

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS' REGULAR MEETING**  
*Minutes of September 15, 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. Directors Barker and Capps were absent. All other Directors were present.

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

**3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA**

There were no public comments.

**4. CONSENT ITEMS**

- a. **Meeting Minutes:** Receive/approve minutes of regular meeting of August 18, 2022.
- b. **Meeting Minutes:** Receive/approve minutes of special meeting of August 9, 2022.
- c. **Warrant Register:** Receive/approve August 2022 warrants.
- d. **Treasurer's Report:** Receive/file August 2022 Report.
- e. **Fiscal Report:** Receive/file August 2022 status report.
- f. **Office Report:** Receive/file August 2022 report.
- g. **Manager Report:** Receive/file September 2022 report.
- h. **District Engineer Report:** Receive/file September 2022 report.
- i. **Operations Manager Report:** Receive/file September 2022 report.

There were no public comments.

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

Ayes: Burgess, Cousineau, Rowley

Absent: Barker, Capps

**5. DISCUSSION ITEMS**

- a. **Request to consider approval of a granular activated carbon pilot study in an amount not to exceed \$75,000, authorize the General Manager to**

**execute a rental agreement with Evoqua Water Technologies LLC for rental of the equipment, and authorize a corresponding budget adjustment from reserves.**

District Engineer Groshart provided a brief summary of the item and answered any questions the board had.

There were no public comments.

Director Rowley made a motion to approve staff recommendation. Director Burgess seconded the motion. The motion passed by the following roll call vote:

Ayes: Burgess, Cousineau, Rowley

Absent: Barker, Capps

## **6. CLOSING BOARD COMMENTS**

Director Cousineau encouraged the directors to read the latest California Special Districts publication which included an article on Workplace Civility.

There were no public comments.

## **7. ADJOURNMENT**

On a motion by Director Burgess and seconded by Director Rowley, the meeting adjourned at 4:38 pm to the next scheduled special meeting on Thursday, September 29, 2022.

**APPROVED:**

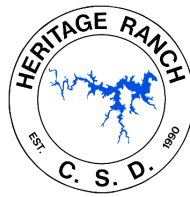
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**Reg Cousineau, President  
Board of Directors**

**ATTEST:**

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**Kristen Gelos, Secretary  
Board of Directors**



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS' SPECIAL MEETING**  
*Minutes of September 29, 2022*

**1. 6:00 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 and District Engineer Doug Groshart.

**3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA**

Sam Poppin, a customer of the District asked why he did not hear the staff reports at the last meeting.

The board responded to his question.

**4. DISCUSSION ITEMS**

- a. Request to review draft assumptions of and planning factors, and draft financial plans prepared by Tuckfield & Associates for the water and sewer rates study, and provide direction to staff.**

There were no public comments.

Manager Duffield introduced the item and handed the floor to Clayton Tuckfield or Tuckfield & Associates. Mr. Tuckfield presented a power point presentation to the board and answered any questions they had.

The Board accepted the assumptions, planning factors, and draft financial plans and directed staff along with Mr. Tuckfield to proceed with the next tasks.

**5. ADJOURNMENT**

On a motion by Director Barker and seconded by Director Burgess, the meeting adjourned at 5:15 pm to the next scheduled meeting on Thursday, October 20, 2022.

**APPROVED:**

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**Reg Cousineau, President  
Board of Directors**

**ATTEST:**

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**Scott Duffield, Secretary  
Board of Directors**

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/01/22	PITNEY BOWES POSTAGE	91.15	\$ 91.15
09/03/22	CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	756.44 756.44	\$ 1,512.88
09/03/22	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS	14,372.67	\$ 14,372.67
09/06/22	PITNEY BOWES POSTAGE	105.36	\$ 105.36
09/07/22	LOWE'S MAINTENANCE FIXED EQUIPMENT	752.55	\$ 752.55
09/09/22	R. ARNOLD NET PAYROLL	2,579.83	\$ 2,579.83
09/09/22	M. HUMPHREY NET PAYROLL	2,118.62	\$ 2,118.62
09/09/22	B. VOGEL NET PAYROLL	2,511.16	\$ 2,511.16
09/09/22	T. SHOGREN NET PAYROLL	2,121.11	\$ 2,121.11
09/09/22	H. HALL NET PAYROLL	1,643.28	\$ 1,643.28
09/09/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
09/09/22	D. BURGESS NET PAYROLL	184.70	\$ 184.70
09/09/22	B. BARKER NET PAYROLL	184.70	\$ 184.70
09/09/22	M. ROWLEY NET PAYROLL	184.70	\$ 184.70

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/09/22	R. COUSINEAU NET PAYROLL	184.70	\$ 184.70
09/09/22	S. DUFFIELD NET PAYROLL	4,198.81	\$ 4,198.81
09/09/22	D. CAPPS NET PAYROLL	184.70	\$ 184.70
09/09/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
09/09/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
09/09/22	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
09/09/22	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHI HOLDING MEDICARE	2,712.20 124.00 1,021.76	\$ 3,857.96
09/09/22	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	376.57 1,131.30	\$ 1,507.87
09/09/22	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	9.64 1,337.57 1,646.78 2,369.15 8.37	\$ 5,371.51
09/09/22	CARDMEMBER SERVICES-FIVE STAR FIVE STAR CC PURCHASES	4,466.65	\$ 4,466.65
09/09/22	J.B. DEWAR. INC. FUEL & OIL	878.47	\$ 878.47
09/09/22	PG&E ELECTRICITY	9,408.20	\$ 9,408.20

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/14/22	FERGUSON ENTERPRISES INC MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	326.26 559.83	\$ 886.09
09/14/22	ADAMSKI, MOROSKI, MADDEN, CUMBERLAND LEGAL & ATTORNEY	498.00	\$ 498.00
09/14/22	USA BLUEBOOK CHEMICALS/MAINT. FIXED EQUIP. MAINTENANCE FIXED EQUIPMENT	750.22 603.82	\$ 1,354.04
09/14/22	BRENNTAG PACIFIC, INC CHEMICALS	3,336.84	\$ 3,336.84
09/14/22	FARM SUPPLY COMPANY SMALL TOOLS & EQUIPMENT	514.79	\$ 514.79
09/14/22	FGL ENVIRONMENTAL LAB TESTING LAB TESTING LAB TESTING LAB TESTING	1,062.00 39.00 540.00 18.00	\$ 1,659.00
09/14/22	ROY ARNOLD UNIFORM ALLOWANCE CELL PHONE/INTERNET ALLOWANCE	150.89 80.00	\$ 230.89
09/14/22	RENTAL DEPOT EQUIPMENT RENT/LEASE	1,436.40	\$ 1,436.40
09/14/22	ABALONE COAST ANALYTICAL, INC. LAB TESTING	2,448.00	\$ 2,448.00
09/14/22	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
09/14/22	TUCKFIELD & ASSOCIATES PROFESSIONAL SERVICES	10,412.50	\$ 10,412.50
09/14/22	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	47,071.47	\$ 47,071.47

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/14/22	CORE & MAIN LP		
	MAINTENANCE FIXED EQUIPMENT	50.68	
	MAINTENANCE FIXED EQUIPMENT	255.79	
	MAINTENANCE FIXED EQUIPMENT	103.86	
	MAINTENANCE FIXED EQUIPMENT	812.96	
	MAINTENANCE FIXED EQUIPMENT	144.79	\$ 1,368.08
09/14/22	SCOTT DUFFIELD		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
09/14/22	RIVAL TECHNOLOGY INC.		
	COMPUTER/SOFT. & PRO. SERVICES	2,312.81	
	COMPUTER/SOFTWARE	130.00	\$ 2,442.81
09/14/22	MARK HUMPHREY		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
09/14/22	SPRAGUE'S LAWN SERVICES		
	STRUCTURES & GROUNDS	225.00	\$ 225.00
09/14/22	MID-STATE REPAIR SERVICE		
	MAINTENANCE FIXED EQUIPMENT	482.74	
	MAINTENANCE FIXED EQUIPMENT	482.74	
	MAINTENANCE FIXED EQUIPMENT	695.96	
	VEHICLES	436.99	
	MAINTENANCE FIXED EQUIPMENT	447.31	
	MAINTENANCE FIXED EQUIPMENT	424.87	
	MAINTENANCE FIXED EQUIPMENT	424.87	
	MAINTENANCE FIXED EQUIPMENT	492.37	\$ 3,887.85
09/14/22	BRIAN VOGEL		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
09/14/22	MIKE WILCOX		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
09/14/22	TROY SHOGREN		
	TRAINING & TRAVEL	272.52	
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 352.52
09/14/22	DOUGLAS GROSHART		
	CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00



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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/14/22	INDEPENDENT ELECTRIC SUPPLY MAINTENANCE FIXED EQUIPMENT	38.03	\$ 38.03
09/14/22	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	420.00	\$ 420.00
09/14/22	HARTLEY HALL UNIFORM ALLOWANCE	54.33	\$ 54.33
09/14/22	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	2,891.94 8,062.50 2,210.56	\$ 13,165.00
09/23/22	R. ARNOLD NET PAYROLL	2,687.66	\$ 2,687.66
09/23/22	M. HUMPHREY NET PAYROLL	2,172.87	\$ 2,172.87
09/23/22	B. VOGEL NET PAYROLL	2,292.95	\$ 2,292.95
09/23/22	T. SHOGREN NET PAYROLL	2,912.00	\$ 2,912.00
09/23/22	H. HALL NET PAYROLL	1,635.60	\$ 1,635.60
09/23/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
09/23/22	S. DUFFIELD NET PAYROLL	4,035.75	\$ 4,035.75
09/23/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
09/23/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
09/23/22	CALPERS RETIREMENT SYSTEM PERS UNFUNDED LIABILITY	8,996.83	\$ 8,996.83

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/23/22	PG&E ELECTRICITY	3,356.59	\$ 3,356.59
09/23/22	FIRSTNET INTERNET	40.24	\$ 40.24
09/23/22	CALPERS 457 DEFFERED COMP PROGRAM PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
09/23/22	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,774.53 1,013.78	\$ 3,788.31
09/23/22	EMPLOYMENT DEVELOPMENT DEPARTMENT SDI STATE WITHHOLDING	384.52 1,164.79	\$ 1,549.31
09/23/22	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	1,404.52 1,646.78 2,407.72 8.37	\$ 5,467.39
09/25/22	PITNEY BOWES GLOBAL FINANCIAL POSTAGE METER LEASE PROP.TAX	19.41	\$ 19.41
09/27/22	STAPLES CREDIT PLAN OFFICE SUPPLIES	59.50	\$ 59.50
09/27/22	GREAT WESTERN ALARM ALARM/ANSWERING SERVICE	283.91	\$ 283.91
09/27/22	AT&T TELEPHONE	82.82	\$ 82.82
09/27/22	SWRCB LICENSES & PERMITS	410.00	\$ 410.00
09/27/22	RDO EQUIPMENT CO. SUPPLIES	358.76	\$ 358.76
09/27/22	ANTHONY'S TIRE STORE VEHICLES	297.30	\$ 297.30

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
09/27/22	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	1,785.00	\$ 1,785.00
09/27/22	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	61.82 435.72 85.29	\$ 582.83
09/27/22	WESTERN EXTERMINATOR STRUCTURES & GROUNDS STRUCTURES & GROUNDS	102.15 99.00	\$ 201.15
09/27/22	JORANDA MARKETING, INC. / JAN- STRUCTURES & GROUNDS	266.60	\$ 266.60
09/27/22	HARTLEY HALL TRAINING & TRAVEL	163.25	\$ 163.25
09/28/22	CHARTER COMMUNICATIONS INTERNET	89.99	\$ 89.99
<b>GRAND TOTAL FOR ALL WARRANTS</b>			<b>\$ 216,760.54</b>

