Pers Retirement	149,871	15,215	79,828	53%	
OPEB Funding/Transfer	28,306	0	0	0%	
Standby	13,200	961	5,308	40%	
Overtime	10,812	305	2,481	23%	
Workers Comp. Ins.	23,525	0	21,072	90%	Paid Annually
Directors' Fees	9,000	0	2,900	32%	
Medicare/FICA	13,182	999	5,678	43%	
Car Allowance	3,000	250	1,250	42%	
SUI/ETT	1,000	0	0	0%	
Uniforms	5,000	150	1,560	31%	
TOTAL SALARIES & BENEFITS	\$1,377,356	\$99,652	\$560,698	41%	

UTILITIES

Electricity	124,292	10,928	38,332	31%	
Propane	1,466	0	0	0%	
Water Purchase	23,114	0	11,557	50%	Paid Semiannually
Telephone/Internet	11,594	40	4,087	35%	
TOTAL UTILITIES	\$160,466	\$10,968	\$53,976	34%	

MAINTENANCE & SUPPLIES

Chemicals	79,000	7,370	34,595	44%	
Computer/Software	33,900	130	4,546	13%	
Equip. Rental/Lease	2,500	1,436	4,514	181%	
Fixed Equip.	187,000	5,083	55,527	30%	
Fuel & Oil	15,000	1,508	6,061	40%	
Lab Testing	59,000	7,137	21,196	36%	
Office Supplies	1,500	0	287	19%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	14,940	0	6,053	41%	
Small Tools/Equip.	3,000	0	1,404	47%	
Supplies	4,500	1,033	5,393	120%	
Meters/Equip.	12,000	653	949	8%	
Vehicles	6,000	467	2,194	37%	
TOTAL MAINT. & SUP.	\$418,340	\$24,817	\$142,720	34%	

HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET
2022/23 Budget

GENERAL & ADMINISTRATION	Budget FY 22/23	Actual November	Actual Year to Date	Percentage Year to Date	Variance Explanation
Ads./Advertising	1,500	0	328	22%	
Alarm/Answering Service	4,000	293	1,164	29%	
Audit	10,000	0	3,000	30%	
Bank Charges/Fees	1,000	0	36	4%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	10,000	0	9,343	93%	
Elections	5,000	0	0	0%	
Insurance	39,330	0	-67	0%	
LAFCO	6,930	0	7,254	105%	Paid Annually
Legal/Attorney	25,000	0	4,823	19%	
Licenses/Permits	29,000	1,429	2,179	8%	
Plan Check & Inspection	10,000	0	0	0%	
Postage/Billing	15,000	1,464	5,754	38%	
Professional Service	89,300	14,469	45,827	51%	
Tax Collection	6,200	0	0	0%	
Staff Training & Travel	12,000	195	3,431	29%	
Board Training & Travel	1,000	0	0	0%	
TOTAL G & A	\$275,260	\$17,850	\$83,073	30%	

CAPITAL PROJECTS & EQUIPMENT

Structures/Improvements	1,947,991	324	154,944	8%	
Equipment	155,000	0	0	0%	
TOTAL CAPITAL EXPENSE	\$2,102,991	324	154,944	7%	

DEBT

State Loan Payment	103,629	0	51,814	50%	
State Loan Payment Phase II	58,740	0	0	0%	
Western Alliance Lease-PVS	152,638	0	50,000	33%	
TOTAL DEBT	\$315,007	\$0	\$101,814		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$120,000	42%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

TOTAL EXPENSE	\$4,937,421	\$177,612	\$1,217,225	25%	
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CAPACITY CHARGES TRANSFER \$70,580 \$0 \$28,232 40%

SOLID WASTE FEES TRANSFER \$24,937 \$2,248 \$6,319 25%

FUND TOTAL	\$1	\$50,571	(\$2,794)		
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HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Office Report For the Month of November 2022

Utility Billing

- On December 1st, 1,939 bills were processed for a total dollar amount of \$161,1901 for water and sewer user fees for the month of November.
- We processed 245 penalties for bills that were due by November 25th.
- We locked 5 meters of customer who had a past due balance which was 60 days or more delinquent.

Customer Service Orders

- Staff completed a total of 26 service orders for the month of November. The breakdown by job code is as follows:

USA	7	TURN-OFF	1
OCCUPANT CHANGE	6	MISC.	2
LOCK METER	5	UNLOCK	5
SWAP METER			

Administration

- Nothing to report.

San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of October was \$ 6,637.66
The breakdown is as follows:

Residential Garbage Collection - \$ 5,553.30
Commercial Garbage Collection - \$ 835.11
Roll-Off Collection - \$ 249.25

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Manager Report For the Month of December 2022

In addition to normal administrative, engineering, and operations duties, below are updates for several areas of work:

Administration

- The Manager participated in the Multi-Jurisdictional Hazard Mitigation Planning Committee annual meeting. The purpose of the annual meeting is to review mitigation actions ranked as medium and high, discuss mitigation achievements, grant opportunities, and the next Plan update. County Planning and Building and County OES worked closely with all the participating jurisdictions on the 2019 Plan update, which included: the cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, San Luis Obispo; and special districts including Avila Beach Community Service District (CSD), Ground Squirrel Hollow CSD, Heritage Ranch CSD, Los Osos CSD, Nipomo CSD, San Miguel CSD, San Simeon CSD, Templeton CSD, Cayucos Sanitary District, San Luis Obispo Flood and Water Conservation District and Port San Luis Harbor District. This multi-jurisdictional plan built on previous hazard mitigation planning and incorporated updated hazard mapping, risk assessment, and threat analysis.

Specific projects / actions identified by the District and included in the plan are:

- Vertical Intake Project
 - Supporting communication towers and other communication infrastructure
 - Communicate and engage with MCWRA
 - Public education and awareness
- The Manager has been spending significant time working with the consultants on the water and sewer rates study and the financial plan for the WRRF project. See separate Board Item.
 - Staff has been coordinating with the auditor in preparation of the Fiscal Year 2021/22 audit report. The December meeting is typically the target date for the auditor to present the audit report; however, they are delayed due to staffing workload. The audit report is anticipated to be presented to the Board at the January regular meeting.
 - The Manager attended a virtual wastewater funding fair hosted by the Central Coast Water Board and the Division of Financial Assistance. The event covered information on various funding opportunities. Funding opportunities are available for planning, design, and construction for a variety of water quality projects, including, but not limited to treatment facility upgrades/repairs, collection system

upgrades/repairs, consolidation, and connecting parcels on septic systems to existing collection systems. The target audience was all wastewater system owners and operators that are interested in grant and low interest loan opportunities.

Water Resource Recovery Project

- The Manager and WSC previously met with County Planning about permitting requirements. The County Planning front counter staff indicated a Land Use Permit may be required and suggested we schedule a consultation with a County Planner to review further. The position of District staff is that a Land Use Permit is not required for several reasons that we will present to the County. Staff's intent is to provide a letter to the County outlining our position either prior to or at the time of the intake meeting. The consultation will be scheduled soon as it was pushed out pending the progression of the environmental documents that will also be used to further our position.
- Staff and consultant have worked on the recycled water planning task and have discussed recycled water use opportunities with the HROA manager. WSC will confirm conclusions through follow up analysis and will provide a technical memorandum summarizing results from preliminary assessment, including statement of what would be needed to meet regulations for potential uses and keeping the door open for future recycled water implementation.
- The first rough draft of the Preliminary Engineering Report (PER) prepared by WSC was informally submitted to the USDA. The PER is a very important document and is the document that USDA will reference for everything related to the project, engineering, environmental, financials, etc. It is an iterative process and USDA will be our partner in getting it completed. We have provided them with draft rate and environmental materials and are awaiting comments from them before our next iteration.
- The Environmental Document is almost complete and is being drafted by WSC sub-consultant Rincon. It complies with California (CEQA) and National (NEPA) requirements since we are seeking funding from USDA. The document is straight forward, and impacts are minimal since we are adding to the existing facility. The probable mitigation for the identified impacts include mitigation efforts such as training contractors and other personnel prior to construction, and monitoring during certain ground disturbing activities.
- WSC is preparing and will have complete a Preliminary Design Report for submittal to the Regional Water Quality Control Board in order to meet our first milestone deadline of December 31, 2022. This report constitutes an approximately 10% level of design completion and incorporates our efforts to date including: site

investigation efforts, the conceptual layout of a site built MBR, wastewater characterization work, hydraulic analysis, electrical system planning, setting design criteria, outline of biosolids management approach, an initial staffing plan, updated cost estimates and program schedule.

- The first Community Meeting was held in the Board room last week and was a chance to hear from the community and answer questions and concerns. A second community meeting is being planned for next calendar year tentatively targeting February.

Solid Waste

- Nothing significant to report.

Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of December 8, 2022, the reservoir was at approximately 719.95 feet in elevation, 18% of capacity, or 68,895-acre feet of storage. MCWRA water releases were shown as 60 cfs.
- The reservoir reached the District's Stage II – Awareness drought elevation (720') on or about October 8, 2022.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

District Engineer Report For the Month of December 2022

In addition to normal engineering and administrative duties, below are updates for several areas of work:

Operations Support

- Continuing work with Staff re: DBPs and operational modifications with current equipment. Coordinating with Staff to determine optimal chemical dosing, flow rate and flocculant mixer speed for solids removal through the plate settler. See Capital Improvement Projects: DBP/Compliance for additional information.

Capital Improvement Projects

Projects / equipment replacement planned for this fiscal year and their status include:

- DBP/Compliance:
 - Plate Settler - Working with Westech to optimize the performance of the plate settler. Planning to perform testing once filters are all back online to determine the actual flow capacity of the plate settler.
 - GAC – Issued final PO to Evoqua for GAC vessels. They are on order and we are awaiting an estimated delivery date. Continued effort with operations for the piping modifications required to install the GAC vessels into the system. Procuring a new pump and piping/valving required for pilot test. Pending delivery, testing should begin in January or February.
 - Alternative treatment options – Continuing to research and discuss potential treatment options with other water plants and vendors.
- SCADA water system: SPICE has continued working on the new SCADA system. New software licensing has been purchased and is in use with SPICE programming. The project is currently approximately 25% complete, on budget and estimated to be complete by March, 2023.
- WTP Filter Media Replacement: Working with Operations to complete this project for the remaining three filters. Filter 1 is in progress.
- SCADA collection system: Planning to work with SPICE Integration on this project upon completion or (if efficient) in conjunction with the SCADA Water System project and the telemetry survey/upgrade.
- Lift Station 1-5 rehabilitation design phase: Lift Stations 2 and 3 included in 5-year CIP. The design of these projects will begin as soon as the SCADA and DBP projects are sufficiently underway, likely in Q1 2023.

- Wastewater collection system model and infiltration / inflow: Staff will be preparing an RFQ for selecting a consultant. With recent rain, we have been able to gather additional data regarding existing I&I for providing to selected consultant.

Development Review

- Snug Harbor: Met with owner and staff re: finalizing plans for permitting. They have agreed to make the required changes.

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

Operations Report For the Month of December 2022

Water treatment

- Progress on the renovation and filter media replacement for filter #1 continues to progress. There was an extensive amount of rust discovered after sandblasting. This was repaired and the filter has been repainted (see attached picture). The cathodic protection in this vessel had obviously failed to perform. So, all the anodes are in the process of being replaced. The planned valve replacements have been completed. The control wiring is being tested and replaced as needed, and termination points are being labeled to match the equipment with the PLC tags. The media in the conta-clarifier has been installed as have all the under drains and air grids.
- The SCADA project is also progressing well despite the challenges we continue to incur with the original programming.
- Staff has completely emptied and washed one of the two back wash recovery basins (see attached photos). This is a component of regular sludge management/maintenance that hasn't happened in a few years. When the second basin has undergone the same maintenance, staff will move on to cleaning and removing sludge from the three percolation ponds downstream of these basins.

Water distribution

- Staff repaired another pipeline failure in the Waterview tract this month. All work was completed with in-house staff and parts that we had on hand. Approximately 21 customers were without water for 6 hours during the repairs.

Wastewater collection

- Inflow and infiltration (I & I) continues to be a winter problem causing us to process and pump much larger quantities of wastewater during rain events. Staff has diligent about monitoring freeboard and pump runtimes to manage the problem.

Wastewater treatment

- Staff is waiting for PLC components to repairs the inoperable dissolved Oxygen probe at pond #2. Other than this, all is working well.

Facilities

- The roof in our smaller shop building is leaking above the storage mezzanine and contractors have contacted to provide pricing for repairs.

Vehicles and equipment

- The new service truck has been delivered to the assembler in Fresno.



