



2024 Sewer Rate Study

Final Report

October 15, 2024

October 15, 2024



Mr. Hugh Logan
District Manager
San Andreas Sanitary District
675 Gold Oak Road
San Andreas, CA. 95249

Re: 2024 Sewer Rate Study

Dear Mr. Logan,

Hildebrand Consulting is pleased to present this 2024 Sewer Rate Study (2024 Study) that we performed for San Andreas Sanitary District (District). We appreciate the fine assistance provided by you and all of the members of the District staff who participated in the Study.

If you or others at the District have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service to the District and look forward to the possibility of doing so again in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Hildebrand', written in a cursive style.

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure



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List of Acronyms

AWWA	American Water Works Association
CIP	capital improvement program
DCR	debt service coverage ratio
FY	fiscal year (which ends on June 30 for the District)
O&M	operations and maintenance
OPEB	Other Post Employment Benefits
PERS	Public Employment Retirement System
WEF	Water Environment Federation
USDA	United State Department of Agriculture
WWTP	wastewater treatment plant

Section 1. INTRODUCTION

Hildebrand Consulting, LLC. was retained by the San Andreas Sanitary District (District or SASD) to conduct a Sewer Rate Study (Study). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 DISTRICT BACKGROUND

SASD provides wastewater (i.e., sewage) collection, treatment, and disposal services to properties within District boundaries in the unincorporated community of San Andreas. The District is located approximately 60 miles southeast of Sacramento on Highway 49. The District services 1,360 accounts, which includes about 3,000 residents and 189 commercial customers. Sewage is conveyed from the community through 18 miles of sewer system, is treated at the District's wastewater treatment plant (WWTP), and the treated effluent is discharged to spray fields during the dry seasons and discharged to the North Fork of the Calaveras River during the rainy season.

1.2 RATE STUDY BACKGROUND

SASD's last comprehensive rate study was conducted in 2016 (*Wastewater Rate Study*, Stantec, October 7, 2016). Starting in July 2017, the District implemented the 2016 Rate Study recommendation that the wastewater rates be modified to account for both sewage flow and sewage strength. The District's current rates charge residential customers a flat rate per dwelling unit and commercial customers are charged both a fixed monthly rate plus a flow charge that is based on the previous year's actual water consumption (November through April). Both the flow rate and the fixed monthly rate for commercial customers depend on the classification of the customer (there are 7 different commercial groups based on assumed sewer flow and strength).

1.3 SCOPE & OBJECTIVES OF STUDY

The scope of this Study was to prepare a multi-year financial plan and propose a 5-year rate program. The primary objectives of this Study were to develop a multi-year financial management plan that integrates the District’s operational and capital project funding needs and identify future rate adjustments to sewer rates to ensure adequate revenues to meet the District’s ongoing service and financial obligations. The scope of work did not include an update or evaluation of the existing rate structure.

1.4 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as promulgated by the American Water Works Association (AWWA), Water Environment Federation (WEF), and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The multi-year financial management plan determined the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. A financial planning model was customized with the latest available data to reflect the District’s financial dynamics, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

Recommendations for the financial plan and proposed rate revenue adjustments were presented to the District Board on August 14, 2024, and October 10, 2024, and a Public Hearing to adopt the rates has been scheduled for January 2025.

Section 2. FINANCIAL PLAN

This Study’s 10-year financial plan was developed through interactive work sessions with District staff. As a result of this process, the Study has produced a robust financial plan that will allow the District to meet revenue requirements and financial performance objectives throughout the projection period while striving to minimize rate increases. This includes maintaining prudent reserves and meeting debt service coverage targets.

2.1 FINANCIAL DATA & ASSUMPTIONS

The District provided historical and budgeted financial information associated with operations, including historical and budgeted operating costs, a multi-year capital improvement program (CIP), and outstanding debt service obligations. District staff also assisted in developing other assumptions and policies, such as cash reserve targets, and escalation assumption for operating costs (all of which are described in the following subsections).

2.1.1 BEGINNING FUND BALANCE

The Districts beginning cash balance for FY 2024/25 is summarized in **Table 1**.

Table 1: FY 2024/25 Beginning Cash Balance

LAIF Capital Fund	\$1,025,000
Umpqua Bank Account	\$791,000
OPEB Medical	\$292,000
OPEB Pension	\$134,000
Total	\$2,242,000

2.1.2 RESERVE TARGETS

Reserves targets for utilities are targeted cash balances in order to (a) comply with contractual obligations (e.g., bond covenants), (b) protect the utility from unexpected financial events, and/or (c) accommodate operational and capital program cash flow needs. Often multiple reserves are maintained, each with a specific function. In addition to the direct benefits of financial stability, reserves can help utilities obtain higher credit rankings, which can then help qualify the utility for cheaper debt. Credit rating agencies evaluate utilities on their financial stability, which includes adherence to formally adopted reserve targets.

The following reserve policies were recently adopted by the Board (Policy 3220) and are consistent with 1) the author's industry experience for similar systems, 2) findings of reserve studies conducted by AWWA, and 3) healthy reserve levels for public utilities per the evaluation criteria published by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's).