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/3/2022	CALPERS HEALTH BENEFITS EMPLOYEE PAID HEALTH BENEFIT EMPLOYEE PAID HEALTH BENEFIT	756.44 756.44	\$ 1,512.88
10/3/2022	CALPERS HEALTH BENEFITS CALPERS HEALTH BENEFITS	14,372.67	\$ 14,372.67
10/07/22	R. ARNOLD NET PAYROLL	2,934.14	\$ 2,934.14
10/07/22	M. HUMPHREY NET PAYROLL	2,025.74	\$ 2,025.74
10/07/22	B. VOGEL NET PAYROLL	3,181.28	\$ 3,181.28
10/07/22	T. SHOGREN NET PAYROLL	2,214.31	\$ 2,214.31
10/07/22	H. HALL NET PAYROLL	1,643.28	\$ 1,643.28
10/07/22	K. GELOS NET PAYROLL	2,571.34	\$ 2,571.34
10/07/22	D. BURGESS NET PAYROLL	184.70	\$ 184.70
10/07/22	B. BARKER NET PAYROLL	92.35	\$ 92.35
10/07/22	M. ROWLEY NET PAYROLL	184.70	\$ 184.70
10/07/22	R. COUSINEAU NET PAYROLL	184.70	\$ 184.70
10/07/22	S. DUFFIELD NET PAYROLL	4,198.81	\$ 4,198.81
10/07/22	D. CAPPS NET PAYROLL	92.35	\$ 92.35

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/07/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
10/07/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
10/7/2022	CALPERS 457 DEFFERED COMP PROG PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
10/7/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES FICA WITHIHOLDING MEDICARE	2,973.59 99.20 1,059.46	\$ 4,132.25
10/7/2022	EMPLOYMENT DEVELOPMENT DEPARTM SDI STATE WITHHOLDING	393.07 1,261.79	\$ 1,654.86
10/7/2022	CALPERS RETIREMENT SYSTEM CALPERS UNIFORM ALLOWANCE PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	9.64 1,404.51 1,646.78 2,407.72 8.37	\$ 5,477.02
10/10/2022	FERGUSON ENTERPRISES INC MAINTENANCE FIXED EQUIPMENT	99.62	\$ 99.62
10/10/2022	PG&E ELECTRICITY	7,642.25	\$ 7,642.25
10/10/2022	TYLER TECHNOLOGIES PROFESSIONAL SERVICES	21.90	\$ 21.90
10/10/2022	FGL ENVIRONMENTAL LAB TESTING	976.00	\$ 976.00
10/10/2022	COUNTY OF SAN LUIS OBISPO PROFESSIONAL SERVICES	274.30	\$ 274.30
10/10/2022	COUNTY OF SAN LUIS OBISPO WATER PURCHASE	11,557.00	\$ 11,557.00

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/10/2022	RENTAL DEPOT EQUIPMENT RENT/LEASE	1,436.40	\$ 1,436.40
10/10/2022	ABALONE COAST ANALYTICAL, INC. LAB TESTING LAB TESTING	70.00 2,966.00	\$ 3,036.00
10/10/2022	TUCKFIELD & ASSOCIATES PROFESSIONAL SERVICES	4,291.00	\$ 4,291.00
10/10/2022	CORE & MAIN LP MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	308.37 80.97	\$ 389.34
10/10/2022	RAMINHA CONSTRUCTION, INC. MAINTENANCE FIXED EQUIPMENT	5,627.02	\$ 5,627.02
10/10/2022	DATA PROSE LLC SEPTEMBER BILLING	1,304.75	\$ 1,304.75
10/10/2022	RIVAL TECHNOLOGY INC. PROFESSIONAL SERVICES COMPUTER/SOFTWARE	816.66 130.00	\$ 946.66
10/10/2022	MID-STATE REPAIR SERVICE MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT MAINTENANCE FIXED EQUIPMENT	405.18 451.47 487.31 692.97 451.01 424.87	\$ 2,912.81
10/10/2022	BRIAN VOGEL TRAINING & TRAVEL	249.99	\$ 249.99
10/10/2022	SPEEDY COASTAL MESSENGER, INC. LAB TESTING	340.00	\$ 340.00
10/10/2022	SPICE INTEGRATION MAINTENANCE FIXED EQUIPMENT	4,000.00	\$ 4,000.00
10/10/2022	FAMCON PIPE & SUPPLY, INC MAINTENANCE FIXED EQUIPMENT	2,268.34	\$ 2,268.34

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/12/2022	UNITED STATES POSTAL SERVICES WRRF PROJECT WRRF PROJECT	7.85 7.85	\$ 15.70
10/12/2022	BATTERY SYSTEMS INC. MAINTENANCE FIXED EQUIPMENT	165.11	\$ 165.11
10/12/2022	CSDA TRAINING & TRAVEL	550.00	\$ 550.00
10/12/2022	LOWE'S MAINTENANCE FIXED EQUIPMENT SMALL TOOLS & EQUIPMENT	66.89 152.21	\$ 219.10
10/12/2022	RING CENTRAL TELEPHONE TELEPHONE	23.37 216.56	\$ 239.93
10/12/2022	IN SITU INC MAINTENANCE FIXED EQUIPMENT	1,999.79	\$ 1,999.79
10/12/2022	HARBOR FREIGHT VEHICLES	38.05	\$ 38.05
10/12/2022	TELEDYNE INSTRUMENTS, INC MAINTENANCE FIXED EQUIPMENT	411.84	\$ 411.84
10/17/2022	WATER SYSTEMS CONSULTING, INC. WRRF PROJECT	35,558.29	\$ 35,558.29
10/21/22	R. ARNOLD NET PAYROLL	2,567.31	\$ 2,567.31
10/21/22	M. HUMPHREY NET PAYROLL	2,196.59	\$ 2,196.59
10/21/22	B. VOGEL NET PAYROLL	2,595.97	\$ 2,595.97
10/21/22	T. SHOGREN NET PAYROLL	2,393.61	\$ 2,393.61

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/21/22	H. HALL NET PAYROLL	1,635.60	\$ 1,635.60
10/21/22	K. GELOS NET PAYROLL	2,571.35	\$ 2,571.35
10/21/22	S. DUFFIELD NET PAYROLL	4,093.77	\$ 4,093.77
10/21/22	M. WILCOX NET PAYROLL	2,123.85	\$ 2,123.85
10/21/22	D. GROSHART NET PAYROLL	4,307.46	\$ 4,307.46
10/21/2022	CALPERS 457 DEFFERED COMP PROG PERS 457- DEFFERED COMP.	2,258.00	\$ 2,258.00
10/21/2022	INTERNAL REVENUE SERVICE FEDERAL WITHHOLDING TAXES MEDICARE	2,748.05 1,002.90	\$ 3,750.95
10/21/2022	EMPLOYMENT DEVELOPMENT DEPARTM SDI STATE WITHHOLDING	322.38 1,138.68	\$ 1,461.06
10/21/2022	CALPERS RETIREMENT SYSTEM PERS RETIREMENT PERS RETIREMENT TIER 2 PERS RETIREMENT PEPRA SURVIVOR BENEFIT	1,404.52 1,646.78 2,407.72 8.37	\$ 5,467.39
10/21/2022	PG&E ELECTRICITY	1,969.25	\$ 1,969.25
10/23/2022	FIRSTNET INTERNET	40.24	\$ 40.24
10/24/2022	CALPERS RETIREMENT SYSTEM PERS UNFUNDED LIABILITY	8,996.83	\$ 8,996.83
10/26/2022	ADAMSKI, MOROSKI, MADDEN, CUMB LEGAL & ATTORNEY	2,325.00	\$ 2,325.00



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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/26/2022	STAPLES CREDIT PLAN OFFICE SUPPLIES OFFICE SUPPLIES	95.30 98.66	\$ 193.96
10/26/2022	FERGUSON ENTERPRISES INC MAINTENANCE FIXED EQUIPMENT WTP FILTERS RENOVATION PROJECT	(88.83) 1,032.96	\$ 944.13
10/26/2022	AT&T TELEPHONE	83.38	\$ 83.38
10/26/2022	MOSS, LEVY & HARTZHEIM LLP AUDIT FY 2021/22	3,000.00	\$ 3,000.00
10/26/2022	BRENNTAG PACIFIC, INC CHEMICALS CHEMICALS	1,096.32 1,631.17	\$ 2,727.49
10/26/2022	FARM SUPPLY COMPANY SUPPLIES MAINTENANCE FIXED EQUIPMENT	476.49 212.25	\$ 688.74
10/26/2022	FGL ENVIRONMENTAL LAB TESTING	513.00	\$ 513.00
10/26/2022	CALIFORNIA RURAL WATER ASSOCIA DUES & SUBSCRIPTIONS	857.00	\$ 857.00
10/26/2022	ROY ARNOLD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	CSDA DUES & SUBSCRIPTIONS	8,186.00	\$ 8,186.00
10/26/2022	FLUID RESOURCE MANAGEMENT PROFESSIONAL SERVICES	870.00	\$ 870.00
10/26/2022	KRISTEN GELOS CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	CORE & MAIN LP SUPPLIES	168.38	\$ 168.38

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

<b>DATE</b>	<b>NAME OF PAYEE</b>	<b>ITEM AMOUNT</b>	<b>WARRANT AMOUNT</b>
10/26/2022	BURT INDUSTRIAL SUPPLY SUPPLIES	822.61	\$ 822.61
10/26/2022	SCOTT DUFFIELD CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	WESTERN EXTERMINATOR STRUCTURES & GROUNDS STRUCTURES & GROUNDS	102.15 99.00	\$ 201.15
10/26/2022	MARK HUMPHREY CELL PHONE/INTERNET ALLOWANCE MEDICAL REIMBURSEMENT	80.00 559.65	\$ 639.65
10/26/2022	MID-STATE REPAIR SERVICE MAINTENANCE FIXED EQUIPMENT	1,060.95	\$ 1,060.95
10/26/2022	BRIAN VOGEL CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	MIKE WILCOX CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	TROY SHOGREN CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	DOUGLAS GROSHART CELL PHONE/INTERNET ALLOWANCE	80.00	\$ 80.00
10/26/2022	JORANDA MARKETING, INC. / JAN- STRUCTURES & GROUNDS	266.60	\$ 266.60
10/26/2022	FAMCON PIPE & SUPPLY, INC SUPPLIES SUPPLIES	1,394.25 182.97	\$ 1,577.22
10/28/2022	J.B. DEWAR. INC. FUEL & OIL	990.91	\$ 990.91
<b>GRAND TOTAL FOR ALL WARRANTS</b>			<b>\$ 217,023.28</b>

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

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance:	\$ 4,902,758.01
Ending Balance:	\$ 4,758,292.92
Variance:	\$ (144,465.09)
Interest Earnings for the Month Reported:	\$ 313.34
Interest Earnings Fiscal Year-to-Date:	\$ 8,963.85

**ANALYSIS OF REVENUES**

Total operating income for water and sewer was:	\$ 187,465.54
Non-operating income was:	\$ 313.34
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,978.72
Interest earnings for the LAIF account was:	\$ -
Interest earnings for the Five Star Bank checking account was:	\$ 8.99
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 21.15
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 115.34
Interest earnings for the Mechanics Bank money market account was:	\$ 0.07

**ANALYSIS OF EXPENSES**

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ 294,526.80
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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**

<b>BEGINNING BALANCE ALL ACCOUNTS</b>	<b>\$4,902,758.01</b>
<hr/>	
<b>OPERATING CASH IN DRAWER</b>	<b>\$ 300.00</b>
<hr/>	
<b>FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	26,109.21
QUARTERLY DEPOSIT	25,907.00
INTEREST EARNED	21.15
SEMI-ANNUAL PAYMENT	(51,814.22)
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 223.14</b>
<hr/>	
<b>FIVE STAR BANK DWR RESERVE ACCOUNT</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	113,791.87
INTEREST EARNED	115.34
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 113,907.21</b>
<hr/>	
<b>FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	286.16
QUARTERLY DEPOSIT	14,685.00
INTEREST EARNED	14.74
SEMI-ANNUAL PAYMENT	-
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 14,985.90</b>
<hr/>	
<b>FIVE STAR BANK SDWSRF RESERVE ACCOUNT</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	58,886.01
INTEREST EARNED	59.68
REVENUE TRANSFER	-
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 58,945.69</b>
<hr/>	
<b>MECHANICS BANK MONEY MARKET ACCOUNT</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	4,504.11
DEPOSIT REVENUE - CASH	645.70
INTEREST EARNED	0.07
REVENUE TRANSFER <i>To Five Star Checking</i>	(1,304.11)
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 3,845.77</b>
<hr/>	
<b>FIVE STAR BANK - MONEY MARKET</b>	
<b>BEGINNING BALANCE 8/31/2022</b>	151,499.78
INTEREST EARNED	66.07
REVENUE TRANSFER <i>To Five Star Checking</i>	(80,000.00)
REVENUE TRANSFER <i>To DWR Loan Account</i>	(25,907.00)
REVENUE TRANSFER <i>To SRF Loan Account</i>	(14,685.00)
<b>ENDING BALANCE 9/30/2022</b>	<b>\$ 30,973.85</b>
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
TREASURER'S REPORT  
SEPTEMBER 2022**