BACK WASH RECOVERY BASIN SLUDGE REMOVAL PROCESS





BACK WASH RECOVERY BASIN EMPTY



PAINTED FILTER #1

HRCSD Board of Directors 2023 Calendar of Activities

<p>JAN MTG – Jan 19th at 4:00 pm Solid Waste fees PH?</p>	<p>FEB MTG – Feb 16th at 4:00 pm</p>	<p>MAR MTG – Mar 16th at 4:00 pm Standby Charges set PH</p>
<p>APR MTG – Apr 20th at 4:00 pm Reservoir Report (set PH?)</p>	<p>MAY MTG – May 18th at 4:00 pm Confirm Standby Charges PH Budget 1st draft</p>	<p>JUN MTG – Jun 15th at 4:00 pm Elections even year HRCSEA MOU due? Adopt Pre Budget and set PH GM agreement (closed/open)</p>
<p>JUL MTG – Jul 20th at 4:00 pm Annual Treasury Rept. Adopt Final Budget PH Adopt Salary Schedule PH Solid Waste liens PH Water/Sewer liens PH</p>	<p>AUG MTG – Aug 17th at 4:00 pm Fix employer cont. (if change)</p>	<p>SEP MTG – Sep 21st at 4:00 pm</p>
<p>OCT MTG – Oct 19th at 4:00 pm</p>	<p>NOV MTG – Nov 16th at 4:00 pm Solid Waste fees set PH?</p>	<p>DEC MTG – Dec 21st at 4:00 pm Audit receive/file Board Officers Board Committees even year Director Oaths even year Calendar</p>

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

MEMORANDUM

TO: Board of Directors

FROM: Scott Duffield, General Manager

DATE: December 15, 2022

SUBJECT: Request to approve the final Report on Water and Wastewater Rate Study prepared by Tuckfield & Associates dated December 9, 2022, and direct staff to proceed with the public notification and hearing process for adoption of new water and sewer rates.

Recommendation

It is recommended that the Board of Directors approve the final Report on Water and Wastewater Rate Study prepared by Tuckfield & Associates dated December 9, 2022, and direct staff to proceed with the public notification and hearing process for adoption of new water and sewer rates.

Background

The Board received and reviewed the draft Report on Water and Wastewater Rate Study at the November 17, 2022 meeting and provided direction to the consultant.

Discussion

There are seven tasks associated with the rate study as follows:

- Task 1 - Data Collection
- Task 2 - Long range Financial Planning
- Task 3 - Cost of Service Analyses
- Task 4 - Rate Structure Analyses and Rate Design
- Task 5 - Draft Financial Report
- Task 6 - Board Presentation of Draft Financial Report
- Task 7 - Final Report and Board presentation

We are on Task 7.

In addition to Board review of the draft report and direction at the November meeting, staff also requested that Directors forward any other direction or comments regarding the draft report to staff over the subsequent two weeks. All Board direction and or comments received have been considered and incorporated into the final document.

Following approval of the recommended action, a notice will be published pursuant to Proposition 218. Article XIII D, Section 6 of the California State Constitution specifies procedures for adjusting water, sewer, and refuse fees. These include providing written notice by mail of the proposed fee or increase. The notice shall contain the amount of the fee increase, the reason for the increased fee, the manner in which the fee was calculated, and the date, time, and location of a public hearing on the proposed fee.

A public hearing not less than 45 days after mailing of the notice must be conducted by the Board. All property owners may submit written protests of the fee(s). At the public hearing, the District shall consider all protests against the proposed fee(s). If written protests against the proposed fee(s) are presented by a majority of owners of the identified parcels, the agency shall not impose the fees.

The District water and sewer rates increase public hearing is tentatively scheduled for a March 2, 2023, Board special meeting.

Fiscal Implications

The current water and sewer rates need to be updated to include increased cost of operations as well as the costs for the capital improvement program, including the Water Resource Recovery Facility Project (WRRF).

The State of California Central Coast Regional Water Quality Control Board (CCRWQCB) granted the District an extension of our permit and Time Schedule Order (TSO) so we can develop, fund, and construct the WRRF to bring the plant up standards.

If, in the opinion of the CCRWQCB Executive Officer, the District fails to comply with any provisions of the TSO or fails to consistently demonstrate substantive progress towards achieving full compliance with final effluent limitations in the TSO, then the Executive Officer may terminate the TSO. In that case, or if compliance with the final effluent limitations of our permit, as renewed or revised, is not achieved by the full compliance dates in the TSO, the District would not be exempt from the mandatory minimum penalties for violation of those effluent limitations, and may also be subject to issuance of a cease and desist order in accordance with CWC section 13301. Alternatively, the Executive Officer may refer this matter to the Attorney General for judicial enforcement, may issue a complaint for administrative civil liability, or may take other enforcement actions. Failure to comply with this order may result in the assessment of administrative civil liability of up to \$10,000 per violation, per day, depending on the violation, pursuant to the Water Code, including sections 13350 and 13385. The CCRWQCB reserves its right to take any enforcement action authorized by law.

Results

The recommended action will result in progress of updating the District's water and sewer rates so that the District can maintain operations and complete major capital improvement projects that are required to meet new State of California regulatory requirements.

Attachment: Report on Water and Wastewater Rate Study dated December 9, 2022

File: Rates, Fees, Charges



Report for:

Heritage Ranch

Community Services District

4870 Heritage Ranch Road
Paso Robles, CA 93446
(805) 227-6231



Report on

Water and Wastewater Rate Study

Submitted By:

Tuckfield & Associates

Contact: Mr. Clayton Tuckfield
2549 Eastbluff Dr, #450B
Newport Beach, CA 92660
(949) 760-9454
www.tuckfieldassociates.com



December 2022

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Tuckfield & Associates

2549 Eastbluff Drive, Suite 450B, Newport Beach, CA 92660
Phone (949) 760-9454 Fax (949) 760-2725
Email ctuckfield@tuckfieldassociates.com

December 9, 2022

Mr. Scott B. Duffield
General Manager
Heritage Ranch Community Services District
4870 Heritage Road
Paso Robles, CA 93446

Dear Mr. Duffield:

I am pleased to present this Water and Wastewater Rate Study (Study) report for the Heritage Ranch Community Services District (District). The water and wastewater rates presented in this report have been developed based on cost of service principles following industry methods. The rates are fair and equitable for the users of the water and wastewater systems and have been established in accordance with Proposition 218.

This study included a review and analysis of the water and wastewater enterprise revenue and revenue requirements, number of customers, volumes, and current rate structure. The major objectives of the Study include the following.

- Generate positive levels of income in the study period
- Maintain operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required
- Meet annual capital replacement spending from enterprise rate revenue

This report documents the findings and recommendations for the financial plans and rates for the District's water and wastewater enterprises. Tables and figures are provided throughout the report to demonstrate the calculations.

It has been a pleasure to work with District staff during the performance of this study. If there are any questions, please contact me at (949) 760-9454.

Very Truly Yours,

TUCKFIELD & ASSOCIATES



G. Clayton Tuckfield
Principal Consultant

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Water and Wastewater Rate Study

HERITAGE RANCH COMMUNITY SERVICES DISTRICT

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Water and Wastewater Rate Study

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Water and Wastewater Rate Study

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Water and Wastewater Rate Study

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Executive Summary

The Heritage Ranch Community Services District (District) engaged Tuckfield & Associates to conduct a comprehensive Water and Wastewater Rate Study (Study) for its enterprise systems. Major objectives of the Study were to develop pro forma statements of revenues and revenue requirements for each system, perform analyses to determine the costs of providing service, and design water and wastewater rates and charges for implementation.

Water Financial Plan

The revenue and revenue requirements of the water system were identified and projected to create a forward looking financial plan for the water enterprise. Annual costs of the water system include operation and maintenance expense (O&M), annual capital replacement, and debt service. Future O&M expenses include using the District's FY 2022-23 budget expenses for the first year, and then projecting expenses for future years through application of inflation factors to budget year expenses while also accounting for known changes.

Annual capital replacement is included in the financial plan to pay for water system capital improvement plan projects. Outstanding debt of the water system includes two loans including the Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) with annual payments of about \$103,600 and \$58,700, respectively. The District also makes lease payments of \$114,000 annually for a solar facility.

The District has prepared a five-year Capital Improvement Program (CIP) that includes replacements and capital improvements. The majority of the CIP includes spending on compliance, structures, and improvement projects as well as equipment. The costs of the CIP total about \$2.0 million over the period FY 2022-23 to FY 2026-27 (Study Period). The CIP is expected to be financed through the annual revenue and capital reserves.

An analysis was performed that compared the projected revenue using the District's current water rates with the projected revenue requirements (costs) of the water system. The analysis indicated that the current level of revenue being received is not sufficient to meet future obligations and needs to be increased. Revenue increases of 14.3 percent on April 1, 2023 and on each January 1 thereafter are proposed for Study Period. The revenue increases are recommended to adequately meet future obligations, debt coverage requirements, and other financial planning criteria. The water financial plan is presented in Table 11.

Current Water Rates

The current water rates consist of fixed charges by meter size and a uniform volume variable charge where all water consumption is charged in dollars per hundred cubic feet (HCF). Table ES-1 and Table 3 provide the current water rates charged to water customers of the District.

Proposed Water Rate Structure and Rates

The proposed water rate structure updates the current rate structure pricing to generate the revenues required in the financial plan. Table ES-1 presents the water rates to be adopted April 2023 and for future years.

**Table ES-1
Proposed Water Fixed and Variable Charges**

	Current Rate	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
Meter Size		Fixed Charge (\$ per month)				
5/8" and 3/4"	\$27.24	\$31.07	\$35.53	\$40.61	\$46.42	\$53.05
1"	\$37.14	\$43.27	\$49.37	\$56.45	\$64.54	\$73.77
1.5"	\$60.85	\$72.50	\$82.56	\$94.41	\$107.97	\$123.44
2"	\$91.16	\$109.80	\$124.91	\$142.86	\$163.39	\$186.82
3"	\$187.53	\$227.69	\$258.93	\$296.16	\$338.70	\$387.30
Fireline Size		Fixed Charge (\$ per month)				
2.5"	\$6.79	\$5.23	\$6.10	\$6.98	\$7.98	\$9.13
3"	\$10.97	\$8.45	\$9.85	\$11.27	\$12.90	\$14.75
4"	\$23.37	\$18.00	\$21.00	\$24.01	\$27.48	\$31.43
6"	\$67.88	\$52.30	\$60.99	\$69.75	\$79.82	\$91.29
8"	\$144.66	\$111.45	\$129.98	\$148.63	\$170.11	\$194.53
Classification		Variable Charge (\$ per HCF)				
All Consumption	\$3.56	\$4.07	\$4.65	\$5.31	\$6.07	\$6.94

Water Bill Impacts

Table ES-2 presents the impacts to single-family residential (SFR) bills from the implementation of the proposed April 1, 2023 water rates. For a SFR customer with a 5/8-inch or 3/4-inch meter using the average consumption of 8 hundred cubic feet (HCF) monthly, the bill will increase from \$55.72 to \$63.63, an increase of \$7.91, or 14.2 percent.

**Table ES-2
Comparison of Current Single-family Residential Monthly Water Bill with 5/8-inch or 3/4 -inch Meter Size with Proposed Monthly Bill Using April 2023 Water Rates**

Description	Use (HCF)	Current Bill			April 1, 2023 Proposed Bill			Dollar Change	Percent Change
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill		
	0	\$27.24	\$0.00	\$27.24	\$31.07	\$0.00	\$31.07	\$3.83	14.1%
Very Low	1	\$27.24	\$3.56	\$30.80	\$31.07	\$4.07	\$35.14	\$4.34	14.1%
Low	2	\$27.24	\$7.12	\$34.36	\$31.07	\$8.14	\$39.21	\$4.85	14.1%
Median	7	\$27.24	\$24.92	\$52.16	\$31.07	\$28.49	\$59.56	\$7.40	14.2%
Average	8	\$27.24	\$28.48	\$55.72	\$31.07	\$32.56	\$63.63	\$7.91	14.2%
	10	\$27.24	\$35.60	\$62.84	\$31.07	\$40.70	\$71.77	\$8.93	14.2%
High	15	\$27.24	\$53.40	\$80.64	\$31.07	\$61.05	\$92.12	\$11.48	14.2%
Very High	20	\$27.24	\$71.20	\$98.44	\$31.07	\$81.40	\$112.47	\$14.03	14.3%

Chart ES-1 has been prepared to compare the District’s average SFR water bill with those of other communities at the same consumption. The chart indicates that with the April 2023 rates, a SFR customer with a monthly consumption of 8 HCF will experience a bill that is in the mid-range of the communities listed.

Chart ES-1
Single-family Residential Monthly Water Bills with 3/4-inch or Smaller Meter Using 8 HCF
For Rates in Effect November 2022



Note: Above table uses water rates in effect November 2022. District April 2023 bill is based on the rate structure and rates in Table ES-1.

Wastewater Financial Plan

The revenue and revenue requirements of the wastewater system were identified and projected to create a forward looking financial plan of the wastewater enterprise. Annual costs include operation and maintenance expense (O&M), annual capital replacement, lease payment on a solar facility, and new debt service with a debt service reserve payment. Future O&M expenses include using the District’s FY 2022-23 Budget expenses for the first year of projection, and then projecting expenses for future years through application of inflation factors to budget year expenses. Annual capital replacement is included in the financial plan to assist in paying for wastewater system capital improvement plan expenditures.