Operating Reserve – The Operating Reserve is designed to accumulate sufficient funds to satisfy the general cash flow demands and requirements of the District. This reserve is intended to provide liquidity throughout the fiscal year and preserve the District's credit worthiness. The District's target minimum fund level for the Operating Reserve is equal to a minimum of ninety (90) days of the then-current operating budget. Given the FY 2024/25 O&M budget of \$1.7 million, the targeted Operating Reserve for that year is a minimum of \$427 thousand.

Emergency Reserves - The Emergency Reserve is designed to ensure timely response to natural disasters and/or other unplanned emergencies. These reserves enable rapid response and continued operation of essential services during these unplanned events. The Emergency Reserve policy targets a cash level equal to 50 percent of the current depreciation expense. The current target level for this reserve is \$375 thousand.

Equipment Replacement Reserves - The Equipment Replacement Reserve is designed to ensure timely replacement and upgrade of vehicles, mobile equipment, and relevant

appurtenances. The target fund level is equal to the following year's budgeted replacements. The target balance in FY2024/25 is \$246 thousand and the projected average target for the coming years is \$100 thousand per year.

Capital Improvement Seed Funding – The funds in this reserve are used in preparation for large infrastructure projects, just as grant writing, preliminary engineering studies, and environmental documents. The District must complete this preliminary work in order to qualify for grants. The target fund level for the Capital Improvement Seed Funding is equal to \$300 thousand.

Debt Reserve Funding – Many lenders of money require debtors to hold debt reserves equal to one year of debt service. In the interest of best practices, the District will hold just reserves regardless of the lender's requirements. The current reserve target (based on current annual debt service) is \$210,000.

2.1.3 CUSTOMER GROWTH

The District is currently experiencing limited customer growth. Based on recent historical and forecasted capacity charge revenue, this Study assumes a growth rate of about 0.3 percent over the 10-year planning period.

2.1.4 RATE REVENUES

Rate revenue is the revenue generated from customers for sewer service. In the District's case, rate revenue is collected from residential and commercial customers within the District. Rate revenue is collected from the customers through Sewer Service Charges, which are assessed to residential customers based on the number of dwelling units and assessed to commercial customers based on classification and estimated sewer flows¹. This Study's financial plan proposes annual rate revenue adjustments

¹ Estimated sewer flows for commercial accounts is determined based on average winter water use for the six months from November through April of the prior year.

that will meet the District’s revenue requirements. Budgeted and projected rate revenues are listed in Schedule 2².

2.1.5 NON-RATE REVENUES

In addition to rate revenue, the District receives other revenue, including taxes, capacity charge revenue, late fees, teeter revenue, rental income, sponsor contributions, and interest revenue on investments. Estimates of interest income were calculated annually based upon estimated average fund balances and historic effective return of 0.03 percent on cash and invested funds, which is consistent with the District’s historical earnings. Projections of all other non-rate revenues were based on FY 2024/25 budgeted revenues. Budgeted revenues for FY 2024/25 are depicted in Figure 2 below and listed in detail in **Schedule 2**.

² The rate revenue in Schedule 2 includes the proposed rate adjustment recommended by this Study, as described in Section 2.2

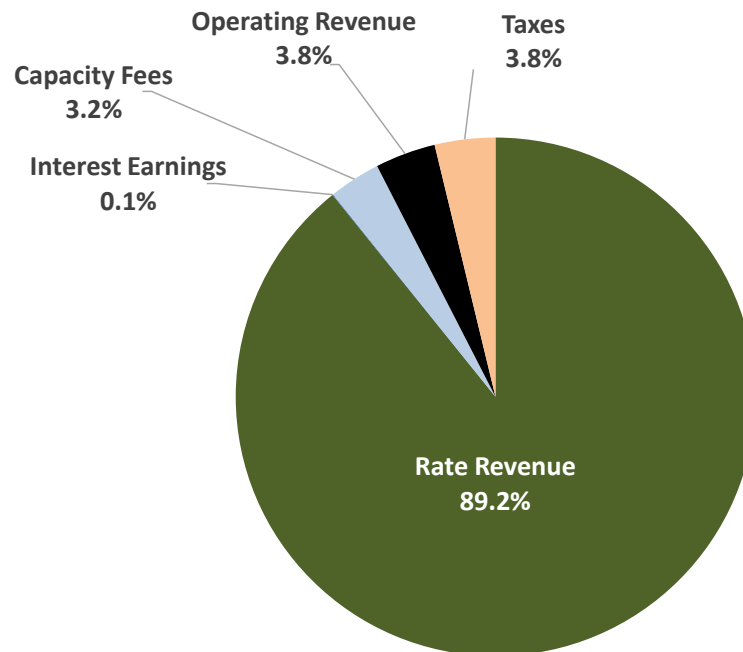


Figure 1: FY 2024/25 Budgeted Revenue Categories

2.1.6 OPERATION AND MAINTENANCE AND DEBT EXPENSES

The District’s operating and maintenance expenses include all ongoing collection, treatment, disposal, and administrative expenses, and debt service payments. Annual operating and maintenance costs for collection, treatment and disposal are based on the FY 2024/25 budget and are adjusted for future years based on inflation (see Section 2.1.7). The District has demonstrated foresight and fiscal prudence by saving for long-term employee benefit liabilities, such as OPEB (Other Post Employment Benefits) and PERS (Public Employment Retirement System).