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<b>FIVE STAR BANK - CHECKING</b>		
<b>BEGINNING BALANCE 8/31/2022</b>	67,373.04	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	294,526.80	
INTEREST EARNED	8.99	
TOTAL CHECKS, FEES AND EFT'S	(308,109.41)	
REVENUE TRANSFER <i>From Mechanics Money Market</i>	1,304.11	
<b>ENDING BALANCE 9/30/2022</b>		<b>\$ 55,103.53</b>

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<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>		
<b>BEGINNING BALANCE 8/31/2022</b>	4,480,007.83	
INTEREST EARNED	-	
REVENUE TRANSFERS	-	
<b>ENDING BALANCE 9/30/2022</b>		<b>\$4,480,007.83</b>

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<b>ENDING BALANCE ALL ACCOUNTS</b>		<b>\$4,758,292.92</b>
<b>DIFFERENCE FROM LAST MONTH</b>	<b>Decrease</b>	<b>\$ (144,465.09)</b>

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

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance:	\$ 4,758,006.07
Ending Balance:	\$ 4,783,011.00
Variance:	\$ 25,004.93
Interest Earnings for the Month Reported:	\$ 15,503.32
Interest Earnings Fiscal Year-to-Date:	\$ 24,753.21

**ANALYSIS OF REVENUES**

Total operating income for water and sewer was:	\$ 193,374.67
Non-operating income was:	\$ 44,009.62
Franchise fees paid to the District by San Miguel Garbage was:	\$ 6,376.39
Interest earnings for the LAIF account was:	\$ 15,243.82
Interest earnings for the Five Star Bank checking account was:	\$ 6.28
Interest earnings for the Five Star Bank DWR Loan Services account was:	\$ 0.28
Interest earnings for the Five Star Bank DWR Reserve account was:	\$ 142.02
Interest earnings for the Mechanics Bank money market account was:	\$ 0.15

**ANALYSIS OF EXPENSES**

Five Star Bank checking account total warrants, fees, and Electronic Fund Transfers was:	\$ (234,868.13)
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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

<b>BEGINNING BALANCE ALL ACCOUNTS</b>	<b>\$4,758,006.07</b>
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<b>OPERATING CASH IN DRAWER</b>	<b>\$ 300.00</b>
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<b>FIVE STAR BANK DWR LOAN REPAYMENT (1994-2029):</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	223.14
QUARTERLY DEPOSIT	-
INTEREST EARNED	0.28
SEMI-ANNUAL PAYMENT	-
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 223.42</b>
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<b>FIVE STAR BANK DWR RESERVE ACCOUNT</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	113,907.21
INTEREST EARNED	142.02
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 114,049.23</b>
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<b>FIVE STAR BANK SDWSRF LOAN SERVICES ACCOUNT</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	14,985.90
QUARTERLY DEPOSIT	-
INTEREST EARNED	18.68
SEMI-ANNUAL PAYMENT	-
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 15,004.58</b>
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<b>FIVE STAR BANK SDWSRF RESERVE ACCOUNT</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	58,945.69
INTEREST EARNED	73.50
REVENUE TRANSFER	-
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 59,019.19</b>
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<b>MECHANICS BANK MONEY MARKET ACCOUNT</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	5,067.65
DEPOSIT REVENUE - CASH	16,526.39
INTEREST EARNED	0.15
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 21,594.19</b>
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<b>FIVE STAR BANK - MONEY MARKET</b>	
<b>BEGINNING BALANCE 9/30/2022</b>	30,973.85
INTEREST EARNED	18.59
REVENUE TRANSFER <i>To Five Star Checking</i>	(23,000.00)
<b>ENDING BALANCE 10/31/2022</b>	<b>\$ 7,992.44</b>
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
TREASURER'S REPORT  
SEPTEMBER 2022**

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<b>FIVE STAR BANK - CHECKING</b>		
<b>BEGINNING BALANCE 9/30/2022</b>	53,594.80	
DEPOSIT REVENUE & MISCELLANEOUS INCOME	227,843.35	
INTEREST EARNED	6.28	
TOTAL CHECKS, FEES AND EFT'S	(234,868.13)	
REVENUE TRANSFER <i>From Five Star Money Market</i>	23,000.00	
<b>ENDING BALANCE 10/31/2022</b>		<b>\$ 69,576.30</b>

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<b>LOCAL AGENCY INVESTMENT FUND (LAIF)</b>		
<b>BEGINNING BALANCE 9/30/2022</b>	4,480,007.83	
INTEREST EARNED	15,243.82	
REVENUE TRANSFERS	-	
<b>ENDING BALANCE 10/31/2022</b>		<b>\$4,495,251.65</b>

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<b>ENDING BALANCE ALL ACCOUNTS</b>		<b>\$4,783,011.00</b>
<b>DIFFERENCE FROM LAST MONTH</b>	<b>Increase</b>	<b>\$ 25,004.93</b>



**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
QUARTERLY TREASURER'S  
REPORT FOR THE PERIOD OF  
JULY 1, 2022 – SEPTEMBER 30, 2022**

**SUMMARY REPORT OF ALL ACCOUNTS**

Beginning Balance	\$ 4,974,082.68
Ending Balance	\$ 4,758,292.92
Variance	\$ (215,789.76)
Interest Earnings	\$ 9,240.84

**STATEMENT OF COMPLIANCE**

This report was prepared in accordance with the HRCSD Statement of Investment Policy. All investment activity was within policy limits. There are sufficient funds to meet the next 180 days' obligations. Attached is a status report of all accounts and related bank statements. For more information contact the District Office.

**ACCOUNT PROFILE INFORMATION**

1. Operating cash in cash drawer: Maintained to make change for cash transactions.
2. Five Star Bank DWR Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to DWR for repayment of a \$2 million loan to partially finance our water treatment plant and water pumping facilities. The interest earnings rate at the end of the quarter was 1.19%. Statements are received on a monthly basis.
3. Five Star Bank DWR Reserve: The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a DWR requirement. The interest earnings rate at the end of the quarter was 1.24%. Statements are received on a monthly basis.
4. Five Star Bank SDWSRF (Safe Drinking Water State Revolving Fund) Loan Repayments: Quarterly deposits are made into the account. Semi-annual payments are made from the account by the bank, which functions as our fiscal agent, to SDWSRF for repayment of a \$714,000 loan to finance upgrades at the water treatment plant. The fund will provide for a twenty (20) year repayment period at a 1.7875 percent interest rate. The interest earnings rate at the end of the quarter was 1.25%. Statements are received on a monthly basis.
5. Five Star Bank SDWSRF Reserve: The purpose of the Reserve Account was to build up over ten years an amount equal to debt service for one year, a SDWSRF requirement. The interest earnings rate at the end of the quarter was 1.24%. Statements are received on a monthly basis.

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
 QUARTERLY TREASURER'S  
 REPORT FOR THE PERIOD OF  
 JULY 1, 2022 – SEPTEMBER 30, 2022**

6. Mechanics Bank Money Market: This account handles all cash transactions as Five Star Bank does not have a local branch. Any amount above the minimum required by the bank will be transferred to Five Star bank checking account. The interest earnings rate at the end of the quarter was 0.02%. Statements are received on a monthly basis.
  
7. Five Star Bank Money Market: The interest earnings rate at the end of the quarter was 1.21%. Statements are received on a monthly basis. The purpose of this account is to facilitate cashflows and maximize interest within our Five Star Bank accounts.
  
8. Five Star Bank Checking: Variable interest-bearing checking account currently at 0.10%, at Five Star branch in Roseville used for most of our transactions such as payroll, accounts receivable and accounts payable. Statements are received on a monthly basis.
  
9. LAIF: Local Agency Investment Fund, a variable interest-bearing investment fund administered by the California State Treasurer. The majority of our funds are retained in this account. LAIF Account interest earnings rate at the end of the quarter was 1.24%. Statements are received on a quarterly basis.

**INTEREST EARNINGS: TRENDS & PROJECTIONS**

The number of accounts in this report totals NINE. The interest earnings for those accounts are summarized below. The accounts are referenced by number which corresponds with the Account Profile Information.

**SUMMARY OF INTEREST EARNINGS**

Account Profile by Reference Number

	<b>Beginning Balance</b>	<b>Total Credits</b>	<b>Total Debits</b>	<b>Interest Earnings</b>	<b>Ending Balance</b>
<b>1</b>	<b>300.00</b>	-	-	-	<b>300.00</b>
<b>2</b>	<b>26,068.09</b>	25,907.00	(51,814.22)	62.27	<b>223.14</b>
<b>3</b>	<b>113,612.65</b>	-	-	294.56	<b>113,907.21</b>
<b>4</b>	<b>285.71</b>	29,370.00	(14,685.00)	15.19	<b>14,985.90</b>
<b>5</b>	<b>58,793.26</b>	-	-	152.43	<b>58,945.69</b>
<b>6</b>	<b>4,710.97</b>	4,553.99	(5,419.43)	0.24	<b>3,845.77</b>
<b>7</b>	<b>206,248.23</b>	-	(175,592.00)	317.62	<b>30,973.85</b>
<b>8</b>	<b>92,427.78</b>	796,084.08	(833,435.02)	26.69	<b>55,103.53</b>
<b>9</b>	<b>4,471,635.99</b>	-	-	8,371.84	<b>4,480,007.83</b>
<b>TOTALS</b>	<b>\$4,974,082.68</b>	<b>\$ 855,915.07</b>	<b>\$(1,080,945.67)</b>	<b>\$9,240.84</b>	<b>\$ 4,758,292.92</b>

**HERITAGE RANCH COMMUNITY SERVICES DISTRICT  
QUARTERLY TREASURER'S  
REPORT FOR THE PERIOD OF  
JULY 1, 2022 – SEPTEMBER 30, 2022**

**MANAGEMENT BY CONTRACTED PARTIES**

For the reporting period, only the Local Agency Investment Fund (LAIF) is held under the Management By Contracted Parties.

LAIF is a treasury of pooled money made up of deposits from many of the over 5,000 local agencies within California. More than \$25 billion is vested in a variety of ways with a cumulative net yield of a conservative nature. State law requires, and the LAIF Pooled Money Investment Board requires that pooled money first be invested in such a manner to realize the maximum return consistent with safe and prudent management after which yield is considered. In other words, because these are public moneys invested and managed by others, the investments are low risk, low yield.

HRCSD typically has most of its cash (over 90%) deposited in LAIF. This is common strategy with many local agencies in the state, especially those with cash reserves of less than \$5 million. Complete reports of all investment activity, etc. are received from the LAIF Board on a monthly basis, along with an annual report, which are available for inspection at the District office. In addition, an analysis is provided in our Status Report of All Accounts for our share of LAIF deposits on a monthly basis.