Two new interim loans and a United States Department of Agriculture (USDA) take-out loan are proposed to finance the construction costs of a Water Resource Recovery Facility (WRRF) that will provide upgrades to the wastewater treatment plant. The FY 2023-24 interim loan is interest only and is estimated to have annual payments of about \$640,000 followed by a FY 2024-25 interim loan which is also interest only with estimated payments of \$756,000 annually. A USDA loan is proposed in FY 2026-27 to take-out the two interim loans leaving a long-term debt service payment of about \$1,123,500 with a requirement for an additional \$112,350

annually for a reserve for to be accumulated over a ten year period. Additionally, the District makes lease payments of about \$38,500 annually for a solar facility.

This Study assumes that all proceeds and expenses associated with the wastewater treatment plant upgrades are placed into a project fund. The proceeds from the loans fund the construction of the project and provides about a 10 percent contingency. Any funds remaining in the project fund after completion of the WRRF will be used to reduce the size of the USDA take-out loan.

The District has prepared a five-year capital improvement program (CIP) spending plan for the wastewater system. Major projects of the CIP include the design costs of the WRRF, lift station rehabilitations, SCADA upgrades, and other projects. The CIP expenditures total about \$2.4 million for the period FY 2022-23 to FY 2026-27, exclusive of the WRRF construction costs. The CIP is planned to be funded through the annual revenue and capital reserves.

An analysis was performed that compared the projected revenue using the District’s current wastewater rates with the projected revenue requirements (costs) of the wastewater system. The analysis indicated that the current level of revenue being received needs to be increased by 59 percent annually on April 1, 2023 and on each January 1 of 2024 and 2025 while also increasing revenue by 3 percent on January 1 of 2026 and 2027. The revenue increases are required to adequately meet future obligations, debt coverage requirements, and other financial planning criteria. The wastewater financial plan is presented in Table 28.

Current Wastewater Rates

The current wastewater rates consist of monthly fixed charges based on Equivalent Dwelling Unit methodology for all customers. All customers are charged as a certain multiple to the Residential charge. For example, RV spaces are charge 0.8 times the Residential charge. Table ES-3 provides the current wastewater charges by customer classification.

Proposed Wastewater Rate Structure and Rates

The wastewater rates proposed updates the Equivalent Dwelling Unit (EDU) methodology for current estimates of wastewater generated. One EDU is defined as the wastewater flow impact to the wastewater system from a residential dwelling unit. Other customer groups are charged as a multiple of the Residential group based on their wastewater flow impact. EDU ratios have been updated from the current ratios. Table ES-3 presents the proposed wastewater rates for the next five years.

Table ES-3
Proposed Wastewater Monthly Fixed Charges

Description	EDU Ratio	Current Charge	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
Residential/Condo [2]	1.00	\$35.75	\$55.62	\$88.44	\$140.62	\$144.84	\$149.19
RV Space	0.80	\$28.60	\$44.50	\$70.75	\$112.50	\$115.87	\$119.35
Commercial	2.90	\$35.75	\$161.30	\$256.48	\$407.80	\$420.04	\$432.65
Restrooms	2.30	\$75.86	\$127.93	\$203.41	\$323.43	\$333.13	\$343.14
Dump Station	12.50	\$301.92	\$695.25	\$1,105.50	\$1,757.75	\$1,810.50	\$1,864.88
Holiday Condo	30.00	\$1,072.50	\$1,668.60	\$2,653.20	\$4,218.60	\$4,345.20	\$4,475.70

Wastewater Bill Impacts

The impact to wastewater bills from the proposed rate increases can be determined from inspection of Table ES-3. For a SFR customer, the monthly wastewater bill will increase from \$35.75 to \$55.62, an increase of \$19.87, or 55.6 percent. The 55.6 percent increase is lower than the overall 59.0 percent overall first year revenue increase due to cost of service adjustments to update the EDU ratios to customer classifications.

Chart ES-2 has been prepared to compare District’s SFR wastewater bill with those of other communities. The chart indicates that District’s SFR wastewater bill is in the mid-range of the communities listed.

Chart ES-2
Single-family Residential Monthly Wastewater Bills
For Rates in Effect November 2022



Note: Above table uses wastewater rates in effect November 2022. District April 2023 bill is based on the rate structure and rates in Table ES-3.

Introduction

The Heritage Ranch Community Services District (District) engaged Tuckfield & Associates to conduct a comprehensive Water and Wastewater Rate Study (Study) for its water and wastewater enterprise systems. Major objectives of the Study are to develop a pro forma statement of revenues and revenue requirements for each enterprise, perform analyses to determine the cost of providing service, and design new water and wastewater rates and charges for implementation.

Background

The Heritage Ranch Community Services District is an unincorporated community in San Luis Obispo County, California. The District is located in the north-west portion of San Luis Obispo County approximately 15 miles northwest of the City of Paso Robles. The District was formed in 1990 to provide water and wastewater service for the Heritage Ranch community. The District's customer base consists mostly of residential customers with some commercial, retail, and public facility customers. Water and wastewater service is identified in separate enterprise funds of the District.

The District obtains its water supply from the Gallery Well located in the Nacimiento river which is fed through release of water through the Lake Nacimiento dam. The District has an 1,100 AFY entitlement to Lake Nacimiento water. Water is delivered through a water treatment plant and distribution system consisting of pump stations, storage tanks, pressure reducing valves, and over 27 miles of water pipelines ranging in size from 4 to 12 inches.

The District owns and operates a wastewater collection, treatment, and disposal system. Wastewater is collected through a system of sewer gravity mains and several lift stations. The wastewater treatment plant provides secondary treatment through a lagoon/ponding system with a permitted capacity of 0.4 million gallons per day (MGD). Treated wastewater is discharged into a drainage way that is tributary to the Nacimiento river.

The Central Coast Regional Water Quality Control Board (CCRWQCB) evaluated the District's wastewater discharge and determined that new effluent limitations are necessary as determined in the Waste Discharge Requirements (WDR) Order No. R3-2017-0026. The District requested and received Time Schedule Order (TSO) No. R3-2018-0011 that allows the District time to comply while meeting interim discharge levels. The District has requested an extension of the TSO that will allow construction and commissioning of a new Water Resource Recovery Facility (WRRF) and achieving compliance by October 2027.

Objectives

The objectives of this Study are to (1) develop financial plans of each of the water and wastewater enterprises, (2) make any adjustments to the revenue being received to meet future financial obligations, provide adequate reserves, and debt service coverage, and (3) design water and wastewater rates that generate the required revenue while being fair and equitable for its customers. Specifically, the Study also sought to provide the following.

- Revenue sufficiency to fund operating and capital needs
- Appropriate levels of operating and capital reserves
- Cost of service allocations following appropriate standards, regulations, and guidelines

- Rates that are consistent with industry practice
- Ease of understanding and administration

Scope of the Study

This Study includes the findings and recommendations of analyzing each of the water and wastewater enterprise's financial status and related CIP. Historical trends were analyzed from data supplied by the District showing the number of customers, volumes, revenue, and revenue requirements.

Revenue requirements of each enterprise includes operation and maintenance expense, routine capital outlays, replacement transfers, debt service, and additions to reserves. Changing conditions such as additional facilities, system growth, employee staffing levels, and non-recurring maintenance expenditures are recognized. Inflation for ongoing expenditures is included to reflect cost escalation.

The financial plan and rates developed herein are based on funding of the capital improvement plan and estimates of operation and maintenance expenses developed from information provided by the District. Deviation from the financial plans, construction cost estimates and funding requirements, major operational changes, or other financial policy changes that were not foreseen, may result in the need for lower or higher revenue than anticipated. It is suggested that the District review the adequacy of its revenues to meet obligations annually and consider conducting an update to the rate study at least every three years for prudent rate planning.

Assumptions

Several assumptions were used to conduct the Study for the period FY 2022-23 to FY 2026-27. The assumptions included growth rates in customer accounts, percent increases in property tax revenues, interest earnings rate, expense inflation factors, and other financial assumptions used for projecting revenue and expense. The financial planning assumptions are provided below in Table 1.

Table 1
Planning Factors

Description	Value
Annual Account & Demand growth [1]	
Single-family Residential	0.25%
All Other	0.0%
Property Taxes and Interest Income	
Property Tax Revenue Increase	1.0%
Interest earnings on fund reserves (annual)	1.0%
Cost Escalation	
Personnel Services [2]	4.0%
Benefits	8.0%
Electrical Power	4.0%
Chemicals	4.0%
All Other Operations & Maintenance (annual, [3])	4.0%
Capital	3.0%
Interim Loan - Interest Only	
Interest Rate	5.80%
New USDA Loan	
Interest Rate	3.50%
Repayment Period (Term) - years	40

[1] Annualized growth in water accounts is based on historical information provided by staff.

[2] Personnel Services growth in staffing, promotions and inflation are 4 percent annually.

District Reserve Policy

The District has a written reserve policy adopted in Resolution 14-01 on March 20, 2014. The reserve policy sets forth goals for maintaining various reserves for water and wastewater operations and capital spending. The reserve policy provides a basis to deal with unanticipated reductions in revenues, changes in the costs of providing services, fixed asset repair and replacement, natural disaster, and other issues. It also provides guidelines to maintain the financial health and stability of the enterprise funds. The reserve types and the amount of reserves used in this Study are discussed below.

Water/Sewer Operating Reserve – The purpose of the Operating Reserve is to provide working capital to meet cash flow needs during normal operations and support the operation, maintenance and administration of the

utility. This reserve ensures that operations can continue should there be significant events that impact cash flows. The target balance to be maintained is 180 days of annual budgeted expenses.

Maintenance/Repair Equipment Reserve – The Maintenance/Repair Equipment Reserve is used to fund maintenance and repair of water and sewer facilities and is funded by a percentage of Standby/Availability Charges collected annually. The target balance is equal to annual depreciation.

Water/Sewer Capital Facility Replacement Reserve – This reserve is defined in Resolution 14-01 and is funded by Capacity Charges/Fees which are restricted reserves. The Capital Facility Replacement Reserve is used to fund future replacement of assets and capital projects where such funding matches with the purpose for which the fees were collected. The target balance is equal to accumulated depreciation expense.

Water Debt Service Reserve – The Water Debt Reserve is required by the Department of Water Resources Loan and the State Revolving Fund loan agreement that are outstanding with the District. The purpose of the debt reserve is to provide sufficient funds to meet the annual debt service of these two loans and when fully funded will meet the final payment of the loans. The target balance is established at \$250,000.

Rate Stabilization Reserve – This reserve is intended to provide a buffer in order to maintain stability in the water rates during periods of unexpected increases in operating costs or decreases in revenue and absorb the fluctuation in operations. The reserve target is set at \$200,000.

Drought Contingency Reserve – The reserve is established to purchase of additional water supply in the case of a major drought or unforeseen emergency that diminishes the District’s water supply. The reserve may be funded from a percentage of annual Property Tax revenue. The target reserve is established at \$250,000.

Renewable Energy Reserve – The Renewable Energy Reserve is restricted for capital projects that support or create renewable energy. The target reserve is equal to \$250,000 shared equally by the water and sewer systems.

District Beginning Balances and Reserve Targets

The reserve fund balances discussed above are used in developing the financial plans for the water and wastewater utilities. The District’s beginning fund balances are listed in Table 2 below as of June 30, 2022. Target Reserves are also stated in the table.

Table 2
June 30, 2022 Estimated Beginning Cash Balances and Reserve Targets

Reserve Type	Reserve Funded by	Reserve Equal to	Water System		Wastewater System	
			Current Reserve Balance	Current Reserve Target	Current Reserve Balance	Current Reserve Target
Operating Reserve	Rates	6 mo Exp	\$700,000	\$700,000	\$440,000	\$440,000
Maint/Repair Equipment Reserve	Standby	100% Depr	303,000	303,000	167,000	167,000
Capital Facility Replacement Reserve	Capacity	100% Acc Dep	967,000	6,858,000	1,310,000	4,620,000
Debt Service Reserve	Standby	2 * Payment	113,000	250,000	39,000	39,000
Rate Stabilization Reserve	Rates	\$200K	200,000	200,000	-	n/a
Drought Contingency Reserve	Prop Tax	\$250K	250,000	250,000	-	n/a
Renewable Energy Reserve	n/a	\$250K	125,000	125,000	125,000	125,000
Total			\$2,658,000	\$8,686,000	\$2,081,000	\$5,391,000

Water Financial Planning

Financial planning for the water system includes identifying and projecting revenues and revenue requirements for a five-year planning period. Estimates of revenue from various sources are compared with the projected revenue requirements of the water system. The sufficiency of current revenue to meet annual expenses and obligations is evaluated and provides the basis for rate adjustments. Proposed water rates and charges are designed to recover the District's costs of providing service of the water system.