The District’s current outstanding debt consists of two USDA Rural Developments loans (with debt service of \$48,850 and \$16,205 per year, respectively) and a State Water Resources loan (at \$147,000 per year). This financial plan maintains a debt service

coverage ratio (DCR)³ above 1.24 at all times and forecasts a ratio well above 2.0 over the long term. Maintaining a healthy DCR throughout the planning period will help the District to access favorable borrowing terms in the future.

Budgeted expense categories for FY 2024/25 are depicted in **Figure 2**. Budgeted and projected operating and debt expenses are listed in detail in **Schedule 1**. Projected capital program expenses are discussed in Section 2.1.8.

³ Debt coverage ratio is a financial metric which measures an entity's ability to afford its debt obligations. Based on published guidance from Fitch Ratings, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.50 times annual debt service.

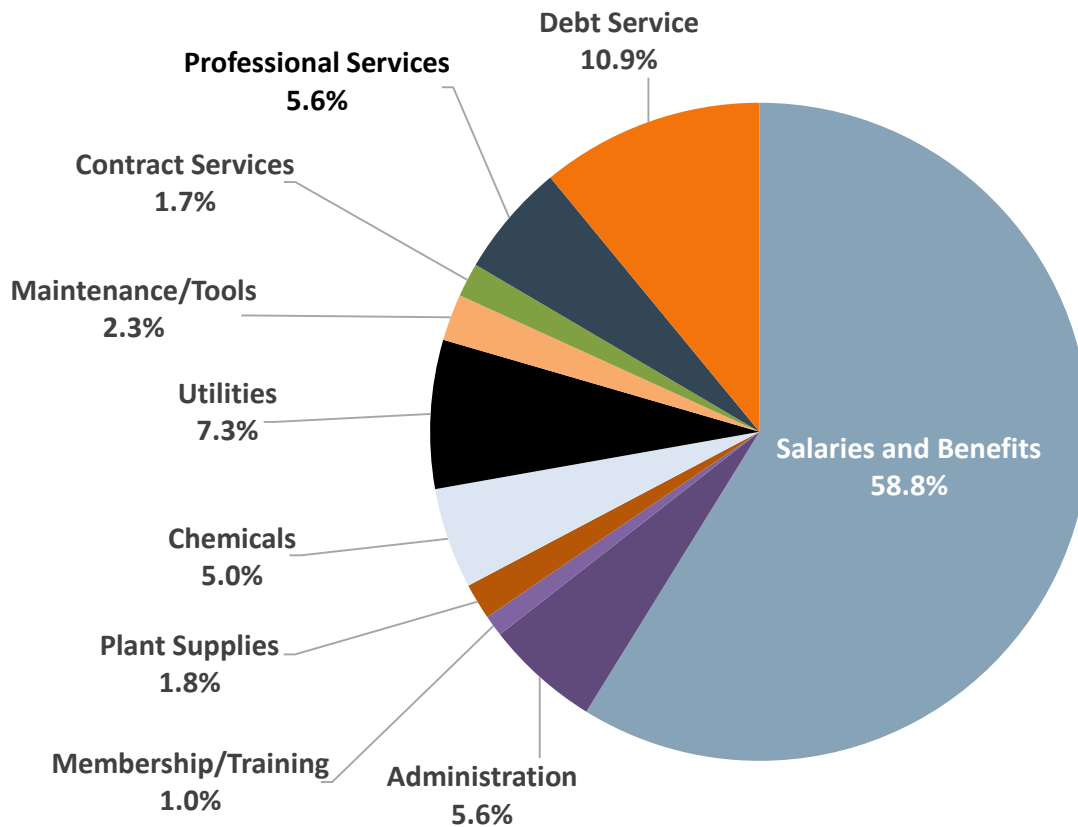


Figure 2: FY 2024/25 Budgeted Operating and Debt Expense Categories

2.1.7 COST ESCALATION

Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, the District’s operating and capital expenses are projected to increase at 3.0 percent per year, which is consistent with long-term inflation trends.

2.1.8 CAPITAL IMPROVEMENT PROGRAM AND DEBT STRATEGY

The District has been able to make considerable investments in the rehabilitation of its infrastructure over the past several years due to approximately \$17 million in grants

that have been received over the seven years. Going forward the District will continue to apply for grants as they become available. Grant-funded projects are not included in this current financial plan because if the grant is not awarded then the project will not be delivered (therefore the grant-funded projects do not affect rate payers). This financial plan assumes that rate-funded capital spending will average \$200 thousand per year over the planning period.