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

<b>OPERATING REVENUE</b>	<b>Budget FY 22/23</b>	<b>Actual September</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Water Fees	1,107,981	120,213	368,999	33%	
Sewer Fees	704,110	63,043	188,857	27%	
Hook-Up Fees	3,000	0	0	0%	
Turn on Fees	3,500	225	550	16%	
Late Fees	18,500	2,327	6,747	36%	
Plan Check & Inspection	10,000	0	0	0%	
Miscellaneous Income	500	0	3,270	654%	Delq. W/S Fees
<b>TOTAL OPERATING</b>	<b>\$1,847,591</b>	<b>\$185,809</b>	<b>\$568,422</b>	<b>31%</b>	

<b>FRANCHISE REVENUE</b>					
Solid Waste Franchise Fees	82,587	8,572	21,783	26%	
<b>TOTAL FRANCHISE</b>	<b>\$82,587</b>	<b>\$8,572</b>	<b>\$21,783</b>	<b>26%</b>	

**TOTAL OPERATING** \$1,930,178    \$194,381    \$590,205    31%

<b>NON-OPERATING REVENUE</b>					
Standby Charges	242,144	0	6,098	3%	
Property Tax	423,381	6,003	14,981	4%	
Interest	15,000	286	9,250	62%	
Connection Fees	70,580	0	0	0%	
<b>TOTAL NON-OPERATING</b>	<b>\$751,105</b>	<b>\$6,289</b>	<b>\$30,329</b>	<b>4%</b>	

<b>RESERVE REVENUE</b>					
Capital Reserves	503,512	16,475	41,304	8%	
Operating Reserves	1,848,143	30,596	76,707	4%	
<b>TOTAL RESERVE</b>	<b>\$2,351,655</b>	<b>\$47,071</b>	<b>\$118,011</b>	<b>5%</b>	

**TOTAL NON-OPERATING** \$3,102,760    \$53,361    \$148,340    5%

<b>TOTAL ALL INCOME</b>	<b>\$5,032,938</b>	<b>\$247,741</b>	<b>\$738,545</b>	<b>15%</b>	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2022/23 Budget**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Budget FY 22/23</b>	<b>Actual September</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Salaries	913,750	67,674	231,287	25%	
Health Insurance	159,110	10,534	32,303	20%	
Health Insurance - Retirees	47,600	3,805	11,697	25%	
Pers Retirement	149,871	15,135	49,417	33%	
OPEB Funding/Transfer	28,306				
Standby	13,200	980	3,390	26%	
Overtime	10,812	288	1,696	16%	
Workers Comp. Ins.	23,525	-453	21,072	90%	Paid Annually
Directors' Fees	9,000	1,000	2,100	23%	
Medicare/FICA	13,182	1,080	3,598	27%	
Car Allowance	3,000	250	750	25%	
SUI/ETT	1,000	0	0	0%	
Uniforms	5,000	205	1,411	28%	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,377,356</b>	<b>\$100,498</b>	<b>\$358,720</b>	<b>26%</b>	

**UTILITIES**

Electricity	124,292	12,765	18,893	15%	
Propane	1,466	0	0	0%	
Water Purchase	23,114	0	0	0%	
Telephone/Internet	11,594	853	2,993	26%	
<b>TOTAL UTILITIES</b>	<b>\$160,466</b>	<b>\$13,618</b>	<b>\$21,886</b>	<b>14%</b>	

**MAINTENANCE & SUPPLIES**

Chemicals	79,000	4,010	24,497	31%	
Computer/Software	33,900	1,626	4,286	13%	
Equip. Rental/Lease	2,500	1,436	1,642	66%	
Fixed Equip.	187,000	20,925	31,730	17%	
Fuel & Oil	15,000	878	3,562	24%	
Lab Testing	59,000	4,527	8,782	15%	
Office Supplies	1,500	60	93	6%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	14,940	693	5,585	37%	
Small Tools/Equip.	3,000	515	1,252	42%	
Supplies	4,500	359	1,316	29%	
Meters/Equip.	12,000	0	297	2%	
Vehicles	6,000	734	1,689	28%	
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$418,340</b>	<b>\$35,762</b>	<b>\$84,731</b>	<b>20%</b>	

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

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Budget FY 22/23</b>	<b>Actual September</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Ads./Advertising	1,500	0	328	22%	
Alarm/Answering Service	4,000	284	871	22%	
Audit	10,000	0	0	0%	
Bank Charges/Fees	1,000	0	36	4%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	10,000	0	300	3%	
Elections	5,000	0	0	0%	
Insurance	39,330	0	-67	0%	
LAFCO	6,930	0	7,254	105%	
Legal/Attorney	25,000	498	2,498	10%	
Licenses/Permits	29,000	410	750	3%	
Plan Check & Inspection	10,000	0	0	0%	
Postage/Billing	15,000	216	2,985	20%	
Professional Service	89,300	13,014	25,085	28%	
Tax Collection	6,200	0	0	0%	
Staff Training & Travel	12,000	436	2,436	20%	
Board Training & Travel	1,000	0	0	0%	
<b>TOTAL G &amp; A</b>	<b>\$275,260</b>	<b>\$14,858</b>	<b>\$42,476</b>	<b>15%</b>	

**CAPITAL PROJECTS & EQUIPMENT**

Structures/Improvements	1,947,991	47,071	118,012	6%	
Equipment	155,000	0	0	0%	
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$2,102,991</b>	<b>47,071</b>	<b>118,012</b>	<b>6%</b>	

**DEBT**

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

FUNDED DEPRECIATION	\$288,000	\$24,000	\$72,000	25%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

<b>TOTAL EXPENSE</b>	<b>\$4,937,421</b>	<b>\$337,621</b>	<b>\$799,640</b>	<b>16%</b>	
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CAPACITY CHARGES TRANSFER      \$70,580                      \$0                      \$0                      0%

SOLID WASTE FEES TRANSFER      \$24,937                      \$3,722                      \$3,949                      16%

<b>FUND TOTAL</b>	<b>\$1</b>	<b>(\$93,602)</b>	<b>(\$65,044)</b>		
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2022/23 Budget**

<b>OPERATING REVENUE</b>	<b>Budget FY 22/23</b>	<b>Actual October</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Water Fees	1,107,981	126,058	495,157	45%	
Sewer Fees	704,110	62,910	251,766	36%	
Hook-Up Fees	3,000	1,200	1,200	40%	
Turn on Fees	3,500	325	875	25%	
Late Fees	18,500	2,880	9,627	52%	
Plan Check & Inspection	10,000	0	0	0%	
Miscellaneous Income	500	1	3,271	654%	Delq. W/S Fees
<b>TOTAL OPERATING</b>	<b>\$1,847,591</b>	<b>\$193,375</b>	<b>\$761,896</b>	<b>41%</b>	

<b>FRANCHISE REVENUE</b>					
Solid Waste Franchise Fees	82,587	6,376	27,599	33%	
<b>TOTAL FRANCHISE</b>	<b>\$82,587</b>	<b>\$6,376</b>	<b>\$27,599</b>	<b>33%</b>	

**TOTAL OPERATING** \$1,930,178    \$199,751    \$789,495    41%

<b>NON-OPERATING REVENUE</b>					
Standby Charges	242,144	0	6,098	3%	
Property Tax	423,381	274	15,256	4%	
Interest	15,000	15,503	24,753	165%	
Connection Fees	70,580	28,232	28,232	40%	
<b>TOTAL NON-OPERATING</b>	<b>\$751,105</b>	<b>\$44,010</b>	<b>\$74,338</b>	<b>10%</b>	

<b>RESERVE REVENUE</b>					
Capital Reserves	503,512	12,451	53,755	11%	
Operating Reserves	1,848,143	24,156	100,864	5%	
<b>TOTAL RESERVE</b>	<b>\$2,351,655</b>	<b>\$36,607</b>	<b>\$154,618</b>	<b>7%</b>	

**TOTAL NON-OPERATING** \$3,102,760    \$80,617    \$228,957    7%

<b>TOTAL ALL INCOME</b>	<b>\$5,032,938</b>	<b>\$280,368</b>	<b>\$1,018,451</b>	<b>20%</b>	
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**HERITAGE RANCH COMMUNITY SERVICES DISTRICT - CONSOLIDATED BUDGET  
2022/23 Budget**

**OPERATING EXPENSES**

<b>SALARIES AND BENEFITS</b>	<b>Budget FY 22/23</b>	<b>Actual October</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Salaries	913,750	68,630	299,917	33%	
Health Insurance	159,110	11,094	43,397	27%	
Health Insurance - Retirees	47,600	3,838	15,536	33%	
Pers Retirement	149,871	15,196	64,612	43%	
OPEB Funding/Transfer	28,306				
Standby	13,200	957	4,347	33%	
Overtime	10,812	480	2,176	20%	
Workers Comp. Ins.	23,525	0	21,072	90%	Paid Annually
Directors' Fees	9,000	800	2,900	32%	
Medicare/FICA	13,182	1,081	4,679	35%	
Car Allowance	3,000	250	1,000	33%	
SUI/ETT	1,000	0	0	0%	
Uniforms	5,000	0	1,411	28%	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$1,377,356</b>	<b>\$102,326</b>	<b>\$461,046</b>	<b>33%</b>	

**UTILITIES**

Electricity	124,292	8,511	27,404	22%	
Propane	1,466	0	0	0%	
Water Purchase	23,114	11,557	11,557	50%	
Telephone/Internet	11,594	1,004	3,997	34%	
<b>TOTAL UTILITIES</b>	<b>\$160,466</b>	<b>\$21,072</b>	<b>\$42,958</b>	<b>27%</b>	

**MAINTENANCE & SUPPLIES**

Chemicals	79,000	2,727	27,224	34%	
Computer/Software	33,900	130	4,416	13%	
Equip. Rental/Lease	2,500	1,436	3,078	123%	
Fixed Equip.	187,000	18,713	50,444	27%	
Fuel & Oil	15,000	991	4,553	30%	
Lab Testing	59,000	5,277	14,059	24%	
Office Supplies	1,500	194	287	19%	
Parks & Recreation	0	0	0	0%	
Struct./Grnds.	14,940	468	6,053	41%	
Small Tools/Equip.	3,000	152	1,404	47%	
Supplies	4,500	3,045	4,360	97%	
Meters/Equip.	12,000	0	297	2%	
Vehicles	6,000	38	1,727	29%	
<b>TOTAL MAINT. &amp; SUP.</b>	<b>\$418,340</b>	<b>\$33,172</b>	<b>\$117,903</b>	<b>28%</b>	



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

<b>GENERAL &amp; ADMINISTRATION</b>	<b>Budget FY 22/23</b>	<b>Actual October</b>	<b>Actual Year to Date</b>	<b>Percentage Year to Date</b>	<b>Variance Explanation</b>
Ads./Advertising	1,500	0	328	22%	
Alarm/Answering Service	4,000	0	871	22%	
Audit	10,000	3,000	3,000	30%	
Bank Charges/Fees	1,000	0	36	4%	
Consulting/Engineering	10,000	0	0	0%	
Dues/Subscription	10,000	9,043	9,343	93%	
Elections	5,000	0	0	0%	
Insurance	39,330	0	-67	0%	
LAFCO	6,930	0	7,254	105%	
Legal/Attorney	25,000	2,325	4,823	19%	
Licenses/Permits	29,000	0	750	3%	
Plan Check & Inspection	10,000	0	0	0%	
Postage/Billing	15,000	1,305	4,290	29%	
Professional Service	89,300	6,274	31,359	35%	
Tax Collection	6,200	0	0	0%	
Staff Training & Travel	12,000	800	3,236	27%	
Board Training & Travel	1,000	0	0	0%	
<b>TOTAL G &amp; A</b>	<b>\$275,260</b>	<b>\$22,747</b>	<b>\$65,223</b>	<b>24%</b>	

**CAPITAL PROJECTS & EQUIPMENT**

Structures/Improvements	1,947,991	36,607	154,619	8%	
Equipment	155,000	0	0	0%	
<b>TOTAL CAPITAL EXPENSE</b>	<b>\$2,102,991</b>	<b>36,607</b>	<b>154,619</b>	<b>7%</b>	

**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%	
<b>TOTAL DEBT</b>	<b>\$315,007</b>	<b>\$0</b>	<b>\$101,814</b>		

FUNDED DEPRECIATION	\$288,000	\$24,000	\$96,000	33%	
UNFUNDED DEPRECIATION	\$0	\$0	\$0	0%	

<b>TOTAL EXPENSE</b>	<b>\$4,937,421</b>	<b>\$239,923</b>	<b>\$1,039,563</b>	<b>21%</b>	
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CAPACITY CHARGES TRANSFER      \$70,580      \$28,232      \$28,232      40%

SOLID WASTE FEES TRANSFER      \$24,937      \$683      \$4,071      16%

<b>FUND TOTAL</b>	<b>\$1</b>	<b>\$11,530</b>	<b>(\$53,414)</b>		
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# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## Office Report For the Month of September 2022

### Utility Billing

- On October 1<sup>st</sup>, 1,936 bills were processed for a total dollar amount of \$187,678 for water and sewer user fees for the month of September.
- We processed 254 penalties for bills that were due by September 25<sup>th</sup>.
- 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 42 service orders for the month of September. The breakdown by job code is as follows:

Occupant Change	11	Swap/Pull Meter	1
Lock Meter	5	Misc.	4
Sewer Inspection	1	USA	11
Unlock	5	Call Out	1
Sewer Problem	1	Leak	1
Pressure Check	1		

### Administration

- Staff has completed all requirements and submitted our application for the District Transparency Certificate of Excellence Application. On September 23<sup>rd</sup>, the District was notified that our application was approved. We will receive the official certificate sometime next month.