This financial planning section of the report discusses current water rates, current user classifications, water sales volumes, projected revenues and revenue requirements, capital improvement expenditures, and proposed revenue adjustments.

Current Water Rates

The current water rates consist of fixed and variable charges to residential and non-residential customers. All customers are charged a monthly fixed charge by meter size. Additionally, customers are charged for water consumption based on a uniform volume charge in terms of dollars per hundred cubic feet. Table 3 provides the current water rates of the water system which became effective January 1, 2022.

Table 3
Current Water Rates

Charge Description	Meter Size								
	5/8" and 3/4"	1"	1.5"	2"	2.5"	3"	4"	6"	8"
Monthly Fixed Charges (\$/mo)	\$27.24	\$37.14	\$60.85	\$91.16		\$187.53	[1]	[1]	[1]
Variable Charges (\$/HCF)	\$3.56	\$3.56	\$3.56	\$3.56	\$3.56	\$3.56	\$3.56	\$3.56	\$3.56
Private Fireline (\$/mo)		\$0.61	\$1.77	\$3.78	\$6.79	\$10.97	\$23.37	\$67.88	\$144.66

[1] Based on calculation by District Engineer.

Water User Classifications

Number of Customers

The District currently classifies water customers as Residential, RV Space, Commercial, and Irrigation. Residential customers account for more than 94 percent of the total customers served by the water system. Growth is projected to occur only in Residential accounts at a rate of 0.25 percent annually or 4 accounts added each year, following the assumptions listed in Table 1. Table 4 provides the historical and projected number of customers by classification.

Number of Water Meters

Table 5 provides a summary of the number of current and projected meters by size. The majority of customers have 5/8-inch and 3/4-inch meters installed at the service location.

Table 4
Projected Water Customers by Classification

Customer Class	Actual		Projected			
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Number of Water Accounts						
Residential [1]	1,473	1,477	1,481	1,485	1,489	1,493
RV Space	68	68	68	68	68	68
Commercial	18	18	18	18	18	18
Irrigation	6	6	6	6	6	6
Total Water Accounts	1,565	1,569	1,573	1,577	1,581	1,585
Number of Fire Connections						
Public Fire Protection	235	235	235	235	235	235
Private Fire Protection	6	6	6	6	6	6
Total Fire Connections	241	241	241	241	241	241

[1] Accounts are forecast to increase based on the assumed growth rate of 0.25% annually.

Table 5
Projected Number of Water Accounts by Meter Size

Description	Actual ^[1]		Projected			
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Average Water Accounts						
5/8 & 3/4 inch	1,381	1,385	1,388	1,392	1,396	1,399
1 inch	140	140	141	141	141	142
1-1/2 inch	32	32	32	32	32	32
2 inch	10	10	10	10	10	10
3 inch	2	2	2	2	2	2
Total Accounts	1,565	1,569	1,573	1,577	1,581	1,585
Annual Increase in Water Accounts		0.26%	0.25%	0.25%	0.25%	0.25%

[1] Historical accounts for FY 21-22 are provided through District billing records.

Water Sales Volumes

Table 6 provides the historical and projected water sales volume by customer classification. Water sales volumes were projected by recognizing the growth in the number of accounts and the FY 2021-22 use per customer. From the table, the largest user of the water system is the Residential customer group. The Commercial customer class is a distant second in terms of total water consumption.

Table 6
Projected Water Consumption (in HCF)

Description	Actual		Projected ^[1]			
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Residential	158,214	142,779	143,166	143,553	143,939	144,326
RV Space	2,011	2,011	2,011	2,011	2,011	2,011
Commercial	7,988	7,189	7,189	7,189	7,189	7,189
Irrigation	3,844	3,075	3,075	3,075	3,075	3,075
Total Projected Consumption	172,057	155,054	155,441	155,828	156,214	156,601

[1] Forecast assumes that the use per customer from FY 21-22 and applied to the number of customers.

Water Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the water system, the ability to fund on-going operation and maintenance expense and capital infrastructure requirements, and its impact on reserves. This section of the report discusses the projection of revenue, projection of operation and maintenance expenses, capital improvement needs of the water system, debt service requirements, and revenue adjustments needed to maintain a sustainable water enterprise.

Revenues

The District receives operating and miscellaneous revenue from several sources. Operating revenue is received from rates and charges for water service. Revenue from water rates is projected by applying the current water rates to the projected number of accounts and consumption volume. Table 7 presents the projected revenue from current water rates.

Table 7
Projected Rate-based Water Revenue Using Existing Rates

Description	Projected				
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Water Service Revenues					
Fixed Charges [1]	\$553,930	\$555,357	\$556,664	\$557,972	\$559,398
Variable Charges [2]	551,992	553,370	554,748	556,122	557,500
Subtotal Revenues From Current Rates	\$1,105,922	\$1,108,727	\$1,111,412	\$1,114,094	\$1,116,898
Private Fireline Revenues	5,651	5,651	5,651	5,651	5,651
Total Revenues From Current Rates	\$1,111,573	\$1,114,378	\$1,117,063	\$1,119,745	\$1,122,549

[1] FY 22-23 and forecast years' revenue calculated by multiplying current water service rate by the number of projected meters.

[2] FY 22-23 and forecast years' revenue calculated by multiplying projected water sales by the current variable rates.

Miscellaneous revenue received includes hook-up fees, water turn on fees, late fees, plan check fees, standby charges, and property tax revenue. Table 8 presents the projected revenue from miscellaneous sources.

Table 8
Projected Miscellaneous Revenue

Description	Budget	Projected			
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Hook-Up Fees	\$2,500	\$2,000	\$2,000	\$2,000	\$2,000
Turn-On Fees	2,000	2,000	2,000	2,000	2,000
Late Fees	11,100	11,130	11,160	11,190	11,220
Plan Check & Inspection	5,000	800	800	800	800
Standby Charges	202,958	203,000	203,000	203,000	203,000
Property Taxes	232,860	235,200	237,600	240,000	242,400
Total Miscellaneous Revenues	\$456,418	\$454,130	\$456,560	\$458,990	\$461,420

Revenue Requirements

Revenue requirements of the water system include operation and maintenance expense, annual capital replacement, and annual debt service payments. Each of these items are discussed below.

Operation and Maintenance Expense

Operation and maintenance expenses (O&M) are an on-going obligation of the water system and such costs are normally met from water service revenue. O&M includes the cost to operate and maintain the water supply, reservoirs, and distribution system facilities. Costs also include technical services and other general and administrative expenses.

O&M has been projected recognizing the major expense categories of personnel services, electric power expense, chemicals, all other expenses, and capital outlay. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing water service. Salary costs are projected to increase by 4 percent annually whereas benefits expense is projected to increase at an 8 percent annual rate. Additionally, staffing changes are planned by the District in FY 2026-27 that reflect changes in operations for the water and wastewater systems that impact salary and benefit costs. Electric power and chemicals are both projected to increase annually at 4 percent. All other O&M expense is projected to increase by 4 percent annually whereas capital is projected to increase at 3 percent annually. Table 9 provides a summary of the O&M expenses for the Study period.

Table 9
Projected Water Operation and Maintenance Expenses

Description	Budget		Projected		
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Salaries and Benefits	\$443,598	\$467,077	\$491,952	\$518,318	\$713,906
Electricity	90,604	94,228	97,997	101,917	105,994
Water Purchase	\$23,114	\$23,114	\$23,114	\$23,114	\$23,114
Chemicals	62,000	64,480	67,059	69,741	72,531
Meters/Equip.	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038
Maintenance and Supplies	196,211	204,059	212,220	220,710	229,539
General and Administration	479,547	498,729	518,679	539,426	561,003
Capital Outlay	93,000	95,790	98,664	101,624	104,673
Total O&M Expense	\$1,400,074	\$1,459,957	\$1,522,664	\$1,588,348	\$1,824,798

Capital Replacement

The District plans for water line and other capital replacements in its capital improvement program (CIP). The amount of annual CIP project spending is included as a revenue requirement and is equal to the annual expense stated in the CIP table described further below.

Annual Debt Service

The District has two outstanding loans on the water system and one equipment lease. The Department of Water Resources (DWR) loan has annual debt service payments of about \$103,600 and will be retired in FY 2029. The State Water Resources Control Board (SWRCB) loan has annual payments of about \$58,700 which will be retired

in FY 2036. Additionally, the District pays \$114,000 annually for an equipment lease for a solar project of the District.

Water Capital Improvement Program

The District has developed a Capital Improvement Program (CIP) provided in Table 10 that lists capital expenditures for FY 2022-23 through FY 2026-27. Over this period the District projects that it would expend slightly over \$2,000,000. The major improvements include the DBP/Compliance project, upgrade of the SCADA system, and pressure reducing valves. The CIP is funded through annual water rate revenue and water system reserves.

Table 10
Water Capital Improvement Program

Description	Projected				
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Current Capital Improvement Projects (CIP) [1]					
2nd Vertical Intake	\$0	\$52,000	\$186,000	\$0	\$0
Pressure Reducing Valves (Equestrian, Waterview and Meadowlark)	-	-	-	55,000	141,000
Rebuild Treated Water Pumps	-	-	-	55,000	-
Pump Station Covers	-	-	16,000	76,000	-
Media Replacement in WTP Filters	60,000	-	-	-	-
Upgrade SCADA System	225,000	77,000	-	-	-
DBP/Compliance-related Project	200,000	206,000	212,000	219,000	225,000
Electric Gate at Corp Yard (60% of Cost)	-	-	32,000	-	-
Total Water CIP	\$485,000	\$335,000	\$446,000	\$405,000	\$366,000

[1] CIP Source: FY 22-23 CIP.

Water Financial Plan

A financial plan has been prepared that includes the revenues and revenue requirements that were identified for the water system in the tables above and is presented in Table 11. The plan incorporates specific financial planning goals to provide guidance to maintain the health of the water utility on an on-going basis. The goals included the following.

- Generate positive levels of income in each year of the Study period
- Meet annual capital replacement expenditures
- Maintain the operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required

The financial plan is developed for a 10-year planning period, however only five years of the plan is presented in Table 11 because utility rates may only be adopted for a five year period.

Proposed Revenue Adjustments

Table 11 provides the annual revenue increases recommended to meet the financial planning criteria for the five-year Study period. The financial plan indicates that 14.3 percent revenue increases are recommended beginning on April 1, 2023 and then each January through FY 2027-28, with increases of 4.0 percent thereafter. The increases are necessary to meet the planning criteria discussed above.

Table 11
Water Financial Plan

Description	Projected				
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Proposed Revenue Increase (April 1)	14.3%				
Proposed Revenue Increase (January 1)		14.3%	14.3%	14.3%	14.3%
Sources of Funds					
Rate-based Revenues, Existing Rates [1]	\$1,111,573	\$1,114,378	\$1,117,063	\$1,119,745	\$1,122,549
Total Additional Water Sales Revenue [2]	39,739	250,428	446,669	671,892	930,421
General Fund Transfers In	275,696	-	-	-	-
Miscellaneous Income [3]	456,418	454,130	456,560	458,990	461,420
Interest Income	23,931	22,888	20,717	19,696	20,032
Total Sources of Funds	\$1,907,357	\$1,841,824	\$2,041,009	\$2,270,323	\$2,534,422
Uses of Funds					
O&M and Capital Outlay	\$1,400,074	\$1,459,957	\$1,522,664	\$1,588,348	\$1,824,798
Capital Replacement	303,000	351,000	361,000	366,000	342,000
Current Debt Service	276,420	276,924	276,584	276,930	276,420
Total Uses of Funds	\$1,979,494	\$2,087,881	\$2,160,248	\$2,231,278	\$2,443,218
Net Funds Available	(\$72,137)	(\$246,057)	(\$119,239)	\$39,045	\$91,204
Capital Sources of Funds					
Operations Financed Capital	\$303,000	\$351,000	\$361,000	\$366,000	\$342,000
Total Capital Sources of Funds	\$303,000	\$351,000	\$361,000	\$366,000	\$342,000
Capital Uses of Funds					
Capital Improvement Plan [4]	\$485,000	\$335,000	\$446,000	\$405,000	\$366,000
Total Capital Uses of Funds	\$485,000	\$335,000	\$446,000	\$405,000	\$366,000
Net Capital Spending	(\$182,000)	\$16,000	(\$85,000)	(\$39,000)	(\$24,000)
Net Funds After Capital	(\$254,137)	(\$230,057)	(\$204,239)	\$45	\$67,204
Available Reserves					
Beginning available reserves [5]	\$2,658,000	\$2,403,863	\$2,173,806	\$1,969,567	\$1,969,613
Additions (reductions)	(254,137)	(230,057)	(204,239)	45	67,204
Ending available reserves	\$2,403,863	\$2,173,806	\$1,969,567	\$1,969,613	\$2,036,817
Target Reserves [6]	\$2,795,000	\$2,873,000	\$2,914,000	\$2,952,000	\$3,046,000
Above (below) Target	(\$391,137)	(\$699,194)	(\$944,433)	(\$982,387)	(\$1,009,183)
Debt Service Coverage					
Net Revenues [7]	\$626,499	\$472,939	\$622,691	\$801,529	\$846,617
Annual Debt Service	\$276,420	\$276,924	\$276,584	\$276,930	\$276,420
Coverage	227%	171%	225%	289%	306%

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

[3] Includes hookup fees, turn-on fees, late fees, standby charges, property taxes, and other miscellaneous income.