2.2 PROPOSED RATE REVENUE INCREASES

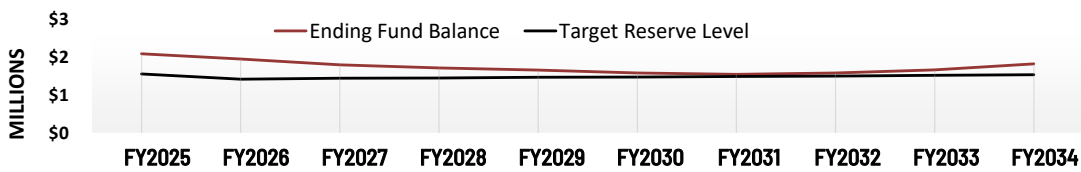
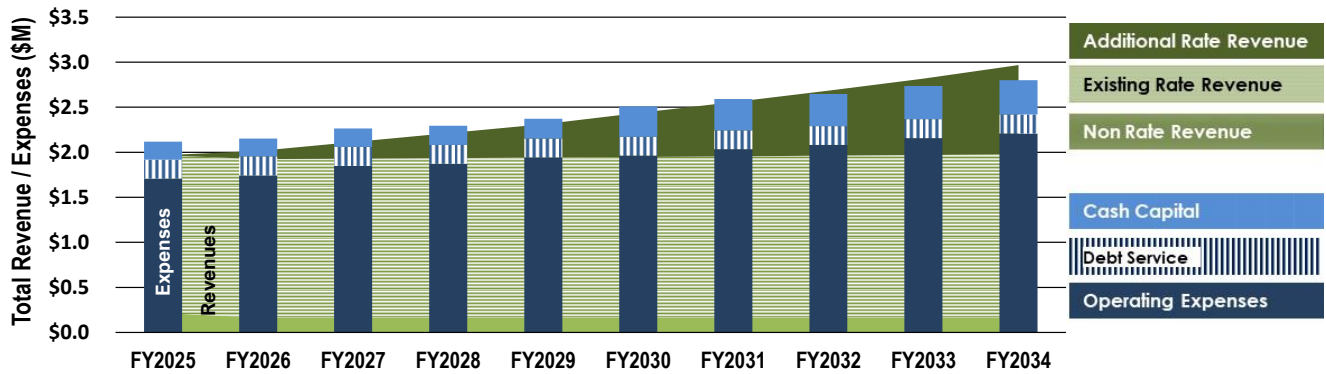
All of the above information was entered into a financial planning model to produce a 10-year financial plan that evaluated the sufficiency of current revenues to meet current and estimated future financial obligations and determined the level of rate revenue increases necessary in each year of the planning period.

Based upon the previously discussed financial data, assumptions, and reserve targets, this Study proposes a 5-year schedule of rate adjustments as detailed in **Table 2**. The average rate increase over the 5-year period is 5 percent.

Table 2: Recommended Sewer Rate Revenue Increases

Rate Adjustment Date	Rate Revenue Increase
July 1, 2025	5.26%
July 1, 2026	5.00%
July 1, 2027	4.76%
July 1, 2028	4.55%
July 1, 2029	5.43%

The numbers provided in **Schedule 2** (cash flow proforma) are summarized graphically in **Figure 3**.



	Proposed					Approximated, To Be Determined				
Rate Revenue Increase:	5.26%	5.00%	4.76%	4.55%	5.43%	5.0%	5.0%	5.0%	5.0%	
Debt Coverage Ratio:	1.24	1.30	1.26	1.62	1.76	2.25	2.49	2.87	3.14	3.57

Figure 3: Financial Plan Estimates with Recommended Rate Increases

The rate revenue increases shown in Figure 3 for FY 2030/31 through FY 2033/34 are projections of the rate increases that will be necessary to offset future inflation and increases to capital spending. The proposed rate schedule for the next 5 years is summarized in **Schedule 3**.

Section 3. CONCLUSION

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by WEF, AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the rates are designed to enable the District to work towards providing more reliable sewer service to customers while meeting the state's mandates.

The Sewer Service Charges need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed rates to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

SCHEDULES

Schedule 1 - Detailed Projection of Operating Costs

Schedule 2 - Cash Flow Pro Forma

Schedule 3 – Proposed 5-Year Rate Schedule

Budgeted and Projected Cash Outflows

Schedule 1

(1 of 2)