### San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of July was \$ 8,571.89  
The breakdown is as follows:

Residential Garbage Collection - \$ 6,842.05  
Commercial Garbage Collection - \$ 1,133.44  
Roll-Off Collection - \$ 596.41

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## Office Report For the Month of October 2022

### Utility Billing

- On November 1<sup>st</sup>, 1,939 bills were processed for a total dollar amount of \$175,476 for water and sewer user fees for the month of October.
- We processed 286 penalties for bills that were due by October 25<sup>th</sup>.
- 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 45 service orders for the month of September. The breakdown by job code is as follows:

USA	16	LEAK	4
OCCUPANT CHANGE	6	MISC.	1
LOCK METER	5	UNLOCK	8
SWAP METER	2	PRESSURE	2
METER INSTALL	1		

### Administration

- Nothing to report.

### San Miguel Garbage Franchise Fees Received

- The total Franchise Fees received for the Month of July was \$ 6,376.39  
The breakdown is as follows:

Residential Garbage Collection - \$ 5,362.70  
Commercial Garbage Collection - \$ 731.09  
Roll-Off Collection - \$ 282.60

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### Manager Report For the Month of November 2022

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

#### Administration

- Staff has completed all requirements and submitted our application for the District Transparency Certificate of Excellence to the California Special Districts Association. We have been notified that our application was approved and that we will receive the official certificate soon.

The purpose of this program is to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

The application process requires staff to not only comply with specific Government Codes, but also provide documentation proving it. For example, conducting annual audits, having current policies addressing specific areas such as Conflict of Interest, Code of Ethics, Financial Reserves Policy, etc. The process also allows staff to verify the District website is up to date with current information as well as mandatory posting of specific items. For example, names of staff along with contact information, financial statements, archive of Board meeting minutes, etc.

- 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 Items.

#### Water Resource Recovery Project

- The Manager has been spending significant time working with the consultants on the Water Resource Recovery Project. See separate Board Item.

#### Solid Waste

The Manager met with the IWMA Manager regarding relocation of the Household Hazardous Waste facility (HHW). On January 28, 2002, the IWMA and the District entered into an agreement to maintain and operate an HHW collection facility on District property for a period of ten years and on October 21, 2021 your Board

approved an amendment extending the agreement an additional ten years until January 27, 2032.

The HHW facility is currently located on the District maintenance yard property. This property is centrally located within Heritage Ranch and appears to be a good location for the community. However, the HHW facility itself is located near the center of the property and in the middle of the District operations center. In addition, the Water Resource Recovery Facility project includes expanding over the area currently occupied by the HHW.

Staff has identified a potential area in the vicinity of the previous fuel station to relocate the HHW facility on the same property and communicated that information to IWMA. This area may also provide for a more secure, safe, and convenient HHW facility for the community. Additional features may be necessary, such as improved wayfinding and information signs, fencing, etc. This potential area could also provide for future expansion of the HHW facility if necessary.

There are no direct costs associated with this item. The IWMA provides for all costs associated with the household hazardous waste facility.

Staff looks forward to working together with IWMA in the planning and design process and will report back to the Board with updates.

### Reservoir Status

- As reported by Monterey County Water Resources Agency (MCWRA), as of November 8, 2022, the reservoir was at approximately 717.45 feet in elevation, 17% of capacity, or 63,750-acre feet of storage. MCWRA water releases were shown as 60 cfs.
- The reservoir reached the District's Stage II – Awareness drought elevations on or about October 8, 2022. In response and as directed by your Board, staff has implemented and posted the following on our website:

“The concern of low water elevation in the Nacimiento Reservoir is almost an annual occurrence during the Fall season. The reservoir is dependent on annual rainfall runoff. The reservoir has the most active watershed in the State and can reach capacity during one wet season. Conversely, low rainfall years severely impact the amount of water collected each winter. Historically, the reservoir has gone through multiple years of high water elevations and corresponding multiple years with low water elevations.

At the May 19, 2022 Regular Board meeting, the Board of Directors approved Resolution 22-04 Declaring Drought Conditions and Implementing Emergency Water Shortage Regulations and Staged Water Use Reduction Plan.

Nacimiento Reservoir is the only water supply for Heritage Ranch. As of October 8, 2022 the lake elevation went below 720 ft. **At this level we are in Stage II of the Districts' Water Shortage Conservation Ordinance.**

### **Stage I - Education**

Trigger Condition: Reservoir level between 730' - 720' mean sea level.

Stage I alerts the District and its customers that the Reservoir is heading in to a drought condition and therefore, water releases may be reduced at the dam outlet works. Upon a determination by the General Manager that a Stage I condition exists, a water conservation education plan will be implemented. In Stage I, the District encourages customers to start conserving water, but no enforcement actions will occur. The following action shall be taken to educate the public on the potential drought conditions:

- a) District shall increase its level of education and notification to conserve water through various means determined appropriate by District Staff. This may include flyers in water bills, signs at the entry gate, public meetings, etc.
- b) In addition to those measures stated above, the Board of Directors by resolution and/or ordinance may adopt additional water conservation measures.

### **Stage II - Awareness.**

Trigger Condition: Reservoir level between 720' - 700' mean sea level.

Stage II continues to alert the District and its customers that the Reservoir is heading into a drought condition with the water storage level at 18% of capacity. In addition to the water conservation measures established in Stage I the following prohibitions shall be implemented, with the goal of achieving a minimum of **fifteen percent (15%)** reduction in water consumption:

1. Any leak forgiveness policy that may be in effect is eliminated.
2. All outside irrigation may only occur between the hours of 8:00 pm and 7:00 am.
3. Potable water use for washing vehicles, boats, trailer or other types of mobile equipment and sidewalks and driveways shall be highly discouraged.
4. Potable water use that results in excess runoff is discouraged.
5. The District may notify customers via mail and signs throughout the District to alert customers of the potential drought conditions.
6. The District may increase their efforts to inform and educate the public on water conservation methods.
7. In addition to those measures stated above, the Board of Directors, by resolution and/or ordinance, may adopt additional water conservation measures on an urgency basis."

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## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### District Engineer Report For the Month of November 2022

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

#### Operations Support

- Working 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.
- Toured San Luis Obispo Water Treatment Plant (SLOWTP) on Friday, October 28, 2022. Operations Manager Wilcox and three operators. Jason Meeks (Plant Supervisor) gave us a tour of their facility during which we discussed their treatment approach in dealing with DBP issues from Nacimiento water.

SLOWTP has the benefit of three separate sources for their water (Whale Rock, Salinas/Santa Margarita Lake and Nacimiento) and time on their side. For example, when the water coming out of Nacimiento is high in turbidity, they receive notice from the SLO County operators at Nacimiento that turbid water is on the way. They have approximately one week's time before the turbid water reaches them, so they can plan to switch to other sources for a larger portion of the flow, adjust chemicals, flow rates, etc. As HRCSD's system draws directly from the river (and only from the river), there is no benefit of mixing or time. The water we get is the water we get, and if it is high in turbidity, we have little to no advance notice (other than how the turbidity is trending day-to-day, weather changes, etc.)

In addition to the three separate sources, SLOWTP uses several different technologies (which can be quite expensive) to treat their water. They showed us their relatively new ozone injection system, their ballasted flocculation units with sand recovery and their onsite laboratory equipment that allows them to sample and analyze many constituents in their water throughout the day without the need to send it to an outside lab and wait for results. Some of this equipment is rather expensive and likely beyond the budget of the District, but the tour gave us great information regarding ways that we can possibly optimize our system and plan for future improvements. We will continue an ongoing dialogue with SLOWTP in order put our collective heads together as different treatment issues arise. They are a great resource and their assistance/input will be very beneficial.

## Capital Improvement Projects

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

- DBP/Compliance:
  - Plate Settler - Working with Operations regarding chemical dosing, flow rates, mixing rates, etc. to optimize the function of the plate settler. We are also in regular communication with the Department of Drinking Water regarding the efforts we are making to increase the removal of organics via flocculation through the plate settler. DDW Staff has been very helpful in performing various jar tests to determine optimal chemicals, conditions, etc. We are seeing improved flocculation but are still experiencing pass-through of the floc, rather than the settling that is expected. Working daily with the plate settler manufacturer (Westech) to make operational adjustments to improve organic removal. This is an ongoing, iterative, and time-consuming process that impacts the amount of compliant drinking water we can produce for distribution. Additionally, the amount of floc that passes through the plate settler goes directly to our filters, which leads to shorter run times between backwash cycles.
  - GAC – Working with Evoqua on procurement of the GAC and vessels. They are on order and we are awaiting an estimated delivery date. Additionally, working with Operations staff for the piping modifications required to install the GAC vessels into the system. The plan is to take water from the outlet of Filter 4 (at up to 180 gpm), run it through the GAC vessels (90 gpm per vessel in parallel flow) and return the GAC-filtered water to the common sump for the filtered water pump station (PS 2). The GAC filtered water will mix with the water from the other three filters. From there, the water is pumped to the clear well tank. Along the way, the water is disinfected via chlorine injection. We will be sampling the water before and after the GAC vessels and analyzing it for TOC to determine the efficacy of the GAC. We will also be sampling water from the clear well for DBPs to determine if there is an overall reduction in DBPs and, if so, how much. From there we can determine the efficacy of the GAC on reducing DBPs, how much of our total flow will require GAC filtration for compliance and the expected length of time between replacement of the GAC itself. This will all go in to determining the expected upfront and ongoing costs associated with GAC as a filtration option.
  - Ballasted Flocculation – After our tour of SLOWTP, Staff began researching ballasted flocculation, its potential efficacy in our application, and the associated costs. We are working with Kruger/Viola (the manufacturers of the unit that SLOWTP has) as well as Westech (the manufacturer of our plate settler who also has ballasted flocculation products). We are in the early research stages of this, but the plan is to determine costs, efficacy, etc. associated with this technology, similar to the approach we are taking with GAC. There are rental units available for this technology as well and we are working with vendors for pricing, availability, etc. Depending on the



cost, lead time, etc. this could possibly be the next step we take after analyzing GAC as an option, if necessary.

- SCADA water system: SPICE has been working with Operations Staff in re-creating the existing SCADA display in Ignition and developing the new overall system. Engineering is working on procurement of the required equipment and software licensing as well. The project is progressing smoothly and the communication between SPICE, Operations and Engineering has been very good. The project is currently 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. Beginning the next filter's work this month with the goal of having all three complete by the end of 2022.
- 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 December 2022.
- Wastewater collection system model and infiltration / inflow: Staff will be preparing an RFQ for selecting a consultant. Targeted date for completion of the RFQ by the end of 2022.

### Development Review

- Snug Harbor: Engineer reviewed submitted plans and returned to the owner's development team with comments/revisions. The development team is in communication with us and is working on revisions.

# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## Operations Report For the Month of November 2022

### Water treatment

- Filter media replacement has begun on the second of three remaining filters. The re-bedding is planned for the last week of this month.
- The SCADA project is underway. The first phase of developing the user screens is almost complete.
- Staff has been working with the DDW trialing different combination of coagulants and processes to access better filtration outcomes.
- The disinfection byproducts remain elevated this last quarter. As required by the State Division of Drinking Water, a notice was mailed to customers, and will continue to be mailed quarterly until they are within the limits.

### Water distribution

- Staff repaired a pipeline failure at one of the pressure regulating valves on Water View Dr. A new isolation valve was installed in the street during the process and several customers were without service for about 18 hours. We are currently seeking pricing to do a complete repair of additional isolation valves in this area.

### Wastewater collection

- All generators at the lift stations have had the annual maintenance completed.

### Wastewater treatment

- Nothing significant to report

### Facilities

- A colony of bats has been displaced from their lair at the water treatment plant and all evidence cleaned up and disposed.

### Vehicles and equipment

- Assembly of the service truck is reportedly complete, and it is enroute to the builder in Fresno.

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

### MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager  
Dylan Wade, Water Systems Consulting

**DATE:** November 17, 2022

**SUBJECT:** Receive and file the Water Resource Recovery Facility Upgrade Project progress report.

#### **Recommendation**

It is recommended that the Board of Directors receive and file the Water Resource Recovery Facility Upgrade Project progress report.