[4] From Table 10.

[5] The available beginning FY 22-23 cash balance provided by the District. Includes operating and capital reserves.

[6] Target reserve includes all reserves per Resolution 14-10 except Capital Facilities Replacement Reserve.

[7] Revenue is adjusted as if the rate increase were effective the full fiscal year.

A graphical depiction of the revenue and revenue requirements from Table 11 are presented in Figure 1. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Figure 1 shows that the revenue increases in Table 11 are necessary to meet annual O&M expense, CIP funding, and to meet the Target Reserve level.

The District’s cash position at the end of each fiscal year is provided in Figure 2. The green columns represent the end of year cash reserve balance including all funds, except for Capital Facility Replacement Reserve, while the red line indicates the Target level for these reserves. The figure shows that the reserve balance declines in the mid years of the 10-year period and then increases to the Target Reserve by the 10th year.

Figure 1
Water Financial Plan
Comparison of Revenue with Revenue Requirements

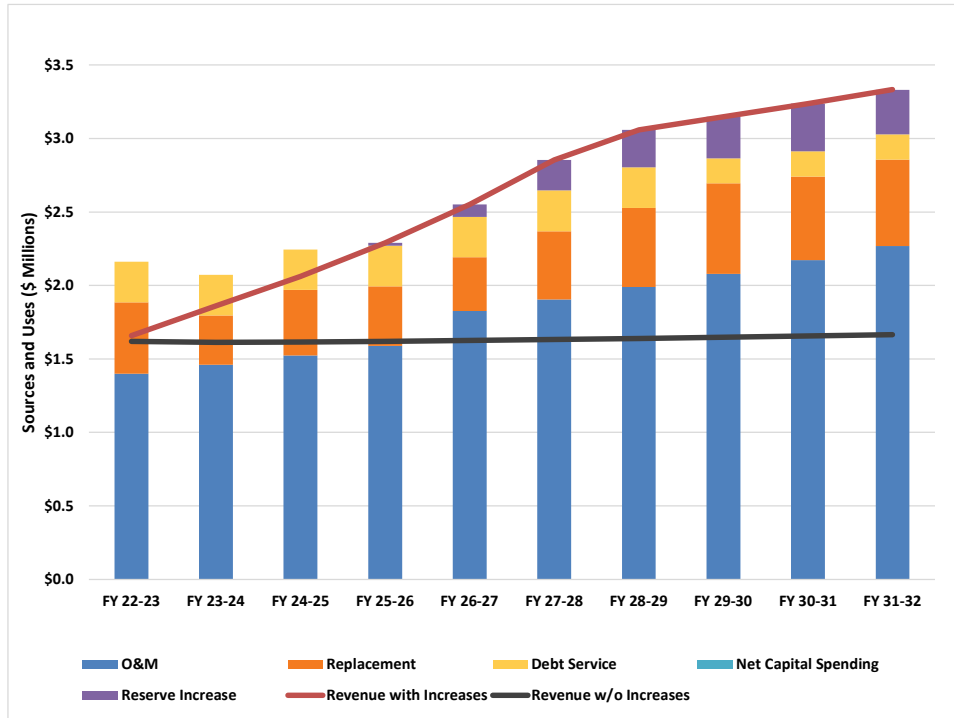
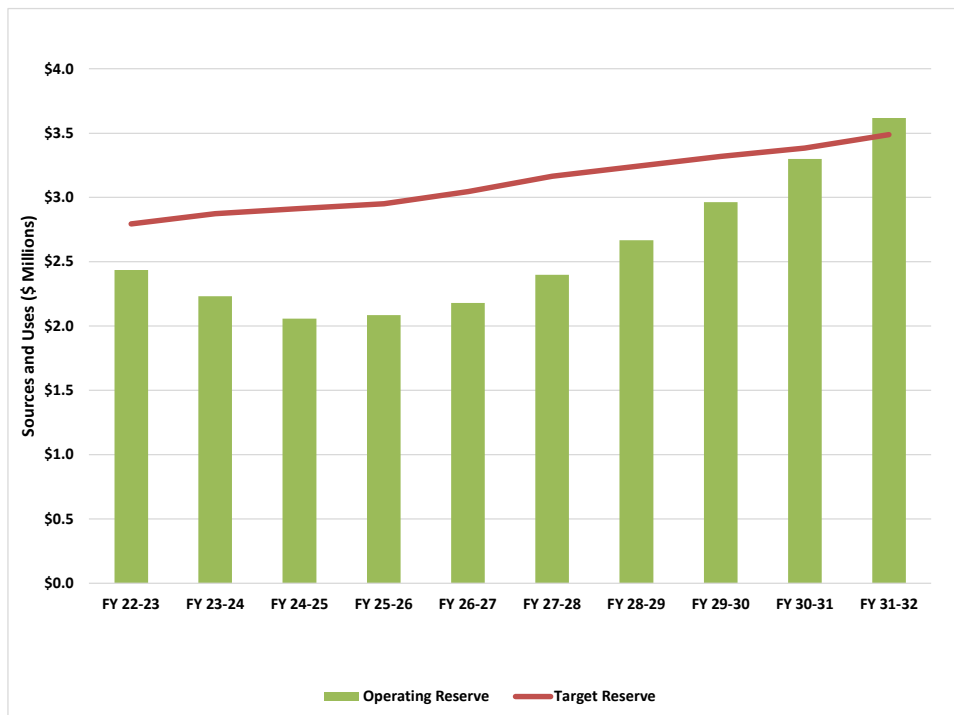


Figure 2
End of Year Water System Reserves versus Target Reserves



Cost of Service

This section of the report discusses how the water system's operating and capital costs are allocated for use in designing rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

Industry Methodology

This Study uses methodologies from the American Water Works Association (AWWA) to allocate costs in an appropriate manner. AWWA is an industry trade organization that provides guidance on operations and management of water utilities. General principles are provided to assist agencies with the design of water rates such that the rates may be consistent with local requirements while also recognizing state laws and legal framework. The AWWA guidelines have been used to conduct this Study and have been used in the design of the District's water rates while also following Proposition 218 and the recent San Juan Capistrano court decision.

The annual costs of providing water service from the financial plan are allocated to cost components according to industry standards provided in the American Water Works Association (AWWA) Manual M1. The methodology provides the basis to design rates to generate adequate revenue to meet estimated annual revenue requirements from the financial plan. Costs are then recovered through fixed charges and variable charges.

Costs of Service to be Allocated

The annual cost of service consists of O&M expenses and capital costs of the water system. O&M expenses include costs related to water distribution, maintenance of the facilities, and general and administrative costs. Capital costs include annual capital replacement discussed in the financial plan.

To design rates for the water system, costs are allocated to water system cost components based on the operating characteristics and design of the water system facilities. Cost allocations consider the average quantity of water consumed as well as the peak rate at which water is consumed. The water system is designed to serve average and peak demands, and costs that are related to serving average and peak demands are allocated in a manner such that they may be recovered appropriately.

The cost allocation components for water service are Base, Peaking, Meters and Services, Customer, and Direct Fire Protection. A five-year average of the projected operating and capital costs of the water system are assigned to each of these components. The result is a percentage allocation of the annual costs of service to each cost component which is then applied to the annual revenue requirement. The total cost to be recovered from the users of the water system by cost component for each year of the Study is presented in Table 12 below.

Water Rate Design

The cost of service analyses described in the previous section provides the basis for water rate design. The goal of the design of rates is to achieve fairness while ensuring that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how water rates and charges are designed and includes the proposed schedule of water rates for implementation.

Table 12
Allocation of Revenue Requirements to Cost Component

Description	5-Year Average	Base	Peaking	Meters/Serv	Customer	Direct Fire Protection	
Average Annual O&M							
Salaries and Benefits	\$526,972	\$276,273	\$216,787	\$31,779	\$0	2,133	
Maintenance and Supplies							
Electricity	98,148	28,042	70,106	-	-	-	
Chemicals	67,162	67,162	-	-	-	-	
Meters/Equip.	12,999	-	-	12,999	-	-	
Telephone/Internet	4,145	414	-	-	3,731	-	
Other Maintenance and Supplies	231,518	132,373	85,734	12,568	-	844	
Total Maintenance and Supplies	\$413,972	\$227,991	\$155,840	\$25,567	\$3,731	\$844	
General and Administration	\$514,282	\$232,552	\$171,984	\$32,601	\$75,453	\$1,692	
Capital Outlay	98,750	49,119	36,326	6,886	6,062	357	
Total Average Annual O&M	\$1,553,976	\$785,935	\$580,936	\$96,833	\$85,246	\$5,027	
Average Annual Capital Costs							
Capital Replacement	\$344,600	\$152,662	\$169,762	\$20,781	\$0	1,395	
Current Debt Service	276,656	145,041	113,811	16,684	-	1,120	
Total Average Capital	\$621,256	\$297,703	\$283,573	\$37,465	\$0	\$2,515	
Revenue Offsets							
	(\$426,157)	(\$215,532)	(\$159,314)	(\$26,555)	(\$23,378)	(\$1,379)	
Total Average Revenue Requirement	\$1,749,075	\$868,106	\$705,195	\$107,742	\$61,869	\$6,163	
Percentage Allocation		49.6%	40.3%	6.2%	3.5%	0.4%	
Cost Allocation Summary							
	Year	Annual Revenue Requirement	Base	Peaking	Meters/Serv	Customer	Direct Fire Protection
	FY 22-23	\$1,270,528	\$630,592	\$512,254	\$78,264	\$44,941	\$4,477
	FY 23-24	1,455,878	722,585	586,984	89,681	51,498	5,130
	FY 24-25	1,668,078	827,904	672,539	102,753	59,004	5,878
	FY 25-26	1,911,191	948,569	770,557	117,728	67,603	6,734
	FY 26-27	\$2,189,962	\$1,086,927	\$882,953	\$134,901	\$77,464	\$7,717

Proposed Rate Structure

The recommended water rate structure is a uniform volume rate structure. Fixed charges are established by meter size and variable rates are established as a uniform volume charge in terms of dollars per hundred cubic feet (\$/HCF) for all water consumed by District customers. The design of the fixed charges and variable charges are discussed below.

Proposed Fixed Charges

The proposed fixed charges recover the Customers, Meters and Services, and Peaking costs of service identified from Table 12 and recovers costs related to public fire protection. Customer and public fire protection costs are recovered based on the number of bills issued. Meters and Services costs are recovered based on meter and service ratios while Peaking costs are recovered on the basis of meter capacity ratios, both provided by AWWA.

Table 13 below presents the design of the proposed monthly fixed charges for water system customers. The current fixed charges generate about 50 percent of revenue from water rates. The proposed fixed charges generate approximately 46 percent of the revenue from water rates.

Table 13
Design of Fixed Charges

Customer Service Cost	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Customer Cost	\$44,941	\$51,498	\$59,004	\$67,603	\$77,464
Public Fire Protection Cost	151,963	177,128	202,563	231,838	265,141
Total Customer Costs	\$196,904	\$228,626	\$261,567	\$299,441	\$342,605
Number of Bills	18,828	18,876	18,924	18,972	19,020
Customer Cost per Unit	\$10.46	\$12.11	\$13.82	\$15.78	\$18.01
Meters and Services Cost	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Meters and Services Cost	\$78,264	\$89,681	\$102,753	\$117,728	\$134,901
Number of Equivalent Meters & Services	19,943	19,994	20,042	20,090	20,141
Meters and Services Cost per Unit	\$3.92	\$4.49	\$5.13	\$5.86	\$6.70
Peaking Cost	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Peaking Costs Less Fire Protection	\$360,414	\$409,909	\$470,048	\$538,808	\$617,929
Number of Equivalent Meters	21,596	21,652	21,700	21,748	21,804
Peaking Cost per Unit	\$16.69	\$18.93	\$21.66	\$24.78	\$28.34
Base Fixed Charge - 5/8" and 3/4"	\$31.07	\$35.53	\$40.61	\$46.42	\$53.05

Fixed charges for meter sizes greater than 5/8 & 3/4 inch are increased as shown below in Table 14 for FY 2022-23. The Meter and Services charge from Table 13 increases through application of meter and service cost ratios while the Peaking charge from Table 13 increases with meter capacity ratios. Public fire protection and Customer charges are charged per bill and do not increase with meter size. The charges are summed to provide the total monthly charge by meter size as shown in the last column of Table 14.