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2032/34
3.0 Employees										
1 3.1 - Salaries										
2 3.11 - Salaries-Regular	\$575,600	\$592,900	\$610,700	\$629,000	\$647,900	\$667,300	\$687,300	\$708,000	\$729,200	\$751,100
3 3.12 - Operator "On Call"	\$18,700	\$19,200	\$19,800	\$20,400	\$21,000	\$21,600	\$22,300	\$22,900	\$23,600	\$24,300
4 3.14 - Salaries-Overtime	\$18,600	\$19,200	\$19,800	\$20,400	\$21,000	\$21,600	\$22,200	\$22,900	\$23,600	\$24,300
5 3.15 - Longevity Pay	\$13,500	\$0	\$13,500	\$0	\$13,500	\$0	\$13,500	\$0	\$13,500	\$0
6 3.2 - Payroll Taxes and Unemployment	\$63,000	\$64,900	\$66,800	\$68,800	\$70,900	\$73,000	\$75,200	\$77,500	\$79,800	\$82,200
7 3.30 - PER Retirement Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 3.31 - PERS Pension	\$174,200	\$179,500	\$184,800	\$190,400	\$196,100	\$202,000	\$208,000	\$214,300	\$220,700	\$227,300
9 3.32 - 457b Contribution	\$28,400	\$29,300	\$30,100	\$31,000	\$32,000	\$32,900	\$33,900	\$34,900	\$36,000	\$37,100
10 3.41 - Active Employee Health Benefits	\$183,000	\$188,500	\$194,100	\$200,000	\$206,000	\$212,100	\$218,500	\$225,100	\$231,800	\$238,800
11 3.42 - Retiree Health Benefits	\$34,500	\$35,500	\$36,600	\$37,700	\$38,800	\$40,000	\$41,200	\$42,400	\$43,700	\$45,000
12 3.44 - Director Dental, Vision, Life	\$7,600	\$7,900	\$8,100	\$8,300	\$8,600	\$8,800	\$9,100	\$9,400	\$9,700	\$9,900
13 3.5 - Worker's Comp Insurance	\$11,000	\$11,300	\$11,700	\$12,000	\$12,400	\$12,800	\$13,100	\$13,500	\$13,900	\$14,400
4.0 - Administration										
14 4.1 - Legal	\$17,000	\$17,500	\$18,000	\$18,600	\$19,100	\$19,700	\$20,300	\$20,900	\$21,500	\$22,200
15 4.2 - Insurance Non Personal	\$38,800	\$39,900	\$41,100	\$42,300	\$43,600	\$44,900	\$46,300	\$47,700	\$49,100	\$50,600
16 4.4 - Director Stipend, Board Mtgs	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300	\$7,500	\$7,800	\$8,000	\$8,200	\$8,500
17 4.5 - Outside Printing/Signs	\$600	\$600	\$600	\$700	\$700	\$700	\$700	\$700	\$800	\$800
18 4.6 - Public Outreach	\$7,000	\$7,200	\$7,400	\$7,600	\$7,900	\$8,100	\$8,400	\$8,600	\$8,900	\$9,100
19 4.7 - Permit Fees NPDES/WDR	\$17,000	\$17,500	\$18,000	\$18,600	\$19,100	\$19,700	\$20,300	\$20,900	\$21,500	\$22,200
20 4.8 - Software and Warranties	\$4,000	\$4,100	\$4,200	\$4,400	\$4,500	\$4,600	\$4,800	\$4,900	\$5,100	\$5,200
21 4.9 - County Fees	\$800	\$800	\$800	\$900	\$900	\$900	\$1,000	\$1,000	\$1,000	\$1,000
22 4.10 - Bank Maintenance Fees	\$3,800	\$3,900	\$4,000	\$4,200	\$4,300	\$4,400	\$4,500	\$4,700	\$4,800	\$5,000
23 4.11 - Staff Training Appreciation	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900	\$2,000
24 4.12 - Water Data Collection Fees	\$1,800	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300
25 4.13 - Easement Payments (TCE)	\$800	\$800	\$800	\$800	\$800	\$900	\$900	\$900	\$1,000	\$1,000
26 4.14 - GIS Software Fee	\$500	\$500	\$500	\$500	\$500	\$600	\$600	\$600	\$600	\$600
5.0 Membership/Training										
27 5.1 - ACWA (Annual Dues)	\$9,500	\$9,800	\$10,100	\$10,400	\$10,700	\$11,000	\$11,300	\$11,700	\$12,000	\$12,400
28 5.2 - WEF/CWEA/Rural Water	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900
29 5.3 - Certifications/Exams/Renewals	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600
30 5.4 - WUUA/Western Underground	\$500	\$500	\$500	\$500	\$600	\$600	\$600	\$600	\$600	\$700
31 5.5 - Newspaper	\$300	\$300	\$300	\$300	\$300	\$300	\$400	\$400	\$400	\$400
32 5.6 - Training-Management	\$2,500	\$2,600	\$2,700	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200	\$3,300
33 5.7 - Training-Process Control	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
34 5.8 - Safety Training	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
35 5.9 - Training Resources	\$600	\$600	\$600	\$700	\$700	\$700	\$700	\$700	\$800	\$800
6.0 Plant Supplies										
36 6.1 - Safety Supplies	\$4,000	\$4,100	\$4,200	\$4,400	\$4,500	\$4,600	\$4,800	\$4,900	\$5,100	\$5,200
37 6.2 - Office (not computer)	\$5,800	\$5,900	\$6,100	\$6,300	\$6,500	\$6,700	\$6,900	\$7,100	\$7,300	\$7,500
38 6.3 - Sewer/ collections	\$3,000	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900
39 6.4 - Lab	\$7,000	\$7,200	\$7,400	\$7,600	\$7,900	\$8,100	\$8,400	\$8,600	\$8,900	\$9,100
40 6.5 - Landscape Maintenance	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
41 6.6 - Boots/Uniforms	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,100	\$4,200	\$4,300	\$4,400	\$4,600
42 6.7 - Road Base, Gravel, Sand Bags	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600
43 6.8 - Treatment Plant Process Supplies	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,400	\$7,600	\$7,800
44 6.9 - Plant/Office Furniture	\$1,800	\$1,800	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300