#### **Background**

Your Board selected Water Systems Consulting (WSC) as our consultant for a design phase contract for the Water Resource Recovery Facility Upgrade Project (Project) at the Board Special Meeting of August 12, 2021. The contract was executed September 16, 2021.

#### **Project Design Phase Updates**

##### **Project Scope**

- The Manager and WSC 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. For example, when the County constructed the WRRF in 1978 a Land Use Permit was not required, and since we are modifying the existing facility a Land Use Permit may not be required now. In addition, there is section in the Government Code that seems to state that Land Use Permits and Building Permits are not required for agency facilities of these types. The consultation will be scheduled soon.
- The first rough draft of the Preliminary Engineering Report (PER) prepared by WSC and staff 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 also submitted a number of documents including the previous studies that supported the development of our project.

- The Environmental Document is being drafted by WSC sub-consultant Rincon. We will need to comply with California (CEQA) and National (NEPA) requirements since we are seeking funding from USDA. The Mitigated Negative Declaration document is anticipated to be straight forward, and any impacts will be minimal since we are adding to the existing facility.
- In addition to the development of the environmental document, the District complied with AB 52 which requires public agencies to consult with tribes during the CEQA process. The goal of AB 52 is to promote the involvement of California Native American Tribes in the decision-making process when it comes to identifying and developing mitigation for impacts to resources of importance to their culture. The District sent letters requesting any consultations to the identified tribes. Rincon is and will be assisting with this process.
- The extension of the Time Schedule Order (TSO) for our discharge permit was unanimously adopted by the Regional Water Quality Control Board at their October 14, 2022 meeting. Their approval extends the TSO for five years by which time the WRRF will need to meet the current permit requirements. A new permit will also be required incorporating the upgraded WRRF meaning that the existing permit will be administratively extended until the upgraded facility is ready to be brought online.
- After your Board's direction at the August meeting in favor of a site-built MBR facility, WSC is working on furthering the design. WSC has begun working on the design tasks with the first milestone of the Preliminary Design Report on track to be completed this year as required by the new TSO. Other tasks that WSC's team is working on include conducting the geotechnical site investigation, working with Heritage Ranch staff to develop the design and redundancy criteria, and working on initial site electrical planning.
- Staff and WSC have outlined a project outreach plan. The purpose of the outreach plan is to engage with and inform the public of the upcoming rate increase process. Anticipated efforts include development of bill inserts, direct mailers, Frequently Asked Question material for an updated web page and general project presentation materials. WSC plans to help us engage the community through our website, direct outreach to our large customers, an open house in early December and a Town Hall style meeting in January. The tentative outreach plan is shown

in the attached graphic and aligns with the anticipated rate setting and Proposition 218 milestones.

Project Schedule

The Project Design Phase is currently on schedule. There are currently no known unexpected impacts.

The adopted TSO requires that we meet the various annual milestones as shown in the following excerpt from the TSO.

Complete and submit preliminary design report	December 31, 2022 (milestone completion) January 16, 2023 (report submittal)
Complete and submit 60% design report	October 31, 2023 (milestone completion) November 15, 2023 (report submittal)
Complete and submit final design report	March 31, 2024 (milestone completion) April 15, 2024 (report submittal)
Award Construction Contract and submit report summarizing completion	January 31, 2025 (milestone completion) February 17, 2025 (report submittal)
Complete 30% of construction and submit report summarizing completion	October 31, 2025 (milestone completion) November 17, 2025 (report submittal)
Complete 80% of construction and submit report summarizing completion	October 31, 2026 (milestone completion) November 16, 2026 (report submittal)
Complete construction and submit report summarizing completion	February 28, 2027 (milestone completion) March 15, 2027 (report submittal)
Complete facility commissioning and achieve full compliance with final effluent limitations in WDRs Order No. R3-2017-0026 and submit detailed Project Completion Report and, as a separate	September 30, 2027 (milestone completion) October 13, 2027 (Project Completion Report and Operations and Maintenance Manual submittals)

### Project Budget

The Project Design Phase is currently within budget. District staff and WSC are in the process of preparing modifications to be presented to the Board at a future date to capture the addition of an electrical generator, odor control provisions, and other minor changes based on the decision to pursue a site-built MBR.

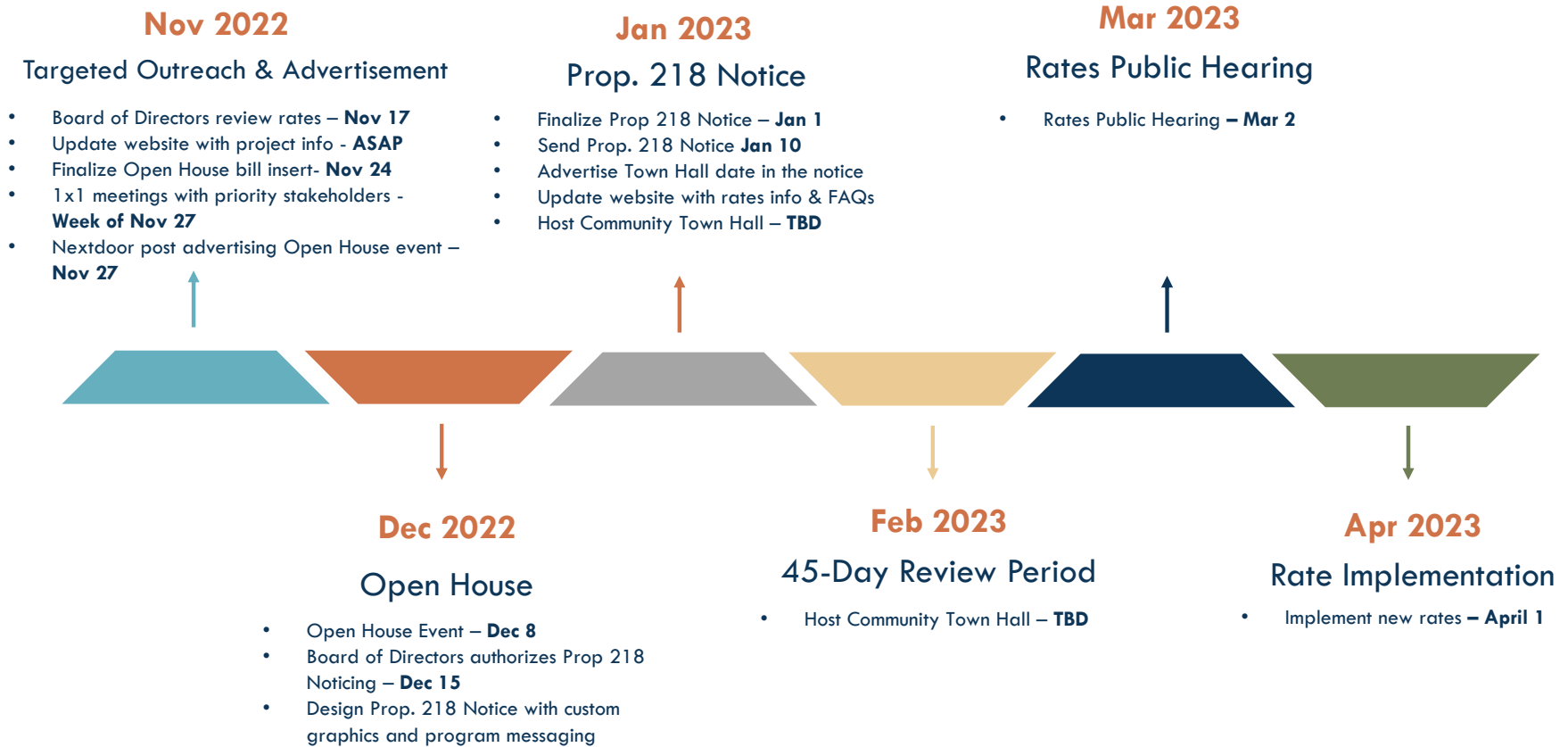
### Look Ahead

In the coming month WSC will be preparing the Preliminary Design Report to be submitted to the RWQCB in compliance with the TSO, will be working with us on community outreach and engagement as shown in the attached exhibit, and will be starting the development of the 30% design documents.

Attachments: Outreach Plan Summary Schedule

File: Projects\_WRRF

# Rates Outreach Roadmap



# HERITAGE RANCH COMMUNITY SERVICES DISTRICT

## MEMORANDUM

**TO:** Board of Directors

**FROM:** Scott Duffield, General Manager

**DATE:** November 17, 2022

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

### **Recommendation**

It is recommended that the Board of Directors receive and review the draft Report on Water and Wastewater Rate Study prepared by Tuckfield & Associates, and provide direction to staff.

### **Background**

The Board approved preparation of a water and sewer rates study by Tuckfield & Associates at your May 20, 2021 meeting. Your Board also approved the Capital Improvement Program for the next five years at the August 18, 2022 meeting.

Our water and sewer rates were last updated in 2017 and consisted of an incremental increase over five years starting in 2018. The final incremental increase went into effect January 1, 2022.

### **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 4, 5, and 6.



At the September 29, 2022 Board special meeting, your Board received and approved the assumptions, cost of services analysis, and draft financial plans to be used by Tuckfield & Associates to complete the water and sewer rates study.

That information has been incorporated into the attached draft Report on Water and Wastewater Rate Study which includes a rate structure analyses and rate design. The consultant requests any further direction and/or comments to move forward with preparation of the rate study final report and final proposed water and sewer rates, Task 7.

### **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.

### **Results**

The recommended action will result in progress of updating the District's water and sewer rates.

Attachment: Report on Water and Wastewater Rate Study dated November 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](http://www.tuckfieldassociates.com)

**DRAFT**

FINANCIAL CONSULTING  
**TUCKFIELD &  
ASSOCIATES**  
MANAGEMENT CONSULTING

November 2022

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**DRAFT**

# Tuckfield & Associates

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

November 11, 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

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

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# Water and Wastewater Rate Study

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# Water and Wastewater Rate Study

## HERITAGE RANCH COMMUNITY SERVICES DISTRICT

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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
<b>Meter Size</b>		<b>Fixed Charge (\$ per month)</b>				
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
<b>Fireline Size</b>		<b>Fixed Charge (\$ per month)</b>				
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
<b>Classification</b>		<b>Variable Charge (\$ per HCF)</b>				
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 pay for wastewater system capital improvement plan expenditures.

Two new interim loans and a Unites 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 \$1,115,100 with a requirement for an additional \$111,500

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 64 percent annually on April 1, 2023 and on each January 1 of 2024 and 2025. 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 27.