Table 14
Design of Fixed Charges by Meter Size
FY 22-23

Meter Size	Meter & Service Ratio	Meters & Services Charge	Meter Capacity Ratio	Peaking Charge	Fire Protection Charge	Customer Charge	Total Monthly Charge
inches							
5/8" and 3/4"	1.00	\$3.92	1.00	\$16.69	\$8.07	\$2.39	\$31.07
1"	1.27	\$4.99	1.67	\$27.82	\$8.07	\$2.39	\$43.27
1.5"	1.64	\$6.41	3.33	\$55.63	\$8.07	\$2.39	\$72.50
2"	2.64	\$10.33	5.33	\$89.01	\$8.07	\$2.39	\$109.80
3"	10.00	\$39.20	10.67	\$178.03	\$8.07	\$2.39	\$227.69

The fixed charges for future years beyond FY 2022-23 are designed in the same manner as provided in Table 14 and shown below in Table 15.

Table 15
Proposed Monthly Fixed Charges

Meter Size	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
inches					
5/8" and 3/4"	\$31.07	\$35.53	\$40.61	\$46.42	\$53.05
1"	\$43.27	\$49.37	\$56.45	\$64.54	\$73.77
1.5"	\$72.50	\$82.56	\$94.41	\$107.97	\$123.44
2"	\$109.80	\$124.91	\$142.86	\$163.39	\$186.82
3"	\$227.69	\$258.93	\$296.16	\$338.70	\$387.30

Private Fire Protection Fixed Charges. Annual costs allocated to the Fire Protection cost component are separated into Public and Private Fire Protection costs. Public Fire Protection costs are included into the monthly service charges as shown in Table 13 and Table 14. Private Fire Protection costs are recovered from those customers that receive the direct fire protection benefit. The monthly cost by equivalent fireline size is provided in Table 16. Private fire protection monthly charged charges are increases with AWWA fireline ratios as shown in Table 17.

Table 16
Design of Private Fire Protection Charges

Private Fire Protection Cost	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Annual Private Fire Protection Cost	\$4,354	\$5,077	\$5,806	\$6,645	\$7,599
Private Fire Protection Eq. Firelines	83.2	83.2	83.2	83.2	83.2
Private Fire Protection (\$/mo, 6-inch)	\$52.30	\$60.99	\$69.75	\$79.82	\$91.29

Table 17
Proposed Private Fire Protection Charges

Fireline Size	Fireline Ratio	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
1"	0.01	\$0.47	\$0.55	\$0.63	\$0.72	\$0.82
1.5"	0.03	\$1.36	\$1.59	\$1.82	\$2.08	\$2.38
2"	0.06	\$2.91	\$3.39	\$3.88	\$4.44	\$5.08
2.5"	0.10	\$5.23	\$6.10	\$6.98	\$7.98	\$9.13
3"	0.16	\$8.45	\$9.85	\$11.27	\$12.90	\$14.75
4"	0.34	\$18.00	\$21.00	\$24.01	\$27.48	\$31.43
6"	1.00	\$52.30	\$60.99	\$69.75	\$79.82	\$91.29
8"	2.13	\$111.45	\$129.98	\$148.63	\$170.11	\$194.53
10"	3.83	\$200.43	\$233.74	\$267.29	\$305.91	\$349.83

Proposed Variable Charges

Variable charges are designed to recover the Base costs for all customers. The proposed variable rate is designed to be a uniform volume charge that applies to all customers. The design of the proposed variable rates for FY 2022-23 and future years are presented in Table 18.

Table 18
Design of Uniform Volume Charge

Base Cost/Uniform Volume Cha	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
Base Cost	\$630,592	\$722,585	\$827,904	\$948,569	\$1,086,927
Units of Service (HCF)	155,054	155,441	155,828	156,214	156,601
Uniform Volume Charge (\$/HCF)	\$4.07	\$4.65	\$5.31	\$6.07	\$6.94

Proposed Water Rates

Table 19 presents the current and proposed fixed and variable charges for the water system as well as private fireline charges for the next five years. Current fixed, private fireline, and variable charges are provided in the first column of Table 19. Proposed charges for implementation for April 1, 2023 developed in the tables above and the proposed charges for each January 1 through FY 2026-27 are presented in the subsequent columns of Table 19.

Table 19
Proposed Water Fixed and Variable Charges

	Current Rate	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
Meter Size		Fixed Charge (\$ per month)				
5/8" and 3/4"	\$27.24	\$31.07	\$35.53	\$40.61	\$46.42	\$53.05
1"	\$37.14	\$43.27	\$49.37	\$56.45	\$64.54	\$73.77
1.5"	\$60.85	\$72.50	\$82.56	\$94.41	\$107.97	\$123.44
2"	\$91.16	\$109.80	\$124.91	\$142.86	\$163.39	\$186.82
3"	\$187.53	\$227.69	\$258.93	\$296.16	\$338.70	\$387.30
Fireline Size		Fixed Charge (\$ per month)				
2.5"	\$6.79	\$5.23	\$6.10	\$6.98	\$7.98	\$9.13
3"	\$10.97	\$8.45	\$9.85	\$11.27	\$12.90	\$14.75
4"	\$23.37	\$18.00	\$21.00	\$24.01	\$27.48	\$31.43
6"	\$67.88	\$52.30	\$60.99	\$69.75	\$79.82	\$91.29
8"	\$144.66	\$111.45	\$129.98	\$148.63	\$170.11	\$194.53
Classification	Current Rate	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27
		Variable Charge (\$ per HCF)				
All Consumption	\$3.56	\$4.07	\$4.65	\$5.31	\$6.07	\$6.94

Water Bill Impact Analysis

An impact analysis was performed to evaluate the change in single-family customer bills that would occur from the implementation of the April 2023 proposed water rates from Table 19. The impacts are provided in Table 20 below. For a single-family customer with a 3/4-inch or smaller meter size using the average consumption of 8 hundred cubic feet (HCF) monthly, the bill will increase from \$55.72 to \$63.63, an increase of \$7.91 or 14.2 percent.

Table 20
Comparison of Current Single-family Residential Monthly Water Bill with 5/8-inch or 3/4-inch Meter Size with Proposed Monthly Bill Using April 2023 Water Rates

Description	Use (HCF)	Current Bill			April 1, 2023 Proposed Bill			Dollar Change	Percent Change
		Service Charge	Volume Charge	Current Bill	Service Charge	Volume Charge	Proposed Bill		
	0	\$27.24	\$0.00	\$27.24	\$31.07	\$0.00	\$31.07	\$3.83	14.1%
Very Low	1	\$27.24	\$3.56	\$30.80	\$31.07	\$4.07	\$35.14	\$4.34	14.1%
Low	2	\$27.24	\$7.12	\$34.36	\$31.07	\$8.14	\$39.21	\$4.85	14.1%
Median	7	\$27.24	\$24.92	\$52.16	\$31.07	\$28.49	\$59.56	\$7.40	14.2%
Average	8	\$27.24	\$28.48	\$55.72	\$31.07	\$32.56	\$63.63	\$7.91	14.2%
	10	\$27.24	\$35.60	\$62.84	\$31.07	\$40.70	\$71.77	\$8.93	14.2%
High	15	\$27.24	\$53.40	\$80.64	\$31.07	\$61.05	\$92.12	\$11.48	14.2%
Very High	20	\$27.24	\$71.20	\$98.44	\$31.07	\$81.40	\$112.47	\$14.03	14.3%

Water Rate Survey

A water rate survey was conducted for neighboring communities to the Heritage Ranch Community Services District. Chart 1 compares the District's single-family residential (SFR) estimated monthly water bill with those of neighboring communities at the same consumption of 8 HCF monthly. The rate survey includes rate schedules in effect November 2022. Water bills for the District are shown using the current rates and the proposed rates for implementation April 1, 2023. The chart indicates that with the April 2023 proposed water rates, a SFR customer using the average monthly consumption of 8 HCF will experience a bill that is in the mid-range of the communities listed.

Chart 1
Single-family Residential Monthly Water Bills with 3/4-inch or Smaller Meter Using 8 HCF
For Rates in Effect November 2022



Note: Above table uses water rates in effect November 2022. District April 2023 bill is based on the rate structure and rates in Table 19.

Wastewater Financial Planning

Financial planning for the wastewater enterprise includes identifying and projecting revenues and revenue requirements of the wastewater system for a six-year planning period. A sixth year is included in the financial plan to show a full year of wastewater operations with the completed WWRF, although only five years of wastewater rates may be adopted.

Projected revenue is compared with the projected revenue requirements allowing the evaluation of the sufficiency of current revenue to meet annual wastewater expenses and obligations, which provides the basis for revenue adjustments. Proposed wastewater rates and charges are created to recover the District's annual operating and capital costs associated with the wastewater system.

This section discusses the current wastewater rates, user classifications, revenues and revenue requirements, debt service, capital improvement expenditures, and proposed revenue adjustments.

Current Wastewater Rates

The current wastewater rates consist of fixed charges to residential and non-residential customers. Customers of the wastewater system are charged a multiple of the Residential fixed charge. For example, RV spaces are charged 0.8 times the Residential charge. The current rates are presented in Table 21.

Table 21
Current Wastewater Service Rates
Effective January 1, 2022

Classification	Effective
	Jan 1, 2022
	\$/month
Residential	\$35.75
RV Space	28.60
Commercial	35.75
Camp Restroom	75.86
Dump Station	301.92
Holiday Condo	\$1,072.50

Wastewater User Classifications

Number of Customers

The District currently classifies wastewater customers as Residential, RV Space, Commercial, Camp Restroom, Dump Station, and Holiday Condo. Residential customers account for about 88 percent of the total customers served by the wastewater system. Growth is projected to occur only in Residential accounts at a rate of 0.25 percent annually following the assumptions listed in Table 1. Table 22 provides the historical and projected number of customers by classification.

Table 22
Projected Wastewater Customers by Classification

Customer Class	Actual		Projected				
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Number of Accounts							
Residential/Condo [1] [2]	1,570	1,574	1,578	1,582	1,586	1,590	1,594
RV Space	192	192	192	192	192	192	192
Commercial	18	18	18	18	18	18	18
Restrooms	3	3	3	3	3	3	3
Dump Station	1	1	1	1	1	1	1
Total Accounts	1,784	1,788	1,792	1,796	1,800	1,804	1,808

[1] Accounts are forecast to increase based on the assumed growth rate of 0.25% annually.

[2] Includes Holiday Condo 30 units.

Wastewater Financial Plan

The financial plan provides the means of analyzing the revenue and revenue requirements of the wastewater system, the ability to fund on-going operation and maintenance expense and capital expenditures, and the impact on reserves. This section of the Report discusses the projection of revenue, projection of operation and maintenance expenses, capital improvement needs of the wastewater system, debt and debt service requirements, and revenue adjustments needed to maintain a sustainable wastewater enterprise.

Revenues

The District receives wastewater operating and miscellaneous revenue from several sources. Operating revenue is received from rates and charges for wastewater service. Operating revenue is projected by applying the current wastewater rates from Table 21 to the projected number of accounts in Table 22. Table 23 presents the projected operating revenues from current fixed charges of the wastewater system.

Table 23
Projected Rate-based Wastewater Revenue Using Existing Rates

Description	Projected					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Wastewater Service Revenues						
Fixed Charges [1]	\$755,216	\$756,932	\$758,648	\$760,364	\$762,080	\$763,796
Total Revenues From Current Rates	\$755,216	\$756,932	\$758,648	\$760,364	\$762,080	\$763,796

[1] FY 22-23 and forecast years' revenue calculated by multiplying current wastewater service rate by the number of customers.

Miscellaneous revenue received includes hook-up fees, turn on fees, penalties/late fees, plan check and inspection fees, standby charges, and property tax revenue. Table 24 presents the projected revenue from miscellaneous sources.

Table 24
Projected Miscellaneous Revenue

Description	Budget		Projected			
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Hook-up Fees	\$500	\$400	\$400	\$400	\$400	\$400
Turn-On Fees	1,500	1,500	1,500	1,500	1,500	1,500
Late Fees	7,400	7,700	7,700	7,700	7,700	7,700
Plan Check and Inspection	5,000	800	800	800	800	800
Standby Charges	39,186	39,200	39,200	39,200	39,200	39,200
Property Tax	127,014	128,300	129,600	130,900	132,200	133,500
Total Miscellaneous Revenues	\$180,600	\$177,900	\$179,200	\$180,500	\$181,800	\$183,100

Revenue Requirements

Revenue requirements of the wastewater system include operation and maintenance expense, annual capital replacement, certain costs related to upgrade of the wastewater treatment plant, a proposed United States Department of Agriculture (USDA) loan and debt service payments, and USDA loan reserve payment. Each of these items are discussed below.

Operation and Maintenance Expense

Operation and maintenance expenses (O&M) are an on-going obligation of the wastewater system and such costs are normally met from wastewater service revenue. O&M includes the cost to operate and maintain the wastewater collection system, lift stations, and treatment and disposal facilities. Costs also include technical services and other general and administrative expenses.