Budgeted and Projected Cash Outflows

Schedule 1

(2 of 2)

	FY2024/25	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30	FY2030/31	FY2031/32	FY2032/33	FY2032/34
7.0 Chemicals										
45 7.1 - Caustic	\$28,100	\$29,000	\$29,800	\$30,700	\$31,600	\$32,600	\$33,600	\$34,600	\$35,600	\$36,700
46 7.2 - Hypo	\$43,500	\$44,800	\$46,100	\$47,500	\$48,900	\$50,400	\$51,900	\$53,500	\$55,100	\$56,700
47 7.3 - Bisulfite	\$15,000	\$15,400	\$15,900	\$16,300	\$16,800	\$17,300	\$17,900	\$18,400	\$18,900	\$19,500
48 7.4 - Polymer	\$8,200	\$8,400	\$8,600	\$8,900	\$9,200	\$9,400	\$9,700	\$10,000	\$10,300	\$10,600
8.0 - Utilities										
50 8.1 - Communications	\$5,900	\$6,100	\$6,300	\$6,400	\$6,600	\$6,800	\$7,000	\$7,300	\$7,500	\$7,700
51 8.2 - Electricity	\$121,100	\$100,000	\$103,000	\$106,100	\$109,300	\$112,600	\$115,900	\$119,400	\$123,000	\$126,700
52 8.3 - Natural Gas	\$2,100	\$2,200	\$2,200	\$2,300	\$2,400	\$2,400	\$2,500	\$2,600	\$2,700	\$2,700
53 8.4 - Garbage	\$2,200	\$2,300	\$2,400	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800	\$2,800	\$2,900
54 8.6 - Answering Service	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,100	\$4,200	\$4,300	\$4,400	\$4,600
55 8.7 - Fire and Bldg Alarm Monitoring	\$2,500	\$2,500	\$2,600	\$2,700	\$2,800	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200
56 8.8 - Water	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,600	\$2,600	\$2,700	\$2,800	\$2,900
10.0 Productivity Tools										
57 10.1 - Small Maintenance/ Service Tools	\$4,200	\$4,300	\$4,400	\$4,500	\$4,700	\$4,800	\$5,000	\$5,100	\$5,300	\$5,400
58 10.2 - Computer & Network Hardware	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400	\$2,500	\$2,500	\$2,600
11.0 - Plant Maintenance/Fleet										
59 11.1 - Electrical Maintenance	\$3,500	\$3,600	\$3,700	\$3,800	\$3,900	\$4,100	\$4,200	\$4,300	\$4,400	\$4,600
60 11.2 - Machine and Welding	\$500	\$500	\$500	\$500	\$600	\$600	\$600	\$600	\$600	\$700
61 11.3 - HVAC	\$500	\$500	\$500	\$500	\$600	\$600	\$600	\$600	\$600	\$700
62 11.5 - Maintenance Supplies	\$4,800	\$4,900	\$5,000	\$5,200	\$5,300	\$5,500	\$5,700	\$5,800	\$6,000	\$6,200
63 11.6 - Parts	\$12,000	\$12,400	\$12,700	\$13,100	\$13,500	\$13,900	\$14,300	\$14,800	\$15,200	\$15,700
64 11.7 - External Shops	\$5,000	\$5,200	\$5,300	\$5,500	\$5,600	\$5,800	\$6,000	\$6,100	\$6,300	\$6,500
65 11.8 - Fuel	\$11,600	\$11,900	\$12,300	\$12,600	\$13,000	\$13,400	\$13,800	\$14,200	\$14,600	\$15,100
66 11.10 - Propane	\$300	\$300	\$300	\$300	\$300	\$300	\$400	\$400	\$400	\$400
12.0 Contract Services										
67 12.1 - Copier	\$800	\$800	\$800	\$900	\$900	\$900	\$1,000	\$1,000	\$1,000	\$1,000
68 12.2 - Biosolids Hauling & Disposal	\$10,000	\$10,300	\$10,600	\$10,900	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,000
69 12.3 - Folding/Postage Machine	\$3,700	\$3,800	\$3,900	\$4,000	\$4,100	\$4,200	\$4,400	\$4,500	\$4,600	\$4,800
70 12.4 - Weed Abatement Service	\$4,500	\$4,600	\$4,800	\$4,900	\$5,100	\$5,200	\$5,400	\$5,500	\$5,700	\$5,900
71 12.5-IT Infrastructure Maintenance	\$13,000	\$13,400	\$13,800	\$14,200	\$14,600	\$15,100	\$15,500	\$16,000	\$16,500	\$17,000
72 12.5 - Respirator Testing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13.0 - Professional Services										
73 13.10 - On-Call Engineering Support	\$5,000	\$5,200	\$5,300	\$5,500	\$5,600	\$5,800	\$6,000	\$6,100	\$6,300	\$6,500
74 13.11 - Source Control Program	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900	\$2,000
75 13.12 - Easement Support	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900	\$2,000
76 13.13 - Sewer System Support	\$2,500	\$2,600	\$2,700	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200	\$3,300
77 13.14 - Process Control Support	\$1,500	\$1,500	\$1,600	\$1,600	\$1,700	\$1,700	\$1,800	\$1,800	\$1,900	\$2,000
78 13.15 - SCADA/PLC Maintenance	\$24,000	\$24,700	\$25,500	\$26,200	\$27,000	\$27,800	\$28,700	\$29,500	\$30,400	\$31,300
79 13.16 - Groundwater Monitoring	\$10,000	\$10,300	\$10,600	\$10,900	\$11,300	\$11,600	\$11,900	\$12,300	\$12,700	\$13,000
80 13.17 - Grease Interceptor Program	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200	\$1,200	\$1,300	\$1,300
81 13.18 - Customer Applications	\$2,500	\$2,600	\$2,700	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,200	\$3,300
82 13.20 - NPDES Permit Renewal	\$0	\$0	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0
83 13.2 - Accounting, Audit (GASS OPES)	\$27,500	\$28,300	\$29,200	\$30,000	\$31,000	\$31,900	\$32,800	\$33,800	\$34,800	\$35,900
84 13.4 - External Lab	\$30,000	\$30,900	\$31,800	\$32,800	\$33,800	\$34,800	\$35,800	\$36,900	\$38,000	\$39,100
85 Projected Additional Costs	\$0	\$22,000	\$22,700	\$23,300	\$24,000	\$24,800	\$25,500	\$26,300	\$27,100	\$27,900
86 Debt Service	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000
87 Total Operating Expenses	\$1,918,400	\$1,952,600	\$2,058,100	\$2,083,100	\$2,152,800	\$2,171,100	\$2,244,000	\$2,290,600	\$2,366,600	\$2,417,700