## 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 EDUs in relation to the Residential group. 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
<b>Annual Account &amp; Demand growth [1]</b>	
Single-family Residential	0.25%
All Other	0.0%
<b>Property Taxes and Interest Income</b>	
Property Tax Revenue Increase	1.0%
Interest earnings on fund reserves (annual)	1.0%
<b>Cost Escalation</b>	
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%
<b>Interim Loan - Interest Only</b>	
Interest Rate	5.80%
<b>New USDA Loan</b>	
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
<b>Total</b>			<b>\$2,658,000</b>	<b>\$8,686,000</b>	<b>\$2,081,000</b>	<b>\$5,391,000</b>

# 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
<b>Number of Water Accounts</b>						
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
<b>Total Water Accounts</b>	<b>1,565</b>	<b>1,569</b>	<b>1,573</b>	<b>1,577</b>	<b>1,581</b>	<b>1,585</b>
<b>Number of Fire Connections</b>						
Public Fire Protection	235	235	235	235	235	235
Private Fire Protection	6	6	6	6	6	6
<b>Total Fire Connections</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>

[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 <sup>[1]</sup>		Projected			
	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27
<b>Average Water Accounts</b>						
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
<b>Total Accounts</b>	<b>1,565</b>	<b>1,569</b>	<b>1,573</b>	<b>1,577</b>	<b>1,581</b>	<b>1,585</b>
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 <sup>[1]</sup>			
	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
<b>Total Projected Consumption</b>	<b>172,057</b>	<b>155,054</b>	<b>155,441</b>	<b>155,828</b>	<b>156,214</b>	<b>156,601</b>

[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
<b>Water Service Revenues</b>					
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
<b>Total O&amp;M Expense</b>	<b>\$1,400,074</b>	<b>\$1,459,957</b>	<b>\$1,522,664</b>	<b>\$1,588,348</b>	<b>\$1,824,798</b>

### 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
<b>Current Capital Improvement Projects (CIP) [1]</b>					
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	-	-
<b>Total Water CIP</b>	<b>\$485,000</b>	<b>\$335,000</b>	<b>\$446,000</b>	<b>\$405,000</b>	<b>\$366,000</b>

[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
<b>Proposed Revenue Increase (April 1)</b>	<b>14.3%</b>				
<b>Proposed Revenue Increase (January 1)</b>		<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>	<b>14.3%</b>
<b>Sources of Funds</b>					
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
<b>Total Sources of Funds</b>	<b>\$1,907,357</b>	<b>\$1,841,824</b>	<b>\$2,041,009</b>	<b>\$2,270,323</b>	<b>\$2,534,422</b>
<b>Uses of Funds</b>					
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
<b>Total Uses of Funds</b>	<b>\$1,979,494</b>	<b>\$2,087,881</b>	<b>\$2,160,248</b>	<b>\$2,231,278</b>	<b>\$2,443,218</b>
<b>Net Funds Available</b>	<b>(\$72,137)</b>	<b>(\$246,057)</b>	<b>(\$119,239)</b>	<b>\$39,045</b>	<b>\$91,204</b>
<b>Capital Sources of Funds</b>					
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
<b>Capital Uses of Funds</b>					
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
<b>Net Capital Spending</b>	<b>(\$182,000)</b>	<b>\$16,000</b>	<b>(\$85,000)</b>	<b>(\$39,000)</b>	<b>(\$24,000)</b>
<b>Net Funds After Capital</b>	<b>(\$254,137)</b>	<b>(\$230,057)</b>	<b>(\$204,239)</b>	<b>\$45</b>	<b>\$67,204</b>
<b>Available Reserves</b>					
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
<b>Ending available reserves</b>	<b>\$2,403,863</b>	<b>\$2,173,806</b>	<b>\$1,969,567</b>	<b>\$1,969,613</b>	<b>\$2,036,817</b>
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)
<b>Debt Service Coverage</b>					
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 maintenance 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 10<sup>th</sup> year.



Figure 1  
Water Financial Plan  
Comparison of Revenue with Revenue Requirements

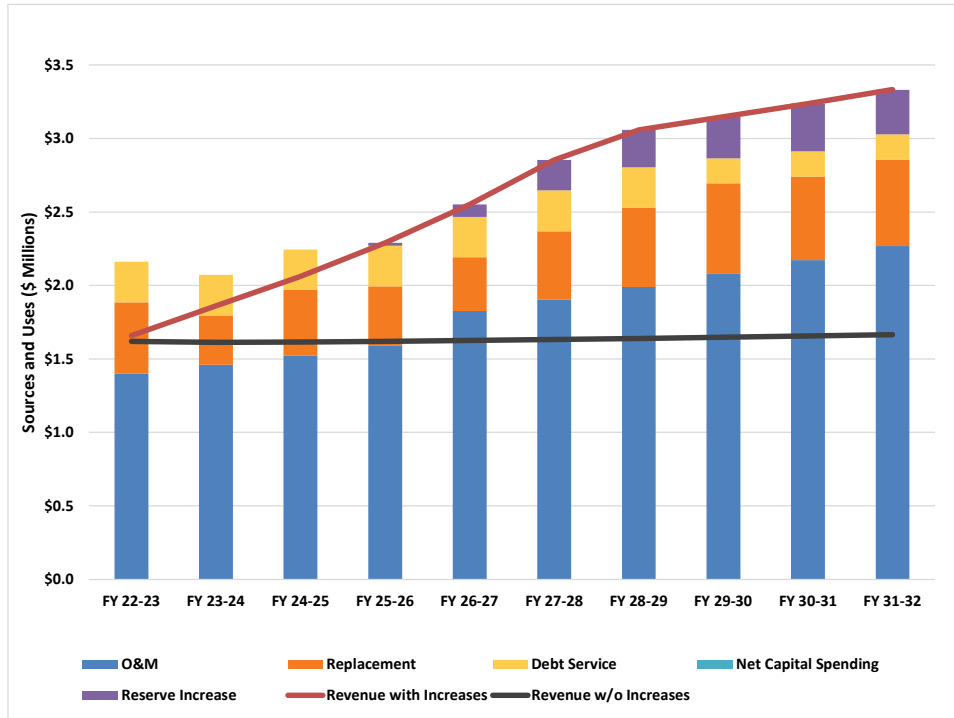
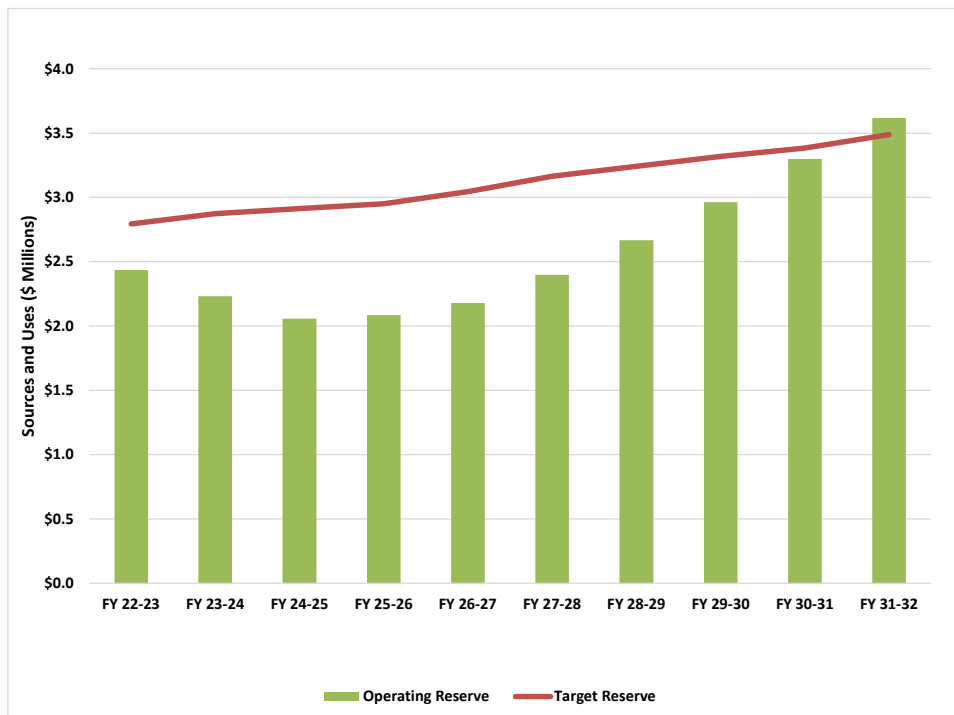


Figure 2  
End of Year Water System Reserves versus Target Reserves



# 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	
<b>Average Annual O&amp;M</b>							
Salaries and Benefits	\$526,972	\$276,273	\$216,787	\$31,779	\$0	2,133	
<b>Maintenance and Supplies</b>							
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	
<b>Total Maintenance and Supplies</b>	<b>\$413,972</b>	<b>\$227,991</b>	<b>\$155,840</b>	<b>\$25,567</b>	<b>\$3,731</b>	<b>\$844</b>	
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	
<b>Total Average Annual O&amp;M</b>	<b>\$1,553,976</b>	<b>\$785,935</b>	<b>\$580,936</b>	<b>\$96,833</b>	<b>\$85,246</b>	<b>\$5,027</b>	
<b>Average Annual Capital Costs</b>							
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	
<b>Total Average Capital</b>	<b>\$621,256</b>	<b>\$297,703</b>	<b>\$283,573</b>	<b>\$37,465</b>	<b>\$0</b>	<b>\$2,515</b>	
<b>Revenue Offsets</b>	<b>(\$426,157)</b>	<b>(\$215,532)</b>	<b>(\$159,314)</b>	<b>(\$26,555)</b>	<b>(\$23,378)</b>	<b>(\$1,379)</b>	
<b>Total Average Revenue Requirement</b>	<b>\$1,749,075</b>	<b>\$868,106</b>	<b>\$705,195</b>	<b>\$107,742</b>	<b>\$61,869</b>	<b>\$6,163</b>	
Percentage Allocation		49.6%	40.3%	6.2%	3.5%	0.4%	
<b>Cost Allocation Summary</b>							
	<b>Year</b>	<b>Annual Revenue Requirement</b>	<b>Base</b>	<b>Peaking</b>	<b>Meters/Serv</b>	<b>Customer</b>	<b>Direct Fire Protection</b>
	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**

<b>Customer Service Cost</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
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
<b>Total Customer Costs</b>	<b>\$196,904</b>	<b>\$228,626</b>	<b>\$261,567</b>	<b>\$299,441</b>	<b>\$342,605</b>
Number of Bills	18,828	18,876	18,924	18,972	19,020
<b>Customer Cost per Unit</b>	<b>\$10.46</b>	<b>\$12.11</b>	<b>\$13.82</b>	<b>\$15.78</b>	<b>\$18.01</b>

<b>Meters and Services Cost</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
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
<b>Meters and Services Cost per Unit</b>	<b>\$3.92</b>	<b>\$4.49</b>	<b>\$5.13</b>	<b>\$5.86</b>	<b>\$6.70</b>

<b>Peaking Cost</b>	<b>FY 22-23</b>	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
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
<b>Peaking Cost per Unit</b>	<b>\$16.69</b>	<b>\$18.93</b>	<b>\$21.66</b>	<b>\$24.78</b>	<b>\$28.34</b>

<b>Base Fixed Charge - 5/8" and 3/4"</b>	<b>\$31.07</b>	<b>\$35.53</b>	<b>\$40.61</b>	<b>\$46.42</b>	<b>\$53.05</b>
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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

<b>Meter Size</b>	<b>Meter &amp; Service Ratio</b>	<b>Meters &amp; Services Charge</b>	<b>Meter Capacity Ratio</b>	<b>Peaking Charge</b>	<b>Fire Protection Charge</b>	<b>Customer Charge</b>	<b>Total Monthly Charge</b>
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
<b>Number of Accounts</b>							
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
<b>Total Accounts</b>	<b>1,784</b>	<b>1,788</b>	<b>1,792</b>	<b>1,796</b>	<b>1,800</b>	<b>1,804</b>	<b>1,808</b>

[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
<b>Wastewater Service Revenues</b>						
Fixed Charges [1]	\$755,216	\$756,932	\$758,648	\$760,364	\$762,080	\$763,796
<b>Total Revenues From Current Rates</b>	<b>\$755,216</b>	<b>\$756,932</b>	<b>\$758,648</b>	<b>\$760,364</b>	<b>\$762,080</b>	<b>\$763,796</b>

[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 WWRP 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
<b>Salaries &amp; Benefits</b>	\$295,688	\$311,337	\$327,918	\$345,492	\$678,817	\$715,434
<b>Maintenance and Supply</b>						
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
<b>General &amp; Administration</b>						
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
<b>Capital Outlay</b>	\$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 a several years. The District plans 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 with the rest of the project 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
<b>Sources and Uses of Funds</b>						
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
<b>Total Project Fund Balance</b>	<b>\$0</b>	<b>\$7,470,996</b>	<b>\$6,876,409</b>	<b>\$2,081,085</b>	<b>\$2,102,000</b>	<b>\$2,123,126</b>

### Debt Service

The District plans to obtain loan proceeds from two interim loans to fund the WRRF 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 \$1,115,100 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 1/10<sup>th</sup> of the annual USDA loan payment. This requirement is \$111,500 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
<b>Current Capital Improvement Projects (CIP) [1]</b>						
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
<b>Total Wastewater CIP</b>	<b>\$1,129,800</b>	<b>\$903,200</b>	<b>\$21,000</b>	<b>\$192,000</b>	<b>\$197,000</b>	<b>\$29,000</b>

[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
<b>Proposed Revenue Increase (April 1)</b>	<b>59.0%</b>					
<b>Proposed Revenue Increase (January 1)</b>		<b>59.0%</b>	<b>59.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>Sources of Funds</b>						
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	18,171
<b>Total Sources of Funds</b>	<b>\$1,063,095</b>	<b>\$1,743,640</b>	<b>\$2,667,606</b>	<b>\$3,292,053</b>	<b>\$3,398,668</b>	<b>\$3,507,320</b>
<b>Uses of Funds</b>						
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	1,115,100
USDA Loan Reserve Fund Payment	-	-	-	-	-	111,500
<b>Total Uses of Funds</b>	<b>\$1,085,278</b>	<b>\$1,728,610</b>	<b>\$2,543,031</b>	<b>\$2,582,277</b>	<b>\$3,612,435</b>	<b>\$3,775,075</b>
<b>Net Funds Available Before Capital</b>	<b>(\$22,183)</b>	<b>\$15,030</b>	<b>\$124,575</b>	<b>\$709,776</b>	<b>(\$213,767)</b>	<b>(\$267,755)</b>
<b>Capital Sources of Funds</b>						
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
<b>Capital Uses of Funds</b>						
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
<b>Net Capital Spending</b>	<b>(\$962,800)</b>	<b>(\$771,200)</b>	<b>\$131,000</b>	<b>(\$43,000)</b>	<b>\$554,000</b>	<b>\$697,000</b>
<b>Net Funds After Capital</b>	<b>(\$984,983)</b>	<b>(\$756,170)</b>	<b>\$255,575</b>	<b>\$666,776</b>	<b>\$340,233</b>	<b>\$429,245</b>
<b>Available Reserves</b>						
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	429,245
Ending available reserves	<b>\$1,096,017</b>	<b>\$339,847</b>	<b>\$595,422</b>	<b>\$1,262,198</b>	<b>\$1,602,431</b>	<b>\$2,031,676</b>
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)	(\$1,060,324)
<b>Debt Service Coverage</b>						
Net Revenues [8]	\$517,588	\$1,180,599	\$2,275,103	\$2,337,476	\$1,739,148	\$1,772,290
Annual Debt Service	-	639,772	1,394,094	1,394,094	1,116,000	1,115,100
Coverage	0%	185%	163%	168%	156%	159%

[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.