O&M has been projected recognizing the major expense categories of personnel services, electric power expense, chemicals expense, and other expenses. Personnel costs consist of salaries and benefits expense of those personnel directly involved with providing wastewater service. Future salary costs are projected to increase by 4 percent annually whereas benefits costs are projected to increase at 8 percent annually. Additionally, staffing changes are planned by the District in FY 2026-27 that reflect changes in operations related to the new WWRF that have impacts on salary and benefit costs. Electric power and chemicals expense are projected to increase annually at 4 percent. All other O&M expense is projected to increase by 4 percent annually except capital which is projected at 3 percent annually. Table 25 provides a summary of the wastewater O&M expenses for the Study period.

Table 25
Projected Wastewater Operation and Maintenance Expenses

Description	Budget	Projected				
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Salaries & Benefits	\$295,688	\$311,337	\$327,918	\$345,492	\$678,817	\$715,434
Maintenance and Supply						
Electricity	\$33,478	\$34,817	\$36,210	\$37,658	\$273,136	\$284,061
Chemicals	17,000	17,680	18,387	19,122	31,586	32,849
Other O&M	114,987	119,587	124,371	129,346	221,908	230,784
Subtotal	\$165,465	\$172,084	\$178,968	\$186,126	\$526,630	\$547,694
General & Administration						
General Fund Allocation	\$288,252	\$299,782	\$311,773	\$324,244	\$337,214	\$350,703
Insurance	12,586	13,089	13,613	14,158	29,246	30,416
Other O&M	55,700	57,928	60,246	62,655	65,160	67,767
Subtotal	\$356,538	\$370,799	\$385,632	\$401,057	\$431,620	\$448,886
Capital Outlay	\$62,000	\$63,860	\$65,776	\$67,749	\$69,781	\$71,874
Total O&M Expense	\$879,691	\$918,080	\$958,294	\$1,000,424	\$1,706,848	\$1,783,888

Capital Replacement

The District plans for replacements in the wastewater system that occur from time to time during the fiscal year. The amount of annual wastewater CIP project spending is included as a revenue requirement and is equal to the annual expense stated in the CIP table described further below, excluding the upgrade to the wastewater treatment plant capital construction spending as discussed further below.

Western Alliance Lease

The District makes lease payments on a solar facility constructed several years ago. The lease payments total about \$38,500 annually.

Water Resource Recovery Facility

The Central Coast Regional Water Quality Control Board (CCRWQCB) evaluated the District's wastewater discharge and determined that new effluent limitations are necessary as determined in the Waste Discharge Requirements (WDR) Order No. R3-2017-0026. The District requested and received Time Schedule Order (TSO) No. R3-2018-0011 that allows the District time to comply while meeting interim discharge levels. The District has requested an extension of the TSO that will allow construction and commissioning of a new Water Resource Recovery Facility (WRRF) and achieving compliance by October 2027.

For this Study, a WRRF Project Fund has been created to illustrate the expected costs of the WRRF and its funding sources which is provided in Table 26. Costs of the WRRF include design and construction which are planned to occur over several years. The District plans to use its reserves to pay for the design costs of the WRRF while construction costs will be funded by two interim loans of \$11M and \$13M followed by a \$24M long term take-out loan from the USDA.

Table 26 shows that the District will spend about \$1.5M of its own reserves for design costs while the rest of the project will be funded by loan proceeds. The table also shows that about \$2.1M is available as a contingency for the project. Any funds that are not spent will be used to reduce the take-out loan from the USDA.

Table 26
Water Resource Recovery Facility Project Fund

Description	Projected					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Sources and Uses of Funds						
Beginning Year Balance	\$0	\$0	\$7,470,996	\$6,876,409	\$2,081,085	\$2,102,000
District Cash Reserves	\$904,800	645,200	-	-	-	-
Interim Loan #1	-	11,000,000	-	-	-	-
Interim Loan #2	-	-	13,000,000	-	-	-
Water Resource Recovery Facility Design and Construction Costs	(904,800)	(4,211,559)	(13,666,324)	(4,840,111)	-	-
Interest Income (1% percent)	-	37,355	71,737	44,787	20,915	21,126
Total Project Fund Balance	\$0	\$7,470,996	\$6,876,409	\$2,081,085	\$2,102,000	\$2,123,126

Debt Service

The District plans to obtain loan proceeds from two interim loans to fund the WWRF project. The first interim loan of \$11M is planned to close December 30, 2023 and includes interest only payments at a rate of 5.8 percent with an annual payment of about \$639,000. A second interim loan of \$13M is planned to close December 30, 2024 and includes interest only payments at the same interest rate of 5.8 percent with an annual payment of about \$756,000.

The District is making application to the USDA for a \$24M long-term loan that will take out the two interim loans. The USDA loan is planned to close on July 1, 2026 with an interest rate of 3.5 percent and a 40 year term. Payments associated with the USDA loan are \$420,000 in FY 2026-27 with estimated annual payments of \$1,123,500 thereafter. This will be the only outstanding loan of the wastewater system after take-out of the interim loans. As part of an agreement for the USDA loan, the District is required to build a reserve over a 10-year period equal to 1/10th of the annual USDA loan payment. This requirement is \$112,350 annually beginning in FY 2027-28.

Wastewater Capital Improvement Program

Table 27 provides the wastewater capital improvement program (CIP) of the District that lists planned capital expenditures for FY 2022-23 through FY 2026-27 excluding the construction costs of the WRRF project. Major projects include design costs of the WRRF, lift station #1 and #2 rehabilitation costs, and SDADA upgrades. The CIP expenditures are funded by wastewater system revenues and reserves.

Table 27
Wastewater Capital Improvement Program

Description	Projected					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Current Capital Improvement Projects (CIP) [1]						
Water Resource Recovery Facility Design Costs Only	\$904,800	\$645,200	-	-	-	-
Lift Station 3 Rehabilitation	25,000	155,000	-	137,000	141,000	-
Lift Station 2 Rehabilitation	25,000	-	-	55,000	56,000	-
Collection System SCADA	100,000	103,000	-	-	-	-
Wastewater Collection System Model and Infiltration/Inflow Phase II	75,000	-	-	-	-	-
Electric Gate at Corp Yard (40% of Cost)	-	-	21,000	-	-	-
Lift Station 1 Rehabilitation	-	-	-	-	-	29,000
Total Wastewater CIP	\$1,129,800	\$903,200	\$21,000	\$192,000	\$197,000	\$29,000

[1] CIP Source: FY 22-23 District CIP document.

Wastewater Financial Plan

A financial plan has been prepared for the wastewater utility that includes the revenues and revenue requirements that were identified for the wastewater system and is presented in Table 28. The plan incorporates specific financial planning criteria to provide guidance to maintain the health of the wastewater utility on an on-going basis. The criteria included the following.

- Generate positive levels of income in each year of the Study period
- Meet annual capital replacement expenditures
- Maintain the operating and capital reserves at or greater than target levels
- Maintain debt service coverage ratios at or greater than the minimum required

Table 28
Wastewater Financial Plan

Description	Projected					
	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Proposed Revenue Increase (April 1)	59.0%					
Proposed Revenue Increase (January 1)		59.0%	59.0%	3.0%	3.0%	3.0%
Sources of Funds						
Rate-based Revenues, Existing Rates [1]	\$755,216	\$756,932	\$758,648	\$760,364	\$762,080	\$763,796
Total Additional Wastewater Service Revenue [2]	111,394	801,629	1,725,082	2,341,901	2,440,465	2,542,253
Miscellaneous Income [3]	180,600	177,900	179,200	180,500	181,800	183,100
Interest Income	15,885	7,179	4,676	9,288	14,323	18,124
Total Sources of Funds	\$1,063,095	\$1,743,640	\$2,667,606	\$3,292,053	\$3,398,668	\$3,507,273
Uses of Funds						
O&M and Capital Outlay	\$879,691	\$918,080	\$958,294	\$1,000,424	\$1,706,848	\$1,783,888
Capital Replacement [4]	167,000	132,000	152,000	149,000	751,000	726,000
Western Alliance Lease	38,587	38,758	38,643	38,759	38,587	38,587
Interim Loan #1	-	639,772	638,000	638,000	319,000	-
Interim Loan #2	-	-	756,094	756,094	377,000	-
USDA Loan	-	-	-	-	420,000	1,123,500
USDA Loan Reserve Fund Payment	-	-	-	-	-	112,350
Total Uses of Funds	\$1,085,278	\$1,728,610	\$2,543,031	\$2,582,277	\$3,612,435	\$3,784,325
Net Funds Available Before Capital	(\$22,183)	\$15,030	\$124,575	\$709,776	(\$213,767)	(\$277,052)
Capital Sources of Funds						
Operations Financed Capital	\$167,000	\$132,000	\$152,000	\$149,000	\$751,000	\$726,000
Total Capital Sources of Funds	\$167,000	\$132,000	\$152,000	\$149,000	\$751,000	\$726,000
Capital Uses of Funds						
Capital Improvement Plan [5]	\$1,129,800	\$903,200	\$21,000	\$192,000	\$197,000	\$29,000
Total Capital Uses of Funds	\$1,129,800	\$903,200	\$21,000	\$192,000	\$197,000	\$29,000
Net Capital Spending	(\$962,800)	(\$771,200)	\$131,000	(\$43,000)	\$554,000	\$697,000
Net Funds After Capital	(\$984,983)	(\$756,170)	\$255,575	\$666,776	\$340,233	\$419,948
Available Reserves						
Beginning available reserves [6]	\$2,081,000	\$1,096,017	\$339,847	\$595,422	\$1,262,198	\$1,602,431
Additions (reductions)	(984,983)	(756,170)	255,575	666,776	340,233	419,948
Ending available reserves	\$1,096,017	\$339,847	\$595,422	\$1,262,198	\$1,602,431	\$2,022,379
Target Reserves [7]	\$2,081,000	\$2,065,000	\$2,105,000	\$2,123,000	\$3,078,000	\$3,092,000
Above (below) Target	(\$984,983)	(\$1,725,153)	(\$1,509,578)	(\$860,802)	(\$1,475,569)	(\$1,069,621)
Debt Service Coverage						
Net Revenues [8]	\$517,588	\$1,180,599	\$2,275,103	\$2,337,476	\$1,739,148	\$1,772,243
Annual Debt Service	-	639,772	1,394,094	1,394,094	1,116,000	1,123,500
Coverage	n/a	185%	163%	168%	156%	158%

[1] Projected using the existing rates.

[2] Additional revenue from proposed rate adjustments.

[3] Miscellaneous income including hookup fees, turn-on fees, late fees, standby charges, property taxes, and other miscellaneous income.

[4] Equal to approximate annual depreciation expense.

[5] From Table 27. Includes Water Resource Recovery Facility (WRRF) design costs only.

[6] The available beginning FY 22-23 cash balance provided by the District. Includes operating and capital reserves.

[7] Target reserve includes operating, equipment, debt service, and solar reserves per Resolution 14-10. Excludes Capital Facility Reserve.

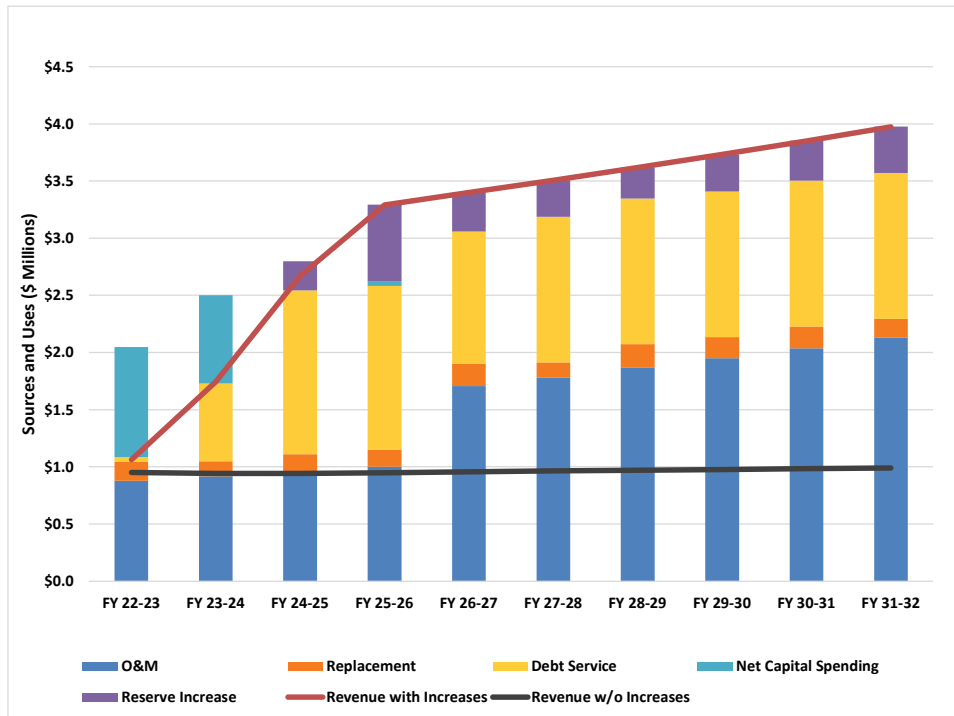
[8] Revenue is adjusted as if the rate increase were effective the full fiscal year.