Cash Flow Proforma

Schedule 2

	Budget FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033	Forecast FY2034	
1	Rate Revenue Increase:		5.26%	5.00%	4.76%	4.55%	5.43%	5.00%	5.00%	5.00%	
Rate Revenue											
2	Service Charge Revenue	\$1,753,000	\$1,753,000	\$1,850,000	\$1,949,000	\$2,048,000	\$2,147,000	\$2,270,000	\$2,391,000	\$2,518,000	\$2,642,000
3	Change due to growth & use		\$5,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000	\$8,000	\$8,000
4	Increase due to rate adjustments		\$92,000	\$93,000	\$93,000	\$93,000	\$117,000	\$114,000	\$120,000	\$126,000	\$143,000
Non-Rate Revenues											
5	Miscellaneous Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
6	Interest Earnings	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Capacity Fees	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000	\$63,000
8	Operating Revenue	\$74,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
9	Taxes	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
10	Total Revenue	\$1,968,000	\$2,015,000	\$2,114,000	\$2,213,000	\$2,312,000	\$2,435,000	\$2,556,000	\$2,683,000	\$2,817,000	\$2,958,000
O&M Costs											
11	Salaries	\$626,000	\$631,000	\$664,000	\$670,000	\$703,000	\$711,000	\$745,000	\$754,000	\$790,000	\$800,000
12	Benefits	\$502,000	\$517,000	\$532,000	\$548,000	\$565,000	\$582,000	\$599,000	\$617,000	\$636,000	\$655,000
13	Administration	\$108,000	\$111,000	\$115,000	\$118,000	\$122,000	\$125,000	\$129,000	\$133,000	\$137,000	\$141,000
14	Membership/Training	\$20,000	\$21,000	\$22,000	\$22,000	\$23,000	\$24,000	\$24,000	\$25,000	\$26,000	\$27,000
15	Plant Supplies	\$34,000	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000	\$41,000	\$42,000	\$43,000	\$44,000
16	Chemicals	\$95,000	\$98,000	\$100,000	\$103,000	\$107,000	\$110,000	\$113,000	\$116,000	\$120,000	\$124,000
17	Utilities	\$140,000	\$119,000	\$123,000	\$126,000	\$130,000	\$134,000	\$138,000	\$142,000	\$146,000	\$151,000
18	Maintenance/Tools	\$44,000	\$46,000	\$47,000	\$48,000	\$50,000	\$51,000	\$53,000	\$54,000	\$56,000	\$58,000
19	Contract Services	\$32,000	\$33,000	\$34,000	\$35,000	\$36,000	\$37,000	\$38,000	\$39,000	\$40,000	\$42,000
20	Professional Services	\$107,000	\$132,000	\$176,000	\$165,000	\$169,000	\$149,000	\$153,000	\$158,000	\$163,000	\$167,000
21	Total Operating Expenses	\$1,708,000	\$1,743,000	\$1,849,000	\$1,872,000	\$1,943,000	\$1,962,000	\$2,033,000	\$2,080,000	\$2,157,000	\$2,209,000
Capital and Debt											
22	"Code 14" Capital Spending (cash)	\$200,000	\$200,000	\$206,000	\$212,000	\$219,000	\$338,000	\$348,000	\$358,000	\$369,000	\$380,000
23	Existing Debt Service	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000
24	New Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Total Capital Revenue Requirement¹	\$410,000	\$410,000	\$416,000	\$422,000	\$429,000	\$548,000	\$558,000	\$568,000	\$579,000	\$590,000
26	Total Revenue Requirement	\$2,118,000	\$2,153,000	\$2,265,000	\$2,294,000	\$2,372,000	\$2,510,000	\$2,591,000	\$2,648,000	\$2,736,000	\$2,799,000
27	Beginning Year Balance	\$2,241,000	\$2,091,000	\$1,953,000	\$1,802,000	\$1,721,000	\$1,661,000	\$1,586,000	\$1,551,000	\$1,586,000	\$1,667,000
28	Surplus/(Shortfall)	(\$150,000)	(\$138,000)	(\$151,000)	(\$81,000)	(\$60,000)	(\$75,000)	(\$35,000)	\$35,000	\$81,000	\$159,000
29	End of Year Balance	\$2,091,000	\$1,953,000	\$1,802,000	\$1,721,000	\$1,661,000	\$1,586,000	\$1,551,000	\$1,586,000	\$1,667,000	\$1,826,000
30	<i>Reserve Target</i>	\$1,559,000	\$1,421,000	\$1,447,000	\$1,453,000	\$1,471,000	\$1,476,000	\$1,493,000	\$1,505,000	\$1,524,000	\$1,537,000
Debt Coverage Calculations											
31	Revenue Available for Debt Service	\$197,000	\$209,000	\$202,000	\$278,000	\$306,000	\$410,000	\$460,000	\$540,000	\$597,000	\$686,000
32	<i>Total Yearly Parity Debt Payment</i>	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000	\$210,000
33	Debt Coverage Ratio	1.24	1.30	1.26	1.62	1.76	2.25	2.49	2.87	3.14	3.57