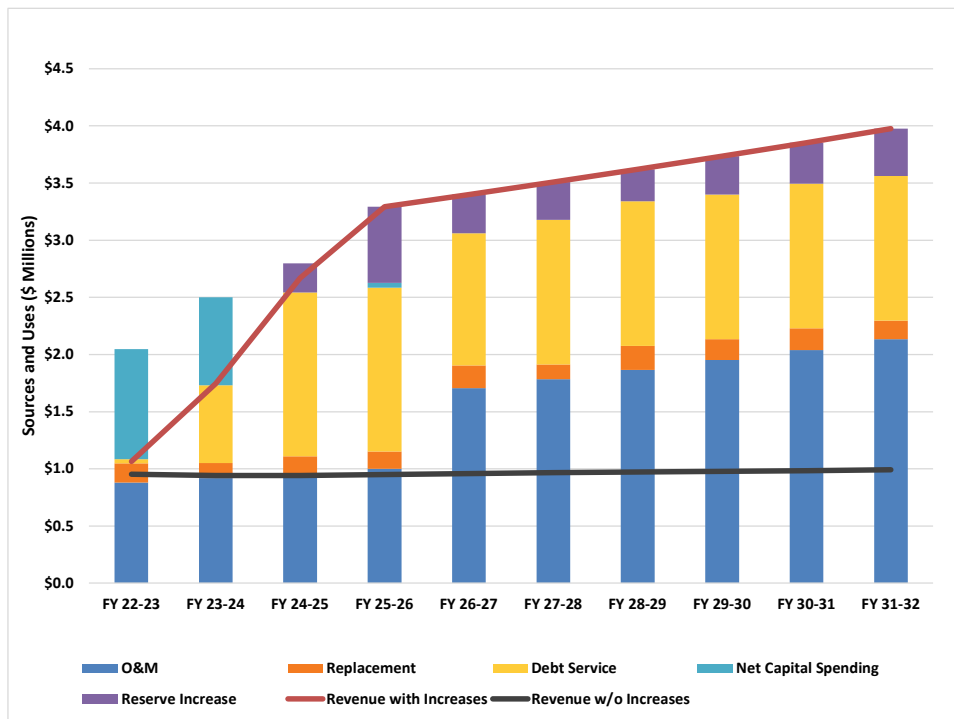
[8] Revenue is adjusted as if the rate increase were effective the full fiscal year.

### 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 for the remaining two increases. Revenue increases of 3 percent are assumed beginning FY 2025-26 through FY 2031-32. The proposed increases are shown near the top of the wastewater financial plan in Table 27.

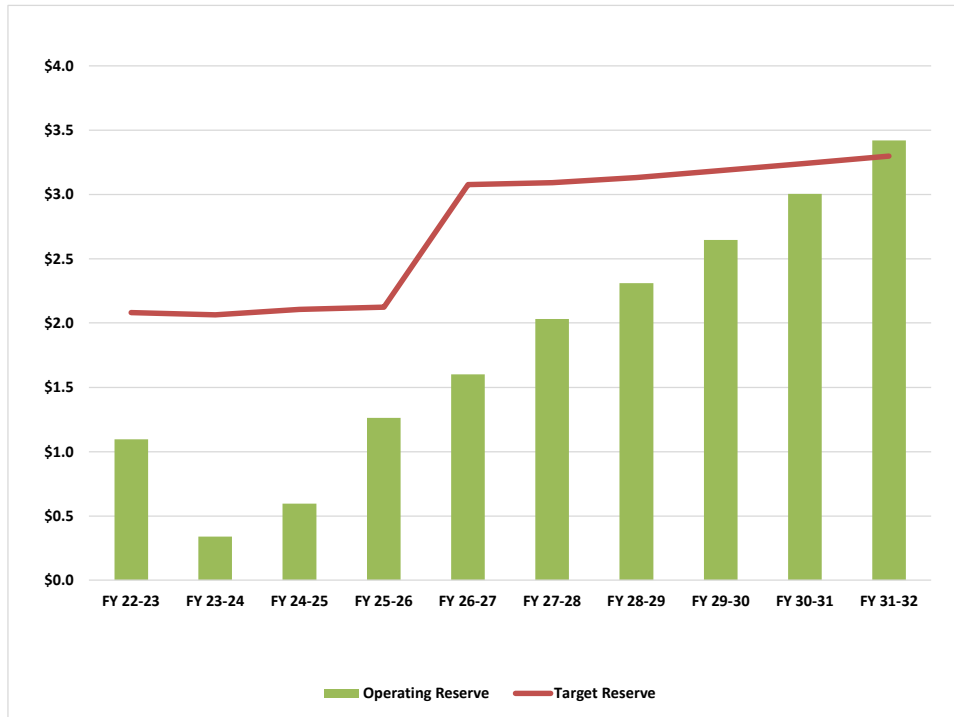
A graphical depiction of the revenue and revenue requirements from Table 28 are presented in Figure 3. Revenue using the current rates is shown as the black line while revenue with revenue adjustments is shown as the red line. Figure 3 shows that the revenue increases from Table 27 are necessary to meet annual O&M expense, CIP funding, and the Target Reserve maintenance 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 10<sup>th</sup> 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
<b>Operating Expense</b>						
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
<b>Capital</b>						
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	1,115,100
USDA Loan Reserve Fund Payment	-	-	-	-	-	111,500
Subtotal	\$205,587	\$810,530	\$1,584,737	\$1,581,853	\$1,905,587	\$1,991,187
<b>Net Capital Spending</b>						
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)
<b>Met From Other Sources</b>						
Revenue Offsets	(\$196,485)	(\$185,079)	(\$183,876)	(\$189,788)	(\$196,123)	(\$201,271)
Subtotal	(\$196,485)	(\$185,079)	(\$183,876)	(\$189,788)	(\$196,123)	(\$201,271)
<b>Adjustments</b>						
Adjustments for Annual Cash Balance	(\$984,983)	(\$756,170)	\$255,575	\$666,776	\$340,233	\$429,245
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	\$478,103
<b>Total Costs to be Recovered</b>	\$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. This is determined by 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 <sup>[1]</sup>	Average Monthly Winter Water Consumption <sup>[2]</sup>	Number of Users	Adjusted Number of Users	Average Monthly Flow per User	Number of EDUs <sup>[3]</sup>	Calculated EDU Ratio
	HCF/3 mos	HCF/mo			col [2] ÷ col [4]		
Residential/Condo [4]	19,708.0	6,569.3	1,574	1,574.0	4.2	1,574.0	1.00
RV Space [5]	295.0	98.3	192	29.0	3.4	23.6	0.80
Commercial	659.0	219.7	18	18.0	12.2	52.6	2.90
Restrooms [6]	29.0	9.7	3	1.0	9.7	2.3	2.30
Dump Station	156.5	52.2	1	1.0	52.2	12.5	12.50
<b>Total</b>	<b>20,847.5</b>	<b>6,949.2</b>	<b>1,788</b>	<b>1,623.0</b>		<b>1,665.0</b>	

[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 of each customer classification to determine the number of EDUs served by the wastewater system. The annual revenue requirements from Table 29 are divided by the number of annual EDUs to calculate the monthly wastewater charge shown in Table 31.

**Table 31**  
**Calculation of Monthly Charge per EDU**

Description	FY 22-23	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
<b>Number of Customers/Units [1]</b>						
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
<b>Total Number of Customers</b>	<b>1,788</b>	<b>1,792</b>	<b>1,796</b>	<b>1,800</b>	<b>1,804</b>	<b>1,808</b>
<b>Number of EDUs [3] EDU Ratio [4]</b>						
Residential/Condo [2]	1.00	1,574.00	1,578.00	1,582.00	1,586.00	1,590.00
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
<b>Total Number of EDUs</b>	<b>1,799.20</b>	<b>1,803.20</b>	<b>1,807.20</b>	<b>1,811.20</b>	<b>1,815.20</b>	<b>1,819.20</b>
<b>Revenue Requirement [5]</b>	<b>\$1,200,793</b>	<b>\$1,913,600</b>	<b>\$3,049,521</b>	<b>\$3,148,112</b>	<b>\$3,249,873</b>	<b>\$3,354,907</b>
<b>Monthly Charge per EDU [6]</b>	<b>\$55.62</b>	<b>\$88.44</b>	<b>\$140.62</b>	<b>\$144.84</b>	<b>\$149.19</b>	<b>\$153.68</b>

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

Applying the EDU ratio of the other customer classifications to the monthly EDU charge determines the proposed wastewater fixed charges for wastewater service. The proposed wastewater monthly service 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

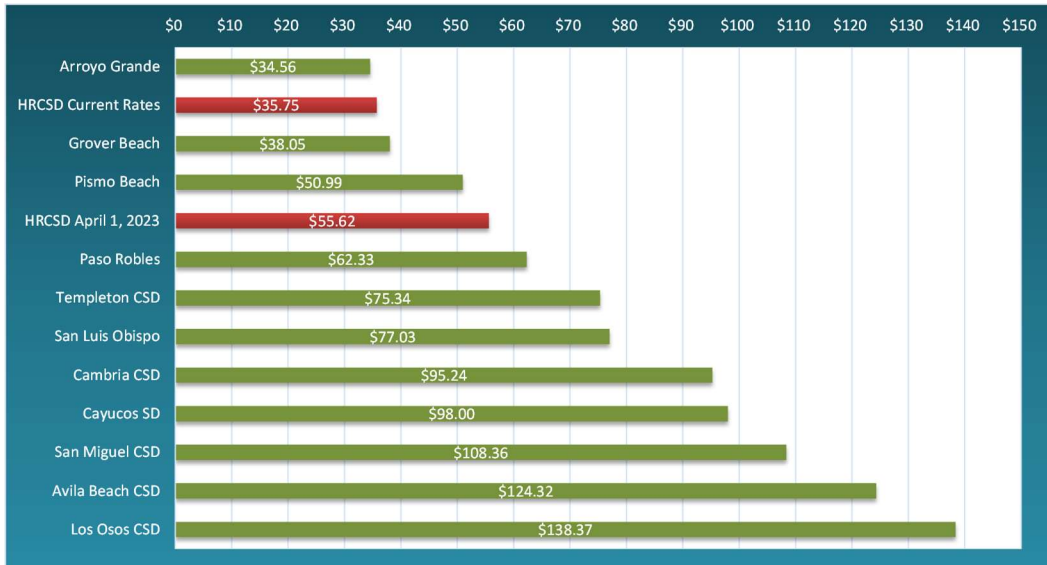
## Wastewater Bill Impacts

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 26.