Proposed Revenue Adjustments

Analysis of the revenues and revenue requirements of the wastewater financial plan indicate that revenue increases are necessary. Revenue increases of 59 percent annually are proposed for three years beginning April 1, 2023 and each January 1 of FY 2023-24 and FY 2024-25. Additionally, revenue increases of 3 percent are proposed beginning FY 2025-26 through FY 2027-28 with 3 percent annual increases assumed thereafter through FY 2031-32. The proposed increases are shown near the top of the wastewater financial plan in Table 28.

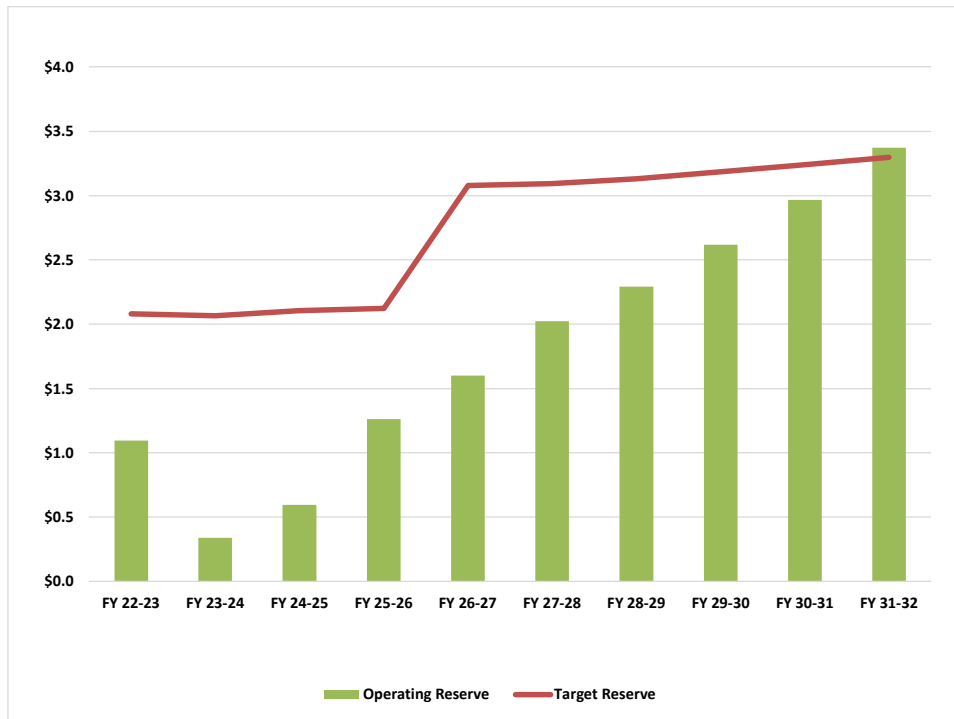
A graphical depiction of the revenue and revenue requirements from Table 28 are presented in Figure 3. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Figure 3 shows that the revenue increases from Table 28 are necessary to meet annual O&M expense, CIP funding, and to increase reserves to the Target Reserve level.

Figure 3
Wastewater Financial Plan
Comparison of Revenue with Revenue Requirements



The District’s wastewater cash position at the end of each fiscal year is provided in Figure 4. The green columns represent the end of year cash reserve balance including all funds, except for Capital Facility Replacement Reserve, while the red line indicates the Target level for these reserves. The figure shows the use of District reserves to pay for design costs in the first two years, then the reserve balance increases each year, meeting the Target Reserve in the 10th year.

Figure 4
End of Year Wastewater System Reserves versus Target Reserves



Cost of Service

This section of the report discusses how the wastewater system’s operating and capital costs are allocated for use in designing rates. Establishing rates in California requires that the agency responsible for imposing property-related fees create a nexus between the cost of providing service and the rates to be imposed.

Industry Methodology

Methodology from the Water Environment Federation (WEF) is commonly used to allocate wastewater costs in an appropriate manner. Similar to AWWA, WEF is an industry trade organization that provides guidance on operations, technical training, education, and management of wastewater utilities. General principles are provided to assist agencies with the design of wastewater rates and charges that are consistent with local requirements while also recognizing state laws and legal framework.

Due to the District’s current wastewater system operations, and that the District is pursuing a loan with the USDA, the method used in this Study to allocate costs and to design wastewater rates is an Equivalent Dwelling Unit (EDU) methodology. For this Study, one EDU is defined as the wastewater flow impact on the wastewater system by a Residential customer.

Costs of Service to be Allocated

The annual cost of service consists of O&M expenses and capital costs of the wastewater system. O&M expenses include costs related to wastewater collection, treatment, disposal maintenance of the facilities, and general and administrative costs. Capital costs include annual capital replacement, lease expense, and debt service discussed in the financial plan. The annual costs to be recovered from wastewater rates are provided in Table 29.

Table 29
Costs to be Recovered From Wastewater Rates

Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Operating Expense						
O&M and Capital Outlay	\$879,691	\$918,080	\$958,294	\$1,000,424	\$1,706,848	\$1,783,888
Subtotal	\$879,691	\$918,080	\$958,294	\$1,000,424	\$1,706,848	\$1,783,888
Capital						
Capital Replacement [4]	167,000	132,000	152,000	149,000	751,000	726,000
Western Alliance Lease	38,587	38,758	38,643	38,759	38,587	38,587
Interim Loan #1	-	639,772	638,000	638,000	319,000	-
Interim Loan #2	-	-	756,094	756,094	377,000	-
USDA Loan	-	-	-	-	420,000	1,123,500
USDA Loan Reserve Fund Payment	-	-	-	-	-	112,350
Subtotal	\$205,587	\$810,530	\$1,584,737	\$1,581,853	\$1,905,587	\$2,000,437
Net Capital Spending						
Capital Replacement [4]	(\$167,000)	(\$132,000)	(\$152,000)	(\$149,000)	(\$751,000)	(\$726,000)
Capital Improvement Plan	1,129,800	903,200	21,000	192,000	197,000	29,000
Subtotal	\$962,800	\$771,200	(\$131,000)	\$43,000	(\$554,000)	(\$697,000)
Met From Other Sources						
Revenue Offsets	(\$196,485)	(\$185,079)	(\$183,876)	(\$189,788)	(\$196,123)	(\$201,224)
Subtotal	(\$196,485)	(\$185,079)	(\$183,876)	(\$189,788)	(\$196,123)	(\$201,224)
Adjustments						
Adjustments for Annual Cash Balance	(\$984,983)	(\$756,170)	\$255,575	\$666,776	\$340,233	\$419,948
Adjustments to Annualize Rate Increase	334,183	355,039	565,791	45,847	47,328	48,858
Subtotal	(\$650,800)	(\$401,131)	\$821,366	\$712,623	\$387,561	\$468,806
Total Costs to be Recovered	\$1,200,793	\$1,913,600	\$3,049,521	\$3,148,112	\$3,249,873	\$3,354,907

Wastewater Rate Design

The goal of the design of rates is to achieve fairness while ensuring that each customer class pays its fair share of costs. Rates should be simple to administer, easy to understand, and comply with regulatory requirements. This section describes how wastewater rates and charges are designed and includes the proposed schedule of wastewater rates for implementation.

Proposed Wastewater Rates

The wastewater charges proposed in this Study reflect an EDU methodology and charges are based on an EDU ratio to a Residential customer. Wastewater charges are calculated by first developing the number of EDU's served by the District and then calculating an EDU ratio for each customer classification that reflects its wastewater flow impact in relation to a Residential customer. This calculation is provided in Table 30. The calculation uses average monthly winter water consumption of each customer classification as described by the USDA to calculate an EDU ratio.

Table 30
Calculation of the EDU Ratio
 FY 21-22

Description	Winter Water Consumption ^[1]	Average Monthly Winter Water Consumption ^[2]	Number of Users	Adjusted Number of Users	Average Monthly Flow per User	Number of EDUs ^[3]	Calculated EDU Ratio
	HCF/3 mos	HCF/mo			col [2] ÷ col [4]		
Residential/Condo [4]	19,708.0	6,569.3	1,570	1,570.0	4.2	1,570.0	1.00
RV Space [5]	295.0	98.3	192	29.0	3.4	23.5	0.80
Commercial	659.0	219.7	18	18.0	12.2	52.5	2.90
Restrooms [6]	29.0	9.7	3	1.0	9.7	2.3	2.30
Dump Station	156.9	52.3	1	1.0	52.3	12.5	12.50
Total	20,847.9	6,949.3	1,784	1,619.0		1,660.8	

[1] Water consumption for the lowest three months of January, February, and March.
 [2] Estimate for total monthly wastewater flow.
 [3] For EDU ratio calculations only.
 [4] Includes Holiday Condo 30 units.
 [5] Adjusted number of users for RV Spaces reflects average occupied spaces during January, February, and March.
 [6] Adjusted number of users reflects seasonal use.

The calculated EDU ratio from Table 30 is applied to the number of customers/units of each customer classification to determine the number of billing units served by the wastewater system. The annual revenue requirements from Table 29 are divided by the number of annual billing units to calculate the monthly wastewater charge per billing unit shown in Table 31.

Table 31
Calculation of Monthly Charge per Billing Unit

Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Number of Customers/Units [1]						
Residential/Condo [2]	1,574	1,578	1,582	1,586	1,590	1,594
RV Space	192	192	192	192	192	192
Commercial	18	18	18	18	18	18
Restrooms	3	3	3	3	3	3
Dump Station	1	1	1	1	1	1
Total Number of Customers	1,788	1,792	1,796	1,800	1,804	1,808
Number of Billing Units [3]	EDU Ratio [4]					
Residential/Condo [2]	1.00	1,574.00	1,578.00	1,582.00	1,586.00	1,594.00
RV Space	0.80	153.60	153.60	153.60	153.60	153.60
Commercial	2.90	52.20	52.20	52.20	52.20	52.20
Restrooms	2.30	6.90	6.90	6.90	6.90	6.90
Dump Station	12.50	12.50	12.50	12.50	12.50	12.50
Total Number of Billing Units	1,799.20	1,803.20	1,807.20	1,811.20	1,815.20	1,819.20
Revenue Requirement [5]	\$1,200,793	\$1,913,600	\$3,049,521	\$3,148,112	\$3,249,873	\$3,354,907
Monthly Charge per Billing Unit [6]	\$55.62	\$88.44	\$140.62	\$144.84	\$149.19	\$153.68

[1] From Table 22.
 [2] Includes Holiday Condo 30 units.
 [3] Number of customers/units multiplied by EDU ratio.
 [4] From Table 30.
 [5] Revenue Requirement from Table 29.
 [6] Revenue Requirement divided by Number of Billing Units.

Applying the EDU ratio to the proposed wastewater fixed charge per billing unit determines the wastewater charge for the District's customer classifications. The proposed wastewater monthly fixed charges are shown in Table 32 for the Study period.

Table 32
Proposed Wastewater Monthly Fixed Charges

Description	EDU Ratio	Current Charge	April 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26	January 1, FY 26-27	January 1, FY 27-28
Residential/Condo [2]	1.00	\$35.75	\$55.62	\$88.44	\$140.62	\$144.84	\$149.19	\$153.68
RV Space	0.80	\$28.60	\$44.50	\$70.75	\$112.50	\$115.87	\$119.35	\$122.94
Commercial	2.90	\$35.75	\$161.30	\$256.48	\$407.80	\$420.04	\$432.65	\$445.67
Restrooms	2.30	\$75.86	\$127.93	\$203.41	\$323.43	\$333.13	\$343.14	\$353.46
Dump Station	12.50	\$301.92	\$695.25	\$1,105.50	\$1,757.75	\$1,810.50	\$1,864.88	\$1,921.00
Holiday Condo	30.00	\$1,072.50	\$1,668.60	\$2,653.20	\$4,218.60	\$4,345.20	\$4,475.70	\$4,610.40

Wastewater Bill Impacts

Since the Residential wastewater charge is a fixed charge per month, the impact to wastewater bills can be determined from inspection of Table 32. For a SFR customer, the current monthly wastewater bill will increase from \$35.75 to \$55.62 on April 1, 2023, an increase of \$19.87 or 55.6 percent. The increase of 55.6 percent is lower than the overall increase of 59.0 percent from Table 28 due to cost of service adjustments to update the EDU ratios. For years after the first year, the SFR bill increases by 59.0 percent on January 1 for the next two years and then 3.0 percent each January for years thereafter.

Wastewater Rate Survey

A wastewater rate survey was conducted for neighboring communities to the District. Chart 2 compares the District's current and proposed SFR monthly wastewater bill with those of neighboring communities. The chart indicates that with the proposed charges, a SFR customer will experience a bill that is in the mid-range of the communities surveyed.

Chart 2
Single-family Residential Monthly Wastewater Bills
For Rates in Effect November 2022



Note: Above table uses wastewater rates in effect November 2022. District April 2023 bill is based on the rate structure and rates in Table 32.