Proposed 5-Year Rate Schedule

Schedule 3

		CURRENT	PROPOSED				
			July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029
Residential Rates:	Fixed Monthly Charge ¹	\$76.00	\$80.00	\$84.00	\$88.00	\$92.00	\$97.00
Commercial Rates							
Group 1:	Fixed Monthly Charge ^{2,4}	\$82.61	\$86.96	\$91.31	\$95.66	\$100.01	\$105.44
Low Strength, Low Flow	Variable Charge ³	\$5.15	\$5.42	\$5.69	\$5.96	\$6.23	\$6.57
Group 2:	Fixed Monthly Charge ^{2,4}	\$105.35	\$110.89	\$116.43	\$121.97	\$127.52	\$134.44
Medium Strength, Low Flow	Variable Charge ³	\$6.02	\$6.34	\$6.66	\$6.98	\$7.30	\$7.70
Group 3:	Fixed Monthly Charge ^{2,4}	\$444.98	\$468.39	\$491.81	\$515.22	\$538.66	\$567.91
Medium Strength, Medium Flow	Variable Charge ³	\$6.07	\$6.39	\$6.71	\$7.03	\$7.35	\$7.75
Group 4:	Fixed Monthly Charge ^{2,4}	\$1,505.20	\$1,584.37	\$1,663.59	\$1,742.78	\$1,822.08	\$1,921.02
Medium Strength, High Flow	Variable Charge ³	\$6.16	\$6.48	\$6.80	\$7.12	\$7.44	\$7.84
Group 5:	Fixed Monthly Charge ^{2,4}	\$229.27	\$241.33	\$253.40	\$265.46	\$277.54	\$292.61
High Strength, Low Flow	Variable Charge ³	\$7.67	\$8.07	\$8.47	\$8.87	\$9.27	\$9.77
Group 6:	Fixed Monthly Charge ^{2,4}	\$4,889.66	\$5,146.86	\$5,404.20	\$5,661.44	\$5,919.04	\$6,240.44
High Strength, High Flow	Variable Charge ³	\$6.91	\$7.27	\$7.63	\$7.99	\$8.35	\$8.80
Group 7:	Fixed Monthly Charge ^{2,4}	\$1,553.54	\$1,635.26	\$1,717.02	\$1,798.75	\$1,880.59	\$1,982.71
School	Variable Charge ³	\$6.00	\$6.32	\$6.64	\$6.96	\$7.28	\$7.68

¹ Per dwelling unit

² Per account

³ Per 1,000 gallons

⁴ Includes 1,000 gallons of water usage